

CREDNOLOGY HOLDING CORPORATION

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Financial Statements	
Balance Sheets as of September 30, 2019 and December 31, 2018 (Unaudited)	F-2
Statements of Operations for the nine months ended September 30, 2019 and September 30, 2018(Unaudited)	F-3
Statements of Cash Flows for the nine months ended September 30, 2019 and September 30, 2018 (Unaudited)	F-5
Notes to Financial Statements	F-6 - F-19

CREDNOLOGY HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
UNAUDITED

	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,722	\$ 55,436
Accounts receivable	95,049	74,691
Inventory	31,009	30,831
Organizational costs	<u>161,413</u>	<u>144,000</u>
Total current assets	<u>313,193</u>	<u>304,958</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>316,942</u>	<u>374,827</u>
OTHER ASSETS		
Customer Acquisition	50,000	50,000
Goodwill	451,695	451,695
Deposits	<u>4,500</u>	<u>4,500</u>
Total other assets	<u>506,195</u>	<u>506,195</u>
TOTAL ASSETS	<u>\$ 1,136,330</u>	<u>\$ 1,185,980</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 550	\$ 3,532
Directors Loan Account	-	8,485
Convertible notes payable	<u>116,501</u>	<u>158,714</u>
Total current liabilities	<u>117,051</u>	<u>170,731</u>
LONG-TERM LIABILITIES		
Notes Payable to Director	<u>283,353</u>	<u>355,450</u>
Total Long Term Liabilities	<u>400,404</u>	<u>526,181</u>
STOCKHOLDERS' EQUITY		
Preferred stock authorized 20,000,000 shares, \$.001 par value each. At September 30, 2019 and December 31, 2018 there are 13 and 13 shares issued and outstanding, respectively	-	-
Common stock authorized 6,000,000,000 shares, \$.001 par value each. At September 30, 2019 and December 31, 2018, there are 2,858,739,274 and 2,148,512,607 shares issued and outstanding, respectively	2,858,739	2,148,513
Additional paid in capital	((1,293,104))	(602,183)
Retained earnings (deficit)	<u>(829,709)</u>	<u>(886,531)</u>
Total stockholders' equity	<u>735,926</u>	<u>659,799</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,136,330</u>	<u>1,185,980</u>

The accompanying notes are an integral part of these statements.

CREDNOLOGY HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	For Nine Months Ended <u>September 30,</u> 2019	For nine Months Ended <u>September 30</u> 2018
Revenue-Merchandise sales	\$ 914,652	\$ 865,465
Cost of goods Sold	<u>388,153</u>	<u>376,896</u>
Gross Profit	526,499	488,569
Operating Expenses		
Salaries and wages	108,000	85,000
Selling, general and administrative	303,792	291,339
Depreciation and amortization expense	<u>57,885</u>	<u>56,634</u>
Total operating expenses	<u>469,677</u>	<u>432,973</u>
Net income (loss) from operations	56,822	55,596
Other income (expenses)		
Organizational Expense relating to parent	-	-
Net income (loss)	<u>\$ 56,822</u>	<u>\$ 55,596</u>
Basic earnings (loss) per common share	\$.00	\$.00
Weighted average shares outstanding (basic and diluted)	2,718,909,074	1,953,845,940

The accompanying notes are an integral part of these statements

CREDNOLOGY HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	For Nine Months Ended <u>September 30,</u> 2019	For Nine Months Ended <u>September 30,</u> 2018
OPERATING ACTIVITIES		
Net income (loss)	\$ 56,822	\$ 55,596
Adjustments for noncash and nonoperating items:		
Depreciation and amortization expense	57,885	56,634
Issuance of common stock for debt	19,305	23,800
Changes in operating assets and liabilities:		
Accounts receivable	(20,358)	(3,907)
Accounts Payable	(2,982)	(7,450)
Inventory	(178)	(31,813)
	<u> </u>	<u> </u>
Cash provided (used) by operating activities	<u>110,494</u>	<u>92,860</u>
INVESTING ACTIVITIES:		
Increase in Organizational costs	<u>(17,413)</u>	
Customer Acquisition	-	(50,000)
Purchase of property and equipment	-	<u>(30,697)</u>
Cash (used) by investing activities	<u>(17,413)</u>	<u>(80,697)</u>
FINANCING ACTIVITIES:		
Directors Loan Account	(8,485)	81,758
Note to Director	(72,097)	382,311
		-
Payments on Notes Payables	(42,213)	(470,728)
Payments on convertible notes	-	<u>(11,587)</u>
Cash provided (used) by financing activities	<u>(122,795)</u>	<u>(18,246)</u>
NET INCREASE, (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,714)	(6,083)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>55,436</u>	<u>34,836</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 25,722</u>	<u>\$ 28,753</u>
Supplemental Disclosures of Cash Flow Information:		
Interest expense paid	<u>\$ 7,450</u>	<u>\$ 14,899</u>

The accompanying notes are an integral part of these statements

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

Crednology Holding Corporation (the “Company”) (formerly “Cooper Holding Corp”) was incorporated in the state of Delaware in 1998 under the name of Celebrity Entertainment Group, Inc.

Crednology Holding Corp.

Crednology Holding Corp, a Delaware corporation, is a public holding company that is an acquirer and operator of subsidiaries which concentrate their activities within the financial and credit industry. The Company is dedicated to enhancing shareholder value through a strategic combination of organic growth, mergers and acquisitions. The Company's three operating subsidiaries are:

Landmark PMG, LLC dba 4 Service Cloud:

4Service is a business continuity solutions provider that specializes in cloud computing and disaster recovery services.

The Company offers a 3-Tier approach to our disaster recovery strategy and our Private Managed Cloud Computing offering is comprised of only the best-in-class Industry leading equipment.

Utilizing the newest desktop and server virtualization technologies, our Cloud Computing solution allows any organization, regardless of size, to gain a world-class infrastructure and dramatically cut its IT costs across the board.

This Company was acquired on October 14, 2016

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nature of Operations: (continued)

Riteman, Inc. dba ITatOnce:

ITatOnce is a Managed Services Provider specializing in High-End Technical and Professional Services with a focus on Infrastructure Virtualization.

ITatOnce offers a full array of IT Solutions and has a proven track record in deploying, implementing, and managing on-premise and cloud virtualized environments.

ITatOnce has helped many companies stabilize their IT environments by partnering with industry leading companies and deploying sound proven technical solutions.

On June 1, 2018, ITatOnce added new customers acquired from Evolve.

This Company was acquired on October 14, 2016

California Recycles, Inc.:

California Recycles Inc. is a state certified E-Waste organization founded in 2003. The company primarily operates by entering into long term collection program agreements and managing collection events with Corporate Entities, Educational Institutions, State and Local municipalities. The State of California is leading the US in the collection of Electronic Waste efforts and each local municipality has a mandate to achieve required quotas of annual collection. The company has built a good reputation in the field among its type of clientele.

This Company was acquired on November 14, 2016

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

**NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Basis of Presentation:

The financial statements included herein have been prepared without audit. Certain information and footnote disclosure normally included in financial statements prepared in accordance 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. While management believes that the procedures followed in preparing these financial statements are reasonable, the accuracy of the amounts are in respects dependent upon the facts that will exist, and procedures that will be accomplished by the Company later in the year. These unaudited financial statements reflect all adjustments, including normal recurring adjustments which, in the opinion of management, are necessary to present the operations and cash flows for the periods presented.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (Continued)

Cash Equivalents

Investments having an original maturity of 90 days or less that are readily convertible into cash are considered to be cash equivalents. During the periods presented, the Company had no cash equivalents.

Accounts receivable

The Company uses the allowance method to account for uncollectible accounts receivable. We maintain allowances for the estimated losses from doubtful accounts which result when our customers are unable to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required which would result in an additional general and administrative expense in the period such determination was made. As of September 30, 2019 and December 31, 2018, there were no allowances for doubtful debt recorded.

Prepaid Expenses

There were no prepaid expenses in 2019 or 2018.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Enacted Accounting Standards

In May 2011, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04 (“ASU 2011-04”), “Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” ASU 2011-04 improves comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles and International Financial Reporting Standards. ASU 2011-04 clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity’s shareholders’ equity, and (3) quantitative information required for fair value measurements categorized within Level 3. ASU 2011-04 also provides guidance on measuring the fair value of financial instruments managed within a portfolio and application of premiums and discounts in a fair value measurement. In addition, ASU 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The amendments in this guidance are to be applied prospectively, and are effective for interim and annual periods beginning after December 15, 2011. The Corporation adopted this standard on March 1, 2012. The adoption of this standard did not have a material effect on the Corporation’s financial statements.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Enacted Accounting Standards (continued)

In June 2011, the FASB issued ASU No. 2011-05 (“ASU 2011-05”), “Comprehensive Income (Topic 220): Presentation of Comprehensive Income.” ASU 2011-05 eliminates the option to present components of other comprehensive income as part of the statement of changes in shareholders’ equity and requires the presentation of components of net income and other comprehensive income either in a single continuous statement or in two separate but consecutive statements. The provisions of this guidance are effective for interim and annual periods beginning after December 15, 2011. Effective March 1, 2012, the Corporation adopted the two consecutive statements approach for the presentation of components of net income (loss) and other comprehensive income (loss) and a total for comprehensive income (loss). The Corporation’s Consolidated Financial Statements include the Consolidated Statement of Comprehensive Income as a result of adopting this standard. In February 2013, the FASB issued ASU No. 2013-02 (“ASU 2013-02”), “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” ASU 2013-02 requires entities to disclose additional information about changes in other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income and the income statement line items affected. The provisions of this guidance are effective prospectively for annual and interim periods beginning after December 15, 2012. The Corporation does not expect that the adoption of this standard will have a material effect on its financial statements.

In July 2012, the FASB issued ASU No. 2012-02 (“ASU 2012-02”), “Testing Indefinite-Lived Intangible Assets for Impairment.” ASU 2012-02 gives entities an option to first assess qualitative factors to determine whether the existence of events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If based on its qualitative assessment an entity concludes that it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount, quantitative impairment testing is required. However, if an entity concludes otherwise, quantitative impairment testing is not required. ASU 2012-02 is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Corporation does not expect that the adoption of this standard will have a material effect on its financial statements.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Property and Equipment

Property and equipment are stated at cost and are depreciated principally on methods and at rates designed to amortize their costs over their estimated useful lives.

The estimated service lives of property and equipment are principally as follows:

Furniture and fixtures	5- 7 years
Computer equipment	5- 7 years

Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized.

Asset Impairments

The company regularly reviews its investments and other assets that include the extent to which carrying value exceeds its related market value, the financial condition of the investee, and the intent and ability to retain the investment for a sufficient period of time to allow for recovery of the market value of the investments.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The Company defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Company's financial statements include cash and cash equivalents, short-term investments, accounts receivable, other receivables, other assets, accounts payable, notes payable and due to affiliates. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

Advertising Cost

There were no advertising expenses for the six months ended September 30, 2019 and September 30, 2018 respectively.

Revenue Recognition

Our revenue is derived from contracts with our customers to whom we provide cloud computing solutions, and also from disaster recovery fees charged to customers for recovering data. In addition, revenue is also derived from sales of Electronic waste products and services. No revenue is recognized until fully earned.

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE B—EARNINGS PER SHARE

The computation of earnings per share is based on the weighted average number of common shares outstanding during the period presented. Diluted earnings per common share is the same as basic earnings per common share as there are no potentially dilutive securities outstanding (options and warrants). The weighted average number of shares outstanding for the period in which the combination took place is based on the weighted average number of shares of the legal subsidiary that are outstanding from the beginning of the period to the date.

NOTE C - INCOME TAXES

The Company provides for the tax effects of transactions reported in the financial statements. The provision, if any, consists of taxes currently due plus deferred taxes related primarily to differences between the basis of assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities, if any, represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. As of September 30, 2019 and December 31, 2018, the Company had deferred tax assets of \$726,126 and \$726,126 respectively. A valuation allowance has been applied against deferred tax assets. The Company had no deferred tax liabilities as of September 30, 2019 and December 31, 2018, and no current tax liability for the six months ended September 30, 2019 and December 31, 2018.

At September 30, 2019 and December 31, 2018, the Company has net operating loss carryforwards for income tax purposes of approximately 1,044,000 and \$1.1 million respectively. These carry forward losses may be available to offset future taxable income, if any, and expire in the year 2022.

SFAS No. 109 requires that a valuation allowance be provided if it is more likely than not that some portion or all of a deferred tax asset will not be realized.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE D – INTANGIBLE ASSETS

Goodwill:

Goodwill as of September 30, 2019 and December 31, 2018 is \$451,695 respectively.

Goodwill represents the excess of the purchase consideration over the net of the acquisition fair value of identifiable assets acquired, including identifiable intangible assets, and liabilities assumed in connection with our business combinations. This goodwill as of June 30, 2019 and December 31, 2018 arose due to the original acquisition of Riteman, Inc,

Customer Acquisition:

Customer acquisition as of September 30, 2019 and December 31, 2018 was \$50,000 respectively.

Customer acquisition reflects the cost of acquiring active customers from Evolve, a Company that was in the cloud computing business. The Company paid \$50,000 for these customers that currently generate a minimum of \$100,000 per annum revenue and \$50,000 gross profit.

Organization Costs

The organization costs as of September 30, 2019 and December 31, 2018 was \$161,413 and \$144,000 respectively. The increase during the last quarter was for costs related to the organization of a new European Company to raise funding for growth. The funds necessary to pay these fees were loaned to the Company by Orië Rechtman and will be repaid out of the proceeds of the funding obtained.

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE E – COMMON/PREFERRED STOCK ISSUANCES

In December 2018, documentation was filed in the State of Delaware to reverse the stock so that 10 shares of Common Stock would be reversed to one share of Common Stock. The Company has withdrawn its request to reverse split the stock. Paperwork to that effect will be filed in the State of Delaware.

In the nine months ended September 30, 2019 there were three conversions of stock totaling 710,226,667 shares of common stock.

In September 2018, the Authorized Share Capital of the Company was increased to 6,000,000,000

In January, July and October 2018, there were conversions of stock totaling 352,626,038 shares of common stock.

During the year ended December 31, 2017 there were 16 conversions of stock totaling 1,304,441,847 shares of common stock.

These shares were converted as a result of penalty interest charged by a funding source in the year ended December 31, 2016. There are no penalty charges in the twelve months ended December 31, 2018 or in the three months ended March 31, 2019.

NOTE F – COMMITMENTS AND CONTINGENCIES

Lease agreement:

The Company has negotiated a new lease on its premises at 18351 Eddy Street, # B, Northridge, CA 91325 which commences on May 1, 2019. The new lease is for three years at a starting rent of \$5,129 per month.

Equipment lease Agreement

In April 2019 the company contracted to purchase new computer equipment for its new cloud storage facility. The cost of this equipment is \$45,000. An equipment lease was signed and the terms of this lease include payments of \$1475.27 per month for 48 months including interest.

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

Legal Issues:

The Company may become subject to claims from time to time during the ordinary course of doing business. Until the merits of any such claim can be determined and the related monetary effect determined, the Company does not report any adjustment to the financial statements or recognize a contingent liability.

NOTE G— RELATED PARTY TRANSACTIONS

Oriel Rechtman, the CEO of the Company, has loaned funds to the Company. These loans are as follows:

- 1/. \$250,000 for the purchase of California Recycles, Inc. The amount outstanding as of December 31, 2018 is \$97,669. Interest of prime plus 2% per annum will be charged annually. Minimum monthly payments of \$8980.10 include interest.
- 2/. \$50,000 to acquire the customers of Evolve, a company that was in the cloud computing business in June 2018. This loan is a short-term loan that will be repaid when the Company has the funds to do so. Interest of 5% per annum will be charged commencing on July 1, 2018. The balance due on this loan is \$0 and \$8,485 as of June 30, 2019 and December 31, 2018 respectively.
- 3/. \$30,000 to acquire a new truck for the business. This loan is another short-term loan that will be repaid when the Company has the funds to do so. Interest of 5% per annum will be charged commencing on October 1, 2018. This loan has been fully repaid
- 4/. In September 2018 Oriel Rechtman loaned the Company \$270,781. This amount was used to repay the outstanding SBA loan. This new loan will be repaid over a 48 month period including interest at 7.5% per annum. The monthly payments are \$6,643.64 commencing on November 1, 2018. As of September 30, 2019 and December 31, 2018 the amount outstanding is \$185,684 and \$237,357 respectively

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE H - CONVERTIBLE NOTES PAYABLE

Convertible notes payable, excluding accrued default interest totals \$116,501 and \$151,014 at September 30, 2019 and December 31, 2018 respectively.

Convertible notes payable consist of the following:

On January 26, 2017, the Company entered into a Convertible Note ("Convertible Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of Fifty Thousand Dollars (\$50,000). The Convertible Note included an original issue discount of \$5,000. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 40% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock **during** the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and bears guaranteed interest at ten percent (10%). In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. respectively.

On April 6, 2017, the Company entered into a Convertible Note ("Convertible Note") with Tangiers Investment Group, LLC, ("Tangiers") in the amount of One Hundred and Ten Thousand Dollars (\$110,000). The Convertible Note included an original issue discount of \$10,000. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 40% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and bears guaranteed interest at ten percent (10%). In the Event of Default, the Note shall bear interest on the due and unpaid principal amount at the rate ("Default rate") equal to the lower of 20% per annum or the highest rate permitted by law. In the event of acceleration of the Note, the amount

CREDNOLOGY HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE H - CONVERTIBLE NOTES PAYABLE (Cont.)

due and owing to the Holder shall be 150% of the outstanding Principal Amount of the Note held by the Holder plus all accrued interest, fees and liquidated damages. respectively.

On January 18, 2017 the Company agreed to an amendment to the note dated July 18, 2013. The terms of this amendment are as follows;

The "Conversion Price" shall be equal to 40% of the lowest trading price of the Company's common stock during the 20 consecutive Trading Days prior to the date on which Holder elects to convert all or part of the Note. For the purpose of calculating the Conversion Price only, any time after 4:00 pm Eastern Time (the closing time of the Principal Market) shall be considered to be the beginning of the next Business Day. If the Company is placed on "chilled" status with the Depository Trust Company ("DTC"), the discount shall be increased by 10%, i.e., from 60% to 70%, until such chill is remedied. If the Company is not Deposits and Withdrawal at Custodian ("DWAC") eligible through their Transfer Agent and DTC's Fast Automated Securities Transfer ("FAST") system, the discount will be increased by 5%, i.e., from 60% to 65%. In the case of both, the discount shall be a cumulative increase of 15%, i.e., from 60% to 75%. Any default of this Note not remedied within the applicable cure period will result in a permanent additional 10% increase, i.e., from 60% to 70%, in addition to any other discount, as provided above, to the Conversion Price discount.

On June 13, 2018, the Company entered into a Convertible Note ("Convertible Note") with Tri-Bridge Ventures, LLC ("Tri-Bridge") in the amount of Fifteen Thousand Dollars (\$15,000). This note was partially funded in July 2018. The Convertible Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at the Variable Conversion Price, which shall mean 50% of the Market Price. The Market Price is defined as the lowest Trading Price for the common stock during the 20 (twenty) Trading Day period ending one Trading Day prior to the date the Conversion Notice is sent. The Convertible Note has a term of one (1) year and bears guaranteed interest at ten percent (10%). In the Event of Default, the Note shall bear a fee of \$500 per day per default and will continue until the default is cured.

CREDNOLOGY HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

September 30, 2019

NOTE I – LONG TERM LIABILITIES

Notes Payable

Notes Payable as at September 30, 2019 and December 31, 2018 was \$283,353 and \$355,450 respectively

The first note was a loan that was obtained to assist in the financing of infrastructure and growth of 4service Cloud. The original amount of the loan was \$720,000 with interest at prime plus 5.5% repayable in monthly instalments of \$8,087 over ten years. The current balance as of June 30, 2019 and on December 31, 2018 is \$0.

As of September 30, 2019 and December 31, 2018 there is \$283,353 and \$355,450 outstanding respectively. The current balance of \$283,353 is made up as follows:

1/. \$250,000 for the purchase of California Recycles, Inc. The amount outstanding as of September 30, 2019 and December 31, 2018 is \$97,669 and \$97,669 respectively. This loan will be repaid when the Company has the funds to do so. Interest of prime plus 2% per annum will be charged annually.

2/. In September 2018 Oriel Rechtman loaned the Company \$270,781. This amount was used to repay the outstanding SBA loan. This new loan will be repaid over a 48 month period including interest at 7.5% per annum. The monthly payments are \$6,643.64 per month commencing on November 1, 2018. As of September 30, 2019 and December 31, 2018 the outstanding balance was \$185,684 and \$237,357 respectively

Subsequent Events

1/. In December, 2018, the Company filed paperwork with the State of Delaware to change the Company's name to CorpTech Holding, Inc. and to reverse the stock so that 10 shares of Common Stock would be reversed to one share of Common Stock. The Company has withdrawn its request to reverse split the stock. Paperwork to that effect will be filed in the State of Delaware.

2/. The Company is continuing with its application for approval of a Regulation A financing. This application has not been approved at this time.