Knowledge as a Service, Inc.

Balance Sheet
December 31, 2021

Assets

	2021
Current Assets	
Cash and cash equivalents	$ 42,338
Accounts receivable	236,325
Prepaid expenses	6,859
Deferred contract costs	38,731
Other current assets	8,400
Total current assets	332,653
Long-term deferred contract costs	109,676
Intellectual property, net	1,247,237
Total assets	$ 1,689,566

Liabilities and Stockholders' Equity

Current Liabilities	
Accounts payable	$ 285,569
Accrued expenses	283,936
Deferred revenue	267,949
Current maturities of long-term debt	1,294,805
Total current liabilities	2,132,259
Long-term deferred revenue	110,000
Disputed liability	307,733
Long-term debt, net of current maturities	238,707
Total liabilities	2,788,699
Stockholders' Equity	
Common stock, $0.00001 par value; 100,000,000 shares authorized and 21,525,621 shares issued and outstanding	215
Additional paid-in capital	2,015,516
SAFE agreements	152,500
Accumulated deficit	(3,267,364)
Total stockholders' equity	(1,099,133)
Total liabilities and stockholders' equity	$ 1,689,566

No assurance is provided on these financial statements.

Knowledge as a Service, Inc.

Income Statement
For the Years Ended December 31, 2021

		2021
Revenues	$	164,611
Cost of Revenues		138,277
Gross Profit		26,334
Operating Expenses		
Sales and marketing		130,032
Research and development		60,966
General and administrative costs		836,803
Amortization		356,353
Total operating expense		1,384,154
Operating Income		(1,357,820)
PPP Loan Forgiveness		120,830
Interest Expense		(52,883)
Net loss	$	(1,289,873)

No assurance is provided on these financial statements.

Knowledge as a Service, Inc.

Statement of Changes in Stockholders' Equity
For the Years Ended December 31, 2021

	Non-Voting Common Shares Issued	Voting Common Shares Issued	Common Stock	Additional Paid-In Capital	SAFE Agreements	Accumulated Deficit	Total
Balance, December 31, 2020	9,397,132	11,908,489	$ 213	$ 1,905,518	$ 152,500	$ (1,977,491)	$ 80,740
Capital raise from subscription agreements	220,000	-	2	109,998	-	-	110,000
Net loss	-	-	-	-	-	(1,289,873)	(1,289,873)
Balance, December 31, 2021	9,617,132	11,908,489	$ 215	$ 2,015,516	$ 152,500	$ (3,267,364)	$ (1,099,133)

No assurance is provided on these financial statements.

Knowledge as a Service, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021
Cash Flows from Operating Activities	
Net loss	$ (1,289,873)
Adjustments to reconcile net loss to net cash used in operating activities	
Amortization	356,353
Deferred compensation expense financed by promissory notes	-
(Increase) decrease in:	
Accounts receivable	(231,325)
Prepaid expenses	(968)
Deferred contract costs	(90,732)
Other current assets	(7,900)
Increase (decrease) in:	
Accounts payable	198,916
Accrued expenses	244,736
Deferred revenue	368,024
Disputed liability	-
Net cash used in operating activities	(452,769)
Cash Flows from Financing Activities	
Proceeds from subscription agreements	110,000
Proceeds from SAFE agreements	-
Proceeds from Paycheck Protection Program loan	-
Proceeds from long-term debt	475,500
Repayments of long-term debt	(246,763)
Net cash provided by financing activities	338,737
Net increase in cash	(114,032)
Cash and Cash Equivalents, Beginning	156,370
Cash and Cash Equivalents, Ending	$ 42,338
Supplemental Disclosures of Cash Flow Information	
Interest paid	$ 3,229

No assurance is provided on these financial statements.

1. Nature of Operations, Going Concern and Liquidity and Significant Accounting Policies

Nature of Operations

Knowledge as a Service Inc. (KaaS or Company) is a Delaware corporation formed on February 26, 2019. KaaS has developed a behavior change software called *Ringorang*. Leveraging learning science and methods derived from the advertising and entertainment industries, the software platform ensures that training is delivered effectively, retained over time, and can be linked to positive business outcomes. The Company has been awarded multiple patents for its novel behavior change functionality. The solution is scalable and currently in use by, among others, a Fortune 50 technology company that recognizes its category defining learning methodology. KaaS continues to broaden its reach within the Fortune 1000 while working on a "Generation 2" product to incorporate data mining and machine learning components. This next generation platform will increase the Company's competitive advantages through faster adoption and the optimization of learning outcomes, while retaining its focus on business results.

Going Concern and Liquidity

KaaS has incurred recurring operating losses and has an accumulated deficit of approximately $3.27 million on December 31, 2021. Absent additional working capital, these factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. The continued existence of the Company depends on multiple factors, including but not limited to, its ability to increase revenues and profitability and secure adequate sources of capital. Management believes the Company will continue to increase revenue from customers and be able to raise additional capital necessary to fund the Company's operations for the foreseeable future.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Use of Estimates

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

Prior Period Adjustments

Prior period adjustments have been made with respect to a revision of estimates relating to revenue recognition and amortization of fulfillment costs. The cumulative adjustment of $47,750 is reflected in the beginning balance on the statement of changes in stockholders' equity.

Revenue Recognition

The Company primarily generates revenue from the sale of software as a service. All revenue is recognized when the Company satisfies its performance obligation(s) under the contract (either implicit or explicit) by transferring promised service to its customer either when (or as) its customer obtains control of the service. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. The Company allocates the contract's transaction price to each performance obligation using the Company's best estimate of standalone selling price for each distinct service in the contract.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for providing its services. As such, revenue is recorded net of returns, allowances, customer discounts and incentives. Sales, value add, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The Company's performance obligations are satisfied either over time or at a point in time. Revenue from software subscriptions, intervention and other related services is recognized over time using an output measure either based on the passage of time or output delivered. Revenue from implementation services associated with software subscriptions and related services is recognized over the life of the associated contract.

Professional services revenue is based on a performance obligation promised in a contract. The Company identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to faithfully depict the Company's performance in transferring control of the promised goods or services to the customer. These contracts have a typical term of one year or less and are considered a single performance obligation as multiple services promised in the contract represent a single output delivered to the customer.

Contract Balances

The timing of revenue recognition for services is based on the length of the contract. Services billed and completed on a monthly basis are recognized in the month the services are being provided.

Changes in deferred revenue related to material right performance obligations for the year-ended December 31, 2021 are as follows:

Balance, beginning of period	$ 9,925
Deferral of revenue	377,949
Recognition of unearned revenue	(9,925)
Balance, end of period	$ 377,949

We expect to recognize $267,949 of deferred revenue related to material right performance obligations in 2022 and $110,000 in 2023.

Assets Recognized from the Costs to Obtain and Fulfill Revenue Contracts

The timing of revenue recognition for services is based on the length of the contract. Services billed and completed on a monthly basis are recognized in the month the services are being provided. We recognize an asset for the incremental costs of obtaining a contract with a client if we expect the amortization period to be longer than one year. We also recognize an asset for the costs to fulfill a contract with a client if such costs are specifically identifiable, generate or enhance resources used to satisfy future performance obligations, and are expected to be recovered. We have determined that substantially all costs related to implementation activities are administrative in nature and also meet the capitalization criteria under ASC 340-40. These capitalized costs to fulfill principally relate to upfront direct costs that are expected to be recovered through margin and that enhance our ability to satisfy future performance obligations.

The assets related to both costs to obtain, and costs to fulfill, contracts with clients are accounted for on a customer basis and are capitalized and amortized over the expected period of benefit, which we have determined to be the estimated client relationship of five years. These assets are presented as deferred contract costs in the accompanying consolidated balance sheets. Amortization expense related to costs to obtain and costs to fulfill a contract are included in the “costs of revenue” line item in the accompanying statement of income.

The following table presents the asset balance and related amortization expense for these contract costs:

Balance, beginning of period	$ 57,675
Capitalization of costs	143,321
Amortization	(52,589)
Balance, end of period	$ 148,407

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents, which are highly liquid debt instruments, with original maturities of less than ninety days. On December 31, 2021, the Company has no cash equivalents.

Accounts Receivable

Accounts receivable are stated at outstanding balances and are considered to be fully collectible. Accordingly, a reserve for doubtful accounts has not been established. Accounts deemed to be uncollectible, are charged to operations when management makes that determination. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

Intangible Assets

Acquired intangible assets subject to amortization are amortized on a straight-line basis, which approximates the pattern in which the economic benefit of the respective intangible assets are realized by the Company, over their respective estimated useful lives (generally five years). Intangible assets consist of developed technology and the technology's intellectual property. Financial Accounting Standards Board (FASB) guidance requires that identifiable intangible assets with definite lives be reviewed for impairment in accordance with FASB Accounting Standards Codification (ASC) 760, *Long-Lived Assets*.

Impairment of Long-Lived Assets

Management reviews the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset, to be held and used, is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such an asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Accordingly, management has made no adjustments to the carrying value of the long-lived assets.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*. Under this guidance, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Income taxes are provided based on the enacted tax rates in effect at the time such temporary differences are expected to reverse. A valuation allowance, when determined to be necessary, is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations. The Company follows provisions within ASC 740-10, which clarifies the accounting for uncertainty in income taxes. The Company has not identified any uncertain tax positions as of December 31, 2021. The Company records interest and penalties related to tax uncertainties as part of other expense. The Company incurred no interest and penalties during the year ended December 31, 2021.

Advertising

Advertising costs are charged to expense when incurred and were $125,999 for the year ended December 31, 2021.

Research and Development Costs

The Company expenses research and development costs as incurred. Research and development expenses consist of the costs of product development as well as new and improved products.

Subsequent Events

Management of the Company has evaluated events and transactions subsequent to the balance sheet date for items that could potentially be recognized or disclosed in these financial statements. The evaluation was conducted through September 30, 2022, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events that would require recognition or disclosure in these financial statements.

Recently Issued Accounting Standard

During February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. During 2018, the FASB also issued ASU No. 2018-01, *Land Easement Practical Expedient*, which permits an entity to elect an optional transition practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and that were not previously accounted for under ASC 840; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*, which addresses narrow aspects of the guidance originally issued in ASU No. 2016-02; ASU No. 2018-11, *Targeted Improvements*, which provides entities with an additional (and optional) transition method whereby an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption and also provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component; and ASU No. 2018-20, *Narrow-Scope Improvements for Lessors*, which addresses sales and other similar taxes collected from lessees, certain lessor costs, and the recognition of variable payments for contracts with lease and non-lease components. During 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which deferred the effective date for certain entities and, during 2020, issued ASU No. 2020-05, *Effective Dates for Certain Entities*, which deferred the effective date of ASU No. 2016-02 for those entities that had not yet issued their financial statements at the time of ASU No. 2020-05's issuance. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Company is currently assessing the effect that Topic 842 (as amended) will have on its results of operations, financial position, and cash flows.

2. Concentration of Credit and Other Risks

Credit Risk

The Company cash balances in financial institutions, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. The Company has not experienced losses and does not believe it is exposed to significant credit risk. Management regularly monitors the financial institutions, along with its cash balances, in an effort to keep potential risk to a minimum.

Customers

KaaS revenue for the year ended December 31, 2021 consisted of thirteen customers. Three of the customers produced 80.3% of the revenue.

3. Intellectual Property, Net

The Company issued 893,150 of non-voting common shares at $1.22658 per share to, as well as assuming a $686,250 note payable from, a third party in exchange for the intellectual property of *Ringorang.*

	Useful Life	2020
Intellectual Property	5 Years	$ 1,781,767
Less accumulated amortization		(534,530)
Intellectual property, net		$ 1,247,237

Amortization expense over the next four years is as follows:

2022	$ 356,353
2023	356,353
2024	353,353
2025	178,178
Total	$ 1,247,237

4. Disputed Liability

KaaS is carrying a liability of $307,733 on December 31, 2021 for consulting and advisory services incurred during 2019 and 2020. The Company is disputing the legitimacy of the charges as they believe the results and deliverables did not meet the terms and expectations established and that the service provider has breached the master service agreement and statements of work executed. As of the date of this report, the Company is seeking to resolve the matter directly with the service provider and has not filed formal claims in a court of law. Company and the service provider have both mentioned the possibility of resolving the matter by litigation if not otherwise resolved, but negotiations are continuing. Management continues to monitor the situation and evaluate its options.

5. Paycheck Protection Program

On May 1, 2020, the Company received loan proceeds in the amount of $120,830 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities.

The Company believes that it has met the PPP's loan forgiveness requirements as it disbursed 100 percent of the loan proceeds for payroll expense, and therefore, applied for forgiveness during March of 2021, which was approved.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

6. Long-Term Debt

Long-term debt consists of the following on December 31:

a. Promissory Note – intellectual property	$ 449,284
b. Promissory Note – related party	411,419
c. Promissory Note – related party	25,675
d. Promissory Note	15,000
e. Promissory Note – convertible	10,000
f. Promissory Note – deferred compensation, convertible	322,327
g. Bridge Loan - Fundbox	82,307
h. Bridge Loan	162,500
Total	1,533,512
Less current portion	(1,294,805)
Total long-term debt	$ 238,707

a. In May 2020, the Company assumed a $686,250 promissory note as part of its acquisition of the intellectual property associated with *Ringorang.* The promissory note accrues interest at a fixed 6.0 percent and matures in October 2023.

b. The promissory note is due to a voting stockholder of the Company. The promissory note incurs interest at 1.35 percent. All principal and accrued and unpaid interest are due December 31, 2022.

c. The promissory note incurs interest at 6.0 percent. All principal and accrued and unpaid interest are due December 31, 2022.

d. The promissory note incurs interest at 2.0 percent and is due January 1, 2022. The amount remains unpaid and the term will be extended.

e. The promissory note incurs interest at 2.0 percent and is due on demand any time after April 1, 2021. The promissory note has not been called as of the date of issuance. The promissory note, including any accrued and unpaid interest, may be converted to the Company's non-voting common stock at a price per share equal to fifty cents ($0.50) per share.

f. The Company has executed promissory notes with stockholders and employees of the Company for compensation earned but not paid during the year ended December 31, 2020. The value of the promissory notes was determined based on compensation forgone in lieu of cash.
The promissory notes incur interest at 1.35 percent. All principal and accrued and unpaid interest are due December 31, 2022. The promissory notes contain a conversion option to convert all unpaid principal and accrued interest into shares of the Company's non-voting common stock at a 20.0 percent discount to a valuation achieved by the Company in a priced round. Since the conversion option is contingent on future events, the Company has determined the estimated value of such options is not reasonably estimable until such contingencies are resolved. As such,

the Company has not recorded any expense or liability with respect to the options issued with the conversion option associated with promissory notes.

g. In July 2021, the Company entered into a bridge loan that is secured by future billed revenues. The amount to be repaid is ten percent (10%) of all billed revenue up to revenue cap of $3 million. The terms of this loan have not been finalized.

h. In November 2021, the Company received a bridge loan from FundBox. The loan has weekly payments of $4,167 that include a loan “fee”. The loan fees imputed interest rate is 56.5%. This loan matures November 30, 2022.

Future debt maturities, over the next two years, are as follows for the years ending December 31:

2022	$ 1,294,805
2023	238,707
Total	$ 1,533,512

Interest expense incurred on long-term debt was approximately $48,545. Total interest expense incurred by the Company was $52,883 for the year ended December 31, 2021 which includes $4,338 of interest and finance charges incurred on operating payables.

7. Simple Agreement for Future Equity (SAFE)

The Company has entered into non-refundable agreements with investors which gives the investor the right to certain shares of the Company's capital stock at the price per share equal to a post-money valuation cap divided by the Company's capitalization. The SAFE agreements automatically terminate immediately following the earliest to occur of (a) the issuance of capital stock to the investor pursuant to the automatic conversion of the SAFE agreement following an equity financing as defined by the agreement, or (b) the payment, or setting aside for payment, of the amounts due to the investor pursuant to a liquidity event or dissolution event, as defined by the agreement.

8. Related-Party Transactions

The Company has executed promissory notes with employees and stockholders which are outlined in more detail at Note 6.

9. Income Taxes

Deferred federal income taxes arise from temporary differences between the valuation of assets and liabilities as determined for financial reporting purposes and federal income tax purposes and are measured at enacted tax rates. As of December 31, 2020, the Company measured its deferred tax items at an effective tax rate of 26.5 percent.

Net deferred tax assets on December 31, 2021 were $733,151. A valuation allowance equal to this amount was established as these deferred tax assets are not able to be realized until the Company produces taxable income.

As of December 31, 2021, the Company had available approximately $2.9 million of federal and state operating loss carryforwards, respectfully. The Company's net operating losses will be carried forward indefinitely until the loss is fully recovered, but they are limited to 80 percent of the taxable income in any one tax period.

The components of the Company's deferred tax assets and liabilities are as follows on December 31, 2021:

Federal and state net operating loss carryforwards	$ 472,516
Intangible assets	118,083
Disputed liability	81,549
Deferred revenue	100,156
Deferred contract assets	(39,153)
Valuation allowance	(733,151)
Total	$ -