

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

## APPYEA, INC.

102 NE 2nd Street PMB 265

Boca Raton, FL 33432

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[info@appyea.com](mailto:info@appyea.com)

7371

### Quarterly Report

**For the Period Ending: March 31, 2022**

(the "Reporting Period")

As of March 31, 2022, the number of shares outstanding of our Common Stock was:

218,246,326

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

218,246,326

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

### **1) Name and address(es) of the issuer and its predecessors (if any)**

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

AppYea, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Incorporated: November 26, 2012

Jurisdiction Nevada

Status: Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On August 2nd, 2021, the Company entered into a stock exchange agreement with SleepX Ltd., a company formed under the laws of the State of Israel ("SleepX"), pursuant to which the outstanding equity capital of SleepX was exchanged for shares of common stock of the Company and SleepX became a wholly owned subsidiary of the Company. On December 31, 2021, the terms of the agreement were fulfilled; however the issuance of the shares to SleepX shareholders, due to technical reasons, was not completed. On March 14, 2022 the Company completed a reverse Stock Split at a ratio of two hundred (200) to one (1) and has issued the shares in exchange for the shares of SleepX as reflected in this report. The reverse Stock Split has been given retroactive effect in this report on both Common and Preferred shares.

The address(es) of the issuer's principal executive office:

16 Nathan Alterman St.,  
Gan Yavne, Israel

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

## **2) Security Information**

Trading symbol: APYP

Exact title and class of securities outstanding: Common Stock  
CUSIP: 03834R106  
Par or stated value: \$0.0001

Total shares authorized: 10,000,000,000 as of date: March 31, 2022  
Total shares outstanding: 218,246,326 as of date: March 31, 2022  
Number of shares in the Public Float<sup>2</sup>: 31,811,297 as of date: March 31, 2022  
Total number of shareholders of record: 57 as of date: March 31, 2022

*All additional class(es) of publicly traded securities (if any):*

Trading symbol: NA  
Exact title and class of securities outstanding: Convertible Preferred Stock  
CUSIP: NA  
Par or stated value: \$0.0001  
Total shares authorized: 500,000 as of date: March 31, 2022  
Total shares outstanding: 300,000 as of date: March 31, 2022

#### Transfer Agent

Name: Vstock Transfer, LLC  
Phone: 212,828,8436  
Email: info@vstocktransfer.com  
Address: 18 Lafayette Place, Woodmere, NY 11598

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes:  No:

### **3) Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### **A. Changes to the Number of Outstanding Shares**

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

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<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>December 31, 2020</u> <u>Opening Balance</u> Common: <u>27,201,114*</u> Preferred: <u>300,000*</u>									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>03/14/2022</u>	<u>Cancellation (reverse stock split 1:200)</u>	<u>(6,972,870,058)</u>	<u>Common</u>	<u>0.0001</u>	<u>N/A</u>	<u>All Shareholders</u>	<u>Reverse Stock split</u>	<u>N/A</u>	<u>N/A</u>
<u>2/05/20</u>	<u>Issuance</u>	<u>251,248</u>	<u>Preferred</u>	<u>0.0315</u>	<u>No</u>	<u>Todd Violette</u>	<u>Employment</u>	<u>N/A</u>	<u>Section 4(a)2</u>
<u>06/30/20</u>	<u>Cancellation</u>	<u>(1,179,590)</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>See footnote<sup>(1)</sup></u>	<u>Cancellation</u>	<u>N/A</u>	<u>N/A</u>
<u>12/15/2020</u>	<u>Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital LP <sup>(2)</sup></u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>12/24/2020</u>	<u>Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>12/31/2020</u>	<u>Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>1/7/2021</u>	<u>Issuance</u>	<u>600,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>

<u>1/26/2021</u>	<u>Issuance</u>	<u>139,695</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>2/5/2021</u>	<u>Issuance</u>	<u>513,306</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>3/30/2021</u>	<u>Issuance</u>	<u>150,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Greentree Financial Group, Inc <sup>(3)</sup></u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>5/18/2021</u>	<u>Issuance</u>	<u>392,327</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>6/28/2021</u>	<u>Issuance</u>	<u>806,750</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>8/4/2021</u>	<u>Issuance</u>	<u>711,964</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>8/4/2021</u>	<u>Issuance</u>	<u>297,662</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Caro Partners LLC <sup>(4)</sup></u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>9/23/2021</u>	<u>Issuance</u>	<u>653,433</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>

<u>10/13/2021</u>	<u>Issuance</u>	<u>500,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Evergreen Venture Partners LLC <sup>(5)</sup></u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>11/25/2021</u>	<u>Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Leonite Fund I, LP <sup>(6)</sup></u>	<u>Debt</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>01/01/2022</u>	<u>Issuance</u>	<u>1,698,103</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Bellridge Capital</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>99,754,464</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Boris Molchadsky</u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>1,519,104</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Ron Mekler</u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>2,228,019</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Scorpio investments (A.W.) LTD <sup>(7)</sup></u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>2,228,019</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Ron Weisberg</u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>1,316,557</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Yair Dahan</u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>

<u>03/22/2022</u>	<u>Issuance</u>	<u>67,549,471</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>IBI Trust management in trust for Nexense Technologies USA Inc. <sup>(8)</sup></u>	<u>Share Exchange</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>125,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Caro Partners LLC</u>	<u>Consulting services</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>1,500,000</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Evergreen Venture Partners LLC</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>7,059,667</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Plutus Investments L.P <sup>(9)</sup></u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/22/2022</u>	<u>Issuance</u>	<u>99,890</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Byron Young</u>	<u>Conversion</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>03/30/2022</u>	<u>Issuance</u>	<u>1,783</u>	<u>Common</u>	<u>0.0001</u>	<u>Yes</u>	<u>Cede &amp; Co</u>	<u>Reverse split roundup</u>	<u>Unrestricted</u>	<u>Section 4(a)2</u>
Shares Outstanding on Date of This Report:  Date <u>March 31, 2022</u>  Common: <u>218,246,326</u>  Preferred: <u>300,000</u>									

\*On August 2nd, 2021, the Company entered into a stock exchange agreement with SleepX Ltd., a company formed under the laws of the State of Israel ("SleepX"), pursuant to which the outstanding equity capital of SleepX was exchanged for shares of common stock of the Company and SleepX became a wholly owned subsidiary of the Company. On December 31, 2021, the terms of the agreement were fulfilled; however the issuance of the shares to SleepX shareholders, due to technical reasons, was not completed. On March 14, 2022 the Company completed a reverse Stock Split at a ratio of two hundred (200) to one (1) and has issued the shares in exchange for the shares of SleepX as reflected in this report. The reverse Stock Split and merger issuances has been given retroactive effect in this report on both Common and Preferred shares.

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

Disclosure of Control Person:

- (1) On March 19, 2019 and May 13, 2019, Bellridge Capital L.P. and Greentree Financial Group, Inc., converted debt for Common shares of 659,290 and 520,300, respectively. The shares have not been issued by the stock transfer agent to the note holders on their respective conversion notices, as such, the Company has cancelled these common shares, during the year ended June 30, 2020. The impact of this cancellation is entirely in equity, convertible notes and the net impact to the financial statements is \$24,344.
- (2) Bellridge Capital LP – Robert Klimov, Managing Partner
- (3) Greentree Financial Group, Inc. – Chris Cottone, Vice President
- (4) Caro Partners LLC - Brian John, Manager
- (5) Evergreen Venture Partners LLC - Douglas McKinnon – Former officer/director of Appyea
- (6) Leonite Fund I, LP - Avrohom Geller
- (7) Scorpio investments (A.W.) LTD – Arie Weber
- (8) Nexense Technologies USA Inc. – Controlling shareholder is Boris Molchadsky, the Chairman of our Board.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
<u>10/20/2016</u>	<u>0*</u>	<u>105,911</u>	<u>0</u>	<u>3/31/2018</u>	<u>Lesser of (i) the lowest Trading Price for 25 trading days and (ii) 55% of lowest Trading Price over 25 Trading Days, with penalties and adjustments.</u>	<u>Evergreen Venture Partners, LLC</u>  <u>(Douglas McKinnon – Former officer/director of Appyea)</u>	<u>Loan</u>
<u>11/15/2016</u>	<u>0*</u>	<u>250,000</u>	<u>0</u>	<u>06/30/2018</u>	<u>55% of lowest trading price for prior 10 days, with a \$0.02 floor.</u>	<u>Sold to Plutus investments LP</u>  <u>(Leon Sviri) on 11.2021</u>	<u>Loan</u>
<u>11/16/2017</u>	<u>0*</u>	<u>8,333</u>	<u>0</u>	<u>5/16/2018</u>	<u>Conversion at Market Price.</u>	<u>Byron Young</u>	<u>Loan</u>
<u>6/25/2018</u>	<u>292,895</u>	<u>521,053</u>	<u>14,574</u>	<u>12/31/2022</u>	<u>the lesser of \$0.04 and 65% of lowest VWAP in prior 20 trading days</u>	<u>Sold to Plutus investments LP</u>  <u>(Leon Sviri) on 11.2021</u>	<u>Loan</u>
<u>02/02/2020</u>	<u>10,000</u>	<u>10,000</u>	<u>2,686</u>	<u>08/18/2020</u>	<u>68% of the lowest trading price in the prior 20 days.</u>	<u>Jimmy Chan</u>	<u>Loan</u>
<u>05/25/2021</u>	<u>66,000</u>	<u>66,000</u>	<u>4,774</u>	<u>12.31.2022</u>	<u>65% of lowest sale price in prior 7 trading days</u>	<u>Sold to Plutus investments LP</u>	<u>Loan</u>

						(Leon Sviri) on 11.2021	
8/4/2021	75,000	75,000	950	1/29/2023	65% of the highest daily trading over the 10 trading days prior to the date of the applicable Notice	BK investment LLC  (Brian John)	Loan
8/26/2021	25,000	265,000	194	2/22/2023	65% of the highest daily trading over the 10 trading days prior to the date of the applicable Notice	Evergreen Venture Partners, LLC  (Douglas McKinnon – Former officer/director of Appyea)	Loan
11/11/2021	250,000	250,000	2,556	05/11/2023	Automatic conversion at the offering price, when declared effective.	Plutus investments LP  (Leon Sviri)	Loan
11/24/2021	129,412	129,412	201	11/24/2022	\$0.50	Leonite Fund I, LP (Avrohom Geller)	Loan

Use the space below to provide any additional details, including footnotes to the table above:

#### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- U.S. GAAP  
 IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: **Asaf Porat**  
Title: **CFO**  
Relationship to Issuer: **Officer/Director**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance Sheet;  
D. Statement of Income;  
E. Statement of Cash Flows;  
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)  
G. Financial notes; and  
H. Audit letter, if audited

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

## 5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

AppYea is a research and development company that has developed several solutions for identifying, monitoring and treating sleep apnea and snoring.

B. Please list any subsidiaries, parents, or affiliated companies.

AppYea's current main operations are of research and development, conducted through its wholly owned subsidiary, SleepX LTD, a company formed under the laws of the State of Israel. SleepX Ltd. (hereinafter "the Subsidiary"), has incorporated, together with a third party, a privately held company under the laws of the State of Israel named Ta-nooma Ltd.

In addition to SleepX, the Company has four wholly owned subsidiaries with no active operations.

C. Describe the issuers' principal products or services.

DreamIT – Biofeedback snoring treatment wristband, combined with the SleepX App.

The unique algorithms of SleepX, combined with the wristband sensors, monitor physiological parameters during sleep, and when necessary, the wrist band vibrates according to real time reactions of the user, in order to decrease and cease snoring events.

SleepX PRO – Smartphone Medical Application, with a unique algorithm, for identification of Sleep Apnea, without direct contact with the user.

DreamIT PRO – wristband for the treatment of Sleep Apnea using biofeedback in combination with SleepX PRO app. Differentiated from the mechanism of DreamIT by the algorithms necessary to treat Sleep Apnea disorder.

## 6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Since the global pandemic, we have decided all the officers and directors will work remotely from their residents. Maintaining safety is essential. The Company maintains a post office box to collect mail.

All of the current developments and manufacturing of our products are done in service providers facilities.

## 7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% of more of any class of the issuer's securities, as well as any officer, and any director of the company, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Todd Violette</u>	<u>CEO / Director</u>	<u>Boca Raton, FL</u>	<u>26,250</u>	<u>Preferred Shares</u>	<u>8.75%</u>	
<u>Douglas McKinnon</u>	<u>Owner of more than 5%</u> <u>(Former Officer/Director)</u>	<u>Boca Raton, FL</u>	<u>32,084</u>	<u>Preferred Shares</u>	<u>10.7%</u>	

<u>Asaf Porat</u>	<u>CFO / Director</u>	<u>Kfar Saba, Israel</u>	<u>0</u>	<u>=</u>	<u>=</u>	<u>—</u>
<u>Boris Molchadsky</u>	<u>Chairman/Director</u>	<u>Gan Yavne, Israel</u>	<u>224,998</u>	<u>Preferred Shares</u>	<u>75%</u>	
<u>Boris Molchadsky</u>	<u>Chairman/Director</u>	<u>Gan Yavne, Israel</u>	<u>99,754,464</u>	<u>Common Shares</u>	<u>45.7%</u>	
<u>Nexense Technologies USA Inc.</u>	<u>Owner of more than 5%</u>	<u>Wilmington Delaware.</u>	<u>67,549,471</u>	<u>Common Shares</u>	<u>31.0%</u>	Controlled by Boris Molchadsky, Gan Yavne, Israel
<u>Neil Kline</u>	<u>Independent Director</u>	<u>Philadelphia, PA</u>	<u>0</u>	<u>=</u>	<u>=</u>	<u>—</u>

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None.

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: David Aboudi  
Firm: Aboudi Legal Group PLLC  
Address 1: 745 Fifth Ave  
Address 2: New York, NY 10151  
Phone: +972 52-398-3707  
Email: david@aboudilegal.com

### Investor Relations

Name: Ravit Levrann  
Firm: The Investor  
Address 1: WeWork Sarona  
Address 2: Tel-Aviv, Israel  
Phone: +972-50-2460624  
Email: ravit@theinvestor.co.il

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name: Rivka Steiner  
Firm: Barzily & Co  
Nature of Services: Accountant  
Address 1: 19 Hartom St  
Address 2: Har Hotzvim, Israel 9777518  
Phone: +972-73-2366200  
Email:

## 10) Issuer Certification

### *Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Boris Molchadsky certify that:

1. I have reviewed this quarterly disclosure statement of Appyea, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022 [Date]

/s/ Boris Molchadsky [CEO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Asaf Porat certify that:

1. I have reviewed this quarterly disclosure statement of Appyea, Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022 [Date]

/s/ Asaf Porat [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**APPYEA INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2022 AND 2021**

The accompanying notes are an integral part of the financial statements

**APPYEA INC. AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2022 AND 2021**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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The accompanying notes are an integral part of the financial statements

**APPYEA INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(U.S. dollars in thousands)

	<u>Note</u>	<u>March 31</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		79	206
Other accounts receivables	3	11	13
Loan to a Related party	7(a)	137	137
Total current assets		<u>227</u>	<u>356</u>
<b>Non-current assets</b>			
Property and equipment, net	4	2	2
Intangible assets, net	5	124	148
Total non-current asset		<u>126</u>	<u>150</u>
<b>Total assets</b>		<u>353</u>	<u>506</u>
<b>LIABILITIES AND DEFICIENCY</b>			
<b>Current liabilities</b>			
Trade payables		10	30
Other accounts payable	6	171	65
Short-term loans from related party	7(b)	89	89
Convertible loans related party	7(c)	23	32
Short-term loans	8	121	112
Convertible loans – current portion	8	886	1,933
Warrants liability	8	81	260
Total current liabilities		<u>1,382</u>	<u>2,521</u>
<b>Non-current liabilities</b>			
Convertible loan – net of current portion	8	406	415
		<u>406</u>	<u>415</u>
<b>Total liabilities</b>		<u>1,788</u>	<u>2,936</u>
<b>DEFICIENCY</b>			
AppYea Inc. Stockholders' Deficiency:			
Convertible preferred stock, \$0.0001 par value	9	-	-
Common stock, \$0.0001 par value	9	21	21
Additional Paid in Capital		1,011	768
Accumulated deficit		<u>(2,453)</u>	<u>(3,205)</u>
Total AppYea Inc. stockholders' deficiency		<u>(1,421)</u>	<u>(2,416)</u>
Non-controlling interests		<u>(14)</u>	<u>(14)</u>
<b>Total Deficiency</b>		<u>(1,435)</u>	<u>(2,430)</u>
<b>Total liabilities and deficiency</b>		<u>353</u>	<u>506</u>

The accompanying notes are an integral part of the financial statements

**APPYEA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(U.S. dollars in thousands)

		<b>For the period ended</b>	
		<b>March 31,</b>	
		<u>2022</u>	<u>2021</u>
Research and development expenses		25	-
Sales and marketing		8	-
General and administrative expenses	10	447	80
Operating loss		(480)	(80)
Change in fair value of derivative		1,248	3,369
Financial expenses, net		( 16)	(101)
Consolidated net income		<u>752</u>	<u>3,190</u>
Non-controlling interests		<u>2</u>	<u>-</u>
Net income attributable to AppYea Inc.		<u>750</u>	<u>3,190</u>
<b>Net Income per Common Share</b>			
Basic		<u>0.003</u>	<u>0.035</u>
Diluted		<u>0.001</u>	<u>0.021</u>
<b>Weighted Average number of Common Shares Outstanding</b>			
Basic		<u>218,246,326</u>	<u>90,066,139</u>
Diluted		<u>682,292,066</u>	<u>152,766,194</u>

\*The number of preferred and common shares outstanding were retroactively adjusted as a result of a reverse merger and reverse split, see Note 1 and Note 9.

The accompanying notes are an integral part of the financial statements

**APPYEA INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY**  
**(U.S. dollars in thousands except share data)**

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total	Non- controlling interests	Total Equity
	Number	Amount	Number	Amount					
<b>Balance as of January 1, 2022</b>	<b>300,000</b>		<b>218,246,326</b>	<b>21</b>	<b>768</b>	<b>(3,205)</b>	<b>(2,416)</b>	<b>(14)</b>	<b>(2,430)</b>
Share based Compensation	-	-	-	-	243	-	243	-	243
Net Income	-	-	-	-	-	752	752	-	752
<b>Balance as of March 31, 2022</b>	<b>300,000</b>	<b>-</b>	<b>218,246,326</b>	<b>21</b>	<b>1,011</b>	<b>(2,453)</b>	<b>(1,421)</b>	<b>(14)</b>	<b>(1,435)</b>

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total	Non- controlling interests	Total Equity
	Number	Amount	Number	Amount					
<b>Balance as of January 1, 2021</b>	<b>36,562</b>		<b>63,109,055</b>	<b>6</b>	<b>(5)</b>	<b>(26)</b>	<b>(25)</b>	<b>(12)</b>	<b>(37)</b>
Issuance of shares			44,302,557	4	44		44		44
Adjusting the amount of shares in light of issuance of Appyea shares	-	-	9,611,611	1	1	-	1	-	1
Net Income	-	-	-	-	-	3,190	3,190	(2)	3,188
<b>Balance as of March 31, 2021</b>	<b>36,562</b>	<b>-</b>	<b>117,023,223</b>	<b>11</b>	<b>40</b>	<b>3,164</b>	<b>3,210</b>	<b>(14)</b>	<b>3,196</b>

\*The number of preferred and common shares outstanding were retroactively adjusted as a result of a reverse merger and reverse split. See Note 1 and Note 9.

The accompanying notes are an integral part of the financial statements

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(U.S. dollars in thousands)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Consolidated net income	752	3,190
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	24	85
Share based compensation	243	-
Change in fair value of derivative	(1,235)	(3,369)
<b>Changes in operating assets and liabilities:</b>		
Other current assets	2	(6)
Accounts payable	87	(9)
Net cash used in operating activities	(127)	(109)
<b>Cash flows from investing activities:</b>		
Proceeds from convertible notes payable, net of original issue discounts	-	90
Repayment of loan to related party	-	(5)
Net cash provided by investing activities	-	85
<b>Change in cash and cash equivalents</b>	(127)	(24)
Cash and cash equivalents at beginning of year	206	241
Cash and cash equivalents at end of year	79	217

The accompanying notes are an integral part of the financial statements

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL**

AppYea, Inc. (“AppYea”, “the Company”, “we” or “us”) was incorporated in the State of South Dakota on November 26, 2012 to engage in the acquisition, purchase, maintenance and creation of mobile software applications. The Company is in the development stage with no significant revenues and no operating history. On November 1, 2021 the Company was redomiciled in the State of Nevada.

The Company’s common stock is traded on the OTC Markets, pink tier, under the symbol “APYPD”.

**Reverse merger**

In anticipation of the reverse merger described below, on July 2, 2021, Boris Molchadsky a majority shareholder of the Company, acquired in a private transaction from the former majority shareholder two hundred and twenty-five thousand (225,000) Shares of Series A Preferred Stock of the Company. The Series A Preferred Shares have the right to vote 1,000 to 1 as shares of common stock and are convertible into 1,500 to 1 of the shares of common stock of the Company. The acquisition of the Preferred Shares provided Boris Molchadsky control of a majority of the Company's voting equity capital.

On August 2, 2021, the Company entered into a stock exchange agreement with SleepX Ltd., a company formed under the laws of the State of Israel (“SleepX”) and controlled by the majority shareholder of AppYea, Pursuant to the agreement, the outstanding equity capital consisting of 1,724 common shares of SleepX was exchanged for 174,595,634 shares of common stock of the Company, based on the agreement that determined that to SleepX shareholders will be issued common shares in the amount that will result in them holding 80% of the common shares issued of AppYea , As a result, SleepX became a wholly owned subsidiary of the Company. On December 31, 2021, the terms of the agreement were fulfilled; however, the issuance of the shares to SleepX shareholders, due to administrative matters was completed in March 2022 after the Company completed a reverse stock split (see Note 9E).

As of the result of the transactions mentioned above, Mr. Molchadsky controls approximately 74% of the total voting power of AppYea.

SleepX is an Israeli research and development company that has developed a unique product for monitoring and treating sleep apnea and snoring. The technology is protected by several international patents and, subject to raising working capital, of which no assurance can be provided, the Company plans to start serial production in 2022. The Company will focus on further development and commercialization of the products. Its strategy will include continued investment in research and development and new initiatives in sales and marketing.

SleepX has incorporated, together with an unrelated third party, a privately held company under the laws of the State of Israel named Ta-nooma Ltd. ("Ta-nooma"). Ta-nooma has developed sleeping monitoring technology for which patent applications were filed and has no revenue from operation. Since its incorporation and as of the financial statements date, SleepX holds 73.8% of the voting interest of Ta-nooma.

In addition to SleepX, the Company has four wholly owned subsidiaries with no active operations.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - GENERAL (cont.)**

**Accounting treatment of Acquisition**

AppYea did not have an operation as of the date of the transactions and the Acquisition was accounted for as a reverse merger -a reverse capitalization. The entity that issues securities (the legal acquirer or-AppYea) is identified as the acquiree for accounting purposes. The entity whose interests are acquired (SleepX.) is the acquirer for accounting purposes. Since SleepX is considered the accounting acquirer, these consolidated financial statements are prepared as a continuation of the operations of SleepX, except for the legal capital which is of AppYea.

The legal capital of AppYea in the financial statements is restated using the exchange ratio established in the stock exchange agreement to reflect the number of shares of the legal acquirer issued in the reverse merger.

Following the above, as of December 31, 2021, the date of the transaction, the fair value of the net liabilities of AppYea was \$2,453,000.

This amount is presented as cost of the reverse merger in the statement of operations.

**Financial position**

The financial statements are presented on a going concern basis. The Company has not yet generated any material revenues, has suffered recurring losses from operations and is dependent upon external sources for financing its operations. As of March 31, 2022, the Company has an accumulated deficit and stockholders' deficiency of \$2,453,000 and \$1,435,000, respectively. These matters, among others, raise substantial doubt about the Company's ability to continue as a going concern. The Company intends to continue to finance its operating activities by raising capital. There are no assurances that the Company will be successful in obtaining an adequate level of financing needed for its long-term research and development activities on commercially reasonable terms or at all. If the Company will not have sufficient liquidity resources, the Company may not be able to continue the development of its product candidates or may be required to implement cost reduction measures and may be required to delay part of its development programs.

The financial statements do not include any adjustments for the values of assets and liabilities and their classification that may be necessary in the event that the Company is no longer able to continue its operations as a "going concern".

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

The significant policies in the preparation of the consolidated financial statements are:

a. Use of estimates:

The accompanying Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)**

the reported amounts of revenue and expense. Significant estimates include our ability to continue as going concern, the recoverability of long-lived assets, the recoverability of amounts due from related parties, the valuation of stock-based compensation and certain debt and derivative liabilities, recognition of loss contingencies and deferred tax valuation allowances. Actual results could differ from those estimates. Changes in facts and circumstances may result in revised estimates, which would be recorded in the period in which they become known. See note 8 regarding the Convertible Loans and Warrants estimations.

b. Financial statements in United States dollars:

The functional currency of the Company is the U.S. dollar, as the U.S. dollar is the currency of the primary economic environment in which the Company operates. The Company's transactions and balances denominated in U.S. dollars are present at their original amounts. Non-dollar transactions and balances have been re-measure to U.S. dollars in accordance with ASC 830, "Foreign Currency Matters". All transaction gains and losses from re-measurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statements of operations and are included in the Financial Expenses – net line. The exchange rate of the US Dollar to the Israeli Shekel was 3.176 and 3.334 as of March 31, 2022 and 2021 respectively.

c. Cash and Cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash when originally purchased with maturities of three months or less.

d. Property, plant and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets at the following annual rates:

	%
Computers equipment and software	<hr/> 33

e. Other Intangibles- patents

Identifiable intangible assets are stated at cost, net of accumulated amortization. Patents are being amortized on the straight-line method over useful lives.

f. Severance pay:

Certain of the Company's employees have subscribed to Section 14 of Israel's Severance Pay Law, 5723-1963 ("Section 14"). According to this section, these employees are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 release the Company from any future severance liabilities (under the above Israeli Severance Pay Law) in respect of those employees. Neither severance pay liability nor severance pay fund under Section 14 is recorded on the Company's balance sheet.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)**

g. Derivative Financial Instruments

Management evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. For option based simple derivative financial instruments, the Company uses an option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date. We do not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks.

h. Fair value of financial instruments:

As defined in ASC 820 "Fair Value Measurements" ("ASC 820"), fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The following table summarizes fair value measurements by level at March 31, 2022 measured at fair value on a recurring basis:

<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets			In U.S. dollars	
None	-	-	-	-
Liabilities				
Convertible Loans	-	-	1,314,599	1,314,599
Warrants	81,203	-	-	81,203

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)**

i. Concentrations of credit risks:

The financial instruments include cash, accounts receivable, accounts payable, accrued expenses, loans payable, due to officers and derivative financial instruments. Balances in various cash accounts may at times exceed federally insured limits. We have not experienced any losses in such accounts. Cash and cash equivalents are invested in major banks in Israel and United States. Generally, these deposits may be redeemed upon demand and therefore, management believes there is minimal risk. Other than certain warrant and convertible instruments (derivative financial instruments), we believe the carrying values of our financial instruments approximate their fair values because they are short term in nature or payable on demand. Our derivative financial instruments are carried at a measured fair value. The Company has no significant off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

j. Convertible Debt:

For convertible debt that does not contain an embedded derivative that requires bifurcation, the conversion feature is evaluated to determine if the rate of conversion is below market value and should be categorized as a beneficial conversion feature (“BCF”). A BCF related to debt is recorded by the Company as a debt discount and with the offset recorded to equity. The related convertible debt is recorded net of the discount for the BCF. The discount is amortized as additional interest expense over the term of the debt with the resulting debt discount being accreted over the term of the note.

k. The Fair Value Measurement Option

We have elected the fair value measurement option for convertible debt with embedded derivatives that require bifurcation, and record the entire hybrid financing instrument at fair value under the guidance of ASC 815, *Derivatives and Hedging* (“ASC 815”). The Company reports interest expense, including accrued interest, related to this convertible debt under the fair value option, within the change in fair value of convertible notes and derivatives in the accompanying consolidated statement of operations.

l. Research and development costs:

Research and development consist of costs incurred in the process of developing product improvements or new products, and are expensed to the statement of operations as incurred. As of now the company does not capitalize any of its research and development costs.

m. General and administrative expenses:

General and administrative expenses consist of all corporate overhead costs incurred by the Company.

n. Stock-Based Compensation:

We account for stock-based compensation in accordance with ASC 718, *Stock Compensation* (“ASC 718”). ASC 718, which requires that the cost resulting from all share-based transactions be recorded in the financial statements over the respective service periods. It establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement in accounting for share-based payment transactions with employees. The

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)**

statement also establishes fair value as the measurement objective for transactions in which an entity acquires goods or services from non-employees in share-based payment transactions.

The Company utilizes the straight-line method allocating the cost over the service period.

o. Income taxes:

The Company accounts for income taxes in accordance with ASC 740, "Accounting for Income Taxes" ("ASC 740"), using the liability method whereby deferred tax assets and liability account balances are determined based on the differences between financial reporting and the tax basis for assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company accounts for uncertain tax provisions in accordance with ASC 740-10-05, "Accounting for Uncertainty in Income Taxes." The ASC clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The ASC 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. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

p. Basic and Diluted Net Income (Loss) per Share:

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share" which requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and

Convertible preferred stock, using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti-dilutive. For the period ending March 31, 2022 and 2021, there were 464,045,740 and 62,700,055 shares, respectively, of convertible preferred stock outstanding and conversion privileges attached to convertible promissory notes payable.

q. Recent Accounting Pronouncements

On January 1, 2021, the Company adopted ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The adoption of ASU 2019-12 did not have a material effect on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)**

40)” (“ASU 2020-06”), which is intended to address issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. For convertible instruments, ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock, and enhances information transparency by making targeted improvements to the disclosures for convertible instruments and earnings-per-share guidance on the basis of feedback from financial statement users. ASU 2020-06 is effective for fiscal years, and interim periods in those fiscal years, beginning after December 15, 2023 (effective January 1, 2024) for smaller reporting companies. The Company is determining the adoption of this new accounting guidance and the effect on its consolidated financial statements throughout the period until implementation.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments-Credit Losses (Topic 326),” referred to herein as ASU 2016-13, which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management’s current estimate at each reporting date. The new guidance provides no threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or not yet due may not require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company is determining the adoption of this new accounting guidance and the effect on its consolidated financial statements throughout the period until implementation.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying consolidated financial statements.

**NOTE 3 - OTHER ACCOUNTS RECEIVABLE**

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
	In U.S. dollars in thousands	
Governmental authorities	8	7
Other receivables	3	6
	<u>11</u>	<u>13</u>

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 - PROPERTY AND EQUIPEMENT, NET**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	In U.S. dollars in thousands	
<b>Computers</b>		
Cost	3	3
Accumulated depreciation	(1)	(1)
Balance, Net	2	2

**NOTE 5 - INTANGIBLE ASSET**

On May 12, 2021, SleepX entered into license agreement with Nexense Technologies USA Inc., (“Nexense”) a related party, which is controlled by Boris Molchadsky, (the “Licensor”) pursuant to which SleepX will receive from the Licensor the rights to use all of the Licensor’s owned intellectual property (the “IP”) for any commercial purposes. Management believes that the IP is not currently ready for private or commercial use and therefore, SleepX will be required to research, develop, apply for patents protection and invest in the IP in order to ready it for commercial use. Any change, improvement, inventive addition, progress, results of research or a new product with respect to the intellectual property rights, will all be owned solely by SleepX.

The payment terms for the license agreement are 3% of the gross profit arising from the sale of the products based on the licensed IP and up to an aggregate amount of \$2,000,000. As part of the agreement, SleepX has issued the related party shares equivalent to 40% of SleepX, after dilution.

The IP asset is valued in the financial statements at the cost that Licensor paid to acquire the IP. As of March 31, 2022, the Company has not generated any revenues and accordingly no royalties were incurred and paid.

Cost	\$163,000
Accumulated amortization	<u>(\$39,000)</u>
	<b>\$124,000</b>

Amortization expense amounted to \$24,000 for the period ended March 31, 2022. The estimated amortization expense over the next 5 years is expected to be \$116,000.

**NOTE 6 - OTHER ACCOUNT PAYABLES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	In U.S. dollars in thousands	
Accrued expenses	99	13
Deferred income	5	5
Government institutions	20	15
Employees and payroll accruals	48	32
	171	65

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - RELATED PARTY BALANCES AND TRANSACTIONS**

**A. Loan to related party**

During the course of 2021, the Company loaned to Boris Molchadsky an aggregate amount of \$136,936. As of the date hereof the loan bears interest at an annual rate of 3.4% and is repayable in full by December 31, 2022.

**B. Short-term loans from related parties**

During 2021, SleepX borrowed from Nexense an aggregate amount of \$47,623. According to the agreement, the loan shall be repaid in an event that the Company's profits are sufficient to repay the aggregate loan amount and upon such terms and in such installments as shall be determined by the Board. The loan shall bear interest at an annual rate equal to the minimum rate approved by applicable law in Israel (3.4% in 2021).

During 2020, the minority shareholder of Ta-nooma loaned Ta-nooma \$41,082. The loan does not carry any interest expense and the repayment terms have yet to be determined.

**C. Convertible loans related party**

On August 22, 2021 Evergreen Venture Partners LLC, owned by Douglas O. McKinnon, former CEO of the company, agreed to advance to the Company up to \$265,000 in tranches under the terms of an 18 month unsecured promissory note. Under the terms of the note, which bears interest at a rate of 8% per annum, the investor can convert the note into shares of common stock at 35% discount to the highest daily trading price over the 10 days' preceding conversion but in any event not less than \$0.10 per share. The note contains standard events of default. As of the March 31, 2022, the related party has advanced to the Company \$25,000 funds under the Note and there are no assurances if there will be additional. As of March 31, 2022, the fair value as estimated by an independent external evaluation with a WACC of 25% is \$22,985.

**D. Balances with related parties**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	In U.S. dollars in thousands	
Assets:		
Receivables Note 7(a)	137	137
Liabilities:		
Employees and payroll accruals	48	46
Short term loan Note 7(b)	89	89
Convertible loan Note 7(c)	23	32

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7 - RELATED PARTY BALANCES AND TRANSACTIONS (cont.)**

**E. Transactions with related parties**

	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
	In U.S. dollars in thousands	
Expenses:		
Salaries and related cost (including stock-based compensation in the amount of \$243,000)	270	62
AppYea's Management fee participation	(27)	-

Both the Chairman and the chief financial officer are directors in the Company and do not receive compensation for their directorship roles. Company's Bylaws provide that a director or officer shall be indemnified and held harmless by the Corporation, to the fullest extent permitted by the laws of the State of Nevada.

See note 12 regarding salaries agreements.

**F. Purchase of IP and royalties to related party**

See Note 5

**NOTE 8 - CONVERTIBLE LOANS AND WARRANTS**

**A. Warrants**

During the year of 2017, the Company granted 1,931,819 warrants. As of March 31, 2022 the Warrants were valued at \$70,587. The expiry date of the warrants is on October 13, 2022.

On November 24, 2021, the Company granted 300,000 warrants valued at \$43,270. The expiry date of the warrants is on November 23, 2025. See (b) below ("Investor 2"). In connection with the warrants issued to Investor 2 the Company also issued 8,334 warrants valued at \$5,000 to an introducing advisor with the same terms and conditions received by Investor 2. As of March 31, 2022 the total valuation of both of these warrants is valued at \$10,615

These warrants are converted with the same cashless exercise formula, in lieu of a cash exercise, equal to the number of Common Shares computed using the following formula: the number of Warrants multiplied with the difference between the market price and the exercise price, on the effective date of conversion, divided by the market price.

As the numbers of shares to be issued for the exercise of the warrants is variable the warrants have been measured at fair value.

In order to calculate the fair value of the warrants, an option pricing model was used. The model requires six basic data inputs: the exercise or strike price, time to expiration, the risk-free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - CONVERTIBLE LOANS AND WARRANTS (cont.)**

As of March 31, 2022, the estimated fair values of the Warrants were measured according to the data as follows:

	As of March 31, 2022
Expected term	0.54 – 3.65 years
Expected average volatility	180.80% – 185.18%
Expected dividend yield	-
Risk-free interest rate	1.1% - 2.44%
Common Stock Market Value	\$0.034

The following table summarizes information relating to outstanding and exercisable warrants as of March 31, 2022:

Warrants Outstanding and Exercisable			
Number of Warrants	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price	Valuation as of March 31, 2022
1,931,819	.054	0.1	\$70,587
308,334	.365	0.6	\$10,615

**B. Convertible loans (Hereinafter: CLA)**

During the years of 2017-2021, the Company entered into convertible loan agreement (“CLA”) contracts with several investors as detailed below.

The Convertible Promissory Notes will accrue interest at rates of 5% - 12% per annum, default interest at rates of 12%-24% per annum, which also convertible at the same terms as the loan.

**Investor 1**

**CLA 1 (Issued by the company During March 2019 - January 2021)**

The CLA is convertible into shares of the Company’s Common Stock at a per share price equal to the lesser of (i) \$0.04, and (ii) the variable conversion price, which is defined as 65% of the lowest daily Volume Weighted Average Price (‘VWAP’) in the twenty (20) Trading Days prior to the Conversion Date. Maturity date for the CLA above is up to December 31<sup>st</sup> 2022.

The CLA was evaluated at a fair value measurement option as one component because in each scenario the investors will prefer to convert the company shares instead of receiving the loan.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - CONVERTIBLE LOANS AND WARRANTS (cont.)**

In order to calculate the fair value of the CLA, the independent valuation appraiser used Monte Carlo model and the Company assumptions regarding to the expected conversion date. Using this model and assumptions, the fair value was evaluated for \$871,056 as a current convertible loan on March 31, 2022.

As of March 31, 2022, the estimated fair values of the Convertible Loan measured as follows:

	As of March 31, 2022
Expected term	0.84 years
Expected average (Monte Carlo) volatility	181%
Expected dividend yield	-
Risk-free interest rate	1.3%

**CLA 2 (Issued by the Company at the year of 2021)**

During the year 2021, the Company entered into a new CLA contract with Investor 1. In exchange to the CLA, the Company received an amount of \$250,000. The maturity date of the CLA is May 10, 2023.

The CLA is convertible at a fair value measurement option at a price per share equal to the variable conversion price, which is defined as 60% of the lowest daily VWAP in the twenty (20) Trading Days prior to the Conversion Date.

The CLA was evaluated at a fair value measurement option as one component because in each scenario the investors will prefer to convert the company shares instead of receiving the loan.

In order to calculate the fair value of the CLA, the independent valuation appraiser used the Company assumptions regarding the expected conversion date. Using these assumptions, the fair value was evaluated for \$336,152 as a long term loan on March 31, 2022.

For the Year ended December 31, 2021, the estimated fair values of the Convertible Loan measured as follows:

	As of March 31, 2022
Expected term	1.62 years
WACC	25%

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - CONVERTIBLE LOANS AND WARRANTS (cont.)**

**Investor 2**

On November 24, 2021, the Company signed CLA, Warrants and SPA agreements with Investor 2 for an aggregate amount of \$500,000. As of December 2021, the Company received an amount of \$110,000 out of the aggregate committed amount. The Investor shall remit the balance upon filing of a Registration Statement on Form S-1.

The maturity date of the Note is the earlier of 12 months from the date of each advance or the date the Company closes on a registered public offering.

The Company's obligations under the CLA are secured by a security interest in substantially all of its assets pursuant to a Security Agreement dated as of November 24, 2021 between it and the Company.

The Convertible Promissory Note will be convertible at a price equal to \$0.5. The conversion component was evaluated in separate from the loan.

On November 24, 2021, the investment was evaluated as separate components: Warrants, common shares, Loan (Part of the CLA) and conversion component. First, the independent valuation appraiser evaluated the Warrants and the stocks in Fair Value, and the residual attributed to the CLA components. As of March 31, 2022, Warrants was evaluated at \$10,328.

In order to evaluate the CLA components, it was evaluated based on their fair value ratio and then multiplied the residual by the acceptable ratio of each of the CLA components. In addition, as of November 24, 2021 the independent valuation appraiser used Monte Carlo model and Company assumptions regarding to the expected conversion date and the expected return date of the principal amount. Using this model and assumptions, the expected conversion amount was evaluated.

In addition, as of March 31, 2022 the warrants and the loan was evaluated because they identified as liabilities components. The conversion instrument was identified as an equity component, therefore it was evaluated only as of the agreement day.

In order to calculate the fair value of the CLA Loan as of March 31, 2022, the independent valuation appraiser used Company assumptions regarding to the expected conversion date and the expected return date of the principal amount and then capitalized the loan using the company's WACC for each valuation date.

Using this model and assumptions, the expected conversion amount was evaluated. As of March 31, 2022 the Loan component was evaluated at \$120,839 as a short term loan at March 31, 2022.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - CONVERTIBLE LOANS AND WARRANTS (cont.)**

For the Year ended March 31, 2022, the estimated fair values of the CLA measured as follows:

	Period ended March 31, 2022
Expected term	0.62 years
WACC	25%
Expected date to repay	November 24 ,2022

**Rest of the investors**

During the year of 2021, the Company signed additional CLA with an investor for an amount of \$75,000.

The CLA is convertible at a price equal to the variable conversion price, which is defined as 65% of the lowest daily VWAP in the twenty (20) Trading Days prior to the Conversion Date. The maturity date of the CLA is January 29, 2023.

The CLA was evaluated as one component because in each scenario the investors will prefer to convert the company shares instead to receive the loan.

In order to calculate the fair value of the CLA, the independent valuation appraiser used Company assumptions regarding the expected conversion date. Using Company WACC, the fair value was evaluated for \$69,886 as long term convertible loan on March 31, 2022.

As of March 31, 2022, the estimated fair values of the CLA measured as follows:

	As of March 31, 2022
Expected term	1.15 – 1.62 years
WACC	25%

In addition, there is a loan outstanding in the amount of \$14,520 at March 31, 2022.

**NOTE 9 - STOCKHOLDERS' EQUITY**

**A. Convertible Preferred Stock**

Each convertible preferred A share is convertible into 1,500 shares of common stock and may be voted together with the common shares at a rate of 1,000 shares of common stock.

As of March 31, 2022 and 2021, 300,000 and 36,562 shares of the Company's convertible preferred stock were issued and outstanding, respectively. There are 500,000 convertible preferred shares authorized.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 - STOCKHOLDERS' EQUITY (cont.)**

On July 2, 2021, Boris Molchadsky, acquired in a private transaction from the former majority shareholder two hundred and twenty-five thousand (225,000) Shares of Series A Preferred Stock of the Company. The acquisition of the Preferred Shares makes Boris Molchadsky the majority shareholder, with the Company's voting control. As of the result of this transaction, Mr. Molchadsky controls approximately 74% of the total voting power of AppYea Inc. after the reverse merger.

**B. Common Stock**

As of March 31, 2022, and 2021, 218,246,326 and 117,023,223 shares of the Company's common stock were issued and outstanding respectively. There are 10,000,000,000 authorized common shares as of March 31, 2022. The number of preferred and common shares outstanding were retroactively adjusted as a result of a reverse merger and reverse split (see c-e below).

The holder of the shares of Common Stock are entitled to the following rights:

1. Right to participate and vote in the Company's general meetings, whether regular or extraordinary. Each share will entitle its holder, when attending and participating in the voting in person or via agent or letter, to one vote;
2. Right to share in distribution of dividends, whether in cash or in the form of bonus shares; the distribution of assets or any other distribution pro rata to the par value of the shares held by them;
3. Right to a share in the distribution of the Company's excess assets upon liquidation on a pro rata basis to the par value of the shares held by them.

- C. On March 23, 2022, the Company issued all its stock payable and the shares to the former holders of SleepX, according to the stock exchange agreement, in exchange for their shares. All their shares were issued to IBI Trust Management to be held in trust for them, according to the Israeli tax ruling.
- D. During the 1<sup>st</sup> quarter of 2022 the company issued 10,482,659 of common shares as a result of the note conversions that occurred in the 4<sup>th</sup> quarter 2021, these shares were recorded in the outstanding shares of the company as of December 31, 2021 as part of the shares regarding the reverse merger.
- E. On March 14<sup>th</sup> the company implemented a reverse Stock Split process of common and preferred shares at a ratio of two hundred (200) to one (1). The reverse split was reflected in this financial statement retroactively.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10 - GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Period ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
	In U.S. dollars in thousands	
Salaries and related costs (*)	270	62
Professional services	130	18
Vehicle expenses	7	-
Rent and building maintenance	1	-
Amortization	23	
Franchise Tax	12	
Others	4	-
	447	80

During 2022 \$27,000 of the salaries paid by SleepX was allocated towards management fee charged to AppYea. (\*) includes stock-based compensation of \$243,000.

**NOTE 11 - COMMITMENT AND CONTINGENCIES**

A) On March 15, 2020, SleepX entered into license agreement with B.G Negev Technologies and Applications Ltd. and Mor Research Application Ltd. (the "Licensors") pursuant to which SleepX is entitled to receive from the Licensors an exclusive worldwide license with the right to grant sub-licenses and with a term of 15 years, to research, develop, manufacture use, market, distribute, offer for sale and sell the licensed products covered in the license agreement (the "Licensed Products"). The payment terms for the license agreement are as follows:

1. Annual license fee – annual payments as follows:

Year	US\$K
1-4	0
5	10
6	20
7	30
8	40
9-15	50

2. Running royalties – 3% of all net sales received from the licensed products for a period of up to 15 years from initiation of sales in each state using licensed IP.
3. Sublicense payments –
  - i. 25% of sublicense income received prior to attainment of all regulatory approval for marketing and sale of the licensed products in the first jurisdiction where the licensed products is intended to be sold.
  - ii. 15% of sublicense income received after the date recorded in section (a) above, but prior to the first commercial sale of the licensed product.
  - iii. 10% of sublicense income received after the date recorded in section (b) above.

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

4. Milestone payment – payment of \$60,000 upon the attainment of regulatory approval from applicable authority in USA or Europe to market and sell the licensed products.
5. Exit Fee Varies according to its kind upon consummation of the Exit event.

In addition to the payment terms mentioned above, SleepX will reimburse the Licensors for all incurred in the filing, prosecution and maintenance of the licensor's patents prior to the effective date. The amount of such expenses was \$61,757 which were paid and are included in the financial statements.

- B)** In addition, the Company's obligations under the CLA with Investor 2 as mentioned above in Note 8, are secured by a security interest in substantially all of its assets pursuant to a Security Agreement dated as of November 24, 2021 between the investor and the Company

**APPYEA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of this report.

- A. On April 21, 2022, the Company amended its certificate of incorporations to decrease the number of authorized shares of common stock that it may issue from time to time, from 10,000,000,000 to 900,000,000 shares.
- B. On May 4, 2022, the Company received notice that Todd Violette is resigning from his role as Chief Executive Officer of the Company to pursue personal interests, effective immediately. The company nominated Mr. Boris Molchadsky, the company chairman, as Chief Executive Officer of the Company.
- C. On May 9, 2022, the company received the balance of \$390,000 from investor 2. See Note 8.
- D. On May 10, 2022, the company filed an S-1 registration statement and its audited financials.