

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

APPYEA, INC.

102 NE 2nd Street PMB 265

Boca Raton, FL 33432

(800) 674-3561

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info@appyea.com

7371

Quarterly Report

For the Period Ending: June 30, 2022

(the "Reporting Period")

As of June 30, 2022, the number of shares outstanding of our Common Stock was:

220,730,798

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 Control¹ of the company has occurred over this reporting period:

¹ "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.

Yes: No:

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

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:	<u>APYP</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>03834R106</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>900,000,000</u>	as of date: <u>June 30, 2022</u>
Total shares outstanding:	<u>220,730,798</u>	as of date: <u>June 30, 2022</u>
Number of shares in the Public Float ² :	<u>31,824,557</u>	as of date: <u>June 30, 2022</u>
Total number of shareholders of record:	<u>59</u>	as of date: <u>June 30, 2022</u>

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

Trading symbol:	<u>NA</u>	
Exact title and class of securities outstanding:	<u>Convertible Preferred Stock</u>	
CUSIP:	<u>NA</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>500,000</u>	as of date: <u>June 30, 2022</u>
Total shares outstanding:	<u>300,000</u>	as of date: <u>June 30, 2022</u>

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?³ 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:

² "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.

³ 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> Opening Balance 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⁽¹⁾</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⁽²⁾</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 ⁽³⁾</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 ⁽⁴⁾</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 ⁽⁵⁾</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 ⁽⁶⁾</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 ⁽⁷⁾</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. ⁽⁸⁾</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 ⁽⁹⁾</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 & Co</u>	<u>Reverse split roundup</u>	<u>Unrestricted</u>	<u>Section 4(a)2</u>
<u>06/01/2022</u>	<u>Issuance</u>	<u>993,789</u>	<u>Common</u>	<u>0.0322</u>	<u>No</u>	<u>Richard Rivet</u>	<u>Consulting services</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
<u>06/01/2022</u>	<u>Issuance</u>	<u>1,490,683</u>	<u>Common</u>	<u>0.0322</u>	<u>No</u>	<u>2855322 Ontario Inc</u>	<u>Consulting services</u>	<u>Restricted</u>	<u>Exemption: Section 4(a)(2) of the Securities Act</u>
Shares Outstanding on Date of This Report:									
<u>Date June 30, 2022</u>									
<u>Common: 220,730,798</u>									

Preferred: 300,000

*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 31st, 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 Appvea
- (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 Appvea)</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>Loan</u>

						(Leon Sviri) on 11.2021	
11/16/2017	0*	8,333	0	5/16/2018	Conversion at Market Price.	Byron Young	Loan
6/25/2018	314,914	521,053	22,019	12/31/2022	the lesser of \$0.04 and 65% of lowest VWAP in prior 20 trading days	Sold to Plutus investments LP (Leon Sviri) on 11.2021	Loan
02/02/2020	15.133	10.000	5.133	08/18/2020	68% of the lowest trading price in the prior 20 days.	Jimmy Chan	Loan
05/25/2021	74,800	66,000	8,800	12.31.2022	65% of lowest sale price in prior 7 trading days	Sold to Plutus investments LP (Leon Sviri) on 11.2021	Loan
8/4/2021	80,533	75,000	5,533	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	26,723	265,000	1,723	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	262,723	250,000	12,723	05/11/2023	Automatic conversion at the offering price, when declared effective.	Plutus investments LP (Leon Sviri)	Loan
11/24/2021	129,699	129,412	287	11/24/2022	\$0.50	Leonite Fund I, LP (Avrohom Geller)	Loan
05/09/2022	391,535	390,000	1535	05/09/2023	\$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)⁴:

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

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 it's 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.

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

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% or 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>Owner of more than 5%</u> <u>(Former Officer/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.

August 22, 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.

August 22, 2022 [Date]

/s/ Asaf Porat [CFO's Signature]

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

APPYEA INC. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2022

APPYEA INC. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2022

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

	<u>Note</u>	<u>June 30,</u> <u>2022</u> <u>Unaudited</u>	<u>December 31,</u> <u>2021</u> <u>Audited</u>
ASSETS			
Current assets			
Cash and cash equivalents		189	206
Other accounts receivables		22	13
Loan to a Related party	3A	137	137
Total current assets		<u>348</u>	<u>356</u>
Non-current assets			
Property and equipment, net		2	2
Intangible assets, net		136	148
Total non-current asset		<u>138</u>	<u>150</u>
Total assets		<u><u>486</u></u>	<u><u>506</u></u>
LIABILITIES AND DEFICIENCY			
Current liabilities			
Trade payables		56	30
Other accounts payable		170	65
Short-term loans from related party	3B	89	89
Short-term Convertible loans related party	3C	24	32
Short-term loans	4B	528	112
Short-term Convertible loans	4B	1,357	1,933
Short-term Warrants liability	4A	131	260
Total current liabilities		<u>2,355</u>	<u>2,521</u>
Non-current liabilities			
Long-term Convertible loans	4B	-	415
		-	415
Total liabilities		<u>2,355</u>	<u>2,936</u>
DEFICIENCY			
AppYea Inc. Stockholders' Deficiency:			
Convertible preferred stock, \$0.0001 par value		-	-
Common stock, \$0.0001 par value		21	21
Shares to be issued	5I	28	-
Additional Paid in Capital		1,356	768
Accumulated deficit		(3,260)	(3,205)
Total AppYea Inc. stockholders' deficiency		<u>(1,855)</u>	<u>(2,416)</u>
Non-controlling interests		(14)	(14)
Total Deficiency		<u>(1,869)</u>	<u>(2,430)</u>
Total liabilities and deficiency		<u><u>486</u></u>	<u><u>506</u></u>

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

	For the period of three months ended June 30,		For the period of six months ended June 30,	
	2022	2021	2022	2021
	Unaudited		Unaudited	
Research and development expenses	17	6	42	66
Sales and marketing	3	-	11	1
General and administrative expenses	632	7	1,079	30
Operating loss	(652)	(13)	(1,132)	(97)
Change in fair value of convertible loans and warrant liability	(125)	-	1,123	-
Financial income (expenses), net	(30)	-	(46)	(1)
Loss before income tax benefit	(807)	(13)	(55)	(98)
Income tax benefit	-	-	-	-
Consolidated loss	(807)	(13)	(55)	(98)
Non-controlling interests	-	-	-	-
Loss attributable to AppYea Inc.	(807)	(13)	(55)	(98)
Loss per Common Share				
Basic	(0.003)	-	-	(0.001)
Diluted	(0.003)	-	-	(0.001)
Weighted Average number of Common Shares Outstanding *) basic and diluted	219,074,483	108,940,492	218,660,405	96,497,597

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

	Preferred Stock		Common Stock		Shares to be issued	Additional Paid in Capital	Accumulated Deficit	Total	Non-controlling interests	Total Deficiency
	Number	Amount	Number	Amount						
	Unaudited									
Balance as of January 1, 2022	300,000		218,246,326	21		768	(3,205)	(2,416)	(14)	(2,430)
Issuance of shares to service providers	-	-	2,484,472	-		80	-	80	-	80
Shares to be issued	-	-	-	-	28		-	28	-	28
Share based compensation	-	-	-	-		508	-	508	-	508
Net loss	-	-	-	-		-	(55)	(55)	-	(55)
Balance as of June 30, 2022	300,000	-	220,730,798	21	28	1,356	(3,260)	(1,855)	(14)	(1869)

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total	Non-controlling interests	Total Deficiency	
	Number	Amount	Number	Amount						
	Unaudited									
Balance as of January 1, 2021	225,000	-	63,109,055	6	(5)	(26)	(25)	(12)	(37)	
Issuance of shares	-	-	45,690,956	4	295	-	299	-	299	
Adjusting the amount of shares in light of issuance of Appyea shares*)	-	-	17,145,986	-	-	-	0	-	-	
Net loss	-	-	-	-	-	(97)	(97)	-	(97)	
Balance as of June 30, 2021	225,000	-	125,945,997	10	290	(123)	177	(12)	165	

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

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

	Preferred Stock		Common Stock		Shares to be issued	Additional Paid in Capital	Accumulated Deficit	Total	Non-controlling interests	Total Deficiency
	Number	Amount	Number	Amount						
	Unaudited									
Balance as of April 1, 2022	300,000		218,246,326	21	-	1,020	(2,453)	(1,412)	(14)	(1,426)
Issuance of shares to service providers	-	-	2,484,472	-		80	-	80	-	80
Shares to be issued	-	-	-	-	28		-	28	-	28
Share based compensation	-	-	-	-		256	-	256	-	256
Net loss	-	-	-	-		-	(807)	(807)	-	(807)
Balance as of June 30, 2022	300,000	-	220,730,798	21	28	1,356	(3,260)	(1,855)	(14)	(1869)

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total	Non-controlling interests	Total Deficiency	
	Number	Amount	Number	Amount						
	Unaudited									
Balance as of April 1, 2021	225,000	-	74,929,483	6	76	(110)	(28)	(12)	(40)	
Issuance of shares	-	-	43,482,139	4	214	-	218	-	218	
Adjusting the amount of shares in light of issuance of Appyea shares*)	-	-	7,534,375	-	-	-	-	-	0	
Net loss	-	-	-	-	-	(13)	(13)	-	(13)	
Balance as of June 30, 2021	225,000	-	125,945,997	10	290	(123)	177	(12)	165	

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

APPYEA INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	For The six Months Ended	
	June 30,	
	2022	2021
	Unaudited	
Cash flows from operating activities:		
Consolidated net loss	(55)	(98)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12	-
Share based compensation	603	-
Change in fair value of convertible loans and warrant liability and financial expenses	(1,077)	1
Changes in operating assets and liabilities:		
Other current assets	(9)	(20)
Accounts payable	124	25
	(402)	(92)
Net cash used in operating activities	(402)	(92)
Cash flows from investing activities:		
Purchase of property and equipment	-	(3)
Net cash used in investing activities	-	(3)
Cash flows from financing activities:		
Issuance of shares of Common Stock	-	131
Proceeds on account of shares (shares to be issued))	13	-
Convertible Note received	368	-
Issuance of warrants measured at FV	9	-
	390	131
Net cash provided by financing activities	390	131
Effect of foreign exchange on cash and cash equivalents	(5)	(3)
Change in cash and cash equivalents	(17)	33
Cash and cash equivalents at beginning of period	206	11
	189	44
Cash and cash equivalents at end of period		

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 “APYP”.

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 at 1,000 to 1 as shares of common stock and are convertible at a rate of 1,500 to 1 as 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.

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. 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.

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 June 30, 2022, and December 31, 2021, the Company has an accumulated deficit of \$3,260,000 and \$3,205,000, 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 interim financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The interim financial statements do not include a full disclosure as required in annual financial statements and should be read with the annual financial statements of the Company as of December 31, 2021. The accounting policies implemented in the interim financial statements is consistent with the accounting policies implemented in the annual financial statements as of December 31, 2021, except of the following accounting pronouncement adopted by the company.

Recently Issued Accounting Pronouncements, adopted

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 815-40)" ("ASU 2020-06"), which is intended to address issues identified as a result of the complexity associated

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 stocks, 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.

Use of Estimates in Preparation of Financial Statements

The preparation of consolidated financial statements in conformity with U.S. GAAP accounting principles requires management to make estimates and assumptions. The Company's management believes that the estimates, judgments, and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RELATED PARTY BALANCES AND TRANSACTIONS

A. Loan to related party

During 2021 and 2022, the Company borrowed to Mr. Boris Molchadsky (chairman and control person of the company) an aggregate amount of \$181,936, which bears an annual interest rate of 3.4% and is repayable in full by August 2, 2022.

As of June 30, 2022, the loan's balance is \$135,334.

B. Short-term loans from related parties

During 2021, SleepX borrowed from Nexense Technologies LTD, principle stockholder, 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, principle stockholder 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 note holder 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 June 30, 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 loans. As of

June 30, 2022, the fair value as estimated by an independent external evaluation with a WACC of 28% is \$24,277.

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY BALANCES AND TRANSACTIONS (cont.)

D. Balances with related parties

	June 30, 2022	December 31, 2021
	In U.S. dollars in thousands	
Assets:		
Receivables	127	137
Liabilities:		
Employees and payroll accruals	70	46
Short term loan	89	89
Convertible loan	24	32

E. Transactions with related parties

	Six months ended June 30,	
	2022	2021
	In U.S. dollars in thousands	
Expenses:		
Management fee to the Company's CEO *)	35	-
Salaries and related cost (including share-based compensation in the amount of \$487,000)	593	-

*) During the second quarter, 2022, the salary of the Company's CEO is currently being paid as a management fee to GPIS Ltd., a related company, wholly-owned by the CEO.

F. On June 1, 2022, the Company signed a consulting agreement with GPIS LTD, an Israeli company controlled by Boris Molchadsky, for the services of S-1 filing consultation, management services and US development of company operations. The fee for its services is approximately \$140,000, which will be paid in 3 installments.

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - CONVERTIBLE LOANS AND WARRANTS

A. Warrants

During the year of 2017, the Company granted 1,931,819 warrants. As of June 30, 2022, the Warrants were valued at \$101,532. 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 June 30, 2022, the total valuation of both of these warrants is valued at \$13,586.

On May 9, 2022, the Company granted an additional 300,000 warrants to Investor 2 (the "second tranche") as defined in the agreement, see (b) below. In connection with the warrants issued to Investor 2, the Company also issued 32,500 warrants valued at \$1,542 to an introducing advisor with the same terms and conditions received by Investor 2. As of June 30, 2022, the total valuation of both of these warrants is valued at \$15,773.

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.

As of June 30, 2022, the estimated fair values of the Warrants were measured according to the data as follows:

	<u>As of June 30, 2022</u>
Expected term	0.29 – 3.86 years
Expected average volatility	167%
Expected dividend yield	-
Risk-free interest rate	1.84% - 3%
Common Stock Market Value	\$0.044-\$0.05

The following table summarizes information relating to outstanding and exercisable warrants as of June 30, 2022:

Warrants Outstanding and Exercisable				
Number of Warrants	Weighted Average Remaining Contractual life (in years)	Weighted Average Exercise Price	Valuation as of June 30, 2022	Level
1,931,819	0.29	\$0.011	\$101,531	3
308,334	3.41	\$0.6	\$13,585	2
32,500	3.86	\$0.6	\$1,542	2

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - CONVERTIBLE LOANS AND WARRANTS (cont.)

B. Convertible loans (Hereinafter: CLA)

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

The Convertible Promissory Notes 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 respective loans.

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, 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.

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 \$939,211 as a current convertible loan on June 30, 2022.

As of June 30, 2022, the estimated fair values of the Convertible Loan measured as follows:

	As of June 30, 2022
Expected term	0.51
Expected average (Monte Carlo) volatility	years
Expected dividend yield	167%
Risk-free interest rate	-
	2.5%

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.

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - CONVERTIBLE LOANS AND WARRANTS (cont.)

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 \$343,956 as long-term loan on June 30, 2022.

For the period ended June 30, 2022, the estimated fair values of the Convertible Loan measured as follows:

	<u>As of June 30, 2022</u>
Expected term	1.16 years
WACC	25%

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.

On May 9, 2022, the Company received the rest of the investment, the second tranche, an amount of \$390,000.

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, and May 5, 2022, both investments, were 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 June 30, 2022, Warrants was evaluated at \$27,449.

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, 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 June 30, 2022, the warrants and the loan were 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 June 30, 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.

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - CONVERTIBLE LOANS AND WARRANTS (cont.)

Using this model and assumptions, the expected conversion amount was evaluated. As of June 30, 2022 the Loans component were evaluated (the first and second tranches) at \$527,527 and were classified as short term loan.

As of June 30, 2022, the estimated fair values of the CLA measured as follows:

	As of June 30, 2022
Expected term	1 year
WACC	28%
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 \$73,887 as long term convertible loan on June 30, 2022.

As of June 30, 2022, the estimated fair values of the CLA measured as follows:

	As of June 30, 2022
Expected term	1.34 – 1.41 years
WACC	28%

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 - SIGNIFICANT EVENTS DURING THE PERIOD

- A.** On January 1, 2022, Amir Geva was appointed to the Company's advisory board. The Company granted Mr. Geva an option to purchase up to 500,000 shares of the Company's common stock. Upon grant, the Options shall vest as follows: (i) 50% following 12 months from effective date and (ii) the balance of shares of Common Stock, in four (4) consecutive fiscal quarters, beginning with the quarter ended March 30, 2023. The Option shall be exercisable at a per share exercise price of \$0.01 and shall otherwise be subject to the other terms and conditions specified in an Option Grant Agreement to be entered into between her and the Company. For the six months ended June 30, 2022, the Company recognized an expense in the total amount of \$12,490.
- B.** On February 1, 2022, Neil Kline was appointed to the Company's board of directors. The Company granted Mr. Kline an option to purchase up to 500,000 shares of the Company's common stock. Upon grant, the Options shall vest as follows: (i) 50% following 12 months from effective date and (ii) the balance of shares of Common Stock, in four (4) consecutive fiscal quarters, beginning with the quarter ended April 30, 2023. The Option shall be exercisable at a per share exercise price of \$0.0001 and shall otherwise be subject to the other terms and conditions specified in an Option Grant Agreement to be entered into between her and the Company. For the six months ended June 30, 2022, the Company recognized an expense in the total amount of \$8,333.
- C.** 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.
- D.** On May 9, 2022, the Company received the balance of \$390,000 from Leonite. Subsequent the reporting period, the Company issued to Leonite an additional 200,000 shares of our common stock and 300,000 warrants to purchase additional common stock at an exercise price of \$0.6, per share. See Note 4.
- E.** On May 10, 2022, the Company filed an S-1 registration statement and its audited financials.
- F.** On May 25, 2022, the Company signed a 6-month consulting agreement with Guerilla Capital, a Canadian company, for the services of investors market perception, identifying capital market solutions, marketing and news dissemination. On June 2, 2022, Guerilla capital was issued 2,484,472 shares for its services, valued at \$80,000.
- G.** On June 6, 2022, the Company uploaded its first version of the SleepX App to the Google Play Store.
- H.** On April 21, 2022, the Company amended its certificate of incorporation 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.
- I.** The Company registered an accumulated 396,652 common shares, in total value of \$15,000, in Shares to be issued to her development provider as part of his compensation during the period.

APPYEA INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - SUBSEQUENT EVENTS

- A. On July 12, 2022, the Company issued 200,000 shares of our common stock to Leonite (see note 5D).
- B. On August 1, 2022, the board of the Company approved prolonging the agreement with GPIS and adding \$42,000 to its compensation. In addition, the board agreed to extend the life term of all warrants issued to employees to ten years from day of issuance.
- C. On July 22, 2022, the Company filed an application to the OTC Markets Group for being listed on the OTCQB tier.