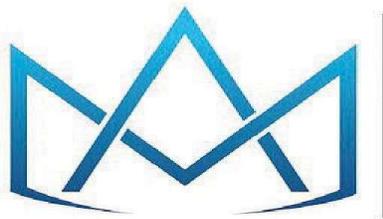


**Atreyu Group Holdings, Inc.** (the “Company”) a Delaware Corporation

Financial Statements (unaudited) and  
Independent Accountant’s Review Report

Years ended December 31, 2019 & 2020



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
Atreyu Group Holdings, Inc.

We have reviewed the accompanying financial statements of the company which comprise the balance sheet as of December 31, 2019 & 2020 and the related statements of operations, statement of changes in shareholder equity, and statement of cash flows for the years and months then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. See emphasis of matter paragraph below.

### **Going Concern**

As discussed in Note 8, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs.

### **Emphasis of Matter - Departure from GAAP**

The entity has stock options and stock warrants that were vesting during the period under review. However, the associated equity-based compensation expense in accordance with ASC 718 was not reflected in the financials resulting in an unknown understatement of expenses.

Vince Mongio, CPA, CIA, CFE, MACC  
Miami, FL  
April 14, 2021

*Vincenzo Mongio*

**Statement of Financial Position**

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	1,167,469	543,235
Restricted Cash	517,001	849,177
Prepaid Expenses	70,943	40,764
Right of Use Asset	30,019	122,016
Total Current Assets	1,785,431	1,555,192
<b>Non-current Assets</b>		
Intangible Asset: Capitalized Software Development		
Costs Net of Accumulated Amortization	-	19,856
Security Deposit	20,842	20,250
Goodwill	-	592
Other Assets	76	-
Total Non-Current Assets	20,918	40,698
<b>TOTAL ASSETS</b>	<b>1,806,348</b>	<b>1,595,890</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	410,478	764,901
Lease Liability	31,137	124,909
Loans	442,069	300,000
Accrued Expenses	188,848	27,370
Other Liabilities	209	2,188
Total Current Liabilities	1,072,741	1,219,368
<b>Non-Current Liabilities</b>		
Loans	757,860	-
Total Non-Current Liabilities		
<b>TOTAL LIABILITIES</b>	<b>1,830,600</b>	<b>1,219,368</b>
<b>EQUITY</b>		
Common Stock	2	1
Preferred Stock	54	53
APIC	9,535,584	9,182,703
Accumulated Deficit	(9,559,892)	(8,806,236)
Total Equity	(24,252)	376,522
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,806,348</b>	<b>1,595,890</b>

**Statement of Operations**

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Revenue	7,588,245	3,984,714
Cost of Sales	5,655,301	3,149,114
Gross Profit	1,932,944	835,601
Operating Expenses		
General and Administrative	1,325,195	592,243
Consulting	773,243	245,992
Hosting and Connectivity	267,885	182,613
Market Data Expense	190,192	318,091
Rent and Lease	96,197	93,304
Depreciation	3,979	5,409
Amortization		52,137
Total Operating Expenses	2,656,692	1,489,788
Operating Loss	(723,748)	(654,188)
Interest Expense	(31,020)	(15,000)
Interest Earned	1,424	1,203
Provision for Income Tax	-	-
Net Loss	(753,344)	(667,985)

**Statement of Cash Flows**

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Net Income	(753,344)	(1,027,132)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Depreciation and amortization	3,979	57,546
Accounts Receivable	332,177	(342,528)
Prepaid Expenses	(30,179)	(28,587)
Accounts Receivable - Clearing Deposits		(100,000)
Accounts Payable	(358,395)	306,224
Accrued Expenses	203,000	1,545
Other	18,433	(5,952)
Deferred Rent	-	-
Lease Liability	(93,772)	124,909
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	75,243	13,156
Net cash provided by operating activities	(678,102)	(1,013,976)
<b>INVESTING ACTIVITIES</b>		
Right of Use Asset	91,997	(122,016)
Computer Hardware	-	(1,677)
Computer Software	-	-
Net cash provided by investing activities	91,997	(123,692)
<b>FINANCING ACTIVITIES</b>		
Capital Contributions	352,780	1,250,173
Loans	857,559	15,000
Net cash provided by financing activities	1,210,339	1,265,173
Net cash increase for period	624,234	127,506
Beg Cash Balance	543,235	415,729
Ending Cash Balance	1,167,469	543,235

**Statement of Changes in Shareholder Equity**

	Preferred Series A		Additional Paid in Capital (preferred)	Common Shares		Additional Paid in Capital (common)	Retained Earnings	Accumulated Adjustments	Total Stockholders' Equity
	# of Shares	\$.0001 Par		# of Shares	\$.0001 Par				
<b>Balance on Dec 31, 2018</b>	466,629	46.7	7,932,646	-	-	-	(7,772,033)	-	160,888
<b>Sale of Preferred Stock</b>	61,529	6.2	1,045,987	-	-	-	-	-	1,045,993
<b>Sale of Common Stock</b>	-	-	-	11,919	1.2	204,171	-	-	204,172
<b>Net Income</b>	-	-	-	-	-	-	(1,034,532)	-	(1,034,532)
<b>Balance on Dec 31, 2019</b>	528,158	52.8	8,978,633	11,919	1.2	204,171	(8,806,565)	-	376,522
<b>Sale of Preferred Stock</b>	14,706	1.5	250,001	-	-	-	-	-	250,002
<b>Sale of Common Stock</b>	-	-	-	6,000	0.6	102,779	-	-	102,780
<b>Net Income</b>	-	-	-	-	-	-	(753,344)	-	(753,344)
<b>Other Adj</b>	-	-	-	-	-	-	-	(211)	(211)
<b>Balance on Dec 31, 2020</b>	542,864	54.3	9,228,634	17,919	1.8	306,951	(9,559,909)	(211)	(24,252)

**Atreyu Group Holdings, Inc**  
**Notes to the Unaudited Financial Statements**  
**December 31st, 2020**  
**\$USD**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Atreyu Group Holdings, Inc (“the Company”) was formed in Delaware on December 15<sup>th</sup>, 2014. The company earns transactional and software licensing revenue through its technology. The technology improves access to the trading markets to support the growth in automated electronic trading.

The company will conduct a crowdfunding campaign under regulation CF in 2021 to raise operating capital.

**NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Our fiscal year ends on December 31. The company has 100% ownership interests in two subsidiary entities, Atreyu Group LLC and Atreyu Group Technologies LLC. As such, the financial statements herein represent the consolidated results of operations for both entities.

Use of Estimates and Assumptions

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Restricted Cash

These amounts represent minimum required balances at financial institutions.

Software Development Costs

The company capitalizes all costs associated with the development of its platform subsequent to the date technological feasibility was established. The company amortizes the costs over a recovery period of 3 years.

	2020	2019
Capitalized Software Development Costs	899,364	899,364
Less: Accumulated Amortization	(899,364)	(879,508)
Net Book Value	-	19,856

### Right of Use Asset

The company's right of use asset represents a lease obligation for its headquarters. The company recognizes straight line rent expense of \$96k per year.

### Fair Value of Financial Instruments

ASC 820 "*Fair Value Measurements and Disclosures*" establishes a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers include:

Level 1: defined as observable inputs such as quoted prices in active markets;

Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3: defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

### Concentrations of Credit Risks

The Company's financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

### Revenue Recognition

The Company recognizes revenue from the sale of products and services in accordance with ASC 606, "*Revenue Recognition*" following the five steps procedure:

Step 1: Identify the contract(s) with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company recognizes revenue when it satisfies its obligation by transferring control of the good or service to the customer. A performance obligation is satisfied over time if one of the following criteria are met:

- a. the customer simultaneously receives and consumes the benefits as the entity performs;
- b. the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- c. the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

The Company's primary performance obligations are to facilitate trades. The company's performance obligation ends at the fulfillment of a successful trade and revenue for execution and fulfillment fees are recognized at that time.

### Advertising Costs

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred.

## General and Administrative

General and administrative expenses consist of payroll and related expenses for employees and independent contractors involved in general corporate functions, including accounting, finance, tax, legal, business development, and other miscellaneous expenses.

## Income Taxes

The Company is subject to Corporate income and state income taxes in the state it does business. A deferred tax asset as a result of net operating losses (NOL) has not been recognized due to the uncertainty of future positive taxable income to utilize the NOL. Due to the recently enacted Tax Cuts and Jobs Act, any NOLs will be limited to 80% of taxable income generated in future years.

## Recent accounting pronouncements

Management has considered all recent accounting pronouncements issued. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

## **NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company follows ASC 850, "Related Party Disclosures," for the identification of related parties and disclosure of related party transactions. No related party transactions require disclosure.

## **NOTE 4 – CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS**

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations.

## **NOTE 5 – DEBT**

Loans \$300k - The company has entered into a loan agreement with a 3<sup>rd</sup> party totaling \$300k as of 2020. The amounts bear interest at 5% and is payable on demand. Interest of \$42k was accrued as of 2020\*

Revenue based Loans \$750k - The company obtained \$750,000 from a 3<sup>rd</sup> party in exchange for a revenue participation note. The company is to repay the lender at various repayment multiples up to double the amount advanced up to \$2,000,000 with imputed interest of 17%. Interest of \$8k was accrued as of 2020. The loan matures in 2025. \*\*

PPP Loans \$100k – The company had outstanding \$100k loan under the paycheck protection program at 1% interest. The loan has since been forgiven as of the date of these financials.

### **Debt Principal Maturities 5 Years Subsequent to 2020**

<b>Year</b>	<b>Amount</b>
2021	-
2022	-
2023	-
2024	-
2025	-
Thereafter	-

\*The loan payable is due on demand and can mature in any year and is not reflected in the above schedule.

\*\*The loan principal repayment is contingent on revenue amounts generated in a given year and can fluctuate and is not reflected in the above schedule.

## **NOTE 6 - EQUITY**

The company has authorized 500,000 of common shares and 588,235 of preferred shares with a par value of \$0.001 per share. 17,919 common shares and 542,864 preferred shares were issued and outstanding as of 2020.

Holders of common stock are voting and are entitled to dividends at the discretion of the board of directors. Preferred shareholders are entitled to cast a number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock are convertible. Preferred shareholders have affirmative conversion rights to convert into common shares at various multiples. Preferred stock accrues dividends at a rate of \$0.68 per annum and are payable at the discretion of the board of directors.

## **NOTE 7- SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to December 31, 2020 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through April 14, 2021, the date these financial statements were available to be issued. The company's PPP loan for \$100k was forgiven in full.

## **NOTE 8 – GOING CONCERN**

The accompanying balance sheet has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The entity has realized losses every year since inception and may continue to generate losses.

The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. No assurance can be given that the Company will be successful in these efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities.

## **NOTE 9 – RISKS AND UNCERTAINTIES**

### ***COVID-19***

Since December 31, 2020 the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods. Note: this disclosure assumes there is no significant doubt about the entity's ability to continue as a going concern.

***We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.***

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including: not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;

reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We can continue to be an emerging growth company, as defined in the JOBS Act, for up to five years following our IPO.