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**IATRIXAIR, INC.**

**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021 AND 2020**  
*(Unaudited)*

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**INDEX TO FINANCIAL STATEMENTS**

(UNAUDITED)

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
iatrixAir, Inc.  
Temecula, California

We have reviewed the accompanying financial statements of iatrixAir, Inc. (the "Company,"), which comprise the balance sheet as of December 31, 2021 and December 31, 2020, and the related statement of operations, statement of shareholders' equity (deficit), and cash flows for the year ending December 31, 2021 and December, 2020, 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 control 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 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 conformity with accounting principles generally accepted in the United States of America.

### **Going Concern**

As discussed in Note 9, 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.

*Set Apart FS*

April 25, 2022  
Los Angeles, California

**IATRIXAIR INC.**  
**BALANCE SHEET**  
**(UNAUDITED)**

<b>As of December 31,</b>	<b>2021</b>	<b>2020</b>
(USD \$ in Dollars)		
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 192	\$ 119
<b>Total Current Assets</b>	<b>192</b>	<b>119</b>
<b>Total Assets</b>	<b>\$ 192</b>	<b>\$ 119</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 52,311	\$ 52,311
Current Portion of Loans and Notes	21,600	-
Current Portion of Convertible Note	35,000	-
Accrued Interest on Convertible Notes	4,179	1,379
<b>Total Current Liabilities</b>	<b>113,090</b>	<b>53,690</b>
Promissory Notes and Loans	-	9,900
Convertible Note	-	35,000
<b>Total Liabilities</b>	<b>113,090</b>	<b>98,590</b>
<b>STOCKHOLDERS EQUITY</b>		
Common Stock	-	-
Shareholder contribution	27,034	12,664
Retained Earnings/(Accumulated Deficit)	(139,932)	(111,134)
<b>Total Stockholders' Equity</b>	<b>(112,898)</b>	<b>(98,470)</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 192</b>	<b>\$ 119</b>

*See accompanying notes to financial statements.*

**IATRIXAIR INC.**  
**STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

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For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
Net Revenue	\$ -	\$ -
Cost of Goods Sold	-	-
Gross profit	-	-
Operating expenses		
General and Administrative	11,934	37,461
Research and Development	12,535	71,769
Sales and Marketing	1,529	526
Total operating expenses	25,998	109,756
Operating Income/(Loss)	(25,998)	(109,756)
Interest Expense	2,800	1,379
Other Loss/(Income)	-	-
Income/(Loss) before provision for income taxes	(28,798)	(111,134)
Provision/(Benefit) for income taxes	-	-
<b>Net Income/(Net Loss)</b>	<b>\$ (28,798)</b>	<b>\$ (111,134)</b>

*See accompanying notes to financial statements.*

**IATRIXAIR INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

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(in , \$US)	Common Stock		Shareholder contribution	earnings/ (Accumulated Deficit)	Total Shareholder Equity
	Shares	Amount			
<b>Balance—December 31, 2019</b>	-	\$ -		\$ -	\$ -
Capital contribution			\$ 22,739		22,739
Capital distribution			(10,075)		(10,075)
Net income/(loss)				(111,134)	(111,134)
<b>Balance—December 31, 2020</b>	-	-	12,664	\$ (111,134)	\$ (98,470)
Capital contribution			14,370		14,370
Net income/(loss)				(28,798)	(28,798)
<b>Balance—December 31, 2021</b>	-	\$ -	\$ 27,034	\$ (139,932)	\$ (112,898)

*See accompanying notes to financial statements.*

**IATRIXAIR INC.**  
**STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<b>For Fiscal Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>
(USD \$ in Dollars)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$ (28,798)	\$ (111,134)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Depreciation of Property	-	-
Changes in operating assets and liabilities:		
Accounts Payable	-	52,311
Accrued interest on convertible notes	2,800	1,379
<b>Net cash provided/(used) by operating activities</b>	<b>(25,998)</b>	<b>(57,445)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	-	-
<b>Net cash provided/(used) in investing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Capital Contribution	14,370	22,739
Capital Distribution		(10,075)
Borrowing on Promissory Notes and Loans	11,700	9,900
Borrowing on Convertible Notes	-	35,000
<b>Net cash provided/(used) by financing activities</b>	<b>26,070</b>	<b>57,564</b>
Change in Cash	73	119
Cash—beginning of year	119	-
<b>Cash—end of year</b>	<b>\$ 192</b>	<b>\$ 119</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest		
Cash paid during the year for income taxes	\$ -	\$ -
<b>OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES</b>		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Issuance of equity in return for note	-	
Issuance of equity in return for accrued payroll and other liabilities		

*See accompanying notes to financial statements.*

**IATRIXAIR INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020**

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## **1. NATURE OF OPERATIONS**

IatrixAir Inc. was originally incorporated on March 12, 2020, in the state of Delaware under the name ClairityC3 Inc. On December 7, 2020, ClairityC3 Inc. changed name to IatricAir Inc. and on March 10, 2021 IatricAir Inc changed name to IatrixAir Inc. The financial statements of IatrixAir Inc. (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Temecula, California.

IatrixAir Inc. is company that has engineered a patent pending AI-based solution that detects, removes, and destroys airborne pathogens faster than current industry standards. The Company developed an advanced and more accurate, data-driven product solution for analyzing, purifying, disinfecting, and reporting Internal Air Quality (IAQ).

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

### **Use of Estimates**

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2021 and December 31, 2020, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at net realizable value or the amount that the Company expects to collect on gross customer trade receivables. We estimate losses on receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As of December 31, 2021, and 2020, the Company determined that no reserve was necessary.

### **Income Taxes**

IatrixAir Inc. is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences

are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

#### **Concentration of Credit Risk**

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

#### **Revenue Recognition**

The Company is currently pre-revenue and will follow the provisions and the disclosure requirements described in ASU 2014-09 also referred to as Topic 606. Revenue recognition, according to Topic 606, is determined using the following steps:

- 1) Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay, and the contract has commercial substance.
- 2) Identification of performance obligations in the contract: performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- 3) Recognition of revenue when, or how, a performance obligation is met: revenues are recognized when or as control of the promised goods or services is transferred to customers.

The Company will earn revenues from the sale of its air-exchange/air scrubber products that monitor air quality.

#### **Advertising and Promotion**

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses for the years ended December 31, 2021, and December 31, 2020 amounted to \$1,529 and \$526, which is included in sales and marketing expenses.

#### **Research and Development Costs**

Costs incurred in the research and development of the Company's products are expensed as incurred.

### **Fair Value of Financial Instruments**

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

**Level 1**—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2**—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

**Level 3**—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

### **COVID-19**

In March 2020, the outbreak and spread of the COVID-19 virus was classified as a global pandemic by the World Health Organization. This widespread disease impacted the Company's business operations, including its employees, customers, vendors, and communities. The COVID-19 pandemic may continue to impact the Company's business operations and financial operating results, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the pandemic impacts the business going forward will depend on numerous evolving factors management cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending on products as well as customers' ability to pay for products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

### **Subsequent Events**

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through April 25, 2022, which is the date the financial statements were issued.

### **Recently Issued and Adopted Accounting Pronouncements**

FASB issued ASU No. 2019-02, leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than twelve months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

**IATRIXAIR INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020**

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

**3. CAPITALIZATION AND EQUITY TRANSACTIONS**

**Common Stock**

The Company is authorized to issue 1,000,000 shares of Common Stock with a par value of \$0.01. As of December 31, 2021, and December 31, 2020, none of Common Stock have been issued and are outstanding.

**4. DEBT**

**Promissory Notes & Loans**

During the years presented, the Company entered into promissory notes & loans agreements. The details of the Company's loans, notes, and the terms are as follows:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	For the Year Ended December 2021					For the Year Ended December 2020				
					Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness	Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness
Loan - Impressions Wellness, Inc.	\$ 10,600	0.00%	03/31/2022	12/31/2022	\$ -	\$ -	\$ 10,600	\$ -	\$ 10,600	\$ -	\$ -	\$ -	\$ 9,900	\$ 9,900
Loan - Joseph McConnaughey	\$ 11,000	0.00%	03/31/2022	12/31/2022	\$ -	\$ -	\$ 11,000	\$ -	\$ 11,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>					\$ -	\$ -	\$ 21,600	\$ -	\$ 21,600	\$ -	\$ -	\$ -	\$ 9,900	\$ 9,900

The summary of the future maturities is as follows:

**As of Year Ended December 31, 2021**

2022	\$ 21,600
2023	-
2024	-
2025	-
2026	-
Thereafter	-
<b>Total</b>	<b>\$ 21,600</b>

**Convertible Note(s)**

Below are the details of the convertible notes:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	For the Year Ended December 2021					For the Year Ended December 2020				
					Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness	Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness
2020 Convertible Note Zuoyu Shi	\$ 25,000	8.00%	06/08/2020	06/01/2022	2,000	3,129	25,000	-	25,000	1,129	1,129	-	\$ 25,000	25,000
2020 Convertible Note Zuoyu Shi	\$ 10,000	8.00%	09/08/2020	06/01/2022	800	1,050	10,000	-	10,000	250	250	-	\$ 10,000	10,000
<b>Total</b>	\$ -				\$ 2,800	\$ 4,179	\$ 35,000	\$ -	\$ 35,000	\$ 1,379	\$ 1,379	\$ -	\$ 35,000	\$ 35,000

The convertible notes are convertible into shares of Common Stock issued in 1) Qualified Financing (the number of shares is determined by dividing the balance by 80% of the per share price of the class and series of Common Stock issued in Qualified Financing); 2) Non-qualified Financing (the number of shares is determined by dividing the balance

by the lesser of a) 80% of the per share price of the class and series of Common Stock issued in Non-Qualified Financing, b) the price per share determined based upon a conversion cap of \$3,000,000 divided by the total number of shares of Capital Stock of the Company on a fully-diluted basis. Since the conversion feature is convertible into variable number of shares and does not have fixed-for-fixed features, the conversion feature was not bifurcated and recorded separately.

## 5. INCOME TAXES

The provision for income taxes for the year ended December 31, 2021, and December 31, 2020 consists of the following:

As of Year Ended December 31,	2021	2020
Net Operating Loss	\$ (7,010)	\$ (28,460)
Valuation Allowance	7,010	28,460
<b>Net Provision for income tax</b>	<b>\$ -</b>	<b>\$ -</b>

Significant components of the Company's deferred tax assets and liabilities on December 31, 2021, and December 31, 2020 are as follows:

As of Year Ended December 31,	2021	2020
Net Operating Loss	\$ (35,470)	\$ (28,460)
Valuation Allowance	35,470	28,460
<b>Total Deferred Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2021, and December 31, 2020. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

For the fiscal year ending December 31, 2021, the Company had federal cumulative net operating loss ("NOL") carryforwards of \$118,866, and the Company had state net operating loss ("NOL") carryforwards of approximately \$118,866. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. The federal net operating loss carryforward is subject to an 80% limitation on taxable income, does not expire, and will carry on indefinitely.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2021, and December 31, 2020, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2021, and December 31, 2020, the Company had no accrued interest and penalties related to uncertain tax positions.

## 6. RELATED PARTY

On March 31, 2022, the Company signed a loan agreement with Joseph McConnaughey, which is one its founders. The loan amount is \$11,000, there is no interest, and the unpaid principal shall be paid in full on December 31, 2022.

On March 31, 2022, the Company signed a loan agreement with Joseph McConnaughey, of behalf of Impression Wellness Inc. The loan amount is \$11,000, there is no interest, and the unpaid principal shall be paid in full on December 31, 2022.

## 7. COMMITMENTS AND CONTINGENCIES

### Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

### Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

## 8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from December 31, 2021, through April 25, 2022, which is the date the financial statements were available to be issued.

On January 10, 2022, the board of IatrixAir Inc. authorized the change of the Article of Incorporation's authorized shares from 1,000,000 shares to 10,000,000 shares, and change the par value of the shares from \$0.01 to \$0.0001. On April 05, 2022, this change was incorporated into the Certificate of Amendment of Certificate of Incorporation.

In January 2022, the Company issued 3,500,000 of the founder's Common Shares with a four-year vesting period (25% on January 1, 2022, and 25% on January 1st of 2023, 2024, and 2025).

On April 8, 2022, the Company signed a MOU with Lloyd Technologies and licensed exclusively with certain provisions, two issued patents and 3 provisionals patents and Ralph Lloyd joined the company as VP of Advanced Technologies.

There have been no other events or transactions during this time which would have a material effect on these financial statements.

## 9. GOING CONCERN

The accompanying financial statements have 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 Company has only recently commenced operations and lacks significant working capital. We will incur significant additional costs before significant

revenue is achieved. These matters raise substantial doubt about the Company's ability to continue as a going concern. During the next 12 months, the Company intends to fund its operations with funding from our proposed Regulation Crowdfunding campaign, and additional debt and/or equity financing as determined to be necessary. There are no assurances that management will be able to raise capital on terms acceptable to the Company. If we are unable to obtain sufficient amounts of additional capital, we may be required to reduce the scope of our planned development, which could harm our business, financial condition and operating results. The balance sheet and related financial statements do not include any adjustments that might result from these uncertainties.