Winners, Inc. and Subsidiary
Consolidated Balance Sheets
(unaudited)

		December 31, 2021		December 31, 2020
Assets:				
Current assets				
Cash	$	871,048	$	218,356
Accounts receivable		24,788		
Subscription receivable		-		10,412
Prepaid expenses		48,666		41,500
Loan receivable		-		70,000
Total current assets		944,502		340,268
Total assets	$	944,502	$	340,268
Liabilities and Stockholders' Equity:				
Current liabilities				
Accounts payable and accrued expenses		4,662		13,001
Accrued expenses - related parties		-		56,250
Accrued interest		61,919		14,846
Line of credit - related party		-		5,230
Note payable, net of discount		-		393,088
Notes payable - related parties, net of discount		90,000		571,200
Total current liabilities		156,581		1,053,615
Total liabilities		156,581		1,053,615
Series A Convertible Preferred stock, par value $0.001, 10,000,000 shares authorized, 2,000,000 shares issued and outstanding as of December 31, 2021 and 2020, respectively		2,000		2,000
Series A Convertible Preferred stock - related parties, par value $0.001, 10,000,000 shares authorized, 7,000,000 shares issued and outstanding as of December 31, 2021 and 2020, respectively		7,000		7,000
		9,000		9,000
Stockholders' Equity				
Common stock, par value $0.0001, 4,000,000,000 shares authorized, 280,090,934 and 184,579,250, shares issued and outstanding as of December 31, 2021 and 2020, respectively		280,091		184,579
Common stock issuable, 0 and 961,550 shares as of December 31, 2021 and 2020, respectively		-		962
Additional paid-in capital		5,240,674		541,466
Non-controlling interest in subsidiary		(2,629)		(935)
Accumulated deficit		(4,739,215)		(1,448,419)
Total stockholders' equity		778,921		(722,347)
Total liabilities and stockholders' equity	$	944,502	$	340,268

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

Winners, Inc. and Subsidiary
Consolidated Statements of Operations
(unaudited)

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenues	$ 27,483	$ 7,384
Operating Expenses:		
General and administrative	2,779,355	1,102,053
Loss from Operations	(2,751,872)	(1,094,669)
Other (Income) Expense		
Gain on settlement of debt	-	(227,600)
Loss on sale of marketable securities	-	175,021
Amortization of debt discount	406,988	100,762
Amortization of debt issue costs	8,501	19,526
Loss on settlement of debt	-	17,501
Interest expense	55,129	23,935
Allowance for doubtful accounts	70,000	-
Total Other (Income) Expense, net	540,618	109,145
Loss before non-controlling interest	(3,292,490)	(1,203,814)
Non-controlling interest	(1,694)	(935)
Net loss	$ (3,290,796)	$ (1,202,879)
Net loss per share		
Basic and diluted	$ (0.01)	$ (0.01)
Weighted average common shares outstanding		
Basic and diluted	250,727,241	186,060,486

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

Winners, Inc. and Subsidiary
Consolidated Statements of Stockholders' Equity (Deficit)
(unaudited)

	Common Stock		Common Stock Issuable		Additional Paid in Capital	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2019	13,422,200	$ 13,422	-	$ -	$ (13,422)	$ (245,540)	$ -	$ (245,540)
Recapitalization	165,007,050	165,007	-	$ -	(166,868)	-	-	(1,861)
Issuance of common stock for services	1,150,000	1,150	-	-	6,900	-	-	8,050
Issuance of common stock for debt issue costs - related party	5,000,000	5,000	-	-	25,000	-	-	30,000
Issuance of stock for settlement of debt	-	-	961,550	962	61,539	-	-	62,501
Gain on debt forgiveness - related party	-	-	-	-	150,000	-	-	150,000
Contributed services - related party	-	-	-	-	300,000	-	-	300,000
Sale of subsidiary shares, net of offering costs of $26,704	-	-	-	-	178,317	-	-	178,317
Non-controlling interest	-	-	-	-	-	-	(935)	(935)
Net loss	-	-	-	-	-	(1,202,879)	-	(1,202,879)
Balance, December 31, 2021	184,579,250	$ 184,579	961,550	$ 962	$ 541,466	$ (1,448,419)	$ (935)	$ (722,347)
Issuance of common stock for private placement	75,000,000	75,000	-	-	3,675,000	-	-	3,750,000
Issuance of common stock for services	4,050,134	4,050	-	-	316,708	-	-	320,758
Issuance of stock for settlement of debt	15,500,000	15,500	-	-	759,500	-	-	775,000
Issuance of common stock payable	961,550	962	(961,550)	(962)	-	-	-	-
Cash paid as direct offering costs	-	-	-	-	(52,000)	-	-	(52,000)
Non-controlling interest	-	-	-	-	-	-	(1,694)	(1,694)
Net loss	-	-	-	-	-	(3,290,796)	-	(3,290,796)
Balance, December 31, 2021	280,090,934	$ 280,091	-	$ -	$ 5,240,674	$ (4,739,215)	$ (2,629)	$ 778,921

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

Winners, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,292,490)	$ (1,203,814)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount	406,988	100,762
Amortization of debt issue costs	8,501	19,526
Allowance for doubtful accounts	70,000	-
Gain on settlement	-	(227,600)
Loss on settlement of debt	-	17,501
Contributed services - related parties	-	300,000
Stock based compensation	320,758	8,050
Loss on sale of marketable securities	-	175,021
Effect of changes in:		
Accounts receivable	(24,788)	-
Subscription receivable	10,412	-
Prepaid expenses	(7,166)	(38,292)
Accounts payable and accrued expenses	(8,339)	20,412
Accounts payable and accrued expenses - related parties		61,020
Accrued interest payable - related parties		14,846
Net Cash Used in Operating Activities	(2,516,124)	(752,568)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired in reverse capitalization	-	2,000
Acquisition of marketable securities in debt settlement	-	(511,600)
Sale of marketable securities	-	511,600
Proceeds from sale of marketable securities	-	336,579
Net Cash Provided by (Used in) Investing Activities	-	338,579
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	995,000	-
Proceeds from private placement	3,750,000	-
Cash paid as direct offering costs	(52,000)	-
Proceeds from debt settlement	-	75,000
Cash paid in debt settlement	-	(200,000)
Proceeds from sale of subsidiary, net of offering costs of $26,704	-	167,905
Proceeds from line of credit - related party	-	1,000
Repayments on line of credit - related party	(61,480)	(75,420)
Proceeds from notes payable - related parties	-	665,000
Repayments on notes payable	(1,462,704)	(2,000)
Net Cash Provided by Financing Activities	3,168,816	631,485
Net Increase (Decrease) in Cash	652,692	217,496
Cash at Beginning of Year	218,356	860
Cash at End of Year	$ 871,048	$ 218,356
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 6,083	$ -
Income taxes paid	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of debt into common stock	$ 775,000	$ -

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

Note 1. Organization and Nature of Operations

Winners, Inc. and Subsidiary (collectively, "we", "us", "our" or the "Company") provides mobile and online sports advisory services, specifically, by operating in the sports wagering industry providing analysis, research, data, guidance, and handicapping advice to sports bettors.

The parent (Winners, Inc.) and subsidiary are organized as follows:

Company Name	Incorporation Date	State of Incorporation
Winners, Inc. ("Winners")	August 10, 2007	Nevada
VegasWinners, Inc. ("VWI")	August 31, 2018	Nevada

Winners, Inc. acquired approximately 97% of VegasWinners, Inc. on August 11, 2020 in a reverse recapitalization.

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company's supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly. To date, the Company has not experienced any significant economic impact due to COVID-19.

Reverse Recapitalization

On August 11, 2020, the Company merged with GoooGreen, Inc. ("GGI") (now known as Winners, Inc.), a then public shell corporation, with VWI becoming the surviving corporation, in a transaction treated as a reverse recapitalization. At the time of the transaction, Winners had insignificant operations relative to the VWI operations acquired and is considered the successor to substantially all of the operations of VWI.

In the reverse recapitalization, Winners issued 4,250,000 shares of Series A, convertible and mandatorily redeemable preferred stock in exchange for 4,250,000 shares of VWI common stock, representing a change in control of Winners. Due to the recapitalization, these shares are considered issued and outstanding as of the earliest period presented.

The transaction also required a recapitalization of Winners. Since VWI acquired a controlling voting interest, it was deemed the accounting acquirer, while Winners was deemed the legal acquirer. The historical financial statements of the Company are those of VWI and of the consolidated entities from the date of recapitalization and subsequent.

Note 1. Organization and Nature of Operations (continued)

The Company did not recognize goodwill or any intangible assets in connection with the transaction. Additionally, since the transaction is considered a reverse recapitalization with a public shell corporation, the presentation of pro-forma financial information was not required.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Liquidity, Going Concern and Management's Plans

These unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying unaudited consolidated financial statements, for the year ended December 31, 2021, the Company had:

- Net loss of $3,292,490; and
- Net cash used in operations was $2,516,124

Additionally, at December 31, 2021, the Company had:

- Accumulated deficit of $4,739,215
- Stockholders' equity of $778,921; and
- Working capital of $787,921

The Company has cash on hand of $871,048 at December 31, 2021. Although the Company intends to raise additional debt or equity capital, the Company expects to continue to incur significant losses from operations and have negative cash flows from operating activities for the near-term. These losses could be significant as sports advisory service revenues ramp up along with continuing expenses related to consulting, compensation, professional fees, brand marketing, development and regulatory are incurred.

The Company has incurred significant losses since its inception and has not demonstrated an ability to generate sufficient revenues to achieve profitable operations. There can be no assurancethat profitable operations will ever be achieved, or if achieved, could be sustained on a continuingbasis. In making this assessment we performed a comprehensive analysis of our current circumstances including: our financial position, our cash flows and cash usage forecasts for the period ended December 31, 2021, and our current capital structure including equity-basedinstruments and our obligations and debts. The Company has satisfied its obligations from the issuance of both debt and equity; however, there is no assurance that such successful efforts will continue.

Note 1. Organization and Nature of Operations (continued)

If the Company does not obtain additional capital, the Company will be required to reduce the scope of its business development activities or cease operations. The Company continues to explore obtaining additional capital financing sources and the Company is closely monitoring its cash balances, cash needs, and expense levels.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these unaudited consolidated financial statements are issued. The unaudited consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Accordingly, the unaudited consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Management's strategic plans include the following:

- Pursuing additional capital raising opportunities,
- Continuing to develop core operations that will generate revenues,
- Explore and execute prospective partnering opportunities; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Company and its majority owned subsidiary. All intercompany transactions and balances have been eliminated.

The noncontrolling interest in VWI is reported as non-controlling interest in total stockholders' equity (deficit) of our unaudited consolidated financial statements. This noncontrolling interest represents stockholders who acquired shares of VWI prior to the reverse recapitalization, but whose shares were not exchanged in the reverse recapitalization in August 2020.

Business Segments and Concentrations

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company manages its business as one reportable segment. Customers in the United States accounted for 100% of our revenues, however this could change as the Company grows as all services are provided online and advertised worldwide. We do not have any property or equipment outside of the United States.

Use of Estimates

Preparing 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 the disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Significant estimates during the year ended December 31, 2021 and 2020 include valuation of stock-based compensation, uncertain tax positions, and the valuation allowance on deferred tax assets.

Cash and Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less at the time of purchase to be cash equivalents. At times, such cash may be in excess of the Federal Depository Insurance Corporation ("FDIC") insured limits. As of December 31, 2021 and December 31, 2020, the Company had $0 in deposits, respectively, in excess of FDIC insured limits.

Original Issue Discount

For certain notes issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense in the unaudited consolidated statements of operations over the life of the debt.

Debt Issue Cost

Debt issuance cost paid to lenders, or third parties are recorded as debt discounts and amortized to interest expense in the unaudited consolidated statements of operations, over the life of the underlying debt instrument.

Revenue Recognition

Pursuant to ASC 606, we recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration or payment the Company expects to be entitled to receive in exchange for those goods or services. Our revenue is recognized by applying the following five steps: 1) identify the contracts with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) we satisfy a performance obligation.

We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit or financial information pertaining to the customer. If a contract includes multiple promised goods or services, we apply judgment to determine whether the promised goods or services are capable of being distinct and are distinct within the context of the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation. We determine the transaction price based on the consideration which we will be entitled to receive in exchange for transferring goods or services to our customer.

We recognize revenue at the time that the related performance obligation is satisfied by transferring the promised goods or services to our customer.

The Company earns nonrefundable fees on the date that a customer pays for sports advisory services with no further performance obligations required.

Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 7 40 *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2021 and December 31, 2020, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the unaudited consolidated financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were recorded during the year ended December 31, 2021 and 2020, respectively. As of December 31, 2021, taxyears 2017-2020 remain open for IRS audit.

Advertising Costs

The Company expenses the cost of advertising and marketing as incurred. Advertising and marketing costs for the year ended December 31, 2021 and 2020 totaled $662,533 and $113,947 respectively. The year over year increase is due to using podcasts as a form of marketing in 2021.

Common Stock Awards

The Company may grant common stock awards to non-employees in exchange for services provided. The Company measures the fair value of these awards using the fair value of the services provided or the fair value of the awards granted, whichever is more reliably measurable. The fair value measurement date of these awards is generally the date the performance of services is complete. The fair value of the awards is recognized on a straight-line basis as services are rendered. The share-based payments related to common stock awards for the settlement of services provided by non-employees is recorded in accordance with ASU 2018-07 (June 2018) on the unaudited consolidated statements of operations in the same manner and charged to the same account as if such settlements had been made in cash.

Basic and Diluted Earnings (Loss) per Share

Pursuant to ASC 260-10-45, basic loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the periods presented. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of convertible preferred stock,common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future.

The following potentially dilutive equity securities outstanding as of December 31, 2021 and 2020 were not included in the computation of diluted loss per common share because the effect would have been anti-dilutive:

	December 31, 2021	**December 31, 2020**
Series A, preferred stock (100:1 into common stock)	900,000,000	900,000,000
Total common stock equivalents	900,000,000	900,000,000

On November 30, 2020, the Company executed a 10 for 1 forward stock split. All share and per share amounts have been retroactively restated to the earliest period presented.

As of December 31, 2021 and December 31, 2020, respectively, the Company has sufficient authorized shares of common stock to settle any potential conversions of its common stock equivalents.

Series A, preferred stock is classified as a temporary equity on the unaudited consolidated balance sheets (See Note 8).

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recently Issued Accounting Pronouncement Not Yet Implemented

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which is required to be implemented for fiscal periods beginning after December 15, 2021. The provisions of the ASU seek to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. ASU 2016-02 requires that a lessee recognize assets and liabilities for all leases with lease terms of more than 12 months. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. Lessor accounting will remain largely unchanged except for changes to align lessor accounting with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company is currently evaluating the effect of this ASU on its unaudited consolidated financial statements.

Note 3. Revenue from Contracts with Customers

The Company had revenue from contracts with customers in the amount of $27,483 and $7,384 for theyears ended December 31, 2021 and 2020, respectively. All revenue was sports advisory service revenue and is recognized at the time of transfer of goods or services.

Note 4. Related Party Transactions

Notes Payable – Related Parties

On August 26, 2021, the Company entered into three notes payable with related parties. See Note 7 regarding information on these notes payable.

Consulting Agreements:

The Company has entered into an employment agreement with Wayne Allyn Root, effective August 11, 2020, to serve as the Chief Executive Officer and President of VWIN. The initial term is five years. Mr. Root is to receive a base salary of $150,000 per year with annual increase of 10% compounded annual on each prior annual salary. Additionally, Mr. Root is to receive 10% of the annual pre-tax profits of VWIN and 15% of paid advertising revenues directly introduced by Mr. Root. Mr. Root will also receive standard sports handicapping commission consistent with VWIN policy. Mr. Root's employment may be terminated by either VWIN or Mr. Root at any time and for any reason upon at least 60 days' advanced notice. Compensation for such termination will be as set forth in the Employment Agreement.

The Company has entered into an employment agreement with Thomas Terwilliger effective August 11, 2020 to serve as the Company's Chief Executive Officer and Chief Financial Officer for a term of three years at a rate of $1.00 per year.

The Company has entered into a Consulting Agreement with Parcae Capital Corporation, a company affiliated with Frank Magliochetti, one of our directors, pursuant to which Parcae has agreed to provide strategic and business development assistance for an initial period of three years for $10,000 per month plus 1,000,000 shares of the Company's Series A Convertible Preferred Stock.

The Company has entered into a Consulting Agreement with addendums with SH Fund LLC, a company affiliated with Thomas Terwilliger, our Chief Executive Officer, pursuant to which SH Fund has agreed to provide strategic and business development assistance for an initial period of three years for (a) a fee of $2,500 for August 2020, (b) a fee of $5,000 per month for September 2020 - December 2020 for work specified in the Addendum, (c) a fee of $4,000 per month for January 2021, and (d) a fee of $7,500 per month commencing February 2021 until termination of the Consulting Agreement plus 500,000 shares of the Company's Series A Convertible Preferred Stock.

The Company has agreements dated as of August 11, 2020 with each of its six directors, pursuant to which each of them has agreed to serve as a director without compensation with respect to services performed as directors subject to reimbursement for reasonable out-of-pocket expense in connection with the performance of their duties. The term as a director is until they are removed by the Company's stockholders, they resign or commit certain types of crimes.

Note 5. Loan Receivable

In 2019, the Company loaned $70,000 to a third party. The loan is unsecured and non-interest bearing. During the year ended December 31, 2021, the Company recorded an allowance for doubtful accounts of $70,000. The loan become past due on February 28, 2022.

Note 6. Line of Credit

On January 1, 2019, the Company executed a line of credit with the Company's CEO for up to $100,000. The company can draw down on the note through its maturity date of December 31, 2021, however, all principal and accrued interest must be repaid by the maturity date. The line of credit is unsecured and non-interest bearing. The line of credit had a balance of $0 and $5,230 as of December 31, 2021 and December 31, 2020, respectively.

Note 7. Notes Payable

Notes payable in the amount of $90,000 consist of the following three notes as of December 31, 2021.

The Company entered into a note payable to a related party on August 11, 2020 in the amount of $446,000 due August 11, 2021. The note payable was issued at a discount of face value in the amount of $48,000. The note payable is unsecured, but shall become immediately due and payable in the event of default. The current balance of this note is $0 at December 31, 2021.

The Company entered into a second note payable to a related party on November 6, 2020 in the amount of $200,000 with an interest rate of 10% due August 11, 2021. The note payable is unsecured, but shall become immediately due and payable in the event of default. The current balance of this note is $0 at December 31, 2021.

Note 7. Notes Payable (continued)

The Company entered into a third note payable to a related party on December 30, 2020 in the amount of $115,000 with an interest rate of 10% due August 11, 2021. The note payable is unsecured, but shall become immediately due and payable in the event of default. The current balance of this note is $90,000 at December 31, 2021.

As the first note payable is noninterest bearing and issued at a discount, imputed interest was recorded using an effective rate of 10.76%, the amount of the issued discount. There was no remaining balance of the discount at December 31, 2021 as the note was due on August 11, 2021. Current year amortization was $29,326, which is included in amortization expense on the unaudited consolidated statement of operations.

The full notes payable balance of $90,000 is past due on December 31, 2021.

The Company also held four additional notes payable with unrelated parties during 2021. The notes were issued with a combined principal value of $1,998,250. These four notes were extinguished in 2021 through repayments, issuance of stock in connection with debt settlement, and conversion of debt into common stock. These notes have no balance as of December 31, 2021.

Note 8. Series A, Convertible and Redeemable Preferred Stock

The Company's Series A, Convertible and Redeemable Preferred Stock ("Series A PS") have the following terms:

- 100,000,000 shares authorized
- Par value – $0.001
- Convertible – one hundred (100) shares of common stock for each one (1) share of preferred stock
- Dividends – para passu with common stock
- Voting - equivalent to the as converted number of common shares (100:1)
- Liquidation value – no stated value but para passu with common stock on an as converted basis Deemed liquidation provision relating to any reorganization, recapitalization, reclassification, consolidation or merger.
- Convertible – Automatic upon the later of (a) written consent of at least a majority of the then outstanding Series A preferred stock or (b) January 1, 2023.
- Anti-dilution rights – Ability to maintain a 90% interest on a fully-diluted basis of all common stock and related common stock equivalents for the period ending January 1, 2024.

There are 9,000,000 Series A preferred shares issued and outstanding. The total voting power of those shares is 900,000,000 votes.

In accordance with ASC topic 480, *Distinguishing Liabilities from Equity*, redeemable financial instruments should be classified as liabilities on the unaudited consolidated balance sheets. Shares are mandatorily redeemable if it is certain that the Company will redeem those shares by transferring cash or other assets. That certainty would exist if the issuer were required to redeem the shares on a contractual maturity date or upon an event that is certain to occur.

Note 9. Stockholders' Equity (Deficit)

The Company has one (1) class of common stock:

Common Stock

- 4,000,000,000 shares authorized
- Par value - $0.001
- Voting at 1 vote per share

Equity Transactions for the Year Ended December 31, 2021

Stock Issued for Cash and Subscription Receivable

The Company sold 75,000,000 shares of its common stock to various third parties for gross proceeds of $3,750,000 ($0.05/share). The Company incurred offering costs of $52,000 which were recorded as a reduction in paid in capital, resulting in net proceeds of $3,698,000.

There were proceeds of $10,412 that the Company was due from the crowd-funding offering occurring during 2020, which were collected in June 2021. These shares are issued and outstanding of VWI (noncontrolling interest).

Stock Issued for Services

The Company issued 4,050,134 shares of common stock for services rendered, having a fair value of $320,758 ($0.05 – $0.21/share), based upon the quoted closing trading price of the Company's common stock:, which was expensed, and included as a component of general and administrative expenses on the unaudited consolidated statements of operations.

Conversion of Debt into Common Stock

The Company issued 15,500,000 shares of common stock in connection with the conversion of $775,000 of notes payable ($0.05/share).

Equity Transactions for the Year Ended December 31, 2020

Stock Issued in Reverse Recapitalization

On August 11, 2020, the Company had a deemed issuance of 165,007,050 shares of common stock for the net equity in Winners totaling $1,861.

Note 9. Stockholders' Equity (Deficit) (continued)

Stock Issued for Services

The Company issued 1,150,000 shares of common stock for services rendered, having a fair value of $8,050 ($0.07/share), based upon the quoted closing trading price of the Company's common stock, which was expensed, and included as a component of general and administrative expenses on the unaudited consolidated statements of operations.

Stock Issued for Debt Issue Costs

In connection with a note issued to CLIS for $350,000, the Company issued 5,000,000 shares of common stock having a fair value of $30,000 ($0.06/share), based upon the quoted closing trading price of the Company's common stock (See Note 8).

Stock Issued in Debt Settlement

In connection with a debt settlement, the Company was required to issue 961,550 shares of common stock having a fair value of $62,501 ($0.065/share), based upon the quoted closing trading price of the Company's common stock. At December 31, 2020, the shares had not been issued by the Company and were classified as common stock issuable, however, these shares were issued in May 2021 (See Note 8).

Stock Issued for Cash – VWI

VWI sold 144,074 shares of its common stock to various third parties under a crowd-funding offering for gross proceeds of $205,021 ($1.42/share). The Company incurred offering costs of $26,704 which were recorded as a reduction in paid in capital, resulting in net proceeds of $178,317.

At December 31, 2020, there were proceeds of $10,412 that the Company was due from the crowd-funding offering, which were received in June 2021.

Contributed Services – Related Parties

The VWI's CEO paid four (4) Company directors an aggregate 200,000 shares for services rendered for the benefit of the Company, from his previously acquired common shares. The fair value of the common stock was $300,000 based upon the recent cash offering price of $1.50, which reflects the value of the common stock being sold in VWI under a crowdfunding offering.

Note 10– Commitments and Contingencies

Legal Matters

We are involved in certain legal proceedings that arise from time to time in the ordinary course of our business. Except for income tax contingencies, we record accruals for contingencies to the extent that our management concludes that the occurrence is probable and that the related amounts of loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. There are no legal proceeding currently pending.

Consulting Agreements

The Company has consulting agreements with various consultants and related party consultants with a service term ranging from 12 months up to 60 months. The following table summarizes the Company's future payments/commitments as of December 31, 2021:

Year ending December 31:		
2022	$	962,000
2023		552,000
2024		180,000
2025		105,000
Total minimum payments		1,694,000

A total of $1,506,000 of our future payments/commitments are due to related party consultants (see Note 4).

Note 11. Subsequent Events

The Company has evaluated events and transactions occurring subsequent to the unaudited consolidated balance sheet date of December 31, 2021, for items that should potentially be recognized or disclosed in these unaudited consolidated financial statements.

Subsequent to December 31, 2021, the Company entered into a stock purchase agreement whereby the Company purchased back 462,500 Series A preferred shares from a related party for the total sum of $100,000 on the following terms. Initially, $50,000 was paid within one day of execution of the agreement and the remaining balance of $50,000 shall be paid over 12 equal monthly installments of $4,166.67 commencing March 1, 2022. The preferred shares will be surrendered to the Company pro-rata as the payments are made.

On March 1, 2022, the Company entered into an employment agreement with Todd Kobrin to become the President of VegasWinners, Inc. The term of the agreement is for one year with a monthly compensation of $1,000.

On March 1, 2022, the Company entered into an employment agreement with Andy Scott to become the Chief Marketing Officer of VegasWinners, Inc. The term of the agreement is for one year with a monthly compensation of $1,000.

On March 7, 2022, the Company entered into consulting agreement with Next Play Digital, LLC to provide digital marketing management to VegasWinners, Inc. The term of the agreement is three months with a monthly management fee of $18,000.