

Aphex BioCleanse Systems Inc
Formerly Known as

Sunset Capital Assets Inc.

A Nevada Corporation
350 W Venice Ave, #1595
Venice FL 34285

+1 (585) 798-7775
www.aphexus.com
info@aphexus.com

SIC Code: Primary 6199 and Secondary 6500

Quarterly Report

For the Period Ending September 30, 2022
(the "Reporting Period")

As of September 30, 2022, the number of shares outstanding of our Common Stock was: 265,915,785

As of June 30, 2022, the number of shares outstanding of our Common Stock was: 265,915,785

As of December 31, 2021, the number of shares outstanding of our Common Stock was: 265,124,285

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:

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

Alphex BioCleanse Systems, Inc. ("Company") was incorporated on May 1, 1998, in the State of Nevada as "Novanet International, Inc." On August 1, 2001, the Company changed its name to "Cascade Sled Dog Adventures, Inc.", which it changed to "Sunset Brands, Inc." on October 4, 2004. On January 25, 2012, the Company changed its name to "Sunset Capital Assets, Inc.", which it changed to "Aphex BioCleanse Systems Inc." on September 10, 2020. The Company is active in the State of Nevada.

The Company has had no trading suspension orders issued by the SEC or to its predecessors since inception.

The Company has neither affected a stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization within the last twelve months, nor is any such action currently anticipated.

The Company's principal executive office is located at 350 W Venice Ave, #1595, Venice FL 34285. The principal place of business is located at 8410 Redmac St, Port Richey, FL 34668. 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:

2) Security Information

| | | |
|---|-----------------|--------------------------|
| Trading symbol: | SNST | |
| Exact title and class of securities outstanding: | Common Stock | |
| CUSIP: | 86769A305 | |
| Par or stated value: | \$0.0001 | |
| Total shares authorized: | 750,000,000 | as of September 30, 2022 |
| Total shares outstanding: | 265,915,785 | as of September 30, 2022 |
| Number of shares in the Public Float ² : | 12,252,992 | as of September 30, 2022 |
| Total number of shareholders of record: | 376 | as of September 30, 2022 |
| Exact title and class of securities outstanding | Preferred Stock | |
| Par or stated Value: | \$0.0001 | |
| Total shares authorized | 10,000,000 | as of September 30, 2022 |
| Total shares outstanding | 10,000,000 | as of September 30, 2022 |
| Total number of shareholders of record: | 1 | as of September 30, 2022 |

Transfer Agent

Issuer Direct Corporation
+1 (919) 481-4000
Email: info@issuereirect.com
Address: One Glenwood Ave, Suite 1001, Raleigh, NC 27603

Is the Transfer Agent registered under the Exchange Act?³ Yes: No:

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.

3) Issuance History

Changes to the Number of Outstanding Share

A. 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:

B. Debt Securities, Including Promissory and Convertible Notes

Description of promissory notes, convertible notes or convertible debentures issued in the past two completed fiscal years and any subsequent interim period.

| Shares Outstanding as of Second Most Recent Fiscal Year End: Date 12/31/2020 Opening Balance Common: 246,120,537 Preferred: 10,000,000 | | | | | | | | | |
|--|--|--|---------------------|---|--|---|--|--|--------------------------------|
| 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 |

| | | | | | | | | | |
|------------|-----|------------|--------|----------|-----|--------------------------------------|--------------------|------------|-------|
| 01/04/2021 | New | 25,000 | Common | \$1.00 | Yes | Christian Escher | Subscription | Restricted | Reg D |
| 01/05/2021 | New | 20,000 | Common | \$1.00 | Yes | Nolan Escher | Subscription | Restricted | Reg D |
| | | | | | | | | | |
| 01/05/2021 | New | 26,748 | Common | \$1.00 | Yes | Bonnie J Hook | Subscription | Restricted | Reg D |
| 01/09/2021 | New | 20,000 | Common | \$1.00 | Yes | Thomas J King | Subscription | Restricted | Reg D |
| 01/27/2021 | New | 5,000 | Common | \$1.00 | Yes | Mark A Olson Esq | Subscription | Restricted | Reg D |
| 01/29/2021 | New | 100,000 | Common | \$1.00 | Yes | Robin Opp | Subscription | Restricted | Reg D |
| 01/09/2021 | New | 5,000 | Common | \$1.00 | Yes | Wayne Staab | Subscription | Restricted | Reg D |
| 01/23/2021 | New | 50,000 | Common | \$1.00 | Yes | James Paola | Subscription | Restricted | Reg D |
| 02/01/2021 | New | 100,000 | Common | \$1.00 | Yes | Alan L Speck | Services | Restricted | Reg D |
| 02/01/2021 | New | 50,000 | Common | \$1.00 | Yes | Jefferey S. Betros | Services | Restricted | Reg D |
| 02/19/2021 | New | 40,000 | Common | \$1.00 | Yes | John F. Albert | Services | Restricted | Reg D |
| 04/09/2021 | New | 50,000 | Common | \$1.00 | Yes | Oiggy Back Ventures (Richard Felton) | Services | Restricted | Reg D |
| 04/29/2021 | New | 160,000 | Common | \$1.00 | Yes | Lisa Betros-Waller | Correction | Restricted | Reg D |
| 07/08/2021 | New | 3,750,000 | Common | \$0.0001 | Yes | US Biosolutions LLC (Scott Smith) | IP Acquisition | Restricted | Reg D |
| 07/08/2021 | New | 3,750,000 | Common | \$0.0001 | Yes | Aquaflx Holdings LLC (Scott Smith) | IP Acquisition | Restricted | Reg D |
| 07/23/2021 | New | 10,000 | Common | \$1.00 | Yes | Arnold Horn | Subscription | Restricted | Reg D |
| 08/04/2021 | New | 10,000 | Common | \$1.00 | Yes | Gary L. Krieg and Deborah L. Krieg | Subscription | Restricted | Reg D |
| 08/09/2021 | New | 10,000,000 | Common | \$0.0001 | Yes | Timm Investments LLC (Mark Timm) | Advisory Agreement | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Stacey H. Berman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 100,000 | Common | \$1.00 | Yes | John O. Berman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 110,000 | Common | \$1.00 | Yes | John O. Berman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Charles M. Boh | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 5,000 | Common | \$1.00 | Yes | Richard T. Dumont | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 5,000 | Common | \$1.00 | Yes | Richard T. Dumont | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Richard T. Dumont | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | James Todd Edds | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 15,000 | Common | \$1.00 | Yes | James Todd Edds | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Michael Greiger | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 15,000 | Common | \$1.00 | Yes | Michael Greiger | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Camille M. Hand | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Connor G. Hoffman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | William J. and Beth H. Hoffman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | William J. and Beth H. Hoffman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | Mark Hoffman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Mark Hoffman | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Clarence E. Johnson (Trustee) | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | Kenneth J. Johnson | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | John C. Kinney | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | Jeffery J. Krolosky | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Jeffery J. Krolosky | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | John Mach | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 15,000 | Common | \$1.00 | Yes | Bryan K. McDaniel | Subscription | Restricted | Reg D |

| | | | | | | | | | |
|---|-----|---------|--------|----------|-----|---|--------------|------------|--------|
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Panayis Kirk | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | Kurt Rasmussen | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 15,000 | Common | \$1.00 | Yes | William A. and Diane Rodrigues | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | William A. and Diane Rodrigues | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Thomas and Sher Ross Revocable Living Trust (Sher Smith Ross Grantor) | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | IRA Innovations, LLC. FBO Lance Schultz | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 20,000 | Common | \$1.00 | Yes | IRA Innovations, LLC. FBO Lance Schultz | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 10,000 | Common | \$1.00 | Yes | Albert W. Yoder | Subscription | Restricted | Reg D |
| 09/08/2021 | New | 5,000 | Common | \$1.00 | Yes | Albert W. Yoder | Subscription | Restricted | Reg D |
| 09/09/2021 | New | 10,000 | Common | \$1.00 | Yes | Corey R. Junell | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 12,000 | Common | \$1.00 | Yes | Joseph M. Brothag, III | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 20,000 | Common | \$1.00 | Yes | Dennis Dickerson | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 10,000 | Common | \$1.00 | Yes | Wayne J. Gullick | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 20,000 | Common | \$1.00 | Yes | Dennis Lew | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 20,000 | Common | \$1.00 | Yes | Christopher A. Nissen | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 25,000 | Common | \$1.00 | Yes | David and Elena Olund JTWR0S | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 20,000 | Common | \$1.00 | Yes | Thomas G. Oswald | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 10,000 | Common | \$1.00 | Yes | Sandra K. Smith | Subscription | Restricted | Reg D |
| 09/10/2021 | New | 10,000 | Common | \$1.00 | Yes | Jonathan Van Bogart | Subscription | Restricted | Reg D |
| 05/11/2022 | New | 250,000 | Common | \$0.0001 | Yes | Kevin DuBois | Services | Restricted | Reg. D |
| 05/11/2022 | New | 50,000 | Common | \$0.0001 | Yes | Milestone | Services | Restricted | Reg D |
| 05/11/2022 | New | 250,000 | Common | \$0.0001 | Yes | James Singleatary | Services | Restricted | Reg D |
| 05/11/2022 | New | 80,000 | Common | \$0.0001 | Yes | Johns Payne III | Services | Restricted | Reg D |
| Shares Outstanding on Date of This Report: Ending Balance Date 09/30/2022 Common: 265,915,785 Preferred: 10,000,000 | | | | | | | | | |

As of September 30, 2022, the Company had an outstanding convertible note payable in the amount of \$10,000. The convertible note payable has the option of being converted into common stock beginning May 11, 2022, and ending November 11, 2022. The note payable has a maturity date of November 11, 2022.

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

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 Chuck Ragland³, a CPA who serves as the accountant and CFO of the Company:

C. Balance Sheets.

D. Statement of Income.

³ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

- E. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity).
- F. Statement of Cash Flows.
- G. Notes to Financial Statements

See Financial Statements Attached

5) Issuer's Business, Products and Services

A. The Company formerly known as "Sunset Capital Assets, Inc", (OTC: SNST), is the developer and manufacturer of the world's first proprietary non-alcohol, non-toxic, hydrogen-based disinfecting technology. Our product, Hy-IQ® Water, uses a unique process that attaches water molecules traveling close to the speed of light to hydrogen ions to breach the cell walls of single celled exoskeleton organisms to more complex exoskeletons such as flying or crawling insects "bugs". Alcohol, a traditional weapon used as a disinfectant is known to be harmful to the skin, potentially toxic if ingested, and extremely flammable. Years of research has proven that Hy-IQ® Water is more effective in killing pathogens than alcohol-based solutions. We are currently seeking FDA approval for Hy-IQ® Water as the first federally approved hand sanitizer, as well as seeking an FDA GRAS (Generally Regarded as Safe) designation and certification for EPA Disinfecting Registration based on our Hy-IQ® product.

The Company is headquartered in Rochester, New York with a facility in Port Richey, Florida, is well positioned to service hundreds of thousands of US and Canadian customers quickly and efficiently.

Revenue

Revenue from operations for the nine month period ended September 30, 2022, decreased to \$12,392 from \$371,174 for the nine month period ended September 30, 2021, a decrease of 97%. The decrease in sales over the comparable nine month period can be attributed to litigation that the Company has had to defend and a lack of critical capital.

Net Loss/Net Income

Net loss for the nine month period ended September 30, 2022, was \$214,677 compared with a net loss of \$1,087,609 in the nine month period ended September 30, 2021. The decrease in net loss can be attributed to the decrease in net revenue, offset by a decrease in operating expenses.

The Company expects that revenue will increase, and net losses decrease over future periods as it ramps up sales of Hy-IQ® Water products.

Operating Expenses

Operating expenses for the nine month period ended September 30, 2022, decreased to \$179,584 from \$1,357,953 for the nine months ended September 30, 2021 a decrease of 87%. The decrease in operating expenses can be attributed to the decrease in professional fees and general and administrative expenses due to the decrease in available capital and product sales by the Company.

The Company expects that operating expenses will increase in future periods as it seeks to expand marketing efforts to drive an increase in revenue remains.

Other Expense

Other expense for the nine month period ended September 30, 2022, decreased to \$47,365 from \$66,793. The decrease in other expense can be attributed to decrease in depreciation expense and interest incurred on debt.

The Company expects that other expenses will increase in future periods as interest accrues on debt and depreciation is recognized from additional investment in its manufacturing facility.

Income Tax Expense

As of September 30, 2022, the Company had a net operating loss (NOL) carry-forward of approximately \$4,839,000. Should any substantial changes in ownership occur there would be an annual limitation of the amount of NOL carryforward which could be utilized. The ultimate realization of these carryforwards is due, in part, on the tax law in effect at the time and future events, which cannot be determined. During the nine months ended September 30, 2022, no valuation allowance was recorded against this net operating loss carried forward.

Capital Expenditures

The Company has made \$0 in capital expenditures on property or equipment over the nine month period ended September 30, 2022.

Liquidity and Capital Resources

The Company had a working capital deficiency of \$599,548 as of September 30, 2022 and has funded its cash needs since inception with revenues generated from operations, debt instruments, and private equity placements. Existing working capital and anticipated cash flow are expected to be insufficient to fund operations over the next twelve months.

Total current assets as of September 30, 2022, were \$211,589 which consisted of \$559 in cash, \$15,384 in accounts receivable, \$136,908 in inventory, \$55,000 in notes receivable, and \$3,318 in prepaid expenses. Total assets were \$553,679 which consisted of current assets, \$254,831 in machinery and \$202,504 in leasehold improvements less \$115,245 in accumulated depreciation.

Total current liabilities as of September 30, 2022, were \$811,137 which consisted of accounts payable of \$498,088, \$54,558 in credit cards payable, \$45,000 in an administrative fine payable, \$10,000 in a convertible note payable and \$203,491 in other current liabilities.

Stockholders' deficit as of September 30, 2022, was \$257,458..

Net cash used in operating activities for the nine month period ended September 30, 2022, was \$14,480, as compared to \$991,025 in net cash used in operating activities for the nine month period ended September 30, 2021, which amounts can be attributed to decreases in net losses, and certain items that are book expense items that do not affect the total amount relative to actual cash used including depreciation. Balance sheet accounts that affect cash but are not income statement related items that are added or deducted to arrive at net cash used in operating activities, include accounts receivable, inventory, prepaid expenses, credit cards payable, accounts payable and other current liabilities.

The Company expects to rely on net cash used in operating activities if it continues to realize net losses.

Net cash used in investing activities for the nine month period ended September 30, 2022, was \$0, as compared to \$264,891 in net cash used in investing activities for the six month period ended September 30, 2021. Net cash used investing activities is attributed to the purchase of machinery & equipment, leasehold improvements, and the issuance of notes receivable.

The Company expects to use net cash in investing activities as it grows its business.

Net cash provided by financing activities for the nine month period ended September 30, 2022, was \$79, as compared to \$1,021,550 in net cash provided by financing activities in the nine month period ended September 30, 2021. Net cash provided by financing activities is attributed to the issuance of common stock and additional paid in capital

The Company expects to continue to realize net cash from financing activities to sustain its business.

The Company has no lines of credit or other bank financing arrangements in place.

The Company has no commitments for future capital expenditures.

The Company has no current plans for the purchase or sale of any plant or equipment.

The Company has no current plans to make any changes in the number of employees.

The Company does not expect to pay cash dividends in the foreseeable future.

B. Subsidiaries

None.

C. Services and Markets

The Company produces proprietary hydrogen-based disinfectant and pesticide products known as Hy-IQ® Water. The product is distributed both in the USA and internationally for various sanitizing applications.

6) Issuer's Facilities

The Company leases office space and has its manufacturing office at 8410 Redmac Street Port Richey, FL 34668.

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

The following table sets forth the name, and position of each director, executive officer, general partners, and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the Company's equity securities, as of the date of this report).

| 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 |
|---|--|---|------------------------|--------------------|---|
| <u>Tom Fitzgerald</u> | CEO/Director | Rochester/NY | 0 | Common | 0% |
| <u>Chuck Ragland</u> | CFO/Director | Jacksonville/FL | 450,000 | Common | 0.2% |
| <u>David J Weaver</u> ¹ | >5% | Rochester / NY | 24,172,154 | Common | 9.09% |
| <u>Anthony Fedor</u> | >5% | Webster / NY | 28,724,137 | Common | 11% |
| <u>David R Olund</u> ² | <u>Director/ >5%</u> ¹ | Venice / FL | 46,656,188 | Common | 18% |
| <u>Julian Pierce Webb</u> <u>Rev Trust UAD</u> <u>9/21/2012 (Julian</u> <u>Pierce TTEE</u> | >5% | Pittsford / NY | 21,056,752 | Common | 8% |
| <u>Penny Stock Trust</u> | >5% | Jacksonville /FL | 35,000,000 | Common | 13% |
| <u>David R Olund</u> ² | <u>Director/ >5%</u> | Venice / FL | 10,000,000 | Series A Preferred | 100% |

¹ David Weaver is the beneficial owner of 25,466,772 shares of the Company's common stock of which 1,194,618 shares are held by his spouse.

² David R. Olund is the beneficial owner of 46,656,188 shares of the Company's common stock of which 23,788,825 shares are held by Sanitech Holdings, Inc., an entity over which he exercises beneficial control and 10,000,000 shares of Series A Preferred stock, and 25,000 shares of common stock are held by David and Elena Olund JTWROS.

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; 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. The Company is currently in Chapter 11 Bankruptcy in the Middle District of Florida Tampa Division.

9) Third Party Providers

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

Securities Counsel

Name: Destiny Aigbe
Firm: The Law Office of Destiny Aigbe PLLC
Address 1: 1101 Connecticut Ave NW, Suite 450
Address 2: Washington DC 20036
Phone: +1.202.854.8386
Email: destiny@aigbelow.com

Accountant or Auditor

Name: Chuck Ragland, CPA
Firm: Chuck Ragland & Co Inc
Address 1: 1820 State Road 13 Ste 11-43
Address 2: St Johns FL 32259
Phone: +1 904.610.9600
Email: chuck@chuckragland.com

Investor Relations

Name: Anthony Marotti
Firm: N/A
Address 1: 1162 Pittsford Victor Rd, Suite 220
Address 2: Pittsford NY 14534
Phone: +1.585.798.7775
Email: amarotti@aphexus.com

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.

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, Tom Fitzgerald certify that:

1. I have reviewed this Quarterly Disclosure Statement of Aphex BioCleanse Systems Inc, formerly known as Sunset Capital Assets 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.

November 20, 2022

/s/ Tom Fitzgerald

Tom Fitzgerald

Chief Executive Officer:

I, Chuck Ragland certify that:

1. I have reviewed this Quarterly Disclosure Statement of Aphex BioCleanse Systems, Inc, formerly known as Sunset Capital Assets 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.

November 20, 2022

/s/ Chuck Ragland

Chuck Ragland

Chief Financial Officer

APHEX BIOCLEANS SYSTEMS INC
BALANCE SHEETS
(unaudited)

| <u>ASSETS</u> | <u>September 30,</u> <u>2022</u> | <u>December 31,</u> <u>2021</u> |
|--|-------------------------------------|------------------------------------|
| Current assets | | |
| Cash | \$ 559 | 14,960 |
| Accounts receivable | 15,984 | 6,435 |
| Inventory | 136,908 | 136,908 |
| Notes receivable - current portion | 55,000 | 55,000 |
| Prepaid expenses | 3,138 | 12,551 |
| Total current assets | <u>211,589</u> | <u>225,854</u> |
| Property and equipment | | |
| Machinery and equipment | 254,831 | 254,831 |
| Leasehold improvements | 202,504 | 202,504 |
| Less: accumulated depreciation | (115,245) | (70,702) |
| Total property and equipment | <u>342,090</u> | <u>386,633</u> |
| Total assets | \$ <u>553,679</u> | <u>612,487</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 498,088 | 480,446 |
| Credit cards payable | 54,558 | 51,580 |
| Administrative fine payable | 45,000 | 45,000 |
| Convertible notes payable | 10,000 | 10,000 |
| Other current liabilities | 203,491 | 68,321 |
| Total current liabilities | <u>811,137</u> | <u>655,347</u> |
| Total liabilities | <u>811,137</u> | <u>655,347</u> |
| Stockholders' equity: | | |
| Common stock, \$.0001 par value; 750,000,000 shares authorized, 265,915,785 issued and outstanding | 26,591 | 26,512 |
| Preferred stock, \$.0001 par value 10,000,000 authorized and issued | 1,000 | 1,000 |
| Additional paid-in capital | 6,496,179 | 6,496,179 |
| Retained earnings | (6,566,551) | (5,205,725) |
| Current year net income/(loss) | (214,677) | (1,360,826) |
| Total stockholders' equity | <u>(257,458)</u> | <u>(42,860)</u> |
| Total liabilities and stockholders' equity | \$ <u>553,679</u> | <u>612,487</u> |

See the accompanying notes to financial statements

APHEX BIOCLEANSSE SYSTEMS, INC.
STATEMENTS OF OPERATIONS
(unaudited)

| | Nine Months Ended September 30, | |
|---|---------------------------------|-------------|
| | 2022 | 2021 |
| Revenues | \$ 12,392 | 398,965 |
| Cost of goods sold | (121) | (61,828) |
| Gross profit | 12,271 | 337,137 |
| Operating expenses: | | |
| Legal and professional fees | 62,346 | 427,984 |
| Occupancy costs | 54,755 | 99,417 |
| General and administrative expenses | 62,483 | 830,552 |
| Total operating expenses | 179,584 | 1,357,953 |
| Income (loss) from operations | (167,313) | (1,020,816) |
| Other income (expense) | | |
| Interest expense | (2,822) | (5,809) |
| Depreciation | (44,542) | (60,984) |
| Net other income (loss) | (47,364) | (66,793) |
| Income (loss) before provision for income taxes | (214,677) | (1,087,609) |
| Provision for income taxes | - | - |
| Net income (loss) | \$ (214,677) | (1,087,609) |

See the accompanying notes to financial statements

APHEX BIOCLEANSSE SYSTEMS, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
For the Nine Months Ended September 30, 2022
(unaudited)

| | <u>Common Stock</u> | | <u>Preferred Stock</u> | | <u>Additional Paid-In Capital</u> | <u>Retained Earnings</u> | <u>Total Stockholders' Equity</u> |
|----------------------------|---------------------|------------------|------------------------|-----------------|---|------------------------------|---|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | | |
| Balance at January 1, 2022 | 265,124,285 | 26,512 | 10,000,000 | 1,000 | 6,496,179 | (6,566,551) | (42,860) |
| Common stock issued | 791,500 | 79 | - | - | - | - | 79 |
| Net income | | | | | | (214,677) | (214,677) |
| Balance at Sept. 30, 2022 | <u>265,915,785</u> | <u>\$ 26,591</u> | <u>10,000,000</u> | <u>\$ 1,000</u> | <u>\$ 6,496,179</u> | <u>\$ (6,781,228)</u> | <u>\$ (257,458)</u> |

See the accompanying notes to financial statements

APHEX BIOCLEANSSE SYSTEMS, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

| | Nine Months Ended September 30, | |
|--|---------------------------------|----------------|
| | 2022 | 2021 |
| <u>Cash flows from operating activities</u> | | |
| Net income (loss) | \$ (214,677) | \$ (1,087,609) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 44,543 | 60,984 |
| Net cash flows from changes in: | | |
| Accounts receivable | (9,550) | (21,687) |
| Inventory | - | (44,016) |
| Prepaid expenses and other current assets | 9,413 | 8,009 |
| Accounts payable | 17,642 | 197,648 |
| Credit cards payable | 2,978 | (3,640) |
| Divestiture of liabilities in discontinued operations | - | (100,714) |
| Other current liabilities | 135,171 | - |
| Net cash provided by (used in) operating activities | (14,480) | (991,025) |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of machinery & equipment | - | (212,305) |
| Divestiture of loans in discontinued operations | - | 67,414 |
| Issuance of notes receivable | - | (120,000) |
| Net cash used in investing activities | - | (264,891) |
| <u>Cash flows from financing activities:</u> | | |
| Common stock issued | 79 | 1,900 |
| Additional paid in capital | - | 1,185,848 |
| Divestiture of equity in discontinued operations | - | (166,198) |
| Net cash used in financing activities | 79 | 1,021,550 |
| Net increase (decrease) in cash | (14,401) | (234,366) |
| Cash, beginning of period | 14,960 | 237,397 |
| Cash, end of period | \$ 559 | \$ 3,031 |

See the accompanying notes to financial statements

APHEX BIOCLEANSE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
For The Nine Months Ended September 30, 2022
(Unaudited)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: Nature of Business

Sunset Capital Assets, Inc. (the Predecessor Company) was originally incorporated under the laws of the State of Nevada on May 1, 1998. Effective July 31, 2020, the Company acquired Aphex BioCleanse Systems, Inc. and will operate as Aphex (the Company) on a forward going basis. On September 10, 2020, the Company filed an Amendment with the State of Nevada to change its corporate name to Aphex BioCleanse Systems, Inc. Aphex is a manufacturing company that has developed and manufactures the world's first proprietary non-alcohol, non-toxic, and hydrogen based disinfecting technology. Further information is available at www.aphexus.com.

Note 2: Method of Accounting

The Company utilizes the accrual method of accounting for financial statement presentation. Cash and Cash Equivalents consist of cash held in bank accounts adjusted for reconciling items and petty cash funds. The Company had no other cash or cash equivalents as of September 30, 2022. For purposes of the statement of cash flows, the Company considers all highly liquid instruments with an initial maturity of three months or less when purchased to be cash equivalents.

Note 3: Inventory

Inventory is stated at the lower of cost or market value. The cost of inventories is determined using the FIFO method. When the Company determines that gross inventories exceed usage requirements, or if inventories become obsolete or otherwise not saleable, the Company records a provision for such loss.

Note 4: Property and Equipment

Property and equipment are recorded at cost of acquisition. Depreciation provided in the financial statements is computed using the straight line method applied to individual property items based on estimated useful lives ranging from three to forty years.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the income for the period. The cost of maintenance and repairs is charged to income as incurred, whereas significant renewals and betterments are capitalized.

APHEX BIOCLEANSSE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
For The Nine Months Ended September 30, 2022
(Unaudited)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note 5: Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the differences between the basis of certain assets and liabilities for financial and tax reporting and for operating losses that are available to offset future taxable income.

Note 6: Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the year. Actual results could differ from those estimates.

Note 7: Business Combinations

As stated in Note 1, Sunset Capital Assets, Inc. acquired Aphex BioCleanse Systems, Inc. on July 31, 2020 and is now operating as Aphex BioCleanse Systems, Inc. on a forward going basis.

Note 8: Deferred Income Taxes

Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (using accelerated depreciation methods for income tax purposes) and intangible assets being amortized for tax purposes but expensed for financial statement purposes.

Note 9: Loans Payable

As of September 30, 2022, the Company had a note payable in the amount of \$142,598 with an interest rate of 8%. The loan is due on December 31, 2022.

Note 10: Convertible Notes Payable

As of September 30, 2022, the Company had an outstanding Convertible Notes Payable in the amount of \$10,000. The Convertible Notes Payable has a term date of November 11, 2022 as well the option to convert the Note to common stock beginning May 11, 2022 and ending November 11, 2022.

Note 11: Operating Lease Commitments

As of September 30, 2022, the Company had operating lease commitments for a corporate office in Pittsford, New York and a manufacturing facility in Port Richey, Florida.

APHEX BIOCLEANSSE SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
For The Nine Months Ended September 30, 2022
(Unaudited)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Note 12: Compensated Absences

The Company has not accrued compensated absences since the amount cannot be reasonably estimated.

Note 13: Concentrations of Credit Risk

The Company does not have deposits with a financial institution in excess of the federally insured limit of \$250,000.00.

Note 14: Related Party Transactions

There were no related party transactions for the nine months ended September 30, 2022.

Note 15: Bankruptcy Filing

On May 12, 2022, the Company filed a voluntary petition under the Federal Bankruptcy Code, Chapter 11, Subchapter V. The Company has submitted its reorganization plan with the U.S. Bankruptcy Court, Middle District of Florida, Tampa Division on a timely basis. See Note 16 for additional disclosure regarding the bankruptcy filing for the Company.

Note 16: Subsequent Events

The Company evaluated its September 30, 2022 financial statements for subsequent events through November 20, 2022, the date the financial statements were available to be issued. Management is not aware of any significant events that occurred after the balance sheet date that would have a material effect on the financial statements thereby requiring adjustment or disclosure, other than those noted below:

On October 12, 2022, the United States Trustee for Region 21 appointed a Chapter 11 Trustee for the bankruptcy case of Aphex BioCleanse Systems, Inc.