Consolidated Financial Statements

AV1 Group, Inc.

As of and for the Year Ended
December 31, 2016

AV1 GROUP, INC
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
AV1 Group, Inc.

We have audited the consolidated balance sheet of AV1 Group, Inc. (the "Company") as of December 31, 2016, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AV1 Group, Inc. as of December 31, 2016, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has not yet commenced significant operations, has very limited working capital, and has relied on its significant stockholders and executives to provide working capital. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Further information and management's plans in regard to this uncertainty are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Haskell + White LLP

HASKELL & WHITE LLP

Irvine, California
September 6, 2017

AV1 GROUP, INC.

Consolidated Balance Sheet
As of December 31, 2016

ASSETS	
Current assets	
Cash	$ 105
Total current assets	105
Domain names and website	25,000
Total assets	$ 25,105
LIABILITIES	
Current liabilities	
Accounts payable	$ 11,752
Convertible notes payable	109,335
Accrued interest and other liabilities	13,264
Total liabilities	134,351
Stockholders' equity (deficit)	
Common stock, 120,000,000 authorized; 101,203,117 issued and outstanding	1,012
Preferred stock, 5,000,000 authorized; 100,000 issued and outstanding	10
Paid-in capital	1,084,744
Treasury stock receivable	(500,000)
Accumulated deficit	(695,012)
Total stockholders' equity (deficit)	(109,246)
Total liabilities and stockholders' equity (deficit)	$ 25,105

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

AV1 GROUP, INC.

Consolidated Statement of Operations
For the Year Ended December 31, 2016

Revenue	$ 16,111
Cost of goods	14,669
Gross profit	1,442
Selling, general and administrative expense	195,824
Impairment of intangible assets	313,833
Operating loss	(508,215)
Interest expense	24,669
Net loss	$ (532,884)
Net loss per share, basic and diluted	$ (0.01)
Weighted average number of common shares outstanding	69,876,289

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

AV1 GROUP, INC.

Consolidated Statement of Stockholders' Equity
For the Year Ended December 31, 2016

	Common Stock		Preferred Stock		`	Treasury Stock	Accumulated	Stockholders ' Equity
	Shares	Amount	Shares	Amount	Paid in Capital	Receivable	Deficit	(Deficit)
Balances December 31, 2015	315,621	$ 3	100,000	$ 10	$ 108,990	$ -	$ (161,961)	$ (52,958)
Shares issued in Subsidiary	-	-	-	-	137,083	-	-	137,083
Special Stock Dividend	16,709,990	167	-	-	-	-	(167)	-
Debt Cancellation (620 Capital)	957,506	10	-	-	71,803	-	-	71,813
Debt Cancellation (Peralta)	1,200,000	12	-	-	11,988	-	-	12,000
Debt Cancellation (Neoventive)	7,000,000	70	-	-	630	-	-	700
Shares issued for consulting services	20,000	-	-	-	5,000	-	-	5,000
Shares issued for Lost In Space Acquisition	75,000,000	750	-	-	749,250	-	-	750,000
Less Shares returned	-	-	-	-	-	(500,000)	-	(500,000)
Net Loss	-	-	-	-	-	-	(532,884)	(532,884)
Balances December 31, 2016	101,203,117	$ 1,012	100,000	$ 10	$ 1,084,744	$(500,000)	$ (695,012)	$ (109,246)

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

AV1 GROUP, INC.

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2016

Operating Activities:	
Net loss	$ (532,884)
Adjustments to reconcile net loss to net cash used in operations:	
Stock issued for services	5,000
Impairment of intangible assets	313,833
Accounts payable	(2,857)
Accrued liabilities	13,264
Other	(6,623)
Net cash used in operating activities	(210,267)
Financing Activities:	
Proceeds from convertible notes payable	72,284
Proceeds from common stock sale of subsidiary	137,083
Net cash provided by financing activities	209,367
Net cash decrease for the year	(900)
Cash at beginning of the year	1,005
Cash at end of year	$ 105

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

AV1 GROUP, INC.

Notes to the Consolidated Audited Financial Statements

December 31, 2016

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

AV1 Group, Inc. ("Company") is an investment and holdings company. The Company was originally organized as a Florida corporation on April 23, 1998. Through its acquisition of Marijuana Incubator Group, Inc., a Wyoming corporation, on April 1, 2014, the Company is focused on identifying and acquiring investments in emerging growth companies in a number of sectors that include cannabis related technologies and ecommerce businesses. For more information visit: http://www.av1group.com.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's principal holdings include a 100% equity interest in Lost in Space, LLC, a Delaware limited liability company, and a 99.4% equity interest in DENT Group, Inc., a Wyoming corporation. The Company reports the results of its operations on a consolidated basis.

The Company consolidates the financial results of the entities in which it has controlling financial interests, and as a consequence, the assets and liabilities of all such entities are presented on a consolidated basis in the Company's financial statements. The portion of stockholders' equity and net income not owned by the Company is immaterial and therefore is not presented separately.

In the opinion of management, the accompanying consolidated balance sheet, statements of operations, stockholders' deficit and cash flows include all adjustments, consisting only of normal recurring items, for their fair presentation in conformity with accounting principles generally accepted in the United States ("US GAAP"). These consolidated financial statements are presented in United States dollars.

Property

The Company does not own or rent any property. The principal executive offices are located in San Diego, California, which is provided to the Company by significant shareholders free of charge until such time that the Company is able to generate cash flow to pay from operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and their reported amounts of sales and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Impairment of Assets

The Company reviews its acquisitions for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. US GAAP related to the impairment or disposal of long-lived assets requires that if impairment indicators exist and the expected undiscounted cash flows generated by the asset are less than its carrying amount, an impairment provision should be recorded to write down the carrying amount of the asset to its fair value. During the year ended December 31, 2016, the Company issued common stock valued at $750,000 to acquire domain names and websites. The purchase price was subsequently adjusted to $250,000. See Note 4 *Return of Company Stock.*

Revenue Recognition

The Company's revenue recognition policy is based on the revenue recognition criteria established under US GAAP. Revenue is recognized when the following conditions are met: (1) persuasive evidence of an arrangement (typically a signed contract or purchase order); (2) delivery has occurred; (3) the price is fixed and determinable; and (4) collectability is reasonable assured.

Stock Based Compensation

When applicable, the Company will account for stock-based payments to employees in accordance with US GAAP. Stock-based payments to employees include grants of stock, grants of stock options and issuance of warrants that are recognized in the consolidated statement of operations based on their fair values at the date of grant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock Based Compensation (continued)

The Company accounts for stock-based payments to non-employees in accordance with US GAAP. Stock-based payments to non-employees include grants of stock, grants of stock options and issuances of warrants that are recognized in the consolidated statement of operations based on the value of the vested portion of the award over the requisite service period as measured at its then-current fair value as of each financial reporting date.

Related Party Transactions

The Company has entered into the following related party transactions:

During the year ended December 31, 2016, a subsidiary of the Company, Dent Group, purchased product for resale from a related party company owned by an officer of the Company. The total purchase price was $13,230 and is recorded in cost of goods sold.

Financing has been provided by Six-Twenty Capital Management, LLC, who is a significant stockholder (see note 6).

Accounting Pronouncements

The Company assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company's financials properly reflect the change. Given the lack of operating activities, management has not devoted substantial effort into studying or identifying recent accounting pronouncements that may be applicable to the Company's future operations.

Income Taxes

The Company follows the liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax balances. Deferred tax assets and liabilities are

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Net Loss per Share

Basic loss per share includes no dilution and is computed by dividing loss available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive loss per share reflects the potential dilution of securities that could share in the losses of the Company. Because the Company does not have any potentially dilutive securities, the accompanying presentation is only of basic loss per share.

NOTE 3 – GOING CONCERN

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The net loss for the twelve months ended December 31, 2016 was $532,884 and the Company has very limited working capital and only $105 in cash. The Company does not have a source of revenue sufficient to cover its operation costs giving substantial doubt for it to continue as a going concern. The Company will be dependent upon the raising of additional capital through selling of common stock in order to implement its business plan, or merge with an operating company. Management is currently evaluating several investment opportunities which are at various stages of due diligence. Given the complex nature of such investigations and negotiations, management cannot predict when any future investments will be consummated. There can be no assurance that the Company will be successful in these efforts in order to continue as a going concern.

NOTE 4 – CAPITAL STOCK

The Company's authorized capital at December 31, 2016 is 120,000,000 common shares with a par value of $0.00001 per share, of which there are 101,203,098 shares issued and outstanding, and 5,000,000 preferred shares with a par value of $0.0001 per share, of which there are 100,000 shares issued and outstanding.

The Company completed a one-for-twenty thousand (1:20,000) reverse split of its outstanding common stock, as approved by a vote of its stockholders at a special meeting on February 3, 2016 with a Market Effective Date of March 30, 2016. All amounts presented are on a post-split basis.

On September 8, 2016, the Company issued 957,506 shares of common stock to shareholder Six-Twenty Capital Management, LLC at a conversion rate of $0.075 for cancelling $71,813 of notes payable and accrued interest. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On July 15, 2016, the Company completed and paid a special distribution to shareholders of record as of June 30, 2016. All shareholders of record on that date received 2 additional shares of common stock for every 10 shares held. A total of 16,709,990 shares of common stock were issued. The new shares were distributed in certificate form and bear a restrictive legend under Rule 144 of the Securities Act of 1933.

On June 29, 2016, the Company issued 10,000 shares to Kristine Lang and 10,000 shares to Skandar Rassas in exchange for the consulting fees. The shares issued were valued at a $5,000 based or closing price of the Company's stock as quoted on the OTC Pink Sheets. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

On May 6, 2016, the Company issued 1,200,000 shares of common stock to shareholder Erika Peralta at a conversion rate of $0.01 for cancelling $12,000 of notes payable. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

NOTE 4 – CAPITAL STOCK (CONTINUED)

On April 12, 2016, the Company issued 7,000,000 shares of common stock to Neoventive, LLC at a conversion rate of $0.00001 for cancelling $700 of notes payable. The $700 of obligation was originally owed to Six-Twenty Capital Management, LLC, who assigned the debt obligation to Neoventive, LLC. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933. Neoventive, LLC was also engaged by the Company to seek additional investment capital.

On April 4, 2016, the Company issued 75,000,000 shares of common stock for the acquisition of 100% of Lost in Space, LLC. The shares were issued to the selling members of Lost in Space, LLC. The shares were valued at $750,000 based on the closing price of the Company's stock as quoted on the OTC Pink Sheets. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933.

Return of Company Stock

Subsequent to December 31, 2016, the Company negotiated with the selling parties of the Lost in Space, LLC acquisition to return 50,000,000 shares of common stock from the originally issued 75,000,000 shares that were issued as the purchase price. Subsequent to the purchase date, the acquired assets were not as valuable as the sellers represented and they agreed to amend the purchase price through the return of the shares, which was completed in May 2017. As this condition existed as of the December 31, 2016 balance sheet date, the financial statements reflect the renegotiated purchase price of $250,000 and a receivable of the $500,000 shares to be returned as a contra equity account for treasury stock.

As of December 31, 2016, the Company has not granted any stock options and has not recorded any stock-based compensation, and has no stock options outstanding as there were no prior issuances since 2014.

NOTE 5 – INCOME TAXES

Management did not provide any current U.S. federal income tax provision or benefit for the current or any prior periods because the Company has experienced operating losses since inception. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that would impact the consolidated financial statements or related disclosures.

NOTE 5 – INCOME TAXES (CONTINUED)

Deferred income tax assets and liabilities are computed annually for differences between financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future 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 tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The net deferred tax assets and liabilities included in the financial statements consist of the following amounts at December 2016:

Deferred Tax Assets:	
Net operating loss carryforwards	$695,012
Deferred compensation	--
Other allowances	--
Total	695,012
Less valuation allowances	(695,012)
	$ -

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, historical taxable income including available net operating loss carryforwards to offset taxable income, and projected future taxable income in making this assessment.

The Company has federal operating losses of approximately $695,012 available at December 31, 2016 which, if not used, will begin to expire in 2028. Management believes that the Company has a similar amount of state operating losses available, however the expiration dates have not been determined as the Company has operated in more than one state. Past and future changes in the ownership of the Company may place limitations on the use of these net operating losses.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

As of December 31, 2016, the Company had outstanding convertible notes totaling $104,450 and accrued interest of $6,043 with interest at 10% per annum to Six-Twenty Capital Management LLC in exchange for cash received. During the year ended December 31, 2016, $72,284 was received from the convertible note. These notes and notes previously issued in prior periods are convertible at the holder discretion at par value of the Company's common stock. Due to the illiquid trading price of AV1 Group, Inc., common stock, which is trading near or below par value, the Company acknowledges that Six-Twenty cannot realize the value of the notes based upon the current conversion price, and therefore, as consideration for Six-Twenty's forbearance in collection matters the Company has negotiated and amended the conversion prices.

Six-Twenty, will not, at any time own, or convert into common stock an amount equal to or greater than 9.9% of the issued and outstanding common stock of AV1 Group, Inc., at the time of such conversion. The total notes payable obligation at December 31, 2016 is $106,835 and accrued interest is $13,264.

NOTE 7 – INTANGIBLE ASSETS

Intangible assets acquired in business combination are recognized based on the fair value of net assets acquired or the consideration provided. Indefinite lived intangible assets, representing trademarks and trade names, are not amortized unless their useful life is determined to be finite. Long-lived intangible assets are subject to amortization using the straight-line method. Indefinite lived intangible assets are tested for impairment annually as of December 31st of each year and more often if a triggering event occurs.

The Company acquired Lost in Space, Inc. and domain names and built out websites ready for commercial deployment, however management determined they did not have significant value on a go forward basis. Therefore, the carrying value was reduced to their estimated fair value of $25,000 at December 31, 2016 and the Company recognized an impairment charge of $313,833.

NOTE 8 –SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended December 31, 2016, the Company issued a stock dividend of 16,709,990 shares at a par value for $167, which was reflected in accumulated deficit.

During the year ended December 31, 2016, the Company converted $71,813 of outstanding debt and accrued interest into common stock.

During the year ended December 31, 2016, the Company converted $12,000 of note payable into common stock.

During the year ended December 31, 2016, the Company converted $700 of note payable into common stock.

During the year ended December 31, 2016, the Company issued $5,000 of common stock in exchange for services.

NOTE 9 –SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date of December 31, 2016, through the date which the financial statements were available to be issued. Based upon the review the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements.