BULA TECHNOLOGIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

Independent Accountant's Review Report	
Consolidated Balance Sheets	
Consolidated Statements of Income	
Consolidated Statements of Equity	
Consolidated Statements of Cash Flows	
Notes to the Consolidated Financial Statements	7



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors Bula Technologies, Inc. Miami, Florida

We have reviewed the accompanying consolidated financial statements of Bula Technologies, Inc., which comprise the consolidated balance sheets as of December 31, 2021, and 2020, and the related consolidated statements of income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated 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 taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. We are required to be independent of Bula Technologies, Inc. and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4, certain conditions raise an uncertainty 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. Our conclusion is not modified with respect to this matter.

Belle Business Services, Lic

Belle Business Services, LLC

July 25, 2022

BULA TECHNOLOGIES, INC. CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (unaudited)

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 471,281	N/A
TOTAL CURRENT ASSETS	471,281	N/A
OTHER ASSETS		
Software development	273,420	N/A
TOTAL ASSETS	<u>\$ 744,701</u>	N/A
LIABILITIES AND SHARE	HOLDERS' EQUITY	
CURRENT LIABILITIES		
Accounts payable	\$ 24,500	N/A
TOTAL CURRENT LIABILITIES	24,500	N/A
TOTAL LONG-TERM LIABILITIES		N/A
TOTAL LIABILITIES	24,500	N/A
SHAREHOLDERS' EQUITY		
Common stock, see note 3	90	N/A
Additional paid-in capital	-	N/A
SAFE Obligations	950,000	N/A
Accumulated deficit	(229,889)	N/A
TOTAL SHAREHOLDERS' EQUITY	720,201	N/A
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 744,701	N/A

See independent accountant's review report and accompanying notes to financial statements.

BULA TECHNOLOGIES, INC. CONSOLIDATED STATEMENTS OF INCOME DECEMBER 31, 2021 AND 2020 (unaudited)

		2021	2020		
REVENUES	\$	-	N/A		
COST OF GOODS SOLD			N/A		
GROSS PROFIT	-				
OPERATING EXPENSES					
General and administrative		213,221	N/A		
Professional fees		16,668	N/A		
TOTAL OPERATING EXPENSES	11-	229,889	N/A		
NET OPERATING INCOME/(LOSS)		(229,889)	N/A		
NET INCOME (LOSS)	\$	(229,889)	N/A		

BULA TECHNOLOGIES, INC. CONSOLIDATED STATEMENTS OF EQUITY DECEMBER 31, 2021 AND 2020 (unaudited)

Common Stock

	Commo	n Stock									
	Shares	Ame	ount	Additio Paid-in C		OŁ	SAFE bligations		ned Earnings nulated Deficit)	_	Total
BEGINNING BALANCE, JANUARY 1, 2020	N/A	N/A		N/A		N/A		N/A		N/	/A
Net income	N/A	N/A		N/A		N/A		N/A		N/	/A
ENDING BALANCE, DECEMBER 31, 2020	-	\$	-	\$	-	\$	-	\$	-	\$	-
Issuance of common stock	9,000,000		90		-		=1		_	\$	90
Issuance of SAFE obligations	-		=				950,000		-	\$	950,000
Net loss			:=			0	<u>-</u> ,		(229,889)	_\$_	(229,889)
ENDING BALANCE, DECEMBER 31, 2021	9,000,000	\$	90	\$		\$	950,000	\$	(229,889)	\$	720,201

BULA TECHNOLOGIES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 31, 2021 AND 2020

(unaudited)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (229,889)	N/A
Adjustments to reconcile net income to net cash		
provided by operating activities: Increase (decrease) in liabilities:		
Accounts payable	24,500	N/A
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(205,389)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used for software development	(273,420)	N/A
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(273,420)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock	90	N/A
Issuance of SAFE obligations	950,000	N/A
CASH PROVIDED BY FINANCING ACTIVITIES	950,090	N/A
NET INCREASE IN CASH	471,281	N/A
CASH AT BEGINNING OF YEAR		N/A
CASH AT END OF YEAR	\$ 471,281	N/A
CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -
INCOME TAXES	\$ -	\$ -

See independent accountant's review report and accompanying notes to financial statements.

(unaudited)

1. Summary of Significant Accounting Policies

The Company

The consolidated financial statements have been prepared to present the financial position and results of operations of the following related entities (collectively, the "Company").

Bula Technologies, Inc. ("Nevada") was incorporated in the State of Nevada on January 10, 2021.

Bula Technologies, Inc. ("Delaware") was incorporated in the State of Delaware on May 27, 2021.

The Company originally incorporated as a Nevada entity and in May 2021, started the Delaware entity. Upon inception of the Delaware entity, all operations moved to the Delaware Company. The Company is planning on dissolving the Nevada entity and will only be doing operations in the Delaware entity.

The Company specializes in a mobile application that allows users to communicate, judge, and compete for Bula glory, which includes merchandise, cash, trophies, and the best of all bragging rights.

Going Concern

Since Inception, the Company has relied on funds from SAFE obligations and common stock issued to fund its operations. As of December 31, 2021, the Company will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company's ability to continue as a going concern. As of December 31, 2021, the Company is still mostly in the developmental process, with very limited revenue. The Company's ability to continue as a going concern is dependent on the Company's ability to raise short term capital, as well as the Company's ability to generate funds through revenue producing activities.

Fiscal Year

The Company operates on a December 31st year-end.

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of Bula Technologies, Inc. ("Nevada") and Bula Technologies, Inc. ("Delaware"). The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All significant intercompany balance and transactions have been eliminated in the accompanying consolidated financial statements.

Use of Estimates

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. As of December 31, 2021, and 2020, the Company held no cash equivalents.

(unaudited)

1. <u>Summary of Significant Accounting Policies (continued)</u>

Risks and Uncertainties

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions.

The Coronavirus Disease of 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2022 operations and financial results including shelter in place orders, material supply chain interruption, economic hardships affecting funding for the Company's operations, and affects the Company's workforce. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021.

Accounts Receivable

The Company's trade receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2021, and 2020, the Company had no accounts receivable.

Income Taxes

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses during fiscal year 2021. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

The Company is subject to franchise and income tax filing requirements in the States of Delaware, Nevada and Florida.

(unaudited)

1. <u>Summary of Significant Accounting Policies (continued)</u>

Software Development Costs

In compliance with ASC 350-50, Accounting for Costs of Computer Software Development and ASC 985-20, Costs of Software to be Sold, Leased or Marketed, in the future, the Company will capitalize and carry forward as assets, the costs to develop the Bula platform. Research is the planned efforts of a company to discover new information that will help create a new product or service. Such costs are expensed. Development takes the findings generated by research and formulates a plan to create the desired platform. The Company applies the GAAP capitalization requirements of the "waterfall" approach which includes a specific sequential order of Plan, Design, Coding/development, Testing and Software release.

The Company monetizes and forecasts the revenues from the internally developed software and amortize the aggregate costs of the developmental software asset over the forecasted revenue stream; a matching of the revenue and costs, using the straight-line method, based on estimated useful lives of the asset. Maintenance of the platform will be expensed. The Company plans to begin amortizing the costs in 2022.

The Company reviews the carrying value of intangible personal property for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment for December 31, 2021, and 2020.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1	 Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
Level 2	- Include other inputs that are directly or indirectly observable in the marketplace.
Level 3	- Unobservable inputs which are supported by little or no market activity.

(unaudited)

1. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of Inception. Fair values were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

Concentrations of Credit Risk

From time-to-time cash balances, held at a major financial institution may exceed federally insured limits of \$250,000. Management believes that the financial institution is financially sound, and the risk of loss is low.

Revenue Recognition

The Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. The Company will generate revenues through a mobile application. The Company's payments will generally be collected upfront. For years ending December 31, 2021, and 2020 the Company recognized nil in revenue.

Advertising Expenses

The Company expenses advertising costs as they are incurred.

Organizational Costs

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

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 an entity's own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity's own equity. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after

(unaudited)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

December 15, 2021, and early application is permitted. The adoption of ASU 2018-15 had no material impact on the Company's financial statements and related disclosures.

2. <u>Commitments and Contingencies</u>

A former service vendor of the Company has filed a claim related to amounts they believe were due to them. In the claim, the service vendor is requesting \$287,115 of unpaid development services. As of December 31, 2021, the Company has not recorded a provision for this matter as management intends to vigorously defend these allegations and believes the payment of the penalty is not probable. The Company has filed a motion to dismiss the lawsuit. The Company believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations. Additionally, the Company may be required to pay legal fees, administrative expenses, and other amounts related to the resolution of the lawsuit.

3. Equity

Common Stock

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 12,000,000 shares, at \$0.00001 par value per share. As of December 31, 2021, and 2020, 9,000,000 and nil shares have been issued and are outstanding.

SAFE Obligations

Since inception, the Company issued several Simple Agreements for Future Equity ("SAFEs") for a total of \$950,000 and nil, as of December 31, 2021, and 2020, respectively. The agreements state if there is an equity financing before the termination of the SAFE, on the initial closing of an equity financing, the SAFE will automatically convert into the number of shares of preferred stock equal to the purchase amount divided by the conversion price which is (1) the SAFE price or (2) the discount price, whichever calculation results in a greater number of shares of preferred stock.

The SAFE agreements will expire and terminate upon either (i) the issuance of shares to the investor pursuant to an equity financing event or (ii) the payment, or setting aside for payment, of amounts due to the investor pursuant to a liquidity or dissolution event.

As of December 31, 2021, and 2020, no SAFE agreements had been converted into equity, nor had any terminated or expired based on the terms of the agreements.

As of December 31, 2021, and 2020, the Company had \$950,000 and nil of SAFE obligations outstanding, with valuation caps of \$2,500,000 - \$10,000,000 and no discount rates.

The Company accounts for the SAFE agreements under ASC 480 (Distinguishing Liabilities from Equity), which requires that they be recorded at fair value as of the balance sheet date. Any changes in fair value are to be recorded in the statement of income. The Company has determined that the fair value at the date of issuance, and as of December 31, 2021, and 2020 are both consistent with the proceeds received at issuance, and therefore there is no mark-to-market fair value adjustments required, or reflected in income for the years ended December 31, 2021, and 2020.

(unaudited)

4. Going Concern

These financial statements are prepared on a going concern basis. The Company registered on January 10, 2021, and has established a presence and operations in the United States. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

5. Subsequent Events

SAFE Obligations Issued

During 2022, the Company issued a total of \$412,500 of SAFE obligations with \$10,000,000 valuation caps. The terms are consistent with those discussed in Note 3.

Crowdfunding Offering

The Company is offering (the "Crowdfunded Offering") up to \$1,070,000 in Simple Agreements for Future Equity (SAFEs). The Company is attempting to raise a minimum amount of \$50,000 in this offering and up to \$1,070,000 maximum. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds.

The Crowdfunded Offering is being made through Wefunder Inc and it's wholly owned subsidiaries (the "Intermediary" aka "Wefunder"). The Intermediary will be entitled to receive a 7.5% commission fee.

Managements Evaluation

The Company has evaluated subsequent events through July 25, 2022, the date through which the financial statement was available to be issued. It has been determined that no events require additional disclosure.