UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number: **000-53029**

C-BOND SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Colorado	**26-1315585**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2029 Pat Booker Rd., San Antonio, TX	**78148**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(210) 490-3977**

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
N/A	N/A	N/A

Securities registered pursuant to Section 12(g) of the Exchange Act: **Common Stock, par value $0.001 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates based upon the closing price of $0.01 per share of common stock as of June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), was $1,273,202.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 539,122,586 shares of common stock are issued and outstanding as of March 29, 2024.

Documents Incorporated by Reference

None

C-BOND SYSTEMS, INC.
FORM 10-K
December 31, 2023

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this "Report") contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Report, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "will," "would," "should," "expect," "plan,", "anticipate," "believe," "estimate," "intend," "predict," "seek," "contemplate," "project," "continue," "potential," "ongoing" or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- our ability to obtain additional funds for our operations;
- our ability to obtain and maintain intellectual property protection for our products and our ability to operate our business without infringing the intellectual property rights of others;
- our reliance on third party distributors;
- the initiation, timing, progress and results of our research and development programs;
- our dependence on current and future collaborators for developing new products;
- the rate and degree of market acceptance of our commercial products;
- the implementation of our business model and strategic plans for our business;
- our estimates of our expenses, losses, future revenue and capital requirements, including our needs for additional financing;
- our reliance on third party suppliers to supply the materials and components for our products;
- our ability to attract and retain qualified key management and technical personnel;
- our financial performance;
- the impact of government regulation and developments relating to our competitors or our industry; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

These statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under the section titled "Risk Factors" and elsewhere in this Report.

Any forward-looking statement in this Report reflects our current view with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our business, results of operations, industry, and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future performance. You should read this Report completely and with the understanding that our actual future results may be materially different from any future results expressed or implied by these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Report also contains estimates, projections and other information concerning our industry, our business and the markets for certain glass strengthening solutions, hydrophobic products, and window film mounting solutions, including data regarding the estimated size of those markets and their projected growth rates. Information that is based on estimates, forecasts, projections, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained these industry, business, market and other data from reports, research surveys, studies and similar data prepared by third parties, industry, and general publications, government data and similar sources. In some cases, we do not expressly refer to the sources from which these data are derived.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this Report. Except as required by law, we do not undertake any obligation to update or release any revisions to these forward-looking statements to reflect any events or circumstances, whether as a result of new information, future events, changes in assumptions or otherwise, after the date hereof.

PART I

ITEM 1. BUSINESS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes to the consolidated financial statements that appear elsewhere in this Report.

As used in this Report and unless otherwise indicated, the terms "C-Bond Systems, Inc.," "Company," "we," "us," or "our" refer to C-Bond Systems, Inc. and its wholly owned subsidiary, C-Bond Systems, LLC, and its 80% owned subsidiary, Patriot Glass Solutions LLC (formerly known as Mobile Tint, LLC), as the context may require.

Overview

We are a nanotechnology company and sole owner and developer of the patented C-Bond technology. We are engaged in the implementation of proprietary nanotechnology applications and processes to enhance properties of strength, functionality, and sustainability of brittle material systems. Our present primary focus is in the multi-billion-dollar glass and window film industry with target markets in the United States and internationally. We operate in two divisions: C-Bond Transportation Solutions (through the date of sale on May 8, 2023) and Patriot Glass Solutions. C-Bond Transportation Solutions sold a windshield strengthening, water repellent solution called C-Bond nanoShield™ and disinfection products. Our Patriot Glass Solutions subsidiary sells multi-purpose glass strengthening primer and window film mounting solutions, including C-Bond BRS, a ballistic-resistant film system, and C-Bond Secure, a forced entry system. We currently own four U.S. patents and one patent license spanning core and strategic nano-technology applications and processes.

On June 30, 2021, we entered into a Share Exchange Agreement and Plan of Reorganization (the "Exchange Agreement") with (i) Patriot Glass Solutions LLC (formerly Mobile Tint LLC), a Texas limited liability company doing business as A1 Glass Coating ("Patriot Glass"), (ii) the sole member of Patriot Glass (the "Patriot Glass Member"), and (iii) Michael Wanke as the Representative of the Patriot Glass Member. Pursuant to the Exchange Agreement, we agreed to acquire 80% of Patriot Glass's member units, representing 80% of Patriot Glass's issued and outstanding capital stock (the "Patriot Glass Member Units"). On July 22, 2021, we closed the Exchange Agreement and acquired 80% of the Patriot Glass Shares. The Patriot Glass Member Units were exchanged for restricted shares of the Company's common stock, in an amount equal to $800,000, divided by the average of the closing prices of the Company's common stock during the 30-day period immediately prior to the closing as defined in the Exchange Agreement. In connection with the Exchange Agreement, we issued 28,021,016 shares of its common stock. Initially, for two years after closing, we had the option to acquire the remaining 20% of Patriot Glass's issued and outstanding membership interests in exchange for a number of shares of the Company's common stock equal to 300% of Patriot Glass's average EBIT value, divided by the price of the Company's common stock as defined in the Exchange Agreement. On September 20, 2023, the Company and the Patriot Glass Shareholder entered into amendment #2 to the Exchange Agreement (the "Amended Exchange Agreement"). Pursuant to the Amended Exchange Agreement, we shall have the option (the "Option"), beginning on July 1, 2025 (the "Option Start Date") and ending on 5:00 P.M. EST on the date that is thirty calendar days after the Option Start Date (the "Option Period"), to acquire the remaining 20% of Patriot Glass Units (the "Additional Units"), representing 20% of Patriot Glass's issued and outstanding membership interests. Patriot Glass provides quality window tint solutions for auto, home, and business owners across Texas, specializing in automotive window tinting, residential window film, and commercial window film that stop harmful UV rays from passing through its window films for reduced glare, comfortable temperatures, and lower energy bills. Patriot Glass also carries products that offer forced-entry protection and films that protect glass from scratches, graffiti, other types of vandalism, and even bullets, including our C-Bond BRS and C-Bond Secure products. As part of the transaction, Patriot Glass's owner-operator, Michael Wanke, joined the Company as President of its Patriot Glass Solutions Group. Patriot Glass has been in business for more than 30 years and produced annual revenue of approximately $2 million in both 2019 and 2020. On October 10, 2023, we filed a Certificate of Amendment with the Secretary of State of the State of Texas to change Mobile's name to Patriot Glass Solutions LLC ("PGS" or "Patriot Glass").

We expect that our acquisition of PGS will be the springboard to provide glass security solutions across the United States. Patriot Glass Solutions protects personal, school, government and commercial/business property across the United States using C-Bond's proprietary glass strengthening technology to protect property from looting, rioting, break-ins, and gunfire. Patriot Glass Solutions' primary products include C-Bond BRS, a ballistic-resistant film system; and C-Bond Secure, a multi-purpose glass strengthening primer and window film mounting solution that deters forced entry.

On May 8, 2023, the Company entered into an Asset Purchase Agreement (the "APA") with Apex Protect GPS, LLC (the "Buyer"), a Texas limited liability company, whereby the Company agreed to sell its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of the Company's C-Bond nanoShield division (the "Assets") to the Buyer for a purchase price of $4,000,000 in cash (the "Transaction"). The Transaction closed on May 8, 2023. From the proceeds of the sale, the Company repaid over $2 million of debt (both convertible debt and straight loans/debt).

The Assets were sold and transferred to buyer by means of (i) with respect to the physical assets, a bill of sale; and (ii) with respect to intangible assets or intellectual property, a Patent and Trademark Assignment Agreement, a Patent and Know-How License Agreement, and a Patent License-Back Agreement (collectively, the "IP Agreements").

On June 15, 2023, an Assignment and Agreement to Re-Execute was entered into by and among the Company ("Seller"); Apex Protect GPS, LLC, ("Assignor") and CB Nanoshield, LLC, a Texas limited liability company ("Assignee"), whereby the Assignor assigned to the Assignee all its right to the (i) APA; (ii) bill of sale (iii) IP Agreements; and (iv) and any memorandums, schedules and exhibits related to the foregoing to Assignee.

The APA contains customary representations, warranties, and covenants by each party including, among other things, that no bankruptcy or similar insolvency proceeding under state or federal law has been filed, or is currently being contemplated, with respect to the Company; that the Company has provided the Seller a true and accurate list of each of the following items of Intellectual Property which comprises a part of the Assets, including, among other things, patents and trademarks (the "Sold Intellectual Property"); and that the Company has good, valid, and legal title to, and is the sole and exclusive owner of all rights, title and interest in and to, the Sold Intellectual Property, free and clear of all liens.

Under the terms of the APA, the Parties entered into a Patent and Trademark Assignment Agreement, whereby the Company conveyed, transferred, and assigned to Buyer, among other assets, the C-Bond nanoShield trademark (the "Trademark") and U.S. Patent No. 11,155,491 B2 (the "C-Bond nanoShield Patent"), and the Company agreed to execute and deliver an assignment of the Trademark and C-Bond nanoShield Patent, for recording with governmental authorities including, but not limited to, the U.S. Patent and Trademark Office.

The Parties also entered into a Patent and Know-How License Agreement whereby the Company granted to the Buyer a non-transferable, non-sub-licensable, exclusive right and license to four patents owned by the Company and licensed know-how to make, have made, use, offer to sell, sell and import glass and other products and components used in or in relation to the manufacture and operation of civilian, agricultural or military vehicles and equipment (the "Licensed Product") in the United States and its legal territories.

Lastly, the Parties entered into a Patent License-Back Agreement whereby the Buyer agreed to grant to the Company a perpetual, non-exclusive, worldwide, royalty-free, non-transferable, non-sublicensable license to the C-Bond nanoShield Patent, for all uses and applications except for any that involve, market to, sell to, do business with, provide related goods or services to, or are consumed by any uses and applications of the patented technology within the civilian or military automotive, vehicle and/or transportation industry. The Patent License-Back Agreement also stipulates that all improvements made by either Party to the technology covered by the C-Bond nanoShield Patent shall be owned by the Buyer. In the event that the Company desires to utilize such improvements to the C-Bond nanoShield Patent made by either Party, the Parties hereby agree that they will negotiate in good faith a separate license agreement having pricing and other terms and conditions that are mutually acceptable to both Parties.

Following the Closing, the Parties completed a transaction wherein the Company assigned to Buyer, and Buyer took assignment from the Company, the lease for the premises located at 6035 South Loop East, Houston, Texas 77033 (the "Lease") pursuant to a lease assignment and assumption agreement as to be reasonably agreed to by the Parties and the lessor pursuant to the Lease.

On May 8, 2023, in connection with the APA, the Company received net proceeds of $1,989,755, after paying debt and accrued interest of approximately $2,053,000.

Our Business

Product and Service Offerings

On May 8, 2023, the Company entered into an APA with Apex Protect GPS, LLC (the "Buyer"), a Texas limited liability company, whereby the Company agreed to sell its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of the Company's C-Bond nanoShield division (the "Assets") to the Buyer for a purchase price of $4,000,000 in cash (the "Transaction"). The Transaction closed on May 8, 2023. Following the sale of our C-Bond nanoShield division on May 8, 2023, through our subsidiary, Patriot Glass Solutions, we sell multi-purpose glass strengthening primer and window film mounting solutions, including C-Bond BRS, a ballistic-resistant film system, and C-Bond Secure, a forced entry system. C-Bond BRS and C-Bond Secure are low-cost technologies that significantly increase the mechanical performance of glass.

Patriot Glass Solutions

Subsequent to May 8, 2023, we will only have one reportable business segment, the distribution and installation of window film solutions.

PGS offers two main security film products: C-Bond Secure, which includes a liquid glass strengthening primer/window film mounting solution used in conjunction with security film to deter forced entry, and C-Bond BRS, a ballistic-resistant film system that includes patented glass strengthening technology and security film to help stop bullets from penetrating glass. C-Bond's patented technology and third-party certifications for its C-Bond BRS (ballistic-resistant film system) meet National Institute of Justice Level I, Level IIA, Level II, and Underwriters Laboratories (UL) 752 ballistic-resistant protection standards. PGS also offers other types of window film for various applications, including solar, decorative, reflective, and more.

C-Bond Secure Strengthening Primer and Window Film Mounting Solution

C-Bond Secure is a patented, non-toxic, water-based nanotechnology solution designed to significantly increase the strength of architectural glass and improve the performance properties of window film-to-glass products. C-Bond Secure improves the performance of window film-to-glass products by reducing glass breakage from impact and stress environments and filling the capillary voids on the glass surface to prevent the trapping of moisture and impurities that impede cure time and adhesion between the glass and any succeeding window film product. This is important because when glass does break, this nanotechnology improves the chances that no large shards/pieces will escape the immediate area of the glass surface and result in serious laceration or personal injury. C-Bond Secure has been tested against untreated glass by third-party laboratories and shown to outperform untreated glass in this capacity. C-Bond Secure faces market competition from basic soap and water products (such as baby shampoo and dishwashing soap) as the recognized industry standard window film application solutions, which we believe provide no structural benefits and are designed to wash hair and dishes, respectively. C-Bond Secure increases overall glass strength, improves window film product performance, and can be used in conjunction with any manufacturer's film product.

C-Bond BRS (Ballistic-Resistant Film System)

C-Bond BRS is a patented, nanotechnology Ballistic-Resistant Film System that increases the structural integrity of glass and provides National Institute of Justice (NIJ) Level I, Level IIA, Level II, and Underwriter Laboratories (UL) 752 ballistic-resistant protection. C-Bond BRS includes a specified glass thickness and glass type, the C-Bond window film mounting solution to improve the glass mechanical strength, and the C-Bond window film product. This product is targeted to police, fire, emergency services, media outlets, schools, airports, and government buildings due to the utility of ballistic-resistant glass protection in their respective fields. The C-Bond BRS system seeks to combine simplicity and affordability with a one-way capability (the ability to shoot-out but prevent shooting in) ballistic protection compared to other costlier ballistic resistant material (polycarbonate and glass laminate) products.

Commercial Market Strategy

Patriot Glass Solutions sells ballistic-resistant glass solutions and forced entry deterrent solutions to private enterprises, schools, government agencies, and general contractors. We take advantage of existing resources and relationships between us and construction contractors to leverage our products and services. On many projects, we rely on construction contractors to hire us as a subcontractor for our multi-purpose glass strengthening primer and window film mounting solutions services, which helps us generate economic growth, support commercialization activities, provide more developed business networks, knowledge of and access to supply and demand channels, and supplement limited financial resources. Additionally, through our sales effort, we market our multi-purpose glass strengthening primer and window film mounting solutions to residential customers and direct to commercial customers.

C-Bond Authorized Dealer Network

Our Authorized Dealer Network focuses on entering into Dealer agreements with window film installation businesses to develop a national distribution network. This program aims to partner with high quality distributors that can grow revenues and margins. For the year ended December 31, 2023, one customer accounted for approximately 11% of total sales. For the year ended December 31, 2023, all sales were in the United States. Almost all sales generated through PGS are performed in Texas. No other geographical area accounted for more than 10% of total sales during the years ended December 31, 2023 and 2022. A reduction in sales from or loss of our customers could have a material adverse effect on the Company's consolidated results of operations and financial condition.

Suppliers

Currently, we rely on four main suppliers, Madico, Inc., Eastman Performance Films, LLC., and Decorative Films, LLC, for our window film; and one supplier for our C-Bond Secure and C-Bold BRS solution, CB Nanoshield, LLC. We believe that, if necessary, alternate window film suppliers could be found without material disruption to our business. However, we rely on CB Nanoshield, LLC to supply our C-Bond Secure and C-Bold BRS solutions.

Intellectual Property

We currently own four U.S. patents and one patent license spanning core and strategic nano-technology applications and processes. Our focus remains on maintaining a patent portfolio that protects our core intellectual property and delivers shareholder value.

Pursuant to an agreement dated April 8, 2016, between us and Rice University, Rice University granted a non-exclusive license to us, in nanotube-based surface treatment for strengthening glass and related materials under Rice's intellectual property rights, to use, make, distribute, offer and sell the licensed products specified in the agreement. In consideration, we had to pay a one-time non-refundable license fee of $10,000 and royalty payments of 5% of net sales of the licensed products during the term of the agreement and a sell-off period of 180 days from termination. In addition, we were required to pay for the maintenance of the patents. This agreement expired per its terms on December 29, 2023. Due to the advancement of our proprietary technology and awards of our own patents, we did not need to rely upon any of the patents included in the license agreement with Rice University as they were not core to our current product offerings.

The "C-Bond Systems™" name and logo are registered trademarks issued by the U.S. Patent and Trademark Office.

Research and Development

We did not incur any research and development expenses during 2023.

Competition

C-Bond Secure Glass Strengthening Primer and Window Film Mounting Solution

C-Bond Secure faces competition from alternative window film mounting products in the market; however, all these products have similar ingredients to a soap and water mix, which we believe provides no structural benefit. These solutions are used to provide a window film installer the ability to slip or move the film on the surface to which it is applied. The industry standard solution most commonly used to apply window film to glass is a mixture containing commonly available baby shampoo or dishwashing soap and water that we believe has the following negative attributes: provides no structural benefits, often bubbles or yellows and scatters light, can only be applied within a limited temperature range, and may require 30 to 120 days of "dry" time to set completely depending on the film thickness. C-Bond Secure provides the same slip properties while also strengthening the glass and improving film adhesion.

C-Bond BRS

C-Bond BRS faces competition from alternative bulletproof or bullet-resistant glass products in the market. Alternative bulletproof solutions use polycarbonate or glass laminate materials that are expensive, thick, heavy, often require reframing and retrofit of existing structure and revised building codes, and yellow and discolor over time. These alternative solutions are often cost prohibitive to cost sensitive customers such as educational and municipal facilities. C-Bond BRS allows for increased safety and security at an affordable cost. Most importantly, it provides a deterrent to an intruder and valuable time to secure the facility.

Employees

As of December 31, 2023, C-Bond had one full-time employee, and two individuals, including our chief executive officer, who operate as independent contractors of the Company. Additionally, Patriot Glass had 19 full-time employees. We have established an extensive network of external partners, contractors, and consultants to minimize administrative overhead and maximize efficiency.

We believe that a diverse workforce is important to our success. We will continue to focus on the hiring, retention and advancement of women and underrepresented populations, and to cultivate an inclusive and diverse corporate culture. In the future, we intend to continue to evaluate our use of human capital measures or objectives in managing our business such as the factors we employ or seek to employ in the development, attraction and retention of personnel and maintenance of diversity in our workforce.

The success of our business is fundamentally connected to the well-being of our people. Accordingly, we are committed to the health, safety and wellness of our employees. We provide our employees and their families with access to a variety of innovative, flexible and convenient health and wellness programs, including benefits that provide protection and security so they can have peace of mind concerning events that may require time away from work or that impact their financial well-being; that support their physical and mental health by providing tools and resources to help them improve or maintain their health status and encourage engagement in healthy behaviors; and that offer choice where possible so they can customize their benefits to meet their needs and the needs of their families.

We also provide robust compensation and benefits programs to help meet the needs of our employees. We believe that we maintain a satisfactory working relationship with our employees and have not experienced any labor disputes.

General Company Information

C-Bond Systems, Inc., formerly WestMountain Alternative Energy, Inc. ("WestMountain"), was incorporated in the state of Colorado on November 13, 2007. C-Bond Systems, LLC is a Texas-based limited liability company that was formed in 2013 and headquartered in Texas. On April 25, 2018, WestMountain Energy, WestMountain's wholly owned subsidiary, WETM Acquisition Corp., a corporation formed in the State of Colorado on April 18, 2018, (the "Acquisition Sub"), and C-Bond Systems, LLC, entered into an Agreement and Plan of Merger and Reorganization ("Merger Agreement"). Pursuant to the terms of the Merger Agreement, on April 25, 2018, referred to as the Closing Date, the Acquisition Sub merged with and into C-Bond Systems, LLC, which was the surviving corporation and became a wholly owned subsidiary of WestMountain (the "Merger"). The Merger was effective as of April 26, 2018, upon the filing of a Certificate of Merger with the Secretary of State of the State of Texas. On July 18, 2018, we changed our name to C-Bond Systems, Inc. Our common stock is currently quoted on the OTC Pink marketplace on a limited basis under the trading symbol "CBNT". Our principal executive offices are located at 2029 Pat Booker Rd., San Antonio, Texas, 78148. Our website address is http://cbondsystems.com/ and our telephone number is (210) 490-3977. The content of any website of ours is not a part of, or incorporated by reference in, this Report. The Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the Securities and Exchange Commission (the "SEC"). These reports and any other information filed by the Company with the SEC are available free of charge on our website. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should not invest in our stock unless you are able to bear the complete loss of your investment. You should carefully consider the risks described below, as well as other information provided to you in this annual report on Form 10-K, including information in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Cautionary Note Regarding Forward-Looking Information" before making an investment decision. The risks and uncertainties described below are not the only ones facing C-Bond Systems. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment.

We have incurred substantial losses to date, may continue to incur losses in the future, and we may never achieve or sustain profitability.

As reflected in our accompanying consolidated financial statements, we reflected net income of $1,886,807 for the year ended December 31, 2023. Additionally, as of December 31, 2023, the Company had an accumulated deficit, shareholders' deficit, and working capital deficit of $60,851,714, $4,324,535 and $1,351,954, respectively. On May 8, 2023, we sold our nanoShield product line for approximately $4,000,000 and for the year ended December 31, 2023, we recorded a gain from this sale of the nanoShield product line of $4,051,709. Aside from the 2023 gain recognized from the sale of the nanoShield product line, we have incurred substantial losses since our inception, including a net loss of $5,156,478 (which included stock-based compensation of $1,039,943), for the year ended December 31, 2022. Net cash used in operations was $1,602,218 and $1,584,918 for the years ended December 31, 2023 and 2022, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this report. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital.

Our ability to continue as a going concern will require us to obtain additional financing to fund our current operations, which may be unavailable on attractive terms, if at all.

As of December 31, 2023, our recurring operating losses (excluding the gain we recognized from the sale of our nanoShield product line), cash used in operations and our current operating plans raise substantial doubt about our ability to continue as a going concern for a period of twelve months from the issuance date of this report. Our ability to continue as a going concern will require us to obtain additional financing to fund our current operating plans. We believe that our existing cash and cash equivalents will not be sufficient to fund our current operating plans. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our commercialization efforts.

Unfavorable global economic, business, or political conditions could adversely affect our business, financial condition, or results of operations.

Our results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including conditions that are outside of our control, including the impact of health and safety concerns, such as those relating to global pandemics. The most recent global financial crisis caused extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to our business, including weakened demand for our products and our ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could strain our domestic and international customers, possibly resulting in delays in customer payments. Any of the foregoing could harm our business and we cannot anticipate all the ways in which the current economic climate and financial market conditions could adversely impact our business.

We hold our cash and cash equivalents that we use to meet our working capital and operating expense needs in deposit accounts that could be adversely affected if the financial institution holding such funds fails.

We hold our cash and cash equivalents that we use to meet our working capital and operating expense needs in deposit accounts. At times, the balance held in these accounts may exceed the Federal Deposit Insurance Corporation, or FDIC, standard deposit insurance limit of $250,000. If the financial institution in which we hold such funds fails or is subject to significant adverse conditions in the financial or credit markets, we could be subject to a risk of loss of all or a portion of such uninsured funds or be subject to a delay in accessing all or a portion of such uninsured funds. Any such loss or lack of access to these funds could adversely impact our short-term liquidity and ability to meet our operating expense obligations, including payroll obligations.

For example, on March 10, 2023, Silicon Valley Bank, or SVB, and Signature Bank, were closed by state regulators and the FDIC was appointed receiver for each bank. The FDIC created successor bridge banks and all deposits of SVB and Signature Bank were transferred to the bridge banks under a systemic risk exception approved by the United States Department of the Treasury, the Federal Reserve and the FDIC. If the financial institution in which we hold funds for working capital and operating expenses were to fail, we cannot provide any assurances that such governmental agencies would take action to protect our uninsured deposits or investments in a similar manner.

Our future revenues are very difficult to predict with any accuracy.

Predicting the timing or the amount of revenues that we will receive from the sale of our products is very difficult. Any delay in the development and acceptance of one or more of our products, could result in significant delays in the realization of revenues, the need to raise additional capital through the issuance of additional equity or debt securities sooner than we intend, and may allow competitors to reach certain of such markets with products before we do. In view of the emerging nature of the technology involved in certain of these markets, and the attendant uncertainty as to whether our products will achieve meaningful commercial acceptance, if at all, there can be no assurance that we will realize revenues sufficient to achieve profitability.

Our intellectual property is subject to patents that may expire.

We rely on U.S. patents to protect our propriety products that form the core of our revenue potential. These patents are subject to standard patent expiration terms. Upon expiration of our patents, we will no longer be able to prevent our competitors from developing similar products to ours.

If we are unable to adequately protect our intellectual property, our competitive position and results of operations may be adversely impacted.

Protecting our intellectual property is critical to our innovation efforts. We own patents, trade secrets, copyrights, trademarks and/or other intellectual property rights related to many of our products, and also have a non-exclusive license right under intellectual property owned by others. Our intellectual property rights may be challenged or infringed upon by third parties, particularly in countries where property rights are not highly developed or protected, or we may be unable to maintain, renew or enter into new license agreements with third-party owners of intellectual property on reasonable terms. Unauthorized use of our intellectual property rights or inability to preserve existing intellectual property rights could adversely impact our competitive position and results of operations.

We are dependent on key personnel, and our ability to grow and compete in our industry will be harmed if we do not retain the continued services of our key personnel, or we fail to identify, hire, and retain additional qualified personnel.

Our success depends on the efforts of our senior management team and other key personnel. The loss of services of members of our senior management team could have an adverse effect on our business. In addition, if we expect to grow our operations, it will be necessary for us to attract and retain additional qualified personnel. If we are unable to attract or retain qualified personnel as needed, the growth of our operations could be slowed or hampered.

Potential adverse outcomes in legal proceedings may adversely affect results.

Our business exposes us to product liability claims that are inherent in the design, manufacture and sale of our products and the products of suppliers. We may not be able to obtain insurance on acceptable terms or our insurance may not provide adequate protection against actual losses. In addition, we are subject to the risk that one or more of our insurers may become insolvent and become unable to pay claims that may be made in the future. Even if we maintain adequate insurance, claims could have a material adverse effect on our financial condition, liquidity and results of operations and on our ability to obtain suitable, adequate or cost-effective insurance in the future.

If we are unable to successfully introduce new products, our future growth may be adversely affected.

Our ability or failure to develop new products based on innovation can affect our competitive position and requires the investment of significant time and resources. Difficulties or delays in research, development, production or commercialization of new products and services may reduce future revenues and adversely affect our competitive position. If we are unable to create sustainable product differentiation, our organic growth may be adversely affected.

Research and development for continued growth of our IP portfolio and product offerings is expensive, and we may not have sufficient funds to continue research and develop activities and may not be able to acquire additional funding.

Our ability to continue our research and development activities to improve and expand our products and service offerings requires extensive amounts of funding. We may not be able to obtain the necessary funding on attractive terms and on a timely basis to continue our research and development activities, which could cause our research and development activities to be delayed, reduced or terminated. Delaying, reducing or terminating our research activities could impede our estimated growth and results of operations.

We rely heavily on collaborative partners such as distributors, manufacturers and vendors and our relationships with such parties may restrict or limit our business operations.

We are currently working with several third-party entities with respect to the validation, optimization, and distribution of our products. Our current and future collaborations and joint ventures are important as they allow greater access to funds, to research, development and testing resources, validation, and to manufacturing, sales and distribution resources that we would otherwise not have. We intend to continue to significantly rely on such collaborative and joint venture arrangements. Some of the risks and uncertainties related to the reliance on such collaborations and joint ventures include the fact that such relationships could actually serve to limit or restrict us, while our partners are free to pursue other products either on their own or with others. Further, our partners may terminate a collaborative technology relationship and such termination may require us to seek other partners or expend substantial resources to pursue these activities independently.

We rely somewhat on a third-party distribution model for our products and the number and quality of distributors can vary and may impact our revenues.

We rely somewhat on numerous third-party distributors for the distribution of our products. While we believe that alternative distributors could be located if required, our product sales could be affected if any of these distributors do not continue to distribute our products in required quantities or at all, or with the required levels of quality. In addition, difficulties encountered by these distributors, such as fire, accident, natural disasters, or political unrest, could halt or disrupt distributions, resulting in delay or cancellation of orders. Any of these events could result in delayed deliveries by us of our products, causing reduced sales and harm to our reputation and brand name.

We only have one manufacturing facility for our propriety products.

Our proprietary products are manufactured for us by CB Nanoshield, the Buyer of the nanoShield product, in their Houston, Texas facility. In the event of a fire, flood, tornado, hurricane or other form of a catastrophic event, we may be unable to fulfill any then-existing demand for our products, possibly for a prolonged period, depending upon the severity of the event. As a result, should a catastrophic event occur, our financial condition and results of operation would be materially adversely affected.

Our Contract Manufacturing Agreement with CB Nanoshield expires on May 8, 2024 (the “Anniversary Date”). For each year thereafter automatic one-year extensions to the agreement automatically trigger on the Anniversary Date unless terminated or revised. If a party elects to terminate the agreement, they must provide written notification to the other party no less than sixty (60) days prior to the Anniversary Date. If we are not able to renew or extend our manufacturing agreement, we may have to move our corporate headquarters and manufacturing facility. Doing so could cause us to incur significant expenses and could delay or reduce our ability to manufacture our products for some time. Our financial condition and results of operation could be materially adversely affected by any such move.

The requirements of being a public company may strain our resources, divert management’s attention, and affect our ability to attract and retain qualified members of the board of directors.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”), the Dodd-Frank Act, the listing requirements of the OTC and other applicable securities rules and regulations. Compliance with these rules and regulations requires significant legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management’s attention may be diverted from other business concerns, which could harm our business and operating results. We may need to hire more employees in the future to comply with these regulatory requirements, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management’s time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company with these rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members for our board of directors, particularly to serve any committees, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results.

We may not reach sufficient size to justify our public reporting status. If we are forced to become a private company, then our stockholders may lose their ability to sell their shares.

We may not be able to fulfill our obligation to develop and maintain proper and effective internal controls over financial reporting.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting annually. This assessment needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. Management concluded that our internal control over financial reporting as of December 31, 2023 was not effective, see "*We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, result in a material misstatement in our financial statement.*" In the future, we may not be able to complete our evaluation, testing and any required remediation in a timely fashion. Failure to comply, or any adverse results from such evaluation, could result in a loss of investor confidence in our financial reports and have an adverse effect on the trading price of our equity securities. Achieving continued compliance with Section 404 may require us to incur significant costs and expend significant time and management resources. We cannot assure you that we will be able to fully comply with Section 404 or that we will be able to conclude that our internal control over financial reporting is effective.

Risks Related to the Glass Strengthening and Water Repellent Industries

We face competition from companies that have substantially greater capital resources, research and development, manufacturing, and marketing resources.

While we believe that we have significant competitive benefits offered by our proprietary products, there are competitors with much longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical, and marketing resources than we have. As we grow and become successful with our products, we expect these competitors to increase the resources they dedicate to our market. Such competition could materially adversely affect our business, operating results, or financial condition.

We may face increased pricing pressures from current and future competitors and, accordingly, there can be no assurance that competitive pressures will not require us to reduce our prices.

It is likely that we will experience significant competitive pressure over time. Accordingly, the use and pricing of our products may decline as the market becomes more competitive. Any material reduction in the price of our products will negatively affect our gross margin and results of operations.

We may have difficulty developing brand awareness for our products.

We believe that a developed market for glass strengthening products currently does not exist. Generation of the brand and market communications are essential to the Company's long-term success. Funding constraints will limit the Company's ability to build product awareness through marketing and advertising. Without clear market communication the risk of having the product confused with other applications such as a stand-alone hydrophobic product is possible. If we are unable to develop such a market or create demand for our products, it would adversely impact our business and operating results.

Risks Related to our Common Stock

Our common stock is quoted on the OTC Pink, which may limit the liquidity and price of our common stock more than if our common stock were listed on the Nasdaq Stock Market or another national exchange.

Our securities are currently quoted on the OTC Markets, specifically the OTC Pink (the "OTC Pink"), an inter-dealer automated quotation system for equity securities. Quotation of our securities on the OTC Pink may limit the liquidity and price of our securities more than if our securities were listed on the Nasdaq Stock Market or another national exchange. As an OTC Pink company, we do not attract the extensive analyst coverage that accompanies companies listed on national securities exchanges. Further, institutional and other investors may have investment guidelines that restrict or prohibit investing in securities traded on the OTC Pink. These factors may have an adverse impact on the trading and price of our common stock.

The trading price of our common stock may decrease due to factors beyond our control.

The stock market from time to time has experienced extreme price and volume fluctuations, which have particularly affected the market prices for smaller reporting companies, and which often have been unrelated to the operating performance of the companies. These broad market fluctuations may adversely affect the market price of our common stock. If our shareholders sell substantial amounts of their common stock in the public market, the price of our common stock could fall. These sales also might make it more difficult for us to sell equity, or equity-related securities, in the future at a price we deem appropriate.

The market price of our common stock may also fluctuate significantly in response to the following factors, most of which are beyond our control:

- variations in our quarterly operating results,
- changes in general economic conditions and in our industry,
- changes in market valuations of similar companies,
- announcements by us or our competitors of significant new contracts, acquisitions, strategic partnerships or joint ventures, or capital commitments,
- loss of a major customer, partner or joint venture participant and
- the addition or loss of key managerial and collaborative personnel.

Any such fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. As a result, stockholders may be unable to sell their shares, or may be forced to sell them at a loss.

The market price for our common shares is particularly volatile given our status as a relatively unknown company with a small and thinly traded public float, limited operating history and lack of profits which could lead to wide fluctuations in our share price. You may be unable to sell your common shares at or above your purchase price, which may result in substantial losses to you.

The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, as noted above, our common shares are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our shareholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our common shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, we are a speculative or "risky" investment due to our limited operating history and lack of profits to date. As a consequence of this enhanced risk, more risk-adverse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our common shares, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our common shares will be at any time, including as to whether our common shares will sustain their current market prices, or as to what effect that the sale of shares or the availability of common shares for sale at any time will have on the prevailing market price.

Penny stock regulations may impose certain restrictions on marketability of our securities.

Our common stock is subject to penny stock rules, which may discourage broker-dealers from effecting transactions in our common stock or affect their ability to sell our securities. As a result, purchasers and current holders of our securities could find it more difficult to sell their securities. Trading volume of OTC Pink stocks have been historically lower and more volatile than stocks traded on an exchange or the Nasdaq Stock Market. In addition, we may be subject to rules of the SEC that impose additional requirements on broker-dealers when selling penny stocks to persons other than established customers and accredited investors. In general, an accredited investor is a person with net worth in excess of $1,000,000 or annual income exceeding $200,000 individually, or $300,000 together with his or her spouse. The relevant SEC regulations generally define penny stocks to include any equity security not traded on an exchange or the Nasdaq Stock Market with a market price (as defined in the regulations) of less than $5 per share. Under the penny stock regulations, a broker-dealer must make a special suitability determination as to the purchaser and must have the purchaser's prior written consent to the transaction. Prior to any transaction in a penny stock covered by these rules, a broker-dealer must deliver a disclosure schedule about the penny stock market prepared by the SEC. Broker-dealers must also make disclosure concerning commissions payable to both the broker-dealer and any registered representative and provide current quotations for the securities. Finally, broker-dealers are required to send monthly statements disclosing recent price information for the penny stock held in an account and information on the limited market in penny stocks.

You may find it difficult to sell our common stock.

As mentioned above, there has been a limited trading market in our common stock. We cannot assure you that an active trading market for our common stock will develop or be sustained. Regardless of whether an active and liquid public market exists, negative fluctuations in our actual or anticipated operating results will likely cause the market price of our common stock to fall, making it more difficult for you to sell our common stock at a favorable price, or at all.

We intend to issue additional equity and stock options to employees and consultants as compensation in the future, which will result in dilution to existing and new investors.

We provide and intend to continue to provide additional equity-based compensation to our employees, officers, directors, consultants, and independent contractors through an equity incentive plan. Our equity incentive plan permits the award of options to purchase shares of common stock and the issuance of restricted shares of our common stock. Because stock options granted under the plan will generally only be exercised when the exercise price for such option is below the then market value of the common stock, the exercise of such options or the issuance of shares will cause dilution to the book value per share of our common stock and to existing and new investors.

Holders of convertible debt issued by the Company may convert their promissory notes and exercise warrants into shares of our common stock, which will result in significant dilution to existing and new investors.

We closed various financing transactions with investors whereby the respective investor purchased convertible promissory notes and warrants from the Company. If the investors convert their notes and exercise their warrants, the Company will issue shares of the Company's common stock to the investor, which may cause substantial dilution to the book value per share of our common stock and to existing and new investors.

Holders of Series B Preferred Shares or Series C Preferred Shares issued by the Company may, as of December 31, 2023, convert such shares into approximately 335,772,000 and 438,151,000 shares of our common stock, respectively, which could result in significant dilution to existing and new investors.

As of December 31, 2023, we had 1,144 Series B and 15,150 Series C shares of Preferred Stock issued and outstanding. If a holder of Series B Preferred shares or Series C Preferred shares issued by the Company elects to convert such shares into approximately 335,772,000 and 438,151,000 shares of our common stock, respectively, it would result in significant dilution to existing and new investors.

Sales of a substantial number of shares of our common stock in the public market by our existing stockholders could cause our stock price to fall.

We have not entered into lock-up agreements with any of our existing stockholders. As a result, sales of a substantial number of shares of our common stock in the public market could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

Our stock price is likely to be volatile.

There is generally significant volatility in the market prices and limited liquidity of securities of companies at our stage. Contributing to this volatility are various events that can affect our stock price in a positive or negative manner. These events include, but are not limited to: governmental regulations or actions; market acceptance and sales growth of our products; litigation involving our industry; developments or disputes concerning our patents or other proprietary rights; departure of key personnel; future sales of our securities; fluctuations in our financial results or those of companies that are perceived to be similar to us; investors' general perception of us; announcements by us of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments, and general economic, industry and market conditions. If any of these events occur, it could cause our stock price to fall.

The price of our common stock may be adversely affected by the future issuance and sale of shares of our common stock or other equity securities.

We cannot predict the size of future issuances or sales of our common stock or other equity securities future acquisitions or capital raising activities, or the effect, if any, that such issuances or sales may have on the market price of our common stock. The issuance and sale of substantial amounts of common stock or other equity securities or announcement that such issuances and sales may occur, could adversely affect the market price of our common stock. Any decline in the price of our common stock may encourage short sales, which could place further downward pressure on the price of our common stock and may impair our ability to raise additional capital through the sale of equity securities.

Our reduced stock price may adversely affect our liquidity.

Our common stock has limited trading history. Many market makers are reluctant to make a market in stock with a trading price of less than $5.00 per share, as well as shares quoted on the OTC Pink. To the extent that we have fewer market makers for our common stock, our volume and liquidity will likely decline, which could further depress our stock price.

We have never paid dividends on our common stock and cannot guarantee that we will pay dividends to our stockholders in the future.

We have never paid dividends on our common stock. For the foreseeable future, we intend to retain our future earnings, if any, to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock. However, in the future, our board of directors may declare dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, and such other factors as our board of directors deems relevant. Accordingly, investors may need to sell their shares of our common stock to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them. We cannot guarantee that we will pay dividends to our stockholders in the future.

Colorado law and our Articles of Incorporation protect our directors from certain types of lawsuits, which could make it difficult for us to recover damages from them in the event of a lawsuit.

Colorado law provides that our directors will not be liable to our company or to our stockholders for monetary damages for all but certain types of conduct as directors. Our Articles of Incorporation require us to indemnify our directors and officers against all damages incurred in connection with our business to the fullest extent provided or allowed by law. The exculpation provisions may have the effect of preventing stockholders from recovering damages against our directors caused by their negligence, poor judgment, or other circumstances. The indemnification provisions may require our company to use our assets to defend our directors and officers against claims, including claims arising out of their negligence, poor judgment, or other circumstances.

Additional risks may exist since we became public through a "reverse merger."

Because our business became public by means of a "reverse merger," we may not be able to attract the attention of major brokerage firms. Securities analysts of major brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our common stock. We cannot assure you that brokerage firms will want to conduct any secondary offerings on our behalf in the future.

We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, result in a material misstatement in our financial statements.

We are subject to the reporting and other obligations under the Exchange Act, including the requirements of Section 404 of the Sarbanes-Oxley Act, which require annual management assessments of the effectiveness of our internal control over financial reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As reported in Item 9A hereof, our management concluded that our internal control over financial reporting was not effective as of December 31, 2023 because of a material weakness in our internal control over financial reporting. The ineffectiveness of our disclosure controls and procedures was due to the following material weaknesses in our internal control over financial reporting: (1) the lack of multiple levels of management review on complex business, accounting, and financial reporting issues and (2) a lack of adequate segregation of duties as a result of our limited financial resources to support hiring of personnel. Until such time as we expand our staff to include additional accounting and executive personnel, it is likely we will continue to report material weaknesses in our internal control over financial reporting.

While management has undertaken and will continue to undertake steps to improve our internal control over financial reporting to address and remediate the material weaknesses, there can be no assurance that we will be able to successfully remediate the identified material weaknesses, or that we will not identify additional control deficiencies or material weaknesses in the future. If we are unable to successfully remediate our existing or any future material weaknesses in our internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, we may be unable to maintain compliance with securities laws regarding the timely filing of periodic reports, investors may lose confidence in our financial reporting and the price of our ordinary shares may decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We recognize the critical importance of developing, implementing, and maintaining robust cybersecurity measures to safeguard our information systems and protect the confidentiality, integrity, and availability of our data. The Company's information security program is managed by its CEO and CFO, and Vice President of Operations, who are responsible for leading Company-wide cybersecurity strategy, policy, standards, architecture, and processes.

At this time, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face certain ongoing risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See "Risk Factors".

Governance

The Company's Board of Directors oversees management's cybersecurity strategy. Management provides a full briefing on various cybersecurity risk matters including risk assessments, mitigation strategies, areas of emerging risk and other areas of importance at least annually. In the event of a cybersecurity incident determined to be significant, management will notify the Board.

ITEM 2. PROPERTIES

Our corporate headquarters and manufacturing facility was located in an 8,385 square foot facility in Houston, Texas at 6035 South Loop East. The lease on the Houston facility was to expire on May 31, 2025. On June 15, 2023, in connection with the sale of the Company's nanoShield product line, the purchaser assumed the operating lease and we vacated the premises.

In connection with the Exchange Agreement with PGS, the Company was named as guarantor of a Commercial Lease Agreement dated July 21, 2021, by and between landlord MDW Management, LLC, a company owned by Michael Wanke and his wife and tenant PGS. The term of this lease is 60 months, at a minimum monthly rent of $5,600 (not including tax), with two five-year options for the tenant to renew. The Company's obligation as guarantor of the Lease will terminate upon the occurrence of earlier of the following: (i) the date of the Company's acquisition of 100% of the ownership interests of PGS; (ii) the date that the Company beneficially owns less than an 80% ownership interest in PGS; or (iii) two (2) years from and after the effective date of the guaranty. This guarantee expired in July 2023. Our PGS production and warehouse facility is located in an approximate 4,000 square foot facility in San Antonio, Texas at 2029 Pat Booker Rd., which is now our corporate headquarters.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business.

Except as set forth below, the Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, results of operations, or cash flows.

On January 20, 2022, we received an order from the SEC (the "Formal Order"). The Formal Order authorizes that an examination be made to determine whether a stop order should be issued under Section 8(d) of the Securities Act with respect to the Company's Registration Statement on Form S-1, and any supplements and amendments thereto. The Formal Order indicates that the Form S-1 may be deficient in that it may contain untrue statements of material fact or omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading concerning, among other things, the Company's revenue and financial condition. On April 15, 2022, the Company filed an amendment to its Annual Report on Form 10-K for the fiscal year ended December 31, 2020. The restatement had the cumulative effect of decreasing the Company's reported revenue for fiscal year 2020 by $102,569 and decreasing the Company's bad debt expense for the same period by $102,569. There was no effect on the Company's reported net loss for fiscal year 2020 or on the financial condition of the Company on December 31, 2020. The Company received a subpoena from the SEC on April 25, 2022, requesting all documents and communications concerning the review of C-Bond's revenue recognition practices for fiscal year 2020. In response, the Company has provided the requested information and its Chief Executive Officer provided his testimony regarding this Formal Order in October 2022. The Company also filed a request to withdraw its Registration Statement on Form S-1 ("S-1") (File No. 333-261472) (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission on December 3, 2021. The S-1 related to shares of common stock underlying certain convertible promissory notes held by selling securityholders. The S-1 was not declared effective and no securities were sold in reliance thereon. The Company and its Chief Executive Officer have submitted an offer to settle and close the pending SEC investigation. The Company and its Chief Executive Officer are awaiting a formal response to such offer of settlement.

On March 8, 2021, the former President and Acting CFO of the Company resigned. The Company and the former officer alleged certain claims against each other, including with respect to certain compensation claims. Neither party has initiated litigation. The Company intends to vigorously defend itself against any possible claims and assert any relevant claims against the former executive and believes it will prevail. As a result of the evidence disclosed and discovered during the aforementioned SEC investigation, the Company has concluded that the actions of the former President and Acting CFO of the Company may be viewed as potentially dishonest and fraudulent. As a result, the Board of Directors of the Company have resolved and taken action to cause the forfeiture of equity and deferred compensation owed/outstanding by said officer and forwarded a formal demand letter to said officer and his wife, the former Controller of the Company.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is quoted on the OTC Pink operated by the OTC Markets Group, under the symbol "CBNT." Trading in OTC Pink stocks can be volatile, sporadic and risky, as thinly traded stocks tend to move more rapidly in price than more liquid securities. Such trading may also depress the market price of our common stock and make it difficult for our stockholders to resell their common stock. Our common stock does not have an established public trading market.

The following table reflects the high and low closing price for our common stock for the period indicated. The bid information was obtained from the OTC Markets Group, Inc. and reflects inter-dealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

Quarter Ended	High	Low
December 31, 2023	$ 0.0075	$ 0.0032
September 30, 2023	$ 0.0102	$ 0.0031
June 30, 2023	$ 0.0150	$ 0.0031
March 31, 2023	$ 0.0089	$ 0.0036
December 31, 2022	$ 0.0160	$ 0.0050
September 30, 2022	$ 0.0170	$ 0.0070
June 30, 2022	$ 0.0289	$ 0.0106
March 31, 2022	$ 0.0300	$ 0.0130

On March 29, 2024, the closing price of the Company's common stock on OTC Pink was $0.0048.

Holders of Common Stock

As of March 29, 2024, there were approximately 213 record holders of our common stock. The number of record holders does not include beneficial owners of common stock whose shares are held in the names of banks, brokers, nominees, or other fiduciaries.

Dividends

Historically, we have not paid any cash dividends on our common stock. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations. However, in the future, our board of directors may declare dividends on our common stock. Payment of future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that our board of directors may deem relevant. We cannot guarantee that we will pay dividends to our stockholders in the future.

Securities Authorized for Issuance under Equity Compensation Plans

See "Part III. Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for information concerning our equity compensation plans as of December 31, 2023.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included in this Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties as described under the heading "Cautionary Note Regarding Our Forward-Looking Statements" elsewhere in this Report. You should review the disclosure under the heading "Risk Factors" in this Report for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a nanotechnology company and marketer of the patented C-Bond technology. We are engaged in the implementation of proprietary nanotechnology applications and processes to enhance properties of strength, functionality, and sustainability of brittle material systems. Our present primary focus is in the multi-billion-dollar glass and window film industry with target markets in the United States. Our PGS subsidiary sells two main security products: C-Bond BRS, a ballistic-resistant window film solution and C-Bond Secure, a forced entry deterrent solution, to private enterprises, schools, government agencies, and general contractors. PGS also sells offers other types of window film for various applications, including solar, decorative, reflective, and more.

On May 8, 2023, we entered into an APA with Apex Protect GPS, LLC (the "Buyer"), a Texas limited liability company, whereby we agreed to sell its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of our C-Bond nanoShield product line (the "Assets") to the Buyer for a purchase price of $4,000,000 in cash (the "Transaction"). The Transaction closed on May 8, 2023.

The Assets were sold and transferred to buyer by means of (i) with respect to the physical assets, a bill of sale; and (ii) with respect to intangible assets or intellectual property, a Patent and Trademark Assignment Agreement, a Patent and Know-How License Agreement, and a Patent License-Back Agreement.

On June 15, 2023, an Assignment and Agreement to Re-Execute was entered into by and among the Company ("Seller"); Apex Protect GPS, LLC, ("Assignor") and CB Nanoshield, LLC, a Texas limited liability company ("Assignee"), whereby the Assignor assigned to the Assignee all its right to the (i) APA; (ii) Bill of Sale (iii) IP Agreements; and (iv) and any memorandums, schedules and exhibits related to the foregoing to Assignee.

The APA contains customary representations, warranties, and covenants by each party including, among other things, that no bankruptcy or similar insolvency proceeding under state or federal law has been filed, or is currently being contemplated, with respect to the Company; that the Company has provided the Seller a true and accurate list of each of the following items of Intellectual Property which comprises a part of the Assets, including, among other things, patents and trademarks (the "Sold Intellectual Property"); and that the Company has good, valid, and legal title to, and is the sole and exclusive owner of all rights, title and interest in and to, the Sold Intellectual Property, free and clear of all liens.

Under the terms of the APA, the Parties entered into a Patent and Trademark Assignment Agreement, whereby the Company conveyed, transferred, and assigned to Buyer, among other assets, the C-Bond nanoShield trademark (the "Trademark") and U.S. Patent No. 11,155,491 B2 (the "C-Bond nanoShield Patent"), and the Company agreed to execute and deliver an assignment of the Trademark and C-Bond nanoShield Patent, for recording with governmental authorities including, but not limited to, the U.S. Patent and Trademark Office.

The Parties also entered into a Patent and Know-How License Agreement whereby the Company granted to the Buyer a non-transferable, non-sub-licensable, exclusive right and license to four patents owned by the Company and licensed know-how to make, have made, use, offer to sell, sell and import glass and other products and components used in or in relation to the manufacture and operation of civilian, agricultural or military vehicles and equipment (the "Licensed Product") in the United States and its legal territories.

Lastly, the Parties entered into a Patent License-Back Agreement whereby the Buyer agreed to grant to the Company a perpetual, non-exclusive, worldwide, royalty-free, non-transferable, non-sublicensable license to the C-Bond nanoShield Patent, for all uses and applications except for any that involve, market to, sell to, do business with, provide related goods or services to, or are consumed by any uses and applications of the patented technology within the civilian or military automotive, vehicle and/or transportation industry. The Patent License-Back Agreement also stipulates that all improvements made by either Party to the technology covered by the C-Bond nanoShield Patent shall be owned by the Buyer. In the event that the Company desires to utilize such improvements to the C-Bond nanoShield Patent made by either Party, the Parties hereby agree that they will negotiate in good faith a separate license agreement having pricing and other terms and conditions that are mutually acceptable to both Parties.

Following the Closing, the Parties completed a transaction wherein the Company assigned to Buyer, and Buyer took assignment from the Company, the lease for the premises located at 6035 South Loop East, Houston, Texas 77033 (the "Lease") pursuant to a lease assignment and assumption agreement as to be reasonably agreed to by the Parties and the lessor pursuant to the Lease.

On May 8, 2023, in connection with the APA, the Company received net proceeds of $1,989,755, after paying debt and accrued interest of approximately $2,053,000.

On December 31, 2023, we had cash of $736,461.

The following discussion highlights our results of operations and the principal factors that have affected our financial condition as well as our liquidity and capital resources for the periods described and provides information that management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The following discussion and analysis are based on our consolidated financial statements contained in this Report, which have been prepared in accordance with United States generally accepted accounting principles ("GAAP"). You should read the discussion and analysis together with such financial statements and the related notes thereto.

Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had net income of $1,886,807 for the year ended December 31, 2023. Net cash used in operations was $1,602,218 for the year ended December 31, 2023. Additionally, as of December 31, 2023, the Company had an accumulated deficit, shareholders' deficit, and working capital deficit of $60,851,714, $4,324,535 and $1,351,954, respectively. On May 8, 2023, the Company sold its nanoShield product line and received proceeds of $4,042,631. The proceeds were used to repay convertible notes payable, notes payable and related accrued interest. On December 31, 2023, the Company had cash of $736,461. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this report. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. The Company is seeking to raise capital through additional debt and/or equity financings to fund its operations in the future. Although the Company has historically raised capital from sales of common shares and preferred shares, and from the issuance of promissory notes and convertible promissory notes, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional lending in the near future, management expects that the Company will need to curtail its operations. These 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.

Critical Accounting Estimates

The following discussion and analysis of our consolidated financial condition and consolidated results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Management continually evaluates such estimates, including those related to critical estimates for estimates used in the calculation of percentage of completion on uncompleted jobs, assumptions used in assessing impairment of long-term assets, and the fair value of non-cash equity transactions. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any future changes to these estimates and assumptions could cause a material change to our reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies affect our more significant judgments and estimates used in the preparation of the consolidated financial statements.

Revenue recognition

We follow the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASC 606 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and requires certain additional disclosures.

We sell our products, which include standard warranties primarily to distributors and authorized dealers. Product sales are recognized at a point in time when the product is shipped to the customer and title is transferred and are recorded net of any discounts or allowances. The warranty does not represent a separate performance obligation.

Revenues from contracts for the distribution and installation of window film solutions are recognized over time on the basis of the Company's estimates of the progress towards completion of contracts using various output or input methods depending on the type of contract terms including (1) the ratio of number of labor hours spent compared to the number of estimated labor hours to complete a job, (2) using the milestone method, or (3) using a units completed method. These methods are used because management considers these to be the best available measure of progress on these contracts. We use the same method for similar types of contracts. The asset, "contract assets" represents revenues recognized in excess of amounts billed. The liability, "contract liabilities," represents billings in excess of revenues recognized.

Stock-based compensation

Stock-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, director, and non-employee services received in exchange for an award of equity instruments over the period the employee, director, or non-employee 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, director, and non-employee services received in exchange for an award based on the grant-date fair value of the award. The Company has elected to recognize forfeitures as they occur as permitted under Accounting Standards Update ("ASU") 2016-09 *Improvements to Employee Share-Based Payment*.

See Note 2 to our consolidated financial statements for a summary of significant accounting policies and recent accounting pronouncements.

Results of Operations

The following comparative analysis on results of operations was based primarily on the comparative consolidated financial statements, footnotes and related information for the periods identified below and should be read in conjunction with the consolidated financial statements and the notes to those statements for the years ended December 31, 2023 and 2022, which are included elsewhere in this annual report on Form 10-K. The results discussed below are for the years ended December 31, 2023 and 2022.

Comparison of Results of Operations for the Years ended December 31, 2023 and 2022

Sales

For the year ended December 31, 2023, sales amounted to $2,488,493 as compared to $2,232,646 for the year ended December 31, 2022, an increase of $255,847, or 11.5%. This increase was attributable to an increase in sales of window tint installation and sales of C-Bond Secure multi-purpose and BRS ballistic resistant glass protection systems of $510,211 to school districts in Texas. The Texas Education Agency (TEA) mandated that each school district and open-enrollment charter school install either entry-resistant film or fencing on ground-floor windows that would allow access, glass doors, and windows adjacent to glass doors. This increase was offset by a decrease in sales of our recently sold C-Bond nanoShield solutions product line of approximately $254,364 due to its sale in May 2023.

Cost of Goods Sold

In connection with our C-Bond Solutions segment, cost of goods sold is comprised primarily of the cost of raw materials and finished inventory sold, packaging costs, and warranty costs. In connection with our Patriot Glass segment, cost of goods sold is comprised primarily of cost of raw materials such as film, labor, subcontractor costs, equipment rental, and supplies.

For the year ended December 31, 2023, cost of sales amounted to $1,180,979 as compared to $954,402 for the year ended December 31, 2022, an increase of $226,577, or 23.7%.

Gross Profit

For the year ended December 31, 2023, gross profit amounted to $1,307,514, or 52.5% of sales, as compared to $1,278,244, or 57.3% of sales, for the year ended December 31, 2022, an increase of $29,270, or 2.3%. Generally, we recognized a higher gross profit percentage on the sale of C-Bond nanoShield and C-Bond ballistic resistant glass protections systems than we do on the sale of disinfection products and from Patriot Glass installations and services.

Operating Expenses

For the year ended December 31, 2023, operating expenses amounted to $3,303,818 as compared to $4,470,738 for the year ended December 31, 2022, a decrease of $1,166,920, or 26.1%. For the years ended December 31, 2023 and 2022, operating expenses consisted of the following:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Compensation and related benefits, including stock-based compensation charges of $42,183 and $1,039,943 for the years ended December 31, 2023, and 2022, respectively	$ 2,036,514	$ 2,844,783
Professional fees	601,214	815,542
General and administrative expenses	666,090	810,413
Total	$ 3,303,818	$ 4,470,738

Compensation and related benefits

For the year ended December 31, 2023, compensation and related benefits decreased by $808,269, or 28.4%, as compared to the year ended December 31, 2022. This decrease was primarily due to a decrease in stock-based compensation of $997,760, offset by a net increase in compensation and related benefits of $189,491 primarily attributable to an increase in executive bonuses of approximately $320,000 and an overall decrease in compensation and related benefits of $130,509 due to a decrease in the number of employees.

On January 6, 2022, the Board of Directors of the Company agreed to satisfy $278,654 of accrued compensation owed to its executive officers (collectively, the "Management") as of December 31, 2021. Management agreed to accept 278 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation. The conversion feature of the Series B Preferred Stock at the time of issuance was determined to be beneficial on the commitment date. Because the Series B Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from the date of issuance, the Company immediately recorded non-cash stock-based compensation of $957,556 related to the beneficial conversion feature arising from the issuance of Series B Preferred Stock.

Professional fees

For the year ended December 31, 2023, professional fees decreased by $214,328, or 26.3%, as compared to the year ended December 31, 2022. This decrease was primarily related to a decrease in consulting fees of $160,127 and a decrease in accounting fees of $74,883, offset by a net increase in other professional fees of $20,682.

General and administrative

For the year ended December 31, 2023, general and administrative expenses decreased by $144,323, or 17.8%, as compared to the year ended December 31, 2022. These decreases are primarily attributable to a decrease in sales and marketing expenses, and other cost-cutting measures, including the reduction of rent of $66,374 and other costs associated with our recently sold C-Bond Nanoshield product line.

Other Operating Income

During the year ended December 31, 2023, we reported a gain on sale of our nanoShield product line of $4,051,709. We did not record other operating income during the 2022 period.

Income (Loss) from Operations

For the year ended December 31, 2023, income (loss) from operations amounted to $2,055,405 and $(3,192,494), respectively, a positive change of $5,247,899, or 164.4%.

Other Income (Expenses), net

For the year ended December 31, 2023, other income (expenses), net amounted to $(168,598) as compared to $(1,963,984) for the year ended December 31, 2022, a positive change of $1,795,386, or 91.4%. This change was primarily due to a decrease in interest expense of $1,144,659 related to a decrease in the amortization of debt discount and a decrease in interest-bearing debt, an increase in gain on debt extinguishment of $825,727 related to the payoff and settlement of debt using proceeds from the sale of nanoShield product line and related technologies the payoff and settlement of accrued compensation, and an increase in settlement expense of $175,000.

Net Income (Loss)

Due to factors discussed above, for the year ended December 31, 2023 and 2022, net income (loss) amounted to $1,886,807 and $(5,156,478), respectively. For the year ended December 31, 2023, net income attributable to common shareholders, which included dividends accrued on Series B and C preferred stock of $54,195 and the deduction of net loss attributable to noncontrolling interests of $8,858, amounted to $1,841,470, or $0.00 per common share (basic) and $0.00 per common share (diluted). For the year ended December 31, 2022, net loss attributable to common shareholders, which included dividends accrued on Series B and C preferred stock of $60,090 and the deduction of net loss attributable to noncontrolling interests of $38,513, amounted to $(5,178,055), or $(0.02) per basic and diluted common share.

Liquidity and Capital Resources

Liquidity is the ability of an enterprise to generate adequate amounts of cash to meet its needs for cash requirements. We had cash of $736,461 and $97,091 as of December 31, 2023 and 2022, respectively.

Our primary uses of cash have been for compensation and related benefits, fees paid to third parties for professional services, and general and administrative expenses. We have received funds from the sales of products, from various financing activities such as from the sale of our common shares, from the sale of preferred shares and from debt financings. Additionally, we received net proceeds from the sale of our nanoShield product line and related technologies of $1,989,755, after the repayment and settlement of notes payable and convertible notes payable. The following trends are reasonably likely to result in changes in our liquidity over the near to long term:

- An increase in working capital requirements to finance our current business,
- Research and development fees;
- Addition of administrative and sales personnel needed for business growth;
- The cost of being a public company;
- Marketing expense for building brand;
- Capital requirements for production capacity.
- Working capital requirements to support acquired companies.

Since inception, we have raised proceeds from the sale of common shares and preferred shares, and from debt to fund our operations and research and development initiatives.

As discussed elsewhere, on May 8, 2023, the Company entered into an Asset Purchase Agreement (the “APA”) with Apex Protect GPS, LLC (the “Buyer”), a Texas limited liability company, whereby the Company agreed to sell its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of the Company’s C-Bond nanoShield division (the “Assets”) to the Buyer for a purchase price of $4,000,000 in cash (the “Transaction”). The Transaction closed on May 8, 2023.

In connection with the APA, we received net proceeds of $1,989,755, after the repayment and settlement of notes payable and convertible notes payable as follows:

1) The Company repaid and settled the BOCO Investments, LLC Note with a principal balance of $400,000 and accrued interest payable of $317,293 for a cash payment of $200,000 and the issuance of 22,000,000 shares of the Company’s common stock.

2) The Company repaid GS Capital Partners, LLC $419,260 for notes dated June 23, 2022, July 26, 2022, and September 6, 2022 (collectively, the “GS Notes”), and GS Capital Partners, LLC deemed the GS Notes paid in full.

3) The Company repaid Mercer Street Global Opportunity Fund, LLC (“Mercer”) $271,825 for notes dated March 14, 2022 and November 22, 2022 (collectively, the “Secured Mercer Notes”).

4) The Company repaid Jeff Badders $875,000 plus $87,868 of interest for notes dated May 5, 2021, November 8, 2022, and April 4, 2023.

5) The Company repaid 1800 Diagonal Lending, LLC $288,035 for notes dated November 4, 2022, December 27, 2022, and March 17, 2023 (collectively, the "1800 Diagonal Notes"), and 1800 Diagonal Lending, LLC deemed the 1800 Diagonal Notes paid in full.

6) The Company repaid its CEO $250,000 for the note dated May 2, 2022, and the CEO deemed the note paid in full.

Additional cash liquidity is generated from product sales. However, to date, we are not profitable, and we cannot provide any assurances that we will be profitable. We believe that our existing cash and cash equivalents will not be sufficient to fund our current operating plans.

Cash Flows

For the year ended December 31, 2023 and 2022

The following table shows a summary of our cash flows for the year ended December 31, 2023 and 2022.

	Year Ended December 31,	
	2023	**2022**
Net cash used in operating activities	$ (1,602,218)	$ (1,584,918)
Net cash provided by investing activities	3,936,861	5,500
Net cash (used in) provided by financing activities	(1,695,273)	1,156,611
Net increase (decrease) in cash	639,370	(422,807)
Cash - beginning of the year	97,091	519,898
Cash - end of the year	$ 736,461	$ 97,091

Net Cash Used in Operating Activities:

Net cash flow used in operating activities was $1,602,218 for the year ended December 31, 2023 as compared to net cash flow used in operating activities of $1,584,918 for the year ended December 31, 2022, an increase of $17,300.

Net cash flow used in operating activities for the year ended December 31, 2023 primarily reflected net income of $1,886,807, which was then adjusted for the add-back (deduction) of non-cash items primarily consisting of depreciation and amortization of $88,859, stock-based compensation expense of $42,183, stock-based professional fees of $121,950, amortization of debt discount of $96,258, non-cash interest expense for put premiums of $29,212, non-cash gain on debt extinguishment and inducement expense of $481,832, bad debt expense of $21,296, a gain from the sale of property and equipment of $9,000, and a gain from sale of nanoShield product line of $4,051,709, and changes in operating assets and liabilities consisting primarily of an increase in accounts receivable of $175,945, an increase in inventory of $113,712, a decrease in accounts payable of $69,543, an increase in contract liabilities of $478,083, an increase in accrued compensation of $357,822, an increase in accrued expenses of $183,647, and a decrease in accrued interest – related party of $10,027.

Net cash flow used in operating activities for the year ended December 31, 2022 primarily reflected a net loss of $5,156,478, which was then adjusted for the add-back (deduction) of non-cash items primarily consisting of depreciation and amortization of $89,219, stock-based compensation expense of $1,039,943, stock-based professional fees of $298,571, amortization of debt discount of $1,059,752, non-cash interest expense for default penalty and put premiums of $296,981, bad debt expense of $7,716, gain on sale of property and equipment of $(5,500), and a non-cash loss on debt extinguishment of $343,895, and changes in operating assets and liabilities consisting primarily of an increase in accounts receivable of $100,160, a decrease in inventory of $5,485, an increase in prepaid expenses of $746, a decrease in contract assets of $82,526, a decrease in accounts payable of $49,709, an increase in accrued expenses of $299,660, an increase in contract liabilities of $12,211, an increase in accrued compensation of $180,609, and an increase in accrued interest – related party of $10,027.

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Net Cash Provided by Investing Activities:

Net cash provided by investing activities was $3,936,861 for the year ended December 31, 2023 as compared to $5,500 for the year ended December 31, 2022. During the year ended December 31, 2023, we received net proceeds of $4,042,631 from the sale of our nanoShield product line and related technologies and $9,000 from the sale of property and equipment. Additionally, we purchased property and equipment for $114,770. During the year ended December 31, 2022, we received proceeds of $5,500 from the sale of property and equipment.

Net Cash (Used in) Provided by Financing Activities:

Net cash used in financing activities was $(1,695,273) for the year ended December 31, 2023 as compared to net cash provided by financing activities of $1,156,611 for the year ended December 31, 2022.

During the year ended December 31, 2023, we received net proceeds from the sale of our common stock to our chief executive officer of $275,000, we received net proceeds from convertible notes payable of $50,000, and we received proceeds from notes payable of $291,621. These proceeds were offset by the repayment of notes payable of $1,824,144, the repayment of note payable – related party of $250,000, and the repayment of convertible notes payable of $237,750.

During the year ended December 31, 2022, we received net proceeds from notes payable of $903,760, received proceeds from a related party note payable of $250,000, and received net proceeds from convertible notes payable of $160,000. These proceeds were offset by the repayment of notes payable of $157,149.

Funding Requirements

We expect the primary use of capital to continue to be salaries, legal, accounting and regulatory expenses and general overhead costs including sales and marketing. Additional uses of capital will include additional headcount, tools and equipment, capacity expansion and operational control software. We believe current cash and cash equivalents will not be sufficient to meet anticipated cash requirements. Additional capital will be required to further research new product verticals and enhancements to current product offerings based on customer requirements.

As of December 31, 2023, we determined that there was substantial doubt about our ability to maintain operations as a going concern. Our consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. Management cannot provide assurance that we will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. We will seek to raise capital through additional debt and/or equity financings to fund operations in the future. Although we have historically raised capital from sales of common and preferred shares, from the issuance of notes payable, and from the issuance of convertible promissory notes, there is no assurance that it will be able to continue to do so. If we are unable to raise additional capital or secure additional lending in the near future, management expects that the Company will need to curtail its operations. Our 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.

On March 1, 2024, we executed a Promissory Note (“Note”) in favor of 1800 Diagonal Lending LLC (the “Investor”) in the aggregate principal amount of $157,000 (the “Principal”), and an accompanying Securities Purchase Agreement (“SPA”). Only in the event of a default, as discussed below, is the Note convertible into shares of the Company’s common stock. The Note was funded on March 4, 2023, in the amount of $125,000, which is net of an original issue discount of $13,000 and a one-time interest charge of $19,000. A one-time interest charge of twelve percent (12%) (the “Interest Rate”) was applied on the issuance date to the Principal. Under the terms of the Note, the Company is required to make monthly payments as outlined in the Note, beginning on August 30, 2024 and the Note matures on December 30, 2024. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of 22% per annum from the due date thereof until the same is paid (“Default Interest”).

Monthly payment shall be as follows:

Payment Date		
August 30, 2024	$	87,920
September 30, 2024	$	21,980
October 30, 2024	$	21,980
November 30, 2024	$	21,980
December 30, 2024	$	21,980
Total	$	175,840

Among other things, an event of default (“Event of Default”) shall occur if the Company fails to pay the principal or interest when due on the Note, whether at maturity, upon acceleration or otherwise. Upon the occurrence of any Event of Default, the Note shall become immediately due and payable and the Company shall pay to the Investor, in full satisfaction of its obligations hereunder, an amount equal to 220% times the sum of the then outstanding principal amount of this Note plus accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment plus Default Interest, if any. At any time following an Event of Default, the Holder shall have the right to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of the Company’s Common Stock. The conversion price (the “Conversion Price”) shall be the greater of $0.0025 per share (the “Fixed Conversion Price”) or 65% multiplied by the lowest closing bid price during the 10 trading days prior to the conversion date (representing a discount rate of 35%) (the “Variable Conversion Price”). At no time may the Note be converted into shares of our common stock if such conversion would result in the Investor and its affiliates owning an aggregate of in excess of 4.99% of the then outstanding shares of our common stock.

Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially because of a number of factors. We have based this estimate on assumptions that may prove to be wrong and could utilize our available capital resources sooner than we currently expect. Our capital requirements are difficult to forecast. Please see the section titled “Risk Factors” in this Annual Report on Form 10-K for additional risks associated with our capital requirements.

Until such time as we generate substantial product revenue to offset operational expenses, we expect to finance our cash needs through a combination of public and private equity offerings and debt financings. We may be unable to raise capital or enter into such other arrangements when needed or on favorable terms or at all. Our failure to raise capital or enter into such other arrangements as and when needed would have a negative impact on our financial condition.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

We have certain fixed contractual obligations and commitments that include future estimated payments. Changes in our business needs, cancellation provisions, changing interest rates, and other factors may result in actual payments differing from the estimates. We cannot provide certainty regarding the timing and amounts of payments. We have presented below a summary of the most significant assumptions used in our determination of amounts presented in the tables, to assist in the review of this information within the context of our consolidated financial position, results of operations, and cash flows.

The following tables summarize our contractual obligations as of December 31, 2023, and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

	Payments Due by Period				
Contractual obligations:	**Total**	**Less than 1 year**	**1-2 years**	**3-5 years**	**5 + years**
Notes payable	$ 124,781	$ 82,672	$ 28,705	$ 13,404	$ -
Convertible note payable	1,098,091	180,000	918,091	-	-
Interest on notes payable	176,800	176,800	-	-	-
Operating lease gross base rent	183,054	75,866	107,188	-	-
Total	$ 1,582,726	$ 515,338	$ 1,053,984	$ 13,404	$ -

As disclosed elsewhere, in connection with net proceeds received from the sale of our C-Bond nanoShield product line, we repaid or settled substantially all our notes payable and a portion of our convertible notes payable. We enter into agreements in the normal course of business with contracted research and testing organization, product distribution and material vendors which are payable or cancelable at any time with 30-day prior written approval.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements during the period presented as defined in the rules and regulations of the SEC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements, together with the related notes and report of independent registered public accounting firm, are set forth on the pages indicated in Item 15, Part IV of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

We maintain “disclosure controls and procedures,” as that term is defined in Rule 13a-15(e) and 15d-15(e), promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company’s reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officer and principal financial officer, evaluated our company’s disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that as of December 31, 2023, our disclosure controls and procedures were not effective. The ineffectiveness of our disclosure controls and procedures was due to material weaknesses, which we identified, in our report on internal control over financial reporting.

Internal control over financial reporting

Management's annual report on internal control over financial reporting

Our management, including our principal executive officer and principal financial officer, are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023. Our management's evaluation of our internal control over financial reporting was based on the 2013 framework in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that as of December 31, 2023, our internal control over financial reporting was not effective.

The ineffectiveness of our disclosure controls and procedures was due to the following material weaknesses in our internal control over financial reporting: (1) the lack of multiples levels of management review on complex business, accounting and financial reporting issues, and (2) a lack of adequate segregation of duties as a result of our limited financial resources to support hiring of personnel.

Until such time as we expand our staff to include additional accounting and executive personnel, it is likely we will continue to report material weaknesses in our internal control over financial reporting.

A material weakness is a deficiency or a combination of control deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Limitations on Effectiveness of Controls

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting can also be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the fourth quarter of our fiscal year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth certain information regarding our current directors and executive officers:

Name	Age	Position
Scott R. Silverman	60	Chief Executive Officer, Interim Chief Financial Officer, Treasurer, Chairman of the Board and Director
Allison Tomek	48	President, Vice President of Corporate Communications, Secretary and Director
Barry M. Edelstein	59	Director

Scott R. Silverman has been the Chairman of the Board and a director of the Company since June 1, 2018. Mr. Silverman has served as Chief Executive Officer of C-Bond Systems, LLC since December 2017 and Interim Chief Financial Officer since March 8, 2021. From 2003 to 2011, Mr. Silverman served as Executive Chairman of VeriChip Corporation which completed an initial public offering on the NASDAQ in 2007 raising more than $30 million. VeriChip Corporation subsequently sold to Stanley Works in 2008. From 2011 to 2016, Mr. Silverman founded and served as Chairman and Chief Executive Officer of Veriteq Corporation, a leader in RFID technology for medical devices which went public in 2013 and was subsequently sold to a leading breast implant manufacturer. Mr. Silverman is a graduate from the University of Pennsylvania and Villanova University School of Law. We believe that Mr. Silverman's knowledge of our company, industry and business makes him well-suited to serve on the board of directors.

Allison Tomek has served as Vice President of Corporate Communications and Corporate Secretary since April 2018, and as President and Director since March 8, 2021. She was previously Senior Vice President Investor Relations at PositiveID Corporation from 2007 to 2018, as well as Vice President of Investor Relations at Veriteq Corporation from 2011 to 2015. She served as the director of investor relations and corporate communications at Andrx Corporation at the time of its acquisition by Watson Pharmaceuticals in 2006 for $1.9 billion. She is a former two-time President of the National Investor Relations Institute, South Florida chapter. She holds a B.S. in News/Editorial from the School of Journalism and Mass Communication at the University of Colorado, Boulder. We believe that Ms. Tomek's knowledge of our company, regulations, and business makes her well-suited to serve on the board of directors.

Barry M. Edelstein has been a director on the Board of the Company since June 1, 2018. Since June 2008, Mr. Edelstein has served as a Managing Partner of Structured Growth Capital, Inc., which provides monetization financing to non-investment grade entities. Since January 2002, Mr. Edelstein has also served as President and CEO of ScentSational Technologies, LLC, a leader in developing, patenting and licensing Olfaction Packaging technologies to food, beverage and other consumer products companies. Mr. Edelstein has a JD from the Widener University School of Law and a Bachelor of Science in Business Administration, Marketing from Drexel University's LeBow College of Business. Mr. Edelstein brings a wealth of operational and financial experience to our board as well as a deep knowledge of the packaging industry.

Terms of Office

All directors will hold office until the next annual meeting of stockholders or until their successors have been elected and qualified or appointed, unless sooner displaced.

Family Relationships

There are no family relationships between or among any of our directors or executive officers.

Director Independence

The Company's securities are not listed on a national securities exchange, or an inter-dealer quotation system which has requirements that a majority of the board of directors be independent. No member of the Board of Directors other than Mr. Edelstein is independent, as that term is defined in the listing standards of The Nasdaq Stock Market.

Board Meetings; Annual Meeting Attendance

During the fiscal year ended December 31, 2023, the Board held one board meeting in person and via teleconference, and acted via unanimous written consent on 8 occasions. The Company did not hold an annual meeting.

Holders of our securities can send communications to the Board via mail or telephone to the Secretary at the Company's principal executive offices. The Company has not yet established a policy with respect to our directors' attendance at the annual meetings. A stockholder who wishes to communicate with the Board may do so by directing a written request addressed to our Corporate Secretary at the address appearing on the cover page of this Annual Report.

Committees of the Board of Directors

As our Common Stock is not presently listed for trading on a national securities exchange, we are not required to have board committees. However, the Company has an audit committee which is comprised of Mr. Edelstein, an independent director.

Code of Business Conduct and Ethics

On March 12, 2019, we adopted a Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions in that our officers and directors serve in these capacities. A copy of the Code of Business Conduct and Ethics is available, without charge, on our website at http://cbondsystems.com/. We intend to satisfy the disclosure requirements of Form 8-K regarding any amendment to, or a waiver from, any provision of our Code of Business Conduct and Ethics by posting such amendment or waiver on our website.

Board Leadership Structure and Role in Risk Oversight

Currently, the Board is comprised of three directors: Scott Silverman, Allison Tomek and Barry Edelstein, with Scott Silverman serving as our Chairman. Scott Silverman is also our Chief Executive Officer.

The Board recognizes that the leadership structure and combination or separation of the Chief Executive Officer and Chairman roles is driven by the needs of the Company at any point in time. We have no policy requiring combination or separation of these leadership roles and our governing documents do not mandate a particular structure. This has allowed the Board the flexibility to establish the most appropriate structure for the Company at any given time.

ITEM 11. EXECUTIVE COMPENSATION

The following summarizes the compensation earned by our executive officers named in the "Summary Compensation Table" below (referred to herein as our "named executive officers") in the fiscal years ended December 31, 2023 and 2022.

This section also discusses the material elements of our executive compensation policies and decisions and important factors relevant to an analysis of these policies and decisions. It provides qualitative information regarding the manner and context in which compensation is awarded to and earned by our named executive officers and is intended to place in perspective the information presented in the following tables and the corresponding narrative.

Overview

Our named executive officers for the years ended December 31, 2023 and 2022, are as follows:

- ***Scott R. Silverman –*** Chief Executive Officer and Chief Financial Officer;
- ***Allison Tomek –*** President, Vice President of Corporate Communications and Secretary;

2023 Summary Compensation Table

The following table sets forth information regarding compensation awarded to, earned by or paid to each of the named executive officers for the years ended December 31, 2023 and 2022.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($)	All Other Compensation ($)	Total ($)
Scott R. Silverman	2023	495,232(3)	322,375	-	-	6,054(6)	823,661
Chief Executive Officer, Interim Chief Financial Officer and Treasurer	2022	450,211(3)	155,469	-	-	681,740(4)(6)	1,287,420
Allison Tomek	2023	192,000(3)	182,625	-	-	-	374,625
President, Vice President of Corporate Communications, Secretary	2022	180,000(3)	70,219	-	-	279,000(5)	529,219

(1) Cash bonuses earned by Mr. Silverman and Ms. Tomek in 2023 were based on a bonus approved by the Board of Directors in December 2023 and also included bonuses accrued or paid based on a percentage of capital raises, in accordance with Mr. Silverman's employment agreement. In connection with the December 2023 bonus, Mr. Silverman and the Company agreed to pay 50% of the 2023 year-end bonus in Series B preferred stock rather than cash, which was issued in January 2024. In connection with the December 2023 bonus, Ms. Tomek and the Company agreed to pay 90% of the 2023 year-end bonus in Series B preferred stock rather than cash, which was issued in January 2024. Cash bonuses earned by Mr. Silverman and Ms. Tomek in 2022 were based on a bonus approved by the Board of Directors in December 2022 and also included bonuses accrued or paid based on a percentage of capital raises, in accordance with Mr. Silverman's employment agreement.. In connection with the December 2022 bonus, the bonus recipients and the Company agreed to pay 90% of the 2022 year-end bonus in Series B preferred stock rather than cash.

(2) As required by SEC rules, the amounts in this column reflect the grant date or modification date fair value as required by FASB ASC Topic 718. A discussion of the assumptions and methodologies used to calculate these amounts, are contained in the notes to our financial statements under "Note 10 – Shareholders' Deficit".

(3) Includes accrued and unpaid deferred compensation.

(4) On January 6, 2022, Mr. Silverman's Series B preferred share issuance included non-cash compensation of $678,556 related to the conversion of accrued compensation to convertible Series B preferred shares. The conversion feature of the Series B Preferred Stock at the time of issuance was determined to be beneficial on the issue date. Because the Series B Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from the date of issuance, during the year ended December 31, 2022, the Company immediately recorded non-cash stock-based compensation of $678,556 related to the beneficial conversion feature arising from the issuance of Series B Preferred Stock which is included in Stock Awards.

(5) In 2022, in lieu of cash compensation, Ms. Tomek received 81 shares of series B preferred shares for unpaid and deferred compensation. In 2022, Ms. Tomek's series B preferred share issuance included non-cash compensation of $279,000 related to the conversion of accrued compensation to convertible Series B preferred shares. The conversion feature of the Series B Preferred Stock at the time of issuance was determined to be beneficial on the issue date. Because the Series B Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from the date of issuance, during the year ended December 31, 2022, the Company immediately recorded non-cash stock-based compensation of $279,000 related to the beneficial conversion feature arising from the issuance of Series B Preferred Stock which is included in Stock Awards.

(6) Includes reimbursement of medical expenses of $6,054 and $3,184 in 2023 and 2022, respectively.

Narrative Disclosure to Summary Compensation Table

Except as otherwise described below, there are no compensatory plans or arrangements, including payments to be received from the Company with respect to any named executive officer, that would result in payments to such person because of his or her resignation, retirement or other termination of employment with the Company, or our subsidiaries, any change in control, or a change in the person's responsibilities following a change in control of the Company.

Employment Agreement with Executive Officer

Employment Agreement with Scott R. Silverman

We entered into an employment agreement with Mr. Silverman on October 18, 2017, pursuant to which he serves as our Chief Executive Officer for an initial term of three years that extends for successive one-year renewal terms unless either party gives 30-days' advance notice of non-renewal. As consideration for these services, the employment agreement provides Mr. Silverman with the following compensation and benefits:

- An annual base salary of $300,000, with a 10% increase on each anniversary date contingent upon achieving certain performance objectives as set by the Board.
- When the first $500,000 of equity investments was raised by the Company after entering into this employment agreement, Mr. Silverman receives a capital raise success bonus of 5% of all equity capital raised from investors/lenders introduced by him to the Company.
- Annual cash performance bonus opportunity as determined by the Board.
- An option to acquire 3,000,000 common shares of the Company, with a strike price of $0.31 per share. These options vested pro rata on a monthly basis for the term of the employment agreement. On each anniversary, Mr. Silverman will be eligible to be granted a minimum of 500,000 stock options of the Company at a strike price of $0.85 per common share contingent upon the achievement of certain performance objectives.
- Certain other employee benefits and perquisites, including reimbursement of necessary and reasonable travel and participation in retirement and welfare benefits.

Mr. Silverman's employment agreement provides that, in the event that his employment is terminated by the Company without "cause" (as defined in his employment agreement), or if Mr. Silverman resigned for "good reasons" (as defined in his employment agreement), subject to a complete release of claims, he will be entitled to (i) retain all stock options previously granted; and (ii) receive any benefits then owed or accrued along with one year of base salary and any unreimbursed expenses incurred by him. All amounts shall be paid on the termination date. In the event that Mr. Silverman's employment is terminated by the Company for "cause" (as defined in his employment agreement), or if Mr. Silverman resigned without "good reasons" (as defined in his employment agreement), subject to a complete release of claims, he will be entitled to receive any unpaid base salary and benefits then owed or accrued and any unreimbursed expenses incurred by him. Additionally, if a change of control (as defined in his employment agreement) occurs during the term of this agreement, all unvested stock options will vest in full, and Mr. Silverman shall be paid a bonus equal to three times his current minimum base salary and minimum target bonus.

Pursuant to the employment agreement, Mr. Silverman is subject to a confidentiality covenant, a two-year post-termination non-competition covenant and a two-year post-termination non-solicitation covenant. On June 30, 2020, the Company amended the employment agreement of Mr. Silverman to provide for successive one-year extensions until either the executive or the Board of Directors of the Company gives notice to terminate the employment agreement per its terms. This employment agreement amendment also included an allowance of up to $10,000 per year to cover uncovered medical/dental expenses for Mr. Silverman and his family.

Elements of Executive Compensation

Base Salaries. Base salaries for the named executive officers during 2023 and 2022 were determined, subject in each case to their employment agreements, on the scope of each officer's responsibilities along with his or her respective experience and contributions during the prior year. When reviewing base salaries, our board of directors took factors into account such as each officer's experience and individual performance, company performance as a whole, and general industry conditions, but did not assign any specific weighting to any factor.

Equity Awards. Equity awards granted by the board of directors to the named executive officers during 2023 and 2022 were determined based on their employment agreements, on the scope of each officer's responsibilities along with his or her respective experience and contributions during the prior year. When reviewing equity awards, our board of directors took factors into account such as each officer's experience and individual performance, company performance as a whole, and general industry conditions, but did not assign any specific weighting to any factor.

Capital Raise Success Bonus. Pursuant to Mr. Silverman's employment agreement, he receives a capital raise success bonus of 5% of all equity capital raised from investors/lenders introduced by him to the Company. Mr. Silverman agreed to share this capital raise bonus with other executives.

Bonus. In December 2023, the board of directors approved a bonus to Mr. Silverman and Ms. Tomek of $300,000 and $180,000, respectively. In December 2022, the board of directors approved a bonus to Mr. Silverman and Ms. Tomek of $100,000 and $60,000, respectively.

Other Benefits. On June 30, 2020, we amended the employment agreement of Mr. Silverman to include an allowance of up to $10,000 per year to cover uncovered medical/dental expenses for Mr. Silverman and his family. Currently, we do not offer any additional benefit packages to other employees.

Outstanding Equity Awards at Fiscal Year-End

The following are the outstanding equity awards for the named executive officers as of December 31, 2023:

	Option Awards				
Name	**Number of Securities Underlying Unexercised Options (Exercisable)**	**Number of Securities Underlying Unexercised Options (Unexercisable)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price ($)(1)**	**Option Expiration Date**
Scott R. Silverman	3,000,000(2)	-	0	$ 0.31	10/18/2027

(1) This reflects the exercise price of such options.

(2) These shares were fully vested prior to 2021.

	Stock Awards			
Name	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(*)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Scott R. Silverman (1)	6,970,120	$ 38,336	6,970,120	$ 38,336
Allison Tomek (2)	4,750,000	$ 26,125	4,750,000	$ 26,125

* *The market value of shares of stock is computed by multiplying the closing market price of our stock at the end of the last completed fiscal year of December 31, 2023 of $0.0055 by the number of shares of stock set forth to the left of such figure.*

(1) 6,970,120 shares vest on May 1, 2024, as extended by agreement. As of December 31, 2023, Mr. Silverman also owns 745 shares of Series B Preferred stock, which may convert into approximately 244,916,835 common shares.

(2) 4,750,000 shares vest on May 1, 2024, as extended per agreement. As of December 31, 2023, Ms. Tomek also owns 200 shares of Series B Preferred stock, which may convert into approximately 65,049,675 common shares.

C-Bond Systems, Inc. 2018 Long-Term Incentive Plan

On June 7, 2018, our Board of Directors and our stockholders approved the C-Bond Systems, Inc. 2018 Long-Term Incentive Plan (the “2018 Plan”), which became effective on August 2, 2018. The purposes of the 2018 Plan is to advance the interests of the Company, its affiliates and its stockholders and promote the long-term growth of the Company by providing employees, non-employee Directors and third-party service providers with incentives to maximize stockholder value and to otherwise contribute to the success of the Company and its affiliates, thereby aligning the interests of such individuals with the interests of the Company’s stockholders and providing them additional incentives to continue in their employment or affiliation with the Company.

Summary of the Plan

Administration

The 2018 Plan will be administered by a committee designated by the Board of Directors (the “Committee”) or, in the absence of the Committee or in the case of awards issued to non-employee Directors, the 2018 Plan will be administered by the Board of Directors (as applicable, the “Administrator”). The Administrator also has full and exclusive power and authority to administer the 2018 Plan. In administering awards under our 2018 Plan, the Administrator, has the power, subject to the terms of the 2018 Plan, to determine the terms of the awards granted under our 2018 Plan, including any applicable exercise or grant price, the number of shares subject to each award and the exercisability of the awards. The Administrator also has full power to determine the persons to whom and the time or times at which awards will be made and to make all other determinations and take all other actions advisable for the administration of the 2018 Plan.

On a calendar year basis, the Board of Directors may, by resolution, delegate to the Chief Executive Officer of the Company the limited authority to grant awards under the 2018 Plan during such calendar year to designated classes of employees, who are not officers of the Company or any affiliate and subject to the provisions of Section 16 of the Exchange Act, and to service providers.

Types of Awards

Under our 2018 Plan, the Administrator may grant:

- options to acquire our Common Stock, both incentive stock options that are intended to satisfy the requirements of Section 422 of the Internal Revenue Code and nonqualified stock options which are not intended to satisfy such requirements. The exercise price of options granted under our 2018 Plan must at least be equal to the fair market value of our Common Stock on the date of grant and the term of an option may not exceed ten years, except that with respect to an incentive stock option granted to any employee who owns more than 10% of the voting power of all classes of our outstanding stock as of the grant date the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date.

- stock appreciation rights, or SARs, which allow the recipient to receive the appreciation in the fair market value of our Common Stock between the date of grant and the exercise date. The amount payable under the stock appreciation right may be paid in cash or with shares of our Common Stock, or a combination thereof, as determined by the Administrator.

- restricted stock awards, which are awards of our shares of Common Stock that vest in accordance with terms and conditions established by the Administrator.

- restricted stock units, which are awards that are based on the value of our Common Stock and may be paid in cash or in shares of our Common Stock.

- other types of stock-based or stock-related awards not otherwise described by the terms and provision of the 2018 Plan, including the grant or offer for sale of unrestricted shares of the Company’s Common Stock, and which may involve the transfer of actual shares of the Company’s Common Stock or payment in cash or otherwise of amounts based on the value of shares of our Common Stock and may be designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

- other cash-based awards to eligible persons in such amounts and upon such terms as the Administrator shall determine.

An award granted under the 2018 Plan must include a minimum vesting period of at least one year, provided, however, that an award may provide that the award will vest before the completion of such one-year period upon the death or qualifying disability of the grantee of the award or a change of control of the Company and awards covering, in the aggregate, 25,000,000 shares of our Common Stock may be issued without any minimum vesting period.

Shares Authorized for Issuance

The aggregate number of shares of Common Stock that may be issued under the 2018 Plan and number of shares of our Common Stock that may be subject to incentive stock options granted under the 2018 Plan is 50,000,000 shares.

Term

The Board may alter, amend, or terminate our 2018 Plan and the Administrator may alter, amend, or terminate any award agreement in whole or in part; however, no termination, amendment, or modification shall adversely affect in any material way any award previously granted, without the written consent of the holder. Our 2018 Plan was adopted on June 7, 2018, became effective on August 2, 2018, and will continue indefinitely until it is terminated by the Board as provided in the 2018 Plan. However, as required by the Internal Revenue Code, no incentive stock option awards may be granted under our 2018 Plan on or after the tenth anniversary of the date the plan was adopted by the Board, unless our 2018 Plan is subsequently amended, with the approval of stockholders, to extend the period for granting such awards.

Disclosure of Equity Awards Based on Material Nonpublic Information: None

Pay Versus Performance (PVP)

In accordance with the SEC's disclosure requirements regarding pay versus performance, or PVP, this section presents the SEC-defined "Compensation Actually Paid," or CAP of our PEO and NEOs for each of the fiscal years ended December 31, 2023, 2022 and 2021, and our financial performance. Also as required by the SEC, this section compares CAP to various measures used to gauge performance at the Company for each such fiscal year. Also as required by the SEC, this section compares CAP to various measures used to gauge performance at the Company.

Pay versus Performance Table - Compensation Definitions

Salary, Bonus, Stock Awards, and All Other Compensation are each calculated in the same manner for purposes of both CAP and Summary Compensation Table, or SCT values. The primary difference between the calculation of CAP and SCT total compensation is the calculation of the value of "Stock Awards," with the table below describing the differences in how these awards are valued for purposes of SCT total and CAP:

	SCT Total	CAP
Stock Awards	Grant date fair value of stock awards granted during the year	Fair value of stock awards that are unvested as of the end of the year, or vested during the year

Pay Versus Performance Table

In accordance with the SEC's PVP rules, the following table sets forth information concerning the compensation of our NEOs for each of the fiscal years ended December 31, 2023, 2022 and 2021, and our financial performance for each such fiscal year:

Year (1)	Summary Compensation Table Total for PEO	Compensation Actually Paid to PEO (2)(3)	Average Summary Compensation Table Total for Non-PEO NEOs	Average Compensation Actually Paid to Non-PEO NEOs	Value of Initial Fixed $100 Investment Based On Total Shareholder Return	Net Income (Loss)
2023	$ 823,661	$ 804,842	$ 374,625	$ 381,800	$ 5.00	$ 1,886,807
2022	$ 1,287,420	$ 1,146,624	$ 529,219	$ 473,669	$ 7.45	$ (5,156,478)
2021	$ 3,202,434	$ 2,633,672	$ 1,027,876	$ 211,683	$ 25.82	$ (7,128,858)

(1) The PEO (CEO) in the 2023, 2022 and 2021 reporting year is Scott Silverman. The non-PEO NEO in the 2023 and 2022 reporting year is Allison Tomek. The non-PEO NEO's in the 2021 reporting year was Vince Pugliese and Allison Tomek.

(2) The CAP was calculated beginning with the PEO's and NEO's SCT total. In 2023, 2022 and 2021, the following amounts were deducted from and added to the applicable SCT total compensation:

	SCT Total (A)	Stock awards deducted from SCT (B)	Increase for fair value of awards granted during the year that remain unvested as of year end (C)	Decrease for change in fair value from prior year-end to current year- end for awards granted in prior years and unvested as of year end (D)	Other adjustments (E)	Total CAP A - B + C + E
PEO						
2023	823,661	-	-	(18,819)	-	804,842
2022	1,287,420	-	-	(140,796)	-	1,146,624
2021	3,202,434	-	-	(568,762)	-	2,633,672
Average Non-PEO NEO						
2023	374,625	-	-	(12,825)	-	361,800
2022	529,219	-	-	(55,550)	-	473,669
2021	1,027,876	(132,000)	16,400	(700,593)	-	211,683

(3) The fair value of stock awards reported for CAP purposes in columns (C) and (D) are based on the quoted closing price of the Company's common stock on the vesting date or the year end date for unvested stock awards in accordance with the SEC rules. See Note 9, "Shareholder's Deficit" in the Notes to the Company's Consolidated Financial Statements for the fiscal years ended 2023 and 2022 included in the Company's Annual Report on Form 10-K for the year ended 2023 for more information regarding the Company's accounting for share-based compensation.

Director Compensation

Our non-executive board member receives $5,000 in cash compensation each quarter plus $2,500 per quarter for serving as committee chair.

The following table sets forth compensation paid, earned or awarded during 2023 to each of our directors, other than Scott Silverman and Allison Tomek, whose compensation is described in "Summary Compensation Table".

2023 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
Barry M. Edelstein	30,000	-	-	30,000

Directors are also entitled to the protection provided by the indemnification provisions in our articles of incorporation, as amended, and our amended and restated bylaws.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information relating to the beneficial ownership of our common stock as of March 29, 2024, by:

- each person, or group of affiliated persons, known by us to beneficially own more than five percent of the outstanding shares of our common stock;
- each of our directors;
- each of our named executive officers; and
- all directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or dispositive power as well as any shares that the individual has the right to acquire within 60 days of March 29, 2024 through the exercise of any stock option, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and dispositive power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 539,122,586 shares of our common stock outstanding as of March 29, 2024, the implied conversion of 1,386 shares of our Series B Preferred Stock and related accrued dividends as of March 29, 2024 into 463,697,291 shares of common stock, and the implied conversion of 15,150 shares of our Series C Preferred Stock and related accrued dividends as of March 29, 2024 into 438,151,351 shares of common stock for total shares outstanding of 1,396,643,140. Shares of common stock that a person has the right to acquire within 60 days of March 29, 2024, are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. As a result of the Company's issuance of 1,386 shares of Series B Preferred Stock, which carries majority voting rights of 50 votes of Common Stock to every 1 share of Series B Preferred Stock, to named executive officers and directors, they have the rights to 21,050,712,091 votes through their Series B holdings, of a total of 21,589,834,677 votes. The percentage of voting rights in the table below assumes that all Series B shares held by directors and named officers are voted in any instance requiring shareholder vote. Unless otherwise noted below, the address of the persons listed on the table is c/o C-Bond Systems, Inc., 2029 Pat Booker Rd., San Antonio, TX 78148.

Name of Beneficial Owner	**Common Stock Beneficially Owned**	**Percent of Outstanding Shares**	**Percent of Voting Rights**
Named Executive Officers and Directors:			
Scott Silverman (2)	334,278,536	41.3%	62.1%
Barry M. Edelstein (3)	40,030,434	7.1%	6.3%
Allison Tomek (4)	120,059,055	18.3%	26.7%
All directors and executive officers as a group (3 persons) (5)	494,368,025	66.7%	95.1%
Other Greater Than 5% Stockholders:			
Jeff Badders (1)	30,844,916	6.9%	*
Mike Wanke	28,021,016	6.3%	*
Mercer Street Global Opportunity Fund, LLC (6)	26,902,217	4.9%	*

* Indicates beneficial ownership of less than 1% of the total outstanding common stock.

(1) Jeff Badders has sole voting and dispositive power with respect to these shares. Mr. Badders also holds 12,500 shares of Series C Preferred Stock, which may convert into a total of 361,511,016 shares of the Company's Common Stock. The Series C holds no voting rights and cannot be converted into an amount of more than 4.99% of the Company's common stock outstanding. Mr. Badders' address is 4002 North Street, Nacogdoches, TX 75965.

(2) Includes (i) 64,315,575 shares outstanding pursuant to restricted stock awards and subscription agreement; (ii) 895 shares of Series B Preferred Stock, which may convert into 266,962,961 shares of Common Stock; and (iii) 3,000,000 shares issuable upon the exercise of vested stock options.

(3) Includes (i) 12,886,364 shares outstanding pursuant to restricted stock awards; and (ii) 91 shares of Series B Preferred Stock, which may convert into 27,144,070 shares of Common Stock.

(4) Includes (i) 5,050,000 shares outstanding pursuant to restricted stock awards; and (ii) 362 shares of Series B Preferred Stock, which may convert into 115,009,055 shares of Common Stock.

(5) Includes (i) 82,251,939 shares held pursuant to restricted stock awards; (iii) 1,348 shares of Series B Preferred Stock, which may convert into 409,116,086 shares of Common Stock; and (iv) 3,000,000 shares issuable upon exercise of vested stock options.

(6) Mercer Street Global Opportunity Fund, LLC holds 2,250 shares of Series C Preferred Stock, which may convert into a total of 76,640,335 shares of the Company's Common Stock. The Series C holds no voting rights and cannot be converted into an amount of more than 4.99% of the Company's common stock outstanding. Mercer Street Global Opportunity Fund, LLC's address is 1111 Brickell Avenue, Suite 2920, Miami, FL 33131.

Equity Compensation Plan Information

The following table sets forth as of December 31, 2023 information regarding our common stock that may be issued under the Company's equity compensation plans:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Columns (a)) (c) (1)
Equity compensation plans approved by security holders	8,445,698	$ 0.40	9,403,232
Equity compensation plans not approved by security holders	-	-	-
Total	8,445,698	$ 0.40	9,403,232

* The table above includes 8,445,698 options that were issued pursuant to the Merger Agreement (adjusted for forfeitures and exercises since the issuance), by converting each option to purchase Common Units issued and outstanding immediately prior to the closing of the Merger into an option to purchase an equivalent number of shares of our common stock.

(1) Represents shares available under the C-Bond Systems, Inc. 2018 Long-Term Incentive Plan, under which the Company can issue options, stock appreciation rights, restricted stock awards, restricted stock units and other types of stock-based awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In December 2021, the Company advanced $3,750 to a company partially owned by officers of the Company. The advance was non-interest bearing, payable on demand, and as of December 31, 2021 was reflected as due from related party on the accompanying consolidated balance sheets. In June 2022, this advance was deemed uncollectible and the balance was written off to bad debt expense.

For information regarding the number of restricted shares of stock, preferred stock, or options held by the Company's executive officers, and directors, or an affiliate or immediate family member thereof, see "Security Ownership of Certain Beneficial Owners and Management" and "Executive Compensation."

Our board of directors intends to adopt a written related person transaction policy, to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K promulgated under the Exchange Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds or will exceed the lesser of $120,000 or 1% of the average of our total assets as of the end of the last two completed fiscal years and a related person had, has or will have a direct or indirect material interest, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed by our principal independent accountants, Salberg & Company, P.A., for each of our last two fiscal years for the categories of services indicated.

	Years Ended December 31,	
Category	**2023**	**2022**
Audit Fees	$ 92,500	$ 100,100
Audit Related Fees	$ -	$ 7,500
Tax Fees	$ -	$ -
All Other Fees	$ -	$ -

Audit fees. Consists of fees billed for the audit of our annual consolidated financial statements included in our Form 10-K, review of our interim financial statements included in our Form 10-Q and services that are normally provided by the accountant in connection with year-end statutory and regulatory filings or engagements.

Audit-related fees. Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements and are not reported under “Audit Fees”, review of our Forms 8-K filings and services that are normally provided by the accountant in connection with non-year-end statutory and regulatory filings or engagements.

Tax fees. Consists of professional services rendered for tax compliance, tax advice and tax planning.

Other fees. The services provided by our accountants within this category consisted of advice and other services not related to the above categories.

In June 2018, we established an audit committee, which consists of Barry Edelstein (audit committee chairman). The audit committee’s charter requires that the audit committee pre-approve all audit and non-audit services that our independent auditors provide to the Company, provided that pre-approval of non-audit services is not required if (i) the fees for all such services do not aggregate to more than 5% of total fees paid to the independent auditors in that fiscal year; (ii) such services were not recognized as non-audit services at that time of engagement; and (iii) such services are promptly brought to the attention of the audit committee and approved by the audit committee prior to the completion of the audit. Prior to the formation of the audit committee, our board of directors would evaluate the scope and cost of the engagement of an auditor before the auditor renders audit and audit-related services. All of the audit and audit related fees described above for fiscal years ended December 31, 2023 and 2022 were pre-approved by the audit committee.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

A. The following documents are filed as part of this Report:

1. Consolidated Financial Statements:

2. Financial Statement Schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

3. Exhibits:

The following exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit No.	Exhibit Description
2.1	Agreement and Plan of Merger and Reorganization dated as of April 25, 2018, among WestMountain Alternative Energy, Inc., WETM Acquisition Corp. and C-Bond Systems, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 1, 2018, File No. 000-53029).
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's SB-2 Registration Statement filed with the SEC on January 2, 2008, File No. 333-148440).
3.2	First Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q filed with SEC on August 11, 2014, File No. 000-53029).
3.3	Second Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 20, 2018, File No. 000-53029).
3.4	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on June 8, 2018, File. No. 000-53029).
3.5	Certificate of Designations, Preferences, Rights and Limitations of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 21, 2019, File. No. 000-53029).
3.6	Certificate of Designations, Preferences, Rights and Limitations of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2019, File. No. 000-53029).
3.7	Third Amendment to the Articles of Incorporation of C-Bond Systems, Inc. dated June 30, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 2, 2020, File. No. 000-53029).
3.8	Certificate of Designations, Preferences, Rights and Limitations of Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 25, 2020, File. No. 000-53029).
3.9	Certificate of Elimination of Series A Convertible Preferred Stock (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on August 25, 2020, File. No. 000-53029).
3.10	Amended and Restated Certificate of Designations of Preferences, Rights, and Limitations of Series C Convertible Preferred Stock, dated April 28, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 4, 2021)
4.1	Secured Promissory Note, dated November 14, 2018, with BOCO Investments, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2018, File. No. 000-53029).
4.2	Form of Convertible Promissory Note, dated April 23, 2020, between C-Bond Systems, Inc. and Investor (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 4, 2020, File. No. 000-53029)
4.3	Senior Convertible Promissory Note, dated October 15, 2021, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 19, 2021, File. No. 000-53029)
4.4	Common Stock Purchase Warrant dated October 15, 2021, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on October 19, 2021, File. No. 000-53029)
4.5	Original Issue Discount Promissory Note and Security Agreement dated March 14, 2022, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 18, 2022, File. No. 000-53029)
4.6	Original Issue Discount Senior Convertible Promissory Note, dated April 20, 2022, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed with the SEC on April 22, 2022).
4.7	Common Stock Purchase Warrant dated April 20, 2022, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed with the SEC on April 22, 2022).

4.8	Promissory Note, dated June 23, 2022, issued by C-Bond Systems, Inc. in favor of GS Capital Partners, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2022).
4.9	Promissory Note, dated July 26, 2022, issued by C-Bond Systems, Inc. in favor of GS Capital Partners, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on August 3, 2022).
4.10	Promissory Note, dated September 6, 2022, issued by C-Bond Systems, Inc. in favor of GS Capital Partners, LLC (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2022).
4.11	Promissory Note, dated November 8, 2022, issued by C-Bond Systems, Inc. in favor of Jeff Badders (incorporated by reference to Exhibit 4.7 to the Company's Form 10-Q filed with the SEC on November 14, 2022, File No. 333-227522).
4.12	Senior Convertible Promissory Note, dated November 4, 2022, between C-Bond Systems, Inc. and 1800 Diagonal Lending LLC. (incorporated by reference to Exhibit 4.8 to the Company's Form 10-Q filed with the SEC on November 14, 2022, File No. 333-227522).
4.13	Convertible Promissory Note, dated December 27, 2022, in favor of Investor (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed with the SEC on December 30, 2022, File No. 333-227522).
10.1+	C-Bond Systems, Inc. 2018 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Form S-8 Registration Statement filed with the SEC on September 25, 2018, File No. 333-227522).
10.2+	Form of C-Bond Systems, Inc. Restricted Stock Award Agreement under 2018 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.2 to the Company's Form S-8 Registration Statement filed with the SEC on September 25, 2018, File No. 333-227522).
10.3+	Form of C-Bond Systems, Inc. Nonqualified Stock Option Award Agreement under 2018 Long-Term Incentive Plan (incorporated by reference to Exhibit 99.3 to the Company's Form S-8 Registration Statement filed with the SEC on September 25, 2018, File No. 333-227522).
10.4+	Employment Agreement between C-Bond Systems, LLC and Scott Silverman dated October 18, 2017 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on May 1, 2018, File No. 000-53029).
10.5	License Agreement between William Marsh Rice University and C-Bond Systems, Inc. dated April 8, 2016 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 1, 2018, File No. 000-53029).
10.6	Revolving Credit Facility Loan and Security Agreement, dated November 14, 2018, between C-Bond Systems, Inc. and BOCO Investments, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 20, 2018, File. No. 000-53029).
10.7+	Executive Employment Agreement, dated October 18, 2017 and amended November 19, 2019 between C-Bond Systems, Inc. and Scott R. Silverman (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on November 22, 2019, File. No. 000-53029).
10.8	Note dated April 28, 2020, between Comerica Bank and C-Bond Systems, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 4, 2020, File. No. 000-53029)
10.9	Form of Securities Purchase Agreement, dated June 2, 2020, between C-Bond Systems, Inc., and Investor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 5, 2020, File. No. 000-53029).
10.10+	Executive Employment Agreement, dated October 18, 2017, and amended November 19, 2019 and June 30, 2020, between C-Bond Systems, Inc. and Scott R. Silverman (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 2, 2020 File. No. 000-53029).
10.11	Form of Secured Loan and Security Agreement, dated May 10, 2021, with the Lender (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2021, File. No. 000-53029).
10.12	Share Exchange Agreement and Plan of Reorganization, dated June 30, 2021, by and between C-Bond Systems, Inc., Mobile Tint LLC, the sole member of Mobile, and Michael Wanke as the Representative of the Mobile Shareholder (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on July 7, 2021, File. No. 000-53029).
10.13	Form of Amendment to the Exchange Agreement, dated July 21, 2021, by and between C-Bond Systems, Inc., Mobile Tint LLC, the sole member of Mobile, and Michael Wanke as the Representative of the Mobile Shareholder (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on July 26, 2021, File. No. 000-53029).
10.14	Form of Operating Agreement of Mobile Tint LLC issued July 2021 (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on July 26, 2021, File. No. 000-53029).
10.15	Form of Piggy-Back Registration Rights Agreement, dated July 20, 2021, by and between C-Bond Systems, Inc., Mobile Tint LLC, the sole member of Mobile, and Michael Wanke as the Representative of the Mobile Shareholder (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K, filed with the SEC on July 26, 2021, File. No. 000-53029).
10.16+	Executive Employment Agreement, dated July 21, 2021, by and between C-Bond Systems, Inc. and Michael Wanke (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the SEC on July 26, 2021, File. No. 000-53029).
10.17	Form of Commercial Lease Agreement, dated July 20, 2021 (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K, filed with the SEC on July 26, 2021, File. No. 000-53029).

10.18	Form of Subscription Agreement, dated August 25, 2021, between C-Bond Systems, Inc. and Investor (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 1, 2021, File. No. 000-53029).
10.19	Securities Purchase Agreement, dated October 15, 2021, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 19, 2021, File. No. 000-53029).
10.20	Registration Rights Agreement, dated October 15, 2021, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on October 19, 2021, File. No. 000-53029).
10.21	Exchange Agreement, dated April 20, 2022, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 22, 2022).
10.22	Securities Purchase Agreement, dated June 23, 2022, between C-Bond Systems, Inc. and GS Capital Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 29, 2022).
10.23	Securities Purchase Agreement, dated July 26, 2022, between C-Bond Systems, Inc. and GS Capital Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 3, 2022).
10.24	Securities Purchase Agreement, dated September 6, 2022, between C-Bond Systems, Inc. and GS Capital Partners, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2022).
10.25	Securities Purchase Agreement, dated November 4, 2022, between C-Bond Systems, Inc. and 1800 Diagonal LLC. (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed with the SEC on November 14, 2022, File No. 333-227522).
10.26	Securities Purchase Agreement, dated December 27, 2022, between C-Bond Systems, Inc. and Investor (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on December 30, 2022, File No. 333-227522).
10.27	Subscription Agreement, dated January 17, 2023, between C-Bond Systems, Inc. and Scott R. Silverman (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed with the SEC on January 19, 2023, File No. 333-227522).
14.1	Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 to the Company's Annual Report on Form 10-K, filed with the SEC on April 1, 2019, File. No. 000-53029).
21.1*	List of Subsidiaries
23.1*	Consent of independent registered public accounting firm.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	INLINE XBRL INSTANCE DOCUMENT
101.SCH*	INLINE XBRL TAXONOMY EXTENSION SCHEMA DOCUMENT
101.CAL*	INLINE XBRL TAXONOMY EXTENSION CALCULATION LINKBASE DOCUMENT
101.DEF*	INLINE XBRL TAXONOMY EXTENSION DEFINITION LINKBASE DOCUMENT
101.LAB*	INLINE XBRL TAXONOMY EXTENSION LABEL LINKBASE DOCUMENT
101.PRE*	INLINE XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE DOCUMENT
104 *	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Indicates a management contract or any compensatory plan, contract or arrangement.

* Filed herewith

** Furnished herewith

ITEM 16. 10-K SUMMARY

As permitted, the registrant has elected not to supply a summary of information required by Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

C-BOND SYSTEMS, INC.

Date: April 1, 2024

By: /s/ Scott R. Silverman
Scott R. Silverman
Chief Executive Officer and
Chairman of the Board

POWER OF ATTORNEY

Each person whose signature appears below hereby appoints Scott R. Silverman as attorney-in-fact with full power of substitution, severally, to execute in the name and on behalf of the registrant and each such person, individually and in each capacity stated below, one or more amendments to the annual report on Form 10-K, which amendments may make such changes in the report as the attorney-in-fact acting deems appropriate and to file any such amendment to the annual report on Form 10-K with the Securities and Exchange Commission. Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Scott R. Silverman Scott R. Silverman	Chief Executive Officer, Interim Chief Financial Officer and Treasurer, Chairman of the Board and Director (principal executive officer and principal financial and accounting officer)	April 1, 2024
/s/ Allison Tomek Allison Tomek	President and Director	April 1, 2024
/s/ Barry M. Edelstein Barry M. Edelstein	Director	April 1, 2024

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023 and 2022

CONTENTS

SALBERG & COMPANY, P.A.
Certified Public Accountants and Consultants

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of:
C-Bond Systems, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of C-Bond Systems, Inc. and Subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in shareholders' deficit, and cash flows, for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has cash used in operations of $1,602,218, in 2023 and a working capital deficit, shareholders' deficit and accumulated deficit of $1,351,954, $4,324,535 and $60,851,714 respectively, at December 31, 2023. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's Plan in regard to these matters is also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
We have served as the Company's auditor since 2017.
Boca Raton, Florida
April 1, 2024

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Member National Association of Certified Valuation Analysts ● Registered with the PCAOB
Member CPAConnect with Affiliated Offices Worldwide ● Member Center for Public Company Audit Firms

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		December 31, 2023		December 31, 2022
ASSETS				
CURRENT ASSETS:				
Cash	$	736,461	$	97,091
Accounts receivable, net		424,091		269,442
Inventory		181,663		77,446
Prepaid expenses and other current assets		28,503		71,171
Contract assets		2,400		279
Total Current Assets		1,373,118		515,429
OTHER ASSETS:				
Property and equipment, net		171,606		96,306
Right of use asset, net		158,484		375,412
Intangible asset, net		229,414		279,918
Goodwill		350,491		350,491
Security deposit		-		6,482
Total Other Assets		909,995		1,108,609
TOTAL ASSETS	$	2,283,113	$	1,624,038
LIABILITIES AND SHAREHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Convertible note payable, net of discount - current portion	$	180,000	$	1,031,250
Notes payable, net of discount - current portion		81,908		1,576,438
Accounts payable		710,222		779,765
Accrued expenses		474,515		736,393
Accrued interest payable - related party		-		10,027
Accrued compensation		717,204		590,632
Contract liabilities		500,720		22,637
Lease liabilities, current portion		60,503		117,671
Total Current Liabilities		2,725,072		4,864,813
LONG-TERM LIABILITIES:				
Convertible notes payable, net of current portion		918,091		251,263
Notes payable, net of current portion and discount		42,109		208,804
Note payable - related party		-		250,000
Lease liabilities, net of current portion		97,249		258,895
Total Long-term Liabilities		1,057,449		968,962
Total Liabilities		3,782,521		5,833,775
Commitments and Contingencies (See Note 10)				
Series B convertible preferred stock: $0.10 par value, 100,000 shares designated; 1,144 and 1,000 shares issued and outstanding at December 31, 2023 and 2022, respectively ($1,203,967 redemption and liquidation value at December 31, 2023)		1,203,967		1,037,201
Series C convertible preferred stock: $0.10 par value, 100,000 shares designated; 15,150 and 17,290 shares issued and outstanding at December 31, 2023 and 2022, respectively ($2,431,740 redemption and liquidation value at December 31, 2023)		1,621,160		1,803,731
SHAREHOLDERS' DEFICIT:				
Preferred stock: $0.10 par value, 2,000,000 shares authorized; 100,000 Series B and 100,000 Series C designated, none issued and outstanding		-		-
Common stock: $0.001 par value, 4,998,000,000 shares authorized; 532,818,051 and 350,270,172 issued and outstanding at December 31, 2023 and 2022, respectively		532,818		350,270
Additional paid-in capital		55,852,477		55,141,503
Accumulated deficit		(60,851,714)		(62,693,184)
Total C-Bond Systems, Inc. shareholders' deficit		(4,466,419)		(7,201,411)
Noncontrolling interest		141,884		150,742
Total Shareholders' Deficit		(4,324,535)		(7,050,669)
Total Liabilities and Shareholders' Deficit	$	2,283,113	$	1,624,038

See accompanying notes to the consolidated financial statements.

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
SALES:	$ 2,488,493	$ 2,232,646
COST OF SALES (excluding depreciation expense)	1,180,979	954,402
GROSS PROFIT	1,307,514	1,278,244
OPERATING EXPENSES:		
Compensation and related benefits (including stock-based compensation of $42,183 and $1,039,943 for the years ended December 31, 2023, and 2022, respectively)	(2,036,514)	(2,844,783)
Professional fees	(601,214)	(815,542)
General and administrative expenses	(666,090)	(810,413)
Total Operating Expenses	(3,303,818)	(4,470,738)
OTHER OPERATING INCOME:		
Gain on sale of product line	4,051,709	-
INCOME (LOSS) FROM OPERATIONS	2,055,405	(3,192,494)
OTHER INCOME (EXPENSES):		
Gain (loss) on debt extinguishment, net	481,832	(343,895)
Interest expense	(469,767)	(1,610,062)
Interest expense - related party	(5,663)	(10,027)
Settlement expense	(175,000)	-
Total Other Expenses, net	(168,598)	(1,963,984)
NET INCOME (LOSS)	1,886,807	(5,156,478)
Net loss of subsidiary attributable to noncontrolling interest	8,858	38,513
Preferred stock dividend	(54,195)	(60,090)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 1,841,470	$ (5,178,055)
NET INCOME (LOSS) PER COMMON SHARE:		
Basic	$ 0.00	$ (0.02)
Diluted	$ 0.00	$ (0.02)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	490,113,378	308,121,062
Diluted	2,524,605,528	308,121,062

See accompanying notes to the consolidated financial statements.

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Common Stock		Additional Paid-in	Accumulated	Noncontrolling	Total Shareholders'
	# of Shares	Amount	Capital	Deficit	Interest	Deficit
Balance, December 31, 2021	282,216,632	$ 282,217	$ 53,064,616	$ (57,515,129)	$ 189,255	$ (3,979,041)
Common stock issued for accounts payable	90,859	90	2,084	-	-	2,174
Common stock issued for compensation	3,500,000	3,500	10,750	-	-	14,250
Common stock issued for professional fees	17,954,545	17,954	199,296	-	-	217,250
Common stock issued for conversion of Series C preferred stock	21,262,973	21,263	117,737	-	-	139,000
Common stock issued in connection with debt	10,245,163	10,246	100,385	-	-	110,631
Common stock issued as inducement to extend note payable	15,000,000	15,000	97,500	-	-	112,500
Preferred stock dividends and deemed dividend	-	-	4,435	(60,090)	-	(55,655)
Accretion of stock-based compensation	-	-	68,137	-	-	68,137
Relative fair value of warrants issued in connection with debt	-	-	325,785	-	-	325,785
Beneficial conversion charge for issuance of Series B preferred shares for accrued compensation recorded as stock-based compensation	-	-	957,556	-	-	957,556
Beneficial conversion feature on convertible debt	-	-	354,215	-	-	354,215
Beneficial conversion feature buyback related to debt extinguishment	-	-	(160,993)	-	-	(160,993)
Net loss	-	-	-	(5,117,965)	(38,513)	(5,156,478)
Balance, December 31, 2022	350,270,172	350,270	55,141,503	(62,693,184)	150,742	(7,050,669)
Common stock issued for cash and accrued compensation	54,545,455	54,545	245,455	-	-	300,000
Common stock issued for professional fees	14,166,667	14,167	69,783	-	-	83,950
Common stock issued for accrued compensation	9,636,364	9,636	43,364	-	-	53,000
Common stock issued for compensation	2,500,000	2,500	23,500	-	-	26,000
Common stock issued for conversion of Series C preferred stock	58,327,912	58,328	155,672	-	-	214,000
Common stock issued for conversion of debt, accrued interest and fees	43,371,481	43,372	157,017	-	-	200,389
Preferred stock dividends	-	-	-	(54,195)	-	(54,195)
Accretion of stock-based compensation	-	-	16,183	-	-	16,183
Net income	-	-	-	1,895,665	(8,858)	1,886,807
Balance, December 31, 2023	532,818,051	$ 532,818	$ 55,852,477	$ (60,851,714)	$ 141,884	$ (4,324,535)

See accompanying notes to the consolidated financial statements.

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 1,886,807	$ (5,156,478)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization expense	88,859	89,219
Amortization of debt discount to interest expense	96,258	1,059,752
Interest expense for put premium on convertible notes	29,212	90,731
Default penalty included in interest expense	-	206,250
Non-cash interest expense from fees on debt conversion	2,250	-
Stock-based compensation	42,183	1,039,943
Stock-based professional fees	121,950	298,571
Bad debt expense	21,296	7,716
Gain on sale of property and equipment	(9,000)	(5,500)
Non-cash (gain) loss on debt extinguishment and inducement expense	(481,832)	343,895
Gain from sale of Nanoshield product line	(4,051,709)	-
Lease costs	(72)	1,080
Change in operating assets and liabilities:		
Accounts receivable	(175,945)	(100,160)
Inventory	(113,712)	5,485
Prepaid expenses and other assets	3,376	(746)
Contract assets	(2,121)	82,526
Accounts payable	(69,543)	(49,709)
Accrued expenses	183,647	299,660
Accrued interest - related party	(10,027)	10,027
Accrued compensation	357,822	180,609
Contract liabilities	478,083	12,211
NET CASH USED IN OPERATING ACTIVITIES	(1,602,218)	(1,584,918)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(114,770)	-
Proceeds from the sale of property and equipment	9,000	5,500
Proceeds from the sale of Nanoshield product line	4,042,631	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,936,861	5,500
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock	275,000	-
Proceeds from note payable - related party	-	250,000
Repayment of note payable - related party	(250,000)	-
Proceeds from notes payable	291,621	903,760
Repayment of notes payable	(1,824,144)	(157,149)
Proceeds from convertible notes payable	50,000	160,000
Repayment of convertible notes payable	(237,750)	-
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(1,695,273)	1,156,611
NET INCREASE (DECREASE) IN CASH	639,370	(422,807)
CASH, beginning of year	97,091	519,898
CASH, end of year	$ 736,461	$ 97,091
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$ 319,085	$ 479,509
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common stock issued as prepaid for services	$ 83,950	$ 217,250
Common stock issued for accrued compensation	$ 78,000	$ -
Series B preferred stock issued for accrued compensation	$ 144,000	$ 278,654
Preferred stock dividend accrued	$ 54,195	$ 55,655
Reclassfication of accrued interest payable to convertible note payable	$ 81,841	$ -
Increase in debt discount and paid-in capital for shares issued with convertible debt	$ -	$ 110,631
Increase in debt discount and paid-in capital for warrants and beneficial conversion features	$ -	$ 680,000
Common stock issued for accounts payable	$ -	$ 2,174
Conversion of series C preferred stock to common stock	$ 214,000	$ 139,000
Conversion of notes payable and accrued interest to common stock	$ 198,139	$ -
Increase in right of use and lease liability	$ -	$ 184,375

See accompanying notes to the consolidated financial statements.

C-BOND SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

NOTE 1 – NATURE OF ORGANIZATION

Nature of Organization

C-Bond Systems, Inc., together with its subsidiaries (the "Company"), is a materials development company and sole owner and developer of the patented C-Bond technology. The Company is engaged in the implementation of proprietary nanotechnology applications and processes to enhance properties of strength, functionality, and sustainability of brittle material systems. The Company's primary focus is in the multi-billion-dollar glass and window film industry with target markets in the United States and internationally. During the years ended December 31, 2023 and 2022, the Company operated in two segments: C-Bond Transportation Solutions and Patriot Glass Solutions. C-Bond Transportation Solutions sold a windshield strengthening, water repellent solution called C-Bond nanoShield™ through May 8, 2023, the date that the nanoShield product line and related technologies were sold (see Note 16). Patriot Glass Solutions sells multi-purpose glass strengthening primer and window film mounting solutions, including C-Bond BRS, a ballistic-resistant film system, and C-Bond Secure, a forced entry system.

On June 30, 2021, the Company entered into a Share Exchange Agreement and Plan of Reorganization (the "Exchange Agreement") with (i) Patriot Glass Solutions, LLC (formerly Mobile Tint LLC), a Texas limited liability company doing business as A1 Glass Coating ("Patriot Glass"), (ii) the sole member of Patriot Glass (the "Patriot Glass Shareholder"), and (iii) Michael Wanke as the Representative of the Patriot Glass Shareholder. Pursuant to the Exchange Agreement, the Company agreed to acquire 80% of Patriot Glass's units, representing 80% of Mobile's issued and outstanding capital stock (the "Patriot Glass Shares"). On July 22, 2021, the Company closed the Exchange Agreement and acquired 80% of the Patriot Glass Shares. The Patriot Glass Shares were exchanged for 28,021,016 restricted shares of the Company's common stock in an amount equal to $800,000, divided by the average of the closing prices of the Company's common stock during the 30-day period immediately prior to the closing. Initially, for two years after closing, the Company had the option to acquire the remaining 20% of Patriot Glass's issued and outstanding membership interests in exchange for a number of shares of the Company's common stock equal to 300% of Patriot Glass's average EBIT value, divided by the price of the Company's common stock as defined in the Exchange Agreement. On September 20, 2023, the Company and the Patriot Glass Shareholder entered into amendment #2 to the Exchange Agreement (the "Amended Exchange Agreement"). Pursuant to the Amended Exchange Agreement, the Company shall have the option (the "Option"), beginning on July 1, 2025 (the "Option Start Date") and ending on 5:00 P.M. EST on the date that is thirty calendar days after the Option Start Date (the "Option Period"), to acquire the remaining 20% of Patriot Glass Units (the "Additional Units"), representing 20% of Patriot Glass's issued and outstanding membership interests, collectively (the "Additional Closing") (See Note 10). Patriot Glass provides quality window tint solutions for auto, home, and business owners across Texas, specializing in automotive window tinting, residential window film, and commercial window film that stop harmful UV rays from passing through its window films for reduced glare, comfortable temperatures, and lower energy bills. Patriot Glass also carries products that offer forced-entry protection and films that protect glass from scratches, graffiti, other types of vandalism, and even bullets, including C-Bond BRS and C-Bond Secure products. As part of the transaction, Patriot Glass's owner-operator, Mr. Wanke, joined the Company as President of Patriot Glass. On November 29, 2023, the name of Mobile Tint LLC was changed to Patriot Glass Solutions, LLC..

On May 8, 2023, the Company entered into an Asset Purchase Agreement ("APA") with Apex Protect GPS, LLC (the "Buyer"), whereby the Company sold its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of the Company's C-Bond nanoShield division (the "Assets") to the Buyer. Accordingly, the Company assigned, transferred and delivered to the Buyer, free and clear of all liens, all of the Assets. Following the Closing, the Parties entered into an Assignment and Agreement to Re-Execute ("Assignment") on June 15, 2023, by and among the Company ("Seller"); Apex Protect GPS, LLC, ("Assignor") and CB Nanoshield, LLC, ("Assignee"), whereby the Assignor assigned all its right to the (i) APA; (ii) Bill of Sale (iii) IP Agreements; and (iv) and any memorandums, schedules and exhibits related to the foregoing to Assignee. The Seller and Assignee also entered into a Lease and Assignment and Assumption Agreement on June 15, 2023 (the "Assignment Agreement"), wherein the Seller assigned to Assignee, and Assignee took assignment from the Seller, of the lease for the premises located at 6035 South Loop East, Houston, Texas 77033 (the "Lease") pursuant to the Assignment Agreement (See Note 16).

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 its wholly owned subsidiary, C-Bond Systems, LLC, and its 80% owned subsidiary, Patriot Glass. All significant intercompany accounts and transactions have been eliminated in consolidation.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company had net income of $1,886,807 for the year ended December 31, 2023, which included a gain from the sale of the Company's nanoShield product line of $4,051,709. Net cash used in operations was $1,602,218 for the year ended December 31, 2023. Additionally, as of December 31, 2023, the Company had an accumulated deficit, shareholders' deficit, and working capital deficit of $60,851,714, $4,324,535 and $1,351,954, respectively. On May 8, 2023, the Company sold its nanoShield product line and received proceeds of $4,042,631. The proceeds were used to repay convertible notes payable, notes payable and related accrued interest. On December 31, 2023, the Company had cash of $736,461. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this report. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. The Company is seeking to raise capital through additional debt and/or equity financings to fund its operations in the future. Although the Company has historically raised capital from sales of common shares and preferred shares, and from the issuance of promissory notes and convertible promissory notes, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional lending in the near future, management expects that the Company will need to curtail its operations. These 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 preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") 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 of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates during the years ended December 31, 2023 and 2022 include estimates for allowance for doubtful accounts on accounts receivable, the estimates for obsolete or slow moving inventory, estimates used in the calculation of progress towards completion on uncompleted jobs, the useful life of property and equipment, assumptions used in assessing impairment of long-term assets, the estimate of the fair value lease liability and related right of use asset, the valuation of redeemable and mandatorily redeemable preferred stock, the value of beneficial conversion features and deemed dividends, the valuation allowances for deferred tax assets, and the fair value of non-cash equity transactions.

Fair Value of Financial Instruments and Fair Value Measurements

The carrying amounts reported in the consolidated balance sheets for cash, accounts receivable, contract assets and liabilities, notes payable, convertible note payable, accounts payable, accrued expenses, accrued compensation, and lease liabilities approximate their fair market value based on the short-term maturity of these instruments.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's (the "FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company did not identify any assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with Accounting Standards Codification ("ASC") Topic 820.

ASC 825-10 "Financial Instruments", allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding instruments.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents. The Company had no cash equivalents as of December 31, 2023 and 2022.

Accounts Receivable

The Company recognizes an allowance for losses on accounts receivable and notes receivable in an amount equal to the estimated probable losses net of recoveries under the current expected credit loss method. The allowance is based on an analysis of historical bad debt experience, current receivables aging and expected future write-offs, as well as an assessment of specific identifiable customer accounts and notes receivable considered at risk or uncollectible. On January 1, 2023, the Company adopted ASC 326, "Financial Instruments - Credit Losses". In accordance with ASC 326, an allowance is maintained for estimated forward-looking losses resulting from the possible inability of customers to make required payments (current expected losses). The amount of the allowance is determined principally on the basis of past collection experience and known financial factors regarding specific customers. The expense associated with the allowance for doubtful accounts on accounts receivable is recognized in general and administrative expenses.

Inventory

Inventory, consisting of raw materials and finished goods, are stated at the lower of cost and net realizable value utilizing the first-in, first-out (FIFO) method. A reserve is established when management determines that certain inventories may not be saleable. If inventory costs exceed expected net realizable value due to obsolescence or quantities in excess of expected demand, the Company will record reserves for the difference between the cost and the net realizable value. These reserves are recorded based on estimates and included in cost of sales.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, which range from one to seven years. Leasehold improvements are depreciated over the shorter of the useful life or lease term including scheduled renewal terms. Maintenance and repairs are charged to expense as incurred. 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. The Company examines the possibility of decreases in the value of these assets when events or changes in circumstances reflect the fact that their recorded value may not be recoverable.

Goodwill and Intangible Assets

Goodwill represents the future economic benefit arising from other assets acquired that could not be individually identified and separately recognized. Any goodwill arising from the Company's acquisition is attributable to the value of the potential expanded market opportunity with new customers. Intangible assets may have either an identifiable or indefinite useful life. Intangible assets with identifiable useful lives are amortized on a straight-line basis over their economic or legal life, whichever is shorter. The Company's amortizable intangible assets are being amortized over a useful life of 5 years.

Goodwill is not subject to amortization but is subject to impairment tests at least annually. The Company reviews the carrying amounts of goodwill by reporting unit at least annually, or when indicators of impairment are present, to determine if goodwill may be impaired. To test goodwill impairment, the Company first assesses qualitative factors to determine whether it is more likely than *not* that the fair value of goodwill is less than its carrying value. The Company would not be required to quantitatively determine the fair value of goodwill unless it determines, based on the qualitative assessment there are indicators of impairment. Under the quantitative test of goodwill, the Company compares the fair value of the reporting unit to its carrying value, including goodwill. If the carrying value exceeds the fair value, then the goodwill is impaired by the excess amount. The Company performs its annual testing for goodwill during the fourth quarter of each fiscal year or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit.

Intangible assets determined to have finite lives are amortized over their estimated useful lives of 5 years. The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to future cash flows. The Company periodically evaluates both finite and indefinite lived intangible assets for impairment upon occurrence of events or changes in circumstances that indicate the carrying amount of intangible assets may not be recoverable.

As of December 31, 2023 and 2022, the Company performed its annual goodwill impairment test for its one reporting unit. The results of the Company's annual impairment test indicated that the fair value of the reporting unit exceeded its carrying value. Therefore, no impairment of goodwill or intangibles assets was recorded as of December 31, 2023 or 2022.

Impairment of Long-Lived Assets

In accordance with ASC Topic 360, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value.

Warranty Liability

The Company provides limited warranties on its products for product defects for periods ranging from 12 months to the life of the product. Warranty costs may include the cost of product replacement, refunds, labor costs and other costs. Allowances for estimated warranty costs are recorded during the period of sale. The determination of such allowances requires the Company to make estimates of product warranty claim rates and expected costs to repair or to replace the products under warranty. The Company currently establishes warranty reserves based on historical warranty costs for each product line combined with liability estimates based on the prior 12 months' sales activities. If actual return rates and/or repair and replacement costs differ significantly from the Company's estimates, adjustments to recognize additional cost of sales may be required in future periods. Historically the warranty accrual and the expense amounts have been immaterial. The warranty liability is included in accrued expenses on the accompanying consolidated balance sheets and amounted to $1,000 and $26,648 on December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, warranty costs were de minimis.

Revenue Recognition

The Company follows ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASC 606 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and requires certain additional disclosures.

The Company sells its products which include standard warranties primarily to distributors and authorized dealers. Product sales are recognized at a point in time when the product is shipped to the customer and title is transferred and are recorded net of any discounts or allowances. The warranty does not represent a separate performance obligation.

Revenues from contracts for the distribution and installation of window film solutions are recognized over time on the basis of the Company's estimates of the progress towards completion of contracts using various output or input methods depending on the type of contract terms including (1) the ratio of number of labor hours spent compared to the number of estimated labor hours to complete a job, (2) using the milestone method, or (3) using a units completed method. These methods are used because management considers these to be the best available measure of progress on these contracts. We use the same method for similar types of contracts. The asset, "contract assets" represents revenues recognized in excess of amounts billed. The liability, "contract liabilities," represents billings in excess of revenues recognized.

Cost of Sales

Cost of sales includes inventory costs, packaging costs and warranty expenses.

Cost of revenues from fixed-price contracts for the distribution and installation of window film solutions include all direct material, sub-contractor, labor and certain other direct costs, as well as those indirect costs related to contract performance, such as indirect labor and fringe benefits. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to cost and income, which are recognized in the period in which the revisions are determined. Changes in estimated job profitability resulting from job performance, job conditions, claims, change orders, and settlements, are accounted for as changes in estimates in the current period.

Shipping and Handling Costs

Shipping and handling costs incurred for product shipped to customers are included in general and administrative expenses and amounted to $16,288 and $45,455 for the years ended December 31, 2023 and 2022, respectively. Shipping and handling costs charged to customers are included in sales.

Research and Development

Research and development costs incurred in the development of the Company's products are expensed as incurred and includes costs such as labor, materials, and other allocated costs incurred. For the years ended December 31, 2023 and 2022, research and development costs incurred in the development of the Company's products were $0.

Advertising Costs

The Company may participate in various advertising programs. All costs related to advertising of the Company's products are expensed in the period incurred. For the years ended December 31, 2023 and 2022, advertising costs charged to operations were $31,743 and $69,737, respectively and are included in general and administrative expenses on the accompanying consolidated statements of operations. These advertising expenses do not include cooperative advertising and sales incentives which shall been deducted from sales.

Federal and State Income Taxes

The Company accounts for income tax using the liability method prescribed by ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 *"Income Taxes*". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2023 and 2022, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years that remain subject to examination are the years ending on and after December 31, 2018. The Company recognizes interest and penalties related to uncertain income tax positions in other expense. However, no such interest and penalties were recorded as of December 31, 2023 and 2022.

Stock-Based Compensation

Stock-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, director, and non-employee services received in exchange for an award of equity instruments over the period the employee, director, or non-employee 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, director, and non-employee services received in exchange for an award based on the grant-date fair value of the award. The Company has elected to recognize forfeitures as they occur as permitted under the FASB's Accounting Standards Update ("ASU") 2016-09 *Improvements to Employee Share-Based Payment*.

Leases

The Company accounts for leases in accordance with ASC 842. The lease standard requires certain leases to be reported on the consolidated balance sheets as right-of-use assets and lease liabilities. The Company elected the practical expedients permitted under the transition guidance of this standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. The Company does not reassess whether any contracts entered into prior to adoption are leases or contain leases.

The Company categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that would allow the Company to substantially utilize or pay for the entire asset over its estimated life. Assets acquired under finance leases are recorded in property and equipment, net. All other leases are categorized as operating leases. The Company does not have any finance leases as of December 31, 2023 and 2022. The Company's leases generally have terms that range from three to four years for property and equipment and five years for property. The Company elected the accounting policy to include both the lease and non-lease components of our agreements as a single component and account for them as a lease.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the Company's current borrowing rate. Lease assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases. Leasehold improvements are capitalized at cost and amortized over the lesser of their expected useful life or the lease term.

When the Company has the option to extend the lease term, terminate the lease before the contractual expiration date, or purchase the leased asset, and it is reasonably certain that the Company will exercise the option, the Company considers these options in determining the classification and measurement of the lease. Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Loss Per Common Share

ASC 260 "Earnings Per Share", requires dual presentation of basic and diluted earnings per common share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilutive securities and non-vested forfeitable shares. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares or resulted in the issuance of common shares that then shared in the earnings of the entity. Basic net loss per common share is computed by dividing net loss available to members by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of common shares, common share equivalents and potentially dilutive securities outstanding during each period. Potentially dilutive common shares consist of stock options and non-vested forfeitable shares (using the treasury stock method) and shares issuable upon conversion of preferred shares and convertible notes payable (using the as-if converted method). These common share equivalents may be dilutive in the future.

The following table presents a reconciliation of basic and diluted net income (loss) per common share:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Net income (loss) per common share - basic:		
Net income (loss) attributable to common shareholders	$ 1,841,470	$ (5,178,055)
Weighted average common shares outstanding – basic	490,113,378	308,121,062
Net income (loss) per common share – basic	$ 0.00	$ (0.02)
Net income (loss) per common share - diluted:		
Net income (loss) attributable to common shareholders - basic	$ 1,841,470	$ (5,178,055)
Add: preferred stock dividends	54,195	-
Add: interest of convertible debt	186,536	-
Numerator for income (loss) per common share – diluted	$ 2,082,201	$ (5,178,055)
Weighted average common shares outstanding – basic	490,113,378	308,121,062
Add: dilutive shares related to:		
Convertible debt	1,220,101,111	-
Series B preferred	376,239,688	-
Series C preferred	438,151,351	-
Weighted average common shares outstanding – diluted	2,524,605,528	308,121,062
Net income (loss) per common share – diluted	$ 0.00	$ (0.02)

For the year ended December 31, 2022, all potentially dilutive common shares were excluded from the computation of diluted common shares outstanding as they would have an anti-dilutive impact on the Company's net losses. For the year ended December 31, 2023, stock options and warrants were excluded from the computation of diluted common shares outstanding as they would have an anti-dilutive impact on the Company's net income. As of December 31, 2023 and 2022, common share equivalents and potentially dilutive securities consisted of the following:

	December 31, 2023	December 31, 2022
Stock options	8,445,698	8,445,698
Warrants	34,000,000	34,000,000
Series B preferred stock	335,772,090	164,635,079
Series C preferred stock	438,151,351	432,250,000
Convertible debt	1,220,101,111	962,679,774
Non-vested, forfeitable common shares	-	16,970,120
	2,036,470,250	1,618,980,671

Segment Reporting

From January 1, 2022 to May 8, 2023, the Company operated in two reportable business segments which consisted of (1) the manufacture and sale of a windshield strengthening water repellent solution as well as disinfection products, and the sale of multi-purpose glass strengthening primer and window film mounting solutions, including ballistic-resistant film systems and a forced entry system, and (2) the distribution and installation of window film solutions. The Company's reportable segments were strategic business units that offered different products and were managed separately based on the fundamental differences in their operations and locations. On May 8, 2023, the Company sold its C-Bond nanoShield™ product line and the remaining segment (1) as described above was combined into segment (2) and is now being managed together (see Note 16).

Noncontrolling Interest

The Company accounts for noncontrolling interest in accordance with ASC Topic 810-10-45, which requires the Company to present noncontrolling interests as a separate component of total shareholders' deficit on the consolidated balance sheets and the consolidated net loss attributable to its noncontrolling interest be clearly identified and presented on the face of the consolidated statements of operations.

Risk and Uncertainties

The Company operates in an industry that is subject to intense competition and changes in consumer and commercial demand. The Company's operations are subject to significant risk and uncertainties including financial and operational risks including the potential risk of business failure.

The Company has experienced, and in the future expects to continue to experience, variability in sales and earnings. The factors expected to contribute to this variability include, among others, (i) the cyclical nature of the business, (ii) general economic conditions in the various local markets in which the Company competes, including a potential general downturn in the economy, and (iii) the volatility of prices in connection with the Company's products and services. These factors, among others, make it difficult to project the Company's operating results on a consistent basis.

Recent Accounting Pronouncements

In August 2020, the FASB issued ASU 2020-06, Debt—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 Contracts in an Entity's Own Equity. The ASU simplifies accounting for convertible instruments by removing major separation models required under current U.S. 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 the exception. The ASU also simplifies the diluted net income per share calculation in certain areas. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. On November 15, 2019, the FASB delayed the effective date of Topic 326 for certain small public companies and other private companies until fiscal years beginning after December 15, 2022 for SEC filers that are eligible to be smaller reporting companies under the SEC's definition, as well as private companies and not-for-profit entities. In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The guidance was issued as improvements to ASU No. 2016-13 described above. The vintage disclosure changes require an entity to disclose current-period gross write-offs by year of origination for financing receivables. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The adoption of ASU No. 2022-02 on January 1, 2023 did not have a material impact on the Company's consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. 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 – ACCOUNTS RECEIVABLE

On December 31, 2023 and 2022, accounts receivable consisted of the following:

	December 31, 2023	December 31, 2022
Accounts receivable	$ 459,414	$ 304,964
Less: allowance for doubtful accounts	(35,323)	(35,522)
Accounts receivable, net	$ 424,091	$ 269,442

For the years ended December 31, 2023 and 2022, bad debt expense amounted to $21,296 and $7,716, respectively.

NOTE 4 – INVENTORY

On December 31, 2023 and 2022, inventory consisted of the following:

	December 31, 2023	December 31, 2022
Raw materials	$ -	$ 1,501
Finished goods	181,663	75,945
Total Inventory	$ 181,663	$ 77,446

For the years ended December 31, 2023 and 2022, the Company did not record any allowance for slow moving inventory.

NOTE 5 – PROPERTY AND EQUIPMENT

On December 31, 2023 and 2022, property and equipment consisted of the following:

	Useful Life	December 31, 2023	December 31, 2022
Machinery and equipment	5 – 7 years	$ 73,411	$ 124,133
Furniture and office equipment	3 – 7 years	2,061	32,306
Vehicles	1 – 5 years	68,050	62,195
Leasehold improvements	3 – 5 years	110,645	45,296
		254,167	263,930
Less: accumulated depreciation		(82,561)	(167,624)
Property and equipment, net		$ 171,606	$ 96,306

During the years ended December 31, 2023 and 2022, the Company sold vehicles and other equipment for proceeds of $9,000 and $5,500 and record a gain on sale of property and equipment of $9,000 and $5,500, respectively, which is included in general and administrative expenses on the accompanying consolidated statement of operations. Additionally, in connection with the Company's sale of its C-Bond nanoShield product line (see Note 16), the Company sold property and equipment with a net book value of $1,115, which is included in gain from sale of product line on the accompanying statement of operations. For the years ended December 31, 2023 and 2022, depreciation expense is included in general and administrative expenses and amounted to $38,355 and $38,716, respectively.

NOTE 6 – INTANGIBLE ASSETS AND GOODWILL

On December 31, 2023 and 2022, intangible assets and goodwill, which were acquired from Patriot Glass in 2021, consisted of the following:

	Useful life	December 31, 2023	December 31, 2022
Customer relations	5 years	$ 212,516	$ 212,516
Non-compete	5 years	40,000	40,000
Trade name	-	100,000	100,000
		352,516	352,516
Less: accumulated amortization		(123,102)	(72,598)
Intangible assets, net		$ 229,414	$ 279,918

	Useful life	December 31, 2023	December 31, 2022
Goodwill	-	$ 350,491	$ 350,491

For the years ended December 31, 2023 and 2022, amortization expense of amortizable intangible assets amounted to $50,504 and $50,503, respectively. On December 31, 2023, accumulated amortization amounted to $103,601 and $19,500 for the customer relations and non-compete, respectively. On December 31, 2022, accumulated amortization amounted to $61,098 and $11,500 for the customer relations and non-compete, respectively.

Amortization of intangible assets with identifiable useful lives that is attributable to future periods is as follows:

Twelve months ending December 31:	Amount
2024	$ 50,503
2025	50,503
2026	28,408
Total	$ 129,414

NOTE 7 – CONVERTIBLE NOTES PAYABLE

Mercer Convertible Debt

On October 15, 2021, the Company entered into a Securities Purchase Agreement (the "SPA") with Mercer Street Global Opportunity Fund, LLC (the "Investor"), pursuant to which the Company issued and sold to Investor a 10% Original Issue Discount Senior Convertible Promissory Note in the principal amount of $825,000 (the "Initial Note") and five-year warrants to purchase up to 16,500,000 shares of the Company's common stock at an initial exercise price of $0.05 per share, an amount equal to 50% of the conversion shares that were issued (the "Initial Warrants"). The Company received net proceeds of $680,000, which is net of original issue discounts of $75,000, placement fees of $60,000, and legal fees of $10,000. The transactions contemplated under the SPA closed on October 18, 2021.

Pursuant to the SPA, the Investor agreed to purchase an additional $825,000 10% Original Issue Discount Senior Convertible Promissory Note (the "Second Note," and together with the Initial Note, the "Notes"), and a five-year warrant (the "Second Warrant," and together with the Initial Warrant, the "Warrants") to purchase, in the aggregate, shares of the Company's common stock at an initial exercise price of $0.05 per share from the Company in an amount equal to 50% of the conversion shares to be issued upon the same terms as the Initial Note and Initial Warrant (subject to there being no event of default under the Initial Note or other customary closing conditions), within three trading days of a registration statement registering the shares of the Company's common stock issuable under the Notes (the "Conversion Shares") and upon exercise of the Warrants (the "Warrant Shares") being declared effective by the SEC. To date, the Investor did not purchase the Second Note.

The Initial Note matured 12 months after issuance, bore interest at a rate of 4% per annum through the date of default, and was initially convertible beginning on the six-month anniversary of the original issue date into the Company's common stock at a fixed conversion price of $0.025 per share, subject to adjustment for stock splits, stock combinations, dilutive issuances, and similar events, as described in the Initial Note.

The Initial Note may be prepaid at any time for the first 90 days at face value plus accrued interest. From day 91 through day 180, the Note may be prepaid in an amount equal to 110% of the principal amount plus accrued interest. From day 181 through the day immediately preceding the maturity date, the Initial Note may be prepaid in an amount equal to 120% of the principal amount plus accrued interest.

The Note and Warrants contain conversion limitations providing that a holder thereof may not convert the Notes or exercise the Warrants to the extent (but only to the extent) that, if after giving effect to such conversion, the holder or any of its affiliates would beneficially own in excess of 4.99% of the outstanding shares of the Company's common stock immediately after giving effect to such conversion or exercise. A holder may increase or decrease its beneficial ownership limitation upon notice to the Company provided that in no event such limitation exceeds 9.99%, and that any increase shall not be effective until the 61st day after such notice.

In connection with the SPA, the Company entered into a Registration Rights Agreement dated October 15, 2021 (the "Registration Rights Agreement"), with the Investor pursuant to which it is obligated to file a registration statement with the SEC within 45 days after the date of the agreement to register the resale by the Investor of the conversion shares and warrant shares, and use all commercially reasonable efforts to have the registration statement declared effective by the SEC within 60 days after the registration statement is filed.

Upon the occurrence of an event of default under the Notes, the Investor has the right to be prepaid at 125% of the outstanding principal balance and accrued interest, and interest accrues at 18% per annum. Events of default included, among other things,

(i) any default in the payment of (A) principal and interest payment under this Note or any other Indebtedness, or (B) Late Fees, liquidated damages and other amounts owing to the Holder of this Note, as and when the same shall become due and payable (whether on a Conversion Date, or the Maturity Date, or by acceleration or otherwise), which default, solely in the case of a default under clause (B) above, is not cured within five Trading Days;

(ii) the Company or any Subsidiary shall be subject to a Bankruptcy Event;

(iii) the SEC suspends the Common Stock from trading or the Company's Common Stock is not listed or quoted for trading on a Trading Market which failure is not cured, if possible to cure, within the earlier to occur of 10 Trading Days after notice of such failure is sent by the Holder or by any other Holder to the Company or the transfer of shares of Common Stock through the Depository Trust Company System is no longer available or is subject to a "chill" by the Depository Trust Company or any successor;

(iv) the Company shall be a party to any Change of Control Transaction or shall agree to sell or dispose of all or in excess of 50% of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction);

(v) the Company incurs any Indebtedness other than Permitted Indebtedness;

(vi) the Company restates any financial statements included in its reports or registration statements filed pursuant to the Securities Act or the Exchange Act for any date or period from two years prior to the Original Issue Date of this Note and until this Note is or the Warrants issued to the Holder are no longer outstanding, if following first public announcement or disclosure that a restatement will occur the VWAP on the next Trading Day is 20% less than the VWAP on the prior Trading Day. For the purposes of this clause the next Trading Day if an announcement is made before 4:00 pm New York, NY time is either the day of the announcement or the following Trading Day. The Company filed a Report on Form 8-K announcing the restatement of its financial statements for the year ended December 31, 2020. Following the first public announcement or disclosure that a restatement occurred, the VWAP on the next Trading Day was not 20% less than the VWAP on the prior Trading Day and accordingly, the default provisions were not triggered.

The Company has also granted the investor a 12-month (or until the Notes are no longer outstanding) right to participate in specified future financings, up to a level of 30%.

On April 20, 2022, the Company and the Investor entered into an Exchange Agreement (the "Exchange Agreement"). The original SPA remains in effect. Per the terms of the Exchange Agreement, the Parties agreed to exchange (i) the Initial Note for a new Convertible Promissory Note (the "New Note") and (ii) the Initial Warrant for a new five-year warrant to purchase, in the aggregate, 33,000,000 shares of the Company's common stock at an exercise price of $0.025 per share (the "New Warrant" and together with the New Note, the "New Securities"), according to the terms and conditions of the Exchange Agreement. On April 20, 2022, pursuant to the terms of the Exchange Agreement, the Investor surrendered the Prior Securities in exchange for the New Securities. Other than the surrender of the Prior Securities, no consideration of any kind whatsoever was given by the Investor to the Company in connection with the Exchange Agreement. The terms of the New Securities are the same as the Prior Securities except for the pricing of the shares issuable under the New Note and the shares issuable upon exercise of the New Warrant. The New Securities are composed of the New Note, which is a 10% Original Issue Discount Senior Convertible Promissory Note in the principal amount of $825,000, and the New Warrant. The New Note matured on October 15, 2022, bore interest at a rate of 4% per annum through the date of default, and was initially convertible into the Company's common stock at a fixed conversion price of $0.0125 per share, subject to adjustment for stock splits, stock combinations, dilutive issuances, and similar events, as described in the New Note. If the average Closing Price during any 10 consecutive Trading Day period beginning and ending during the 60 Day Effectiveness Period (the "Average Closing Price") is below the Conversion Price than the conversion price will be reduced to such Average Closing Price but in no event less than $0.00875.

On October 15, 2022, the due date of the New Note, the New Note defaulted due to non-payment. Accordingly, the Company added a default penalty of $206,250, or 25%, to the principal balance and recorded interest expense of $206,250, and interest shall accrue at 18% per annum.

On December 4, 2023, the Company entered into a letter agreement (the "Agreement") with the Investor to eliminate the convertible features and implement a standstill on the interest due under the Convertible Promissory Note Dated October 15, 2021 (the "Note"). This Note is the only remaining convertible note on the Company's balance sheet. Per the terms of the Agreement, provided that the Company continues making the Payments as outlined in the Agreement and meets its obligations under the Agreement, the Investor shall not have the right to convert the Note into the Company's common stock. The Company shall make the Payments on the 15th of every month. "Payments" shall mean $15,000 per month for 35 months with a balloon payment of $588,091 on the 36th month, for aggregate payments of $1,113,091.

Additionally, the Company shall pay Mercer 20% of the gross proceeds from capital raised by the Company through the issuance of securities or incurrence of any Debt (regardless of whether the incurrence of debt includes of the sale of any securities) ("Capital Raise Payments"). Capital Raise Payments shall only be required for capital raises resulting in the Company receiving gross proceeds of at least $500,000. By way example, if the Company receives $600,000 from the issuance of Debt, the Company shall make a Capital Raise Payment of $120,000 to Mercer. Any Capital Raise Payments shall be first be applied to the then outstanding Balloon Payment and thereafter to the last Payments (35th, 34th and so on). "Debt" means borrowed money including the sale of any existing and future receivables. The Capital Raise Payments shall be made within two business days of the receipt of the funds under such raise. Any failure to make the Payments within the cure period or from the Capital Raise Payments by the required date shall make this Agreement null and void.

Additionally, provided that the Company is in compliance with this Agreement, Mercer agrees to a standstill on the interest due under the Note beginning with the date that the first $15,000 Payment is made which the Company paid on December 15, 2023 as required by the Note. Further, if the Company pays off the entire principal and accrued interest by the dates detailed below, the Investor agrees to reduce the total amount due on the Note (principal and interest) by the percentages as follows: 20% if fully paid by March 31, 2024, 15% if fully paid by June 30, 2024, 10% if fully paid by September 30, 2024, and 5% if fully paid by December 31, 2024. All rights and obligations under the original Note shall remain the same. Mercer is not waiving any of its rights under the original Note, including but not limited to, rights available prior to this Agreement.

As of December 31, 2023 and 2022, the principal balance of the Initial note was $1,098,091 and $1,031,250, respectively. Additionally, as of December 31, 2023 and 2022, accrued interest payable amounted to $176,184 and $81,045, respectively, which is reflected in accrued expenses on the accompanying consolidated statements of operations. Under the terms of the Agreement, $176,184 of accrued interest is subject to forgiveness if the Company complies with the terms of the Agreement. As of the date of this report, the Company has made all required payments.

In accordance with ASC 470-50, Debt Modifications and Extinguishments, on April 20, 2022, in connection in the Exchange Agreement discussed above, the Company performed an assessment of whether the Exchange Agreement transaction was deemed to be new debt, a modification of existing debt, or an extinguishment of existing debt. The Company evaluated the April 20, 2022 Exchange Agreement for debt modification and concluded that the debt qualified for debt extinguishment. On April 20, 2022, the Company agreed to reduce the conversion price from $0.025 per share to $0.0125 per share, and to cancel the Initial Warrant to purchase 16,500,000 shares of common exercisable at $0.05 per shares, and to issue a New Warrant to purchase 33,000,000 shares exercisable at $0.025 per share. All other terms of the convertible note and warrants remain unchanged, and therefore did not change the cash flows of the note. The New Warrants did not contain any features requiring liability treatment and therefore were classified as equity. The Company determined the transaction was considered a debt extinguishment because the change in conversion price was substantial. Upon extinguishment, the Company had $395,313 of unamortized initial debt discount recorded which it wrote off, and the Company recorded a buyback of $160,993 which represents the reversal of calculated beneficial conversion feature on the initial debt upon settlement, for an aggregate net loss on debt extinguishment of $234,320. The Company recorded a new debt discount in connection with the New Note which was calculated based on the relative fair value of the New Warrants of $325,785. Additionally, the New Note is convertible into common shares at an initial conversion price of $0.0125 which was lower than the fair value of common shares based on the quoted closing price of the Company's common stock on the measurement date. The value allocated to the New Warrants was $325,785, and $354,215 was allocated to the beneficial conversion feature. Since the intrinsic value of the beneficial conversion feature and warrants was greater than the proceeds allocated to the convertible instrument, the amount of the discount assigned to the beneficial conversion feature and warrants issued was limited to the amount of the proceeds allocated to the convertible instrument. Accordingly, the Company recorded an aggregate non-cash debt discount of $680,000 with the credit to additional paid in capital. This debt discount was amortized to interest expense over the remaining term of the Convertible Note.

The Company uses the Binomial Valuation Model to determine the fair value of its stock warrants which requires the Company to make several key judgments including:

- the value of the Company's common stock;
- the expected life of issued stock warrants;
- the expected volatility of the Company's stock price;
- the expected dividend yield to be realized over the life of the stock warrants; and
- the risk-free interest rate over the expected life of the stock warrants.

The Company's computation of the expected life of issued stock warrants was based on the simplified method as the Company does not have adequate exercise experience to determine the expected term. The interest rate was based on the U.S. Treasury yield curve in effect at the time of grant. The computation of volatility was based on the historical volatility of the Company's common stock.

On April 20, 2022 (the Exchange Agreement date) along with various re-pricings as outlined below, the fair value of the stock warrants were estimated at issuance using the Binomial Valuation Model with the following assumptions:

	2022
Dividend rate	—%
Term (in years)	4 years
Volatility	246.6% to 329.6%
Risk—free interest rate	2.79% to 3.12%

At any time this Note or any amounts accrued and payable thereunder remain outstanding, the Company or any Subsidiary, as applicable, sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues (or announces any sale, grant or any option to purchase or other disposition), any common stock or common stock equivalents entitling any Person to acquire shares of the Company's common stock at an effective price per share that is lower than the conversion price then in effect (such lower price, the "Base Conversion Price" and each such issuance or announcement a "Dilutive Issuance"), then the conversion price shall be immediately reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such common stock or common stock equivalents are issued. On June 23, 2022, the Company issued common stock equivalents with an initial conversion price of $0.011 per share and accordingly, the conversion price and warrant down-round provisions were triggered. As a result, the conversion price of the New April 2022 Note was reduced to $0.011 per share and the exercise price of the New April 2022 Warrant was lowered to $0.011. As a result of the June 23, 2022 down-round provisions, the Company calculated the difference between the warrants fair value on June 23, 2022, the date the down-round feature was triggered using the then current exercise price of $0.025 and the new exercise price of $0.011. On June 23, 2022, the Company recorded a deemed dividend of $3,702 which represents the fair value transferred to the warrant holders from the down round feature being triggered. No additional beneficial conversion feature amount was recorded based on the June 23, 2022 valuation as the ratcheted beneficial conversion feature value was lower than the original amount. Additionally, on September 6, 2022, the Company issued common stock equivalents with an initial conversion price of $0.009 per share and accordingly, the conversion price and warrant down-round provisions were triggered. As a result, the conversion price of the New April 2022 Note was reduced to $0.009 per share and the exercise price of the New April 2022 Warrant was lowered to $0.009. As a result of the September 6, 2022 down-round provisions, the Company calculated the difference between the warrants fair value on September 6, 2022, the date the down-round feature was triggered using the then current exercise price of $0.011 and the new exercise price of $0.009. On September 6, 2022, the Company recorded a deemed dividend of $733 which represents the fair value transferred to the warrant holders from the down round feature being triggered. No additional beneficial conversion feature amount was recorded based on the September 6, 2022 valuation as the ratcheted beneficial conversion feature value was lower than the original amount.

Pursuant to the provisions of ASC 815-40 – *Derivatives and Hedging – Contracts in an Entity's Own Stock*, the convertible note and related warrants issued in connection with the Mercer convertible note was analyzed and it was determined that the terms of the convertible note and warrants contained terms that were not considered derivatives.

1800 Diagonal Lending Convertible Debt

On November 9, 2022, the Company closed a Securities Purchase Agreement dated November 4, 2022, with 1800 DIAGONAL LENDING LLC, a Virginia limited liability company, ("Diagonal"), pursuant to which a Promissory Note (the "November 2022 Diagonal Note") dated November 4, 2022, was made to Diagonal in the aggregate principal amount of $104,250 and the Company received net proceeds of $100,000 which was net of fees of $4,250. The November 2022 Diagonal Note bears interest at a rate of 12% per annum (22% upon the occurrence of an event of a default) and all outstanding principal and accrued and unpaid interest are due on May 4, 2024. In May 2023, the November 2022 Diagonal Note and any interest due was repaid in full (See Note 16).

On December 27, 2022, the Company closed a Securities Purchase Agreement dated December 27, 2022, with 1800 Diagonal pursuant to which a Promissory Note ("December 2022 Diagonal Note") dated December 27, 2022, was made to Diagonal in the aggregate principal amount of $64,250 and the Company received net proceeds of $60,000 which was net of fees of $4,250. The December 2022 Diagonal Note bears interest at a rate of 12% per annum (22% upon the occurrence of an event of a default) and all outstanding principal and accrued and unpaid interest are due on June 27, 2024. In May 2023, the December 2022 Diagonal Note and any interest due was repaid in full (See Note 16).

On March 17, 2023, the Company closed a Securities Purchase Agreement dated November 4, 2022, with Diagonal pursuant to which a Promissory Note (the "March 2023 Diagonal Note") dated March 17, 2023, was made to Diagonal in the aggregate principal amount of $54,250 and the Company received net proceeds of $50,000 which was net of fees of $4,250. The March 2023 Diagonal Note bears interest at a rate of 12% per annum (22% upon the occurrence of an event of a default) and all outstanding principal and accrued and unpaid interest are due on March 17, 2024. In May 2023, the March 2023 Diagonal Note and any interest due was repaid in full (See Note 16).

The Company had the right to prepay the November 2022, December 2022 and March 2023 Diagonal Notes (principal and accrued interest) at any time during the first six months the note is outstanding at the rate of 115% during the first 30 days after issuance, 120% during the 31st to 60th day after issuance, and 125% during the 61st to the 180th day after issuance. The November 2022, December 2022 and March 2023 Diagonal Notes may not be prepaid after the 180th day following the issuance date, unless Diagonal agrees to such repayment and such terms, which was agreed to in connection with the May 8, 2023 repayment. Diagonal had in its option, at any time beginning 180 days after the date of the Diagonal Note, to convert the outstanding principal and interest on the November 2022, December 2022 and March 2023 Diagonal Notes into shares of our common stock at a conversion price per share equal to 65% of the average of the three lowest closing bid prices of our common stock during the 10 trading days prior to the date of conversion.

The Company accounted for the November 2022 and December 2022 Diagonal Notes as stock settled debt under ASC 480 and recorded an aggregate debt premium of $90,731 with a charge to interest expense. The Company has accounted for the March 2023 Diagonal Note as stock settled debt under ASC 480 and recorded an aggregate debt premium of $29,212 with a charge to interest expense. On May 11, 2023, upon repayment of the November 2022, December 2022 and March 2023 Diagonal Notes, the Company reversed the debt premium of $119,943 and recorded a gain on debt extinguishment of $119,943 on the accompanying consolidated statement of operations.

For the years ended December 31, 2023 and 2022, amortization of debt discounts related to the convertible notes payable amounted to $2,627 and $938,344, respectively, which has been included in interest expense on the accompanying consolidated statements of operations.

On December 31, 2023 and 2022, accrued interest payable under all outstanding convertible notes discussed above amounted to $176,184 and $83,138, respectively, and is included in accrued expenses on the accompanying consolidated balance sheets.

On December 31, 2023 and 2022, convertible notes payable consisted of the following:

	December 31, 2023	December 31, 2022
Convertible notes payable	$ 1,098,091	$ 1,199,750
Add: put premium	-	90,731
Less: unamortized debt discount	-	(7,968)
Convertible note payable, net	1,098,091	1,282,513
Less: current portion of convertible note payable	(180,000)	(1,031,250)
Convertible notes payable – long-term	$ 918,091	$ 251,263

On December 31, 2023, future annual maturities of convertible note payable are as follows:

December 31,	Amount
2024	$ 180,000
2025	180,000
2026	738,091
Total convertible note payable on December 31, 2023	$ 1,098,091

NOTE 8 – NOTES PAYABLE

On December 31, 2023 and 2022, notes payable consisted of the following:

	December 31, 2023	December 31, 2022
Notes payable	$ 105,958	$ 1,899,380
Note payable – PPP note	18,823	18,823
Total notes payable	124,781	1,918,203
Less: unamortized debt discount	(764)	(132,961)
Note payable, net	124,017	1,785,242
Less: current portion of notes payable, net of discount	(81,908)	(1,576,438)
Notes payable – long-term	$ 42,109	$ 208,804

Notes Payable

BOCO Investment Note

On November 14, 2018, the Company entered into a Revolving Credit Facility Loan and Security Agreement ("Loan Agreement") and a Secured Promissory Note (the "Note") with BOCO Investments, LLC (the "Lender"). Subject to and in accordance with the terms and conditions of the Loan Agreement and the Note, the Lender agreed to lend to the Company up to $400,000 (the "Maximum Loan Amount") against the issuance and delivery by the Company of the Note for use as working capital and to assist in inventory acquisition. In 2018, the Lender loaned $400,000 to the Company, the Maximum Loan Amount. The Company should have repaid all principal, interest and other amounts outstanding on or before November 14, 2020. The Company's obligations under the Loan Agreement and the Note are secured by a first-priority security interest in substantially all the Company's assets (the "Collateral"). The outstanding principal advanced to Company pursuant to the Loan Agreement initially bore interest at the rate of 12% per annum, compounded annually. Upon the occurrence of an Event of Default under the Loan Agreement and Note, all amounts then outstanding (including principal and interest) shall bear interest at the rate of 18% per annum, compounded annually until the Event of Default is cured.

In May 2023, the Company and the Lender entered into a Debt Exchange and Release Agreement in regard to the $400,000 Note discussed above, whereby the Company paid the Lender cash of $200,000 and issued the Lender 22,000,000 shares of Common Stock of the Company (see Note 9) in exchange for settlement of the remaining $200,000 of the loan and all accrued interest amounting to $317,293, which were deemed paid in full (see Note 16). The 22,000,000 shares issued were valued at $132,000, or $0.006 per share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with the repayment and settlement of this debt, the Company recorded a gain from debt extinguishment of $385,293 consisting of a) $68,000 calculated as the difference in the principal amount settled for shares of $200,000 and the fair value of the shares on the measurement date of $132,000, and b) the forgiveness of interest due of $317,293.

On December 31, 2023 and 2022, principal amount due under this Note amounted to $0 and $400,000, respectively. On December 31, 2023 and 2022, accrued interest payable under this Note amounted to $0 and $292,241, respectively, and is included in accrued expenses on the accompanying consolidated balance sheets.

Mercer Street Global Opportunity Fund Notes

On March 14, 2022, the Company entered into an Original Issue Discount Promissory Note and Security Agreement (the "March 2022 Note") in the principal amount of $197,500 with Mercer Street Global Opportunity Fund, LLC (the "Investor"). The March 2022 Note was funded on March 14, 2022 and the Company received net proceeds of $175,000 which is net of an original issue discount and investor legal fees of $22,500. The original issue discount was recorded as a debt discount to be amortized over the life of the March 2022 note. The March 2022 Note matures 12 months after issuance and bears interest at a rate of 3% per annum. At any time, the Company may prepay all or any portion of the principal amount of the March 2022 Note and any accrued and unpaid interest without penalty. The March 2022 Note also creates a lien on and grants a priority security interest in all the Company's assets. In connection with the March 2022 Note, the Company issued 823,529 shares of its common stock to the placement agent as a fee for the capital raise. The 823,529 shares of common stock issued were recorded as a debt discount of $12,963 based on the relative fair value method to be amortized over the life of the March 2022 Note. On December 31, 2023, the principal balance due on the March 2022 Note amounted to $0 and accrued interest payable amounted to $0. On December 31, 2022, the principal balance due on the March 2022 Note amounted to $197,500 and accrued interest payable amounted to $4,756. In May 2023, the March 2022 Note and all accrued interest due was paid in full (See Note 16).

On November 22, 2022, the Company entered into a Promissory Note and Security Agreement (the "November 2022 Note") in the principal amount of $65,000 with Mercer Street Global Opportunity Fund, LLC (the "Investor"). The November 2022 Note was funded on November 22, 2022 and the Company received net proceeds of $62,500 which is net of investor legal fees of $2,500. The legal fees were recorded as a debt discount to be amortized over the life of the November 2022 note. The November 2022 Note matures on August 22, 2023 and bears interest at a rate of 8% per annum. At any time, the Company may prepay all or any portion of the principal amount of the November 2022 Note and any accrued and unpaid interest without penalty. The November 2022 Note also creates a lien on and grants a priority security interest in all the Company's assets. On December 31, 2023, the principal balance due on the November 2022 Note amounted to $0 and accrued interest payable amounted to $0. On December 31, 2022, the principal balance due on the November 2022 Note amounted to $65,000 and accrued interest payable amounted to $214. In May 2023, the November 2022 Note and all accrued interest due was paid in full and the Company recorded a gain on debt extinguishment of approximately $18,900 (See Note 16).

<u>GS Capital Debt</u>

On June 23, 2022, the Company entered into entered into a Securities Purchase Agreement ("Agreement") with GS Capital Partners, LLC ("GS Capital"), pursuant to which a Promissory Note (the "GS Capital June 2022 Note") was made to GS Capital in the aggregate principal amount of $195,000. The GS Capital June 2022 Note was purchased for $176,000, reflecting an original issuance discount of $19,000, and was funded on June 24, 2022 (less legal and other administrative fees). The Company received net proceeds of $148,420. The Company further issued GS Capital a total of 1,750,000 commitment shares ("Commitment Shares") as additional consideration for the purchase of the Note (See Note 9). Additionally, the GS Capital Note was convertible upon an event of default into common shares at an initial effective conversion price which was lower than the fair value of common shares based on the quoted closing price of the Company's common stock on the measurement date. Principal and interest payments shall be made in 10 installments of $21,060 each beginning on the 90th-day anniversary following the issue date and continuing thereafter each 30 days for nine months. The GS Capital Note matured 12 months after issuance and bore interest at a rate of 8% per annum. GS Capital had the right at any time following an Event of Default to convert all or any part of the outstanding and unpaid principal, interest, penalties, and all other amounts under this Note at a conversion price of $0.011, subject to adjustment as defined in the GS Capital Note. The Company did not calculate a beneficial conversion feature since the GS Capital Note was contingently convertible upon default on the GS Capital Note. As of December 31, 2022, the Company was not in default on this note. In the event that following the Issue Date the closing trading price of the Company's common stock was then being traded is below $0.011 per share for more than ten consecutive trading days, then the conversion price shall be equal to $0.004 per share. Events of default included, amongst other items, failure to pay principal or interest, bankruptcy, delisting of the Company's stock, financial statement restatements, or if the Company effectuates a reverse split. Upon the occurrence of any event of default, the GS Capital Note shall become immediately and automatically due and payable and the Company shall pay to GS Capital, in full satisfaction of its obligations hereunder, an amount equal to: (a) the then outstanding principal amount of this note <u>plus</u> (b) accrued and unpaid interest on the unpaid principal amount of this note to the date of payment (the "mandatory prepayment date") <u>plus</u> (y) default interest, if any, multiplied by 120%. On December 15, 2022, the Company and GS Capital entered into a letter agreement to extend the due date of the GS Capital June 2022 note by 60 days. Specifically, the maturity date of the GS Capital June 2022 note was extended to August 23, 2023 and the next payment due date was extended to February 28, 2023. Through December 31, 2022, the Company paid $53,512 of principal balance and during the year ended December 31, 2023, paid principal balance of $79,488. During April and May 2023, the Company issued 21,371,481 shares of its common stock upon the conversion of principal of $62,000, accrued interest of $4,139, and fees of $2,250 (See Note 9). On December 31, 2023, the principal balance due on the GS Capital Note and accrued interest payable amounted to $0 (See Note 16). On December 31, 2022, the principal balance due on the GS Capital Note amounted to $141,488 and accrued interest payable amounted to $7,471.

On July 26, 2022, the Company closed a Securities Purchase Agreement ("July 2022 Agreement") with GS Capital, pursuant to which a Promissory Note ("GS Capital July 2022 Note") was made to GS Capital in the aggregate principal amount of $195,000. The GS Capital July 2022 Note was purchased for $176,000, reflecting an original issuance discount of $19,000, and was funded on July 28, 2022 (less legal and other administrative fees). The Company received net proceeds of $158,920. The Company further issued GS Capital a total of 2,600,000 commitment shares ("July 2022 Commitment Shares") as additional consideration for the purchase of the July 2022 Note. In addition, the Company issued 998,008 of its common stock to the placement agent as a fee for the capital raise, respectively. The July Commitment Shares and the placement agent shares were recorded as a debt discount of $34,606 based on the relative fair value method to be amortized over the life of the Note. Additionally, the GS Capital July 2022 Note was convertible upon an event of default into common shares at an initial effective conversion price which was lower than the fair value of common shares based on the quoted closing price of the Company's common stock on the measurement date. Principal and interest payments shall be made in 10 installments of $21,060 each beginning on the 90th-day anniversary following the issue date and continuing thereafter each 30 days for nine months. The GS Capital July 2022 Note was to mature 12 months after issuance and bore interest at a rate of 8% per annum. GS Capital had the right at any time following an Event of Default to convert all or any part of the outstanding and unpaid principal, interest, penalties, and all other amounts under the GS Capital July 2022 Note at a conversion price of $0.011, subject to adjustment as defined in the Note. The Company did not calculate a beneficial conversion feature since the GS Capital July 2022 Note is contingently convertible upon a default on the July 2022 Note. As of December 31, 2022, the Company was not in default on this note. In the event that following the Issue Date the closing trading price of the Company's common stock was then being traded is below $0.011 per share for more than ten consecutive trading days, then the conversion price shall be equal to $0.004 per share. On December 15, 2022, the Company and GS Capital entered into a letter agreement to extend the due date of the GS Capital July 2022 note by 60 days. Specifically, the maturity date of the GS Capital July 2022 note was extended to September 26, 2023 and the next payment due date was extended to February 28, 2023. Through December 31, 2022, the Company paid $34,120 of principal balance and in May 2023, the Company paid the remaining principal balance of $160,880 and all accrued interest due in full (See Note 16). On December 31, 2023, the principal balance due on the GS Capital July 2022 Note and accrued interest payable amounted to $0. On December 31, 2022, the principal balance due on the GS Capital July 2022 Note amounted to $160,880 and accrued interest payable amounted to $6,441.

On September 6, 2022, the Company closed a Securities Purchase Agreement ("September 2022 Agreement") with GS Capital, pursuant to which a Promissory Note ("September 2022 Note") was made to GS Capital in the aggregate principal amount of $195,000. The September 2022 Note was purchased for $176,000, reflecting an original issuance discount of $19,000, and was funded on September 6, 2022 (less legal and other administrative fees). The Company received net proceeds of $158,920. The Company further issued GS Capital a total of 3,300,000 commitment shares ("September 2022 Commitment Shares") as additional consideration for the purchase of the September 2022 Note. In addition, the Company issued 773,626 of its common stock to the placement agent as fee for the capital raise, respectively. The September Commitment Shares and the placement agent shares were recorded as a debt discount of $30,326 based on the relative fair value method to be amortized over the life of the Note. Additionally, the September 2022 Note was convertible into common shares upon an event of default at an initial effective conversion price which was lower than the fair value of common shares based on the quoted closing price of the Company's common stock on the measurement date. Principal and interest payments shall be made in 9 installments of $23,400 each beginning on the 120th-day anniversary following the issue date and continuing thereafter each 30 days for eight months. The September 2022 Note was to mature 12 months after issuance and bears interest at a rate of 8% per annum. GS Capital shall have the right at any time following an Event of Default to convert all or any part of the outstanding and unpaid principal, interest, penalties, and all other amounts under the September 2022 Note at a conversion price of $0.009, subject to adjustment as defined in the Note. The Company did not calculate a beneficial conversion feature since the GS Capital July 2022 Note was contingently convertible upon a default on the September 2022 Note. As of December 31, 2022, the Company was not in default on this note. In the event that following the Issue Date the closing trading price of the Company's common stock was then being traded below $0.009 per share for more than ten consecutive trading days, then the conversion price shall be equal to $0.0032 per share. On December 15, 2022, the Company and GS Capital entered into a letter agreement to extend the due date of the GS Capital September 2022 note by 60 days. Specifically, the maturity date of the GS Capital September 2022 note was extended to November 6, 2023 and the next payment due date was extended to March 6, 2023. In May 2023, the GS Capital September 2022 Note and all accrued interest due was paid in full (See Note 16). On December 31, 2023, the principal balance due on the GS Capital September 2022 Note and accrued interest payable amounted to $0. On December 31, 2022, the principal balance due on the GS Capital September 2022 Note amounted to $195,000 and accrued interest payable amounted to $5,001.

In connection with the Letter Agreement dated December 15, 2022, in order to induce GS Capital to extend the due dates of the GS Capital Notes, the Company issued 15,000,000 shares of the Company's common stock. These shares were valued at $112,500, or $0.0075 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with the issuance of these shares, during the year ended December 31, 2022, the Company recorded an inducement expense of $112,500 which was included in loss on debt extinguishment on the accompanying consolidated statement of operations.

In May 2023, the GS Capital June 2022 Note, the GS Capital July 2022 Note, and the September 2022 Note were paid in full without any default penalty and the Company recorded a gain on debt extinguishment of approximately $25,400 (see Note 16).

<u>Other Notes Payable</u>

On May 10, 2021, the Company entered into a Loan and Security Agreement (the "Loan Agreement") and a Secured Promissory Note (the "Promissory Note") in the amount of $500,000 with a lender. The Promissory Note accrued interest at 8% per annum, compounded annually, and all outstanding principal and accrued interest was due and payable of May 10, 2023. The Company's obligations under the Loan Agreement and the Promissory Note were secured by a second priority security interest in substantially all of the Company's assets (the "Collateral"). The Loan Agreement and Promissory Note contained customary representations, warranties, and covenants, including certain restrictions on the Company's ability to incur additional debt or create liens on its property. The Loan Agreement and the Promissory Note also provided for certain events of default, including, among other things, payment defaults, breaches of representations and warranties and bankruptcy or insolvency proceedings, the occurrence of which, after any applicable cure period, would permit Lender, among other things, to accelerate payment of all amounts outstanding under the Loan Agreement and the Promissory Note, as applicable, and to exercise its remedies with respect to the Collateral. On December 31, 2022, accrued interest payable under this Promissory Note amounted to $65,863 and is included in accrued expenses on the accompanying consolidated balance sheet. On December 31, 2022, the principal amount due under this Promissory Note amounted to $500,000. In May 2023, this Promissory Note and all accrued interest was paid in full (See Note 16).

On July 22, 2021, in connection with the acquisition of Patriot Glass, the Company assumed vehicle and equipment loans in the amount of $95,013. These loans bear interest at rates ranging from 6.79% to 8.24% and are payable monthly through April 2025. On December 31, 2023 and 2022, notes payable related to these vehicle and equipment loans amounted to $8,250 and $39,513, respectively.

On November 8, 2022, the Company entered into a Promissory Note (the "November 2022 Note") with a lender investor (the "Private Investor") in the principal amount of $200,000 and received net proceeds of $200,000. The November 2022 Note bore interest at a rate of 8% per annum and all outstanding principal and accrued and unpaid interest was due on November 8, 2024. At any time, the Company may prepay all or any portion of the principal amount of the November 2022 Note and any accrued and unpaid interest without penalty. As security for payment of the principal and interest on the November 2022 Note, the Company and the lender Investor previously entered into that certain Loan and Security Agreement dated May 10, 2021, which is incorporated into the November 2022 Note. On December 31, 2022, accrued interest payable under this Promissory Note amounted to $2,367 and is included in accrued expenses on the accompanying consolidated balance sheets. On December 31, 2022, the principal amount due under this Promissory Note amounted to $200,000. In May 2023, the November 2022 Note and all unpaid interest was paid in full (See Note 16).

During the year ended December 31, 2023, in connection with the acquisition of a vehicle and an air conditioner unit, the Company entered into three vehicle and equipment loans in the amount of $117,721. These loans bear interest at rates ranging from 10.0% to 35.1% and are payable monthly through September 2028. On December 31, 2023, notes payable related to the vehicle and equipment loans amounted to $97,708. The net book value on December 31, 2023 relating to the collateralized assets was $85,489.

For the years ended December 31, 2023 and 2022, amortization of debt discounts related to all of the above notes payable amounted to $93,631 and $121,408, respectively, which has been included in interest expense on the accompanying consolidated statements of operations. The Company recognized a loss on debt extinguishment associated with the write off of the remaining debt discount and related note repayments in fiscal 2023 of approximately $49,300.

PPP Loan

On April 28, 2020, the Company entered into a Paycheck Protection Program Promissory Note (the “PPP Note”) with respect to a loan of $156,200 (the “PPP Loan”) from Comerica Bank. The PPP Loan was obtained pursuant to the Paycheck Protection Program (the “PPP”) of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES act”) administered by the U.S. Small Business Administration (“SBA”). The PPP Loan matures on April 28, 2022 and bears interest at a rate of 1.00% per annum. The PPP Loan is payable in 18 equal monthly payments of approximately $8,900 commencing November 1, 2020. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. The Company may apply to have the loan forgiven pursuant to the terms of the PPP if certain criteria are met. The Company applied for forgiveness of its PPP Loan, and on November 4, 2021, the Company was notified that the Small Business Administration forgave $95,000 of the principal loan amount and $1,442 of interest. As of November 4, 2021, the remaining principal balance of the loan was $61,200 and the remaining accrued interest balance was $935. During the year ended December 31, 2022, the Company repaid the PPP Loan principal of $30,107. On December 31, 2023 and 2022, the principal amount due under the PPP Loan amounted to $18,823. As of December 31, 2023 and 2022, accrued interest payable amounted to $358 and $170, respectively.

On December 31, 2023, future annual maturities of notes payable are as follows:

December 31,	Amount
2024	$ 82,672
2025	22,034
2026	6,671
2027	7,373
2028	6,031
Total notes payable on December 31, 2023	$ 124,781

NOTE 9 – SHAREHOLDERS’ DEFICIT

Preferred Stock

Series B Preferred Stock

On December 12, 2019, the Company filed an Amendment to its Articles of Incorporation to designate a series of preferred stock, the Series B Convertible Preferred Stock (the “Series B”), with the Secretary of State of the State of Colorado. The Certificate of Designations established 100,000 shares of the Series B, par value $0.10, having such designations, preferences, and rights as determined by the Company’s Board of Directors in its sole discretion, in accordance with the Company’s Articles of Incorporation and Amended and Restated Bylaws. The Certificate of Designations became effective with the State of Colorado upon filing.

The Series B ranks senior with respect to dividends and right of liquidation with the Company’s common stock and junior to all existing and future indebtedness of the Company. The Series B has a stated value per share of $1,000, subject to adjustment as provided in the Certificate of Designations (the “Stated Value”), and a dividend rate of 2% per annum of the Stated Value.

The Series B is subject to redemption (at Stated Value, plus any accrued, but unpaid dividends (the “Liquidation Value”) by the Company no later than three years after a Deemed Liquidation Event and at the Company’s option after one year from the issuance date of the Series B, subject to a ten-day notice (to allow holder conversion). A “Deemed Liquidation Event” will mean: (a) a merger or consolidation in which the Company is a constituent party or a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of the surviving or resulting corporation or, if the surviving or resulting corporation is a wholly-owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company.

The Series B is convertible into common stock at the option of a holder or if the closing price of the common stock exceeds 400% of the Conversion Price for a period of twenty consecutive trading days, at the option of the Company. Conversion Price means a price per share of the common stock equal to 100% of the lowest daily volume weighted average price of the common stock during the two years preceding or subsequent two years following the Issuance Date, subject to adjustment as otherwise provided in the Certificate of Designations (the “Conversion Price”).

In the event of a conversion of any Series B, the Company shall issue to the holder a number of shares of common stock equal to the sum of the Stated Value plus accrued but unpaid dividends multiplied by the number of shares of Series B Preferred Stock being converted divided by the Conversion Price.

Upon liquidation of the Company after payment or provision for payment of liabilities of the Company and after payment or provision for any liquidation preference payable to the holders of any preferred stock ranking senior to the Series B but prior to any distribution to the holders of Common Stock or preferred stock ranking junior upon liquidation to the Series B, the holders of Series B will be entitled to be paid out of the assets of the Company available for distribution to its stockholders an amount with respect to each share of Series B equal to the Liquidation Value.

The Series B has voting rights per Series B Share equal to the Liquidation Value per share, divided by the Conversion Price, multiplied by fifty (50). Subject to applicable Colorado law, the holders of Series B will have functional voting control in situations requiring shareholder vote.

These Series B preferred share issuances with redemption provisions that permit the issuer to settle in either cash or common stock, at the option of the issuer, were evaluated to determine whether temporary or permanent equity classification on the consolidated balance sheet was appropriate. As per the terms of the Series B preferred stock agreements, Series B preferred stock is redeemable for cash and other assets on the occurrence of a deemed liquidation event. A deemed liquidation event includes a change of control which is not in the Company's control. As such, since Series B preferred stock is redeemable upon the occurrence of an event that is not within the Company's control, the Series B preferred stock is classified as temporary equity.

The Company concluded that the Series B Preferred Stock represented an equity host and, therefore, the redemption feature of the Series B Preferred Stock was not considered to be clearly and closely related to the associated equity host instrument. However, the redemption features did not meet the net settlement criteria of a derivative and, therefore, were not considered embedded derivatives that required bifurcation. The Company also concluded that the conversion rights under the Series B Preferred Stock were clearly and closely related to the equity host instrument. Accordingly, the conversion rights feature on the Series B Preferred Stock were not considered an embedded derivative that required bifurcation. The conversion feature of the Series B Preferred Stock at the time of issuance was determined to be beneficial on the commitment date.

On January 6, 2022, the Board of Directors of the Company agreed to satisfy $278,654 of accrued compensation owed to its executive officers (collectively, the "Management") as of December 31, 2021. Management agreed to accept 278 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation. The conversion feature of the Series B Preferred Stock at the time of issuance was determined to be beneficial on the commitment date. Because the Series B Preferred Stock was perpetual with no stated maturity date, and the conversions could occur any time from the date of issuance, the Company immediately recorded non-cash stock-based compensation of $957,556 related to the beneficial conversion feature arising from the issuance of Series B Preferred Stock.

On January 17, 2023, the Board of Directors of the Company agreed to satisfy $144,000 of accrued compensation owed to its executive officers (collectively, the "Management") which, as of December 31, 2022 was included in accrued compensation on the accompanying consolidated balance sheet. Management agreed to accept 144 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation. The beneficial conversion feature of the Series B Preferred Stock at the time of issuance was determined to be deminimis on the commitment date.

By mutual agreement between the parties, the vesting date of 842 previously granted shares of Series B Preferred stock was extended through May 2024.

During the years ended December 31, 2023 and 2022, the Company accrued dividends of $22,766 and $19,936, respectively, which was included in Series B convertible preferred stock on the accompanying consolidated balance sheets.

As of December 31, 2023, the net Series B Preferred Stock balance was $1,203,967, which includes stated value of $1,144,624 and accrued dividends payable of $59,343. As of December 31, 2022, the net Series B Preferred Stock balance was $1,037,201, which includes stated value of $1,000,624 and accrued dividends payable of $36,577. The net Series B Preferred Stock balance is included on the accompanying consolidated balance sheets.

Series C Preferred Stock

On August 20, 2020, the Company filed an Amendment to its Articles of Incorporation to designate a series of preferred stock, the Series C Convertible Preferred Stock (the "Series C"), with the Secretary of State of the State of Colorado. The Certificate of Designations established 100,000 shares of the Series C, par value $0.10, having such designations, preferences, and rights as determined by the Company's Board of Directors in its sole discretion, in accordance with the Company's Articles of Incorporation and Amended and Restated Bylaws. The Certificate of Designations became effective with the State of Colorado upon filing.

The Series C ranks senior with respect to dividends and right of liquidation with the Company's common stock and junior to all existing and future indebtedness of the Company. The Series C has a stated value per share of $100, subject to adjustment as provided in the Certificate of Designations (the "Stated Value"), and a dividend rate of 2% per annum of the Stated Value.

The Company has no option to redeem the Series C Preferred Stock. If the Company determines to liquidate, dissolve or wind-up its business and affairs, or effect any Deemed Liquidation Event as defined below, each of which has been approved by the holders of a majority of the shares of Series C Preferred Stock then outstanding, the Company will redeem all of the shares of Series C Preferred Stock outstanding immediately prior to such mandatory redemption event at a price per share of Series C Preferred Stock equal to the aggregate Series C Liquidation Value, which is 150% of the sum of the Stated Value plus accrued and unpaid dividends, for the shares of Series C Preferred Stock being redeemed.

The Company will deliver ten-day advance written notice prior to the consummation of any mandatory redemption event via email or overnight courier ("Notice of Mandatory Redemption") to each Holder whose shares are to be redeemed. The Series C is subject to redemption at liquidation Value noted above by the Company. Upon receipt by any Holder of a Notice of Mandatory Redemption, if Holder does not choose to convert, such Holder will promptly submit to the Company such Holder's Series C Preferred Stock certificates on the Redemption Payment Date. Upon receipt of such Holder's Series C Preferred Stock certificates, the Company will pay the applicable redemption price to such Holder in cash. A "Deemed Liquidation Event" will mean: (a) a merger or consolidation in which the Company is a constituent party or a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of the surviving or resulting corporation or, if the surviving or resulting corporation is a wholly-owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition (whether by merger or otherwise) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Company. Since the Company has determined that a deemed liquidation event is not probable, the Series C is stated at the Stated Value plus accrued and unpaid dividends rather than redemption value, which is liquidation value.

The Series C is convertible at the option of a holder at any time following the issuance date. In the event of a conversion of any Series C Preferred Stock, the Company shall issue to such Holder a number of Conversion Shares equal to (x) the sum of (1) the Stated Value per share of Series C Preferred Stock plus (2) any accrued but unpaid dividends thereon multiplied by (y) the number of shares of Series C Preferred Stock held by such Holder and subject to the Holder Conversion Notice, divided by (z) the Conversion Price with respect to such Series C Preferred Stock. Conversion Price means a price per share of the common stock equal to the lowest daily volume weighted average price of the common stock for any trading day during the two years preceding the date of delivery of the conversion notice, subject to adjustment as otherwise provided in the Series C Certificate of Designation.

Upon liquidation of the Company after payment or provision for payment of liabilities of the Company and after payment or provision for any liquidation preference payable to the holders of any preferred stock ranking senior to the Series C but prior to any distribution to the holders of Common Stock or preferred stock ranking junior upon liquidation to the Series C, the holders of Series C will be entitled to be paid out of the assets of the Company available for distribution to its stockholders an amount with respect to each share of Series C equal to the Liquidation Value.

Through April 28, 2021, each share of Series C Preferred Stock was entitled to vote on all matters requiring shareholder vote. Each share of Series C Preferred Stock was entitled to the number of votes per share based on the calculation of the number of conversion shares of Series C Preferred Stock is then convertible. On April 28, 2021, the Company filed an Amended and Restated Certificate of Designations of Preferences, Rights, and Limitations of Series C Convertible Preferred Stock (the "Amended Certificate"). The Amended Certificate changed the voting rights of the Series C Preferred Stock on any matters requiring shareholder approval or any matters on which the common shareholders are permitted to vote. Series C Preferred Stock shall have no right to vote on any matters requiring shareholder approval or any matters on which the common shareholders (or other preferred stock of the Company which may vote with the common shareholders) are permitted to vote. With respect to any voting rights of the Series C Preferred Stock set forth herein, the Series C Preferred Stock shall vote as a class, each share of Series C Preferred Stock shall have one vote on any such matter, and any such approval may be given via a written consent in lieu of a meeting of the Holders of the Series C Preferred Stock. Any reference herein to a determination, decision or election being made by the "Majority Holders" shall mean the determination, decision or election as made by Holders holding a majority of the issued and outstanding shares of Series C Preferred Stock at such time. It also adjusts the conversion feature of the Series C Preferred Stock so that any Holder of Series C Preferred Stock cannot convert any portion of the Series C in excess of that number of Series C Preferred Stock that upon conversion would result in beneficial ownership by the Holder of more than 4.99% of the outstanding shares of common stock of the Company.

These Series C preferred stock issuances with redemption provisions that permit the issuer to settle in either cash or common stock, at the option of the holder, were evaluated to determine whether temporary or permanent equity classification on the consolidated balance sheet was appropriate. As per the terms of the Series C preferred stock agreements, Series C preferred stock is redeemable for cash and other assets on the occurrence of a deemed liquidation event. A deemed liquidation event includes a change of control which is not in the Company's control. As such, since Series C preferred stock is redeemable upon the occurrence of an event that is not within the Company's control, the Series C preferred stock is classified as temporary equity.

The Company concluded that the Series C Preferred Stock represented an equity host and, therefore, the redemption feature of the Series C Preferred Stock was not considered to be clearly and closely related to the associated equity host instrument. However, the redemption features did not meet the net settlement criteria of a derivative and, therefore, were not considered embedded derivatives that required bifurcation. The Company also concluded that the conversion rights under the Series C Preferred Stock were clearly and closely related to the equity host instrument. Accordingly, the conversion rights feature on the Series C Preferred Stock were not considered an embedded derivative that required bifurcation. The conversion feature of the Series C Preferred Stock at the time of issuance was determined to be beneficial on the commitment date.

On January 12, 2022, the Company issued 1,543,151 shares of its common stock upon the conversion of 120 shares of Series C preferred with a stated redemption value of $12,000. The conversion price was based on contractual terms of the related Series C preferred shares.

On April 20, 2022, the Company issued 13,184,548 shares of its common stock upon the conversion of 1,020 shares of Series C preferred with a stated redemption value of $102,000. The conversion price was based on contractual terms of the related Series C preferred shares.

On December 1, 2022, the Company issued 6,535,274 shares of its common stock upon the conversion of 250 shares of Series C preferred with a stated redemption value of $25,000. The conversion price was based on contractual terms of the related Series C preferred shares.

During the three months ended March 31, 2023, the Company issued 26,585,614 shares of its common stock upon the conversion of 1,014 shares of Series C preferred with a stated redemption value of $101,400. The conversion price was based on contractual terms of the related Series C preferred shares.

During the three months ended June 30, 2023, the Company issued 23,157,922 shares of its common stock upon the conversion of 826 shares of Series C preferred with a stated redemption value of $82,600. The conversion price was based on contractual terms of the related Series C preferred shares.

During the three months ended September 30, 2023, the Company issued 8,584,376 shares of its common stock upon the conversion of 300 shares of Series C preferred with a stated redemption value of $30,000. The conversion price was based on contractual terms of the related Series C preferred shares.

During the years ended December 31, 2023 and 2022, the Company accrued dividends of $31,429 and $35,719, respectively, which was included in Series C convertible preferred stock on the accompanying consolidated balance sheets.

As of December 31, 2023, the net Series C Preferred Stock balance was $1,621,160, which includes stated liquidation value of $1,515,000 and accrued dividends payable of $106,160. As of December 31, 2022, the net Series C Preferred Stock balance was $1,803,731, which includes stated value of $1,729,000 and accrued dividends payable of $74,731. The net Series C Preferred Stock balance is included on the accompanying consolidated balance sheets.

Common Stock

Common Stock Issued for Cash and Accrued Compensation

On January 17, 2023, the Company entered into a Subscription Agreement with its Chairman and Chief Executive Officer, Scott R. Silverman (the "Subscription Agreement"), whereby Mr. Silverman purchased 54,545,455 shares (the "Subscription Shares") of the Company's common stock for $300,000, or $0.0055 per share, based on the quoted closing price of the Company's common stock on the measurement date (the "Consideration"). The Consideration consisted of a cash payment of $275,000 the conversion of $25,000 of accrued compensation owed to Mr. Silverman.

On January 17, 2023, Barry Edelstein, a member of the Company's Board of Directors, elected to convert $53,000 of accrued compensation into 9,636,364 shares of unregistered common stock of the Company. The shares were valued at $53,000, or $0.0055, based on the quoted closing price of the Company's common stock on the measurement date.

Issuance of Common Stock for Services

<u>Issuance of Common Stock for Professional Fees</u>

<u>2022</u>

On June 7, 2022, the Company issued an aggregate of 4,000,000 shares of its common stock for business development and consulting services rendered and to be rendered. These shares were valued at $48,000, or $0.012 per common share, based on the quoted closing price of the Company's common stock on the measurement date, and will be amortized into stock-based consulting fees over the term of the agreement. In connection with the issuance of these shares, during the years ended December 31, 2023 and 2022, the Company recorded stock-based professional fees of $21,000 and $27,000, respectively.

On June 24, 2022, the Company issued an aggregate of 3,000,000 shares of its common stock for business development and consulting services rendered and to be rendered. These shares were valued at $54,000, or $0.018 per common share, based on the quoted closing price of the Company's common stock on the measurement date, and will be amortized into stock-based consulting fees over the term of the agreement. In connection with the issuance of these shares, during the year ended December 31, 2022, the Company recorded stock-based professional fees of $54,000.

On July 1, 2022, the Company granted a restricted stock award of 2,500,000 common shares of the Company to a consultant of the Company for business development and consulting services rendered, which shares were valued at $31,250, or $0.0125 per common share, based on the quoted closing price of the Company's common stock on the measurement date, and will be amortized into stock-based consulting fees over the term of the agreement. In connection with the issuance of these shares, during the year ended December 31, 2022, the Company recorded stock-based professional fees of $31,250.

On July 15, 2022, the Company granted a restricted stock award of 5,454,545 common shares of the Company to a consultant of the Company for government relations services to be rendered, which shares were valued at $60,000, or $0.011 per common share, based on the quoted closing price of the Company's common stock on the measurement date, and will be amortized into stock-based consulting fees over the term of the agreement. In connection with the issuance of these shares, during the years ended December 31, 2023 and 2022, the Company recorded stock-based professional fees of $5,000 and $55,000, respectively.

On October 3, 2022, the Company issued 3,000,000 shares of its common stock for investor relations services to be rendered. These shares were valued at $24,000, or $0.008 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with the issuance of these shares, during the years ended December 31, 2023 and 2022, the Company recorded stock-based professional fees of $12,000 and $12,000, respectively.

During the year ended December 31, 2022, the Company recorded stock-based professional fees of $119,321 in connection with the amortization of prepaid expenses of $119,321 related to common shares previously issued.

<u>2023</u>

On February 6, 2023, the Company issued 6,666,667 shares of its common stock for public relations services to be rendered. These shares were valued at $40,000, or $0.006 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company recorded stock-based professional fees of $40,000, which was amortized into professional fees over the term of the agreement.

On April 3, 2023, the Company issued 5,000,000 shares of its common stock for investor relations services to be rendered. These shares were valued at $22,500, or $0.0045 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company recorded stock-based professional fees of $22,500, which was amortized into professional fees over the term of the agreement.

On June 3, 2023, the Company issued 1,500,000 shares of its common stock for investor relations services to be rendered. These shares were valued at $16,950, or $0.0011 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company recorded stock-based professional fees of $16,950, which was amortized into professional fees over the remaining term of the agreement.

On September 3, 2023, the Company issued 1,000,000 shares of its common stock for investor relations services to be rendered. These shares were valued at $4,500, or $0.0045 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company recorded stock-based professional fees of $2,250 and prepaid expenses of $2,250, which will be amortized into professional fees over the remaining term of the agreement.

<u>Issuance of Common Stock for Stock-Based Compensation</u>

<u>2022</u>

On March 24, 2022, the Company granted restricted stock awards of 500,000 vested common shares of the Company to an employee of the Company for services rendered. The awards were valued at $14,250, or $0.0285 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company recognized stock-based compensation of $14,250 on the date of issuance.

On July 12, 2022, the Company granted a restricted stock award of 1,000,000 common shares of the Company to an employee of the Company. The shares will vest on May 1, 2023. These shares were valued on the date of grant at $11,000, or $0.011 per common share based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company shall record stock-based compensation over the vesting period.

On August 12, 2022, the Company granted a restricted stock award of 2,000,000 common shares of the Company to a board member of the Company. The shares will vest on May 1, 2023. These shares were valued on the date of grant at $24,000 or $0.012 per common share based on the quoted closing price of the Company's common stock on the measurement date. In connection with these shares, the Company shall record stock-based compensation over the vesting period.

<u>2023</u>

On June 7, 2023, the Company issued 2,500,000 shares of its common stock to employees for services for services rendered. These shares were valued at $26,000, or $0.0104 per common share, based on the quoted closing price of the Company's common stock on the measurement date.

During the years ended December 31, 2023 and 2022, aggregate accretion of stock-based compensation expense on granted common shares amounted to $42,183 and $82,387, respectively. Total unrecognized compensation expense related to these unvested common shares on December 31, 2023 amounted to $0. By mutual agreement between the parties, the vesting date of previously granted shares was extended through May 2024.

The following table summarizes activity related to non-vested shares:

	Number of Non-Vested Shares	Weighted Average Grant Date Fair Value
Non-vested, December 31, 2021	14,270,120	$ 0.140
Granted	3,500,000	0.014
Shares vested	(800,000)	(0.037)
Non-vested, December 31, 2022	16,970,120	0.119
Shares vested	(2,000,000)	(0.021)
Non-vested, December 31, 2023	14,970,120	$ 0.132

Shares Issued for Accounts Payable

On January 6, 2022, the Company issued 90,859 common shares upon conversion of accounts payable of $2,174, or $0.024 per common share, based on the quoted closing price of the Company's common stock on the measurement date.

Common Stock Issued in Connection with Notes Payable

2022

In connection with the March 2022 Note, the Company issued 823,529 shares of its common stock to the placement agent as a fee for the capital raise. The 823,529 shares of common stock issued were recorded as a debt discount of $12,963 based on the relative fair value method to be amortized over the life of the Note.

In connection with the June 2022 GS Capital Note, the Company issued 1,750,000 shares of its common stock as a commitment fee. The 1,750,000 shares of common stock issued were recorded as a debt discount of $32,736 based on the relative fair value method to be amortized over the life of the Note (See Note 8).

In connection with the July 2022 GS Capital Note, on July 28, 2022, the Company issued 2,600,000 shares of its common stock as a commitment fee and the Company issued 998,008 shares of its common stock to the placement agent as a fee for the capital raises. The aggregate of 3,598,008 shares of common stock issued were recorded as a debt discount of $34,606 based on the relative fair value method to be amortized over the life of the July 2022 Note (See Note 8).

In connection with the September 2022 GS Capital Note, on September 6, 2022, the Company issued 3,300,000 shares of its common stock as a commitment fee and the Company issued 773,626 shares of its common stock to the placement agent as fee for the capital raises. The aggregate of 4,073,626 shares of common stock issued were recorded as a debt discount of $30,326 based on the relative fair value method to be amortized over the life of the September 2022 Note (See Note 8).

In connection with the Letter Agreement dated December 15, 2022, to induce GS Capital to extend the due dates of the GS Capital Notes, the Company issued 15,000,000 shares of the Company's common stock. These shares were valued at $112,500, or $0.0075 per common share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with the issuance of these shares, during the year ended December 31, 2022, the Company recorded an expense of $112,500 which was included in loss on debt extinguishment on the accompanying consolidated statement of operations.

2023

During April and May 2023, the Company issued 21,371,481 shares of its common stock upon the conversion of principal of $62,000, accrued interest of $4,139, and fees of $2,250.

In May 2023, the Company issued the Lender 22,000,000 shares of common stock of the Company in exchange for settlement of the remaining $200,000 of the loan and all accrued interest amounting to $317,293, which were deemed paid in full (see Note 8 - BOCO Investment Note). The 22,000,000 shares issued were valued at $132,000, or $0.006 per share, based on the quoted closing price of the Company's common stock on the measurement date. In connection with the issuance of these shares, the Company recorded a gain from debt extinguishment of $68,000 calculated as the different in the principal amount settled for shares of $200,000 and the fair value of the shares on the measurement date of $132,000.

Common Stock Issued for Conversion of Series C Preferred Stock

2022

On January 12, 2022, the Company issued 1,543,151 shares of its common stock upon the conversion of 120 shares of Series C preferred with a stated redemption value of $12,000. The conversion price was based on contractual terms of the related Series C preferred shares.

On April 20, 2022, the Company issued 13,184,548 shares of its common stock upon the conversion of 1,020 shares of Series C preferred with a stated redemption value of $102,000. The conversion price was based on contractual terms of the related Series C preferred shares.

On December 1, 2022, the Company issued 6,535,274 shares of its common stock upon the conversion of 250 shares of Series C preferred with a stated redemption value of $25,000. The conversion price was based on contractual terms of the related Series C preferred shares.

2023

During the three months ended March 31, 2023, the Company issued 26,585,614 shares of its common stock upon the conversion of 1,014 shares of Series C preferred with a stated redemption value of $101,400. The conversion price was based on contractual terms of the related Series C preferred shares.

During the three months ended June 30, 2023, the Company issued 23,157,922 shares of its common stock upon the conversion of 826 shares of Series C preferred with a stated redemption value of $82,600. The conversion price was based on contractual terms of the related Series C preferred shares.

During the three months ended September 30, 2023, the Company issued 8,584,376 shares of its common stock upon the conversion of 300 shares of Series C preferred with a stated redemption value of $30,000. The conversion price was based on contractual terms of the related Series C preferred shares.

Stock Options

For the years ended December 31, 2023 and 2022, the Company recorded no compensation expense related to stock options. Total unrecognized compensation expense related to unvested stock options on December 31, 2023 and 2022 amounted to $0.

Stock option activities for the years ended December 31, 2023 and 2022 are summarized as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance Outstanding, December 31, 2021	8,445,698	$ 0.40	4.43	-
Exercised	-	-	-	-
Balance Outstanding, December 31, 2022	8,445,698	0.40	3.43	-
Exercised	-	-	-	-
Balance Outstanding, December 31, 2023	8,445,698	$ 0.40	2.43	$ -
Exercisable, December 31, 2023	8,445,698	$ 0.40	2.43	$ -

Warrants

On April 20, 2022, in connection with an Exchange Agreement (See Note 8), the Company issued warrants to purchase an aggregate amount up to 33,000,000 shares of the Company's common stock (the "New Warrants"). The New Warrants are exercisable at any time on or after the date of the issuance and entitled this investor to purchase shares of the Company's common stock for a period of five years from the initial date the warrants become exercisable. Under the terms of the New Warrants, the holder is entitled to exercise the Warrants to purchase up to 33,000,000 shares of the Company's common stock at an initial exercise price of $0.025, subject to adjustment as detailed in the New Warrants. In connection with the issuance of the New Warrants, on the initial measurement date, the relative fair value of the warrants of $325,785 was recorded as a debt discount and an increase in paid-in capital (See Note 8). On June 23, 2022, the Company issued common stock equivalents with an initial conversion price of $0.011 per share and accordingly, the conversion price and warrant down-round provisions were triggered. As a result, the conversion price of the New April 2022 Note was reduced to $0.011 per share and the exercise price of the New April 2022 Warrant was lowered to $0.011. As a result of the June 23, 2022 down-round provisions, the Company calculated the difference between the warrants fair value on June 23, 2022, the date the down-round feature was triggered using the then current exercise price of $0.025 and the new exercise price of $0.011. On June 23, 2022, the Company recorded a deemed dividend of $3,702 which represents the fair value transferred to the warrant holders from the down round feature being triggered. Additionally, on September 6, 2022, the Company issued common stock equivalents with an initial conversion price of $0.009 per share and accordingly, the conversion price and warrant down-round provisions were triggered. As a result, the conversion price of the New April 2022 Note was reduced to $0.009 per share and the exercise price of the New April 2022 Warrant was lowered to $0.009. As a result of the September 6, 2022 down-round provisions, the Company calculated the difference between the warrants fair value on September 6, 2022, the date the down-round feature was triggered using the then current exercise price of $0.011 and the new exercise price of $0.009. On September 6, 2022, the Company recorded a deemed dividend of $733 which represents the fair value transferred to the warrant holders from the down round feature being triggered. No additional beneficial conversion feature amount was recorded based on the September 6, 2022 valuation as the ratcheted beneficial conversion feature value was lower than the original amount.

Warrant activities for the years ended December 31, 2023 and 2022 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance Outstanding December 31, 2021	17,500,000	$ 0.05	4.67	$ -
Granted	33,000,000	0.025	-	-
Cancelled	(16,500,000)	(0.05)	-	-
Balance Outstanding December 31, 2022	34,000,000	0.011	3.73	-
Granted	-	-	-	-
Balance Outstanding December 31, 2023	34,000,000	$ 0.011	2.73	$ -
Exercisable, December 31, 2023	34,000,000	$ 0.011	2.73	$ -

2018 Long-Term Incentive Plan

On June 7, 2018, a majority of the Company's shareholders and its board approved the adoption of a 2018 Long-Term Incentive Plan (the "2018 Plan"). The purpose of the 2018 Plan is to advance the interests of the Company, its affiliates and its stockholders and promote the long-term growth of the Company by providing employees, non-employee directors and third-party service providers with incentives to maximize stockholder value and to otherwise contribute to the success of the Company and its affiliates, thereby aligning the interests of such individuals with the interests of the Company's stockholders and providing them additional incentives to continue in their employment or affiliation with the Company. The Plan was adopted on June 7, 2018 and effective on August 2, 2018. Under the 2018 Plan, the Plan Administrator may grant:

- options to acquire the Company's common stock, both incentive stock options that are intended to satisfy the requirements of Section 422 of the Internal Revenue Code and nonqualified stock options which are not intended to satisfy such requirements. The exercise price of options granted under our 2018 Plan must at least be equal to the fair market value of the Company's common stock on the date of grant and the term of an option may not exceed ten years, except that with respect to an incentive stock option granted to any employee who owns more than 10% of the voting power of all classes of the Company's outstanding stock as of the grant date the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date.

- stock appreciation rights, or SARs, which allow the recipient to receive the appreciation in the fair market value of the Company's common stock between the date of grant and the exercise date. The amount payable under the stock appreciation right may be paid in cash or with shares of the Company's common stock, or a combination thereof, as determined by the Administrator.

- restricted stock awards, which are awards of the Company's shares of common stock that vest in accordance with terms and conditions established by the Administrator.

- restricted stock units, which are awards that are based on the value of the Company's common stock and may be paid in cash or in shares of the Company's common stock.

- other types of stock-based or stock-related awards not otherwise described by the terms and provision of the 2018 Plan, including the grant or offer for sale of unrestricted shares of the Company's common stock, and which may involve the transfer of actual shares of the Company's common stock or payment in cash or otherwise of amounts based on the value of shares of the Company's common stock and may be designed to comply with or take advantage of the applicable local laws of jurisdictions other than the United States.

- other cash-based awards to eligible persons in such amounts and upon such terms as the Administrator shall determine.

An award granted under the 2018 Plan must include a minimum vesting period of at least one year, provided, however, that an award may provide that the award will vest before the completion of such one-year period upon the death or qualifying disability of the grantee of the award or a change of control of the Company and awards covering, in the aggregate, 25,000,000 shares of our Common Stock may be issued without any minimum vesting period.

The aggregate number of shares of common stock and number of shares of the Company's common stock that may be subject to incentive stock options granted under the 2018 Plan is 50,000,000 shares, of which 11,445,698 shares have been issued or granted under incentive stock options and 29,451,070 shares of restricted stock have been issued as of December 31, 2023. All shares underlying grants are expected to be issued from the Company's unissued authorized shares available.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company may be involved in litigation related to claims arising out of its operations in the normal course of business. As of December 31, 2023, other than discussed below, the Company is not involved in any other pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, results of operations, or cash flows.

On January 20, 2022, we received an Order Directing Examination and Designating Officers to Take Testimony (a "Formal Order") from the SEC. The Formal Order authorizes that an examination be made to determine whether a stop order should be issued under Section 8(d) of the Securities Act of 1933 with respect to the Company's Registration Statement on Form S-1, and any supplements and amendments thereto. The Formal Order indicates that the Form S-1 may be deficient in that it may contain untrue statements of material fact or omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading concerning, among other things, the Company's revenue and financial condition. On April 15, 2022, the Company filed an amendment to its Annual Report on Form 10-K for the fiscal year ended December 31, 2020. The restatement had the cumulative effect of decreasing the Company's reported revenue for fiscal year 2020 by $102,569 and decreasing the Company's bad debt expense for the same period by $102,569. There was no effect on the Company's reported net loss for fiscal year 2020 or on the financial condition of the Company on December 31, 2020. The Company received a subpoena from the SEC on April 25, 2022, requesting all documents and communications concerning the review of C-Bond's revenue recognition practices for fiscal year 2020. In response, the Company has provided the requested information and its Chief Executive Officer provided his testimony regarding this Formal Order in October 2022. The Company also filed a request to withdraw its Registration Statement on Form S-1 ("S-1") (File No. 333-261472) (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission on December 3, 2021. The S-1 related to shares of common stock underlying certain convertible promissory notes held by selling securityholders. The S-1 was not declared effective and no securities were sold in reliance thereon. The Company and its Chief Executive Officer have submitted an offer to settle and close the pending SEC investigation. The Company and its Chief Executive Officer are awaiting a formal response to such offer of settlement. As of December 31, 2023 and based on a proposed settlement, the Company has accrued $175,000 of settlement expense association with this matter, which is reflected in other income (expenses) on the accompanying statement of operations during the year ended December 31, 2023.

On March 8, 2021, a former officer of the Company resigned. Both parties alleged certain claims against the other, including with respect to certain compensation claims. Neither party has filed litigation. The Company intends to vigorously defend itself against any possible claims and assert any relevant claims against the former executive and believes it will prevail. As a result of the evidence disclosed and discovered during the aforementioned SEC investigation, the Company has concluded that the actions of the former President and Acting CFO of the Company may be viewed as potentially dishonest and fraudulent. As a result, the Board of Directors of the Company have resolved and taken action in February 2024 to cause the forfeiture of equity and deferred compensation owed/outstanding by said officer and forwarded a formal demand letter to said officer and his wife, the former Controller of the Company.

In July 2021, a former consultant of the Company filed a small claims case for approximately $16,000 in Harris County, TX, and the Company filed its response in August 2021. The Company received a civil notice of trial setting for September 7, 2023. On September 7, 2023, the Company and the former consultant entered into a settlement agreement, whereby the Company paid $9,000 as full settlement of this claim. Accordingly, the Company recorded a gain on debt extinguishment of $9,250. As of December 31, 2023 and 2022, the Company had accrued compensation of $0 and $18,250 to this former employee, which was included in accrued compensation on the accompanying consolidated balance sheets.

Employment Agreements

On October 18, 2017, the Company entered into an employment agreement with Mr. Scott Silverman, pursuant to which he serves as the Chief Executive Officer of the Company for an initial term of three years that extends for successive one-year renewal terms unless either party gives 30-days' advance notice of non-renewal. As consideration for these services, the employment agreement provides Mr. Silverman with the following compensation and benefits:

- An annual base salary of $300,000, with a 10% increase on each anniversary date contingent upon achieving certain performance objectives as set by the Board. Until the Company raises $1,000,000 in debt or equity financing after entering into this agreement, Mr. Silverman will receive ½ of the base salary on a monthly basis with the other ½ being deferred. Upon the financing being raised, Mr. Silverman will receive the deferred portion of his compensation and his base salary will be paid in full moving forward.
- After the first $500,000 of equity investments is raised by the Company, after entering into this employment agreement, Mr. Silverman will receive a capital raise success bonus of 5% of all equity capital raised from investors/lenders introduced by him to the Company.
- Annual cash performance bonus opportunity as determined by the Board.
- An option to acquire 3,000,000 common shares of the Company, with a strike price of $0.31 per unit. These options vested pro rata on a monthly basis for the term of the employment agreement. On each anniversary, Mr. Silverman will be eligible to be granted a minimum of 500,000 stock options of the Company at a strike price of $0.85 per common unit contingent upon the achievement of certain performance objectives.
- Certain other employee benefits and perquisites, including reimbursement of necessary and reasonable travel and participation in retirement and welfare benefits.

The receipt of $1,240,000 in connection with the April 25, 2018 financing triggered the right of the employee to receive the deferred salary and the 5% bonus provision disclosed above.

Mr. Silverman's employment agreement provides that, in the event that his employment is terminated by the Company without "cause" (as defined in his employment agreement), or if Mr. Silverman resigned for "good reasons" (as defined in his new employment agreement), subject to a complete release of claims, he will be entitled to (i) retain all stock options previously granted; and (ii) receive any benefits then owed or accrued along with one year of base salary and any unreimbursed expenses incurred by him. All amounts shall be paid on the termination date. In the event that Mr. Silverman's employment is terminated by the Company for "cause" (as defined in his employment agreement), or if Mr. Silverman resigned without "good reasons" (as defined in his employment agreement), subject to a complete release of claims, he will be entitled to receive any unpaid base salary and benefits then owed or accrued and any unreimbursed expenses incurred by him. Additionally, if a change of control (as defined in his employment agreement) occurs during the term of this agreement, all unvested stock options will vest in full and if the valuation of the Company in the change of control transaction is greater than $0.85 per common share, then Mr. Silverman shall be paid a bonus equal to two times his minimum base salary and minimum target bonus. Pursuant to the employment agreement, Mr. Silverman will be subject to a confidentiality covenant, a two-year post-termination non-competition covenant and a two-year post-termination non-solicitation covenant. On June 30, 2020, the Company amended the employment agreement of Mr. Silverman to provide for successive one-year extensions until either the executive or the Board of Directors of the Company gives notice to terminate the employment agreement per its terms. This employment agreement amendment also includes an allowance of up to $10,000 per year to cover uncovered medical/dental expenses for Mr. Silverman and his family.

On July 21, 2021, the Company entered into the Employment Agreement with Mr. Wanke, the President of Patriot Glass, to serve as the President of C-Bond's Safety Solutions Group. Under the three-year Employment Agreement, Mr. Wanke will receive a base salary of $240,000 per year, which may be increased from time to time with the approval of the board of directors. In addition, Mr. Wanke may receive an annual bonus as determined by the board of directors. It is understood that although Mr. Wanke's base salary will be paid by Patriot Glass, 50% of the base salary will be allocated to the expenses of Patriot Glass, and the other 50% of the base salary will be allocated to the expenses of the Company. The term of this Agreement (the "Initial Term") shall begin as of July 21, 2021 (the "Effective Date") and shall end on the earlier of (i) the third anniversary of the Effective Date and (ii) the time of the termination of the Executive's employment in accordance with the Employment Agreement. This Initial Term and any Renewal Term (as defined below) shall automatically be extended for one or more additional terms of one (1) year each (each a "Renewal Term" and together with the Initial Term, the "Term"), unless either the Company or Executive provide notice to the other Party of their desire to not so renew the Initial Term or Renewal Term (as applicable) at least thirty (30) days prior to the expiration of the then-current Initial Term or Renewal Term, as applicable. All unvested shares of stock and stock options shall expire upon such termination, if any. The Executive shall be eligible for an annual bonus payment in an amount to be determined by the Board of Directors of the Company (the "Bonus"). The Bonus shall be determined and payable based on the achievement of certain performance objectives of the Company as established by the Board and communicated to and agreed to by the Executive in writing as soon as practicable after commencement of the year in respect of which the Bonus is paid. The Bonus, if earned, is payable in cash and/or restricted stock at the discretion of the Board. It is understood between the Parties that the target bonus for each year shall be up to 50% of the Base Salary.

On December 7, 2022, the Company's board of directors approved a bonus to certain officers in the aggregate amount of $160,000. This bonus was paid 10% in cash of $16,000, which was paid in December 2022, and 90% in equity amounting to $144,000 which as of December 31, 2022 had been accrued and as of December 31, 2022, was included in accrued compensation on the accompanying consolidated balance sheet. On January 17, 2023, the Board of Directors of the Company agreed to satisfy $144,000 of the bonus owed to its executive officers (collectively, the "Management"). Management agreed to accept 144 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation (See Note 9).

On December 7, 2023, the Company's board of directors approved a bonus to two officers in the aggregate amount of $480,000. For the bonus approved for Mr. Silverman, which amounted to $300,000, this bonus was paid 50%, or $150,000, in cash, which was paid in December 2023, and 50% in equity amounting to $150,000 which as of December 31, 2023 has been accrued and as of December 31, 2023, is included in accrued compensation on the accompanying consolidated balance sheet. For the bonus approved for Ms. Tomek, which amounted to $180,000, this bonus is to be paid 10% in cash of $18,000 and 90% in equity amounting to $162,000, which as of December 31, 2023 has been accrued and as of December 31, 2023, is included in accrued compensation on the accompanying consolidated balance sheet. On January 2, 2024, the Board of Directors of the Company agreed to satisfy the aggregate of $312,000 of the bonus owed to these executive officers (collectively, the "Management"). Management agreed to accept an aggregate of 312 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation (See Note 18).

Anti-dilution rights related to C-Bond Systems, LLC

Prior to the Merger, C-Bond Systems, LLC entered into certain contracts, described below, which provided certain anti-dilution protection to the counterparties to those contracts. The Company believes that these contracts do not apply to any future issuances of equity by C-Bond Systems, Inc.

In 2013, pursuant to a subscription agreement, the Company's subsidiary. C-Bond Systems, LLC issued 2,425,300 common shares. To the extent that during the term of the agreement C-Bond Systems, LLC issues any "down-round" or subsequent investments based upon an enterprise value of less than $2,000,000 ("Dilutive Transaction") (other than an issuance pursuant to an option agreement with an employee or otherwise to compensate an employee, or incident to an acquisition of assets by C-Bond Systems, LLC in which common units were issued to the seller of such assets) contemporaneously with the Dilutive Transaction, the contract obligated C-Bond Systems, LLC to issue the investor additional common units in C-Bond Systems, LLC in an amount which would provide them with the ownership percentage interest which they would have held in C-Bond Systems, LLC represented by the common units purchased by them on this date.

In 2015, pursuant to a subscription agreement, C-Bond Systems, LLC issued 3,880,480 common shares to an entity at $0.77 per common share. This agreement entitled the subscriber to anti-dilution protection to the extent that C-Bond Systems, LLC issued any equity in a “down-round” based upon a value of less than $0.77 per common unit of C-Bond Systems, LLC (other than an issuance pursuant to an option agreement with an employee or consultant or otherwise to compensate an employee or consultant, or incident to an acquisition of assets by C-Bond Systems, LLC in which common units are issued to the seller of such assets (“Dilutive Transaction”)). Contemporaneously with the Dilutive Transaction, the contract obligated C-Bond Systems, LLC to issue the Subscriber additional common units in C-Bond Systems, LLC in an amount which would provide the investor with the ownership percentage interest in C-Bond Systems, LLC on a fully diluted basis which Subscriber held immediately prior to the Dilutive Transaction.

In 2016, pursuant to a subscription agreement, C-Bond Systems, LLC issued 1,175,902 common shares to an entity at $0.85 per common share. This agreement entitled this investor to customary broad-based weighted average anti-dilution protection to the extent that after the date of this subscription agreement C-Bond Systems, LLC issued any equity in a “down round” based upon a value of less than $0.85 per common share, including the issuance of options with an exercise price per share of less than $0.85 to compensate employees or consultants (“Dilutive Transaction”), subject to exclusions for issuances of common shares or options in connection with strategic partnerships, equity kickers to lenders or vendors, mergers or acquisitions. The agreement obligated C-Bond Systems, LLC to give to this investor written notice (an “Issuance Notice”) of any proposed issuance by C-Bond Systems, LLC of any C-Bond Systems, LLC common units, or other form of equity interest (excluding issuances of C-Bond Systems, LLC options or other equity to compensate employees or consultants and the issuance of shares in connection with strategic partnerships, equity kickers to lenders or vendors, mergers or acquisitions) at least ten business days prior to the proposed issuance date. This contract entitled the investor to purchase their pro rata portion of such shares or other equity interest of C-Bond Systems, LLC at the price and on the other terms and conditions specified in the issuance notice.

Option to purchase 20% of Patriot Glass

In connection with the Exchange Agreement with Patriot Glass and the Patriot Glass Shareholder (See Note 1), the Company had the option to acquire the remaining 20% of Patriot Glass’s issued and outstanding membership interests in exchange for a number of shares of the Company’s common stock equal to 300% of Patriot Glass’s average EBIT value, divided by the price of the Company’s common stock as defined in the Exchange Agreement. On September 20, 2023, the Company and the Patriot Glass Shareholder entered into an amendment to the Exchange Agreement (the “Amended Exchange Agreement”). Pursuant to the Amended Exchange Agreement, the Company shall have the option (the “Option”), beginning on July 1, 2025 (the “Option Start Date”) and ending on 5:00 P.M. EST on the date that is thirty calendar days after the Option Start Date (the “Option Period”), to acquire the remaining 20% of Patriot Glass Units (the “Additional Units”), representing 20% of Patriot Glass’s issued and outstanding membership interests, collectively (the “Additional Closing”).

If the Company exercises the Option, the Company shall acquire the Additional Units in exchange for (i) a number of shares of Company Common Stock equal to (a) the Share Value (as defined below) divided by (b) the Additional Closing Share Price (as defined below) (the “Additional Closing Exchange Shares”), and (ii) a cash payment equal to the Net Income (as below). “Total EBIT Value” shall mean the sum of (i) Patriot Glass’s net income, before income tax expense and interest expense have been deducted, for the period beginning on July 1, 2023 and ending on June 30, 2025 plus (ii) $240,000. “EBIT Value” shall mean the Total EBIT Value divided by two (2). “Share Value” shall mean (i) 300% of the EBIT Value (the “Triple EBIT Value”), minus (ii) the Net Income. “Net Income” shall mean Patriot Glass’s net income, after income tax expense and interest expense have been deducted, for the period beginning on July 1, 2023 and ending on June 30, 2025. Any salary paid by Patriot Glass, including but not limited to any salary paid to the Patriot Glass Shareholder, shall not be included in Net Income. If the Company Common Stock is quoted or listed for trading on a Trading Market on July 1, 2025, then “Additional Closing Share Price” shall mean the average of all of the closing prices of Company Common Stock on such Trading Market during the calendar month of June 2024.

M&A advisory agreement

On October 18, 2023, the Company and Maxim Group LLC (“Maxim”) entered into an engagement letter, whereby Maxim was engaged as the Company’s exclusive financial advisor to perform merger and acquisition advisory services. Either Maxim or the Company may terminate this Agreement at any time upon thirty (30) days’ prior written notice to the other party after the six (6) month anniversary of this Agreement. The Company paid Maxim a one-time non-refundable cash fee of $25,000 due promptly upon execution of the Agreement (the “Retainer”). The Retainer shall be creditable against the Success Fee. If during the term of this Agreement a Transaction is consummated or the Company enters into an agreement regarding a Transaction (which is consummated subsequent to the completion of the Term), a fee (the “Success Fee”) will be payable in U.S. dollars upon the closing of the Transaction to Maxim equal to six and a half percent (6.5%) of the Consideration (as defined hereinafter), *provided however*, that if a Transaction is consummated or the company enters into an agreement regarding a Transaction with Curtis Stout Inc., such Success Fee shall be reduced to four percent (4.0%) of Consideration from Curtis Stout Inc. In the event that the Company enters into an agreement with respect to a Transaction during the term of this Agreement that is subsequently terminated, and the Company becomes entitled to a break-up, termination, topping, expense reimbursement or similar fee or payment (including any judgment for damages or amount in settlement of any dispute as a result of such termination, or any profit on any stock acquired from, or stock option granted by, any party to such transaction), a fee (the “Break-up Fee”) equal to 10.0% of all such amounts, payable promptly upon receipt of such amounts by the Company. Upon the closing of a Transaction, for a period of twelve (12) months from such closing, the Company grants Maxim the right of first refusal to act as sole managing underwriter and sole book runner, sole placement agent, or sole sales agent, for any and all future public or private equity, equity-linked or debt (excluding commercial bank debt) offerings for which the Company retains the service of an underwriter, agent, advisor, finder or other person or entity in connection with such offering period of the Company, or any successor to or any subsidiary of the Company. The Company shall not offer to retain any entity or person in connection with any such offering on terms more favorable than terms on which it offers to retain Maxim. Such offer shall be made in writing in order to be effective. Maxim shall notify the Company within ten (10) business days of its receipt of the written offer contemplated above as to whether or not it agrees to accept such retention. If Maxim should decline such retention, the Company shall have no further obligations to Maxim with respect to the offering for which it has offered to retain Maxim, except as otherwise provided for herein. As of the date of this report, no funds have been raised.

NOTE 11 – CONCENTRATIONS

Concentrations Of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable and cash deposits. The Company places its cash in banks at levels that, at times, may exceed federally insured limits. On December 31, 2023, the Company had cash in bank in excess of FDIC insured levels of $322,007. To reduce its risk associated with the failure of such financial institution, the Company evaluates at least annually the rating of the financial institution in which it holds deposits. Any material loss that the Company may experience in the future could have an adverse effect on its ability to pay its operational expenses or make other payments and may require the Company to move its cash to other high quality financial institutions. The Company reviews its bank relationships in order to mitigate its risk to ensure that its exposure is limited or reduced to the FDIC protection limits. The Company has not experienced any losses in such accounts through December 31, 2023.

Geographic Concentrations of Sales

During the years ended December 31, 2023 and 2022, all sales were in the United States.

Customer Concentrations

For the year ended December 31, 2023, one customer accounted for approximately 10.8% of total sales. For the year ended December 31, 2022, no customer accounted for over 10% of total sales. On December 31, 2023, two customers accounted for 41.8% (29.5% and 12.3%, respectively) of the total accounts receivable balance. On December 31, 2022, three customers accounted for 41.1% (10.3%, 19.3% and 11.5%, respectively) of the total accounts receivable balance.

Vendor concentrations

Generally, the Company purchases substantially all of its inventory from four suppliers. The loss of these suppliers may have a material adverse effect on the Company's consolidated results of operations and financial condition. However, the Company believes that, if necessary, alternate vendors could supply similar products in adequate quantities to avoid material disruptions to operations.

NOTE 12 – SEGMENT REPORTING

Through May 8, 2023, the date that the Company entered into an Asset Purchase Agreement with Apex Protect GPS, LLC agreed to sell its C-Bond nanoShield™ product line (See Note 16), the Company operated in two reportable business segments - (1) the manufacture and sale of a windshield strengthening water repellent solution as well as a disinfection product, and the sale of multi-purpose glass strengthening primer and window film mounting solutions, including ballistic-resistant film systems and a forced entry system (the "C-Bond Segment"), and (2) the distribution and installation of window film solutions (the "Patriot Glass Segment"). The Company's reportable segments were strategic business units that offered different products. They were managed separately based on the fundamental differences in their operations and locations. Upon the sale of the C-Bond nanoShield™ business, the legacy C-Bond business is being conducted through Patriot Glass in order to combine administrative functions and they are now being managed together.

Information with respect to these reportable business segments for the years ended December 31, 2023 and 2022 was as follows:

	For the Year Ended December 31,	
	2023	2022
Revenues:		
C-Bond	$ 124,372	$ 378,736
Patriot Glass	2,364,121	1,853,910
	2,488,493	2,232,646
Depreciation and amortization:		
C-Bond	570	7,109
Patriot Glass	88,289	82,110
	88,859	89,219
Interest expense:		
C-Bond	357	23
Patriot Glass	34,566	20,212
Other (a)	440,507	1,599,854
	475,430	1,620,089
Net income (loss):		
C-Bond	(912,436)	(1,097,069)
Patriot Glass	(44,289)	(192,566)
Other (a)	2,843,532	(3,866,843)
	$ 1,886,807	$ (5,156,478)

	December 31, 2023	December 31, 2022
Identifiable long-lived tangible assets on December 31, 2023 and 2022 by segment:		
C-Bond	$ -	$ 1,684
Patriot Glass	171,606	94,622
	$ 171,606	$ 96,306

(a) The Company does not allocate any general and administrative or financing expenses of its holding company activities to its reportable segments, because these activities are managed at the corporate level.

NOTE 13 – REVENUE RECOGNITION

Prior to the sale of the Company's C-Bond segment in May 2023, the revenue that the Company recognized arose from purchase requests the Company received from its customers. The Company's performance obligations under purchase orders or by a verbal order correspond to each shipment of product that the Company makes to its customer under the purchase order or verbal order. As a result, each purchase order or verbal order generally contains more than one performance obligation based on the number of products ordered, the quantity of product to be shipped and the mode of shipment requested by the customer. Control of the Company's products transfers to its customers when the customer is able to direct the use of, and obtain substantially all of the benefits from, the Company's products, which generally occurs at the later of when the customer obtains title to the product or when the customer assumes risk of loss of the product. The transfer of control generally occurs at the time of shipment from the Company's warehouse. Once this occurs, the Company has satisfied its performance obligation and the Company recognizes revenue. In connection with the Company's C-Bond segment, when the Company receives a purchase order or verbal order from a customer, the Company is obligated to provide the product during a mutually agreed upon time period. Depending on the terms of the purchase order or verbal order, either the Company or the customer arranges delivery of the product to the customer's intended destination. In situations where the Company has agreed to arrange delivery of the product to the customer's intended destination and control of the product transfers upon loading of the Company's product onto transportation equipment, the Company has elected to account for any freight income associated with the delivery of these products as freight revenue, since this activity fulfills the Company's obligation to transfer the product to the customer.

In connection with the Company's Patriot Glass segment, the revenue that the Company recognizes arises from purchase requests the Company receives from its customers. The Company's performance obligations under purchase order or a signed proposal correspond to each job for the distribution and installation of window film solutions. As a result, each purchase order or signed proposal generally may contain more than one performance obligation based on the specific job. Control of the Company's products transfers to its customers when the customer is able to direct the use of, and obtain substantially all of the benefits from, the Company's products, which generally occurs when the job or a specific portion of the job is completed. Once this occurs, the Company has satisfied its performance obligation and the Company recognizes revenue. Revenues from contracts for the distribution and installation of window film solutions are recognized over time on the basis of the Company's estimates of the progress towards completion of contracts using various output of input methods including (1) the ratio of number of labor hours spent compared to the number of estimated labor hours to complete a job, (2) using the milestone method, or (3) using a units completed method. These methods are used because management considers these methods to be the best available measure of progress on these contracts.

Transaction Price

The Company agrees with its customers on the selling price of each transaction. This transaction price is generally based on the product, market conditions, including supply and demand balances, labor costs, and freight. In the Company's C-Bond contracts with customers, the Company allocates the entire transaction price to the sale of product to the customer, which is the basis for the determination of the relative standalone selling price allocated to each performance obligation. Returns of the Company's product by its customers are permitted only when the product is not to specification and were not material for the years ended December 31, 2023 and 2022. Any sales tax, value added tax, and other tax the Company collects concurrently with its revenue-producing activities are excluded from revenue.

Revenue Disaggregation

The Company tracks its revenue by product. The following table summarizes our revenue by product for the years ended December 31, 2023 and 2022:

	For the Years Ended December 31,	
	2023	2022
C-Bond Secure multi-purpose and BRS ballistic resistant glass protection systems	$ 9,709	$ 17,311
C-Bond Nanoshield solution sales	112,413	345,470
Disinfection products	-	10,880
Window tint installation and sales recognized over time	2,364,121	1,853,910
Freight and delivery	2,250	5,075
Total	$ 2,488,493	$ 2,232,646

NOTE 14 – OPERATING LEASE RIGHT-OF-USE (“ROU”) ASSETS AND OPERATING LEASE LIABILITIES

In October 2019, the Company entered into an 18-month lease agreement for the lease of office and warehouse space under a non-cancelable operating lease through May 31, 2021. From the lease commencement date of December 1, 2019 until November 30, 2020, monthly rent shall be $4,444 and from December 1, 2020 to May 31, 2021, monthly rent shall be $4,577 per month. On May 12, 2021 and effective June 1, 2021, the Company entered into an amendment to the lease which extended the lease for one year until May 31, 2022 at a monthly base rent of $5,283. On May 4, 2022 and effective June 1, 2022, the Company entered into an amendment to the lease which extended the lease for three years until May 31, 2025. On June 15, 2023, in connection with the sale of the Company’s nanoShield product line, the purchaser assumed the operating lease and the Company vacated the premises.

In connection with the 2021 Exchange Agreement between in the Company and Patriot Glass, the Company was named as guarantor (“Guarantor”) of a Commercial Lease Agreement dated July 21, 2021, by and between landlord MDW Management, LLC, a company owned by Mr. Wanke and his wife and tenant Patriot Glass d/b/a A-1 Glass (the “Lease”). The term of the Lease is 60 months, at a minimum monthly rent of $5,600 (not including tax), with two five-year options for the tenant to renew. The Company’s obligation as Guarantor of the Lease will terminate upon the occurrence of earlier of the following: (i) the date of Guarantor’s acquisition of 100% of the ownership interests of Patriot Glass; (ii) the date that Guarantor beneficially owns less than an eighty percent (80%) ownership interest in Patriot Glass; or (iii) two (2) years from and after the effective date of the guaranty. During the year ended December 31, 2023, the Company’s obligation as Guarantor expired.

In September 2021, the Company entered into a 48-month lease agreement for the lease of office equipment under a non-cancelable operating lease through September 2025. The monthly base rent is $365 per month. This lease has been assumed by CB NANOSHIELD LLC as part of its purchase of the nanoShield Assets (see Note 16).

In February 2022, the Company entered into a 36-month lease agreement for the lease of a vehicle under a non-cancelable operating lease through January 2025. The monthly base rent is $788 per month.

In adopting ASC Topic 842, Leases (Topic 842) on January 1, 2019, the Company had elected the ‘package of practical expedients’, which permitted it not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs (see Note 2). In addition, the Company elected not to apply ASC Topic 842 to arrangements with lease terms of 12 months or less. Upon signing of new leases for property and equipment, the Company analyzed the new leases and determined it is required to record a lease liability and a right of use asset on its consolidated balance sheets, at fair value.

During the years ended December 31, 2023 and 2022, in connection with its property operating leases, the Company recorded rent expense of $101,501 and $167,875 respectively, which is expensed during the year and included in general and administrative expenses on the accompanying consolidated statements of operations.

The significant assumption used to determine the present value of the lease liabilities in February 2022 was a discount rate of 6.79% which was based on the Company’s estimated incremental borrowing rate.

On December 31, 2023 and 2022, right-of-use asset (“ROU”) is summarized as follows:

	December 31, 2023	December 31, 2022
Office leases and office equipment right of use assets	$ 279,162	$ 480,293
Less: accumulated amortization	(120,678)	(104,881)
Balance of ROU assets	$ 158,484	$ 375,412

On December 31, 2023 and 2022, operating lease liabilities related to the ROU assets are summarized as follows:

	December 31, 2023	December 31, 2022
Lease liabilities related to office leases right of use assets	$ 157,752	$ 376,566
Less: current portion of lease liabilities	(60,503)	(117,671)
Lease liabilities – long-term	$ 97,249	$ 258,895

On December 31, 2023, future minimum base lease payments due under non-cancelable operating leases are as follows:

Twelve months ended December 31,	Amount
2024	$ 75,866
2025	67,988
2026	39,200
Total minimum non-cancelable operating lease payments	183,054
Less: discount to fair value	(25,302)
Total lease liability on December 31, 2023	$ 157,752

NOTE 15 – RELATED PARTY TRANSACTIONS

Note Payable - Related Party

On May 2, 2022, the Company entered into a Promissory Note (the "May 2022 Note") in the principal amount of $250,000 with the Company's chief executive officer. The May 2022 Note was funded in May 2022 and the Company received net proceeds of $250,000. The May 2022 Note bears interest at a rate of 6% per annum and all outstanding principal and accrued and unpaid interest is due on May 2, 2024. At any time, the Company may prepay all or any portion of the principal amount of the May 2022 Note and any accrued and unpaid interest without penalty. For the year ended December 31, 2023, interest expense – related party amounted to $5,663. In May 2023, the Company repaid $200,000 of the May 2022 Note. In August 2023, the Company repaid the remaining $50,000 of the May 2022 Note and repaid accrued interest of $15,690. On December 31, 2023, the principal amount due and accrued interest payable - related party amounted to $0. On December 31, 2022, the principal amount due and accrued interest payable - related party amounted to $250,000 and $10,027, respectively.

NOTE 16 – SALE OF NANOSHIELD PRODUCT LINE

On May 8, 2023, the Company entered into an Asset Purchase Agreement (the "APA") with Apex Protect GPS, LLC (the "Buyer"), a Texas limited liability company, whereby the Company agreed to sell its C-Bond nanoShield™ product line, including intangible assets, intellectual property, work in process, furniture, fixtures, equipment, inventory and other physical assets of the Company's C-Bond nanoShield division (the "Assets") to the Buyer for a purchase price of $4,000,000 in cash (the "Transaction"). The Transaction closed on May 8, 2023. Following the Closing, the parties entered into an Assignment and Agreement to Re-Execute ("Assignment") on June 15, 2023, by and among the Company; Apex Protect GPS, LLC, ("Assignor") and CB Nanoshield, LLC, ("Assignee"), whereby the Assignor assigned all its right to the (i) APA; (ii) Bill of Sale (iii) IP Agreements; and (iv) and any memorandums, schedules and exhibits related to the foregoing to Assignee.

The Assets were sold and transferred to buyer by means of (i) with respect to the physical assets, a Bill of Sale; and (ii) with respect to intangible assets or intellectual property, a Patent and Trademark Assignment Agreement, a Patent and Know-How License Agreement, and a Patent License-Back Agreement.

The APA contains customary representations, warranties, and covenants by each party including, among other things, that no bankruptcy or similar insolvency proceeding under state or federal law has been filed, or is currently being contemplated, with respect to the Company; that the Company has provided the Seller a true and accurate list of each of the following items of Intellectual Property which comprises a part of the Assets, including, among other things, patents and trademarks (the "Sold Intellectual Property"); and that the Company has good, valid, and legal title to, and is the sole and exclusive owner of all rights, title and interest in and to, the Sold Intellectual Property, free and clear of all liens.

Under the terms of the APA, the Parties entered into a Patent and Trademark Assignment Agreement, whereby the Company conveyed, transferred, and assigned to Buyer, among other assets, the C-Bond nanoShield trademark (the "Trademark") and U.S. Patent No. 11,155,491 B2 (the "C-Bond nanoShield Patent"), and the Company agreed to execute and deliver an assignment of the Trademark and C-Bond nanoShield Patent, for recording with governmental authorities including, but not limited to, the U.S. Patent and Trademark Office.

The Parties also entered into a Patent and Know-How License Agreement whereby the Company granted to the Buyer a non-transferable, non-sub-licensable, exclusive right and license to four patents owned by the Company and licensed know-how to make, have made, use, offer to sell, sell and import glass and other products and components used in or in relation to the manufacture and operation of civilian, agricultural or military vehicles and equipment (the "Licensed Product") in the United States and its legal territories.

Lastly, the Parties entered into a Patent License-Back Agreement whereby the Buyer agreed to grant to the Company a perpetual, non-exclusive, worldwide, royalty-free, non-transferable, non-sublicensable license to the C-Bond nanoShield Patent, for all uses and applications except for any that involve, market to, sell to, do business with, provide related goods or services to, or are consumed by any uses and applications of the patented technology within the civilian or military automotive, vehicle and/or transportation industry. The Patent License-Back Agreement also stipulates that all improvements made by either Party to the technology covered by the C-Bond nanoShield Patent shall be owned by the Buyer. In the event that the Company desires to utilize such improvements to the C-Bond nanoShield Patent made by either Party, the Parties hereby agree that they will negotiate in good faith a separate license agreement having pricing and other terms and conditions that are mutually acceptable to both Parties.

Following the Closing, the Parties completed a transaction wherein the Company assigned to Buyer, and Buyer took assignment from the Company, the lease for the premises located at 6035 South Loop East, Houston, Texas 77033 (the "Lease") pursuant to a lease assignment and assumption agreement as agreed to by the Parties and the lessor pursuant to the Lease.

In connection with the APA, the Company received net proceeds of $1,989,755, after the repayment and settlement of notes payable and convertible notes payable as follows:

1) The Company repaid and settled the BOCO Investments, LLC Note (See Note 8) with a principal balance of $400,000 and accrued interest payable of $317,293 for a cash payment of $200,000 and the issuance of 22,000,000 shares of the Company's common stock (See Note 8 and 9).

2) The Company repaid GS Capital Partners, LLC $419,260 for notes dated June 23, 2022, July 26, 2022, and September 6, 2022 (collectively, the "GS Notes"), and GS Capital Partners, LLC deemed the GS Notes paid in full (See Note 8).

3) The Company repaid Mercer Street Global Opportunity Fund, LLC ("Mercer") $271,825 for notes dated March 14, 2022 and November 22, 2022 (collectively, the "Secured Mercer Notes") (See Note 7).

4) The Company repaid Jeff Badders $875,000 for notes dated May 5, 2021, November 8, 2022, and April 4, 2023 (See Note 8).

5) The Company repaid 1800 Diagonal Lending, LLC $288,035 for notes dated November 4, 2022, December 27, 2022, and March 17, 2023 (collectively, the "1800 Diagonal Notes"), and 1800 Diagonal Lending, LLC deemed the 1800 Diagonal Notes paid in full (See Note 7).

6) The Company repaid its CEO $250,000 for the note dated May 2, 2022, and the CEO deemed the note paid in full.

In accordance with ASC 205-20, the sale of the C-Bond nanoShield product line was not reported in discontinued operations since the disposal did not represent a strategic shift that has (or will have) a major effect on the Company's operations and financial results. The C-Bond nanoShield product line was only a component of the C-Bond segment which comprised of operations and cash flows that were not clearly distinguished, operationally and for financial reporting purposes, from the rest of the C-Bond segment.

In connection with the sale of the C-Bond nanoShield product line, the Company recorded a gain from the sale of the product line of $4,051,709.

NOTE 17 - INCOME TAXES

The Company accounts for income tax using the liability method prescribed by ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The deferred tax assets on December 31, 2023 and 2022 consist only of net operating loss carryforwards. The net deferred tax asset has been fully offset by a valuation allowance because of the uncertainty of the attainment of future taxable income.

The items accounting for the difference between income taxes at the effective statutory rate and the provision for income taxes for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Income tax expense (benefit) at U.S. statutory rate	$ 396,229	$ (1,081,240)
Non-deductible expenses	(64,617)	506,677
Change in valuation allowance	(331,612)	574,563
Total provision for income tax	$ -	$ -

The Company's approximate net deferred tax asset as of December 31, 2023 and 2022 was as follows:

Deferred Tax Asset:	December 31, 2023	December 31, 2022
Net operating loss carryforward	$ 2,176,983	$ 2,512,665
Allowance for bad debt	4,070	-
Total deferred tax asset before valuation allowance	2,181,053	2,512,665
Valuation allowance	(2,181,053)	(2,512,665)
Net deferred tax asset	$ -	$ -

The net operating loss carryforward was approximately $10,386,000 on December 31, 2023. The Company provided a valuation allowance equal to the net deferred income tax asset as of December 31, 2023 and 2022 because it was not known whether future taxable income will be sufficient to utilize the loss carryforward. During the year ended December 31, 2023, the valuation allowance decreased by $331,612. Additionally, the future utilization of the net operating loss carryforward to offset future taxable income is subject to an annual limitation as a result of ownership changes that may occur in the future. The potential tax benefit arising from the loss carryforward may be carried forward indefinitely subject to usage limitations.

The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position. The Company's 2023, 2022 and 2021 Corporate Income Tax Returns are subject to Internal Revenue Service examination.

NOTE 18 – SUBSEQUENT EVENTS

Issuance of Series B preferred stock for accrued compensation and compensation

On January 2, 2024, the Board of Directors of the Company agreed to satisfy $312,000 of accrued compensation owed to its executive officers (collectively, the "Management") as of December 31, 2023, which was included in accrued compensation on the accompanying consolidated balance sheet. Management agreed to accept 312 shares of the Company's Series B convertible preferred stock in settlement of this accrued compensation.

On January 2, 2024, the Board of Directors of the Company agreed to issue 50 shares of the Company's Series B convertible preferred stock to a director for services rendered.

Common Stock Issued for Conversion of Series C Preferred Stock

On February 1, 2024, the Company issued 5,772,973 shares of its common stock upon the conversion of 200 shares of Series C preferred with a stated redemption value of $20,000. The conversion price was based on contractual terms of the related Series C preferred shares.

On March 1, 2024, the Company issued 5,781,562 shares of its common stock upon the conversion of 200 shares of Series C preferred with a stated redemption value of $20,000. The conversion price was based on contractual terms of the related Series C preferred shares.

Promissory Note

On March 1, 2024, the Company executed a Promissory Note ("Note") in favor of 1800 Diagonal Lending LLC (the "Investor") in the aggregate principal amount of $157,000 (the "Principal"), and an accompanying Securities Purchase Agreement ("SPA"). Only in the event of a default, as discussed below, is the Note convertible into shares of the Company's common stock. The Note was funded on March 4, 2024, in the amount of $125,000, which is net of an original issue discount of $13,000 and a one-time interest charge of approximately $19,000. A one-time interest charge of twelve percent (12%) (the "Interest Rate") was applied on the issuance date to the Principal. Under the terms of the Note, the Company is required to make monthly payments as outlined in the Note, beginning on August 30, 2024 and the Note matures on December 30, 2024. Any amount of principal or interest on this Note which is not paid when due shall bear interest at the rate of 22% per annum from the due date thereof until the same is paid ("Default Interest").

Monthly payment shall be as follows:

Payment Date		
August 30, 2024	$	87,920
September 30, 2024	$	21,980
October 30, 2024	$	21,980
November 30, 2024	$	21,980
December 30, 2024	$	21,980
Total	$	175,840

Among other things, an event of default ("Event of Default") shall occur if the Company fails to pay the principal or interest when due on the Note, whether at maturity, upon acceleration or otherwise. Upon the occurrence of any Event of Default, the Note shall become immediately due and payable and the Company shall pay to the Investor, in full satisfaction of its obligations hereunder, an amount equal to 220% times the sum of the then outstanding principal amount of this Note plus accrued and unpaid interest on the unpaid principal amount of this Note to the date of payment plus Default Interest, if any. At any time following an Event of Default, the Holder shall have the right to convert all or any part of the outstanding and unpaid amount of this Note into fully paid and non-assessable shares of the Company's Common Stock. The conversion price (the "Conversion Price") shall be the greater of $0.0025 per share (the "Fixed Conversion Price") or 65% multiplied by the lowest closing bid price during the 10 trading days prior to the conversion date (representing a discount rate of 35%) (the "Variable Conversion Price"). At no time may the Note be converted into shares of our common stock if such conversion would result in the Investor and its affiliates owning an aggregate of in excess of 4.99% of the then outstanding shares of our common stock.

Exhibit 21.1

C-Bond Systems, Inc.

List of Subsidiaries

Company Name	State of Incorporation
C-Bond Systems, LLC	Texas
Patriot Glass Solutions LLC (80% owned)	Texas

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 filed on January 9, 2020 (File No. 333-235868) and September 25, 2018 (File No. 333-227522), of our report dated April 1, 2024 on the consolidated financial statements of C-Bond Systems, Inc. as of and for the years ended December 31, 2023 and 2022, which report is included in the Annual Report on Form 10-K of C-Bond Systems, Inc. for the year ended December 31, 2023.

/s/ Salberg & Company, P.A.

SALBERG & COMPANY, P.A.
Boca Raton, Florida
April 1, 2024

Exhibit 31.1

Certifications

I, Scott R. Silverman, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of C-Bond Systems, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ Scott R. Silverman

Scott R. Silverman
Chief Executive Officer
(Principal executive officer)

Exhibit 31.2

Certifications

I, Scott. R. Silverman, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2023 of C-Bond Systems, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 1, 2024

/s/ Scott R. Silverman

Scott Silverman
Chief Financial Officer
(Principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of C-Bond Systems, Inc. (the “Company”) on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), and pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, as amended, I, Scott R. Silverman, Chief Executive Officer and Chairman of the Board of the Company, certify to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 1, 2024

/s/ Scott R. Silverman
Scott R. Silverman
Chief Executive Officer
(Principal executive officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of C-Bond Systems, Inc. (the "Company") on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, as amended, I, Scott R. Silverman, Chief Financial Officer of the Company, certify to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 1, 2024

/s/ Scott R. Silverman
Scott R. Silverman
Chief Financial Officer
(Principal financial officer)