

PERPETUAL INDUSTRIES INC.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021

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ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Perpetual Industries, Inc. and a Subsidiary

Financial Statements

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current assets		
Cash	\$ 3,471,679	\$ 589,724
Accounts receivable	9,058	-
Inventory	16,910	-
Deposits and prepaids	55,676	56,271
Accrued income	-	-
Total current assets	3,553,323	645,995
Property and equipment, net of accumulated depreciation	465,955	31,944
Intangible assets - net	639,486	-
Indefinite life asset	34,636	-
	1,140,077	31,944
Right of use assets	626,016	41,159
Note receivable and accrued interest, related party	-	167,984
Goodwill	2,039,015	-
Total non-current assets	3,805,108	241,087
Total assets	\$ 7,358,431	\$ 887,082
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,736,641	\$ 158,971
Accounts payable and accrued expenses - related party	258,111	30,441
Accrued legal fees	125,000	125,000
Notes payable and accrued interest - related party	1,365,028	-
Lease liability	122,644	41,159
Economic Injury Disaster Loan Program (EIDL) loan	3,036	-
Total current liabilities	3,610,460	355,571
Non-current liabilities:		
Lease liability, long term	503,393	-
Payroll protection program loan	207,316	-
Economic Injury Disaster Loan Program (EIDL) loan, long-term	151,918	-
Total liabilities	4,473,087	355,571
Commitments and contingencies (Note 19)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value, 100,000,000 shares authorized; Series B: 2,000,000 shares authorized; 2,000,000 and 0 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	200	-
Common stock, \$0.001 par value; 500,000,000 shares authorized 78,123,800 and 69,783,500 issued and outstanding at September 30, 2021 and December 31, 2020, respectively	78,122	69,983
Common stock to be issued	-	-
Additional paid in capital	14,986,489	12,528,118
Other accumulated comprehensive loss	(12,409)	(11,131)

Accumulated deficit	(12,167,058)	(12,055,459)
Total stockholders' equity	2,885,344	531,511
Total liabilities and stockholders' equity	<u>\$ 7,358,431</u>	<u>\$ 887,082</u>

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

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
UNAUDITED

	Three Months Ended		For the Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
Revenues				
Auction revenues	\$ 2,449,902	\$ -	\$ 3,699,777	\$ -
Vehicle sales	-	-	1,408,305	-
Cryptocurrency mining revenue	14,455	-	34,636	-
Total revenues	2,464,357	-	5,142,718	-
Cost of sales	(698,076)	-	(2,273,615)	-
Gross profit	1,766,281	-	2,869,103	-
Operating expenses				
Management service, related party	52,237	37,293	166,823	120,755
General and administrative expenses, related party	27,968	9,256	67,288	27,454
General and administrative expenses	1,051,752	56,515	1,488,292	187,257
Research and development	16,221	-	49,787	-
Stock-based compensation	-	-	327,086	-
Outsource consulting fees	19,409	45,500	779,952	145,854
Total operating expenses	1,167,587	148,564	2,879,228	481,320
Net operating income (loss)	598,694	(148,564)	(10,125)	(481,320)
Other income (expense)				
Interest expense, non-related party	(35,421)	(9,667)	(89,686)	(38,067)
Interest income (expense), related party	3,024	(8,000)	6,016	(32,000)
Interest income - related party	-	3,024	-	9,008
Other income	358	30	1,026	429
Loss on settlement of debt	-	-	(30,962)	-
Gain on settlement of debt	-	-	15,000	-
Foreign currency adjustments	21	(2,116)	(2,868)	(1,784)
Total other (expense)	(32,018)	(16,729)	(101,474)	(62,414)

Net income (loss)	566,676	(165,293)	(111,599)	(543,734)
Unrealized translation gain (loss)	<u>(3,024)</u>	<u>0</u>	<u>(1,278)</u>	<u>3,787</u>
Other comprehensive income (loss)	<u>\$ 563,652</u>	<u>\$ (165,293)</u>	<u>\$ (112,877)</u>	<u>\$ (539,947)</u>
Basic income(loss) earnings per share	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Basis weighted average common shares outstanding	<u>77,823,800</u>	<u>35,191,400</u>	<u>74,925,697</u>	<u>39,491,400</u>
Diluted income(loss) earning per share	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Diluted weighted average common shares outstanding	<u>65,881,733</u>	<u>65,881,733</u>	<u>99,716,568</u>	<u>65,881,733</u>

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

PERPETUAL INDUSTRIES INC. AND SUBSIDIARY
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 (UNAUDITED)

	<u>Preferred Stock</u>		<u>Common Stock</u>		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balances, December 31, 2020	-	\$ -	69,983,500	\$ 69,983	\$ 12,528,118	\$ (11,131)	\$ (12,055,459)	\$ 531,511
Issuance of Series B Preferred Stock for acquisition of Worldwide Group	2,000,000	200	-	-	199,800	-	-	200,000
Issuance of common stock for cash	-	-	2,720,000	2,720	1,165,280	-	-	1,168,000
Issuance of common stock for cash, committed in prior period	-	-	2,936,800	2,936	(2,936)	-	-	0
Issuance of common stock for acquisition of AutoGrafic software	-	-	1,000,000	1,000	509,000	-	-	510,000
Issuance of stock for services	-	-	888,100	888	234,100	-	-	234,988
Issuance of stock to satisfy accounts payable	-	-	300,000	300	74,700	-	-	75,000
Issuance of stock to satisfy accrued rent	-	-	295,400	295	62,705	-	-	63,000

Stock options	-	-	-	-	215,722	-	-	215,722
Net loss	-	-	-	-	-	(1,278)	(111,599)	(112,877)
Balances, September 30, 2021	<u>2,000,000</u>	<u>\$ 200</u>	<u>78,123,800</u>	<u>\$ 78,122</u>	<u>\$ 14,986,489</u>	<u>\$ (12,409)</u>	<u>\$ (12,167,058)</u>	<u>\$ 2,885,344</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements
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**PERPETUAL INDUSTRIES INC. AND SUBSIDIARY
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 (UNAUDITED)**

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balances, June 30, 2021	2,000,000	\$ 200	77,823,800	\$ 77,822	\$ 14,884,789	\$ (9,534)	\$ (12,733,734)	\$ 2,219,543
Issuance of stock for services	-	-	300,000	300	101,700	-	-	102,000
Net income for the three months ended September 30, 2021	-	-	-	-	-	(2,875)	566,676	563,801
Balances, September 30, 2021	<u>2,000,000</u>	<u>\$ 200</u>	<u>78,123,800</u>	<u>\$ 78,122</u>	<u>\$ 14,986,489</u>	<u>\$ (12,409)</u>	<u>\$ (12,167,058)</u>	<u>\$ 2,885,344</u>

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

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PERPETUAL INDUSTRIES INC.
CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>				
Balances, December 31, 2019	39,491,400	\$ 39,491	\$ 10,176,838	\$ (17,875)	\$ (11,153,085)	\$ (954,631)
Conversion of notes payable and accrued interest	256,680	257	12,577	-	-	12,834
Conversion of convertible notes payable and accrued interest	29,175,420	29,175	1,429,595	-	-	1,458,770
Net income (loss) for the nine months ended September 30, 2020	-	-	-	4,777	(543,734)	(538,957)
Balances, September 30, 2020	<u>68,923,500</u>	<u>\$ 68,923</u>	<u>\$ 11,619,010</u>	<u>\$ (13,098)</u>	<u>\$ (11,696,819)</u>	<u>\$ (21,984)</u>

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

PERPETUAL INDUSTRIES INC.
CONDENSED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>				
Balances, June 30, 2020	39,491,400	\$ 39,491	\$ 10,176,838	\$ (14,088)	\$ (11,531,526)	\$ (1,329,285)
Conversion of notes payable and accrued interest	256,680	257	12,577	-	-	12,834
Conversion of convertible notes payable and accrued interest	29,175,420	29,175	1,429,595	-	-	1,458,770
Net income (loss) for the three months ended September 30, 2020	-	-	-	990	(165,293)	(164,303)
Balances, September 30, 2020	<u>68,923,500</u>	<u>\$ 68,923</u>	<u>\$ 11,619,010</u>	<u>\$ (13,098)</u>	<u>\$ (11,696,819)</u>	<u>\$ (21,984)</u>

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONDENSED STATEMENTS OF CASH FLOWS
UNAUDITED

	For the Nine Months Ended September 30, 2021	September 30, 2020
Cash Flows from Operating Activities		
Net Loss	\$ (111,599)	\$ (543,734)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	107,226	4,215
Stock issued for services	234,988	-
Stock based compensation	215,722	-
Interest expense, related party	-	(9,008)
Gain on settlement of debt	30,962	-
(Loss) on settlement of debt	(15,000)	-
Changes in operating assets & liabilities		
Accounts receivable	27,537	-
Inventory	(6,600)	-
Prepaid expenses	13,395	-
Accounts payable and accrued expenses	1,372,903	137,773
Accounts payable and accrued expenses - related party	(5,841)	(98,607)
Deferred revenue	(10,950)	-
Right of use asset	21	-
Net cash provided by (used in) operating activities	<u>1,852,764</u>	<u>(509,361)</u>
Cash Flows from Investing Activities		
Acquisition of fixed assets	(293,782)	-
Cash acquired in business acquisition	30,201	-
Net cash used in investing activities	<u>(263,581)</u>	<u>-</u>
Cash Flows from Financing Activities		
Proceeds from the issuance of common stock	1,168,000	-
Proceeds from payroll protection program loan	124,772	-
Net cash provided by financing activities	<u>1,292,772</u>	<u>-</u>
Increase (Decrease) in Cash	2,881,955	(509,361)
Cash at beginning of period	589,724	624,547
Cash at end of period	<u>\$ 3,471,679</u>	<u>\$ 115,186</u>
Supplemental Cash Flow Information		
Cash paid for interest	<u>\$ 20,897</u>	<u>\$ 1,733</u>
Cash paid for income taxes	<u>\$ 0</u>	<u>\$ 0</u>
Acquisition of Worldwide Group for 2,000,000 shares of Series B Convertible Preferred Stock	<u>\$ 200,000</u>	<u>\$ 0</u>
Acquisition of AutoGrafic Software for \$200,000 in cash and \$510,000 in common stock	<u>\$ 710,000</u>	<u>\$ 0</u>

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

PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations

Perpetual Industries Inc. (the “Company”) was incorporated under the laws of Nevada in January 2005 and is headquartered in Auburn Indiana.

Perpetual is an emerging growth company with a diverse R&D portfolio, income-generating divisions and a wholly-owned subsidiary. The company is an incubator of disruptive, energy-efficient technologies and commercialization of niche products. The company’s divisions all work together to support innovation in a wide range of industries on a global scale including; renewable energy, custom software solutions, white goods, artificial intelligence, blockchain, cryptocurrency mining, graphic rendering, cloud computing and internet of things (“IoT”).

As a result of two strategic acquisitions in the first quarter of 2021 (Worldwide Auctioneers and AutoGrafic Software System), the company has created a new software division focused on the growing collector car community. The company is developing a unique offering in the world of collector cars by bringing Worldwide Auctioneers and the AutoGrafic Software System together in a synergistic platform designed to provide auto collectors, enthusiasts, restorers and lovers with a more interactive and connected experience.

Our leadership team and trusted industry partners have the resources to provide essential components needed to take projects from their initial stage through to commercialization and are consistently looking for ways to accelerate the company’s growth through the expansion our divisions.

We are currently focused on rapidly growing our blockchain division with a large-scale expansion of our cryptocurrency mining operations. Plans include major upgrades to our data center facility, acquisition of cryptocurrency mining processors, computer processing equipment, data storage, software, and additions to electrical infrastructure. This operational shift will direct the Company’s resources significantly into optimizing a high-performance digital asset mining center that aims to maximize the company’s return on assets and capitalize on the fast-growing blockchain ecosystem.

As we continue to grow in the area of cryptocurrency mining, we are developing our Green Energy Mining System (GEM) and expanding our expertise and knowledge of innovative technologies while continuing our research, development, and commercialization of the XYO Technology in key applications.

2. Summary of significant accounting policies

Basis of Presentation

The interim consolidated financial statements are condensed and should be read in conjunction with the Company’s latest annual financial statements; interim disclosures generally do not repeat those in the annual statements. The interim unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

Perpetual Industries, Inc. has one wholly-owned subsidiary: Worldwide Group, LLC (“Worldwide”). The consolidated financial statements, which include the accounts of the Company and its wholly-owned subsidiary, are prepared in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP). All significant intercompany balances and transactions have been eliminated. The consolidated financial statements, which include the accounts of the Company and its wholly-owned subsidiary, and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Financial Statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and presented in US dollars. The Company’s financial reporting year end is December 31.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant assumptions and estimates relate to the valuation of equity issued for services. Actual results could differ from these estimates.

Digital Currencies

Digital currencies are included in non-current assets in the consolidated balance sheets under indefinite life assets. Digital currencies are recorded at cost less impairment.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “*Revenue from contracts with customers*,” (Topic 606). Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company’s main revenue stream is from services. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company’s performance obligations are transferred to customers at a point in time, typically upon delivery.

Auction revenues

We generate the majority of our auction revenue from earning auction and ancillary fees from both buyers and sellers, in each case only upon a successful auction. Our auction revenue consists principally of revenue earned from facilitating auctions and arranging for the transportation of vehicles purchased in such auctions.

Vehicle sales

Revenue from vehicle sales are recognized upon delivery of the unit and completion / signing of the associated contract, and are recording the amount of revenue identified in the contract as the sales price of the vehicle.

Cryptocurrency mining revenues

Providing computing power in crypto asset transaction verification services is an output of the Company’s ordinary activities. The provision of computing power is the only performance obligation in the Company’s contracts with third party pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the Company successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the digital asset award received is determined using the average U.S. dollar spot rate of the related digital currency at the time of receipt.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances at a financial institution that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks related to cash.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers' financial condition. In limited instances, the Company may require an upfront deposit and, in most cases, the Company does charge interest on past due amounts. Management estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible and how recently payments have been received. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote.

Inventories

Inventories are stated at the lower of cost (first in, first out method) or net realizable value. Inventory quantities on hand are reviewed regularly and a write-down for excess and obsolete inventory is recorded based primarily on an estimated forecast of product demand, market conditions and planned design changes.

Property and Equipment

Property and equipment are initially recorded at cost and stated at cost less accumulated depreciation, using the straight-line method over their estimated useful lives of 3 to 7 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Common Stock

Shares of common stock have the following rights and privileges:

Voting – The holder of each share of common stock is entitled to one vote per share held. The holders of common stock shall be entitled to elect both members of the Board of Directors.

Dividends – Common stockholders are entitled to receive dividends, if and when declared by the Board of Directors, subject to the rights of holders of all classes of stock outstanding having priority rights as to dividends.

Stock Based Compensation Expense

On June 20, 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation* (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees (for example, service providers, external legal counsel, suppliers, etc.). Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. Meaning that companies will value all equity classified awards at their grant-date under ASC 718 and forgo revaluing the award after this date. The Company adopted ASU 2018-07 on April 1, 2019. The adoption of this standard did not have a material impact on the financial statements.

The Company applies the fair value method of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, "*Share Based Payment*", in accounting for its stock-based compensation. This standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock-based compensation at the market price for the Company's common stock and other pertinent factors at the grant date. During the nine months ended September 30, 2021, the Company recorded \$327,086 in stock based compensation expense.

Comprehensive Income (loss)

ASC Topic 220 (SFAS No. 130) establishes standards for reporting comprehensive income and its components. Comprehensive income or loss is defined as the change in equity during a period from transactions and other events from non-owner sources. The component of comprehensive loss totaling \$1,278 and a gain totaling \$3,787 for the nine months ended September 30, 2021 and 2020, respectively, related to foreign currency translation adjustment.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which consideration for the acquisition, including the fair value of any contingent consideration, is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed (both specific and contingent) at the acquisition date fair values as determined by management as of the acquisition date. The excess of the consideration over the assets acquired net of liabilities assumed is recognized as goodwill and as bargain purchase where the consideration is less than the assets acquired net of liabilities assumed.

Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets. Acquisition-related costs are reflected in selling, general and administrative expense in the consolidated statements of net and comprehensive income.

Long Lived Assets

Long-lived assets and certain identifiable intangible assets related to those assets are periodically reviewed for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. If the non-discounted future cash flows of the enterprise are less than their carrying amount, their carrying amounts are reduced to fair value and an impairment loss is recognized. The Company did not record any impairment losses during the nine months ended September 30, 2021 or 2020.

Fair Value of Financial Instruments

The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but it does provide guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include, accounts receivable, accounts payable and accrued expenses, notes payable, notes payable to related parties, related parties payable and Payroll Protection Program Loan and Economic Injury Disaster Loan Program (EIDL) loans. The Company has also applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on the Company's financial statements.

Foreign Currencies

The Company determined that its functional currency is the United States dollar since the U.S. dollar is the currency of the environment in which the Company primarily generates and expends cash. Foreign currency transaction gains and losses represent gains and losses resulting from transactions entered into in a currency other than the functional currency of the Company. These transaction gains and losses are included in results of operations. For the nine months ended September 30, 2021, the Company had a foreign currency translation gain of \$2,868 and for the nine months ended September 30, 2020 the Company had a foreign currency loss of \$1,784.

Income Taxes

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. Our consolidated federal tax return and any state tax returns are not currently under examination.

The Company has adopted FASB ASC 740-10, Accounting for Income Taxes, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually from differences between the financial statement and tax basis 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.

The Company has filed its U.S. tax returns for 2016 and 2017. The Company is in the process of catching up their tax return filings from 2018 to 2020. The returns that have not been yet filed would result in taxable losses and tax losses available to offset future taxable income. The Company has not determined the amount of the potential benefits for these tax losses, because at this time it is more likely than not that the benefits will not be realized.

Net Income (loss) Per Common Share

The Company computes loss per common share, in accordance with FASB ASC Topic 260, *Earnings Per Share*, which requires dual presentation of basic and diluted earnings per share. Basic income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period. Diluted income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding, plus the issuance of common shares, if dilutive, that could result from the exercise of outstanding stock options and warrants.

For the nine months ended September 30, 2021 and 2020, respectively, the following common stock equivalents were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive:

	Nine Months Ended September 30,	
	2021 (Shares)	2020 (Shares)
Series B Preferred Stock	2,000,000	-
Stock options	12,065,000	10,488,525
Warrants	21,000,000	21,000,000
Total	35,065,000	31,488,525

Segments

The Company determined its reporting units in accordance with ASC 280, “Segment Reporting” (“ASC 280”). Management evaluates a reporting unit by first identifying its’ operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated.

Management has determined that the Company has two consolidated operating segments and a non operating segment. The Company’s reporting segment reflects the manner in which its chief operating decision maker reviews results and allocates resources. The Company’s reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments.

Leases

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The updated guidance requires lessees to recognize lease assets and lease liabilities for most operating leases. In addition, the updated guidance requires that lessors separate lease and non-lease components in a contract in accordance with the new revenue guidance in ASC 606.

On January 1, 2019, the Company adopted ASU No. 2016-02, applying the package of practical expedients to leases that commenced before the effective date whereby the Company elected to not reassess the following: (i) whether any expired or existing contracts contain leases and; (ii) initial direct costs for any existing leases. For contracts entered into on or after the effective date, at the inception of a contract the Company assessed whether the contract is, or contains, a lease. The Company’s assessment is based on: (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether it has the right to direct the use of the asset. The Company will allocate the consideration in the contract to each lease component based on its relative stand-alone price to determine the lease payments.

Operating lease right of use (“ROU”) assets represents the right to use the leased asset for the lease term and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at the adoption date in determining the present value of future payments. Lease expense for minimum lease payments is amortized on a straight-line basis over the lease term and is presented on the statements of operations.

As permitted under the new guidance, the Company has made an accounting policy election not to apply the recognition provisions of the new guidance to short term leases (leases with a lease term of twelve months or less that do not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise); instead, the Company will recognize the lease payments for short term leases on a straight-line basis over the lease term.

Covid-19 Disclosure

The COVID-19 global pandemic may seriously negatively affect the Company’s operations and business. It is possible that this ongoing global pandemic may cause the Company to have to significantly delay or suspend its operations, which would likely result in a material adverse impact on its business and financial positions.

Furthermore, the Company may be unable to raise sufficient capital due to COVID-19’s effects on the general economy and the capital markets. If the Company is not able to obtain financing due to COVID-19, then it is highly likely that it will be forced to cease operations. Smaller companies such as Seafarer, who lack significant revenues, earnings and cash flows as well as who lack diversified business operations are particularly vulnerable to having to potentially cease operations due to the effects of COVID-19. If the Company were to be unable to raise capital and cease its operations then it would be very highly likely that the Company would not survive and lenders and investors would suffer a complete loss of all capital loaned to or invested in the Company.

Recent Accounting Pronouncements

On June 16, 2016, the FASB completed its Financial Instruments—Credit Losses project by issuing Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326). The new guidance requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts.

The new guidance; (i) eliminates the probable initial recognition threshold in current GAAP and, instead, reflects an organization’s current estimate of all expected credit losses over the contractual term of its financial assets, (ii) broadens the information that an entity can consider when measuring credit losses to include forward-looking information, (iii) increases usefulness of the financial statements by requiring timely inclusion of forecasted information in forming expectations of credit losses, (iv) increases comparability of purchased financial assets with credit deterioration (PCD assets) with other purchased assets that do not have credit deterioration as well as originated assets because credit losses that are expected will be recorded through an allowance for credit losses for all assets, (v) increases users’ understanding of underwriting standards and credit quality trends by requiring additional information about credit quality indicators by year of origination (vintage), and (vi) aligns the income statement recognition of credit losses, for available-for-sale debt securities, with the reporting period in which changes occur by recording credit losses (and subsequent changes in credit losses) through an allowance rather than a write down.

The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income. It affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

For public business entities that meet the definition of a U.S. Securities and Exchange (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other entities, it is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Early application is permitted. The Company will adopt beginning January 1, 2023.

The Company has considered all other recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its unaudited condensed consolidated financial statements.

Comparative Figures

Certain comparative figures have been arranged to conform to current period presentation.

3. Concentration of credit risks

The Company maintains accounts with financial institutions. All cash in checking accounts is non-interest bearing and is fully insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed the maximum coverage provided by the FDIC on insured depositor accounts. The Company believes it mitigates its risk by depositing its cash and cash equivalents with major financial institutions. At September 30, 2021 and December 31, 2020, the Company had \$3,054,226 in excess of FDIC insurance.

4. Accounts receivable and allowance for doubtful account

The Company has a policy of providing an allowance for doubtful accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. The Company's allowance policy is to provide for 10% of the accounts receivable balance at the period end or the accumulation of specific uncollectible receivables, whichever is higher. Account balances deemed to be uncollectible are charged to bad debt expense and included in the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of September 30, 2021, and December 31, 2020, the allowance for doubtful accounts amounted to \$0 and \$0 respectively. The current accounts receivable balance was \$9,058 and the Company expects to receive the full amount in November. As such the Company has elected to not record an allowance for this amount.

5. Deposits and prepaids

Deposits and prepaids as of September 30, 2021 and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
Employee advances	\$ 12,621	\$ -
Prepaid consulting fees	6,973	56,271
Other prepaids and security deposits	36,082	
Total	<u>\$ 55,676</u>	<u>\$ 56,271</u>

6. Property And Equipment

Property and Equipment consisted of the following at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Computer hardware	\$ 79,356	\$ 45,833
Mining equipment	145,740	-
Machinery & equipment	98,786	-
Furniture and fixtures	67,631	10,554
Trailer	23,244	23,244
Computers and peripherals	32,275	9,736
Leasehold improvements	113,059	-
	560,091	89,367
Less: Accumulated depreciation	(94,136)	(57,423)
Equipment - net	\$ 465,955	\$ 31,944

Depreciation expense was \$33,291 and \$4,215 for the nine months ended September 30, 2021 and 2020, respectively. Depreciation expense was \$7,666 and \$1,405 for the three months ended September 31, 2021 and 2020, respectively.

7. Intangible Assets

	September 30, 2021	December 31, 2020
AutoGrafic software system	\$ 710,000	\$ -
Less: accumulated amortization	(70,514)	-
Intangible assets - net	\$ 639,486	\$ -

Amortization expense was \$70,514 and \$0 for the nine months ended September 30, 2021 and 2020, respectively. The AutoGrafic software was purchased on March 31, 2021. See Note 10.

Estimated amortization expense for each of the next five years:

Fiscal year ended December 31, 2021	\$ 106,986
Fiscal year ended December 31, 2022	236,667
Fiscal year ended December 31, 2023	236,667
Fiscal year ended December 31, 2024	59,166
Fiscal year ended December 31, 2025	-
Fiscal year ended December 31, 2026	-
Total	\$ 639,486

8. Indefinite Life Asset - Digital Currencies

The Company has several cryptocurrency mining computers which perform mining transactions that earn commissions paid out in Ethereum (ETH) and Bitcoin. We are paid in ETH and Bitcoin and it is deposited into a crypto wallet located on the Blockchain. Because digital currencies do not meet the definition of cash, inventory, or financial assets in current accounting guidance, we have elected to treat them as indefinite-lived intangible assets. Digital currencies are included in non-current assets in the consolidated balance sheets under indefinite life assets. Digital currencies are recorded at cost less impairment. The carrying value of the digital currencies as of September 30, 2021 is \$34,636.

9. Operating lease right-of-use assets and operating lease liabilities

The Company leases 22,000 square feet of office space located at 2193 Rotunda Drive, Auburn IN 46706. The Company has a base rent of \$12,000 per month for a period of 60 months. The lease commencement date was July 1, 2021.

Operating lease right-of-use assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value is our incremental borrowing rate, estimated to be 7%, as the interest rate implicit in most of our leases is not readily determinable. Operating lease expense is recognized on a straight-line basis over the lease term. During the nine months ended September 30, 2021, the Company recorded \$21,000 as operating lease expense which is included in general and administrative expenses on the statements of operations.

Right-of- use assets are summarized below:

	September 30, 2021
Office lease	\$ 655,981
Less: accumulated amortization	(29,965)
Right-of-use assets, net	<u>\$ 626,016</u>

Operating lease liabilities are summarized below:

	September 30, 2021
Office lease	\$ 626,037
Less: current portion	(122,644)
Long term portion	<u>503,393</u>

Maturity of lease liabilities are as follows:	As of September 30, 2021
Year ending December 31, 2021	36,002
Year ending December 31, 2022	144,033
Year ending December 31, 2023	144,069
Year ending December 31, 2024	144,105
Year ending December 31, 2025	144,141
Year ending December 31, 2026	72,084
Total future minimum lease payments	<u>\$ 684,434</u>
Less imputed interest	(58,397)
PV of Payments	<u>\$ 626,037</u>

10. Asset Acquisition

On March 31, 2021 ('effective date'), the Company entered into an agreement to acquire the AutoGrafic Software System ("AutoGrafic") from Lavine Restorations, Inc. ("LRI"). AutoGrafic is a social application for hosting automotive promotion and preservation. The purchase price of the acquisition was \$710,000 payable as follows: (i) \$100,000 due on the effective date, (ii) \$100,000 paid in full over twelve months immediately following the effective date, (iii) 1,000,000 shares of the Company's common stock valued at \$0.30 per share transferred within 14 days from the effective date and (iv) 700,000 shares of the Company's common stock valued at \$0.30 per share in which delivery will be determined at a later date by the parties.

11. Business Acquisition

Worldwide Group, LLC.

On January 22, 2021, the Company completed its acquisition of all of the issued and outstanding units of Indiana-based Worldwide Group, LLC. (“Worldwide”), operating under the business name Worldwide Auctioneers, pursuant to a Membership Interest Purchase agreement (the “Agreement”). Pursuant to the Agreement, which was unanimously approved by the Company’s board of directors, Worldwide will operate independently under the Worldwide Auctioneers brand as a wholly-owned subsidiary of the Company.

Worldwide is a boutique auction company that specializes in the sale and acquisition of classic vintage motorcars at auction around the globe. They also offer an extensive range of personalized services to collectors, including private sales, appraisal, collection direction and consultancy, estate planning, and asset management. Worldwide is a leader in the Collector Car Auction industry with an impressive 20-year history and a talented team of experienced people. Worldwide houses a physical and virtual showroom, and a dedicated memorabilia division at its extensive headquarters located in Auburn, Indiana.

In connection with the agreement, the Company issued 2,000,000 shares of the Company’s Series B Preferred Stock valued at \$200,000 as consideration.

Consideration		
2,000,000 shares of Series B Preferred Stock	\$	200,000
Total consideration	\$	200,000
Fair values of identifiable net assets and liabilities:		
<i>Assets</i>		
Cash	\$	30,201
Accounts receivable		37,870
Deposits and prepaids		32,514
Inventory		10,310
Other receivables		22,209
Property and Equipment		169,414
Total assets		302,518
<i>Liabilities:</i>		
Accounts payable		53,804
Credit cards		48,835
Accrued liabilities		249,620
Deferred revenue		10,950
Loans payable		1,778,324
Total liabilities		2,141,533
Total fair value of identifiable net assets and liabilities	\$	(1,839,015)
Goodwill (consideration given minus fair value of identifiable net assets and liabilities)	\$	2,039,015

The goodwill calculated was \$2,039,015. Management is in the process of completing the full purchase price allocation. The current allocation is based on the preliminary fair value of the identifiable tangible assets and liabilities, as of the acquisition date.

12. Note receivable, related party

On July 3, 2019, the Company entered into a non-binding letter of intent with Worldwide Group, LLC (“seller”) to acquire an automotive marketing business in Indiana to be used in connection with its business. Rod Egan, a current director of Perpetual Industries, is a managing partner of Worldwide Group, LLC. The acquisition is contingent on the parties entering into a Purchase Agreement at a later date. In connection with the non-binding letter of intent, the Company agreed to loan Worldwide Group, LLC \$150,000 to finance the acquisition. The loan had a coupon rate of 8% and had a maturity date of January 3, 2021.

On January 22, 2021, as mentioned in Note 11, the acquisition was completed. As such the note receivable, related party is eliminated due to consolidation.

13. Accounts payable and accrued expenses

Accrued expenses as of September 30, 2021 and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
Accounts payable	\$ 382,651	\$ 42,283
Accrued interest	15,621	15,621
Accrued audit fees	59,067	59,067
Accrued rent	36,001	42,000
Accrued liabilities - AutoGrafic consideration	100,000	-
Accrued sales tax	91,653	-
Accrued payroll taxes	5,894	-
Accrued wages	18,009	-
Accrued seller proceeds	1,002,365	-
Credit cards	25,380	-
Total accounts payable and accrued expenses	1,736,641	158,971
Accounts payable and accrued expenses - related party	258,111	30,441
Accrued legal fees	125,000	125,000
Total	\$ 2,119,752	\$ 314,412

14. Payroll protection program and Economic Injury Disaster Loan Program (EIDL) loans

The Company, through its wholly-owned subsidiary, Worldwide, received loan proceeds in the amount of \$83,373 on May 3, 2020 and \$124,772 on March 15, 2021 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments for the first twelve months. The Company is currently in the process of applying for forgiveness but cannot be assured of forgiveness for all or part of the PPP borrowings. As of September 30, 2021, the balance of accrued interest related to these loans is \$829.

On July 13, 2020, the Company, through its wholly-owned subsidiary, Worldwide, received loan proceeds of \$149,900 under the Economic Injury Disaster Loans (EIDL). As of September 30, 2021, the balance of accrued interest related to these loans is \$3,480.

15. Related party transactions and commitments

Notes Receivable

On July 3, 2019, the Company entered into a non-binding letter of intent with Worldwide Group, LLC (“seller”) to acquire all of its outstanding units. Rod Egan, a current director of Perpetual Industries and managing partner of Worldwide Group, LLC. The acquisition is contingent on the parties entering into a Purchase Agreement at a later date. In connection with the non-binding letter of intent, the Company agreed to loan Worldwide Group, LLC \$150,000. The loan has a coupon rate of 8% and has a maturity date of January 3, 2021.

The balances of related party notes receivable is as follows:

	September 30, 2021	December 31, 2020
Notes receivable, related party*	\$ -	\$ 150,000
Interest receivable, related party	-	17,984
Total notes receivable – related party	\$ -	\$ 167,984

* On January 22, 2021, as mentioned in Note 12, the acquisition was completed. As such the notes receivable, related party is eliminated due to consolidation.

Notes Payable

The Company, through its wholly-owned subsidiary Worldwide has a loan with Osmium Holdings LLC (“Osmium”). Osmium owns greater than 10% of the Company’s common stock outstanding. The loans are as follows:

- On December 1, 2018, Worldwide received \$1,500,000 against a line of credit promissory note from Osmium. The interest rate is 7.5% and the maturity date is November 30, 2021. The principal balance of this loan was \$1,452,607 as of September 30, 2021. As of September 30, 2021, there is no accrued interest on this loan as the Company makes monthly interest payments.

Due to Related Parties

The members of Worldwide prior to its acquisition on January 22, 2021 were Twin Grille Holdings, LLC, which is controlled by Rod Egan (“TGH”) and Junebug Holdings, Inc., which is controlled by John Kruse (“JHI”). These entities are still considered related parties. The Company owes these entities for past services amounting to \$110,755 for TGH and \$121,527 for JHI.

Management Service

During the nine months ended September 30, 2021 and 2020, the Company accrued management fees owed to Brent Bedford, the Company’s Chairman, President and CEO in the amount of \$0 and \$59,755, respectively. During the nine months ended September 30, 2021, the Company paid Brent Bedford \$115,073 in management fees. Brent Bedford has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party.

During the nine months ended September 30, 2021 and 2020, the Company paid management fees to Trip Thomas, the Company’s CFO in the amount of \$20,250 and \$16,000, respectively. Trip Thomas has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party.

During the nine months ended September 30, 2021 and 2020, the Company paid management fees to Carl Dilley, the Company’s COO in the amount of \$31,500 and \$45,000, respectively. Carl Dilley has an oral agreement under which he provides management services through two private entities that he owns. The expenses are classified in the statement of operations as management service, related party. Carl Dilley resigned as of July 16, 2021 as COO and Director

General and Administrative Expenses

During the nine months ended September 30, 2021 and 2020, Shelley Bedford, a small shareholder of the Company and a relative of the Company's president, provided office management and administration support through a private entity that she owns amounting to \$50,344 and \$20,155, respectively. During the nine months ended September 30, 2021 and 2020, the Company also obtained network and website maintenance services from this private entity for \$1,251 and \$659 respectively. As of September 30, 2021 and December 31, 2020, the Company owed this small shareholder \$6,348 and \$2,604 respectively. During the nine months ended September 30, 2021 and 2020, Brent Bedford, Chairman, President and CEO, provided office space, storage, and internet services through a private entity that he owns, to the Company totaling \$15,693 and \$6,640, respectively.

Related party operating expenses were comprised of the following:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Management service – related party	\$ 166,823	\$ 120,755
General and Administrative Expense:		
Office management & administrative support	50,344	20,155
Rent	15,693	6,640
Network and website maintenance	1,251	659
Total general and administrative – related party	67,288	27,454
Total related party operating expenses	\$ 234,111	\$ 148,209

Related party other expense was comprised of the following:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Interest expense related party	\$ -	\$ (32,000)
Total other expense – related party	\$ -	\$ (32,000)

Accounts payable and accrued liabilities

The balance of accounts payable, related party was comprised of the following:

	As of September 30, 2021	Year Ended December 31, 2020
Plectrum Enterprises, Inc. (owned by Brent Bedford, CEO)	\$ 12,099	\$ 21,476
Brent Bedford, CEO	2,648	6,361
Flip Flop Studios (owned by Shelley Bedford, relative of CEO)	6,348	2,604
A-Frame Accounting & Advisory, Inc.	4,734	
Accrued wages (Junebug)	121,527	
Accrued wages (Twin Grille Holdings)	110,755	
Total accounts payable – related party	\$ 258,111	\$ 30,441

16. Reportable segments

The Company currently has one primary reportable geographic segment - United States. The Company has two reportable operating segments – Automobile (auctions and private vehicle sales), and Cryptocurrency mining. We also have included a Non-operating Corporate segment. All inter-segment revenues are eliminated.

Summary information with respect to the Company's operating segments is as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Revenue				
Automobile				
Service revenues	\$ 3,699,777	\$ -	\$ 2,449,902	\$ -
Vehicle sales	1,408,305	-	-	-
Cryptocurrency mining	34,636	-	14,455	-
Total revenue	<u>\$ 5,142,718</u>	<u>\$ -</u>	<u>\$ 2,464,357</u>	<u>\$ -</u>

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Loss (income) from operations				
Automobile	\$ 1,421,244	\$ -	\$ 1,069,045	\$ -
Cryptocurrency mining	34,636	-	14,455	-
Non-operating corporate	(1,466,005)	(481,320)	(484,806)	(148,564)
Total loss (income) from operations	<u>\$ (10,125)</u>	<u>\$ (481,320)</u>	<u>\$ 598,694</u>	<u>\$ (148,564)</u>

A reconciliation of the Company's consolidated segment operating income (loss) to consolidated earnings before income taxes is as follows:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Income (Loss) from operations	\$ (10,125)	\$ (481,320)	\$ 598,694	\$ (148,564)
Interest expense, non-related party	(89,686)	(38,067)	(35,421)	(9,667)
Interest income (expense), related party	6,016	(32,000)	3,024	(8,000)
Interest income - related party	-	9,008	-	3,024
Other income	1,026	429	358	30
Loss on settlement of debt	(30,962)	-	-	-
Gain on settlement of debt	15,000	-	-	-
Foreign currency adjustments	(2,868)	(1,784)	21	(2,116)
Loss from operations before income taxes	(101,474)	(62,414)	(32,018)	(16,729)
Income tax (expense) benefit	-	-	-	-
Net (loss) income	<u>\$ (111,599)</u>	<u>\$ (543,734)</u>	<u>\$ 566,676</u>	<u>\$ (165,293)</u>

	September 30,		September 30,	
	2021	2020	2021	2020
Depreciation and Amortization				
Automobile	\$ 23,178	\$ -	\$ 11,060	\$ -
Non-operating corporate	84,048	4,215	39,745	1,405
Total	<u>\$ 107,226</u>	<u>\$ 4,215</u>	<u>\$ 50,805</u>	<u>\$ 1,405</u>

	Nine Months Ended September 30,	
	2021	2020
Capital Expenditures		
Automobile	\$ 21,998	\$ -
Cryptocurrency mining	145,740	-
Non-operating corporate	126,044	-
Total	<u>\$ 293,782</u>	<u>\$ -</u>

	September 30,	December 31,
	2021	2020
Total Assets		
Automobile	\$ 4,937,218	\$ -
Cryptocurrency mining	145,740	-
Non-operating corporate	2,475,470	887,082
Eliminations	(199,997)	-
Total	<u>\$ 7,358,431</u>	<u>\$ 887,082</u>

17. Equity

Common Stock

Nine Months ended September 30, 2021

In connection with a Reg D-506(c) Common Stock Offering, the Company sold 2,720,000 common shares for \$1,168,000, or \$0.30 per share.

On April 8, 2021, the Company issued 2,866,800 shares as part of subscription agreements entered into during the year ended December 31, 2020.

On April 8, 2021, the Company issued 288,100 shares of common stock valued at \$77,588, for \$73,025 in services. As a result, the Company recorded a loss on extinguishment in the amount of \$4,563.

On April 20, 2021, the Company issued 70,000 shares of common stock as part of subscription agreements entered into during the year ended December 31, 2015.

On April 20, 2021, the Company issued 295,400 shares in satisfaction of \$63,000 in accrued rent.

On May 13, 2021, the Company issued 300,000 shares, valued at \$75,000, in satisfaction of \$90,000 in accounts payable. As a result, the Company recorded a gain on extinguishment in the amount of \$15,000.

In connection with the AutoGrafic software system purchase, the Company committed to issue 1,700,000 shares. On May 26, 2021, the Company issued 1,000,000 shares in connection with the agreement. As of September 30, 2021, the 700,000 shares remaining to be issued are classified in additional paid in capital to be issued.

On June 30, 2021, the Company issued 300,000 shares of common stock valued at \$55,200, for \$30,000 in services. As a result, the Company recorded a loss on extinguishment in the amount of \$25,200.

On September 30, 2021, the Company issued 300,000 shares of common stock valued at \$102,200, for \$30,000 in services.

Stock Options Issuance

On September 12, 2014, the Board of Directors adopted the Company's "2014 Stock Option Plan" (the "Plan") effective immediately. The maximum number of options issuable under the Plan is 15% of the Company's issued and outstanding shares at the time of any grant. If any shares of common stock subject to an award under the Plan are forfeited, expire, are settled for cash or are tendered by the participant, or withheld by the Company to satisfy any tax withholding obligation, then, in each case, the shares subject to the award may be used again for awards under the Plan to the extent of the forfeiture, expiration, cash settlement, or withholding. The stock option awards issuable under the Plan can be made up of non-statutory stock options only; the Plan does not contemplate incentive options. The Plan dictates that stock options will be granted for terms, prices, and quantities determined at the Board's discretion, with quantities being in multiples of 1,000 shares. Non-statutory stock options are available to independent contractors and consultants as well as to employees.

Options to purchase common stock were granted to directors and consultants as follows:

Grant Date	May 31, 2018	October 31, 2019	November 18, 2020	April 15, 2021
Options granted	4,900,000	450,000	700,000	1,090,000
Expiration date	May 31, 2021	October 31, 2022	November 18, 2023	April 15, 2024
Vesting Criteria	Immediate Vest	Immediate Vest	Immediate Vest	Immediate Vest
Grant date fair value	\$ 1,194,970	\$ 3,400	\$ 119,169	\$ 215,722

Optionees are precluded from selling, transferring or otherwise disposing of any Optioned Shares during the twelve months immediately following the grant of the Options, and shall be limited to a resale volume not exceeding 1% of the Company's issued and outstanding stock in any three-month period.

The Company valued these options using the Black-Scholes Model using inputs as detailed below:

Grant Date	May 31, 2018	October 31, 2019	November 18, 2020	April 15, 2021
Black-Scholes Inputs:				
Underlying price	\$0.03	\$0.03	\$0.20	\$0.27
Contractual strike price	\$0.10	\$0.10	\$0.10	\$0.25
Expected term	1.50 Years	1.50 Years	1.50 Years	1.50 Years
Market volatility:				
Equivalent Volatility	131.19%	125.25%	203.73%	41.25%
Interest rate	2.36%	1.53%	0.11%	0.16%

Grant Date	31-May-18
Black-Scholes Inputs:	
Underlying price	\$0.22
Contractual strike price	\$0.20
Expected term	3.50 - 4.50 Years
Market volatility:	
Equivalent Volatility	30.44% - 32.04%
Interest rate	0.40%

On March 31, 2021, the options to purchase 4,900,000 shares of common stock expired unexercised.

At September 30, 2021 and December 31, 2020, the Company had options outstanding to purchase a total of 3,990,000 and 7,800,000 shares of common stock under the Plan (the “Option Grant”), respectively. During the nine months ended September 30, 2021 the Company recorded \$327,086 in stock based compensation expense.

Warrants

As of September 30, 2021 and December 31, 2020, the Company had 21,000,000 and 21,000,000 warrants outstanding, respectively. The warrants, which were issued in 2018, were valued using a Black-Scholes Merton (“BSM”) model. The value of \$1,159,200 was recorded in additional paid-in capital.

18. Going Concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2021 and December 31, 2020, the Company had \$3,471,679 and \$589,724 in cash and \$57,137 in negative working capital and \$290,424 in working capital. For the nine months ended September 30, 2021 and 2020, the Company had net losses of \$111,599 and \$543,734, respectively. Continued losses may adversely affect the liquidity of the Company in the future. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has operating costs and expenses at the present time for development of its business activities. The Company, however, will be required to raise additional capital over the next twelve months to meet its current administrative expenses, and it may do so in connection with or in anticipation of possible acquisition transactions. This financing may take the form of additional sales of its equity securities loans from its directors and or convertible notes. There is no assurance that additional financing will be available, if required, or on terms favorable to the Company.

19. Commitments and Contingencies

The Company had no commitments or contingencies at September 30, 2021 and December 31, 2020.

20. Subsequent Events

On October 21, 2021, Perpetual ordered twenty (20) new Antminers (S19JPRO - 104TH) from Bitmain for use in its cryptocurrency mining operations.

On October 29, 2021, the Board of Directors approved a new designation of Preferred Stock in the Company designated as “Series A Preferred Stock”. There are 160 authorized shares of Series A Preferred Stock with a par value of \$0.0001 that are eligible for conversion into 100,000 Common Shares. A Holder of Series A Preferred Shares shall be entitled to receive dividends, if available, equal to its ratable ownership of Series A Preferred Shares multiplied by 18% of the total Net Profits from the Company’s GEM Sector 450 cryptocurrency mining activities for a minimum period of 36 months.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events; are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the section titled "Risk Factors" of our December 31, 2020 annual report. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Forward-Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," and "would" or the negatives of these terms or other comparable terminology.

You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Quarterly Report on Form 10-Q identify important factors, which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- The speculative nature of the business we intend to develop;
- Our reliance on suppliers and customers;
- Our dependence upon external sources for the financing of our operations, particularly given that there are concerns about our ability to continue as a "going concern;"
- Our ability to effectively execute our business plan;
- Our ability to manage our expansion, growth and operating expenses;
- Our ability to finance our businesses;
- Our ability to promote our businesses;
- Our ability to compete and succeed in highly competitive and evolving businesses;

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Organization

Perpetual Industries Inc. ("Perpetual or the Company") is a Nevada corporation formed on January 25, 2005 with a principal business address for its operations, research, and development activities located at 5634 Opportunity Blvd., Unit F, Auburn, Indiana, USA, 46706. Phone: 702-707-9811.

Perpetual has not been involved in any bankruptcy, receivership, or similar proceeding. There has been no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Perpetual Industries is a reporting issuer in the Canadian provinces of Alberta and British Columbia.

Perpetual Industries is an incubator for new and innovative ideas. The Company's sophisticated network of experts provide essential components to support innovative ideas that have the potential to impact and advance a wide range of industries on a global scale. Perpetual's team of business people have access to a vast international network of contacts and resources that enable the Company to provide essential components needed to take an idea from the initial stage through to commercialization.

Business

Perpetual is an emerging growth company with an impressive R&D portfolio, income-generating divisions and a wholly-owned subsidiary. The company is focused on the research and development of disruptive, energy-efficient technologies and commercialization of niche products. The company's divisions include; renewable energy, custom software solutions, white goods, artificial intelligence, blockchain, cryptocurrency mining, graphic rendering, cloud computing and internet of things ("IoT").

All research and development, and other work relating to its subsidiary and core divisions are performed internally at the company's Indiana facility.

R&D Portfolio:

XYO Mechanical Balancing Technology – This is a core division and key area of focus in the Company that includes research, development, and commercialization of new and innovative energy efficient products that delivers high-performance solutions that overcome challenges and inefficiencies that commonly impact rotating equipment, machinery, and devices.

WindSilo Vertical Axis Wind Turbine (VAWT) – The design of this proprietary turbine is engineered to enable much faster spin speeds and result in greater energy output by incorporating the XYO Technology.

XYO Washing Machine – Planning is underway to develop an OEM proprietary domestic washing machine design that integrates XYO Mechanical Balancers to dynamically compensate for variable mass imbalance during the spin cycle.

Green Energy Mining Solution (GEM) - Leveraging expertise and knowledge of environmentally friendly technologies, Perpetual is developing low cost, environmentally responsible energy solutions designed to power large-scale data center and blockchain mining operations. Incorporation of Masternodes, Proof of Stake, Proof of Work, and DApps are all part of our GEM System.

Subsidiaries and Divisions:

Perpetual Industries has recently closed two key acquisitions, which now form powerful synergistic subsidiaries and divisions of the company, increase its footprint across multiple rapidly growing markets and expand its diverse revenue streams. In addition, the company is working on the development of solutions that integrate the powerful capabilities of disruptive blockchain technology.

Worldwide Auctioneers - The Worldwide Group LLC, operating as Worldwide Auctioneers, is a U.S.- based boutique auction firm. This newly acquired division of Perpetual specializes in the sale and acquisition of classic vintage motorcars at auction around the globe. Worldwide has a successful 20-year track record and a talented leadership team focused on offering an extensive range of personalized services to collectors.

AutoGrafic Software System - AutoGrafic is a software-as-a-service ("SaaS") and social application that utilizes cutting-edge technology to host a myriad of capabilities for automotive promotion and preservation. The App targets global collector car and automotive enthusiasts who want a unique, multifaceted, interactive automotive experience that is focused on a visual-based social community, collection management, social events, auctions, insurance, research, preservation and historical documentation. AutoGrafic serves as an additional foundational component of Perpetual Industries' rapidly expanding blockchain division. The application is expected to greatly benefit Worldwide Auctioneers by bringing new innovation and technology to its customers and the overall collector car industry. Development of the AutoGrafic App is currently underway with a team of software programmers and designers to create the first beta version scheduled for release in the third quarter.

Blockchain - Perpetual Industries is developing decentralized applications and in-house blockchain tokens to support growth, sales and loyalty across all of its divisions that include DApps, digital coins, & tokens, loyalty programs, and smart contracts.

Comparative Figures

Certain comparative figures have been arranged to conform to current period presentation.

Related party transactions and commitments

Notes Receivable

On July 3, 2019, the Company entered into a non-binding letter of intent with Worldwide Group, LLC (“seller”) to acquire all of its outstanding units. Rod Egan, a current director of Perpetual Industries and managing partner of Worldwide Group, LLC. The acquisition is contingent on the parties entering into a Purchase Agreement at a later date. In connection with the non-binding letter of intent, the Company agreed to loan Worldwide Group, LLC \$150,000. The loan has a coupon rate of 8% and has a maturity date of January 3, 2021.

The balances of related party notes receivable is as follows:

	September 30, 2021	December 31, 2020
Notes receivable, related party*	\$ -	\$ 150,000
Interest receivable, related party	-	17,984
Total notes receivable – related party	\$ -	\$ 167,984

* On January 22, 2021, as mentioned in Note 4, the acquisition was completed. As such the notes receivable, related party is eliminated due to consolidation.

Notes Payable

The Company, through its wholly-owned subsidiary Worldwide has a loan with Osmium Holdings LLC (“Osmium”). Osmium owns greater than 10% of the Company’s common stock outstanding. The loans are as follows:

- On December 1, 2018, Worldwide received \$1,500,000 against a line of credit promissory note from Osmium. The interest rate is 7.5% and the maturity date is November 30, 2021. The principal balance of this loan was \$1,452,607 as of September 30, 2021. As of September 30, 2021, there is no accrued interest on this loan as the Company makes monthly interest payments.

Due to Related Parties

The members of Worldwide prior to its acquisition on January 22, 2021 were Twin Grille Holdings, LLC. which is controlled by Rod Egan (“TGH”) and Junebug Holdings, Inc., which is controlled by John Kruse (“JHI”). These entities are still considered related parties. The Company owes these entities for past services amounting to \$110,755 for TGH and \$121,527 for JHI.

Management Service

During the nine months ended September 30, 2021 and 2020, the Company accrued management fees owed to Brent Bedford, the Company’s Chairman, President and CEO in the amount of \$0 and \$59,755, respectively. During the nine months ended September 30, 2021, the Company paid Brent Bedford \$115,073 in management fees. Brent Bedford has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party.

During the nine months ended September 30, 2021 and 2020, the Company paid management fees to Trip Thomas, the Company’s CFO in the amount of \$20,250 and \$16,000, respectively. Trip Thomas has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party.

During the nine months ended September 30, 2021 and 2020, the Company paid management fees to Carl Dilley, the Company’s COO in the amount of \$31,500 and \$45,000, respectively. Carl Dilley has an oral agreement under which he provides management services through two private entities that he owns. The expenses are classified in the statement of operations as management service, related party. Carl Dilley resigned as of July 16, 2021 as COO and Director

General and Administrative Expenses

During the nine months ended September 30, 2021 and 2020, Shelley Bedford, a small shareholder of the Company and a relative of the Company's president, provided office management and administration support through a private entity that she owns amounting to \$50,344 and \$20,155, respectively. During the nine months ended September 30, 2021 and 2020, the Company also obtained network and website maintenance services from this private entity for \$1,251 and \$659 respectively. As of September 30, 2021 and December 31, 2020, the Company owed this small shareholder \$6,348 and \$2,604 respectively. During the nine months ended September 30, 2021 and 2020, Brent Bedford, Chairman, President and CEO, provided office space, storage, and internet services through a private entity that he owns, to the Company totaling \$15,693 and \$6,640, respectively.

Related party operating expenses comprised of the following:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Management service – related party	\$ 166,823	\$ 120,755
General and Administrative Expense:		
Office management & administrative support	50,344	20,155
Rent	15,693	6,640
Network and website maintenance	1,251	659
Total general and administrative – related party	67,288	27,454
Total related party operating expenses	\$ 234,111	\$ 148,209

Related party other income comprised of the following:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Interest expense related party	\$ -	\$ (32,000)
Interest income, related party	-	-
Total other income– related party	\$ -	\$ (32,000)

Accounts payable

The balance of accounts payable, related party comprised of the following:

	As of September 30, 2021	Year Ended December 31, 2020
Plectrum Enterprises, Inc. (owned by Brent Bedford, CEO)	\$ 12,099	\$ 21,476
Brent Bedford, CEO	2,648	6,361
Flip Flop Studios (owned by Shelley Bedford, relative of CEO)	6,348	2,604
A-Frame Accounting & Advisory, Inc.	4,734	
Accrued wages (Junebug)	121,527	
Accrued wages (Twin Grille Holdings)	110,755	
Total accounts payable – related party	\$ 258,111	\$ 30,441

RESULTS OF OPERATIONS

The following information represents our results of operations for the three months ended September 30, 2021 compared to the three months ended June 30 2020:

Three Months Ended September 30, 2021 compared to Three Months Ended September 30, 2020

Increase/(Decrease)	2021 vs. 2020			
	2021	2020	\$	%
	Unaudited	Unaudited		
Revenues				
Service revenues	\$ 2,449,902	-	2,449,902	100%
Cryptocurrency mining revenue	14,455	-	14,455	100%
Cost of sales	698,076	-	698,076	100%
Gross profit	1,766,281	-	1,766,281	100%
Operating expenses:				
Management services, related party	52,237	37,293	14,944	40%
General and administrative expenses, related party	27,968	9,256	18,712	202%
General and administrative expenses	1,051,752	56,515	995,237	1815%
Research and development	16,221	-	16,221	100%
Outsource consulting fees	19,409	45,500	(26,091)	(57%)
Total operating expenses	1,167,587	148,564	1,019,023	686%
Net operating income (loss)	598,694	(148,564)	747,258	(503%)
Other income (expense):				
Interest expense, non-related party	(35,421)	(9,667)	(25,754)	266%
Interest expense, related party	3,024	(8,000)	11,024	(138%)
Interest income - related party	-	3,024	(3,024)	(100%)
Other income	358	30	328	1093%
Foreign currency adjustments	21	(2,116)	2,137	(101%)
Total other income (expense)	(32,018)	(16,729)	(15,289)	91%
Net income (loss)	\$ 566,676	\$ (165,293)	\$ 731,969	(443%)

Revenues

The auction revenues of \$2,449,902 were derived from our wholly-owned subsidiary Worldwide which we acquired on January 22, 2021. The crypto-currency mining revenue in the amount of \$14,455 was derived during the three months ended September 30, 2021.

Cost of sales

The cost of sales of \$698,076 were directly related to the auction revenues, which were derived from our wholly-owned subsidiary Worldwide which we acquired on January 22, 2021.

Operating Expenses

Management services, related party

We incurred management fees in the amount of \$52,237 for the three months ended September 30, 2021 versus \$37,293 for the three months ended September 30, 2020, an increase of \$14,944. The increase was due to increased fees resulting from more involvement from our CFO and COO.

General and administrative expenses, related party

General and administrative expenses include all related party costs associated with office management and administration support, rent, internet, network and website maintenance. We incurred general and administrative expenses, related party of \$27,968 for the three months ended September 30, 2021 versus \$9,256 for the three months ended September 30, 2020.

General and administrative expenses

General and administrative expenses include all costs associated with professional, legal fees, insurance, rent, dues, subscriptions. We incurred general and administrative expenses of \$1,051,752 for the for the three months ended September 30, 2021 versus \$56,515 for the three months ended September 30, 2020. The increase of \$995,237 , or 1761% primarily relates to the activity picked up in the Worldwide acquisition.

Research and development

We incurred research and development expenses in the amount of \$16,221 for the three months ended September 30, 2021 versus \$0 for the three months ended September 30, 2020. The Research and development expenses related to cryptocurrency mining, and the WindSilo Wind Turbine.

Outsourced Consulting Fees

Outsourced consulting fees include fees paid to outside consultants. We incurred outsource consulting fees of \$19,409 for the for the three months ended September 30, 2021 versus \$45,500 for the three months ended September 30, 2020.

Other Income (Expense)

Other income (expense) consists of interest expense, non-related and related party, interest income, related party, other income and foreign currency adjustments. Other income (expense) for the three months ended September 30, 2021 was (\$32,018) versus (\$16,729) for the same period.

Net Income (Losses)

The Company had net income of \$566,676 for the three months ended September 30, 2021 versus a net loss of \$165,293 for the three months ended September 30, 2020. The net income was a result of picking up the Worldwide acquisition.

The following information represents our results of operations for the nine months ended September 30, 2021 compared to the nine months ended September 30 2020:

Increase/(Decrease)	2021 vs. 2020			
	2021	2020	\$	%
	Unaudited	Unaudited		
Revenues				
Auction revenues	\$ 3,699,777	-	3,699,777	100%
Private vehicle sales	1,408,305	-		
Cryptocurrency mining revenue	34,636	-	34,636	100%
Cost of sales	2,273,615	-	2,273,615	100%
Gross profit	2,869,103	-	2,869,103	100%
Operating expenses:				
Management services, related party	166,823	120,755	46,068	38%
General and administrative expenses, related party	67,288	27,454	39,834	145%
General and administrative expenses	1,488,292	187,257	1,301,035	124%
Research and development	49,787	-	49,787	100%
Stock-based compensation	327,086	-	327,086	100%
Outsource consulting fees	779,952	145,854	634,098	435%
Total operating expenses	2,879,228	481,320	2,397,908	205%
Net operating loss	(10,125)	(481,320)	471,195	-79%
Other income (expense):				
Interest expense, non-related party	(89,686)	(38,067)	(51,619)	136%
Interest expense, related party	6,016	(32,000)	38,016	100%
Interest income - related party	-	9,008	(9,008)	200%
Other income	1,026	429	597	300%
Loss on settlement of debt	(30,962)	-	(30,962)	400%
Gain on settlement of debt	15,000	-	15,000	500%
Foreign currency adjustments	(2,868)	(1,784)	(1,084)	61%
Total other income (expense)	(101,474)	(62,414)	(39,060)	63%
Net income (loss)	\$ (111,599)	\$ (543,734)	\$ 432,135	-76%

Revenues

The auction revenues of \$3,699,777 were derived from our wholly-owned subsidiary Worldwide which we acquired on January 22, 2021. The vehicle sales of \$1,408,305 was derived from our wholly-owned subsidiary Worldwide which we acquired on January 22, 2021. The crypto-currency mining revenue in the amount of \$34,636 was derived during the nine months ended September 30, 2021 as we added a new revenue stream.

Cost of sales

The cost of sales of \$2,273,615 were directly related to the auction revenues and vehicle sales of \$5,108,082, which were derived from our wholly-owned subsidiary Worldwide which we acquired on January 22, 2021.

Operating Expenses

Management services, related party

We incurred management fees in the amount of \$166,823 for the nine months ended September 30, 2021 versus \$120,755 for the nine months ended September 30, 2020, an increase of \$46,068. The increase was due to increased fees resulting from more involvement from our CFO and COO.

General and administrative expenses, related party

General and administrative expenses include all related party costs associated with office management and administration support, rent, internet, network and website maintenance. We incurred general and administrative expenses, related party of \$67,288 for the nine months ended September 30, 2021 versus \$27,454 for the nine months ended September 30, 2020.

General and administrative expenses

General and administrative expenses include all costs associated with professional, legal fees, insurance, rent, dues, subscriptions. We incurred general and administrative expenses of \$1,488,292 for the for the nine months ended September 30, 2021 versus \$187,257 for the nine months ended September 30, 2020. The increase of \$1,301,035, or 695% primarily relates to the activity picked up in the Worldwide acquisition.

Research and development

We incurred research and development expenses in the amount of \$49,787 for the nine months ended September 30, 2021 versus \$0 for the nine months ended September 30, 2020. The Research and development expenses related to cryptocurrency mining, and the WindSilo Wind Turbine.

Stock-based Compensation

We recorded stock-based compensation in the amount of \$327,086 for the nine months ended September 30, 2021 versus \$0 for the nine months ended September 30, 2020. This amount relates to amortization of stock issued in the fourth quarter of 2020 for future services and stock option compensation.

Outsourced Consulting Fees

Outsourced consulting fees include fees paid to outside consultants. We incurred outsource consulting fees of \$779,952 for the for the nine months ended September 30, 2021 versus \$145,854 for the nine months ended September 30, 2020. The increase of \$634,098, or 435% primarily relates to the activity picked up in the Worldwide acquisition.

Other Income (Expense)

Interest expense

We incurred interest expense in the amount of \$89,686 for the nine months ended September 30, 2021 versus \$38,067 for the nine months ended September 30, 2020.

Interest income, related party

In May 2019 we issued a \$150,000 note receivable. For the nine months ended September 30, 2020, we recorded \$6,016 in interest income from this note. The note became an intercompany loan upon the acquisition of Worldwide. As such there was no interest income recorded for the nine months ended September 30, 2021.

Foreign currency adjustments

During the nine months ended September 30, 2021 and 2020, we had foreign currency loss in the amount of \$2,868 and \$1,784, respectively.

Net Income (Losses)

The Company had a net loss of \$111,599 for the nine months ended September 30, 2021 versus \$543,734 for the nine months ended September 30, 2020.

Current Liquidity and Capital Resources for the Nine Months Ended September 30, 2021 compared to Nine Months Ended September 30, 2020

	2021	2020
Summary of Cash Flows:		
Net cash provided (used) by operating activities	\$ 1,852,764	\$ (509,361)
Net cash (used) by investing activities	(263,581)	-
Net cash provided by financing activities	1,292,772	-
Net increase (decrease) in cash and cash equivalents	2,881,955	(509,361)
Beginning cash and cash equivalents	589,724	624,547
Ending cash and cash equivalents	<u>\$ 3,471,679</u>	<u>\$ 115,186</u>

Operating Activities

Cash used provide by operations of \$1,852,764 during the nine months ended September 30, 2021 was primarily a result of our \$111,599 net loss reconciled with our net non-cash expenses relating to depreciation expense, stock issued for services, interest income, loss on settlement of debt, gain on settlement of debt and changes in operating assets and liabilities related to accounts payable and accrued liabilities. Cash used in operations of \$509,361 during the nine months ended September 30, 2020 was primarily a result of our \$543,734 net loss reconciled with our net non-cash expenses relating to depreciation expense and interest income, and changes in operating assets and liabilities related to accounts payable and accrued liabilities.

Future Capital Requirements

Our current available cash and cash equivalents are insufficient to satisfy our liquidity requirements. Our capital requirements for 2021 will depend on numerous factors, including management's evaluation of the timing of projects to pursue. Subject to our ability to generate revenues and cash flow from operations and our ability to raise additional capital (including through possible joint ventures and/or partnerships), we expect to incur substantial expenditures to carry out our business plan, as well as costs associated with our capital raising efforts and being a public company.

Our plans to finance our operations include seeking equity financing, debt financing, alliances, other partnership agreements, or other business transactions that would generate sufficient resources to ensure continuation of our operations. The Company is also expecting revenue growth from cryptocurrency mining, user subscriptions and in App purchases of AutoGrafic, private vehicle sales, and collector car auctions.

The sale of additional equity or debt securities may result in additional dilution to our shareholders. If we raise additional funds through the issuance of debt securities or preferred stock, these securities could have rights senior to those of our common stock and could contain covenants that would restrict our operations. Any such required additional capital may not be available on reasonable terms, if at all. If we were unable to obtain additional financing, we may be required to reduce the scope of, delay or eliminate some or all of our planned activities and limit our operations which could have a material adverse effect on our business, financial condition and results of operations.

On September 25, 2020, the company launched a Reg D 506(c) Offering of 10,000,000 shares of its common stock at \$0.30 per share for an aggregate offering amount of \$3,000,000. The shares will be offered to accredited investors only pursuant to Regulation D, Rule 506(c) under the Securities Act of 1933, as amended (the "Securities Act"). Although general solicitation is permitted under Rule 506(c) offerings, purchasers must be accredited investors and meet certain SEC verification requirements for validation of their "accredited investor" status. Perpetual intends to use the proceeds from the stock offering principally for general working capital purposes and for funding the operational plan for project development purposes, including but not limited to, general and administrative expenses, intellectual property acquisition costs, legal and accounting expenses, research & development expenses, and marketing expenses. The Reg D 506(c) Offering ended on June 30, 2021.

Seasonality

Our results and operations are not affected by seasonality.

Inflation

The amounts presented in our consolidated financial statements do not provide for the effect of inflation on our operations or financial position. The net operating losses shown would be greater than reported if the effects of inflation were reflected either by charging operations with amounts that represent replacement costs or by using other inflation adjustments.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Going Concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2021 and December 31, 2020, the Company had \$3,471,679 and \$589,724 in cash and \$57,137 in negative working capital and \$290,424 in working capital. For the nine months ended September 30, 2021 and 2020, the Company had net losses of \$111,599 and \$543,734, respectively. Continued losses may adversely affect the liquidity of the Company in the future. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has operating costs and expenses at the present time for development of its business activities. The Company, however, will be required to raise additional capital over the next twelve months to meet its current administrative expenses, and it may do so in connection with or in anticipation of possible acquisition transactions. This financing may take the form of additional sales of its equity securities loans from its directors and or convertible notes. There is no assurance that additional financing will be available, if required, or on terms favorable to the Company.

Future Financings

We will continue to rely on equity sales of our common shares in order to continue to fund our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

Critical Accounting Policies

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in the notes to the audited financial statements included in this Quarterly Report.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ from these good faith estimates and judgments.

Recently Issued Accounting Pronouncements

Refer to Note 2 - Significant Accounting Policies in the financial statements that are included in this Report.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company has established and maintains disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-14 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company and its subsidiaries is made known to the chief executive officer and chief financial officer of the Company by others within the Company or any of its subsidiaries, and such disclosure controls and procedures are reasonably effective to perform the functions for which they were established subject to the limitations of any such control system; the Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) any significant deficiencies or material weaknesses in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls and since September 30, 2020, the date of the most recent evaluation of such disclosure controls and procedures, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses. In addition, the Company has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with GAAP.

Readers should be advised that the Company qualifies as a "venture issuer" under Canadian securities laws, and therefore is not required to certify the design and evaluation of its Disclosure Controls and Procedures or Internal Controls over Financial Reporting in Canada ("DCP & ICFR"). Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DCP and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under applicable securities legislation.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act Rule 13a-15 or Rule 15d-15 that occurred in the quarter ending September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 5. OTHER INFORMATION

Director's Disclosure:

Together, the Company's six directors possess a multitude of business experience which significantly supports the company's strategic and innovative business endeavors.

It has been determined that the Company has two board members (Rod Egan and Thomas Ristow) that qualify as "independent" according to the term used in Item 7(d)(3)(iv)(B) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and as defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules. This was determined on the basis that they have no direct or indirect relationship with the Company, are not related by family, nor have they held an executive officer position within the Company within the last two years.

The Company has four directors (Brent Bedford, Carl Dille, Craig Dansereau, and Marlin Stutzman) that have been determined as "not independent" on the basis that they are active on a daily basis in the business of the Company, or hold executive officer positions currently in the Company, or have held executive officer positions within the last two years.

Director Independence:

The board of directors exercise independent judgements in a number of ways. Besides Marlin Stutzman and the officers, directors are not involved in the day to day operations or management of the Company and are not compensated, which maintains their independence as directors. If a decision or vote is needed that involves a conflict of interest with one of the directors, it is immediately declared and that director excuses themselves from the vote. If an issue arises in an area that a director does not possess the necessary expertise to make a decision, then that director is required to seek out independent counsel from an advisor or professional that can assist them with the information, advise, or opinion needed to make a good decision for the Company. This enables the director to make an informed decisions and complete appropriate due-diligence on the matters.

Reportable Events:

None.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

See Item 8 for Financial Statements.

All other Exhibits called for by Rule 601 of Regulation SK are not applicable to this filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

<u>Perpetual Industries Inc.</u>	
Registrant	
<u>Nov 18, 2021</u>	<u>/s/ Brent W. Bedford</u>
Date	Brent W. Bedford, Chairman of the Board, CEO, Principal Executive Officer, Principal Accounting Officer and Principal Financial Officer
<u>Nov 18, 2021</u>	<u>/s/ William Griffin Thomas, III ("Trip")</u>
Date	Trip Thomas, Chief Financial Officer
<u>Nov 18, 2021</u>	<u>/s/ Craig Dansereau</u>
Date	Craig Dansereau, Director
<u>Nov 18, 2021</u>	<u>/s/ Rod Egan</u>
Date	Rod Egan, Director
<u>Nov 18, 2021</u>	<u>/s/ Thomas Ristow</u>
Date	Thomas Ristow, Director
<u>Nov 18, 2021</u>	<u>/s/ Marlin Stutzman</u>
Date	Marlin Stutzman, Director
<u>Perpetual Industries Inc.</u>	
Registrant	

**Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants
Which Have Not Registered Securities Pursuant to Section 12 of the Act**