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## **Consolidated Financial Statements**

For the 12 months ended **December 31, 2018**

**UNAUDITED**

**White Label Liquid, Inc.**  
**Balance Sheet (Unaudited)**

	Year ended December 31, 2018	Year ended December 31, 2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 454,001	\$ 43,194
Accounts Receivable	\$ 552,706	\$ 562,060
Inventory	\$ 51,054	\$ 32,643
Total Current Assets	\$ 1,057,761	\$ 637,897
<b>Non-Current Assets</b>		
Equipment	\$ 197,146	\$ 194,300
Deposits with Vendor	\$ 2,000	\$ -
Total Non-Current Assets	\$ 199,146	\$ 194,300
TOTAL ASSETS	\$ 1,256,907	\$ 832,197
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 127,522	\$ 971,650
Accrued Expenses	\$ -	\$ 5,000
Total Current Liabilities	\$ 127,522	\$ 976,650
<b>Long Term Liabilities</b>		
Notes Payable	\$ 198,125	\$ 198,125
Total Long Tem Liabilities	\$ 198,125	\$ 198,125
Total Liabilities	\$ 325,647	\$ 1,174,775
<b>Stockholders' Equity</b>		
value; Issued and outstanding 46,986,607	\$ 431,266	\$ 264,904
value; issued and outstanding 10,000,000	\$ 10,000	\$ 10,000
Retained Earnings	\$ 489,994	\$ (617,482)
Total Stockholders' Equity	\$ 931,260	\$ (342,578)
Total Liabilities & Equity	\$ 1,256,907	\$ 832,197

The accompanying notes are an integral part of these financial statements.

## White Label Liquid, Inc.

### Statements of Operations (Unaudited)

	Year ended	
	December 31, 2018	December 31, 2017
Sales	\$ 8,573,110	\$ 2,117
Less: Cost of Goods Sold	\$ 6,082,267	\$ -
Gross Profit	\$ 2,490,844	\$ 2,117
Deduct Marketing, Selling & Administrative Expenses	\$ 774,558	\$ 215,536
Operating Profit (Loss)	\$ 1,716,285	\$ (213,419)
Other Expenses: Financing Cost	\$ -	\$ -
Net Profit (Loss)	\$ 1,716,285	\$ (213,419)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	0.03653	(0.00819)
OUTSTANDING— BASIC AND DILUTED	46,986,607	26,046,604

The accompanying notes are an integral part of these financial statements.

**White Label Liquid, Inc.**  
**Stockholders' Equity**

Description	Shares	Amount	Surplus (Deficit)
Common Stock as on December 31, 2016	2,426,157,910	\$242,616	
Reverse Split	(2,421,284,767)		
Shares Issued	38,253,464	\$22,288	
Common Stock as on December 31, 2017	43,126,607	\$264,904	(\$617,482)
Shares Issued	27,000,000	\$166,362	
Shares Cancelled	(23,140,000)		
Common Stock as on December 31, 2018	46,986,607	\$431,266	\$489,994

The accompanying notes are an integral part of these financial statements.

## White Label Liquid, Inc.

### Condensed Statements of Cash Flows (Unaudited)

	Year ended December 31, 2018	Year ended December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit (Loss) for the period	\$ 1,716,285	(\$213,419)
Adjustments to reconcile net Profit (Loss) to net cash used by operating activities		
Changes in Inventory & Receivables	\$ (11,057.11)	
Changes in Other Assets		\$15,294
Changes in Current Liabilities	\$ (849,128)	
Changes in Other Liabilities	\$ (608,809)	
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$247,291</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment, Inventory and Patent	\$ (2,846)	\$0
<b>NET CASH used by Investing Activities</b>	<b>(\$2,846)</b>	<b>\$0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3rd party loan	\$ -	\$38,900
Common Stock	\$ 166,362	\$198,125
<b>NET CASH used by Financing Activities</b>	<b>\$166,362</b>	<b>\$237,025</b>
<b>NET CASH INCREASE (DECREASE) For PERIOD</b>	<b>\$410,807</b>	<b>\$237,025</b>
Cash, Beginning	\$ 43,194	\$4,294
Cash, Ending	\$ 454,001	\$241,319
<b>INVESTING AND FINANCING ACTIVITIES:</b>		
Cash paid during the period for:		
Interest	\$0	\$500
Income taxes	\$0	\$0

The accompanying notes are an integral part of these financial statements.



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## Notes on Accounts

For the year ended December 31, 2018

### NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

White Label Liquid, Inc. (the "Company") is a Wyoming corporation and is formerly known as,

- Simply Innovative Products, Inc. until June 2018
- Coastal Integrated Services, Inc. until November 2016
- Domesticated into Wyoming on March 6, 2013
- Originally incorporated as a Nevada corporation on March 5, 2002

The Company is fully equipped with in manufacturing e-liquid products with the labelling choice of the various companies with a quality check, before delivery. The Company stays ahead in data analytics with quality R&D. The customers have the choice of over 300 flavors. The company enjoys the industry leading expertise involving the top-ranking medical professionals.

### NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation:** The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Use of Estimates:** In preparing financial statements in conformity with generally accepted accounting principles, management is required 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 and revenues and expenses during the reported period. Actual results could differ from those estimates. Significant estimates include estimated useful lives and potential impairment of property and equipment, estimate of fair value of share-based payments and derivative instruments and recorded debt discount, valuation of deferred tax assets and valuation of in-kind contribution of services and interest.

**Cash and Cash Equivalents:** The Company considers all highly liquid temporary cash investments with an original maturity of three months or less to be cash equivalents. As on the date of the financial statements, the Company had no cash equivalents.

**Loss Per Share:** In accordance with the accounting guidance now codified as FASB ASC Topic 260, "Earnings per Share" basic loss per share is computed by dividing net loss by weighted average number of shares of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock

equivalents and potentially dilutive securities outstanding during the period. The computation of basic and diluted loss per share at March 31, 2018 excludes the common stock equivalents of the

following potentially dilutive securities because their inclusion would be anti-dilutive:

**Operating Leases:** The Company leases office space on a month to month basis. The total cost is included in general and administrative expenses.

**Business Segments:** The Company operates in one segment and therefore segment information is not presented.

**Revenue Recognition:** The Company will recognize revenue on arrangements in accordance with FASB ASC No. 605, "Revenue Recognition". In all cases, revenue is recognized only when the price is fixed, and determinable, persuasive evidence of an arrangement exists, the service is performed, and collectability of the resulting receivable is reasonably assured.

**Fair Value of Financial Instruments:** The Company applies the accounting guidance under Financial Accounting Standards Board ("FASB") ASC 820-10, "Fair Value Measurements", as well as certain related FASB staff positions. This guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact business and considers assumptions that marketplace participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The guidance also establishes a fair value hierarchy for measurements of fair value as follows:

- Level 1 - quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments consist of accounts payable, accrued expenses, notes payable, notes payable - related party, loan payable - related party, convertible notes payable, convertible notes payable - related party and deferred rent payable. The carrying amount of the Company's financial instruments approximates their fair value as of the end of the reporting period, due to the short-term nature of these instruments. The Company accounts the derivative liabilities, at fair value, on a recurring basis under level 3

**Embedded Conversion Features:** The Company evaluates embedded conversion features within convertible debt under ASC 815 "Derivatives and Hedging" to determine whether the embedded conversion feature(s) should be bifurcated from the host instrument and accounted for as a derivative at fair value with changes in fair value recorded in earnings. If the conversion feature

does not require derivative treatment under ASC 815, the instrument is evaluated under ASC 470-20 "Debt with Conversion and Other Options" for consideration of any beneficial conversion features.

**Derivative Financial Instruments:** Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments. Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

**Beneficial Conversion Feature:** For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount. When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument (offset to additional paid in capital) and amortized to interest expense over the life of the debt.

**Debt Issue Costs and Debt Discount:** The Company may record debt issue costs and/or debt discounts in connection with raising funds through the issuance of debt. These costs may be paid in the form of cash, or equity (such as warrants). These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

**Stock-Based Compensation for Non -Employees [Equity Instruments Issued to Parties Other Than Employees for Acquiring Goods or Services]:** The Company accounts for equity instruments issued to parties other than employees for acquiring goods or services under guidance of Subtopic 505-50 of the FASB Accounting Standards Codification ("Subtopic 505-50"). Pursuant to ASC Section 505-50-30, all transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the performance is complete or the date on which it is probable that performance will occur. If the Company is a newly formed corporation or shares of the Company are thinly traded the use of share prices established in the Company's most recent private placement memorandum ("PPM"), or weekly or monthly price observations would generally be more appropriate than the use of daily price observations as such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market. The fair value of share options and similar instruments is estimated on the date of grant using a Black-Scholes option pricing valuation model. The ranges of assumptions for inputs are as follows:

- Expected term of share options and similar instruments: Pursuant to Paragraph 718-10-50-2(f)(2)(i) of the FASB Accounting Standards Codification the expected term of share options and similar instruments represents the period of time the options and similar instruments are expected to be outstanding taking into consideration of the contractual term of the instruments and holder's expected exercise behavior into the fair value (or calculated value) of the instruments. The Company uses historical data to estimate holder's expected exercise behavior. If the Company is a newly formed corporation or shares of the Company are thinly traded the contractual term of the share options and similar instruments is used as the expected term of share options and similar instruments as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term.
- Expected volatility of the entity's shares and the method used to estimate it. Pursuant to ASC Paragraph 718-10-50-2(f)(2)(ii) a thinly-traded or nonpublic entity that uses the calculated value method shall disclose the reasons why it is not practicable for the Company to estimate the expected volatility of its share price, the appropriate industry sector index that it has selected, the reasons for selecting that particular index, and how it has calculated historical volatility using that index. The Company uses the average historical volatility of the comparable companies over the expected contractual life of the share options or similar instruments as its expected volatility. If shares of a company are thinly traded the use of weekly or monthly price observations would generally be more appropriate than the use of daily price observations as the volatility calculation using daily observations for such shares could be artificially inflated due to a larger spread between the bid and asked quotes and lack of consistent trading in the market.
- Expected annual rate of quarterly dividends. An entity that uses a method that employs different dividend rates during the contractual term shall disclose the range of expected dividends used and the weighted-average expected dividends. The expected dividend yield is based on the Company's current dividend yield as the best estimate of projected dividend yield for periods within the expected term of the share options and similar instruments.
- Risk-free rate(s). An entity that uses a method that employs different risk-free rates shall disclose the range of risk-free rates used. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods within the expected term of the share options and similar instruments.

Pursuant to ASC paragraph 505-50-25-7, if fully vested, non-forfeitable equity instruments are issued at the date the grantor and grantee enter into an agreement for goods or services (no specific performance is required by the grantee to retain those equity instruments), then, because of the elimination of any obligation on the part of the counterparty to earn the equity instruments, a measurement date has been reached. A grantor shall recognize the equity instruments when they are issued (in most cases, when the agreement is entered into). Whether the corresponding cost is an immediate expense or a prepaid asset (or whether the debit should be characterized as contra-equity under the requirements of paragraph 505-50-45-1) depends on the specific facts and circumstances.

Pursuant to ASC paragraph 505-50-45-1, a grantor may conclude that an asset (other than a note or a receivable) has been received in return for fully vested, non-forfeitable equity instruments that are issued at the date the grantor and grantee enter into an agreement for goods or services (and no

specific performance is required by the grantee in order to retain those equity instruments). Such an asset shall not be displayed as contra-equity by the grantor of the equity instruments. The transferability (or lack thereof) of the equity instruments shall not affect the balance sheet display of the asset. This guidance is limited to transactions in which equity instruments are transferred to other than employees in exchange for goods or services. Section 505-50-30 provides guidance on the determination of the measurement date for transactions that are within the scope of this Subtopic.

Pursuant to Paragraphs 505-50-25-8 and 505-50-25-9, an entity may grant fully vested, non-forfeitable equity instruments that are exercisable by the grantee only after a specified period of time if the terms of the agreement provide for earlier exercisability if the grantee achieves specified performance conditions. Any measured cost of the transaction shall be recognized in the same period(s) and in the same manner as if the entity had paid cash for the goods or services or used cash rebates as a sales discount instead of paying with, or using, the equity instruments. A recognized asset, expense, or sales discount shall not be reversed if a share option and similar instrument that the counterparty has the right to exercise expires unexercised.

Pursuant to ASC paragraph 505-50-30-S99-1, if the Company receives a right to receive future services in exchange for unvested, forfeitable equity instruments, those equity instruments are treated as unissued for accounting purposes until the future services are received (that is, the instruments are not considered issued until they vest). Consequently, there would be no recognition at the measurement date and no entry should be recorded.

### **NOTE 3 - GOING CONCERN**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As on the date of this financial statement, the Company has an accumulated profit, which helps the Company's ability to continue as a going concern. While the Company is continuing operations, the Company's cash position is significant enough to support the Company's daily operations. Management believes that the actions presently being taken to further implement its business plan and explore the opportunities for growth. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

### **NOTE 4- Stock Issuance**

On April 21, 2017, the company issued 5 private investors 1,800,000 restricted common shares.

On April 25, 2017, the company issued to its 2 officers 180,000 restricted common shares.

On April 26, 2017, the company issued to 15 private investors 21,070,000 restricted common shares.

On July 27, 2017, the company issued to 1 private investor 80,000 restricted common shares.

On August 24, 2017, the company issued its 2 officers 123,464 restricted common shares.

On November 3, 2017, the company issued its 2 officers 15,000,000 restricted common shares for deferred compensation.

On March 22, 2018, the company issued 24,000,000 restricted common shares as compensation to its two officers.

On March 28, 2018, the company cancelled 23,140,000 restricted common shares issued in 2017 to the private investors in 2017.

On April 22, 2018, the company issued a consultant 3,000,000 restricted common shares as compensation.

The Company's preferred stock is issued to one of its officers.

#### **NOTE 5 – STOCKHOLDERS' EQUITY**

Common Stock Authorized: The Company is authorized to issue 500,000,000 shares of common stock with a par value of \$0.0001.

#### **NOTE 6 – Deferred Tax Computation:**

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes". Under this method, income tax expense is recognized for: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

There was no income tax expense during this quarter. However, the availability of a net operating loss carryforward and the associated deduction, is subject to complex and restrictive federal income tax provisions as codified by Internal Revenue Code section 172 and related Treasury Regulations, all of which are subject to change and the availability of which can never be free from doubt.

The components of the deferred tax assets and liabilities are as follows:

	<u>31<sup>st</sup> Dec</u> <u>2018</u>	<u>31<sup>st</sup> Dec</u> <u>2017</u>
Deferred tax assets:		
Net operating loss carryovers	\$ -	(419,357)
Stock-based compensation	-	-
Other temporary differences	-	-
Total deferred tax assets	-	419,357
Valuation allowance	-	(419,357)
Net deferred tax asset	\$ -	\$ -

The amount taken into income as deferred income tax assets must reflect that portion of the income tax loss carry forwards that is more likely-than-not to be realized from future operations. The Company has chosen to provide a full valuation allowance against all available income tax loss carry forwards. The Company has recognized a valuation allowance for the deferred income tax asset since the Company cannot be assured that it is more likely than not that such benefit will be utilized in future years. The valuation allowance is reviewed annually. When circumstances change, and which cause a change in management's judgment about the realizability of deferred income tax assets, the impact of the change on the valuation allowance is generally reflected in current income.

As of the current balance sheet date, the Company has no unrecognized income tax benefits. The Company's policy for classifying interest and penalties associated with unrecognized income tax benefits is to include such items as tax expense. No interest or penalties have been recorded during the current year; and no interest or penalties have been accrued as of the current balance sheet date. The Company did not have any amounts recorded pertaining to uncertain tax positions, as of the current balance sheet date.

The tax files of the current as well as the past years remain open to examination by federal and state authorities due to net operating loss and credit carryforwards. The Company is currently not under examination by the Internal Revenue Service or any other taxing authorities.

#### **NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855 and has determined that no material subsequent events exist.