

## **LABOR SMART, INC.**

PO BOX 2922  
JACKSON, WY 83001

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844-562-5346 Telephone  
[Lock'din.com](http://Lock'din.com) Company Website  
[corp@lock'din.com](mailto:corp@lock'din.com) Company Email

# Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

14,868,568,486 as of December 31, 2023 *(Current Reporting Period Date or More Recent Date)*

14,868,568,486 as of December 31, 2023 *(Most Recent Completed Fiscal Year End)*

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 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:

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred during this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

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

Takeover Industries, Inc.

Labor Smart, Inc., A Wyoming entity incorporated May 31, 2011.

Current State and Date of Incorporation or Registration: Wyoming

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

Labor Smart, Inc., a Nevada corporation, formed May 31, 2011

Labor Smart Inc. was moved to Wyoming June 13, 2023

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

No suspensions or halt orders issued.

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

None

Address of the issuer's principal executive office:

125 S. King Street, Ste 2A, Jackson WY 83001

Address of the issuer's principal place of business:

*Check 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?

No:  Yes:  If Yes, provide additional details below:

**2) Security Information**

**Transfer Agent**

Name: Clear Trust, LLC  
Address: 16540 Pointe Village Dr.  
Suite 210  
Lutz, FL 33558  
Phone: 813-235-4490  
website: [www.cleartrustonline.com](http://www.cleartrustonline.com)

**Publicly Quoted or Traded Securities:**

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

|  |   |
|--|---|
| Trading symbol:                                  | <u>LTNC</u>                                   |
| Exact title and class of securities outstanding: | <u>Common</u>                                 |
| CUSIP:   | <u>50541A108</u>                              |
| Par or stated value:                             | <u>\$0.00001</u>                              |
| Total shares authorized:                         | <u>25,000,000,000 as of date: 12/31/2023</u>  |
| Total shares outstanding:                        | <u>14,868,568,486 as of date: 12/31/2023</u>  |
| Total number of shareholders of record:          | <u>76 shareholders as of date: 12/31/2023</u> |

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

**Other classes of authorized or outstanding equity securities that do not have a trading symbol:**

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

|   |                                  |
|---|----------------------------------|
| Exact title and class of the security:  | <u>Preferred A</u>               |
| Par or stated value:                    | <u>\$0.00001</u>                 |
| Total shares authorized:                | <u>51 as of date: 12/31/2023</u> |
| Total shares outstanding:               | <u>51 as of date: 12/31/2023</u> |
| Total number of shareholders of record: | <u>3 as of date: 12/31/2023</u>  |

**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.**

The common shares have a one for one voting right. There are no dividend or preemption rights.

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

Each share of Series A Preferred Stock shall be convertible into one (1) share of common stock of the Company at the election of the holder and shall have voting rights equal to: (x) 0.019607 multiplied by the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator.

**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 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 for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No:  Yes:  (If yes, you must complete the table below)

| Shares Outstanding Opening Balance:                  |  | *Right-click the rows below and select "Insert" to add rows as needed. |                     |   |   |  |  |   |                                 |
|--|--|--|---------------------|---|---|--|--|---|---------------------------------|
| Date <u>12/31/21</u>                                 |  |  |                     |   |   |  |  |   |                                 |
| Common: <u>14,343,568,486</u>                        |  |  |                     |   |   |  |  |   |                                 |
| Preferred: <u>51</u>                                 |  |  |                     |   |   |  |  |   |                                 |
| Date of Transaction                                  | Transaction type (e.g., new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled)                                 | Class of Securities | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance ? (Yes/No) | Individual/ Entity Shares were issued to.<br><br>***You must disclose the control person(s) for any entities listed. | 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>5/02/2022</u>                                     | <u>New issuance</u>  | <u>3,000,000</u>   | <u>common</u>       | <u>\$6,000</u>                                    | <u>No</u>   | <u>David Goldhagen</u>   | <u>cash</u>  | <u>Restricted</u>                             | <u>Exemption</u>                |
| <u>5/13/2022</u>                                     | <u>New issuance</u>  | <u>2,000,000</u>   | <u>common</u>       | <u>\$4,000</u>                                    | <u>No</u>   | <u>NappyBoy Gaming (ControlPerson, T-Pain Faheem Rashad Najm)</u>  | <u>cash</u>  | <u>Restricted</u>                             | <u>Exemption</u>                |
| <u>3/13/2023</u>                                     | <u>New Issuance</u>  | <u>500,000,000</u>   | <u>common</u>       | <u>\$153,846</u>                                  | <u>No</u>   | <u>Michael Araghi</u>  | <u>cash</u>  | <u>Restricted</u>                             | <u>Exemption</u>                |
| <u>9/28/2023</u>                                     | <u>New Issuance</u>  | <u>20,000,000</u>  | <u>common</u>       | <u>\$6,154</u>                                    | <u>No</u>   | <u>Justin Hagedorn</u>   | <u>cash</u>  | <u>Restricted</u>                             | <u>Exemption</u>                |
| Shares Outstanding on Date of This Report:           |  |  |                     |   |   |  |  |   |                                 |
| <u>Ending Balance:</u>                               |  |  |                     |   |   |  |  |   |                                 |
| Date <u>12/31/2023</u> Common: <u>14,868,568,486</u> |  |  |                     |   |   |  |  |   |                                 |
| Preferred: <u>51</u>                                 |  |  |                     |   |   |  |  |   |                                 |

**Example:** A company with a fiscal year end of December 31, 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022 through December 31, 2023 pursuant to the tabular format above.

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

\_\_\_\_\_

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities:

No:  Yes:  (If yes, you must complete the table below)

| 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.<br>*** You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|-------------------|--|---|---|
| <u>6/18/2021</u>      | <u>\$127,912</u>         | <u>\$300,000</u>                  | <u>\$25,088</u>       | <u>11/16/2022</u> | <u>Conversion price is .01 per share</u>   | <u>Thomas Zarro</u>   | <u>Loan</u>                                     |

**\*\*\*Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

As referenced elsewhere Thomas Zarro is the current President and one of the Directors of Labor Smart Inc.

**4) Issuer’s Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer’s current operations. Ensure that these descriptions are updated on the Company’s Profile on [www.OTCMarkets.com](http://www.OTCMarkets.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Labor Smart Inc. is a holding company, having acquired Takeover Industries Inc., an early-stage beverage venture in 2021 and its newest Subsidiary Next Gen Beverages LLC. In June of 2023.

B. List any subsidiaries, parent company, or affiliated companies.

Takeover Industries, Inc. is a Nevada Corporation.

Next Gen Beverage LLC is a Wyoming Corporation.

C. Describe the issuers’ principal products or services.

Products including a non-flavored LOCK’DIN 12oz Hydrogen Rich Water, three All-Natural flavors of LOCK’DIN 12 oz Hydrogen Rich Flavored Water (Strawberry, Lemon Lime, and Orange), and a 12oz LOCK’DIN “Hydrogen Water for Kids” with Vitamin C. Additionally, the company created and launched a 1 Liter LOCK’DIN Alkaline Water, three flavors of a 12oz

LOCK'DIN "NOOTROPIC Mind-Body Energy and Performance Drink" with zero artificial colors and zero artificial flavors, along with and a Nootropic Infused Coffee Pod.

## 5) Issuer's Facilities

*The goal of this section is to provide investors 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. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

Labor Smart, and its subsidiary Next Gen Beverages, utilize a network of 3PL service providers in the continental US for warehousing and logistics. Our primary fulfillment center is located in Flowery Branch, Georgia, a suburb of Atlanta, Georgia. We also utilize Federal Express for our small parcel and LTL shipping and Amazon for distribution and logistics. Our MFG facilities are located in South Florida, Georgia, Las Vegas, Nevada and North Carolina.

## 6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

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. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

*The goal of this section is to provide investors 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 owners.*

| Names of All Officers, Directors, and Control Persons | Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more) | Residential Address (City / State Only) | Number of shares owned                           | Share type/class                   | Ownership Percentage of Class Outstanding | Names of control person(s) if a corporate entity |
|---|---|---|--|------------------------------------|---|--|
| <u>Thomas Zarro</u>                                   | <u>President/Director</u>   | <u>Las Vegas, NV</u>                    | <u>12,668,181</u><br><u>24</u>                   | <u>Common</u><br><u>Pref A</u>     | <u>.085</u><br><u>.47</u>                 | <u>na</u>  |
| <u>Michael Holley</u>                                 | <u>Treasurer/CFO/Director</u>   | <u>Cave Creek, AZ</u>                   | <u>2,000,000,000</u><br><u>Rest</u><br><u>17</u> | <u>Common</u><br><br><u>Pref A</u> | <u>13.45</u><br><br><u>33.33</u>          | <u>na</u>  |
| <u>Luis Sequiera</u>                                  | <u>Director</u>   | <u>Zug, Switzerland</u>                 | <u>61,735,823</u><br><u>10</u>                   | <u>Common</u><br><u>Pref A</u>     | <u>.41</u><br><u>19.6</u>                 | <u>na</u>  |
| <u>Tom Fitzgerald, Sr.</u>                            | <u>Director</u>   | <u>Bonita Springs, FL</u>               | <u>5,050,000</u>                                 | <u>Common</u>                      | <u>.035</u>                               | <u>na</u>  |

|                          |                 |                             |                                  |               |            |           |
|--------------------------|-----------------|-----------------------------|----------------------------------|---------------|------------|-----------|
| <u>Emmanuel Pacquiao</u> | <u>Director</u> | <u>Manilla, Philippines</u> | <u>250,000,000</u><br>Restricted | <u>Common</u> | <u>1.6</u> | <u>na</u> |
|--------------------------|-----------------|-----------------------------|----------------------------------|---------------|------------|-----------|

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, log in to [www.OTCIQ.com](http://www.OTCIQ.com) to update your company profile.

## 7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities.

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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 to 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.

On March 8, 2022, the former CEO of the Company sued as Takeover Industries against the other officers and directors of the Company, U.S. District Court for the District of Arizona, case no. 2:22-cv-00357. As of December 31, 2022, this suit was still in the initial pleading stages and there was a counterclaim against Takeover and Third-Party Claims against Jason Tucker, Toby McBride, and Joseph Pavlik. Currently, the claims originally filed by Takeover (against Michael Holley) and all claims against Takeover itself have either been dismissed or are subject to a pending stipulation to dismiss. Takeover has filed a proposed set of claims in the same case against former CEO Jason Tucker and his wife Melissa Tucker, based on conduct of the Tuckers that Takeover discovered during a recent investigation. It is alleged the Tuckers engaged in a scheme that involved breaches of fiduciary duties.

On May 20, 2022, Defendants Holley filed their Answer, Counterclaim and Third-Party Complaint against Jason Tucker and Melissa Tucker, Toby McBride, and Joseph Pavlik. The Third-Party Complaint alleged derivative claims (on behalf of Labor Smart, Inc.) as follows: Count I: Breach of Fiduciary Duty per Wyoming law (against McBride, Pavlik and Tucker), Count II: Breach of Fiduciary Duty per Wyoming law (against Tucker), Count III: Conversion (against Tucker), Count IV: Contribution (against McBride Tucker and Pavlik). The Counterclaim alleged the following claims: Count I: Declaratory Judgment (against Takeover), Count II: Unjust Enrichment (against Takeover), Count III: Unpaid Employment Compensation (against Takeover) and Count IV: Mandatory Indemnification per Nevada law. The Answer, Counterclaim and Third-Party Complaint were filed by attorneys Matthew Canini and Robert McKirgan.

On September 19, 2022, Defendants Holley, individually and derivatively on behalf of Labor Smart, Inc., filed their First Amended Answer, Counterclaim and Third-Party Complaint. The claims in the Third-Party Complaint and Counterclaim were the same.

On November 7, 2022, Takeover filed its Answer to the First Amended Counterclaim.

On November 10, 2022, Takeover filed its Emergency Motion for Injunctive Relief (Including Appointment of Temporary Receiver).

On December 6, 2022, the Court entered an Order permitting the attorney for Takeover (Veronica Manolio) to withdraw.

The Company believes that the case will be settled with no financial impact.

On December 2, 2022, James V. Deppoleto, Jr. filed suit against Takeover Industries, Inc. in the Federal District Court in Nevada, case number 22-CV-02013-GMN-VCF. This case is currently in settlement negotiations. As part of the Nevada litigation, Deppoleto has asserted that Takeover Industries Incorporated owes Deppoleto “a substantial amount of money,” in excess of Two Million Dollars (\$2,000,000). Furthermore, Deppoleto has asserted in his complaint and subsequent motions, that this sum is a “secured debt interest” in Takeover. Deppoleto, in his Declaration dated December 28, 2022 (the “Declaration”), stated that he “loaned” Takeover, One Million Five Hundred Thousand Dollars (\$1,500,000) between May 25, 2022, and August 19, 2022, and that as of November 22, 2022, “Takeover owed [Deppoleto] at least \$2,070,098.36”. The Company asserts that Mr. Zarro that pursuant to the explicit terms and conditions of his Note and Promissory Note, that the Deppoleto debt was not properly authorized by the board of directors of the Company, and furthermore, that Zarro is the secured creditor of the Company with a priority claim senior on all collateral, both tangible and intangible, including its subsidiary, Takeover. Lastly, Zarro asserts that Joe Pavlik (hereinafter, “Pavlik”), was an authorized officer of the Company, that authority having been conveyed upon him by the board of directors, and that Pavlik entered into a valid and enforceable agreement with Zarro on June 18, 2021, eleven months, and seven days prior to Deppoleto. According to Section 7 of Zarro’s Note. The Company has accrued a total of \$2,167,697 the total of loans and accrued interest that Mr. Deppoleto claiming. The Company is currently in negotiations with the other parties to settle the lawsuit.

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on [www.OTCMarkets.com](http://www.OTCMarkets.com). If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Patrick Ryan Morris  
Address 1: 24 Laight Street, 2<sup>nd</sup> Floor, Suite A  
Address 2: New York, NY 10013-2143  
Phone: 646-692-4012  
Email: prm@patrickmorislaw.com

### Accountant or Auditor

Name: Martin Scott  
Firm: Martin Scott CFO Consulting Services  
Address 1: 19180 Skyridge Circle  
Address 2: Boca Raton, FL 33498  
Phone: 561-441-7703  
Email: msscottcfo@aol.com

### Investor Relations

Name: na  
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), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: na  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: KD Trebert  
Title: Legal Assistant  
Relationship to Issuer: Consultant

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

- IFRS  
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: Martin Scott  
Title: Accountant  
Relationship to Issuer: Consultant

Describe the qualifications of the person or persons who prepared the financial statements:<sup>5</sup> Mr. Scott is a CPA with over three decades of corporate finance and accounting experience working with public and private companies of all sizes in large scope and industry sectors. Mr. Scott's firm has been in existence for 20 years. He is widely recognized as an expert in SEC reporting, financial planning and analysis, capital formation, mergers, acquisitions, and audit planning. Mr. Scott is a graduate of Florida State University with a Bachelor of Science in Accounting and Finance.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

### **Financial Statement Requirements:**

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

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<sup>5</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

**LABOR SMART, INC. AND SUBSIDIARIES**  
**Balance Sheets**  
**Unaudited Financials 12/31/2023-12/31/2022**

|  | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|--|------------------------------------|------------------------------------|
| <b>Assets</b>  |                                    |                                    |
| <b>Current assets</b>  |                                    |                                    |
| Cash   | \$ 97,869                          | \$ 17,316                          |
| Accounts receivable, net   | 605                                | -                                  |
| Prepaid expense  | 33                                 | 36,211                             |
| Inventory, net   | 49,356                             | 267,639                            |
| <b>Total current assets</b>  | <u>147,863</u>                     | <u>321,166</u>                     |
| <br>   |                                    |                                    |
| Furniture and equipment  | 5,139                              | 8,315                              |
| <b>Total assets</b>  | <u>\$ 153,002</u>                  | <u>\$ 329,481</u>                  |
| <br>   |                                    |                                    |
| <b>Liabilities and Stockholders' Equity</b>  |                                    |                                    |
| <b>Current liabilities</b>   |                                    |                                    |
| Accounts payable and accrued liabilities   | \$ 1,333,356                       | \$ 1,780,492                       |
| Convertible - notes payable -related party   | 127,913                            | 127,913                            |
| Notes Payable  | 2,016,697                          | 2,016,697                          |
| <b>Total current liabilities</b>   | <u>3,477,966</u>                   | <u>3,925,102</u>                   |
| <br>   |                                    |                                    |
| <b>Commitments and contingencies (Note 10)</b>   |                                    |                                    |
| <br>   |                                    |                                    |
| <b>Stockholders' Deficit</b>   |                                    |                                    |
| Preferred stock, (\$.0001 par value, 5,000,000 shares authorized; none issued and outstanding              |                                    |                                    |
| Series A Preferred stock, (\$.0001 par value, 51 shares authorized; 51 and 51 issued and outstanding as of |                                    |                                    |
| December 31, 2023 and 2022, respectively)  |                                    |                                    |
| Redeemable Equity  | 541,000                            | -                                  |
| Common stock owed 1,720,000,000 shares   | 326,800                            | -                                  |
| 14,348,568,486 shares  |                                    |                                    |
| issued and outstanding as of December 31, 2023 and 2022  | 148,686                            | 143,486                            |
| Additional paid-in capital   | 2,996,706                          | 2,841,906                          |
| Equity in subsidiary   | 1,749,754                          | 1,749,754                          |
| Accumulated deficit  | (9,087,910)                        | (8,330,767)                        |
| <b>Total stockholders' deficit</b>   | <u>(3,324,964)</u>                 | <u>(3,595,621)</u>                 |
| <br>   |                                    |                                    |
| <b>Total liabilities and stockholders deficit</b>  | <u>\$ 153,002</u>                  | <u>\$ 329,481</u>                  |

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

**LABOR SMART, INC. AND SUBSIDIARIES**  
**Statements of Operations**  
**Unaudited Financial Statements Year Ended 12/31/2023-12/31/2022**

|   | <b>For the year ended<br/>December 31,<br/>2023</b> | <b>For the year ended<br/>December 31,<br/>2022</b> |
|---|---|---|
|   | <u>2023</u>   | <u>2022</u>   |
| Sales   | \$ 405,567  | \$ 852,000  |
| Cost of products sold                             | 547,893   | 761,445   |
| <b>Gross Profit</b>                               | <u>(142,326)</u>                                    | <u>90,555</u>                                       |
| <b>Operating expenses:</b>                        |   |   |
| Selling, general and administrative expenses      | 711,195   | 1,173,444   |
| Professional fees                                 | 355,740   | 874,107   |
| Bad debt expense                                  | -   | 195,572   |
| Advertising and marketing                         | 27,735  | 2,163,022   |
| <b>Total operating expenses</b>                   | <u>1,094,670</u>                                    | <u>4,406,145</u>                                    |
| <b>Loss from operations</b>                       | (1,236,996)   | (4,315,590)   |
| <b>Other income / (expenses)</b>                  |   |   |
| Gain on settlement of accounts payable            | 508,333   | -   |
| Interest expense                                  | (28,480)  | (69,158)  |
| <b>Total other (expense) / income</b>             | <u>479,853</u>                                      | <u>(69,158)</u>                                     |
| <b>Loss before income tax</b>                     | (757,143)   | (4,384,748)   |
| Provision for income tax                          | -   | -   |
| <b>Net Loss</b>                                   | <u>\$ (757,143)</u>                                 | <u>\$ (4,384,748)</u>                               |
| <b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b> |   |   |
| Basic and Diluted                                 | <u>14,522,376,705</u>                               | <u>14,522,376,705</u>                               |
| <b>NET LOSS PER COMMON SHARE OUTSTANDING</b>      |   |   |
| Basic and Diluted                                 | <u>\$ (0.00)</u>                                    | <u>\$ 0.00</u>                                      |

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

**LABOR SMART, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**Unaudited Financial Statements Year End 12/31/2023-12/31/2022**

|   | <b>For the year ended<br/>December 31,<br/>2023</b> | <b>For the year ended<br/>December 31,<br/>2022</b> |
|---|---|---|
|   | <u>2023</u>   | <u>2022</u>   |
| <b>Cash flows from operating activities</b>                                       |   |   |
| Net Loss  | \$ (757,143)  | \$ (4,384,748)                                      |
| <b>Adjustments to reconcile net loss to net cash used in operating activities</b> | -   |   |
| Stock based compensation  | 326,800   | 10,000  |
| Depreciation expense  | 3,176   | 1,341   |
| Write off of obsolete inventory   | 390,544   | -   |
| Gain on settlement of accounts payable  | 508,333   | -   |
| Changes in operating assets and liabilities:                                      |   |   |
| Accounts receivable   | (605)   | 58  |
| Prepaid expenses  | 36,178  | (23,222)  |
| Inventory   | (172,261)   | 76,259  |
| Accounts payable and accrued liabilities  | (955,469)   | 1,445,559   |
| <b>Net Cash (used in) operating activities</b>                                    | <u>(620,447)</u>                                    | <u>(2,874,753)</u>                                  |
| <br><b>Cash flow from financing activities</b>                                    |   |   |
| Due to related party  | -   | (60,000)  |
| Repayments of convertible notes payables  | -   | (147,990)   |
| Common stock refundable   | -   | (10,000)  |
| Notes payable   | -   | 2,016,697   |
| Proceeds from sale of redeemable stock  | 541,000   | -   |
| Proceeds from issuance of common stock  | 160,000   | 475,000   |
| <b>Net cash provided by financing activities</b>                                  | <u>701,000</u>                                      | <u>2,273,707</u>                                    |
| <br>Net increase / (decrease) in cash   | 80,553  | (601,046)   |
| Cash at beginning of period   | 17,316  | 618,362   |
| <b>Cash at end of period</b>  | <u>\$ 97,869</u>                                    | <u>\$ 17,316</u>                                    |
| <br><b>Supplemental disclosure of cash flow information</b>                       |   |   |
| Cash paid for interest  | \$ -  | \$ 2,000  |
| Cash paid for income taxes  | \$ -  | \$ -  |
| <br><b>Non cash transactions</b>  |   |   |
| Issuance of common stock overwrd  | <u>\$ -</u>   | <u>\$ 325,000</u>                                   |

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

**LABOR SMART, INC. AND SUBSIDIARIES**  
**Statement of Stockholders Deficit**  
**For the year ended December 31, 2022 and 2023**

|   | <b>Preferred<br/>Shares<br/>Outstanding</b> | <b>Preferred<br/>Par<br/>Amount</b> | <b>Equity in<br/>Takeover Industries</b> | <b>Redeemable<br/>Equity</b> | <b>Common<br/>Shares<br/>Outstanding</b> | <b>Common<br/>Par<br/>Amount</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Common Stock<br/>Shares<br/>to be Issued</b> | <b>Accumulated<br/>Deficit</b> | <b>Total</b>   |
|---|---|-------------------------------------|--|------------------------------|--|----------------------------------|---|---|--------------------------------|----------------|
| Balance January 1, 2021   | 51  | \$ -                                | \$ 1,599,754                             | \$ -                         | 14,343,568,486                           | \$ 143,436                       | \$ 2,831,956                              | -   | \$ (3,946,019)                 | \$ 629,127     |
| Common stock issued for cash  | -   | -                                   | -  | -                            | 5,000,000                                | 50                               | 9,950                                     | -   | -                              | 10,000         |
| Common stock issued for cash - Takeover Industries                    | -   | -                                   | 440,000                                  | -                            | -  | -                                | -   | -   | -                              | 440,000        |
| Common stock owed - Takeover Industries                               | -   | -                                   | 35,000                                   | -                            | -  | -                                | -   | -   | -                              | 35,000         |
| Value of common stock issued for licensing fees - Takeover Industries | -   | -                                   | (325,000)                                | -                            | -  | -                                | -   | -   | -                              | (325,000)      |
| Net loss for the year ended December 31, 2022                         | -   | -                                   | -  | -                            | -  | -                                | -   | -   | (4,384,748)                    | (4,384,748)    |
| Balance December 31, 2022   | 51  | \$ -                                | \$ 1,749,754                             | -                            | 14,348,568,486                           | \$ 143,486                       | \$ 2,841,906                              | \$ -  | \$ (8,330,767)                 | \$ (3,595,621) |
| Common stock issued for cash  | -   | -                                   | -  | -                            | 520,000,000                              | 5,200                            | 154,800                                   | -   | -                              | 160,000        |
| Sale of redeemable common stock                                       | -   | -                                   | -  | 541,000                      | -  | -                                | -   | -   | -                              | 541,000        |
| Common stock owed   | -   | -                                   | -  | -                            | -  | -                                | -   | 326,800   | -                              | 326,800        |
| Net loss for the year ended December 31, 2023                         | -   | -                                   | -  | -                            | -  | -                                | -   | -   | (757,143)                      | (757,143)      |
| Balance December 31, 2023   | 51  | \$ -                                | \$ 1,749,754                             | \$ 541,000                   | 14,868,568,486                           | \$ 148,686                       | \$ 2,996,706                              | \$ 326,800                                      | \$ (9,087,910)                 | \$ (3,324,964) |

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

## LABOR SMART, INC. AND SUBSIDIARIES

### FINANCIAL STATEMENTS

December 31, 2023

#### 1. NATURE OF OPERATIONS, SIGNIFICANT ACCOUNTING POLICIES AND GOING CONCERN

##### Nature of Business Operations

###### Nature of Business

Labor Smart, Inc. (the "Company") was incorporated in the State of Nevada on May 31, 2011. Labor Smart, Inc. provided temporary blue-collar staffing services but now just a holding company.

Takeover Industries, Inc negotiated a deal with a publicly traded OTC Markets entity known as Labor Smart, Inc. By a stock purchase agreement dated February 26, 2021, LTNC agreed to the purchase of Takeover's equity in exchange for 6,800,000,000 restricted shares of LTNC (The "Stock Purchase Agreement"). As part of the Stock Purchase Agreement, the principles of Takeover received all 51 Series A Preferred Shares of LTNC. The Company began the process of updating the books of the parent company, LTNC.

Takeover Industries, Inc. is Nevada corporation that was focused on selling beverage products.

After acquiring control of Labor Smart, Takeover's management quickly went into motion to launch two products a "NXT LVL Hydrogen Water" in April 2021, and "NXT LVL Gamer Shot" in May of 2021. These products were very successful during the first 2-3 months following the launch. However, in the months thereafter due to poor executive management decisions, lack of foresight, ulterior motives, and extensive litigation including trademark infringement with "Next Level Fitness Water" led to the demise the company which then ceased to operate. During this phase of decline, all of Takeover's key partnerships, manufacturing contracts and licensing agreements were lost, leaving Takeover with nothing.

Due to the irreparable situation with Takeover, Next Gen Beverage LLC a Wyoming Corporation on June 14, 2023, was then formed. Next Gen Beverage then created a new brand "LOCK'DIN" properly filed for and secured the trademark in International Class 32 for beverages. At this time the company created a totally new and robust offering of products including a non-flavored LOCK'DIN 12oz Hydrogen Rich Water, three All-Natural flavors of LOCK'DIN 12 oz Hydrogen Rich Flavored Water (Strawberry, Lemon Lime and Orange), and a 12oz LOCK'DIN "Hydrogen Water for Kids" with Vitamin C. Additionally, the company created and launched a 1 Liter LOCK'DIN Alkaline Water, three flavors of a 12oz LOCK'DIN "NOOTROPIC Mind-Body Energy and Performance Drink" with zero artificial colors and zero artificial flavors, along with and a Nootropic Infused Coffee Pod.

During this next generation phase, the company also created many new manufacturing contacts, new supplier agreements, and began to reach into new consumer markets aligning with various groups. These included sponsoring Native American Events and Ocean Swimming Events to support health, fitness, and other caused based non-profits within various communities nationwide. Additionally, LOCK'DIN also began bringing on new ambassadors in sports and activities such as Kids Fitness, Taekwondo, Pickleball, Extreme Pogo, eSports and Bodybuilding.

##### Going Concern

The accompanying condensed consolidated unaudited financial statements have been prepared assuming a continuation of the Company as a going concern. The Company had negative cash flows from operations of \$2,874,753, a working capital deficit balance of \$620,447 and an accumulated deficit of \$9,087,910 as of and for the year ended December 31, 2023. This raises substantial doubt about our ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. There is no assurance that this series of events will be satisfactorily completed.

Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences, or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail or cease our operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence. These financial statements do not include any adjustments that might arise from this uncertainty.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the accompanying financial statements and accompanying notes. Significant estimates include the assumption used in the valuation of equity-based transactions, valuation of intangible assets, allowance for doubtful accounts and inventory valuation and reserves. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less at the time of purchase. December 31, 2022, and 2021, the Company had \$17,316 and \$618,362, respectively of cash and cash equivalents.

### **Fair Value of Financial Instruments**

The carrying amounts of cash, accounts receivable, prepaid expenses, inventory and other assets, accounts payable, accrued liabilities, note payable and convertible note payable approximate their fair values as of December 31, 2022, and 2021, respectively, because of their short-term natures and the Company's borrowing rate of interest.

### **Accounts Receivable**

Accounts receivables are recorded at fair value on the date revenue is recognized. The Company provides allowances for doubtful accounts for estimated losses resulting from the inability of its customers to repay their obligation. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to repay, additional allowances may be required. The Company provides for potential uncollectible accounts receivable based on specific customer identification and historical collection experience adjusted for existing market conditions. If market conditions decline, actual collection experience may not meet expectations and may result in decreased cash flows and increased bad debt expense.

The policy for determining past due status is based on the contractual payment terms of each customer, which are generally net 30 or net 60 days. Once collection efforts by the Company and its collection agency are exhausted, the determination for charging off uncollectible receivables is made. On December 31, 2022, and 2021, the Company has recorded an allowance for doubtful accounts of \$ 0.

### **Inventory**

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out basis and net realizable value. Net realizable value is defined as sales price less cost of completion, disposition and transportation and a normal profit margin. As of December 31, 2023, and 2022, inventory amounted to \$49,356 and \$267,639, respectively. As of December 31, 2023, and 2022 inventory reserves were \$0.

## Revenue Recognition

We account for revenue in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 606, “Revenue from Contracts with Customers”. Revenue is measured based on the amount of consideration that we expect to receive, reduced by discounts and estimates for credits and returns (calculated based upon previous experience and management’s evaluation). Outbound shipping charged to customers is recognized at the time the related merchandise revenues are recognized and are included in net revenues. Inbound and outbound shipping and delivery costs are included in cost of revenues.

Our products are sold through our online and telephonic channels. Revenue is recognized when control of the merchandise is transferred to the customer, which generally occurs upon shipment. Payment is typically due on the date of shipment. The Company offers a 30- day return policy on sales.

## Stock Based Compensation

Stock options and warrants issued to consultants and other non-employees as compensation for services provided to the Company are accounted for based on the fair value of the services provided or the estimated fair market value of the option or warrant, whichever is more reliably measurable, and in accordance with FASB ASC 718, *Compensation-Stock Compensation*, including related amendments and interpretations.

## Net Income / (Loss) per Share

Basic income / (loss) per share amounts are computed based on net income / (loss) divided by the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock.

## Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (“FASB”) or other standard setting bodies that are adopted by the Company as of the specified effective date.

## Income Taxes

We utilize the asset and liability method of accounting for income taxes. We recognize deferred tax liabilities or assets for the expected future tax consequences of temporary differences between the book and tax basis of assets and liabilities. We regularly assess the likelihood that our deferred tax assets will be recovered from future taxable income. We consider projected future taxable income and ongoing tax planning strategies in assessing the amount of the valuation allowance necessary to offset our deferred tax assets that will not be recoverable. We have recorded and continue to carry a full valuation allowance against our gross deferred tax assets that will not reverse against deferred tax liabilities within the scheduled reversal period. If we determine in the future that it is more likely than not that we will realize all or a portion of our deferred tax assets, we will adjust our valuation allowance in the period we make the determination. We expect to provide a full valuation allowance on our future tax benefits until we can sustain a level of profitability that demonstrates our ability to realize these assets. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences.

## 2. LICENSING AGREEMENT

To create its NXT LVL Hydrogen Water product, Takeover uses a company in Georgia and has entered into an agreement with inventor Danny Day, who owns the rights to the infusion process for Takeover’s Hydrogen Water product. In a very short period of time, Takeover has signed several professional athletes to use and endorse its NXT LVL water. One reason for Takeover’s success has been its small management team and their deep connections with the beverage and health industries, and their long-term relationships based on trust and demonstrated results.

On May 12, 2021, the Company entered into a joint venture agreement with Manny Pacquiao for distribution and sales of products throughout Asia. On December 31, 2022, and 2021, the Company had licensing expenses of \$475,000 and \$336,800, respectively. The Company had licensing expenses on December 31, 2021, of \$325,000 to Manny Pacquiao for the agreement with Pacquiao and his non-profit Foundation as of December 31, 2022, and 2021 the Company recorded an accrued liability of \$708,333 and \$233,333, respectively. The Company also entered into a licensing agreement with 6-time Grammy Award Winning Artist T-Pain and his Nappy Boys gaming company. During the year ended December 31, 2023, the Company negotiated a settlement with Manny Pacquiao for \$200,000 and 400,000,000 shares of common stock. As of December 31, 2023, the Company recognized a gain of \$508,333.

### 3. NOTES PAYABLE

There were several loans note from Labor Smart to various entities that were assumed by the prior CEO of Labor Smart on April 20, 2021, in the amount of \$1,381,800 and was reclassified to a capital contribution.

### 4. CONVERTIBLE NOTES PAYABLE – RELATED PARTY

On June 18, 2021, Labor Smart, Inc entered into a Secured Convertible Promissory Note, in the amount of Three Hundred Thousand Dollars (\$300,000) together with interest of 8%. secured creditor of the Company with a priority claim senior on all collateral, both tangible and intangible, including its subsidiary, Takeover. The terms of the loans were 12 monthly payments of \$26,096.53 which included principal and interest with the last payment due on November 16, 2022. The loan has a conversion price is \$.01 per share The Loan had assumed by the Company and the Company was making payment on it. During the year ended December 31, 2022, the company repaid a total of \$147,000. As of December 31, 2023, and 2022 the amount owed \$127,912 and \$127,912.

### 5 . EQUITY

On October 6, 2014 the Company filed a Certificate of Designation with the Nevada Secretary of State to amend its Articles of Incorporation to create and designate the rights and preferences of a new series of preferred stock designated the Series A Preferred Stock. The number of shares authorized as Series A Preferred Stock shall be fifty one (51) shares. Each share of Series A Preferred Stock shall be convertible into one (1) share of common stock of the Company at the election of the holder and shall have voting rights equal to: (x) 0.019607 multiplied by the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator.

On October 22, 2014, the Board of Directors adopted and approved and the majority shareholder, Ryan Schadel, ratified a Company proposed amendment to the Articles of Incorporation to increase the number of authorized shares of the Company's common stock from 150,000,000 to 1,000,000,000. The amendment is effective November 25, 2014.

Effective February 16, 2015, the Company filed a Certificate of Amendment to the Articles of Incorporation to increase the number of authorized shares of the Company's common stock from 1,000,000,000 to 20,000,000,000 and to decrease the par value common stock from \$0.001 per share to \$0.00001 per share. The increase in authorized shares and change in par value have been accounted for retroactively in these financial statements.

Preferred Stock – The Company has 5,000,000 shares of "blank check" preferred stock authorized. As of December 26, 2014 and December 31, 2013, the Company had no preferred shares issued and outstanding, respectively.

On October 20, 2014, the Company issued fifty-one (51) shares of Series A Preferred Stock to Ryan Schadel for his service as the Chief Executive Officer and director of the Company.

Takeover Industries, Inc negotiated a deal with a publicly traded OTC Markets entity known as Labor Smart, Inc. By a stock purchase agreement dated February 26, 2021, LTNC agreed to the purchase of Takeover's equity in exchange for

6,800,000,000 restricted shares of LTNC (The "Stock Purchase Agreement"). As part of the Stock Purchase Agreement, the principles of Takeover received all 51 Series A Preferred Shares of LTNC.

During the year ended December 31, 2022 the Company sold 5,000,000 shares of common stock for \$10,000.

During the year ended December 31, 2023, the Company sold 520,000,000 shares of common stock for \$160,000.

During the year ended December 31, 2023, the Company sold a total of \$541,000 of redeemable common stock.

During the year ended December 31, 2023, the Company owed a total of 1,720,000,000 shares of common stock valued at \$541,000 for services.

Common Stock - The Company has 25,000,000,000 shares of \$0.00001 par value common stock authorized. As of December 31, 2023, and December 31, 2022, the Company had 14,868,568,486 and 14,868,568,486 shares issued and outstanding, respectively.

Takeover Industries, Inc.

As part of the Stock Purchase Agreement, Jason Tucker, Toby McBride, and Joseph Pavlik each received shares of the Preferred Series A shares of the parent company, for a total of 160,825 Series A Preferred issued for cash consideration of \$1,608. The Series A Preferred Series has a voting power equal to 1,000 votes per share of preferred stock. The voting is eligible to vote on any respective matter. Toby McBride's shares of preferred stock were subsequently transferred to Mike Holley.

On February 24, 2021, the Company issued a total of 14,663,918,000 shares of common stock to founders for consideration of \$500.

During the year ended December 31, 2021, the Company sold a total of 400,000,000 shares of common stock for proceeds of \$1,000,000.

There were several loans/notes from Labor Smart to various entities that were assumed by the prior CEO of Labor Smart on April 20, 2021, in the amount of \$1,381,800 and was reclassified to a capital contribution.

During the year ended December 31, 2022, the Company sold a total of 176,000,000 shares of common stock for proceeds of \$475,000. As of December 31, 2022, the Company recorded a \$35,000 payable for the value of shares not issued.

## **6. RELATED PARTY TRANSACTIONS**

There were several loans note from Labor Smart to various entities that were assumed by the prior CEO of Labor Smart on April 20, 2021, in the amount of \$1,381,800 and was reclassified to a capital contribution.

A related party was owed \$60,000. The amount was subsequently repaid during the year ended December 31, 2021.

On June 18, 2021, Labor Smart, Inc entered into a Secured Convertible Promissory Note, in the amount of Three Hundred Thousand Dollars (\$300,000) together with interest of 8%. secured creditor of the Company with a priority claim senior on all collateral, both tangible and intangible, including its subsidiary, Takeover. The terms of the loans were 12 monthly payments of \$26,096.53 which included principal and interest with the last payment due on November 16, 2022. The loan has a conversion price is \$.01 per share The Loan had assumed by the Company and the Company was making payment on it. During the year ended December 31, 2022, the company repaid a total of \$147,000. As of December 31, 2023, and 2022 the amount owed \$127,912 and \$127,912.

## 7. COMMITMENTS AND CONTINGENCIES.

On March 8, 2022, the former COO of the Company sued as Takeover Industries against the other officers and directors of the Company, U.S. District Court for the District of Arizona, case no. 2:22-cv-00357. As of December 31, 2022, this suit was still in the initial pleading stages and there was a counterclaim against Takeover and Third-Party Claims against Jason Tucker, Toby McBride, and Joseph Pavlik. Currently, the claims originally filed by Takeover (against Michael Holley) and all claims against Takeover itself have either been dismissed or are subject to a pending stipulation to dismiss. Takeover has filed a proposed set of claims in the same case against former President Jason Tucker and his wife Melissa Tucker, based on conduct of the Tuckers that Takeover discovered during a recent investigation. It is alleged the Tuckers engaged in a scheme that involved breaches of fiduciary duties.

On May 20, 2022, Defendants Holley filed their Answer, Counterclaim and Third-Party Complaint against Jason Tucker and Melissa Tucker, Toby McBride, and Joseph Pavlik. The Third-Party Complaint alleged derivative claims (on behalf of Labor Smart, Inc.) as follows: Count I: Breach of Fiduciary Duty per Wyoming law (against McBride, Pavlik and Tucker), Count II: Breach of Fiduciary Duty per Wyoming law (against Tucker), Count III: Conversion (against Tucker), Count IV: Contribution (against McBride Tucker and Pavlik). The Counterclaim alleged the following claims: Count I: Declaratory Judgment (against Takeover), Count II: Unjust Enrichment (against Takeover), Count III: Unpaid Employment Compensation (against Takeover) and Count IV: Mandatory Indemnification per Nevada law. The Answer, Counterclaim and Third-Party Complaint were filed by attorneys Matthew Canini and Robert McKirgan.

On September 19, 2022, Defendants Holley, individually and derivatively on behalf of Labor Smart, Inc., filed their First Amended Answer, Counterclaim and Third-Party Complaint. The claims in the Third-Party Complaint and Counterclaim were the same.

On November 7, 2022, Takeover filed its Answer to the First Amended Counterclaim.

On November 10, 2022, Takeover filed its Emergency Motion for Injunctive Relief (Including Appointment of Temporary Receiver).

On December 6, 2022, the Court entered an Order permitting the attorney for Takeover (Veronica Manolio) to withdraw.

The Company believes that the case will be settled with no financial impact.

On December 2, 2022, James V. Deppoleto, Jr. filed suit against Takeover Industries, Inc. in the Federal District Court in Nevada, case number 22-CV-02013-GMN-VCF. This case is currently in settlement negotiations. As part of the Nevada litigation, Deppoleto has asserted that Takeover Industries Incorporated owes Deppoleto “a substantial amount of money,” in excess of Two Million Dollars (\$2,000,000). Furthermore, Deppoleto has asserted in his complaint and subsequent motions, that this sum is a “secured debt interest” in Takeover. Deppoleto, in his Declaration dated December 28, 2022 (the “Declaration”), stated that he “loaned” Takeover, One Million Five Hundred Thousand Dollars (\$1,500,000) between May 25, 2022, and August 19, 2022, and that as of November 22, 2022, “Takeover owed [Deppoleto] at least \$2,070,098.36”. The Company asserts that Mr. Zarro that pursuant to the explicit terms and conditions of his Note and Promissory Note, that the Deppoleto debt was not properly authorized by the board of directors of the Company, and furthermore, that Zarro is the secured creditor of the Company with a priority claim senior on all collateral, both tangible and intangible, including its subsidiary, Takeover. Lastly, Zarro asserts that Joe Pavlik (hereinafter, “Pavlik”), was an authorized officer of the Company, that authority having been conveyed upon him by the board of directors, and that Pavlik entered into a valid and enforceable agreement with Zarro on June 18, 2021, eleven months, and seven days prior to Deppoleto. According to Section 7 of Zarro’s Note. The Company has accrued a total \$2,167,697 the total of loans and accrued interest that Mr. Deppoleto claiming. The Company is currently in negotiations with the other parties to settle the lawsuit.

## 8. MAJOR CUSTOMERS

At December 31, 2023 and 2022, no individual customer amounted to over 10% of total accounts receivable.

## **9. OFFICERS AND DIRECTORS**

At a special meeting held June 10, 2021, Toby McBride and Michael Holley agreed to re-elect themselves to the Board of Directors of the Company. The Company voted to expand the board of directors to include Joseph Pavlik and Jason Tucker. At this meeting Toby McBride was elected CEO, and Secretary, Michael Holley CFO and COO, Joseph Pavlik was elected Chief Science Officer, And Jason Tucker President.

An Annual Meeting was held in Las Vegas, NV on October 25, 2023. At which time a new board was elected for Labor Smart Inc. Thomas Zarro, Michael Holley, Luis Sequeria, Manny Pacquiao and Tom Fitzgerald Sr.

## 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, Thomas Zarro certify that:

1. I have reviewed this Disclosure Statement for Labor Smart, 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.

03/29/2024 [Date]

/s/ Thomas Zarro [CEO's Signature]

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

*Principal Financial Officer:*

I, Michael Holley certify that:

1. I have reviewed this Disclosure Statement for Labor Smart, 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.

03/29/2024 [Date]

/s/ Michael Holley [CFO's Signature]

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