

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

ALUF HOLDINGS, INC.

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551114

Annual Report

For the period ending December 31, 2022 (the “Reporting Period”)

Outstanding Shares

The number of shares outstanding of our Common Stock was:

633,039,162 as of March 13, 2023

633,039,162 as of December 31, 2022

Shell Status

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

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ “Change in Control” shall mean any events resulting in:

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

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

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

ALUF HOLDINGS, INC. – 07/14/2015 to PRESENT.

COREWAFER INDUSTRIES, INC. – 06/22/2012 to 07/14/2015

ACTION PRODUCTS INTERNATIONAL, INC. – 05/27/1988 to 06/22/2012

ACTION PACKETS, INC. – 01/07/1981 to 05/27/1988

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g., active, default, inactive):

NEVADA – ACTIVE

FLORIDA (Foreign Corp) – ACTIVE

FLORIDA (Past domicile) – INACTIVE/MERGER

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

None

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

None

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

4801 S University Drive, Suite 227, Davie, FL 33328

The address(es) of the issuer's principal place of business:

x Check if principal executive office and principal place of business are the same address:

Same as above

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Broadridge Financial Solutions, Inc.
Phone: (631) 392-5845
Email: Mariana.Villada@broadridge.com
Address: 51 Mercedes Way, Suite 1300
Philadelphia, PA 11717

Publicly Quoted or Traded Securities:

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

Trading symbol:	<u>AHIX</u>	
Exact title and class of securities outstanding:	<u>COMMON STOCK</u>	
CUSIP:	<u>022167308</u>	
Par or stated value:	<u>\$.001.</u>	
Total shares authorized:	<u>900,000,000</u>	<u>as of date: 12-31-2022.</u>
Total shares outstanding:	<u>633,039,162</u>	<u>as of date: 12-31-2022</u>
Total number of shareholders of record:	<u>58</u>	<u>as of date: 12-31-2022</u>

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

N/A

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>Preferred A</u>	
CUSIP (if applicable):		
Par or stated value:	<u>0.001</u>	
Total shares authorized:	<u>175,000</u>	<u>as of date: 12-31-2022</u>
Total shares outstanding (if applicable):	<u>175,000</u>	<u>as of date: 12-31-2022</u>
Total number of shareholders of record (if applicable):	<u>1</u>	<u>as of date: 12-31-2022</u>

Exact title and class of the security:	<u>Preferred B</u>	
CUSIP (if applicable):		
Par or stated value:	<u>0.001</u>	
Total shares authorized:	<u>99,821,995</u>	<u>as of date: 12-31-2022</u>
Total shares outstanding (if applicable):	<u>80,124,805</u>	<u>as of date: 12-31-2022</u>
Total number of shareholders of record (if applicable):	<u>28</u>	<u>as of date: 12-31-2022</u>

Exact title and class of the security:	<u>Preferred D</u>	
CUSIP (if applicable):		
Par or stated value:	<u>0.001</u>	
Total shares authorized:	<u>3,001</u>	<u>as of date: 12-31-2022</u>
Total shares outstanding (if applicable):	<u>3,001</u>	<u>as of date: 12-31-2022</u>
Total number of shareholders of record (if applicable):	<u>1</u>	<u>as of date: 12-31-2022</u>

Exact title and class of the security:	<u>Preferred E</u>	
CUSIP (if applicable):		
	<u>0.001</u>	
Total shares authorized:	<u>10</u>	<u>as of date: 12-31-2022</u>
Total shares outstanding (if applicable):	<u>4</u>	<u>as of date: 12-31-2022</u>
Total number of shareholders of record (if applicable):	<u>2</u>	<u>as of date: 12-31-2022</u>

Security Description:

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

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

Each shareholder has the right to one vote per each share of common stock held by the shareholder. There are currently no dividends being paid and there are no preemptive rights.

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

Series A Preferred

(a) **Dividends.** The holders of the Series A Preferred Stock shall be entitled to Receive dividends, if and when declared by the Board of Directors for distribution to its holders of Common Stock, which shall be distributed ratably among the holders of the Series A Preferred Stock, such other series of Preferred Stock as are constituted as similarly participating, and the Common Stock, with each share of Series A Preferred Stock being deemed, for such purpose, to be equal to the number of shares of Common Stock, including fractions of a share, into which each share of Series A Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(b) **Liquidation Preference.** After the payment of all preferential amounts required to be paid to the holders of any class or series of stock ranking senior to the Series A Preferred Stock in respect of liquidation that may be authorized from time to time, (the "Senior Liquidation Stock"), upon the dissolution, liquidation, or winding up of the Corporation, all of the remaining assets and funds of the Corporation available for distribution to its holders of Common Stock shall be distributed ratably among the holders of the Series A Preferred Stock, such other series of Preferred Stock as are constituted as similarly participating, and the Common Stock, with each share of Series A Preferred Stock being deemed, for such purpose, to be equal to the number of shares of Common Stock, including fractions of a share, into which such share of Series A Preferred Stock is convertible immediately prior to the close of business on the business day fixed for such distribution.

(c) **Voting Rights.** Except as otherwise required by law, the holder of shares of Series A Preferred Stock shall not have the right to vote on matters that come before the shareholders.

(d) **Convertible Rights.** Subject to and in compliance with the provisions of this paragraph (f), the holders of the Series A Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

(i) *Right to Convert.*

(A) Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into one (1) (the “Conversion Rate”) fully paid and nonassessable share of common Stock. Such Conversion Rate shall be subject to adjustment as provided herein.

(B) In no event, at any time that the Corporation has any class of its securities registered under Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”). Shall a holder of shares of Series A preferred Stock be entitled to convert any shares of Series A Preferred Stock in excess of that number upon conversion of which the sum of (i) the number of shares of Common Stock beneficially owned by such holder (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unconverted shares of Series A Preferred Stock owned by the holder and the unexercised or unconverted portion of any other securities of the Corporation subject to a limitation on exercise or conversion analogous to the limitation contained herein) and (ii) the number of shares of Common Stock issuable upon conversion of shares of Series A Preferred stock with respect to which the determination described herein is being made, would result in the beneficial ownership by such holder of more than 9.99% of the outstanding shares of Common Stock of the Corporations. For purposes of this paragraph, beneficial ownership shall be determined in accordance with Section 13(d) of Exchange Act and Regulation 13D-G thereunder, except as otherwise provided in the parenthetical of clause (i) of the preceding sentence. Such holder may waive the limitations provisions of this paragraph upon not less than 61 days prior notice to the Corporation, and the provisions of this paragraph shall continue to apply until such 61st day (or such later date as may be specified in such notice of waiver). No conversion in violation of this paragraph, but otherwise in accordance herewith, shall affect the status of the Common Stock issued upon such conversion as validly issued, fully paid and nonassessable.

(ii) *Mechanics of Conversion.* In order to convert shares of Series A Preferred Stock into shares of Common Stock, the holder shall surrender the certificate or certificates for such shares of Series A Preferred Stock at the office of the transfer agent (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares represented by such certificate or certificates. Such notice shall state such holder’s name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form reasonably satisfactory to the Corporation, duly executed by the registered holder or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent of such certificates and notice (or by the Corporation if the Corporation serves as its own transfer agent) shall be the time of conversion (the “Conversion Time”), and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, but not later than five (5) business days after the Conversion Time, issue and deliver at such office to such holder, or to its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled.

(iii) *No Impairment.* The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this paragraph (f) and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(iv) *Adjustment for Stock Splits and Combinations.* If the Corporation shall at any time, or from time to time after the date this Certificate was filed with the Florida Secretary of State (the “Original Issue Date”), effect a subdivision of the outstanding Common Stock, the Conversion Rate in effect immediately prior

thereto shall be proportionately decreased, and conversely, if the Corporation shall at any time from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Rate then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph (f)(iv) shall become effective at the close of business on the date the subdivisions or combination becomes effective.

(v) *Adjustment for Reclassification Exchange or Substitution.* If the Common Stock issuable upon the conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this paragraph (f)), then and in each such event the holder of each share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(vi) *Reorganization, Mergers, Consolidations or Sales of Assets.* If at any time or from time to time there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares provided for elsewhere in this paragraph (f)) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the Corporation's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the holders of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such Series A Preferred Stock, the number of shares of stock or other securities or property of the Corporation of the successor corporation resulting from such merger or consolidation or sale, to which a holder of Common Stock deliverable upon conversion would have been entitled upon such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this paragraph (f) with respect to the rights of the holders of the Series A Preferred Stock after the reorganization, merger, consolidation, or sale to the end that the provisions of this paragraph (f) (including adjustment of the Conversion Rate then in effect and the number of shares purchasable upon conversion of the Series Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

(vii) *Notices of Record Date.* In the event of (A) any taking by the Corporation of a record of the holders of any class or series of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or (B) any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the corporation or any transfer of all or substantially all of the assets of the Corporation to any other corporation, entity or person, or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series A Preferred Stock at least ten (10) business days prior to the record date specified therein, a notice specifying (1) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (2) the date on which any such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up is expected to become effective and (3) the time, if any is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares, of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, dissolution, liquidation or winding up.

(viii) *Fractional Shares.* No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall round up to the nearest whole number.

(ix) *Reservation of Stock Issuable Upon Conversion.* The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred Stock, Five Hundred Thousand (500,000) shares of Common Stock, and if at any time the number of all the then outstanding shares of Series A Preferred Stock, the Corporation will

take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(x) *Notices.* Any notice required by the provisions of this paragraph (f) to be given to the holders of shares of Series A Preferred Stock shall be deemed given (A) if deposited in the United States mail, postage prepaid, or (B) if given by any other reliable or generally accepted means (including by facsimile or by a nationally recognized overnight courier service), in each case addressed to each holder of record at his address (or facsimile number) appearing on the books of the Corporation.

(xi) *Payment of Taxes.* The Corporation will pay all transfer taxes and other governmental charges that may be imposed in respect of the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock.

(xii) *Certificate as to Adjustments.* Upon the occurrence of each adjustment or readjustment of the Conversion Rate pursuant to this paragraph (f), the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) business days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based and shall file a copy of such certificate with its corporate records. The Corporation shall, as promptly as reasonably practicable after the written request at any time by any holder of Series A Preferred Stock (but in any event not later than ten (1-) days thereafter), furnish or cause to be furnished to such holder a similar certificate setting forth (A) such adjustments and readjustments, (B) the Conversion Rate then in effect, and (C) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Series A Preferred Stock.

(e) No Re-issuance of Preferred Stock. Any shares of Series a Preferred Stock acquired by the Corporation by reason of purchase, conversion or otherwise shall be canceled, retired and eliminated from shares of Series A Preferred Stock that the Corporation shall be authorized to issue. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set for the in the Articles of Incorporation or in any amendment thereto creating a series of Preferred Stock or any similar stock or as otherwise required by law.

(f) Severability. If any right, preference or limitation of the Series A Preferred Stock set forth herein is invalid, unlawful or incapable of being enforced by reason of any rule, law or public policy, all other rights, preferences and limitations set forth herein that can be given effect without the invalid, unlawful or unenforceable right, preference or limitation shall nevertheless remain in full force and effect, and no right, preference or limitation herein shall be deemed dependent upon any other such right, preference or limitation unless so expressed herein.

Series B Preferred

(a) Voting Rights. The holders of shares of Series B Stock shall vote on an as converted basis of Common Stock and holders of any other class or series of capital stock entitled to vote with holders of Common stock, as a single class on all matters presented to a vote of the holders of Common Stock. The Series B Stock shall also vote as a class as and to the extent required by law and/or otherwise provided herein.

(b) Dividends and Distributions. At the sole election of the Board, the Board may, at any time and from time to time, declare dividends on the Series B Stock. Such dividends may be paid, at the sole election of a majority of the Board, either in (i) cash, (ii) shares of Common Stock, (iii) shares of Series B Stock, (iv) shares of any other equity securities of the Company, or (v) any combination of the foregoing, provided that funds and/or equity securities are legally available to pay such dividends. If the Company elects to pay dividends in shares of Common

Stock, Series B Stock, and/or any other equity securities of the Company ("**PIK Dividends**"), such dividends shall be paid in full shares only, with any shares to be rounded up to a full share for any fractional share. Dividends declared by the Board of Directors may be paid on any date fixed by the Board to holders of record of shares of the Series C Preferred as they appear on the Company's stock register at the close of business on the record date (the "**Record Date**"). The Record Date, which shall not be greater than sixty (60) days nor less than ten (10) days before payment of dividends for such Record Date, shall be fixed by the Board.

No dividend payment shall be made on or with respect to any shares of Junior Stock unless, prior thereto, all declared and unpaid dividends on any shares of Series B Stock shall be paid on all then outstanding shares of Series B Stock and/or any then outstanding shares of Parity Stock.

In addition to any other dividends that a holder of shares of Series B Stock is entitled to pursuant to this Section 4 or otherwise, holders of Series B Stock shall be entitled to receive dividends on an as converted basis when, if and as declared by the Board of Directors for distribution to the Common Stock from time to time, only when, as and if declared by the Board of Directors, and only out of funds that are legally available

- (c) Liquidation Rights. Subject to the rights of the holders of any Parity Stock or Senior Stock which may be issued from time to time by the Company, upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of Series B Stock shall be entitled to be paid out of the assets of the Company an amount per share of Series B Stock equal to the Stated Value, plus all declared and unpaid dividends on such shares of Series B Stock, if any (collectively, the "**Series B Liquidation Preference**").

After the payment of the full Series B Liquidation Preference, the remaining assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of any Junior Stock, including the holders of Common Stock. The holders of Series B Stock shall participate on an as converted basis in any such distribution of remaining assets to the holders of Common Stock.

Subject to the rights of the holders of any Parity Stock or Senior Stock then outstanding, upon any Liquidation, if the assets of the Company shall be insufficient to make payment in full of the Series B Liquidation Preference to holders of Series B Stock ratably in proportion to the full amounts to which such holders would otherwise be respectively entitled.

- (d) Conversion. The holders of Series B Stock shall have the following rights with respect to conversion of Series B Stock into shares of Common Stock:

(1) Optional Conversion. Subject to adjustment as provided in this Section 9, each share of Series B Stock held by a holder thereof may be converted, at the option of such holder and without payment of any additional consideration, into two (2) fully paid and non-assessable shares of Common Stock (the "**Conversion Rate**") at any time and from time to time.

(2) Adjustments. The Conversion Rate in effect from time to time shall be subject to adjustment as follows:

(3) Dividends and Stock Splits. If the number of shares of Common Stock outstanding at any time after the date hereof is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, on the date such payment is made or such change is effective, the Conversion Rate shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of any shares of Series B Stock shall be increased in proportion to such increase of outstanding shares of Common Stock.

- (4) Reverse Stock Splits. If the number of shares of Common Stock outstanding at any time after the date hereof is decreased by a combination or reverse split of the outstanding shares of Common Stock, then, on the effective date of such combination or reverse split, the Conversion Rate shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of any shares of Series B Stock shall be decreased in proportion to such decrease in outstanding shares of Common Stock.
- (5) Mergers and Other Reorganizations. If at any time or from time to time, there shall be a capital reorganization of the Common Stock (other than a subdivision, combination or reclassification provided for elsewhere in this Section) or a merger or consolidation of the Company with or into another corporation or the sale of all or substantially all of the Company's properties and assets to any other person, then, as part of and as a condition to the effectiveness of such reorganization, merger, consolidation or sale, lawful and adequate provision shall be made so that the holders of Series B Stock shall thereafter be entitled to receive upon conversion of each share of Series B Stock the number of shares of stock or other securities or property of the Company or of the successor entity resulting from such merger or consolidation or sale to which a holder of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation, or sale. In any such case, appropriate provisions shall be made with respect to the rights of holders of Series B Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section (including, without limitation, provisions for adjustment of the Conversion Rate and the number of shares issuable upon conversion of Series B Stock) shall thereafter be applicable, as nearly as may be, with respect to any shares of stock, securities or assets to be deliverable thereafter upon the conversion of Series B Stock.
- (6) Other Adjustments. In the event the Company shall make, issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company other than shares of Common Stock, then and in each such event, lawful and adequate provision shall be made so that holders of Series B Stock, shall receive, the number of securities of the Company which such holders of Series B Stock would have received had their Series B Stock been converted into Common Stock immediately prior to the date of such event, giving effect to all adjustments to the Conversion Rate under this Section.
- (7) Excluded Issuances. Anything herein to the contrary notwithstanding, the Company shall not be required to make any adjustment to the Conversion Rate in the case of the issuance of: (A) shares of Common Stock issued upon the conversion and/or exercise of convertible and/or exercisable securities issued and outstanding prior to the date hereof approved by a majority of the then Board of Directors of the Company (subject to the rights of a holder of Series B Stock pursuant to Section hereof); (B) shares of capital stock and/or other securities convertible and/or exercisable into shares of capital stock of the Company issued in any public or private offering (including, but not limited to, a proposed equity line, or similar financing mechanism to be entered into between the Company and AGS Capital Group, LLC) approved by a majority of the then Board of Directors of the Company (subject to the rights of a holder of Series B Stock pursuant to Section hereof); and/or (C) shares of capital stock of the Company issued in connection with any strategic acquisition by the Company of all of the issued and outstanding capital stock and/or assets of a 3rd party, provided that any such acquisition occurs on any date prior to the date twelve (12) months following the date (the "**Series B Original Issue Date**") on which the first share of Series B Stock is issued, and further provided that any such acquisition is approved by the then Board of Directors (collectively, "**Excluded Issuances**").
- (8) No Further Adjustments. No adjustment to the Conversion Rate shall be made under this Section upon the issuance of any shares of Common Stock which are issued pursuant to the exercise of any

warrants, options or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any convertible securities if an adjustment shall previously have been made upon the issuance of such warrants, options or other rights. No adjustments shall be made to the Conversion Rate of the Series B Stock except as expressly provided for in this Section

- (9) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series B Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series B Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, issue to the holder thereof a full share of Common Stock.
- (10) Mechanics of Conversion. To convert Series B Stock into Common Stock pursuant to this Section, a holder thereof shall (i) transmit by facsimile (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York time on such date, a copy of an executed notice of conversion in the form attached hereto as **Exhibit A** (the “**Conversion Notice**”) to the Company, and (ii) surrender to a common carrier for delivery to the Company the original certificates representing the Series B Stock being converted (or an indemnification undertaking with respect to such Series B Stock in the case of their loss, theft or destruction) (the “**Series B Certificates**”). On or before the third (3rd) Business Day following the receipt by the Company of a Conversion Notice, the Company shall (x) issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the holder or its designee, for the number of shares of Common Stock to which the holder shall be entitled, or (y) provided that the Company’s transfer agent (the “**Transfer Agent**”) is participating in The Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer Program, upon the request of the holder, credit such aggregate number of shares of Common Stock to which the holder shall be entitled to the holder’s or its designee’s balance account with DTC through its Deposit Withdrawal Agent Commission system. If the number of Series B Stock represented by the Series B Certificate(s) submitted for conversion is greater than the number of Series B Stock being converted, then the Company shall, as soon as practicable after receipt of the Series B Certificate(s) cause to be issued and delivered to the holder a new Series B Certificate representing the number of Series B Stock not converted. The person or persons entitled to receive shares of Common Stock issuable upon a conversion of Series B Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the date such shares of Common Stock are issued. Each share of Series B Stock shall be converted into such number of shares of Common Stock, as provided in Section hereof. For the purposes herein, “**Business Day**” means a day except a Saturday, Sunday or other day on which commercial banks located in the City of New York are authorized by law to close.
- (11) No Impairment. The company will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of this Section 9 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of Series B Stock against impairment.

Series D Preferred

(a) Conversion Rights. Holders of Series D Stock shall have the following rights with respect to conversion of shares of Series D Stock into shares of Common Stock:

1. Mandatory Conversion by the Company. The Series D Stock shall be mandatorily converted by the Company no later than January 31, 2016 (the "Conversion Date") by action of the Board.
2. Conversion Ratio. The conversion ratio shall be equal to \$.50 divided by the closing market price of the Common Stock on the date of conversion.
3. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of shares of Series D Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series D Stock by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, issue to the holder thereof a full share of Common Stock.

(b) Voting Rights. The Series D Preferred have not voting rights.

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

None

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

None

(This space intentionally left blank)

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance									
Date <u>12/31/2020</u> Common: <u>139508566</u> Preferred: <u>84302810</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>03/09/2021</u>	Conversion of Preferred to Common	(3,500,000)	Series B Preferred	N/A	No	Dany M. Bouchédid	N/A	N/A	506(c)
<u>03/09/2021</u>	Conversion to Common	7,000,000	Common	N/A	No	Dany M. Bouchédid	N/A	Restricted	506(c)
<u>03/09/2021</u>	Conversion of Preferred to Common	(500,000)	Series B Preferred	N/A	No	Donald C. Bennett	N/A	N/A	701
<u>03/09/2021</u>	Conversion to Common	1,000,000	Common	N/A	No	Donald C. Bennett	N/A	Restricted	701
<u>09/03/2021</u>	New Issuance	650,000	Common	\$65,000	No	Continuation Capital	Stock purchase	Free Trading	Reg A
<u>09/17/2021</u>	New Issuance	250,000	Common	\$25,000	No	AES Capital	Stock purchase	Free Trading	Reg A
<u>09/24/2021</u>	New Issuance	3,005,380	Common	450,807	No	Teresa McWilliams	Conversion of debt owed for unpaid wages	Restricted	701
<u>09/24/2021</u>	New Issuance	600,000	Common	\$90,000	No	Donald C Bennett	Compensation	Restricted	701
<u>09/24/2021</u>	New Issuance	600,000	Common	\$90,000	No	Teresa McWilliams	Compensation	Restricted	701

Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>09/24/2021</u>	New Issuance	300,000	Common	\$45,000	No	Lisa Marks-Canty	Compensation	Restricted	701
<u>09/24/2021</u>	New Issuance	1,897,024	Common	159,350	No	Kevin Sakser	Debt Settlement	Restricted	
<u>09/24/2021</u>	New Issuance	1,897,024	Common	159,350	No	Stephen Steen	Debt Settlement	Restricted	
<u>09/24/2021</u>	New Issuance	36,587	Common	\$5,488	No	Martin F. Ryan	Compensation	Restricted	701
<u>10/08/2021</u>	New Issuance	1,000,000	Common	150,000	No	Alta Waterford LP (Ben Steinberg)	Compensation	Restricted	701
<u>10/08/2021</u>	New Issuance	100,000	Common	\$10,000	No	Leonite Capital	Stock Purchase	Free Trading	Reg A
<u>12/01/2021</u>	New Issuance	4,000,000	Common	\$40,000	No	Twin Media (Scott & Reggie Sanchez d/b/a Sycamore Capital	Compensation	Restricted	701
<u>12/20/2021</u>	New Issuance	250,000	Common	\$25,000	No	David Fernholz	Stock Purchase	Free Trading	Reg A
<u>05/01/2022</u>	New Issuance	68,000,000	Common	\$68,000	No	Donald C. Bennett	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	55,000,000	Common	\$55,000	No	Teresa McWilliams	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	1,000,000	Common	\$1,000	No	Lisa Canty-Marks	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	285,094,581	Common	\$285,095	No	Donald C. Bennett	Compensation	Restricted	701
<u>07/01/2022</u>	New Issuance	30,000,000	Common	\$300,000	No	Belair Mgmt Group (Daniel Forle)	Compensation	Restricted	701
<u>07/08/2022</u>	New Issuance	200,000	Common	\$20,000	No	Belair Mgmt Group (Daniel Forle)	Stock Purchase	Free Trading	Reg A
<u>08/10/2022</u>	New Issuance	100,000	Common	\$10,000	No	Belair Mgmt Group (Daniel Forle)	Stock Purchase	Free Trading	Reg A
09/26/2022	New Issuance	50,000	Common	\$5,000	No	Belair Mgmt Group (Daniel Forle)	Stock Purchase	Free Trading	Reg A
12/30/2022	New issuance	5,000,000	Common	\$0.01	No	Donald C. Bennett	Compensation	Restricted	701
12/30/2022	New issuance	5,000,000	Common	\$0.01	No	Teresa McWilliams	Compensation	Restricted	701

Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
12/30/2022	New issuance	2,500,000	Common	\$0.01	No	Lisa Marks-Canty	Compensation	Restricted	701
12/30/2022	New issuance	5,500,000	Common	\$0.01	No	Larry G. Striggles	Compensation	Restricted	701
12/30/2022	New issuance	500,000	Common	\$0.20	No	Michael D. Landis	Acquisition	Restricted	
12/30/2022	New issuance	500,000	Common	\$0.20	No	Altia A. Landis	Acquisition	Restricted	
12/30/2022	New issuance	9,400,000	Common	\$0.025	No	Teresa McWilliams	Debt Settlement	Restricted	
12/30/2022	New issuance	3,000,000	Common	\$0.02	No	Teresa McWilliams	Debt Settlement	Restricted	
Shares Outstanding on Date of This Report:									
Ending Balance									
Ending Balance:									
Date 12/31/2022			Common: 633039162						
			Preferred: 80302810						

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021, through December 31, 2022, pursuant to the tabular format above.

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

B. Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g., Loan, Services, etc.)
9/23/2019	\$ 5,000	\$ 5,000	\$ 0	4/20/2020	Non-convertible; payable in cash only	Marcus Bodet	Loan
3/4/2020	\$ 35,000	\$ 35,000	\$ 0	12/20/2020	Non-convertible; payable in cash only	Robert Marino	Loan
1/01/2022	\$ 119,453	\$ 253,266	\$ 0	6/30/2024	Can convert to common stock or cash every 18 months according to IRS regulations	Teresa McWilliams	Shareholder Loans/advances for working capital
6/14/2020	\$ 47,200	\$ 47,200	\$ 0	6/15/2050	Principal & interest payable monthly beginning 12/31/2022	SBA (EIDL)	Loan

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

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Aluf Holdings, Inc. (AHIX) is a holding company headquartered in Davie, FL, engaged in acquiring, operating and managing subsidiary companies in the development and sale of proprietary software. Through strategic acquisitions, the Company will develop and manage subsidiary companies and proprietary software in the biometric, and next generation technology verticals. To this, the Company has launched a very intensive campaign to target multiple strategic partnerships, business and software asset acquisitions and will rapidly develop a robust portfolio of technology assets over the next several years, allowing us to increase strategic partnerships, market share and profitability. The Company has selected a number of potential candidates to acquire for scale. Currently we are providing financial services and solutions to businesses and individuals.

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

Tax Partners USA, LLC

Aluf Biometrics, Inc. (not currently operating)

Aluf CBD Partners, LLC. (not currently operating)

C. Describe the issuers' principal products or services.

The Company's core business and strategy is to build a large portfolio of companies with more diverse enterprise software solutions through strategic acquisitions and managed growth as it acquires profitable businesses with strong growth potential and a solid business plan. Our technology acquisitions stem from a surge in momentum in the tech space; especially in areas of biometrics and cyber security, cloud-based software services (SaaS), medical applications, energy production, IoE (Internet of Everything) services, and global law enforcement and military-based offensive and defensive applications. in the software and technology industries.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used, or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties, or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties, or facilities, clearly describe them as above and the terms of their leases.

The Company's corporate headquarters and operations are currently occupying shared office space on a month-by-month basis with two-year renewable commitments.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

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

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g., Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Sam M. Jakobs	Chief Executive Officer	Bellmore, NY	285,094,581	Common	45%	
Donald C. Bennett	President/Chairman	Naples, FL	112,710,001 9,500,000 2	Common Series B Pref Series E Pref	18% 12% 50%	

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g., Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Teresa McWilliams	Chief Financial Secretary/Director	Hollywood, FL	112,759,315 44,000,000 2	Common Series B Pref Series E Pref	21% 55% 50%	
Carmel D Smith	5% holder	Seattle, WA	11,000,000	Series B Pref	14%	
Belair Mgmt Group	5% holder	Ft. Lauderdale, FL	30,350,000	Common	5%	Daniel Forte

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NONE

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended, or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NONE

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

NONE

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NONE

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

8) Third Party Service Providers

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

Securities Counsel

McMurdo Law Group, LLC
Matthew McMurdo, Esq.
1185 Avenue of the Americas 3rd Floor
New York, New York 10036
(w) 917-318-2865
(f) 866-606-8914

Securities Counsel providing Attorney Letters

Law Office of Carl P. Ranno
Carl P. Ranno, Esq
2733 East Vista Drive
Phoenix, AZ 85032
(w) 602-493-0369
(f) 602-227-9839

Auditor

Assurance Dimensions
Certified Public Accountants & Associates
2000 Banks Road, Suite 218
Margate, FL 33063
Office: 754.800.3400
Fax: 754.301.5757

Investor Relations

Cervitude Intelligent Relations
One Reservoir Corporate Center
4 Research Drive Suite 402
Shelton, Connecticut 06484
(w) 203-685-0344
(f)

All other means of Investor Communication:

Twitter:	<u>@alufholdings</u>
Discord:	_____
LinkedIn	<u>LinkedIn.com/alufholdings</u>
Facebook:	<u>Facebook.com/alufholdings</u>
[Other]	_____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

NONE

9) Financial Statements

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

- ☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: Teresa McWilliams

Title: CFO

Relationship to Issuer: Employee

Describe the qualifications of the person or persons who prepared the financial statements: over 30 years' experience in high level finance and accounting preparing complex financial statements in US GAAP, etc. for private and publicly traded companies.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) Please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited; N/A
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

APPENDIX A



CONDENSED FINANCIAL STATEMENTS

For the years ended
December 31, 2022, and 2021

CONDENSED FINANCIAL INFORMATION

	PAGE
Condensed Balance Sheets as of December 31, 2021, and 2020	22
Condensed Statements of Operations as of December 31, 2021, and 2020	23
Condensed Statements of Cash Flows as of December 31, 2021, and 2020	24
Condensed Statements of Changes in Shareholder Equity as of December 31, 2021	25
Notes to the Consolidated Financial Statements	26 - 31

9. b.

ALUF HOLDINGS, INC.
CONDENSED BALANCE SHEET

	Dec 31,	
	2022	2021
Current Assets		
Cash	6,874	5,481
Accounts receivable	25,000	161,288
Prepaid expenses and other current assets	312,405	162,504
Total current assets	344,279	329,273
Deposits	300	300
Investments in Subsidiaries	250,000	2,700,000
Fixed Assets, net	24,601	651,520
Total assets	<u>\$ 619,180</u>	<u>\$ 3,681,093</u>
Current Liabilities		
Accounts payable and accrued expenses	625,973	523,567
Short-term promissory notes payable	-	256,586
Total current liabilities	625,973	780,153
CONTINGENT LIABILITIES	10,590	10,590
Long Term Notes Payable	250,991	67,933
Total Liabilities	887,554	858,676
Shareholders' Deficit		
Preferred stock, \$.001 par value; 100,000,000 shares authorized at December 31, 2022 and 2021, respectively.		
· Series A: 175,000 shares issued and outstanding at December 31, 2022 and 2021, respectively	175	175
· Series B: 80,125,005 and 84,125,000 shares issued and outstanding at December 31, 2022 and 2021, respectively	80,125	80,125
· Series D: 3,001 and .00 shares issued and outstanding at December 31, 2022 and 2021, respectively	3	3
· Series E: 4 shares issued and outstanding at December 31, 2022 and 2021, respectively	0.04	0.04
Common stock \$.001 par value; 900,000,000 shares authorized December 31, 2022 and 2021, respectively; 633,039,160 and 162,094,581 issued and outstanding December 31, 2022 and 2021, respectively	633,039	162,095
Treasury stock, \$.001 par value; 141,000 shares authorized at December 31, 2022 and 2021, respectively	(141)	(141)
Additional paid-in-capital	23,450,992	(22,700,942)
Unearned compensation costs	-	-
Stock Dividend	(151,931)	(151,931)
Accumulated deficit	(24,280,636)	(19,968,493)
Total shareholders' equity/deficit	(268,374)	2,822,418
Total liabilities and shareholders' equity	<u>\$ 619,180</u>	<u>\$ 3,681,093</u>

(See accompanying notes to condensed financial statements)

9. c.

ALUF HOLDINGS, INC.
CONDENSED STATEMENT OF OPERATIONS

	For the Period Ended	
	Dec 31,	
	2022	2021
Gross Sales	62,025	-
Cost of Sales	7,000	-
Net Sales	55,025	-
Operating expenses		
Marketing and advertising	36,650	12,089
General and administrative	908,090	631,396
Total operating expenses	944,740	643,485
Net loss before income taxes	(889,715)	(643,485)
Interest expense	8,821	108,281
Other income (expense)		
Income from Non-taxable PPP Forgiveness	20,833	-
Loss from Impairment of Assets	(3,315,000)	-
Total other income (expense)	(3,302,988)	(108,281)
Net profit (loss)	<u>\$ (4,192,703)</u>	<u>\$ (751,766)</u>
Weighted average number of shares outstanding	<u>182,177,519</u>	<u>12,687,749</u>
Basic and diluted net income/(loss) per share	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>

(See accompanying notes to condensed financial statements)

9. d.

ALUF HOLDINGS, INC.
CONDENSED STATEMENT OF CASH FLOWS

	For the period ended	
	December 31,	
	2022	2021
Cash flow from operating activities:		
Net income (loss)	\$ (4,192,703)	\$ (751,766)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	83,288	-
Change in prepaid expenses and other assets	(225,000)	-
Change in accounts payable, accrued expenses	76,801	(723,244)
Gain on disposal of property and equipment	-	-
Net cash provided by (used in) operating activities	(4,257,614)	(1,475,010)
Cash flows from investing activities:		
Amortizable Assets	615,000	-
Investment in Subsidiaries	2,450,000	-
Accumulated Amortizaation	10,524	-
Net cash used in investing activities	3,075,524	-
Cash flows from financing activities:		
Loans from Shareholders	(93,813)	-
Change in common stock & equity	1,255,161	1,715,694
Increase in loans and notes payable	45,000	-
Decrease in loans and notes payable	(20,833)	(370,456)
Net cash used by financing activities	1,185,515	1,345,238
Net increase (decrease) in cash	3,425	(129,772)
Cash and cash equivalents at beginning of period	3,449	(265)
Cash and cash equivalents at end of period	6,874	(130,037)
Supplemental disclosure:		
Cash paid for interest	\$ 8,821	\$ 5,081
Non-cash financing activities:		
Accrued Salaries & Benefits	\$ 17,308	\$ 28,013
Stock based compensation	\$ 735,095	\$ 100,000
Common Stock issued for services	\$ 300,000	\$ 769,507
	\$ 1,052,402	\$ 897,520

(See accompanying notes to condensed financial statements)

9. e.

ALUF HOLDINGS, INC.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Preferred Stock \$.001 Par Value		Common Stock \$.001 Par Value		Treasury Stock \$.001 Par Value		Stock	Additional		Total
	Shares	Amount	Shares	Amount	Shares	Amount	Dividend	Paid-In Capital	Retained Earnings	Shareholders' Equity/Deficit
Balance @ December 31, 2020	84,302,775	\$ 84,303	139,508,566	\$ 139,509	(140,541)	\$ (141)	\$ (151,931)	\$ 21,403,967	\$ (19,216,728)	\$ 2,258,979
Series B Preferred shares surrendered	(4,000,000)	\$ (4,000)						\$ 4,000.00		\$ -
Common stock issued in conversion of Series B shares			8,000,000	\$ 8,000.00				\$ (8,000.00)		\$ -
Net Loss									\$ (88,013)	\$ (88,013)
Balance @ March 31, 2021	80,302,775	\$ 80,303	147,508,566	\$ 147,509	(140,541)	\$ (141)	\$ (151,931)	\$ 21,399,967	\$ (19,304,741)	\$ 2,170,966
Net Loss									\$ (168,093)	\$ (168,093)
Balance @ June 30, 2021	80,302,775	\$ 80,303	147,508,566	\$ 147,509	(140,541)	\$ (141)	\$ (151,931)	\$ 21,399,967	\$ (19,384,820)	\$ 2,090,886
Common stock issued in settlement of debt			6,799,428	6,799				\$ 763,273		\$ 770,072
Common stock issued in Reg A financing			900,000	900				\$ 89,100.00		\$ 90,000
Common stock issued to Officers & Directors as compensation			1,500,000	1,500				\$ 223,500.00		\$ 225,000
Common stock issued to consultants as compensation			36,587	37				\$ 5,453		\$ 5,490
Net Loss									\$ (607,866)	\$ (607,866)
Balance @ September 30, 2021	80,302,775	\$ 80,303	156,744,581	\$ 156,745	(140,541)	\$ (141)	\$ (151,931)	\$ 22,481,292	\$ (19,824,594)	\$ 2,741,674
Common stock issued to consultants as compensation			5,000,000	5,000				\$ 185,000.00		\$ 190,000
Common stock issued in Reg A financing			350,000	350				\$ 34,650		\$ 35,000
Net Loss									\$ (751,766)	\$ (751,766)
Balance @ December 31, 2021	80,302,775	\$ 80,303	162,094,581	\$ 162,095	(140,541)	\$ (141)	\$ (151,931)	\$ 22,700,942	\$ (19,968,494)	\$ 2,822,774
Net Loss									\$ (3,535,422)	\$ (3,535,422)
Balance @ March 31, 2022	80,302,775	\$ 80,303	162,094,581	\$ 162,095	(140,541)	\$ (141)	\$ (151,931)	\$ 22,700,942	\$ (23,503,916)	\$ 658,819
Common stock issued to Officers & Directors as compensation			409,094,581	409,095				\$ (208,100)	\$ (111,320)	\$ 89,675
Net Loss									\$ (3,944,814)	\$ (3,944,814)
Balance @ June 30, 2022	80,302,775	\$ 80,303	571,189,162	\$ 571,190	(140,541)	\$ (141)	\$ (151,931)	\$ 22,492,842	\$ (24,024,628)	\$ (1,032,365)
Common stock issued to consultants as compensation			30,000,000	30,000				\$ 270,000.00		\$ 300,000
Common stock issued in Reg A financing			350,000	350				\$ 34,650		\$ 35,000
Net Loss									\$ (4,009,673)	\$ (4,192,703)
Balance @ September 30, 2022	80,302,775	\$ 80,303	601,539,162	\$ 601,540	(140,541)	\$ (141)	\$ (151,931)	\$ 22,797,492	\$ (24,272,648)	\$ (945,386)
Common stock issued in Reg A financing			100,000	100				\$ 9,900		\$ 10,000
Common stock issued to Officers & Directors as compensation			18,000,000	18,000				\$ 162,000		\$ 180,000
Common stock issued in settlement of debt			12,400,000	12,400				\$ 282,600		\$ 295,000
Common stock issued in acquisition of subsidiary business			1,000,000	1,000				\$ 199,000		\$ 200,000
									\$ (4,192,703)	
Balance @ December 31, 2022	80,302,775	\$ 80,303	633,039,162	\$ 633,040	(140,541)	\$ (141)	\$ (151,931)	\$ 23,450,992	\$ (24,280,636)	\$ (268,374)

(See accompanying notes to condensed financial statements)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1 – GENERAL ORGANIZATION AND BUSINESS

Organization.

Aluf Holdings, Inc. (AHIX) is a holding company headquartered in Fort Lauderdale, FL, engaged in acquiring, operating, and managing subsidiary companies in the development and sale of proprietary software. The Company's strategy is to build a large portfolio of companies through strategic acquisitions and managed growth. Our technology acquisitions stem from a surge in momentum in the tech space; especially in areas of biometrics and cyber security, cloud-based software services (SaaS), medical applications and more, in the software and technology industries.

Liquidity and Management's Plans

The Company incurred losses from operations and net losses and used cash in operating activities for the three and six months ended June 30, 2022. The Company's recurring losses, level of cash used in operations, and need for additional capital in the future, including uncertainties surrounding the impact of COVID-19, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

COVID-19 Risk and Uncertainties and CARES Act

The COVID-19 pandemic has severely impacted global economic activity. The full impact of the COVID-19 outbreak continues to evolve and it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management continues to actively monitor the impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce, and has taken actions to mitigate the impact. Given the ongoing evolution of the COVID-19 outbreak, the Company is unable to estimate the long-term effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. As of June 30, 2022, the Company is unable to determine any future impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

Paycheck Protection Program Loan ("PPP Loan")

On April 1, 2021, Aluf Holdings, Inc., was granted a loan from Customers Bank in the aggregate amount of \$20,833, pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. See Note 4 for additional information.

The PPP Loan, which was in the form of a Note dated April 1, 2021, issued by the Company, matures on April 1, 2022, and bears interest at a rate of 1.0% per annum, payable monthly commencing on November 1, 2022. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalties. Funds from the PPP Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. However, there can be no assurance that the PPP loan will be forgiven. As of April 24, 2022, the PPP loan, in the principal amount of \$20,833, was forgiven.

EIDL Loan

On June 14, 2020, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the United States Small Business Administration (the "SBA") under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on the Company's business. The principal amount of the EIDL Loan is \$47,200, with proceeds to be used for working capital purposes. Interest on the EIDL Loan accrues at the rate of 3.75% per annum and installment payments, including principal and interest, are due monthly beginning twelve months from the date of the EIDL Loan in the amount of \$230.00. The balance of principal and interest is payable thirty years from the date of the promissory note. In connection with the EIDL Loan, the Company executed the EIDL Loan documents, which include the SBA Secured Disaster Loan Note, dated June 14, 2020, the Loan Authorization and Agreement, dated June 14, 2020, and the Security Agreement, dated June 14, 2020, each between the SBA and the Company. For further information on the EIDL loan see Note 4 to these unaudited financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Basis of Presentation

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts.

Principles of Consolidation

The consolidated financial statements include the accounts of Aluf Holdings, Inc. and its wholly owned subsidiaries, Aluf Biometrics, Inc., Aluf CBD Partners, LLC. All significant intercompany balances and transactions have been eliminated in consolidation. The company’s subsidiaries are currently not operating and therefore these financial statements have not been consolidated.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Property and Equipment

Fixed assets are comprised of furniture and fixtures, computer equipment, purchased software, and major categories of property and equipment and are stated at cost and depreciated using the straight-line method, over the estimated useful lives of the various classes of assets, as follows:

Furniture, fixtures, and equipment	3 – 10 years
Computers and purchased software	3 – 5 years

Intangible Assets

The Company adopted Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144” or “ASC 360”), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” and the accounting and reporting provisions of APB Opinion No. 30, “Reporting the Results of Operations for a Disposal of a Segment of a Business.” The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Fair Value of Financial Instruments

The Company's financial instruments consist of prepaid expenses, deposits, investments, customer deposits, accounts payable and accrued expenses, accrued interest, loans payable, and loans payable to a related party. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

Revenue Recognition

We recognize revenue in accordance with generally accepted accounting principles as outlined in the Securities and Exchange Commission’s Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104 or ASC 605-10), which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. Revenue from the sale of products is generally recognized after both the goods are shipped to the customer and acceptance has been received, if required. Our products are custom made for our customers, who primarily consist of original engineer manufacturers (OEMs), and we do not accept returns. Our products are shipped complete and ready to be incorporated into higher level assemblies by our customers. The terms of the customer arrangements generally pass title and risk of ownership to the customer at the time of shipment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718. To date, the Company has not granted any stock options.

Income Taxes

The Company provides for income taxes using an asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. No provision for income taxes is included in the statement due to its immaterial amount, net of the allowance account, based on the likelihood of the Company to utilize the loss carry-forward.

Earnings/(Loss) per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128 or ASC 260), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No. 15 (APB 15). Net income (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period. Basic and diluted income/(loss) per share was (\$0.02) and (\$0.06) for the period ended December 31, 2022, and 2021, respectively.

Impairment of Long-lived Assets

In accordance with ASC 360, "Property, Plant and Equipment", the Company reviews the carrying values of long-lived assets, including property, plant and equipment and other intangible assets, whenever facts and circumstances indicate that the assets may be impaired. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs of disposal. As of December 31, 2022, the company recorded an impairment of \$3,315,000 for its investment in subsidiaries (\$2,700,000) and trademarks (\$615,000).

Goodwill

The Company recognizes goodwill for the excess of the purchase price over the fair value of the identifiable net assets of the business acquired. ASC 350 "Intangible Assets-Goodwill and Other", an impairment test for goodwill is undertaken by the Company at the reporting unit level annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Recent Accounting Pronouncements

The Company has reviewed the FASB issued ASU accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and do not believe that any new or modified principles will have a material impact on the Company's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of the Company's financial management.

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40) – Accounting for Convertible Instruments and Contracts on an Entity's Own Equity. The ASU simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for the exceptions. The ASU also simplifies the diluted net income per share calculation in certain areas. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

40). The new ASU addresses issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options. This amendment is effective for all entities, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance will have on its financial statements.

In February 2016, FASB issued ASU-2016-02, "Leases (Topic 842)." The guidance requires that a lessee recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right of use asset representing its right to use the underlying asset for the lease term. For finance leases: the right-of-use asset and a lease liability will be initially measured at the present value of the lease payments, in the statement of financial position; interest on the lease liability will be recognized separately from amortization of the right-of-use asset in the statement of comprehensive income; and repayments of the principal portion of the lease liability will be classified within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statement of cash flows. For operating leases: the right-of-use asset and a lease liability will be initially measured at the present value of the lease payments, in the statement of financial position; a single lease cost will be recognized, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis; and all cash payments will be classified within operating activities in the statement of cash flows. Under Topic 842 the accounting applied by a lessor is largely unchanged from that applied under previous GAAP. The amendments in Topic 842 are effective for the Company beginning January 1, 2020, including interim periods within that fiscal year. We are currently evaluating the impact of adopting the new guidance of the consolidated financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

The company did not have any depreciable fixed assets for the period ending December 31, 2022, and 2021, respectively.

NOTE 4 – NOTES PAYABLE

On or about June 22, 2015, accrued as compensation payable for a former executive in the amount of \$215,500, under his consulting agreement dated June 22, 2013, was converted into a convertible debenture on July 31, 2015, with interest at 8% per annum, and payable on or before July 31, 2016. On or about April 26, 2021, the note holder sold the note to two unrelated third parties. Under the terms of the new notes, each note is to be converted into 1,897,024 (fixed) shares of common stock on or before June 30, 2021. As of December 31, 2022, the notes were fully converted into restricted stock and there is no remaining balance of principal or interest due.

On September 23, 2020, the Company entered into a demand promissory note, from a related party, in the amount of \$5,000 plus 12% interest. The note is payable, with interest, on or before April 1, 2020. As of December 31, 2022, no payments have been made.

Effective March 4, 2020, the Company entered into a Debt Purchase Settlement and Termination agreement in the amount of \$35,000 with Beaufort Capital Partners for the Debt Purchase Agreement issued on January 12, 2016, for \$157,000. The remaining balance of the debt was \$113,268 and is replaced by a non-interest bearing, non-convertible promissory note in the amount of \$35,000 due in full on or before December 30, 2020. As of December 31, 2022, no payments have been made.

On January 15, 2020, the Company entered into a Termination of Loan and Release Agreement with Beaufort Capital Partners for the \$1,555 remaining balance of the Convertible promissory note issued on November 5, 2015, in the amount of \$25,000, and the balance of a Convertible Debenture issued November 16, 2016, in the amount of \$10,000. The Company has no further obligation to Beaufort for these promissory notes issued on November 5, 2015, and November 16, 2016. As of December 31, 2022, there is no remaining principal or interest due.

On June 14, 2020, the Company received an Emergency Injury Disaster Loan in the amount of \$47,200 from the U.S. Small Business Administration. The loan is amortized over thirty years at 3.75% interest per annum. Principal and interest are payable monthly, beginning December 14, 2022, in the amount of \$230. As of December 31, 2022, no payments have been made.

On April 1, 2021, the Company received a Payroll Protection Plan (PPP) loan from the U.S. Small Business Administration in the amount of \$20,833. On April 24, 2022, the PPP loan was 100% forgiven by the SBA. As a result, the Company recorded a gain on the forgiveness of the loan in the amount of \$20,833.

NOTE 6 – GOING CONCERN

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has operating and liquidity concerns, current liabilities exceeded current assets by \$291,684 on December 31, 2022, and has reported a net loss of \$4,192,703.

NOTE 7 – STOCKHOLDERS' EQUITY

Authorized

The Company is authorized to issue 900,000,000 shares of \$0.001 par value common stock and 100,000,000 shares of \$0.001 par value preferred stock. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all the directors of the Company. The preferred shares may be issued in series, with the powers, rights, and limitations of the preferred shares to be determined by the Board.

Private Placements

On or about July 25, 2021, the Company launched a private placement to raise up to \$50,000,000 for the sale of up to 200,000,000 shares of its restricted common stock under Rule 506c, at a price of \$0.25 per share to accredited investors. The private placement memorandum can be found at <https://www.investor.aluf.com>. This offering expired on June 30, 2022.

On or about July 28, 2021, the Company filed an offering under Registration A to raise up to \$20,000,000. The proceeds of both offerings will be used primarily to close on multiple targeted acquisitions and become fully reporting. The Reg A was initially priced at \$0.30 per share. On or about September 23, 2021, a price adjustment to \$0.10 per share was approved by SEC.

Advances

From time to time, the Company has received advances from certain of its officers and related parties to meet short-term working capital needs. For the period ended December 31, 2022, and 2021, approximately \$195,300 and \$216,586 advances from related parties is outstanding, respectively. These advances are unsecured, bear no interest, and do not have formal repayment terms or arrangements.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Employment agreements

Effective May 1, 2022, the Company entered into an employment agreement with our chief executive officer for a period of not less than thirty-six two-years with automatic renewals every two years. Under the terms of the agreement, the executive will receive an annual base salary of \$250,000 plus bonuses based on Company performance. Executive will also receive, as a hiring bonus, the equivalent of 50% of the Company's currently issued and outstanding common stock on a non-dilutive basis. The shares are restricted and will remain in book-entry with the transfer agent.

Effective June 1, 2011, the Company entered into an employment agreement with our chief financial officer for period of two-years with automatic renewals every two years, unless advance notice is given to amend or terminate the agreement. Effective August 1, 2017, an annual salary increase to \$225,000, plus additional cash and stock bonus compensation, was granted by the board of directors. The company has not made certain cash payments due under these agreements. On May 22, 2018, approximately \$825,000 of accrued salary and benefits was exchanged for 375,000,000 shares of restricted common stock and 37,500,000 share of Series B preferred stock. On December 30, 2022, an additional \$60,000 in accrued benefits was converted into 3M shares of restricted common stock. As of December 31, 2022, there is an unpaid balance of approximately \$1,200 in accrued benefits payable and no unpaid balance for accrued salary.

Payroll taxes

As of December 31, 2022, there is an accrued payroll tax liability of approximately \$488,693.

Contingent Liabilities

Legal Contingencies

The Company may, from time to time, become involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably and/or

NOTE 8 – COMMITMENTS AND CONTINGENCIES, CONTINUED

for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings (excluding tax audit claims) will not have a material adverse effect on the Company taken as a whole. As of December 31, 2022, the Company has recorded contingent liabilities of \$10,590.

Indemnifications

At the time we acquire or divest an ownership interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. Management believes that any liability to the Company that may arise as a result of any such indemnification agreements will not have a material adverse effect on the Company taken as a whole.

Operating Leases

The Company neither owns nor leases any real or personal property. A shared office space is being rented on a month-by-month basis.

NOTE 9 – INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in its financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company applies the provisions of FASB, Interpretation No. 48, or FIN 48, “Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109.” FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. When applicable, the Company will include interest and penalties related to uncertain tax positions in income tax expense. On December 31, 2021, the Company had federal net operating loss carryforwards totaling approximately \$18,000,000 which expires in various years through 2036.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Sam M. Jakobs certify that:

1. I have reviewed this Disclosure Statement for ALUF HOLDINGS, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

03/14/2023 [Date]

/s/ SAM M. JAKOBS [CEO's Signature]

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

Principal Financial Officer:

I, Teresa McWilliams certify that:

1. I have reviewed this Disclosure Statement for ALUF HOLDINGS, INC.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

3/14/2023 [Date]

/s/ TERESA MCWILLIAMS [CFO's Signature]

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