

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

NOVATION HOLDINGS, INC

16035 N 80th Street, Suite B
Scottsdale, AZ 85260
1 (403) 988-2005
mgelmon@telusplanet.net
8200

Quarterly Report
For the Period Ending: May 31, 2023 (the
"Reporting Period")

As of May 31, 2023, the number of shares outstanding of our Common Stock was: 20,040,080,160

As of February 28, 2023, the number of shares outstanding of our Common Stock was: 20,040,080,160

As of August 31, 2022, the number of shares outstanding of our Common Stock was: 16,630,415,855

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:

Yes: ☐ No: ☒

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.

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.

NOVATION HOLDINGS, INC.

Formerly=Dragon Life Science Holdings, Inc. until 08-2021

Formerly=Novation Holdings, Inc. until 08-2017

Formerly=Allezoe Medical Holdings, Inc. until 11-2012

Formerly=Stanford Management, Ltd. until 2-2011

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):

The Company was organized originally under the laws of the State of Delaware as Stanford Management Ltd., on September 24, 1998, and, effective on October 25, 2012, transferred our place of incorporation from Delaware to Florida and changed our corporate name to Novation Holdings, Inc.

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:

None

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

12 Park Mirage Lane
Rancho Mirage, CA 92270

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:

2) Security Information

Transfer Agent

Name: Pacific Stock Transfer Company
Phone: (702) 361-3033
Email: Paul Bednar <paul@pacificstocktransfer.com>
Address: 6725 Via Austi Pkwy, Suite 300
Las Vegas, NV 89119

Trading symbol: NOHO
Exact title and class of securities outstanding: Common
CUSIP: 66989U 10 9
Par or stated value: .001

Total shares authorized: 35,000,000,000 as of date: May 31, 2023
Total shares outstanding: 20,040,080,160 as of date: May 31, 2023
Number of shares in the Public Float²: 16,630,304,743 as of date: May 31, 2023
Total number of shareholders of record: 76 as of date: May 31, 2023

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

Trading symbol: _____
Exact title and class of securities outstanding: Preferred
CUSIP: _____
Par or stated value: .001
Total shares authorized: 5,000,000 as of date: May 31, 2023
Total shares outstanding: 3,300,000 as of date: May 31, 2023

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Common shares vote on a 1 to 1 basis. No other special rights.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Series A Convertible Preferred Stock - the outstanding Series A shares can vote 51% of total outstanding votes. No shares outstanding.

Series B Convertible Preferred Stock - the outstanding Series B shares are convertible into 51% of resulting common shares thereafter, giving them 51% of total voting shares.

3. Describe any other material rights of common or preferred stockholders.

None

4. **Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

None

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: <u>Opening Balance</u> Date <u>08.31.21</u> Common: <u>10,874,145,740</u> Preferred: <u>1,000,000</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
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>09.03.21</u>	<u>New</u>	<u>500,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	Luis Rodriguez Agent for Yaoliu Health Technology Shenzhen Co. LTD	Settlement and Release Agreement / Cancellation of Series A Preferred	<u>Restricted</u>	Section 4(a)(1)
<u>09.10.21</u>	<u>New</u>	<u>980,620,800</u>	<u>Common</u>	<u>.0005</u>	<u>yes</u>	Solar Advisors Limited Andrew Byers	Debt Conversion	<u>Restricted</u>	Section 4(a)(1)
<u>09.27.21</u>	<u>New</u>	<u>1,000,000</u>	<u>Preferred B</u>	<u>.001</u>	<u>Yes</u>	Michael Gelmon	Services	<u>Restricted</u>	Section 4(a)(1)
<u>10.11.2021</u>	<u>New</u>	<u>900,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	Sojourn Investments Casey Jensen	Debt Conversion	<u>Restricted</u>	Section 4(a)(1)
<u>01.25.2022</u>	<u>New</u>	<u>500,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	Alejandro Perez	Acquisition CraftClouds, LLC	<u>Restricted</u>	Section 4(a)(1)
<u>03.24.2022</u>	<u>New</u>	<u>775,649,315</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	Sojourn Investments Casey Jensen	Debt Conversion	<u>Restricted</u>	Section 4(a)(1)

<u>06.14.2022</u>	<u>New</u>	<u>1,100,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Debt Conversion</u>	<u>Restricted</u>	Section 4(a)(1)
<u>08.29.2022</u>	<u>New</u>	<u>1,000,000,000</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Pinnacle Consulting</u> <u>Robert Hymers</u>	<u>Services</u>	<u>Restricted</u>	Section 4(a)(1)
<u>09.27.2022</u>	<u>New</u>	<u>3,409,664,305</u>	<u>Common</u>	<u>.001</u>	<u>No</u>	<u>Todd Violette</u>	<u>Services</u>	<u>Restricted</u>	Section 4(a)(1)
<u>09.28.22</u>	<u>New</u>	<u>650,000</u>	<u>Preferred B</u>	<u>.001</u>	<u>Yes</u>	<u>Michael Gelmon</u>	<u>Cash</u>	<u>Restricted</u>	Section 4(a)(1)
<u>09.28.22</u>	<u>New</u>	<u>1,650,000</u>	<u>Preferred B</u>	<u>.001</u>	<u>Yes</u>	<u>Todd Violette</u>	<u>Cash</u>	<u>Restricted</u>	Section 4(a)(1)
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>		<u>Ending Balance:</u>							
Date <u>05/31/2023</u>	Common: 20,040,080,160								
Preferred: 3,300,000									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through September 30, 2020 pursuant to the tabular format above.

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

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>08.01.14</u>	<u>135,087.15</u>	<u>135,087.15</u>	<u>79,663</u>	<u>08.01.15</u>	<u>50% of the lowest closing bid price for the previous twenty (20) consecutive trading days.</u>	<u>October 30, 2021 Angelo Duca & Brian Fabrian purchased this debt from Michael Gelmon</u>	<u>Loan</u>
<u>03.01.17</u>	<u>147,500</u>	<u>147,500</u>	<u>37,177</u>	<u>03.01.18</u>	<u>Lowest of a) 50% of 20 day lowest trading price or b) in the event the stock price trades at or below \$.0001, conversion price is fixed at \$.00005 per share of Common Stock.</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Loan</u>
<u>09.21.21</u>	<u>18,000</u>	<u>18,000</u>	<u>4,739</u>	<u>03.21.22</u>	<u>\$.0001,</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Loan</u>
<u>10.18.21</u>	<u>18,500</u>	<u>18,500</u>	<u>4,597</u>	<u>04.18.22</u>	<u>\$.0001,</u>	<u>Sojourn Investments</u> <u>Casey Jensen</u>	<u>Loan</u>
<u>02.04.22</u>	<u>50,000</u>	<u>50,000</u>	<u>6,340</u>	<u>02.04.23</u>	<u>\$.0001,</u>	<u>Valerian</u> Daniel Frid	<u>Loan</u>
<u>06.03.22</u>	<u>25,000</u>	<u>25,000</u>	<u>2,355</u>	<u>06.03.23</u>	<u>\$.00005</u>	<u>Ronin Equity Partner</u> Jacob Cohen	<u>Loan</u>
<u>06.23.22</u>	<u>25,000</u>	<u>50,000</u>	<u>4,436</u>	<u>06.23.23</u>	<u>\$.00005</u>	<u>Ronin Equity Partner</u> Jacob Cohen	<u>Loan</u>

<u>06.29.22</u>	<u>25,000</u>	<u>25,000</u>	<u>2,177</u>	<u>06.29.23</u>	<u>\$.00005</u>	<u>Ronin Equity Partner</u> Jacob Cohen	<u>Loan</u>
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Use the space below to provide any additional details, including footnotes to the table above:

4) 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")

Novation Holdings, Inc., a Florida corporation ("Novation", or the "Company") is a multi-strategy holding company focused on identifying, developing, acquiring, and bringing to market technologies and solutions across all market sectors. The Company currently owns and operates its wholly owned subsidiary, CraftClouds, LLC, a next-gen non-fungible token ("NFT") platform and ecosystem ("CraftClouds"), which it acquired through a share exchange agreement on January 25, 2022. On March 16, 2022, the Company created a wholly-owned subsidiary, Juicy Music Group, Inc., in order to be engaged in the music business through talent acquisition, management and production and management of new music releases.

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

CraftClouds, LLC
Juicy Music Group, Inc

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.

C. Describe the issuers' principal products or services.

The Company currently owns and operates its wholly owned subsidiary, CraftClouds, LLC, a next-gen non-fungible token ("NFT") platform and ecosystem, which it acquired through a share exchange agreement on January 25, 2022. The Company's Juicy Music Group subsidiary is engaged in the music business through talent acquisition, management and production and management of new music releases.

5) 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.

None

6) 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>Michael Gelmon</u>	<u>President, CEO & Sole Director</u>	<u>CALGARY AB T3Z 1B1</u> <u>CANADA</u>	111,112	<u>Common</u>	<u>.001%</u>	<u>None</u>

<u>Michael Gelmon</u>	<u>More than 5%</u>	<u>CALGARY AB T3Z 1B1</u> <u>CANADA</u>	<u>1,650,000</u>	<u>Series B Preferred</u>	<u>50%</u>	The Series B Preferred shares carry voting power equal to 51 percent of the total voting power of all classes of stock.
<u>Todd Violette</u>	<u>More than 5%</u>	<u>10102 E Dreyfus Ave, Scottsdale, AZ 85260</u>	<u>3,409,664,305</u>	<u>Common</u>	<u>17%</u>	<u>None</u>
<u>Todd Violette</u>	<u>More than 5%</u>	<u>10102 E Dreyfus Ave, Scottsdale, AZ 85260</u>	<u>1,650,000</u>	<u>Series B Preferred</u>	<u>50%</u>	The Series B Preferred shares carry voting power equal to 51 percent of the total voting power of all classes of stock.

7) 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

8) Third Party Providers

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

Securities Counsel

Name: Brett Verona
Firm: The Verona Firm, PLLC
Address 1: PO Box 18191
Address 2: Tampa, FL 33679
Phone: (813) 258-0852
Email: Brett@TheVeronaFirm.com

Accountant or Auditor

Name: William Hudgens
Firm: Hudgens, CPA PLLC

Address 1: 1220 Blalock Rd., Suite 300
Address 2: Houston, TX 77055
Phone: (713) 570-9028
Email: whudgens@hudgenscpas.com

Investor Relations

Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

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: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) 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: Fresh Notion Financial Services
Title: Consultant
Relationship to Issuer: Consultant

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.

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, Michael Gelmon certify that:

1. I have reviewed this Quarterly Disclosure Statement of NOVATION HOLDINGS, 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 23, 2023

/s/Michael Gelmon

Principal Financial Officer:

I, Michael Gelmon certify that:

1. I have reviewed this Quarterly Disclosure Statement of NOVATION HOLDINGS, 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 23, 2023

/s/Michael Gelmon

NOVATION HOLDINGS, INC.
Consolidate Balance Sheet
(Unaudited)

	<u>May 31, 2023</u>	<u>August 31, 2022</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 25,382
TOTAL CURRENT ASSETS	<u>-</u>	<u>25,382</u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 25,382</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 319,435	\$ 59,500
Accrued interest payable	141,484	103,878
Accrued compensation – Related Parties	409,350	320,000
Advances from Related Parties	46,914	9,100
Derivative liabilities	802,794	994,500
Loans payable from Related Parties	-	135,087
Deferred revenue	32,482	-
Convertible notes payable, net	464,019	232,357
TOTAL CURRENT LIABILITIES	<u>2,216,478</u>	<u>1,854,422</u>
TOTAL LIABILITIES	<u>2,216,478</u>	<u>1,854,422</u>
STOCKHOLDERS' DEFICIT		
Preferred stock A, (par value \$0.001, 10,000,000 shares authorized, of which Zero shares issued and outstanding,	-	-
Preferred stock B, (par value \$0.001, 10,000,000 shares authorized, of which 1,000,000 shares issued and outstanding as of May 31, 2023 and August 31, 2022, respectively)	3,300	1,000
Common stock (par value \$0.001, 35,000,000,000 shares authorized, of which 20,040,080,160 and 16,630,415,940 shares issued and outstanding as of May 31, 2023 and August 31, 2022, respectively)	20,040,080	16,630,416
Additional paid in capital	(836,156)	2,232,531
Accumulated deficit	(21,423,702)	(20,692,998)
TOTAL STOCKHOLDERS' DEFICIT	<u>(2,216,478)</u>	<u>(1,829,040)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u>\$ -</u>	<u>\$ 25,382</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements

NOVATION HOLDINGS, INC.
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	May 31, 2023	May 31, 2022	May 31, 2023	May 31, 2022
Revenue	\$ 1,834	\$ -	\$ 3,563	\$ -
Cost of sales	1,809	-	5,603	-
Gross loss	25	-	(2,040)	-
Operating expenses				
General and administrative expenses	137,233	65,789	786,189	1,265,858
Total operating expenses	137,233	65,789	786,189	1,265,858
Net Operating (Loss)	(137,208)	(65,789)	(788,229)	(1,265,858)
Other Income (Expense)				
Change in Fair Value of Derivative Liabilities	(99,370)	191,137	191,706	2,848,184
Interest Expense	(36,348)	(16,930)	(134,181)	(1,334,912)
Total Other Income (Expense)	(135,718)	174,207	57,525	(1,513,272)
Net Loss	\$ (272,926)	\$ 108,418	\$ (730,704)	\$ 247,414
Basic net loss per share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ 0.00
Diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding				
Basic	20,040,080,160	13,919,608,810	19,547,573,094	13,511,329,452
Diluted	20,040,080,160	18,661,506,540	19,547,573,094	15,232,573,451

The accompanying notes are an integral part of these unaudited consolidated financial statements

NOVATION HOLDINGS, INC.
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
For the Nine Months Ended May 31, 2023 and 2022
(Unaudited)

	Preferred Stock A		Preferred Stock B		Common Stock		Additional	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Total
Balance at August 31, 2021	1,000,000	\$1,000	-	\$-	10,874,145,740	\$ 10,874,146	\$ 5,065,199	\$ (20,584,551)	\$(4,644,206)
Common shares issued for compensation	(1,000,000)	(1,000)	-	-	500,000,000	500,000	50,000	-	549,000
Preferred shares issued for compensation	-	-	1,000,000	1,000	-	-	549,000	-	550,000
Shares issued for conversion of note payable	-	-	-	-	1,880,620,800	1,880,621	(1,786,590)	-	94,031
Settlement of derivative liability	-	-	-	-	-	-	1,079,342	-	1,079,342
Net Loss	-	-	-	-	-	-	-	(1,591,030)	(1,591,030)
Balance at November 30, 2021	-	-	1,000,000	1,000	13,254,766,540	13,254,767	4,956,951	(20,839,645)	(2,626,927)
Common shares issued for software acquisition	-	-	-	-	500,000,000	500,000	(250,000)	-	250,000
Net Income	-	-	-	-	-	-	-	1,730,026	1,730,026
Balance at February 28, 2022	-	-	1,000,000	1,000	13,754,766,540	13,754,767	4,706,951	(20,445,555)	(1,982,387)
Common shares issued for conversion of note payable	-	-	-	-	775,649,315	775,649	(736,867)	-	38,782
Net Income	-	-	-	-	-	-	-	108,418	108,418
Balance at May 31, 2022	-	-	1,000,000	\$1,000	14,530,415,855	\$ 14,530,416	\$3,970,084	\$ (20,337,137)	\$(1,835,637)
Balance at August 31, 2022	-	-	1,000,000	1,000	16,630,415,855	16,630,416	2,025,084	(20,491,609)	(4,644,206)
Common Shares issued for compensation	-	-	-	-	3,409,664,305	3,409,664	(3,068,698)	-	340,966
Preferred B shares purchased for cash	-	-	2,300,000	2,300	-	-	-	-	2,300
Net Income	-	-	-	-	-	-	-	(406,563)	(406,563)
Balance at November 30, 2022	-	-	3,300,000	3,300	20,040,080,160	20,040,080	(836,156)	(21,099,561)	(1,892,337)
Net loss	-	-	-	-	-	-	-	(51,215)	(51,215)
Balance at February 28, 2023	-	-	3,300,000	3,300	20,040,080,160	20,040,080	(836,156)	\$ (21,150,776)	\$(1,943,552)
Net loss	-	-	-	-	-	-	-	(272,926)	(272,926)
Balance at May 31, 2023	-	-	3,300,000	\$3,300	20,040,080,160	\$ 20,040,080	\$ (836,156)	\$ (21,423,702)	\$(2,216,478)

The accompanying notes are an integral part of these unaudited consolidated financial statements

NOVATION HOLDINGS, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended	
	May 31, 2023	May 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (730,704)	\$ 247,414
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	96,575	52,391
Software amortization		27,778
Change in fair value of derivative liabilities	(191,706)	(2,848,184)
Day one derivative loss recorded as interest expense	-	1,278,500
Issuance of common shares for compensation	340,966	1,099,000
Changes in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	335,355	(7,580)
Increase (decrease) in related party accrued liabilities	89,350	90,000
Increase (decrease) in Deferred revenue	32,482	-
NET CASH (USED IN) OPERATING ACTIVITIES	(27,682)	(60,681)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on related party advances	-	(3,959)
Proceeds from convertible notes issued	-	74,500
Proceeds from sale of Preferred B shares	2,300	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	24,119	70,541
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(25,382)	9,860
CASH AND CASH EQUIVALENTS:		
Beginning of period	25,382	-
End of period	\$ -	\$ 9,860
Supplemental disclosure		
Interest paid during the period	\$ -	\$ -
Taxes paid during the period	\$ -	\$ -
Noncash financing and investing activities		
Cash interest paid	\$ -	\$ -
Income Tax	\$ -	\$ -
NON-CASH FINANCING ACTIVITIES:		
Settlement of derivative liability upon conversion of notes	\$ -	\$ 1,079,342
Issuance of common shares for note conversion	\$ -	\$ 94,031
New debt discount through derivative liabilities	\$ -	\$ 25,458
Common stock issued for acquisition	\$ -	\$ 250,000
Expenses paid by related party	\$ 41,601	\$ -
Convertible note transferred to third party	\$ 135,087	\$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements

NOVATION HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For period ending May 31, 2023
(Unaudited)

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Novation Holdings, Inc., formerly Allezoe Medical Holdings, Inc., and formerly Stanford Management, Ltd., was incorporated under the laws of the State of Delaware on September 24, 2008. Effective October 25, 2012, the Company amended its Articles of Incorporation to change its name to Novation Holdings, Inc and changed its place of incorporation from Delaware to Florida. The Company was originally organized for the purpose of acquiring and developing mineral properties. On February 18, 2011, all of the mineral properties and related development and exploration activities were disposed of as part of a series of transactions resulting in the Company moving into the medical technology industry.

On February 18, 2011, the Company acquired all the outstanding shares of Organ Transport Systems, Inc. (“OTS”), a Nevada corporation, and simultaneously disposed of the assets relating to its former activities in mining exploration, along with all related liabilities. Consequently, OTS was considered to be the surviving entity with the Company intending to include only the financial results of OTS in its financial statements. Effective March 19, 2012 the Company agreed to rescind the acquisition of Organ Transport Systems, Inc. The net effect of the rescission transaction was to remove OTS as a subsidiary of the Company. Since this time, the Company was a public shell company seeking to create value for its shareholders by merging with another entity with experienced management and opportunities for growth.

On January 25, 2022, the Company acquired CraftClouds, a next-gen non-fungible token (“NFT”) platform and ecosystem, whereby it acquired 100% of the outstanding membership interests in CraftClouds in exchange for 500,000,000 shares of the Company’s common stock.

On March 16, 2022, the Company incorporated a wholly-owned subsidiary, Juicy Music Group, Inc., in the state of Florida to be engaged in the music business through talent acquisition, management and production and management of new music releases.

Risks and Uncertainties - The Company operates in an industry that is subject to rapid technological change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks associated with a development stage company, including the potential risk of business failure.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A significant estimate as of February 28, 2023 included a 100% valuation allowance for deferred tax assets arising from net operating losses incurred since inception and also calculations of derivative liability.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ materially from estimates.

Principles of Consolidation - The Company prepares its consolidated financial statements on the accrual basis of accounting. The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, all of which have a fiscal year end of August 31. All intercompany accounts, balances and transactions have been eliminated in the consolidation. The Company also consolidates any variable interest entities for which the Company is the primary beneficiary based on whether the Company has the ability to direct the activities that most significantly impact the entities economic performance.

Cash and Cash Equivalents - The Company considers all highly liquid instruments with original maturities of three months or less when acquired, to be cash equivalents. The Company had no cash equivalents at May 31, 2023.

Income Taxes – The Company complies with the accounting and reporting requirements of US GAAP in accounting for income taxes. The Company uses the asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in future taxable or

deductible amounts and are based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized.

The Company also complies with US GAAP in accounting for uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is “more likely than not” that the position is sustainable based on its technical merits. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognized tax benefits as of February 28, 2023. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognized as of and for the years ended August 31, 2022 and 2021 or for the nine months ended May 31, 2023.

Net Loss Per Share – The Company complies with the accounting and reporting requirements of US GAAP in reporting its earnings per share. Net loss per share is computed based on the weighted average number of common shares outstanding.

Basic (loss) per share excludes dilution and is computed by dividing (loss) available to common stockholders by the weighted average common shares outstanding for the year. Diluted loss per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. During the three and six months ended February 28, 2023, the effect of shares issuable under convertible notes was not included as their effects would be considered anti-dilutive.

Fair value of financial instruments - The Company measures its financial and non-financial assets and liabilities, as well as makes related disclosures, in accordance with FASB Accounting Standards Codification No. 820, Fair Value Measurement (“ASC 820”), which provides guidance with respect to valuation techniques to be utilized in the determination of fair value of assets and liabilities. Approaches include, (i) the market approach (comparable market prices), (ii) the income approach (present value of future income or cash flow), and (iii) the cost approach (cost to replace the service capacity of an asset or replacement cost). ASC 820 utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one more significant inputs or significant value drivers are unobservable.

Our financial instruments include cash, inventories, prepayment and deposits, accounts payable, accrued liabilities, accrued interest payable, accrued compensation, convertible note payable, loans payable, derivative liabilities and billing in excess of costs and estimated earnings.

The carrying values of the Company’s accounts payable, accrued liabilities, accrued interest payable, accrued compensation, convertible note payable, short-term loans payable, derivative liabilities and billing in excess of costs and estimated earnings approximate their fair value due to their short-term nature.

Software - In accordance with ASC 350-40, the Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed, and it is probable that the software will be used as intended. Capitalized software costs include only (i) external direct costs of materials and services utilized in developing or obtaining computer software, (ii) compensation and related benefits for employees who are directly associated with the software project and (iii) any interest costs incurred while developing internal-use computer software. Capitalized software costs are amortized on a straight-line basis when placed into service over the estimated useful lives of the software.

Convertible notes payable - The Company accounts for convertible notes payable in accordance with the FASB Accounting Standards Codification No. 815, Derivatives and Hedging, since the conversion feature is not indexed to the Company’s stock and can’t be classified in equity. The Company allocates the proceeds received from convertible notes payable between the liability component and

conversion feature component. The conversion feature that is considered embedded derivative liabilities has been recorded at their fair value as its fair value can be separated from the convertible note and its conversion is independent of the underlying note value. The Company has also recorded the resulting discount on debt related to the conversion feature and is amortizing the discount using the effective interest rate method over the life of the debt instruments.

Going Concern – These financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. As reflected in the accompanying financials, the Company has had recurring losses from operations, had negative working capital of \$2,215,935 and an accumulated deficit of \$21,423,159 as of May 31, 2023. Although management believes that it will be able to successfully execute a Business Combination, which includes third party financing and the raising of capital to meet the Company's future liquidity needs, there can be no assurances in this regard. These matters raise substantial doubt about the Company's ability to continue as a going concern.

Recently Issued Accounting Pronouncements - From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the effect of recently issued standards that are not yet effective will not have a material effect on its consolidated financial position or results of operations upon adoption.

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"). ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU is part of the FASB's simplification initiative, which aims to reduce unnecessary complexity in U.S. GAAP. The ASU's amendments are effective for fiscal years beginning after August 15, 2023, and interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2020-06 on its financial statements.

NOTE 3 – NOTES PAYABLE

On March 1, 2017, the Company issued a promissory note in the amount of \$147,500 to Sojourn Investments, L.P. for consulting services. The note was due on March 1, 2017 and carries interest at 10% per annum. The note is convertible into common stock of the Company at the lowest of a) 50% of the 20-day lowest trading price or, b) in the event the stock price trades at or below \$.0001, at a fixed price of \$.00005 per share. The note had a balance of \$147,500 as of May 31, 2023.

The Company analyzed the conversion features of the agreements for derivative accounting consideration under ASC 815-15 "Derivatives and Hedging" and determined that the embedded conversion features should be classified as a derivative because the exercise price of these convertible notes are subject to a variable conversion rate. The Company has determined that the conversion feature is not considered to be solely indexed to the Company's own stock and is therefore not afforded equity treatment. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability.

On September 21, 2021, the Company issued a promissory note in the principal amount of \$18,000 to Sojourn Investments, L.P. which comprised of \$12,000 in cash and an original issue discount of \$6,000. The note was due on March 21, 2022 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$.0001 per share. The note had a balance of \$18,000 as of May 31, 2023 and has a remaining unamortized discount of \$0.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$269,442 was allocated to debt discount in the amount of \$12,000, and a day one derivative loss, recorded as interest expense, of \$257,442.

On October 18, 2021, the Company issued a promissory note in the principal amount of \$18,500 to Sojourn Investments, L.P. which comprised of \$12,500 in cash and an original issue discount of \$6,000. The note was due on April 18, 2022 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$.0001 per share. The note had a balance of \$18,500 as of May 31, 2023 and has a remaining unamortized discount of \$0.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815,

the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$948,404 was allocated to debt discount in the amount of \$12,500, and a day one derivative loss, recorded as interest expense, of \$935,904.

On February 4, 2022, the Company issued a promissory note in the principal amount of \$50,000 to Valerian Capital, LLC in exchange for \$50,000 in cash. The note is due on February 4, 2023 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$0.0001 per share. The note had a balance of \$50,000 as of May 31, 2023 and has a remaining unamortized discount of \$0.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$242,977 was allocated to debt discount in the amount of \$50,000, and a day one derivative loss, recorded as interest expense, of \$192,977.

On June 3, 2022, the Company issued a promissory note in the principal amount of \$25,000 to Ronin Equity Partners in exchange for \$25,000 in cash. The note is due on June 3, 2023 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$0.00005 per share. The note had a balance of \$25,000 as of May 31, 2023 and has a remaining unamortized discount of \$137.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$98,191 was allocated to debt discount in the amount of \$25,000, and a day one derivative loss, recorded as interest expense, of \$40,548.

On June 23, 2022, the Company issued a promissory note in the principal amount of \$50,000 to Ronin Equity Partners in exchange for \$50,000 in cash. The note is due on June 23, 2023 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$0.00005 per share. The note had a balance of \$50,000 as of May 31, 2023 and has a remaining unamortized discount of \$3,014.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$197,352 was allocated to debt discount in the amount of \$50,000, and a day one derivative loss, recorded as interest expense, of \$147,352.

On June 29, 2022, the Company issued a promissory note in the principal amount of \$25,000 to Ronin Equity Partners in exchange for \$25,000 in cash. The note is due on June 29, 2023 and carries interest at 10% per annum. The note is convertible into common stock of the Company at a fixed price of \$0.00005 per share. The note had a balance of \$25,000 as of May 31, 2023 and has a remaining unamortized discount of \$1,918.

As a result of the variable conversion feature on the other outstanding notes, this note is considered tainted. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability. The initial fair value of the derivative of \$48,863 was allocated to debt discount in the amount of \$25,000, and a day one derivative loss, recorded as interest expense, of \$23,863.

NOTE 4 – LOANS FROM RELATED PARTIES

On August 1, 2014, the Company issued a convertible promissory note in the amount of \$135,087 to Michael Gelmon, its CEO, in conversion of accrued consulting fees due. The note was due on August 1, 2016 and carries interest at 8% per annum. The Note converts into shares of the Company's common stock at a fixed conversion price of \$0.0005 per share provided that the Holder shall not convert into any amount exceeding 9.99% of the then issued and outstanding shares of the Company. During the nine months ended May 31, 2023, the note was purchased by an unrelated third party from Mr. Gelmon. This note is fully outstanding as of May 31, 2023.

The Company's President and CEO provided a number of cash advances in order to pay Company related operating expenses. The advances were provided to the Company with no interest, no set maturity date, and is to be repaid as such time the Company has the capital resources to repay the advances. The total amount of advances owed to Mr. Gelmon was \$9,100 as of May 31, 2023.

The Company's President of its Juicy Music Group subsidiary provided a number of cash advances in order to pay Company related operating expenses. The advances were provided to the Company with no interest, no set maturity date, and is to be repaid as such time the Company has the capital resources to repay the advances. The total amount of advances owed to Mr. Rivera was \$551 as of May 31, 2023.

An affiliate of the Company, Todd Violette, provided a number of cash advances in order to pay Company related operating expenses. The advances were provided to the Company with no interest, no set maturity date, and is to be repaid as such time the Company has the capital resources to repay the advances. During the nine months ended May 31, 2023, Mr. Violette paid \$42,700 of expenses on behalf of the Company, of which \$1,650 was consideration for the purchase of Preferred B shares. The total amount of advances owed to Mr. Violette was \$41,050 as of May 31, 2023.

NOTE 5 – CAPITAL STOCK

Common stock

The Company is authorized to issue 35,000,000,000 shares of Common stock, \$.001 par value, with such designations, rights and preferences as may be determined from time to time by the Board of Directors. At May 31, 2023, there were 20,040,080,160 shares issued and outstanding.

During the nine months ended May 31, 2023, the Company issued 3,409,664,305 shares of common stock to Mr. Violette. as compensation for services with a fair value of \$340,966

Preferred stock

The Company is authorized to issue 10,000,000 shares of preferred stock, \$.001 par value, with such designations, rights and preferences as may be determined from time to time by the Board of Directors, of which 1,000,000 shares are designated Series A Convertible Preferred and 1,000,000 shares are designated Series B Convertible Preferred as of May 31, 2023

Series A

On November 7th, 2011, the Company designated the Series A Convertible Preferred so the shares of the Series A Convertible Preferred Stock entitle the holders thereof to vote, on any matter submitted to a vote of the stockholders of the Company, with the holders of the Common Stock of the Company, provided that the holders of the Series A Convertible Preferred Stock, as a class, are entitled collectively to 51% of the total voting stock of the Company, Common or Preferred, on any matter on which the shareholders of the Company are entitled to vote. At May 31, 2023, there were 0 shares issued and outstanding.

Series B

On September 27, 2021, the Company's board of directors designated 1,000,000 preferred shares as Series B Preferred Stock, par value \$.001 per share (the "Series B Shares"). The Series B Shares are convertible at the option of the holder into fifty-one (51) percent of the resulting Common Shares thereafter and provide the holder with voting rights equal to 51% of the total voting stock of the Company. At May 31, 2023, there were 1,000,000 shares issued and outstanding.

On September 28, 2022, Michael Gelmon purchased an additional 650,000 Series B Convertible Preferred shares from the Company for \$650 in cash.

On September 28, 2022, Todd Violette purchased 1,650,000 Series B Convertible Preferred shares of the Company for \$1,650 in cash. The acquisition of the Preferred Shares makes Todd Violette an Affiliate of the Company. As a result of this transaction, Todd Violette would own 50% of the Preferred shares.

NOTE 6 – DERIVATIVE LIABILITIES

As discussed in Note 3 –Notes Payable, the Company analyzed the conversion features of the agreements for derivative accounting

consideration under ASC 815-15 “Derivatives and Hedging” and determined that the embedded conversion features should be classified as a derivative because the exercise price of these convertible notes are subject to a variable conversion rate. The Company has determined that the conversion feature is not considered to be solely indexed to the Company’s own stock and is therefore not afforded equity treatment. In accordance with AC 815, the Company has bifurcated the conversion feature of the note and recorded a derivative liability.

The embedded derivatives for the notes are carried on the Company’s balance sheet at fair value. The derivative liability is marked- to-market each measurement period and any unrealized change in fair value is recorded as a component of the income statement and the associated fair value carrying amount on the balance sheet is adjusted by the change. The Company fair values the embedded derivative using the Black-Scholes option pricing model.

The fair value of the embedded derivatives for the notes were determined using a binomial option pricing model based on the following assumptions during the nine months ending May 31, 2023: (1) dividend yield of 0%, (2) expected volatility of 585.73%, (3) risk- free interest rate of 5.46%, (4) expected life 0.5 of a year, and (5) estimated fair value of the Company’s common stock of \$0.0001 per share. The instrument was fair valued on the date it became convertible, each conversion date and the period end date of May 31, 2023.

The table below presents the change in the fair value of the derivative liability:

Derivative Liability at August 31, 2022	\$ 994,500
Change in fair value	(191,706)
Derivative Liability at May 31, 2023	<u>\$ 802,794</u>

NOTE 7 – DEFERRED REVENUE

On September 28, 2022, the Company entered into an agreement with service provider in which the Company agreed to provide Licensed Content for an initial period of 3 years, with an option to renew. Per the terms of the agreement the Company agreed to pay the service provide a royalty fee of 15% for sales made under the agreement related to the Licensed Content, which includes sound recordings, lyrics and audiovisual works. Pursuant to the agreement the Company received advances of \$32,482 which is to be repaid with funds from the royalty percentage. The funds of this agreement are classified as deferred revenue in the Company’s balance sheet and will be recognized as revenue when the performance obligations are completed as Licensed Content is

NOTE 8 – COMMITMENTS AND UNCERTAINTIES

In the ordinary course of business, the Company may become a party to lawsuits involving various matters. The impact and outcome of litigation, if any, is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business. The Company believes the ultimate resolution of any such current proceeding will not have a material adverse effect on our continued financial position, results of operations or cash flows.

Effective May 1, 2022, the Company entered into an employment contract with Robbie Rivera to manage the Company’s Juicy Music Group subsidiary for a period of one year, with automatic renewal terms unless cancelled by either party with 30 days notice. Mr. Rivera will receive an annual salary of \$360,000 and may earn a bonus at the discretion of the Company’s Board of Directors. The Company will also pay to Mr. Rivera 50% of any revenue any new music productions, including master sound recordings, created by Mr. Rivera after the effective date of the agreement. As of May 31, 2023, the Company has accrued \$303,500 related to the annually salary and no amounts related to the commission on revenues.

NOTE 10 – SUBSEQUENT EVENTS

The Company’s management reviewed all material events through July 18, 2023, the date these financial statements were available to be issued for subsequent event disclosure consideration.