

Panacea Life Sciences Holdings, Inc.

5910 South University Blvd, C18-193
Greenwood Village, CO 80121

1 800 985 0515
www.panacealife.com

Quarterly Report

For the period ending September 30, 2024 (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

20,759,288 as of September 30, 2024

17,645,352 as of December 31, 2023

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 Control⁴ of the company has occurred during this reporting period:

Yes: No:

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

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

Panacea Life Sciences Holdings, Inc.

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

Prior Incorporation Information for the issuer and any predecessors during the past five years:
June 2021

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:

16194 West 45th Drive, Golden, CO 80403

Address of the issuer's principal place of business:

X 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

Equity Stock Transfer LLC

Nora Marckwordt | Director of Operations

237 W 37th St. Suite 602

New York, NY 10018

Main: 212.575.5757

Direct: 917.746.4595

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol: PLSH
Exact title and class of securities outstanding: Panacea Life Sciences Holdings Inc (1-PLSH)
CUSIP: 69810P109
Par or stated value: .01
Total shares authorized: 650,000,000 as of September 30, 2024
Total shares outstanding: 629,240,712 as of September 30, 2024
Total number of shareholders of record: 209 as of date: September 30, 2024

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

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security: PLSHN7
Par or stated value: .0001
Total shares authorized: 84,548 as of date: September 30, 2024
Total shares outstanding: 37,718 as of date: September 30, 2024
Total number of shareholders of record: 11 as of date: September 30, 2024

Exact title and class of the security: B-1
Par or stated value: .0001
Total shares authorized: 32,000,000 as of date: September 30, 2024
Total shares outstanding: 1,500,000 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Exact title and class of the security: B-2
Par or stated value: .0001
Total shares authorized: 6,000,000 as of date: September 30, 2024
Total shares outstanding: 6,000,000 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Exact title and class of the security: C
Par or stated value: .0001
Total shares authorized: 1,000,000 as of date: September 30, 2024
Total shares outstanding: 1,000,000 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Exact title and class of the security: C-1
Par or stated value: .0001
Total shares authorized: 10,000 as of date: September 30, 2024
Total shares outstanding: 10,000 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Exact title and class of the security: C-2
Par or stated value: .0001
Total shares authorized: 100 as of date: September 30, 2024
Total shares outstanding: 0 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Exact title and class of the security: D
Par or stated value: .0001

Total shares authorized: 10,000 as of date: September 30, 2024
Total shares outstanding: 10,000 as of date: September 30, 2024
Total number of shareholders of record: 1 as of date: September 30, 2024

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

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

None.

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

- 1) 6,696 shares of Parent Common Stock may be issued upon conversion of Series B-1 Preferred
- 2) 26,786 shares of Parent Common Stock may be issued upon conversion of Series B-2 Preferred,
- 3) 1,000,000 shares of Series C Convertible Preferred Stock, par value \$0.0001 per share (the "Parent C Stock") J&N Real Estate Company, LLC, a Colorado limited liability company ("J&N") (stated value of \$6,046,000) convertible into shares of Parent Common Stock at current price;
- 4) 10,000 shares of Series C-1 Convertible Preferred Stock, par value \$0.0001 per share (stated value of \$2,812,500) (the "Parent C-1 Stock") to J&N convertible into shares of Parent Common Stock at current price;
- 5) 100 shares of Series C-2 Convertible Preferred Stock (the "Parent C-2 Stock") which are convertible 7,321,429 shares of Parent Common Stock and are entitled to vote on an as-converted basis;
- 6) 10,000 shares of Series D Convertible Preferred Stock, par value \$0.0001 per share (stated value of \$4,300,000) (the "Parent D Stock") to J&N a convertible into shares of Parent Common Stock at current price.
- 7) The exchange of N7 assets for PLSH preferred stock 77,784 shares which are convertible 7,778,400 shares of Parent Common Stock is intended to constitute a reorganization within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), or such other tax-free reorganization or restructuring provisions as may be available under the Code. These shares are subject to a leak out agreement. Restrictions on Sales; Volume Limitations. The Stockholder's right to effect open market sales of his, her or its, as the case may be, Leak-out Shares shall be limited to an aggregate amount not to exceed the Total Monthly Volume per month, or the Total Weekly Volume per week. For purposes of this Agreement, "Total Weekly Volume" and "Total Monthly Volume" shall mean one percent (1%) of the total number of shares of the Company's Common Stock that are actually traded (bought and sold) prior to the Stockholder's open market sales, as calculated by adding the daily volume of the Common Stock for the day(s) of that week or month prior to the open market sale. Leak-out Share amounts that may be sold are not cumulative. If the Stockholder waives his, her or its, as the case may be, rights at any time during the Leak-out Period, pursuant to this Section (b) ("Waivable Period"), the calculated Leak-out Share amounts that may be sold for those Waivable Periods shall not accrue and not add to Leak-out Share amounts that may be sold in future period or periods.

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

None.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None.

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

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

Shares Outstanding Opening Balance:		*Right-click the rows below and select "Insert" to add rows as needed.							
Date <u>12/31/23</u> Common: <u>17,645,352</u>									
Preferred: <u>12,838,350</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.
1-Apr-23	New Issuance	540,000	Common	\$0.33	Yes	Firstfire Global Opportunity	Conversion of \$135,000 note from Exactus	Restricted	Exempt
26-Jun-23	New Issuance	50,000	Common	\$0.33	No	Nathan Berman	Compensation	Restricted	Exempt
26-Jun-23	New Issuance	300,000	Common	\$0.33	No	Nick J Cavarra	Compensation	Restricted	Exempt
26-Jun-23	New Issuance	300,000	Common	\$0.33	No	Larry Wert	Compensation	Restricted	Exempt
26-Jun-23	New Issuance	760,000	Common	\$0.33	No	Leslie Buttorff	Compensation	Restricted	Exempt
26-Jun-23	New Issuance	75,490	Common	\$0.30	No	Peter Holzworth	Compensation	Restricted	Exempt
26-Jun-23	New Issuance	151,515	Common	\$0.31	No	John Payne	Shares in exchange for Cash	Restricted	Exempt
26-Jun-23	New Issuance	151,515	Common	\$0.31	No	Justin Fisher	Shares in exchange for Cash	Restricted	Exempt
26-Jun-23	New Issuance	151,515	Common	\$0.31	No	Brandon Fischer	Shares in exchange for Cash	Restricted	Exempt
30-Jun-23	New Issuance	200,000	Common	\$0.04	Yes	Harvey Kesner	Compensation in lieu of services	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	2,857	Preferred N7	\$1.00	No	Thomas Young	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	874	Preferred N7	\$1.00	No	David L Traylor	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	874	Preferred N7	\$1.00	No	Peter Arner	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	437	Preferred N7	\$1.00	No	Pat Christensen	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	2,000	Preferred N7	\$1.00	No	Richard J. Detrio	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	5,000	Preferred N7	\$1.00	No	Golden Trust LLC	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	7,867	Preferred N7	\$1.00	No	Strategic Investment Consortium, Inc.	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	9,042	Preferred N7	\$1.00	No	Themistocles Psomiadis	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	6,644	Preferred N7	\$1.00	No	Alan T. Hawkins	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	2,185	Preferred N7	\$1.00	No	Magic Lotus LLC	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Issued	750	Preferred N7	\$1.00	No	Jesus M. Quintero	APA N7	Unrestricted	Exempt
25-Mar-24	Preferred Shares Cancelled	-812	Preferred N7	\$1.00	No	David L Traylor	Cancelled	Unrestricted	Exempt
28-May-24	New Issuance	200,000	Common	\$0.20	No	Nathan Berman	Compensation in lieu of salary	Restricted	Exempt
28-May-24	New Issuance	700,000	Common	\$0.20	No	Nick J Cavarra	Compensation in lieu of salary	Restricted	Exempt
28-May-24	New Issuance	300,000	Common	\$0.20	No	Larry Wert	Compensation in lieu of salary	Restricted	Exempt
28-May-24	New Issuance	800,000	Common	\$0.20	No	Leslie Buttorff	Compensation in lieu of salary	Restricted	Exempt
28-May-24	New Issuance	109,446	Common	\$0.20	No	Dale Zwick	Compensation in lieu of services	Restricted	Exempt
28-May-24	New Issuance	50,000	Common	\$0.20	No	Christine Distler	Compensation in lieu of salary	Restricted	Exempt
28-May-24	New Issuance	109,430	Common	\$0.20	No	John Payne	Shares in exchange for Cash	Restricted	Exempt
28-May-24	New Issuance	109,430	Common	\$0.20	No	Justin Fischer	Shares in exchange for Cash	Restricted	Exempt
28-May-24	New Issuance	109,430	Common	\$0.20	No	Brandon Fischer	Shares in exchange for services	Unrestricted	Exempt
28-May-24	New Issuance	109,430	Common	\$0.20	No	David Williams	Shares in exchange for services	Restricted	Exempt
23-Jul-24	Conversion	285,700	Common	\$0.20	No	Susan Barnes	Conversion Pref to Common	Unrestricted	Exempt
23-Jul-24	Conversion	212,300	Common	\$0.20	No	James Price	Conversion Pref to Common	Unrestricted	Exempt
23-Jul-24	Conversion	81,200	Common	\$0.20	No	David Traylor	Conversion Pref to Common	Unrestricted	Exempt
Shares Outstanding on Date of This Report:									
Ending Balance: <u>20,759,288</u>									
Date <u>6/30/2024</u> Common: <u>20,759,288</u>									
Preferred: <u>12,837,438</u>									

Example: A company with a fiscal year end of December 31, 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

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

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

Leslie Buttorff is a control person.

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.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

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

4) Issuer’s Business, Products and Services

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

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

We are a Nevada corporation organized in 2008. Exactus, Inc. was our former name. We have pursued opportunities in hemp-based businesses, which we refer to as “cannabinoids or CBD”. On September 30, 2021 Panacea Life Sciences, Inc. “Panacea” entered into an Exchange Agreement with Exactus and as a result became a seed-to-sale Cannabinoid company. The former Panacea stockholders have assumed majority control of us and all our operations are now operated through Panacea which because of the share exchange became our wholly owned subsidiary. Leslie Buttorff, became our Chief Executive Officer and a director upon the closing of the share exchange, also became our principal stockholder through common stock and Convertible Preferred Stock issued to her and entities she controls.

Panacea Life Sciences Holdings, Inc. (OTC: PLSH) is a holding company organized as a plant-based natural health ingredient and product company, specializing in the development, manufacturing, research, and distribution of products within the \$134B and rapidly growing natural health and wellness market segment for both humans and animals.

Established in 2017, the company’s first subsidiary, Panacea Life Sciences, Inc. (PLS), is dedicated to the production, distribution, research, and manufacturing of premium-quality nutraceuticals, cannabinoids, mushrooms, kratom, and other natural, plant-based ingredients and products. Operating from a cutting-edge 51,000 square foot cGMP facility located in Golden, Colorado, PLS is committed to delivering high-quality solutions in the field of natural health and well-being. Panacea also offers the purest natural

remedies within its branded product lines for every aspect of life: PANA Health™, PANA Beauty®, PANA Sport™, PANA Pet®, PANA Pure® and PANA Life™. If you would like more information, please visit www.panacealife.com.

Panacea Distro, the second subsidiary of Panacea Life Sciences Holdings, Inc., manages five retail locations and a distribution center situated in the Tampa, Florida area. These establishments provide a diverse range of products, including Nitro Kava, Kratom, Hemp, VAPE products, and various beverages, with a primary focus on promoting alternative health and wellness. The Panacea Distro business is segmented into two distinct areas—the retail stores and the cash & carry distribution warehouse. The retail stores are poised to evolve into franchise stores, with the intention of eventually adopting the name “PANA KAVA JAVA.”

Pana Kava Java is committed to establishing a unique franchise model, drawing inspiration from the European-style café concept. Patrons will have the opportunity to savor infused coffees and beverages, indulge in vaping, and enjoy an array of infused baked goods in a welcoming atmosphere. Pana Kava Java, as the franchisor, will offer franchise rights to individuals interested in opening stores/cafés, enabling them to sell products or services under the PKJ brand, leveraging our expertise and intellectual property.

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

Panacea Life Sciences, Inc. and Panacea Distro, Inc. are subsidiaries of PLSH.

C. Describe the issuers’ principal products or services.

Panacea offers pure natural remedies within product lines for every aspect of life: PANA Life®, PANA Beauty®, PANA Sport™, PANA Pet® and PANA Health™. Currently Panacea sells over 50 different product SKUs of CBD and CBG products. We are combining human and pet preclinical studies with Good Manufacturing Process manufacturing to generate a panel of products. Our products are formulated with delivery methods for health benefits including an intellectual property portfolio enabling development of topical creams, sublinguals, oral soft gel capsules, patches, and sprays.

Panacea Distro, the second subsidiary of Panacea Life Sciences Holdings, Inc., manages five retail locations and a distribution center situated in the Tampa, Florida area. These establishments provide a diverse range of products, including Nitro Kava, Kratom, Hemp, VAPE and mushroom products, and various beverages, with a primary focus on promoting alternative health and wellness.

5) Issuer’s Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Company leases its two principal places of operation in Golden, CO and Largo, FL, respectively. The Golden lease expires in 2030 and the Largo lease expires in 2026.

The assets consist of manufacturing equipment, extraction equipment and inventory. Inventories are stated at lower of cost or net realizable value. Inventories of purchased materials are valued using a moving average method and managed on a first in first out basis (FIFO). Inventories of internally manufactured materials are valued using a standard costing method and are also managed on a FIFO basis. Production related costs that are capitalized as inventory as part of the standard cost valuation include the direct materials consumed, direct labor used, indirect labor used, and manufacturing overhead. Overhead is calculated based on specific manufacturing process and allocated on an order-by-order basis. Production variances that occur between standard cost valuation and actual costs are expensed as incurred in the income statement as part of cost of goods sold.

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

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

In addition, list all individuals or entities controlling 5% or more of any class of the issuer’s securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Leslie Buttorff</u>	<u>CEO</u>	<u>Belleair Shore, FL</u>	<u>2,159,899</u>	<u>Common</u>	<u>10.40</u>	<u>_____</u>
<u>Larry Wert</u>	<u>Board Member</u>	<u>Chicago, IL</u>	<u>907,868</u>	<u>Common</u>	<u>4.37</u>	<u>_____</u>
<u>Nick Cavarra</u>	<u>President</u>	<u>Littleton CO</u>	<u>1,496,957</u>	<u>Common</u>	<u>7.21</u>	<u>_____</u>
<u>J&N Real Estate</u>	<u>Related Party</u>	<u>Greenwood Village CO</u>	<u>7,297,627</u>	<u>Common</u>	<u>35.15</u>	<u>Leslie Buttorff</u>
<u>Nathan Berman</u>	<u>Controller</u>	<u>Denver, CO</u>	<u>267,749</u>	<u>Common</u>	<u>1.29</u>	
<u>Leslie Buttorff</u>	<u>CEO</u>	<u>Belleair Shore, FL</u>	<u>1,020,100</u>	<u>Preferred</u>	<u>100</u>	<u>_____</u>

The following table sets forth information as of December 31, 2023, regarding the number of shares of our common stock beneficially owned by each director, each named executive officer and by all directors and executive officers as a group. Unless otherwise noted, each shareholder’s address is 5910 S. University Blvd, Suite C18-193, Greenwood Village, CO 80121, and each shareholder has sole voting power and investment power with respect to securities shown in the table below.

- (1) Applicable percentages are based on 20,759,288 of common stock outstanding as of the September 30, 2024
- (2) Ms. Buttorff is our Chief Executive Officer, Chief Financial Officer and director.
- (3) Mr. Berman is our Controller.
- (4) Mr. Cavarra is our President.
- (5) Mr. Wert is a director.
- (6) J & N Real Estate Company, LLC Ms. Buttorff is the owner. Address is 5910 South University Suite C18-193, Greenwood Village, CO 80121.

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

7) Legal/Disciplinary History

- A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:
 1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

No

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

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 or 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

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

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

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

- 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.

Pioneer brought an action against Quintel-MC, Incorporated ("Quintel") in Arapahoe County District Court, Case No. 2023CV30054 ("Litigation"), and obtained a judgment in the Litigation on April 26, 2023 against Quintel for \$196,435.09 plus accruing interest at the rate of 8% per annum ("Judgment"). Pioneer served a Writ of Garnishment on Panacea ("Garnishment") in the Lawsuit in furtherance of its efforts to collect on the Judgment. This case was settled on November 4, 2024.

8) **Third Party Service Providers**

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed. Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile. Securities Counsel (must include Counsel preparing Attorney Letters).

Name:

Accountant or Auditor

Name: None—BF Borgers was dismissed
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations

Name: None
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): _____
Discord: _____
LinkedIn: panacealife
Facebook: panacealife
[Other] _____

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: None
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

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

Name: Leslie Buttorff
Title: CEO
Relationship to Issuer: Its CEO

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: Nathan Berman
Title: Controller

Relationship to Issuer: **Employee**

Describe the qualifications of the person or persons who prepared the financial statements:⁵ **15 years financial and accounting experience. BS degree University of Colorado.**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

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

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Leslie Buttorff certify that:

1. I have reviewed this Disclosure Statement for PLSH;
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.

November 13, 2024

/s/ Leslie Buttorff, CEO

Principal Financial Officer:

I, Leslie Buttorff certify that:

1. I have reviewed this Disclosure Statement for PLSH;

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

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.

November 13, 2024

/s/ Leslie Buttorff, CEO

Panacea Life Sciences Holdings, Inc.

Nevada

27-1085858

*(State or other jurisdiction of
incorporation or organization)*

*(I.R.S. Employer
Identification No.)*

5910 S University Blvd, C18-193, Greenwood Village, CO 80121

(Address of principal executive offices, Zip Code)

800-985-0515

(Registrant's telephone number, including area code)

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

Panacea Life Sciences Holdings, Inc. and Subsidiary		
Unaudited Condensed Consolidated Balance Sheets		
	September 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 212,892	\$ 100,922
Accounts receivable, net	365,712	263,970
Other receivables, related party	-	-
Inventory	4,095,310	4,013,525
Marketable securities related party	17,036	14,933
Prepaid expenses and other current assets	99,208	263,003
TOTAL CURRENT ASSETS	4,790,158	4,656,353
Operating lease right-of-use asset, net, related party	3,217,942	3,864,591
Property and equipment, net	5,336,291	6,448,068
Intangible assets, net	-	-
Goodwill	3,014,450	3,014,450
TOTAL ASSETS	\$ 16,358,841	\$ 17,983,462
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 6,224,722	\$ 4,629,591
Operating lease liability, current portion, related party	2,803,578	2,913,781
Note payable-current, related party	12,668,687	11,397,617
First Bank note payable	265,834	292,942
Convertible note payable, net	-	115,000
Paycheck protection loan, SBA Loan	99,100	99,100
TOTAL CURRENT LIABILITIES:	22,061,921	19,448,031
Operating lease liability, long-term portion, related party	2,937,269	3,254,021
Other long-term liabilities, related party	3,572,864	3,572,864
TOTAL LIABILITIES	28,572,054	26,274,916
Commitments and contingencies	-	-
STOCKHOLDERS' EQUITY		
Series B-1 Preferred: \$0.0001 Par Value, 32,000,000 shares designated; 1,500,000 and 1,500,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	150	150
Series B-2 Preferred: \$0.0001 Par Value, 6,000,000 shares designated; 6,000,000 and 6,000,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	600	600
Series C Preferred: \$0.0001 Par Value, 1,000,000 shares designated; 1,000,000 and 1,000,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	100	100
Series C-1 Preferred: \$0.0001 Par Value, 10,000 shares designated and 10,000 and 10,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	1	1
Series C-2 Preferred: \$0.0001 Par Value, 100 and 0 shares designated and 100 and 0 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	-	-
Series D Preferred: \$0.0001 Par Value, 10,000 shares designated and 10,000 and 10,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	1	1
Series N7 Preferred: \$0.0001 Par Value, 3,853,000 shares designated and 3,853,000 and 3,853,000 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	385	385
Common Stock: \$0.0001 Par Value, 650,000,000 shares authorized; 20,759,288 and 17,645,352 shares issued and outstanding on September 30, 2024 and December 31, 2023 respectively.	2,076	1,765
Additional paid in capital	25,743,131	25,628,442
Accumulated deficit	(37,959,657)	(33,922,898)
TOTAL STOCKHOLDERS' EQUITY	(12,213,213)	(8,291,454)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 16,358,841	\$ 17,983,462

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

Panacea Life Sciences Holdings, Inc. and Subsidiary
Unaudited Condensed Consolidated Statements of Operations

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
REVENUE	\$ 948,970	\$ 347,851	\$ 3,179,582	\$ 1,424,460
COST OF SALES	219,960	201,232	1,063,291	849,418
GROSS PROFIT	<u>729,010</u>	<u>146,619</u>	<u>2,116,291</u>	<u>575,042</u>
OPERATING EXPENSES				
Production related operating expenses	1,318,269	1,283,964	4,272,316	3,673,834
General and administrative expenses	76,228	276,726	571,134	679,352
TOTAL OPERATING EXPENSES	<u>1,394,497</u>	<u>1,560,690</u>	<u>4,843,450</u>	<u>4,353,186</u>
LOSS FROM OPERATIONS	<u>(665,487)</u>	<u>(1,414,071)</u>	<u>(2,727,159)</u>	<u>(3,778,144)</u>
OTHER INCOME (EXPENSES)				
Interest expense	(481,717)	(396,582)	(1,371,372)	(1,143,683)
Unrealized gain (loss) on marketable securities, net	7,532	(381,968)	12,585	(1,028,942)
Realized gain (loss) on sale of securities	-	-	(376)	-
Other income (loss)	-	-	-	-
Employer retention credit	-	-	-	-
Rental Income	10,914	41,531	49,563	143,394
Gain on extinguishment of debt	-	-	-	748
TOTAL OTHER INCOME (EXPENSE)	<u>(463,271)</u>	<u>(737,019)</u>	<u>(1,309,600)</u>	<u>(2,028,483)</u>
INCOME (LOSS) BEFORE INCOME TAXES	(1,128,758)	(2,151,090)	(4,036,759)	(5,806,627)
TAXES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ (1,128,758)</u>	<u>\$ (2,151,090)</u>	<u>\$ (4,036,759)</u>	<u>\$ (5,806,627)</u>
Per-share data				
Basic and diluted loss per share	\$ <u>(0.06)</u>	\$ <u>(0.13)</u>	\$ <u>(0.23)</u>	\$ <u>(0.35)</u>
Weighted average number of common shares outstanding	17,465,781	16,617,675	17,465,781	16,617,675

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

PANACEA LIFE SCIENCES HOLDINGS, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(unaudited)

PANACEA LIFE SCIENCES HOLDINGS, INC. AND SUBSIDIARY								
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY								
(unaudited)								
Three Months Ended September 30, 2024								
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity	
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2024	12,838,350	\$ 1,238	20,759,288	\$ 2,076	\$ 25,743,131	\$ (36,830,899)	\$	(11,084,455)
Sale of shares to investors	-	-	-	-	-	-	-	-
Shares issued in settlement of convertible note	-	-	-	-	-	-	-	-
Net Loss	-	-	-	-	-	(1,128,758)	-	(1,128,758)
Balance as of September 30, 2024	12,838,350	\$ 1,238	20,759,288	\$ 2,076	\$ 25,743,131	\$ (37,959,657)	\$	(12,213,213)
Nine Months Ended September 30, 2024								
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity	
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2023	12,838,350	\$ 1,238	17,645,352	\$ 1,765	\$ 25,628,442	\$ (33,922,898)	\$	(8,291,454)
Sale of shares to investors	-	-	-	-	-	-	-	-
Issuance of common shares for services	-	-	-	-	-	-	-	-
Shares issued in respect of the merger	-	-	-	-	-	-	-	-
Shares issued in settlement of convertible note	-	-	3,113,936	311	114,689	-	-	115,000
Net Loss	-	-	-	-	-	(4,036,759)	-	(4,036,759)
Balance as of September 30, 2024	12,838,350	\$ 1,238	20,759,288	\$ 2,076	\$ 25,743,131	\$ (37,959,657)	\$	(12,213,213)
Three Months Ended September 30, 2023								
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity	
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2023	8,530,000	\$ 853	17,645,352	\$ 1,765	\$ 23,993,533	\$ (29,563,134)	\$	(5,566,984)
Sale of shares to investors	-	-	-	-	-	-	-	-
Issuance of common shares for services	-	-	-	-	-	-	-	-
Issuance of restricted shares to employees	-	-	-	-	-	-	-	-
Preferred Series E shares issued in acquisition	7,835,000	783	-	-	1,634,511	-	-	1,635,294
Net Income (Loss)	-	-	-	-	-	(2,151,090)	-	(2,151,090)
Balance as of September 30, 2023	16,365,000	\$ 1,636	17,645,352	\$ 1,765	\$ 25,628,044	\$ (31,714,224)	\$	(6,082,780)
Nine Months Ended September 30, 2023								
	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholder's Equity	
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	8,530,000	\$ 853	14,965,317	\$ 1,497	\$ 23,760,704	\$ (25,907,597)	\$	(2,144,544)
Sale of shares to investors	-	-	454,545	46	74,955	-	-	75,000
Issuance of common shares for services	-	-	275,490	28	23,069	-	-	23,097
Issuance of restricted shares to employees	-	-	1,410,000	141	(141)	-	-	-
Shares issued in settlement of convertible note	-	-	540,000	54	134,946	-	-	135,000
Preferred Series E shares issued in acquisition	7,835,000	783	-	-	1,634,511	-	-	1,635,294
Net Loss	-	-	-	-	-	(5,806,627)	-	(5,806,627)
Balance as of September 30, 2023	16,365,000	\$ 1,636	17,645,352	\$ 1,765	\$ 25,628,044	\$ (31,714,224)	\$	(6,082,780)

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

Panacea Life Sciences, Inc.
Statements of Cash Flows

	For the months September 30,	
	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ (4,036,759)	\$ (5,806,627)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	1,152,546	1,269,322
Realized gain on sale of securities	376	-
Unrealized (gain)/loss on marketable securities	(2,479)	1,028,942
Fixed Asset Disposal Loss	-	-
Inventory Insurance Disposal	-	-
Non cash settlement of convertible note and accrued interest	-	74,999
Amortization of intangible assets	-	-
Amortization of debt discount and non-cash interest expense	-	38,329
Gain on forgiveness of payroll protection loan	-	-
Changes in operating assets and liabilities		
Accounts receivable	(101,742)	(113,523)
Inventory	(81,785)	157,404
Prepaid expense and other assets	163,795	(179,455)
Accounts payable and accrued expenses	1,595,131	1,660,494
Operating lease liability, net	219,694	344,079
Net cash used in operating activities	(1,091,223)	(1,526,036)
Cash flows from investing activities		
Net cash received from acquisition	-	-
Proceeds from sale of marketable securities	-	-
Proceeds from sale of fixed assets	-	(47,417)
Net fixed asset acquisitions	(40,769)	-
Net Cash provided by (used in) investing activities	(40,769)	(47,417)
Cash flows from financing activities		
Repayment of notes payable	(27,108)	(135,000)
Proceeds from payroll protection loan, SBA loan	-	-
Proceeds from payroll protection loan - related party	-	-
Payments of principal on notes payable - related party	-	(158,189)
Proceeds from Notes payable - related party	1,271,070	1,861,186
Proceeds from notes payable	-	-
Cash provided by financing activities	1,243,962	1,567,997
Net increase (decrease) in Cash and Cash Equivalents	111,970	(5,456)
Cash and Cash Equivalents, Beginning of Period	100,922	6,951
Cash and Cash Equivalents, End of Period	\$ 212,892	\$ 1,495
Supplemental Disclosure of Cash Flow Information		
Cash paid for income taxes during the year	\$ -	\$ -
Interest payments during the year	\$ -	\$ -
Noncash investing and financing activity		
Conversion of note payable to common stock	\$ (115,000)	\$ -

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

PANACEA LIFE SCIENCES HOLDINGS, INC. AND SUBSIDIARY
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - NATURE OF ORGANIZATION

Organization and Business Description

Panacea Life Sciences Holdings, Inc. (OTC: PLSH) is a holding company organized as a plant-based natural health ingredient and product company, specializing in the development, manufacturing, research, and distribution of products within the \$134B and rapidly growing natural health and wellness market segment for both humans and animals.

Established in 2017, the company's first subsidiary, Panacea Life Sciences, Inc. (PLS), is dedicated to the production, distribution, research, and manufacturing of premium-quality nutraceuticals, cannabinoids, mushrooms, kratom, and other natural, plant-based ingredients and products. Operating from a cutting-edge 51,000 square foot cGMP facility located in Golden, Colorado, PLS is committed to delivering high-quality solutions in the field of natural health and well-being. Panacea also offers the purest natural remedies within its branded product lines for every aspect of life: PANA Health™, PANA Beauty®, PANA Sport™, PANA Pet®, PANA Pure® and PANA Life™. If you would like more information, please visit www.panacealife.com.

Panacea Distro, the second subsidiary of Panacea Life Sciences Holdings, Inc., manages five retail locations and a distribution center situated in the Tampa, Florida area. These establishments provide a diverse range of products, including Nitro Kava, Kratom, Hemp, VAPE products, and various beverages, with a primary focus on promoting alternative health and wellness. The Panacea Distro business is segmented into two distinct areas—the retail stores and the cash & carry distribution warehouse. The retail stores are poised to evolve into franchise stores, with the intention of eventually adopting the name “PANA KAVA JAVA.”

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The Company's consolidated financial statements include the financial statements of Panacea Life Sciences, Inc. and Panacea Distro, Inc.

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America and the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) for interim financial information, which includes consolidated unaudited interim financial statements and present the consolidated unaudited interim financial statements of the Company and its wholly-owned subsidiaries as of September 30, 2024. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America. All intercompany transactions and balances have been eliminated. In the opinion of management, all adjustments necessary to present fairly our financial position, results of operations, stockholders' equity and cash flows as of September 30, 2024, and 2023, and for the periods then ended, have been made. Those adjustments consist of normal and recurring adjustments. Operating results for the three ended September 30, 2024 and 2023 are not necessarily indicative of the results that may be expected for any subsequent quarters or for the year ending December 31, 2024. Certain information and note disclosures normally included in our annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

Going concern

These unaudited condensed consolidated financial statements are presented on the basis that the Company will continue as a going concern. Panacea has combined with Panacea Life Sciences Holdings, Inc. so the below items reflect the consolidated company. The going concern concept contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Since our inception in later 2017, we have generated losses from operations. As of September 30, 2024, our accumulated deficit was \$37.960 million, and we had \$0.213 million in cash and liquid stock. These factors raise doubt about the Company's ability to continue as a going concern for a period of 12 months from the issuance date of this report. Management cannot provide assurance that the Company will ultimately achieve or maintain profitable operations or become cash flow positive or raise additional debt and/or equity capital. In addition, due to insufficient revenue, we will need to obtain further funding through public or private equity offerings, debt financing, collaboration arrangements or other sources in order to maintain active business operations. We currently do not have sufficient cash flow to pay our ongoing financial obligations on a consistent basis. The issuance of any additional shares of Common Stock, preferred

stock or convertible securities could be substantially dilutive to our shareholders. In addition, adequate additional funding may not be available to us on acceptable terms, or at all. These unaudited condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Use of Estimates

The Unaudited Condensed Consolidated Financial Statements have been prepared in conformity with US GAAP and required management of the Company to make estimates and assumptions in preparation of these statements. Actual results may differ significantly from those estimates. Significant estimates made by management include but are not limited to the useful life of property and equipment, incremental borrowing rate used in the calculation of right of use asset and lease liability, reserves for inventory, allowance for doubtful accounts, revenue allocations, valuation allowance on deferred tax assets, assumptions used in assessing impairment of long-term assets, assumptions used in the calculation of net realizable value of inventory and fair value of non-cash equity transactions.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. There were no cash equivalents. The Company places its cash and cash equivalents with high-quality financial institutions. At times, balances in the Company's cash accounts may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. On September 30, 2024, the Company's cash balances did not exceed the FDIC limit.

Accounts Receivable

Accounts receivable are generally unsecured. The Company establishes an allowance for doubtful accounts receivable based on the age of outstanding invoices and management's evaluation of collectability. Accounts are written off after all reasonable collection efforts have been exhausted and management concludes that likelihood of collection is remote. Any future recoveries are applied against the allowance for doubtful accounts. An allowance of \$50,000 was taken at the beginning of 2024 to allow for any doubtful accounts to be expensed. As of September 30, 2024, \$0 of this allowance was expensed. The Company's accounts receivable policy changed in 2021 to only provide larger, well-established companies with Net 30 payment terms. For all other sales they are paid by credit card or wires received before the product is shipped to the customer.

Inventory

Inventories are stated at lower of cost or net realizable value. Inventories of purchased materials are valued using a moving average method and managed on a first in first out basis (FIFO). Inventories of internally manufactured materials are valued using a standard costing method and are also managed on a FIFO basis. Production related costs that are capitalized as inventory as part of the standard cost valuation include the direct materials consumed, direct labor used, indirect labor used, and manufacturing overhead. Overhead is calculated based on specific manufacturing process and allocated on an order-by-order basis. Production variances that occur between standard cost valuation and actual costs are expensed as incurred in the income statement as part of cost of goods sold.

Marketable securities

The Company's marketable securities consists of 79,200 shares of XXII which are classified as available-for-sale and included in current assets as they are pledged to secure two promissory notes. Securities are valued based on market prices for identical assets using third party certified pricing sources. Available-for-sale securities are carried at fair value with unrealized and realized gains and losses reported as a component of income (loss). Realized gains and losses, if any, are calculated on the specific identification method and are included in other income in the condensed consolidated statements of operations.

Fair Value Measurements

The Company adopted the provisions of Accounting Standard Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance prioritizes the inputs used in measuring fair value and establishes a three-tier value hierarchy that distinguishes among the following:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2—Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following table shows, by level within the fair value hierarchy, the Company's assets and liabilities at fair value on a recurring basis as of September 30, 2024 and December 31, 2023:

	September 30, 2024				December 31, 2023			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Marketable securities	\$17,036	\$ 17,036	\$ -	-	\$14,933	\$14,933	\$ -	\$ -
Total	\$17,036	\$17,036	\$ -	\$ -	\$14,933	\$14,933	\$ -	\$ -

	September 30, 2024
Balance at beginning of year	\$ 14,933
Realized (loss) on marketable securities, net	(376)
Unrealized gain on marketable securities, net	2,479
Balance at end of period	\$ 17,036

As of September 30, 2024, the Company has no liabilities that are re-measured at fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method on the various asset classes over their estimated useful lives, which range from three to ten years when placed in service. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income in the year of disposition.

Intangible Assets and Goodwill

Goodwill is comprised of the purchase price of business combinations in excess of the fair market value assigned at acquisition to the tangible and intangible assets acquired. Goodwill is not amortized. The Company tests goodwill for impairment on an annual basis. The Company performed its most recent goodwill impairment using a discounted cash flow analysis and found that the fair value exceeded the carrying value. It has \$2.189 million of goodwill from the acquisition of the assets of Phoenix Life Sciences, Inc. in October 2017 and \$0.825 million from the N7 acquisition.

	Estimated Life
Goodwill from Phoenix Acquisition	Tested Yearly for Impairment
Goodwill from N7 Acquisition	Tested Yearly for Impairment

	September 30, 2024	December 31, 2023
Goodwill from Phoenix Acquisition	\$ 2,188,810	\$ 2,188,810
Goodwill from N7 Acquisition	825,640	825,640
Total	\$ 3,014,450	\$ 3,014,450

Leases

The Company determines if an arrangement is a lease at inception. Contracts containing a lease are further evaluated for classification as an operating or finance lease. In determining the leases classification, the Company assesses among other criteria: (i) 75% or more of the remaining economic life of the underlying asset is a major part of the remaining economic life of that underlying asset; and (ii) 90% or more of the fair value of the underlying asset comprises substantially the fair value of the underlying asset. Operating leases are included in operating lease right-of-use (“ROU”) assets, other current liabilities and long-term operating lease liabilities in the Company’s consolidated balance sheets. Finance leases are included in property, plant and equipment, net, other current liabilities, and long-term finance lease liabilities in the Company’s consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. For leases with terms greater than 12 months, the Company records the ROU asset and liability at commencement date based on the present value of lease payments according to their term.

The Company uses incremental borrowing rates based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. The 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. Lease expenses are recognized on a straight-line basis over the lease term or the useful life of the leased asset.

In addition, the carrying amount of the ROU and lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Convertible Notes Payable

The Company has previously issued convertible notes, which contain variable conversion features, whereby the outstanding principal and accrued interest automatically convert into common shares at a fixed price which may be a discount to the common stock at the time of conversion. Some of the conversion features of these notes are contingent upon future events, whereby, the holder agreed not to convert until the contingent future event has occurred. The Company currently does not hold any convertible notes.

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

The Company accounts for a contract when it has been approved and committed to, each party’s rights regarding the goods or services to be transferred have been identified, the payment terms have been identified, the contract has commercial substance, and collectability is probable. Revenue is generally recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities. However, the Company’s sales are primarily through retail stores, purchase orders or ecommerce; thus, currently contract liabilities are negligible. The Company does not have any multiple-element arrangements.

Some of the Company’s contract liabilities consist of advance customer payments. Contract liability results from transactions in which the Company has been paid for products by customers, but for which all revenue recognition criteria have not yet been met. Once all revenue recognition criteria have been met, the contract liabilities are recognized. The Company recorded \$474,913 and \$349,705 in advanced customer payments as of September 30, 2024, and December 31, 2023, respectively, and these amounts are included in the balance sheet line item of accounts payable and accrued expenses.

	September 30, 2024	December 31, 2023
Balance, beginning of period	\$ 349,705	\$ 368,065
Payments received for unearned revenue	199,948	156,298

Revenue earned	147,523	174,658
Balance, end of period	\$ 402,130	\$ 349,705

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Revenue related to the sale of products is recognized once goods have been sold to the customer and the performance obligation has been completed. In both contracted purchase and retail sales, we offer consumer products through our online stores. Revenue is recognized when control of the goods is transferred to the customer. This generally occurs upon our delivery to a third-party carrier or, to the customer directly. Revenue from tolling services is recognized when the performance obligation, such as processing of the material, has been completed and output material has been transferred to the customer.

Revenue is generally recognized net of allowances for returns and any taxes collected from customers and subsequently remitted to governmental authorities. A contract liability results from transactions in which the Company has been paid for products by customers, but for which all revenue recognition criteria have not yet been met. Once all revenue recognition criteria have been met, the contract liabilities are recognized. The Company does not have any multiple-element arrangements.

The Company also has recorded other income related to rental income it receives from leasing out space in the laboratory it occupies.

Shipping and Handling Costs

The Company accounts for shipping and handling fees in accordance with ASC 606. The amounts charged to customers for shipping products are recognized as revenues and the related freight costs of shipping products are classified in general and administrative costs as incurred. Shipping costs are included as a component of general and administrative and were \$25,936 and \$76,938 for the nine months ended September 30, 2024 and 2023, respectively.

Advertising & Marketing

Advertising costs are expensed when incurred and are included in advertising and promotional expense in the accompanying statements of operations. Included in this category are expenses related to public relations, investor relations, new package design, website design, design of promotional materials, cost of trade shows, cost of products given away as promotional samples, and paid advertising. The Company recorded advertising costs included in general and administrative costs of \$7,232 and \$28,552 for the nine months ended September 30, 2024 and 2023, respectively.

Segment Information

The Company follows the provisions of ASC 280-10 *Segment Reporting*. This standard requires that companies disclose operating segments based on the manner in which management disaggregates the Company in making internal operating decisions. Segment identification and selection is consistent with the management structure used by the Company's chief operating decision maker to evaluate performance and make decisions regarding resource allocation, as well as the materiality of financial results consistent with that structure. Based on the Company's management structure and method of internal reporting, the Company has one operating segment. The Company's chief operating decision maker does not review operating results on a disaggregated basis; rather, the chief operating decision maker reviews operating results on an aggregate basis.

Earnings per Share

The Company computes basic and diluted earnings per share amounts in accordance with ASC Topic 260, "Earnings per Share". Basic earnings per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if preferred stock converted to common stock and warrants are exercised. Preferred stock and warrants are excluded from the diluted earnings per share calculation if their effect is anti-dilutive.

The following financial instruments were not included in the diluted loss per share calculation for the nine months ended September 30, 2024 and 2023 because their effect was anti-dilutive:

	For the nine months ended September 30,	
	2024	2023
Restricted stock	1,793,483	107,993
Options to purchase common stock	536,854	401,854
Warrants to purchase common stock	1,078,573	1,107,250
Series B-1 Convertible Preferred	6,679	6,679
Series B-2 Convertible Preferred	26,786	26,786
Series C Convertible Preferred	2,289,220	2,289,220
Series C-1 Convertible Preferred	1,064,908	1,064,908
Series D Convertible Preferred	1,628,126	1,628,126
Series N7 Convertible Preferred	3,853,000	-
Total	12,277,629	6,632,816

Income Taxes

Income taxes are accounted for under the asset and liability method prescribed by FASB ASC Topic 740. These standards require a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more likely than not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements. Deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

Recently Issued Accounting Standards

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity’s Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contract’s in an Entity’s Own Equity. The ASU simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU simplifies the diluted net income per share calculation in certain areas. The ASU is effective for annual and interim periods beginning after December 31, 2021, and early adoption is permitted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company does not expect the adoption of ASU 2020-6 to have any material impact on its consolidated financial statements.

In May 2021, the Financial Accounting Standards Board (“FASB”) issued ASU 2021-04 “Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation— Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815- 40) Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options” which clarifies and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. An entity should measure the effect of a modification or an exchange of a freestanding equity-classified written call option that remains equity classified after modification or exchange as follows: i) for a modification or an exchange that is a part of or directly related to a modification or an exchange of an existing debt instrument or line-of-credit or revolving-debt arrangements (hereinafter, referred to as a “debt” or “debt instrument”), as the difference between the fair value of the modified or

exchanged written call option and the fair value of that written call option immediately before it is modified or exchanged; ii) for all other modifications or exchanges, as the excess, if any, of the fair value of the modified or exchanged written call option over the fair value of that written call option immediately before it is modified or exchanged. The amendments in this Update are effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the amendments prospectively to modifications or exchanges occurring on or after the effective date of the amendments. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

NOTE 3 – PROPERTY, EQUIPMENT, NET OF ACCUMULATED DEPRECIATION

Property and equipment, net including any major improvements, are recorded at historical cost. The cost of repairs and maintenance is charged against operations as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, generally as follows:

	Estimated Life
Computers and technological assets	3 – 5 Years
Furniture and fixtures	3 – 5 Years
Machinery and equipment	5 – 10 Years
Leasehold improvement	10 Years

Property and equipment, net consists of the following:

	September 30, 2024	December 31, 2023
Computers and technological assets	\$ 3,776,320	\$ 3,776,320
Furniture and fixtures	166,830	161,830
Machinery and equipment	7,881,280	7,846,788
Land	92,222	92,222
Leasehold improvements	1,806,755	1,806,755
Total	<u>13,723,408</u>	<u>13,683,915</u>
Less accumulated depreciation	(8,387,117)	(7,235,847)
Total property and equipment, net	<u>\$ 5,336,291</u>	<u>\$ 6,448,068</u>

Depreciation expenses for the nine-month period ended September 30, 2024 and 2023 were \$1,152,546 and \$1,269,322 respectively.

NOTE 4 - INVENTORY

Inventory consists of the following components:

	September 30, 2024	December 31, 2023
Raw Materials	\$ 865,019	\$ 850,362
Semi-Finished	1,772,875	1,870,978
Finished Goods	1,424,773	1,262,674

Packaging		32,643		29,511
Total	\$	4,095,310	\$	4,013,525

Inventories are stated at lower of cost or net realizable value using the standard costing method for its work in process and finished goods. For its raw materials, trading goods, and packaging supplies, the Company utilizes the moving average method for costing purposes and FIFO. At this time there are no inventory reserves required.

NOTE 5 – OPERATING LEASE RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITIES – RELATED PARTY

Right of Use

The Company adopted Accounting Standards Update (“ASU”) No. 2016-02, “Leases” (“ASC 842”) on January 1, 2019, the start of our 2019 fiscal year. The Company has one lease arrangement with a related party entered into on December 22, 2018 for 3-year term starting with January 1, 2019 for certain laboratory facilities, with a nine-year extension option. This lease was extended and now expires on December 31, 2030. At inception, the Company recognized a Right of Use Asset and a corresponding lease liability in the amount of \$4,595,509. The Company’s lease arrangements may contain both lease and non-lease components. The Company has elected to combine and account for lease and non-lease components as a single lease component. The Company has incorporated residual value obligations in leases for which there is such occurrences. Regarding short-term leases, ASC 842-10-25-2 permits an entity to make a policy election not to apply the recognition requirements of ASC 842 to Short-term leases. The Company has elected not to apply the ASC 842 recognition criteria to any leases that qualify as Short-Term Leases.

The Company leases a portion of the property (formerly the Environmental Protection Agency building) in Golden, CO from J&N Real Estate, owned by the CEO, a related party with a term expiring on December 31, 2030. The lease consists of all laboratory space including testing facilities, water treatment, extraction and production. The lease of the property is based on the fair market rent and triple net lease (NNN) values competitive in the marketplace for a cGMP facility. The Company also subleases some of its laboratory space to other CBD companies. This income is presented under the Other Income line items of the statements of operations. The leases vary from short-term monthly leases to 3-year leases but are all cancellable.

Below is a summary of our right of use assets and liabilities as of September 30, 2024.

	September 30, 2024	December 31, 2023
Right-of-use assets	\$ 2,599,243	\$ 3,864,591
Present value of operating lease liabilities	\$ 2,706,492	\$ 3,972,696
Less: Long-term portion of operating lease liability	(2,318,768)	(3,254,021)
Short-term portion of operating lease liability	387,724	718,675
Unpaid balances	2,530,891	2,185,758
Total short-term lease liability obligations	\$ 2,918,615	\$ 2,904,433
Weighted-average remaining lease term (Ends December 31, 2030)	6.25	5.96 years
Weighted-average discount rate		3.0%

During the nine months ended September 30, 2024 and 2023, we recognized approximately \$344,079 respectively in operating lease costs. Operating lease costs are included in operating expenses in our consolidated statement of operations.

Approximate future minimum lease payments for our right of use assets over the remaining lease periods as of September 30, 2024, are as follows:

2024	115,044
2025	464,780
2026	469,427
2027	474,122
Thereafter	1,451,002
Total undiscounted operating lease payments	2,974,375
Less: Imputed interest	(406,397)
Present value of operating lease liabilities	\$ 2,567,978

NOTE 6 – NOTES PAYABLE

Paycheck Protection Program Funding U.S. Small Business Administration Loan

On May 28, 2020, the Company received a secured, 30-year, Economic Injury Disaster Loan in the amount of \$99,100 from the U.S. Small Business Administration. The loan carries interest at a rate of 3.75% per year and matures in 30 years. The SBA loan is secured by a security interest in the Company’s tangible and intangible assets. As of September 30, 2024 the current principal balance of this note amounted to \$99,100 and accrued interest was approximately \$2,047.

Notes payable – related party and other liabilities.

As part of the Exchange Agreement certain loan balances (“J&N Loans”) from J&N Real Estate LLC, an affiliate of the Company’s CEO, (“J&N”) and historical interest owed of \$1,932,358 were combined into a new promissory note with the principal amount of \$4.062 million. The J&N Note bears annual interest at 12%.

On September 30, 2021, the Company issued its CEO, Ms. Buttorff, a 10% promissory note in the amount of \$1,685,685 (the “Buttorff Note”). This demand note replaced a prior working capital note that the Company had issued on January 1, 2021. On July 1, 2021, the Company issued Ms. Buttorff a 10%, \$1 million line of credit note at 10% annual rate which Ms. Buttorff has since increased and has extended (see Note 6 – Notes Payable – Buttorff Note). The Company’s line of credit from Ms. Buttorff increased to \$8,000,000 on July 1, 2022. The terms include an annual interest rate of 10% and a maturity date in 2025.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
J&N Note	\$ 4,062,713	\$ 4,062,713
CEO Note	8,015,946	7,334,904
Total related party notes	\$ 12,078,659	\$ 11,397,617

Other long-term liabilities, related party

The Company has recorded a related party liability (“Fixed Asset Loan”) in the amounts of \$3,059,474 as of September 30, 2024 and December 31, 2023, respectively, relating to SAP software and support fees which were paid by an affiliate company of the CEO. The maturity date has not yet been determined. The Company is no longer paying any fees related to these services.

In 2020, the Company recorded an additional related party liability in the amount of \$513,390 in respect to certain building improvements, due to J&N Real Estate Company (a company owned by the CEO) (“J&N Building Loan”). This balance bears no interest and the maturity date has not yet been determined.

	September 30, 2024	December 31, 2023
Other long-term liabilities, related party		
Fixed Asset Loan	\$ 3,059,474	\$ 3,059,474
J&N Building Loan	513,390	513,390
Total	<u>\$ 3,572,864</u>	<u>\$ 3,572,864</u>

NOTE 7 - STOCKHOLDERS' EQUITY

Common stock

The Company's authorized common stock consists of 650,000,000 shares with a par value of \$0.0001 per share.

Common stock options

Stock Option Plan

On September 30, 2021, the Company's stockholders approved the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan provided for the issuance of 4,049,409 incentive awards in the form of non-qualified and incentive stock options, restricted stock awards, restricted stock unit awards, warrants and preferred stock. The awards may be granted by the Company's Board of Directors to its employees, directors and officers and to consultants, agents, advisors and independent contractors who provide services to the Company or to a subsidiary of the Company. The exercise price for stock options must not be less than the fair market value of the underlying shares on the date of grant. The incentive awards shall either be fully vested and exercisable from the date of grant or shall vest and become exercisable in such installments as the Board of Directors or Compensation Committee may specify. Stock options expire no later than ten years from the date of grant. Unless sooner terminated, the Plan shall terminate in 10 years.

This plan had 196,491 fully vested options outstanding at the time of the share exchange.

Stock Options

A summary of the stock option activity is presented below:

Options Outstanding as of September 30, 2024				
	Number of Shares Subject to Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Balance on December 31, 2023	551,854	\$ 1.84	3.18	\$
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options canceled / expired	15,000	-	-	-
Balance on September 30, 2024	536,854	\$ 1.88	2.41	\$
Vested and exercisable at September 30, 2024	196,491	\$ 1.88	2.41	\$

The Company's outstanding warrants as of September 30, 2024, are summarized as follows, and all were exercisable at that date.

Warrants Outstanding as of September 30, 2024

	Number of Shares Subject to Warrants	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value
Balance on December 31, 2023	1,104,243	\$ 1.70	3.16	-
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options canceled / expired	25,670	5.60	-	-
Balance at September 30, 2024	1,078,573	\$ 1.70	2.41	\$ -
Vested and exercisable at September 30, 2024	1,078,573	\$ 1.70	2.41	\$ -

As of September 30, 2024, the outstanding warrants had no intrinsic value.

Restricted Stock

A summary of the restricted stock activity is presented below:

	Restricted Stock Common Stock
Balance at December 31, 2023	107,993
Balance at September 30, 2024	107,993

As of September 30, 2024, there were no unamortized or unvested stock-based compensation costs related to restricted share arrangements.

Preferred Stock

The Company's authorized preferred stock consists of 50,000,000 shares with a par value of \$0.0001.

On September 30, 2023, an asset purchase agreement with N7 Enterprises was closed. The original agreement was to award N7 785 shares of preferred E stock. Each share is convertible into 10,000 shares of common stock. The agreement contained a provision permitting the total number of shares to be adjusted based on projected sales targets being achieved. Due to these sales targets not being met, subsequent to the original award, the preferred shares were reduced to 385.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Legal Matters

In the ordinary course of business, the Company enters into agreements with third parties that include indemnification provisions which, in its judgment, are normal and customary for companies in the Company's industry sector. These agreements are typically with business partners, and suppliers. Pursuant to these agreements, the Company generally agrees to indemnify, hold harmless, and reimburse indemnified parties for losses suffered or incurred by the indemnified parties with respect to the Company's products, use of such products, or other actions taken or omitted by us. The maximum potential number of future payments the Company could be required

to make under these indemnification provisions is unlimited. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of liabilities relating to these provisions is minimal. Accordingly, the Company has no liabilities recorded for these provisions as of September 30, 2024.

Concentrations

The Company has no contingencies, material commitments, purchase obligations, or sales obligations.

On the revenue side, in the nine months ended September 30, 2024, we have a concentration of two customers.

Both are contract manufacturing customers who represent 36% and 24% of revenues.

The other concentration is in the accounts receivable category, where four customers account for 81% of total receivables. One customer is unique in that we produced all of the products for them to sell, and they pay Panacea as the items are sold in the ecommerce marketplace. Thus, until their inventory is depleted, we will have accounts receivable. This customer receivable is 16% of the 81%. Two are contract manufacturing customers who make up 18% and 24% of total receivables. The other is a tenant who subleases space and accounts for 23% of the total receivables.

NOTE 9 - RELATED PARTY TRANSACTIONS

Notes Payable and Accrued Interest – Related Parties

For information on related party loans to the Company and other related party transactions, see Notes 5 and 6, Operating Lease and Notes Payable. The accrued interest and interest expenses recorded for related party loans are shown below.

	September 30, 2024	December 31, 2023
Accrued Interest		
Related party loan-J&N	\$ 1,750,090	\$ 1,413,210
Related party loan-CEO loan	586,925	476,536
Related party loan – Line of credit	1,608,593	964,486

	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest Expense		
Related party loan-J&N	\$ 513,013	\$ 455,273
Related party loan-CEO loan	167,679	151,785
Related party loan – Line of Credit	644,107	490,658

NOTE 10– SUBSEQUENT EVENTS

On October 17, 2024 Panacea Life Sciences, Inc. (“PLS”), a subsidiary of Panacea Life Sciences Holdings, Inc. (PLSH), signed and closed an Asset Purchase Agreement (“APA”) with Covert Mile High Capital LLC, a Colorado limited liability company (“Covert”). PLS owns and operates a product manufacturing and research business, which includes certain assets related to the manufacturing, research, and production of nutraceutical products for consumers and pets. Pursuant to the APA, Covert purchased the rights and obligations of PLS related to the manufacturing of nutraceuticals products. PLS intends to continue with its cannabinoid business and selling of CBD products. The assets purchased include those equipment items related to contract manufacturing of nutraceuticals (the “PRD Business”), including all customer and supplier lists, advertising materials, recipes, formulations, and other intangible assets of PLS that directly relate to or are used primarily by the PRD Business, all accounts receivable related to the PRD Business as of the closing date and all PRD related inventory.

PLS has agreed to a noncompete with respect to the PRD Business and has entered into a contract manufacturing agreement with Covert to continue manufacturing PLS products at a price determined to be mutually beneficial to Covert and PLS. The total price paid will be subject to certain holdbacks to be released by January 1, 2025 and earn-out payments to be paid over the 36 months following the closing date.

Pioneer brought an action against Quintel-MC, Incorporated (“Quintel”) in Arapahoe County District Court, Case No. 2023CV30054 (“Litigation”), and obtained a judgment in the Litigation on April 26, 2023 against Quintel for \$196,435.09 plus accruing interest at the rate of 8% per annum (“Judgment”). Pioneer served a Writ of Garnishment on Panacea (“Garnishment”) in the Lawsuit in furtherance of its efforts to collect on the Judgment. This case was settled on November 4, 2024.