Vapor Group, Inc.

Consolidated Financial Statements
for the Three Months Ended March 31, 2019
(Unaudited)

VAPOR GROUP, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	For the three months ended March 31	December 31
	2019	2017
ASSETS	(Unaudited)	(Unaudited)
CURRENT ASSETS		
Cash	$ -	$ 12,934
Accounts receivable	-	6,681
Board Member Living Exp. Loans	-	
Loans to Third Parties	-	
Inventory	8,600	8,600
Other current assets	-	201,556
Total current assets	8,600	229,771
PROPERTY AND EQUIPMENT, NET	665	5,579
OTHER ASSETS		
Intangible assets, net	12,281,567	426,567
Deferred expenses		
Investments	100	100
Total other assets	12,281,667	426,668
TOTAL ASSETS	$ 12,290,932	$ 662,018
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$ 93,326	79,782
Accrued interest	1,477,180	1,430,498
Accrued expenses		
Payroll tax liability	7,527	13,173
Convertible notes payable	771,485	1,181,829
Loans payable	436,960	1,554,205
Sales tax payable	766	12,592
TOTAL CURRENT LIABILITIES	2,787,245	4,272,079
TOTAL NON CURRENT LIABILITIES	83,989	83,989
TOTAL LIABILITIES	2,871,234	4,356,068
Commitments and Contingencies		
Reserved Shares to be Issued Section 3(a)(10) of the Act 1933	676,990	935,456

STOCKHOLDERS' DEFICIT

Preferred stock, $0.001 par value, 15,000,000 shares authorized, 1,350,000 issued and outstanding	2,516	2,516
Common stock, $0.001 par value, 325,000,000,000 shares authorized, 27,301,735,686 and 7,339,015,8061 issued and outstanding at March 31, 2019, and December 31, 2018 respectively,	27,301,736	7,339,016
Additional paid in capital	1,250,333	1,250,333
Accumulated deficit	(19,811,876)	(13,221,371)
TOTAL STOCKHOLDERS' DEFICIT	9,419,698	(3,694,050)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 12,290,932	$ 662,018

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

VAPOR GROUP, INC.
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	For the three months ended March 31			
	2019		2018	
NET REVENUES	$	-	$	27,137
COST OF REVENUES		-	$	9,919
GROSS PROFIT		-		17,218
COST AND EXPENSES				
Advertising and promotion		1,387		11,582
Interest Expenses		263,603		409,401
Officers Compensation		36,839		-
Depreciation		186		424
Commissions		-		554
Professional fees		28,000		30,950
General and administrative expenses		6,399		37,691
Total Operating expenses		336,414		490,602
Net Income (Loss) from continuing operations		(336,414)		(473,383)
OTHER INCOME(EXPENSE)				
Debt Conversion		(7,271,720)		(721,544)
Statutory Limitation		253,383		32,649
Inventory Obsolescence		-		
Other Income				-
Receivable Write-Off		-		
Total other income and (expense)		(7,018,337)		(688,895)
Net Income (Loss)	$	(7,354,751)	$	(1,162,278)
Earnings (loss) per share				
- Basic	$	(0.00)	$	(0.00)
Weighted average number of shares outstanding		27,301,735,686		6,255,356,184

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

VAPOR GROUP, INC.
Consolidated Statements of Shareholders' Equity (Deficit)

	Common Shares	Common Stock	Preferred Shares	Preferred Stock	Additional Paid in Capital	Accumulated Deficit	Reserved Shares	Total Shareholders' Deficit
BALANCE, December 31, 2018	**7,339,015,806**	**$7,339,016**	**25,160,000**	**$2,516**	**$1,250,333**	**$(13,221,371)**	**$935,456**	**$(3,694,050)**
Cancelled Transaction (156,000 shares)								-
Issuance of common shares for convertible debt and resolution of derivative liabilities	7,962,719,880	7,962,720					(258,466)	7,704,254
Issuance of shares for goodwill	12,000,000,000	12,000,000						12,000,000
Retained Earnings variance due to spin-off						764,245		764,245
Issuance of common shares for preferred stock								-
Net Income (loss)						(7,354,751)		(7,354,751)
BALANCE, March 31, 2019	**27,301,735,686**	**$27,301,736**	**25,160,000**	**$2,516**	**$1,250,333**	**$(19,811,876)**	**$676,990**	**$9,419,698**

Vapor Group, Inc
Condensed Consolidated Statements of Cash-Flows

	Three Months ended March 31	Year ended December 31
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$ (7,354,751)	$ (3,429,835)
Adjustment to reconcile net income (loss) to net cash provided operating activities:		
Stock issued for intangibles		-
Retained Earnings adjustment for spin-off	764,246	-
Depreciation and amortization expense	-	1,705
Default penalty interest on convertible notes	-	-
Change in operating assets and liabilities:		
Accounts receivable	6,681	504,561
Inventory		566,816
Other current assets	201,556	836,111
Loans Payable	-	140,845
Accounts payable and accrued expenses	60,226	69,833
Accrued interest	-	(4,679)
Payroll liability	(17,472)	(818)
Taxes		6,503
Investments	-	-
Net cash provided by operating activities - continuing operations	(6,339,514)	(1,308,958)
Net cash provided by operating activities - discontinued operations	-	
Net cash provided by operating activities	(6,339,514)	(1,308,958)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for assets acquisition	-	-
Provided by Investing Activies	149,914	(2,105)
	-	-
Net cash used in investing activities - continued operation-	149,914	(2,105)
Net cash used in investing activities - discontinued operations	-	-
Net cash used in investing activities	149,914	(2,105)

CASH FLOWS FROM FINANCING ACTIVITIES

Reserved Shares		-		159,245
Proceeds from preferred share issuance		-		-
Proceeds from notes payable		-		87,500
Repayment of notes payable		(410,344)		(360,800)
Notes Payable		-		-
Notes payable converted to common stock		7,704,254		1,375,753
Proceeds from related party loans		(1,117,245)		-
Net cash provided by financing activities - continued operations		6,176,665		1,261,698
Net cash provided by financing activities - discontinued operations		-		-
Net Cash provided by financing activities		6,176,665		1,261,698
NET CHANGE IN CASH		(12,934)		(49,365)
CASH, beginning of period		12,934		62,299
CASH, end of period	$	(0)	$	12,934
NON-CASH INVESTING AND FINANCING ACTIVITIES				
Issuance of shares of common stock for convertible debt	$	-	$	
Issuance of shares of common stock for conversion of preferred stock	$	-	$	-
Cancellation of shares	$	-	$	-
Loans issued to acquire fixed assets	$	-	$	-
Derivative liabilities recognized as debt discounts	$	-	$	-
SUPPLEMENTAL DISCLOSURES:				
Cash paid for income taxes	$	-	$	-
Cash paid for interest	$		$	-

VAPOR GROUP, INC.

Notes on Accounts

For the quarter ended March 31, 2019
(unaudited)

Note 1 – GENERAL INFORMATION

1.1. Incorporation, Nature and Description of Business

We were originally incorporated under the laws of Canada on January 15, 1990, under the name "Creemore Star Printing, Inc." and changed our name on June 15, 2003 to "Smitten Press: Local Lore and Legends, Inc." We domesticated to the State of Nevada on May 8, 2007, and we were incorporated as SmittenPress: Local Lore and Legends, Inc. On April 30, 2010, our Board of Directors approved a change in our name to DataMill Media Corp., effective at the close of business on June 30, 2010. On October 3, 2011, we closed a Share Exchange Agreement, which resulted in Young Aviation, LLC, ("Young Aviation"), becoming a wholly-owned subsidiary. On November 10, 2011, a majority of our shareholders approved a change in our name to AvWorks Aviation Corp. The acquisition of Young Aviation is classified as a reverse merger and resulted in a change in control at the Company and a new focus on the business of Young Aviation.

On January 22, 2014, the Company entered into an Agreement of Merger and Plan of Reorganization ("Merger Agreement") by and among the Company and the Vapor Group, Inc., a Florida corporation ("Vapor Group") and the shareholders of Vapor Group (the "Vapor Group Shareholders"), pursuant to which the Company will acquire 100% of the issued and outstanding shares of Vapor Group from the Vapor Group Shareholders in return for the issuance of 750,000,000 shares of its common stock. As a condition to be met prior to the closing of the Merger Agreement, the Company was required to increase its authorized shares of common stock to 2,000,000,000 from 500,000,000, which it did by filing an amendment to its Articles of Incorporation with the State of Florida on January 10, 2014, which amendment was accepted by the State of Florida on January 15, 2014 thereby increasing its authorized shares. The Merger Agreement subsequently became effective as of January 27, 2014 with its filing in the State of Florida.

As a result of the Merger Agreement, Vapor Group assumed management control of the Company and established its business model and operations as the primary business operations of the Company. Prior management of the Company, Joe Eccles, resigned. Mr. Eccles did not resign as a result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.

The "Agreement of Merger and Plan of Reorganization", ("Merger Agreement"), dated January 22, 2014, is considered a reverse merger, and resulted in another change in control at the Company and new management decided to abandon the former aviation business and focus solely on the business of Vapor Group.

Per the Merger Agreement, the Company acquired 100% of the issued and outstanding shares of Vapor Group, in return for the issuance of 750,000,000 shares of its common stock following completion of a pending 30:1 reverse split of the Company's common stock. On March 7, 2014, per a filing of an 8-K dated March 13, 2014, the Company and the other parties to the Merger Agreement amended the Merger Agreement such that:

(a) The Company's Series B Preferred Stock shall be issued in lieu of the issuance of the consideration of 750,000,000 shares of its Common Stock per the Merger Agreement, post an announced 30:1 reverse split, issuable to the Vapor Group Shareholders under the terms and conditions of the Merger Agreement;

(b) The quantity of shares of Series B Preferred Stock issuable in connection with the Merger Agreement shall be calculated by dividing the 750,000,000 shares of Common Stock by the 100:1 convertibility feature of the Series

B Preferred Stock, such that only 7,500,000 shares of Series B Preferred Stock shall be issued as the consideration under the Merger Agreement;

(c) The 7,500,000 shares of Series B Preferred Stock shall remain authorized but unissued until after the effective date of the announced 30:1 reverse split of the Company's Common Stock, at which time said issuance of Series B Preferred Stock shall be further reduced 30:1 similar to the effect of the reverse split, such that only 250,000 shares of Series B Preferred Stock are issued as the sole consideration to the Vapor Group Shareholders for entering into the Merger Agreement.

(d) Any and all shares of Series B Preferred Stock shall be restricted from any conversion into shares of Common Stock by any holder thereof for a period of eighteen (18) months from the date of their issuance.
On March 13, 2014, the Company announced by filing form 8-K on March 18, 2014, that the aforementioned 30:1 reverse split of the Company's Common Stock had been cancelled. As a result and consistent with the intent of the prior announcement amending the terms and conditions of the Merger Agreement, the aforementioned (see "(c)" above) 250,000 shares of Series B Preferred Stock granted in consideration of the Merger Agreement, as calculated "post reverse split" had there been one, shall be issued on the books and records of the Company to the Shareholders of Vapor Group. Said issuance by resolution of the Board of Directors occurred on March 17, 2014.

On March 31, 2014, the Company entered into an Acquisition Agreement with American Vaporizer, LLC, a Delaware limited liability company ("American Vaporizer") and two of the three membership unit holders of American Vaporizer (the "Unit Holders"), pursuant to which the Company, as a membership unit holder, would increase its ownership interest from its previous twenty-five percent (25%) to fifty-one percent (51%), by acquiring an additional twenty-six membership units of American Vaporizer (the "Membership Units") from the other two Unit Holders. Under Florida law, the Agreement was effective immediately and American Vaporizer became a majority-owned subsidiary of the Company.

On June 23, 2014, the Company entered into an agreement wherein it sold to S.E. Naples, Inc. ("S.E. Naples") all of its 51% ownership interest in American Vaporizer to return for an 8% interest bearing promissory note in the principal amount of $400,000 (the "Sale") and other terms and conditions. Under the agreement, the Company agreed to assist S.E. Naples in marketing of the American Vaporizer brand, American Smoke, for ninety (90) days. As a result of the Sale, American Vaporizer ceased to be a subsidiary of the Company, and the financial results of operations and financial statements of American Vaporizer were no longer consolidated with those of the Company. Investments made by the Company in American Vaporizer under the terms and conditions of its Acquisition Agreement and loans made
in conjunction therewith, shall remain obligations of American Vaporizer for repayment to the Company.
On December 31, 2014, the Company entered into an Acquisition Agreement with VGR Media, Inc., a Florida corporation ("VGR Media") and its shareholders, pursuant to which the Company would acquire one hundred percent (100%) of VGR Media from its shareholders. The result of this Agreement is that VGR Media, Inc. became a wholly owned subsidiary of the Company.

Per the Acquisition Agreement, in exchange for an aggregate of one hundred percent (100%) of the issued and outstanding capital stock of VGR Media owned by its shareholders (i) the Company will acquire the ownership interest (i) in exchange for an aggregate one hundred thousand (100,000) shares of its Series B preferred stock which cannot be converted into shares of common stock until December 31, 2015; and (ii) the Company will assume all assets and liabilities of VGR Media, including licenses, equipment, product designs, marketing and sale materials, logos, trademarks, copyrights and websites, and trade and debt obligations.

As a result of the Acquisition Agreement with VGR Media, Inc. in which 100,000 shares of the Company's Series B preferred stock were issued, there is one million, three hundred and fifty thousand (1,350,000) shares of preferred stock of the Company issued and outstanding, consisting of one million (1,000,000) shares of Series A preferred stock and three hundred and fifty thousand (350,000) shares of Series B preferred stock.

On July 5, 2016 the Company voluntarily filed Form 15 with the SEC in order to cease reporting obligations under Rule 12g-4(a)(2) of the Securities Exchange Act of 1934.

On October 18, 2016, the Company entered into a Merger Agreement and share exchange with NewGen Concepts, Inc., a Florida corporation ("NewGen Concepts") and its shareholders, pursuant to which the Company would merge with NewGen Concepts, and change its name to NewGen Concepts, Inc. NewGen Concepts is the holder of a unique wine bottle closure/opener device referred to as “Simple Cork” for which it holds U.S. and foreign patents or patents pending in numerous countries.

Per the Merger Agreement, in exchange for an aggregate of one hundred percent (100%) of the issued and outstanding capital stock of NewGen Concepts owned by its shareholders (i) the Company will acquire the ownership interest (i) in exchange for an aggregate one million, one hundred and sixty-six thousand, two hundred and fifty (1,166,250) shares of its Series B preferred stock which cannot be converted into shares of common stock until October 18, 2017; and (ii) the Company will assume all assets and liabilities of NewGen Concepts including product designs, patent and trademark and copyright rights, and trade and debt obligations.

On November 8, 2016, the Company formed a new wholly-owned subsidiary corporation under the laws of the State of Florida, named “Simple Cork, Inc.” to which it transferred any and all assets and liabilities pertaining to the ongoing pre-merger business of NewGen Concepts related to the development of the device, Simple Cork. In addition, the premerger officers and directors of NewGen Concepts became the officers and directors of Simple Cork, Inc.

About Vapor Group, Inc.

Founded in 2012, the primary focus of Vapor Group has historically been the design, manufacture and marketing of high quality, vaporizers and state-of-the-art electronic e-cigarette brands and custom formulated, high purity “Made in the USA” e-liquids. These products continue to be sold under the Vapor Group, Total Vapor, Vapor 123 and Vapor Products brands. It also markets cutting-edge consumer products including the “Whizboard” brand of scooters and “Hoverkart” accessories sold by Smart Wheels, Inc., its subsidiary. All products are sold nationwide through distributors and directly to consumers through Company-owned websites. The Company wholly owns and operates the following subsidiaries: Total Vapor Inc., Vapor 123 Inc., VGR Media, Inc., SmartWheels, Inc., and Simple Cork, Inc.

As a result of the merger with NewGen Concepts in 2016, Vapor Group refocused its business to acquire, develop and capitalize on a portfolio of commercially viable intellectual property ("IP"), protected under U.S. and international patent and trademark law. The Company’s strategic intent is to acquire and develop a portfolio of proprietary products and services to market, license and sell globally, while continuing to support its aforementioned historic product lines.

Although under the terms of the Merger Agreement the Company agreed to change its name to NewGen Concepts, Inc., and did so only at the State-level for the filing of the merger, On March 27, 2017, the Company refiled in the State of Florida to change its name back to Vapor Group, Inc. in order to cease confusion in the OTC Markets with another company whose name begins with “NewGen”. The Company henceforth will discontinue the use of the name “NewGen Concepts, Inc.”

1.2. Changes and Amendments to the Florida Department of State – Division of Corporations

On October 24, 2016, the Company filed an amendment to its Articles of Incorporation whereby it increased its authorized shares of common stock from 8,000,000,000 to 15,000,000,000, and changed its name to NewGen Concepts, Inc. the name change was rescinded on March 27, 2017 and the Company retains the name, Vapor Group, Inc.

On April 28, 2017, the Company filed an amendment to its Articles of Incorporation whereby it decreased its authorized shares of common stock from 15,000,000,000 shares back to 8,000,000,000 shares.
On September 26 2018, the Company filed an amendment to its Articles of Incorporation whereby increase its authorized shares of common stock from 8,000,000,000 shares to 15,000,000,000 shares

On December 18, 2018 the Company filed an amendment to its Articles of Incorporation whereby increase its authorized shares of common stock from 15,000,000,000 shares to 25,000,000,000 shares

On January 10, 2019 the Company filed an amendment to its Articles of Incorporation whereby increase its authorized shares of common stock from 25,000,000,000 shares to 35,000,000,000 shares

On February 6, 2019 the Company filed an amendment to its Articles of Incorporation whereby it amended the provisions under the designation of its Series B Preferred Stock.

Note 2 - GOING CONCERN

As reflected in the accompanying consolidated financial statements, the Company has an accumulated net loss of $19,811,876 as on the reporting date. In addition, the Company had intangible asset of $ 12,281,567 as on the reporting date.

These matters raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital, further implement its business plan and to generate additional revenues.

Management believes that the actions presently being taken provide the opportunity for the Company to continue as a going concern. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is provided to assist the reader in understanding the Company's financial statements. The financial statements and notes thereto are representations of the Company's management.

The Company's management is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for complete financial statements.

Use of estimates - In preparing financial statements, management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods presented. Actual results may differ from these estimates.

The Company’s financial statements have been prepared as on the reporting date and as such were not audited.

3.1. Tangible and Intangible Fixed Assets

Fixed assets include assets with an estimated useful life greater than one year and an acquisition cost greater than one thousand dollars ($1,000) in respect of tangible assets, five thousand dollars ($5,000) in respect of start-up costs, and one thousand dollars ($1,000) in respect of other intangible assets on an individual basis.

Purchased tangible and intangible fixed assets are stated at cost less accumulated depreciation and provisions, if any.

The cost of fixed asset improvements exceeding one thousand dollars ($1,000) for individual tangible assets for the taxation period, and one thousand dollars ($1,000) for individual intangible assets for the taxation period, increases the acquisition cost of the related fixed asset.
Depreciation is charged so as to write off the cost of tangible and intangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

Property and equipment as on the reporting date are as follows:

ITEM	BASE VALUE	DEPRECIATION				RESIDUAL VALUE
		2019 Q1		ACCUM AS OF	ACCUM AS 0F	
		%	USD	31-Dec-18	31-Mar-19	31-Mar-19
Formulas	15,000.00	15%	0.00	(15,000.00)	(15,000.00)	0.00
Furniture and Equipment	6,353.04	20%	0.00	(6,353.04)	(6,353.04)	0.00
Furniture and Equipment 2015	1,853.94	20%	(92.70)	(1,483.18)	(1,575.88)	278.06
Property Plant and Equipment	3,767.68	20%	0.00	(3,767.68)	(3,767.68)	0.00
Warehouse Equipment	1,873.87	20%	(93.69)	(1,393.16)	(1,486.85)	387.02
TOTALS:	**28,848.53**		**(186.39)**	**(27,997.06)**	**(28,183.45)**	**665.08**

Depreciation expense is recorded in the year end. For the previous year, the depreciation expense was $1519 and $186 for 2019 Q1.

3.2. Inventory

Purchased inventory is valued at acquisition cost. Acquisition costs doesn't include the purchase cost and indirect acquisition costs such as customs fees, freight costs and storage fees, commissions, insurance charges and discounts, which are recorded as general and administrative expenses or other income as the case may be.

Internally developed inventory is stated at cost of direct materials, direct labor costs and other direct expenses are recorded as general and administrative expenses. The company decided disregards all of its obsolete inventory, essentially those articles with expired life span, after which the inventory as of March 31, 2019 and December 31, 2018 total $ 8,600.

3.3. Receivables

Upon origination, receivables are stated at their nominal value. At this time no provisions have been established. Total Accounts Receivable as on the reporting date is nil.

3.4. Payables

Payables are stated at their nominal value. Their balance as on the reporting date is $93,326.

Notes 4 – Notes Payable

The Company had notes payable totaling $2,248,665 reflecting principal and accrued interest as on the reporting date.