

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Aqua Power Systems, Inc.

2180 North Park Avenue
Unit 200
Winter Park, Florida, 32789

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www.traditiontrans.com
aquapowersystems@gmail.com
SIC 4213

Quarterly Report

For the three months ended March 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

17,204,180 as of March 31, 2023

17,204,180 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.

We were originally incorporated in Nevada on December 9, 2010, as NC Solar Inc. with the goal of developing solar energy collection farms on commercial and/or industrial buildings located on distressed, blighted and/or underutilized commercial land in North Carolina and other southern states of the United States. On June 6, 2014, Management changed and in August of 2014 we changed our name to Aqua Power Systems Inc.

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):

Aqua Power Systems Inc. has been domiciled in the state of Nevada since December 9, 2010. The Company is in good standing with the state of Nevada.

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

There have been no suspension orders from the Securities and Exchange Commission nor has any recognized regulatory body imposed additional restrictions on the transfer of stock.

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

The Company is presently in the process of fully integrating its Tradition Transportation subsidiary. As part of this corporate merger, the plan is to raise additional capital through various methodologies. The Company is exploring various options to raise additional capital via registration statements that may add significant shareholder value but will also contribute to potential dilution.

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

2180 North Park Avenue
Suite 200
Winter Park, Florida, 32789

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

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

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

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

On December 1, 2020, the Eight Judicial District Court of Nevada entered an order appointing Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. Small Cap Compliance, LLC was not a shareholder of the Company on the date that it applied to serve as a custodian of the Company.

On December 7, 2020, Small Cap Compliance, LLC filed the Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen Carnes as the sole officer and director of the Company, and amended the Company's Certificate of Incorporation to authorize the issuance of one million shares of Series B Preferred Stock.

On March 3, 2021, the Eight Judicial District Court of Nevada entered an order approving Small Cap Compliance, LLC's actions, without prejudice to the claims of interested parties as to dilution of their interest, terminated Small Cap Compliance, LLC's custodianship of the Company, and discharged Small Cap Compliance as the custodian of the Company.

2) Security Information

Transfer Agent

Name: VStock Transfer, LLC
Phone: (212) 828-8436
Email: info@vstocktransfer.com
Address: 18 Lafayette Place, Woodmere, NY 11598

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:	APSI
Exact title and class of securities outstanding:	Common Stock
CUSIP:	03790A 105
Par or stated value:	\$0.0001
Total shares authorized:	200,000,000 as of date: March 31, 2023
Total shares outstanding:	17,204,180 as of date: March 31, 2023
Total number of shareholders of record:	5 as of date: March 31, 2023

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.

Trading symbol:	n/a
Exact title and class of the security:	Series A Preferred Stock
CUSIP (if applicable):	n/a
Par or stated value:	\$0.001
Total shares authorized:	5,000,000 as of date: March 31, 2023
Total shares outstanding (if applicable):	0 as of date: March 31, 2023
Total number of shareholders of record (if applicable):	0

Trading symbol:	n/a
Exact title and class of the security:	Series B Preferred Stock
CUSIP (if applicable):	n/a
Par or stated value:	\$0.001
Total shares authorized:	1,000,000 as of date: March 31, 2023
Total shares outstanding (if applicable):	750,000 as of date: March 31, 2023
Total number of shareholders of record (if applicable):	1

Trading symbol:	n/a
Exact title and class of the security:	Undesignated Preferred Stock
CUSIP (if applicable):	n/a
Par or stated value:	\$0.001
Total shares authorized:	4,000,000 as of date: March 31, 2023
Total shares outstanding (if applicable):	0 as of date: March 31, 2023
Total number of shareholders of record (if applicable):	0

Note: There are a total of 10,000,000 shares of preferred stock authorized, only 6,000,000 shares are currently designated (5 million Series A Preferred Stock – designation filed September 9, 2015, and 1 million Series B Preferred Stock – designation filed December 7, 2020).

Security Description:

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

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

The Company has 200,000,000 authorized common shares with a par value of \$0.0001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the corporation is sought.

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

The Company is authorized to a total of 10,000,000 shares of preferred stock.

There are 6,000,000 shares currently designated. A designation for 5,000,000 Series A Preferred Stock with a par value of \$0.001 was filed on September 9, 2015, and another designation for 1,000,000 Series B Preferred Stock with a par value of \$0.001 was filed on December 7, 2020.

There are currently no Series A Preferred shares issued and outstanding.

On December 7, 2020, 500,000 Series B Preferred shares were issued to Small Cap Compliance, LLC after the Eight Judicial District Court of Nevada entered an order appointing Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. Small Cap Compliance, LLC was not a shareholder of the Company on the date that it applied to serve as a custodian of the Company. On that same day, Small Cap Compliance, LLC filed the Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen Carnes as the sole officer and director of the Company and amended the Company's Certificate of Incorporation to authorize the issuance of up to one million shares of Series B Preferred Stock.

On January 9, 2023, Stephen Carnes, the Company's CEO and President, submitted his resignation as CEO of the Company and the Company's Board of Directors simultaneously elected Robert Morris to be appointed as the Company's new CEO. The Company accepted Mr. Carnes's resignation as CEO simultaneously with Mr. Morris's acceptance of the appointment as CEO. Mr. Morris has been on the Company's Board of Directors since previously being appointed on April 27, 2022. Mr. Carnes shall remain on the Company's Board of Directors and remain the Company's President. On January 9, 2023, the Company also provided Mr. Morris with an employment agreement. As part of the agreement, the Company issued Mr. Morris 250,000 shares of the Company's Series B Preferred stock.

In addition, as part of an employment agreement on January 10, 2023, with Joseph Davis, as the Company's President and Treasurer, the Company accepted the relinquishment of 250,000 shares of the Company's Series B Preferred stock by Stephen Carnes, and on January 10, 2023, as part of the agreement, the Company issued Mr. Davis 250,000 shares of the Company's Series B Preferred stock.

Preferred Class A Stock

Each share of Preferred Class A Stock is entitled to one hundred (100) votes per share on all matters. Except as provided by law, the holders of shares of Preferred Class A Stock vote together with the holders of shares of Common Stock as a single class.

In addition, so long as any shares of Preferred Class A Stock remains outstanding, in addition to any other vote or consent of stockholders required by our certificate of incorporation, the company will not, without first obtaining the approval (by written consent, as provided by law or otherwise) of the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting together as a class: (i) Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A Preferred Stock; (ii) Effect an exchange reclassification, or cancellation of all or a part of the Series A Preferred Stock, but excluding a stock split or reverse stock split of the Company's Common Stock or Preferred Stock; (iii) Effect an exchange, or create a right of exchange, of all or part of the shares of another class of shares into shares of Series A Preferred Stock; or (iv) Alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock so as to affect adversely the shares of such series, including the rights set forth in this Designation. For clarification, issuances of additional authorized shares of Series A Preferred under the terms herein shall not require the authorization or approval of the existing shareholders of Preferred Stock.

The Company is not required to pay dividends at any specific rate on the Series A Preferred Stock.

In the event of any liquidation, dissolution, or winding up of the Company, either voluntarily or involuntarily, the holders of Class A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any assets of the Company to the holders of the junior stock by reason of their ownership of such stock, but not prior to any holders of the Company's senior securities, which holders shall have priority to the distribution of any assets of the Company, an amount per share for each share of Class A Preferred Stock held by them equal to the sum of the liquidation preference specified for each share of preferred stock. If upon the liquidation, dissolution or winding up of the Company, the assets of the Company legally available for distribution to the holders of the Class A Preferred Stock are insufficient to permit the payment to such holders of the full amounts of their liquidation preference, subsequent to the payment to the senior securities then the entire remaining assets of the Company following the payment to the senior securities legally available for distribution shall be distributed with equal priority and pro rata among holders of the Class A Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive pursuant to their liquidation preference. The liquidation preference of Class A Preferred Stock shall be equal to the original issue price per share of Class A Preferred Stock, as adjusted for any recapitalizations.

Holders of Class A Preferred Stock shall have the right, exercisable at any time and from time to time (unless otherwise prohibited by law, rule or regulation), to convert any or all of their shares of the Class A Preferred Shares into Common Stock at the conversion ratio of (1) one Preferred A share to (100) one hundred common shares.

Holders of Preferred Class A Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to our Preferred Class A Stock.

Preferred Class B Stock

Each share of Preferred Class B Stock is entitled to one thousand (1,000) votes per share on all matters. Except as provided by law, the holders of shares of Preferred Class B Stock vote together with the holders of shares of Common Stock as a single class.

The Preferred Class B Stock is not entitled to receive any dividends in any amount during which such shares are outstanding.

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, after setting apart or paying in full the preferential amounts due to holders of senior capital stock, if any, the holders of Preferred Class B Stock and parity capital stock, if any, shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of junior capital stock, including Common Stock, an amount equal to \$0.001 per share [the "Liquidation Preference"]. If upon such liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to the holders of the Preferred Class B Stock and parity capital stock, if any, shall be insufficient to permit in full the payment of the Liquidation Preference, then all such assets of the Company shall be distributed ratably among the holders of the Preferred Class B Stock and parity capital stock, if any. Neither the consolidation or merger of the Company nor the sale, lease or transfer by the Company of all or a part of its assets shall be deemed a liquidation, dissolution or winding up of the Company.

Each share of Preferred Class B Stock shall be convertible, at the option of the Holder, into 1,000 (One Thousand) fully paid and non-assessable shares of the Corporation's Common Stock. The aforementioned 1 to 1,000 ratio will be adjusted by stock splits, dividends, and distributions, and that adjustment will apply to reclassifications, consolidations, and mergers.

Holders of Preferred Class B Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to our Preferred Class B Stock.

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

None

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

None

3) Issuance History

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

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

A. Changes to the Number of Outstanding Shares

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)

<p>Shares Outstanding as of Second Most Recent Fiscal Year End:</p> <p style="padding-left: 40px;"><u>Opening Balance</u></p> <p>Date: 1/1/2020 Common: 59,066,942 Preferred: - 0 -</p>	<p>*Right-click the rows below and select "Insert" to add rows as needed.</p>
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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 (entities must have individual with voting / investment control disclosed).	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.
12/7/2020	New Issuance	500,000	Pref B	\$0.001	Yes – Issued at Par Value	Small Cap Compliance, LLC* Voting Control is with Ms. Rhonda Keaveney	Services	Restricted	Exempt
12/7/2020	Cancellation	500,000	Pref B	\$0.001	Yes – Issued at Par Value	Small Cap Compliance, LLC* Voting Control is with Ms. Rhonda Keaveney	N/A	Restricted	Exempt
12/7/2020	New Issuance	500,000	Pref B	\$0.001	Yes – Issued at Par Value	Mr. Stephen Carnes*	Change of Control	Restricted	Exempt
4/22/2021	New Issuance	100,000	Common	\$2	No	Ms. Wong Hang Nga	Investment – Subscription Agreement	Restricted	Exempt
9/22/2021	Cancellation	(6,330,138)	Common	\$0.0001	Yes – Issued at Par Value	Silverton SA* Voting Control was with Mr. Roger Knox	Investment	Restricted	Exempt
9/24/2021	Cancellation	(2,690,000)	Common	\$0.0001	Yes – Issued at Par Value	Paramount Trading* No control persons can be identified (defunct entity)	Investment	Restricted	Exempt
5/19/2022	Cancellation	(32,942,624)	Common	\$0.0001	Yes – Issued at Par Value	Tadashi Ishikawa* (former CEO)	Former Officer shares issued for services	Restricted	Exempt
1/9/2023	New Issuance	250,000	Pref B	\$0.001	Yes – Issued at Par Value	Mr. Robert Morris	Employment Agreement Terms	Restricted	Exempt
1/10/2023	Cancellation	(250,000)	Pref B	\$0.001	Yes – Issued at Par Value	Mr. Stephen Carnes	Relinquishment of shares	Restricted	Exempt
1/10/2023	New Issuance	250,000	Pref B	\$0.001	Yes – Issued at Par Value	Mr. Joseph Davis	Employment Agreement Terms	Restricted	Exempt
Shares Outstanding on Date of This Report:									
		<u>Ending</u>	<u>Balance</u>						
<u>Ending Balance:</u>									
Date: 3/31/2023		Common: 17,204,180							
		Preferred: 750,000							

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:

Note 1: The 500,000 shares originally issued to Small Cap Compliance, were subsequently canceled and simultaneously reissued to Stephen Carnes.

Note 2: During September 2021, as a result of a court order, the Company canceled a total of 9,020,138 shares of its common stock. Specifically, 6,330,138 of these shares (or 10.7% of the total issued and outstanding shares) were held by Silverton SA as disclosed in prior filings, and 2,690,000 of these shares were held by Paramount Trading Company.

Note 3: On May 19, 2022, as a result of a court order, the Company canceled a total of 32,942,624 shares of its common stock issued to the former CEO of the Company, Tadashi Ishikawa.

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 (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
12/16/2020	\$5,100	\$5,100	\$0	On Demand	None	Stephen Carnes	Loan
12/22/2022	\$225,000	\$225,000	\$0	On Demand	None	Stephen Carnes	Loan for acquisition

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

N/A

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")

Organizational History of the Company

The Company was originally incorporated in Nevada on December 9, 2010, as NC Solar Inc. with the goal of developing solar energy collection farms on commercial and/or industrial buildings located on distressed, blighted and/or underutilized commercial land in North Carolina and other southern states of the United States. On June 6, 2014, management changed and, on August 12, 2014, the Company changed its name to Aqua Power Systems Inc.

On December 1, 2020, the Eight Judicial District Court of Nevada entered an order appointing Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. Small Cap Compliance, LLC was not a shareholder of the Company on the date that it applied to serve as a custodian of the Company.

On December 7, 2020, Small Cap Compliance, LLC filed the Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen W. Carnes as the sole officer and director of the Company, and amended the Company's Certificate of Incorporation to authorize the issuance of up to one million shares of Series B Preferred Stock.

On March 3, 2021, the Eight Judicial District Court of Nevada entered an order approving Small Cap Compliance, LLC's actions, without prejudice to the claims of interested parties as to dilution of their interest, terminated Small Cap Compliance, LLC's custodianship of the Company, and discharged Small Cap Compliance as the custodian of the Company.

On April 27, 2022, Robert Morris and the board of directors of APSI agreed in a Unanimous Written Consent of the Board of Directors In Lieu of Special Meeting that Mr. Morris would become a director of APSI to help with acquisitions, effective May 1, 2022.

Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 9, 2023, the Board of Directors of Aqua Power Systems, Inc. approved a change in the Company's fiscal year end from March 31 to a calendar year end of December 31. The change will not affect nor impact the Company's actual financial results; however, the change will affect the timing and form of the Company's next scheduled financial report.

With this change, the financial reporting period ending December 31, 2022, will now be the Company's fiscal year end rather than the end of a financial quarter.

Tradition Transportation Group, Inc. Purchase

On December 28, 2022, pursuant to the Closing (hereinafter defined) and completion of the Acquisition (hereinafter defined), the Company acquired Tradition Transportation Group, Inc., an Indiana Corporation ("Tradition") and Tradition thereafter became a wholly owned subsidiary of the Company, and the business of Tradition became the primary business of the Company.

Overview of the Business of Tradition

Tradition Transportation Group, Inc. was incorporated under the laws of the state of Indiana on September 16, 2015. Tradition is headquartered in Angola, Indiana, and provides freight transportation, brokerage, truck leasing and financing, warehousing and fulfillment services throughout the United States, and manufactures and sells bolts and fasteners, and creates custom plates, cages, and embeds.

APSI Acquisition of Tradition Transportation Group, Inc.

On December 28, 2022, APSI entered into a Stock Purchase and Sale Agreement and a Contract Assignment agreement with Joseph Michael Davis ("Mr. Davis"). Due to the Contract Assignment agreement, APSI assumed all of the obligations of Mr. Davis under a multiparty stock purchase agreement, promissory notes, and assignment and pledge of stock agreements that Mr. Davis entered into on December 28, 2022. The Stock Purchase and Sale Agreement, Contract Assignment agreement, agreements assumed by APSI are referred to as the "Acquisition."

On December 28, 2022, (the "Effective Date"), APSI simultaneously entered into a series of agreements for the purchase of all of the issued and outstanding stock held by the shareholders of Tradition Transportation Group, Inc., an Indiana corporation ("Tradition"). Those agreements are discussed below.

Stock Purchase Agreement

On December 28, 2022, APSI entered into a Stock Purchase and Sale Agreement (the "SPA") with Mr. Davis to purchase 745,196 shares of common stock (the "Shares") of Tradition Transportation Group, Inc., an Indiana corporation, for Twenty-Eight Million Five Hundred Forty-Eight Thousand Four Hundred Fifty-Eight and 76/100 Dollars (\$28,548,458.76) in United States Dollars (the "Purchase Price"), which is equal to Thirty-Eight and 31/100 Dollars (\$38.31) per share. The Shares represent all of the issued and outstanding shares of Tradition.

Mr. Davis is the Chief Operating Officer and a director of Tradition.

Per the SPA, the Purchase Price was delivered and was agreed to be delivered in the following proportions:

- (i) A down payment of Two Hundred Twenty-Five Thousand United States Dollars (\$225,000.00) in immediately available funds was delivered to Mr. Davis (the "Down Payment").

- (ii) An amount equal to Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) was offset against the Purchase Price on December 28, 2022 in full satisfaction of certain obligations of the Tradition Sellers (as defined below) to Tradition;

- (iii) An aggregate amount equal to Twenty-Four Million Ninety-Two Thousand Thirty-Eight and 31/100 Dollars (\$24,092,038.31) pursuant to one or more secured promissory note(s) (the “Promissory Notes”) providing for installments of not less than One Million Five Hundred Five Thousand Seven Hundred Fifty-Two and 39/100 Dollars (\$1,505,752.39) commencing on the ninetieth (90th) day following the date on which the registration by APSI of its securities with the U.S. Securities and Exchange Commission (the “Commission”) has been qualified or declared effective and continuing every ninetieth (90th) day thereafter until the Purchase Price and all accrued but unpaid interest thereon has been paid in full; and
- (iv) A final payment to be made to Mr. Davis in the amount of One Million Seven Hundred Thirty-One Thousand Four Hundred Twenty and 45/100 Dollars (\$1,731,420.45).

Mr. Carnes provided the funds for the Down Payment, and APSI wrote a promissory note to him with the principal amount of the note being the price of the Down Payment, Two Hundred Twenty-Five Thousand United States Dollars (\$225,000.00).

Multiparty Stock Purchase Agreement

On December 28, 2022, Mr. Davis entered into the Multiparty Stock Purchase Agreement (the “MSPA”) between Mr. Davis and Timothy E. Evans, James L. Evans, and Bulwark Capital, L.L.C. (each a “Tradition Seller” and altogether the “Tradition Sellers”). Pursuant to the MSPA, Mr. Davis purchased 270,001 shares from Timothy E. Evans, a director, and the President and CEO of Tradition, 224,000 shares from James L. Evans a director, and the Vice President of Tradition, and 206,000 shares from Bulwark Capital, LLC, which is owned by Joseph J. Montel, who is a director, and the Corporate Secretary and General Counsel of Tradition. The total amount of shares purchased was 700,001 (the “T-Shares”) for Twenty-Six Million Eight Hundred and Seventeen Thousand Thirty-Eight and 31/100 Dollars (\$26,817,038.31) (the “MSPA Purchase Price”).

While APSI did not directly enter into the MSPA, Mr. Davis legally assigned his rights in the MSPA to APSI, as later described in the Contract Assignment agreement.

The MSPA includes the following terms:

- (i) The MSPA Purchase Price to be delivered in the following proportions:
 - a. A down payment of Two Hundred Twenty-Five Thousand United States Dollars (\$225,000.00) in immediately available funds delivered to the Tradition Sellers.
 - b. An amount equal to Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) shall be offset against the Purchase Price on December 28, 2022, in full satisfaction of certain obligations of the Tradition Sellers to Tradition; and
 - i. This payment was offset against the purchase price for Tradition’s redemption of 103,000 shares of Tradition, immediately before the Closing.
 - ii. An agreement for the aforementioned redemption of shares.
 - iii. The aforementioned shares made up half of the 206,000 shares that Bulwark Capital, L.L.C. sold in the MSPA.
 - c. An aggregate amount equal to Twenty-Four Million Ninety-Two Thousand Thirty-Eight and 31/100 Dollars (\$24,092,038.31) pursuant to the Promissory Notes providing for installments of not less than One Million Five Hundred Five Thousand Seven Hundred Fifty-Two and 39/100 Dollars (\$1,505,752.39) commencing on the ninetieth (90th) day following the date on which the registration by APSI of its securities with the

U.S. Securities and Exchange Commission (the "Commission") has been qualified or declared effective and continuing every ninetieth (90th) day thereafter until the Purchase Price and all accrued but unpaid interest thereon has been paid in full.

- (ii) That the only shareholder agreement between the shareholders of Tradition would be terminated;
- (iii) That APSI shall prepare and file a registration statement, no later than February 28, 2023;
- (iv) That the Tradition Sellers will enter into employment agreements with Tradition;
- (v) Tradition shall continue to maintain insurance that is similar to the insurance currently in place for the directors and officers of Tradition for the next six years;
- (vi) That until APSI has paid the MSPA Purchase Price and all accrued but unpaid interest thereon, in full, Mr. Davis and APSI shall not cause Tradition to do the following:
 - a. (i) incur any indebtedness in excess of \$1,000,000, (ii) enter into any transaction or series of transactions involving a payment greater than \$1,000,000, (iii) guarantee any indebtedness, or allow a lien to be placed against its assets other than in connection with trade credit incurred in the ordinary course of business;
 - b. except for adding a director who is reasonably acceptable to the Tradition Sellers, increase or decrease the size of the board of directors, or take any action to remove or replace any person serving as a director immediately prior to the closing;
 - c. hire, retain or engage for any position any immediate family member (as defined in Instruction 1(a)(iii) of 17 CFR §229.404(a)) of a director, officer or shareholder;
 - d. enter into or be a party to a transaction with any director, officer, employee, or any "associate" (as defined in Rule 12b-2 promulgated under the Exchange Act) of any such person;
 - e. hire, fire, or change the compensation of the executive officers, including approving any option grants;
 - f. change its principal business, enter new lines of business, or exit the current line of business;
 - g. sell, assign, license, pledge or encumber material technology or intellectual property, other than licenses granted in the ordinary course of business;
 - h. enter into the sale of all or substantially all of the assets and property of Tradition, a merger, or a change of control;
 - i. authorize, adopt or otherwise effect, a plan of complete or partial liquidation, dissolution, restructuring, reorganization or similar transaction involving Tradition; or
 - j. issue additional equity securities, debt securities, or warrants or options to purchase the same.

The Tradition Sellers and Mr. Davis agreed that the MSPA would be assignable to APSI. The MSPA also contained a form promissory note, a form assignment and pledge of stock agreement, and a form contract assignment agreement as attachments.

Promissory Notes

The Promissory Notes were entered into on December 28, 2022 between Mr. Davis and each Tradition Seller. The terms of the three promissory notes are below:

- (i) Mr. Davis agreed to pay Timothy E. Evans Ten Million Two Hundred Sixty-Eight Thousand Seven Hundred Thirty-Eight and 31/100 U.S. Dollars (\$10,268,738.31) together with interest thereon, for his 270,001 shares of Tradition;
- (ii) Mr. Davis agreed to pay James L. Evans Eight Million Five Hundred Six Thousand Four Hundred Forty and No/100 U.S. Dollars (\$8,506,440.00) together with interest thereon, for his 224,000 shares of Tradition;
- (iii) Mr. Davis agreed to pay Bulwark Capital, L.L.C. Five Million Three Hundred Sixteen Thousand Eight Hundred Sixty and No/100 U.S. Dollars (\$5,316,860.00) together with interest thereon, for its 206,000 shares of Tradition;
- (iv) The Tradition Sellers' consent to Mr. Davis' sale of the T-Shares to APSI is conditioned upon APSI's assumption of all of Mr. Davis' obligations under the promissory notes;
- (v) The principal and interest shall be payable in sixteen (16) consecutive installments commencing on the ninetieth (90th) day following the date on which the registration by APSI of its securities with the SEC has been qualified or declared effective and continuing every ninetieth 90th day thereafter;
- (vi) Mr. Davis shall be responsible for interest, which shall accrue daily on the outstanding principal amount of the promissory notes (and on any past-due interest payment) at a rate of three percent (3.0%) per annum commencing on the date that the SEC declares the registration of APSI's securities effective; and
- (vii) In addition to exercising any rights each Tradition Seller has been granted by Mr. Davis under their respective assignment and pledge of stock agreements, as described below, Mr. Davis authorizes the Tradition Sellers to seek any other legal means of collection if Mr. Davis is in default of their respective promissory notes.

Assignment and Pledge of Stock Agreements

The assignment and pledge of stock agreements were entered into on December 28, 2022 by and between Mr. Davis and each of the Tradition Sellers. These agreements secured the indebtedness, related to the Promissory Notes. Per these agreements, the Tradition Sellers have a security interest in the T-Shares until their respective Promissory Notes are paid in full. Also, per this agreement, default occurs if their respective Promissory Notes, assignment and pledge of stock agreements, or the MSPA are defaulted on, or if the T-Shares are sold or transferred, without written consent of the respective Tradition Seller, to anyone other than APSI.

The contract assignment agreement is described below.

Contract Assignment Agreement

Simultaneously with the SPA, on December 28, 2022, APSI and Mr. Davis signed a "Contract Assignment" agreement that assigned Mr. Davis' rights in the right, title and interest in, to and under the MSPA to APSI, provided that APSI expressly

assume all of the obligations of Mr. Davis under the MSPA, the Promissory Notes, and the assignment and pledge of stock agreements between Mr. Davis and each Tradition Seller.

The SPA and MSPA closed on December 28, 2022 (the “Closing”). As a result of the Closing, Tradition became a wholly owned subsidiary of APSI.

The aforementioned agreements included customary representations, warranties, and covenants by the respective parties and conditions.

Karr Transportation Asset Purchase

On July 27, 2022, Tradition’s wholly owned subsidiaries, Tradition Transportation, L.L.C. and Tradition Leasing Systems, L.L.C. (together the “Purchaser”), both subsidiaries discussed in more detail below, entered into an asset purchase agreement (“Karr Asset Purchase Agreement”) with Karr Transportation, Inc., an Arkansas corporation, Beers Investment Group, LLC, an Arkansas limited liability company, and its shareholders, Kelly Beers and Albert Beers (“Karr Sellers”). As a result of this agreement, Tradition acquired the following:

- (i) 25 tractors for \$3,500,000. 1 is a Kenworth T680M made in 2014; 5 are Kenworth T680Ms made in 2020; 5 are Freightliner Cascadias made in 2021; 8 are Freightliner Cascadias made in 2022; 4 are Kenworth T680s made in 2020; and 2 are Izuzu NPRs made in 2015 and 2019.
- (ii) 35 Utility Reefer Trailers for \$3,000,000. 15 are 3000Rs or similar and made in 2019; 5 are 3000Rs and made in 2021; and 15 are VS2RAs and made in 2021.
- (iii) The ability to offer employment to 18 drivers for a placement fee of \$5,000, if an offer is accepted.
- (iv) The ability to offer employment to 1 mechanic for a placement fee of \$5,000, if an offer is accepted.
- (v) The ability to offer employment to 7 operational employees for a placement fee of \$5,000, if an offer is accepted.
- (vi) All of the miscellaneous personal property used by Karr Sellers in connection with the Business, including, without limitation, furniture, fixtures, equipment and other tangible personal property, as well as all books and records relating to the Assets, including, without limitation, purchase information, warranty information, maintenance and repair information, operation history, title and registration, and accounting information shall be transferred by Sellers to Purchaser for the sum of \$1.00.

Per the Karr Asset Purchase Agreement, the parties entered into two separate agent agreements, one with Tradition Transportation Company, L.L.C. (“Trucking Agent Contract”) and one with Freedom Freight Solutions, L.L.C. (“Freedom Agent Contract”) for the total consideration of \$200,000. Both Agreements provide a cap on commissions of \$3,299,999, minus any payments for drivers, mechanics, or operating staff (“Cap”).

The Trucking Agent Contract provides that the Karr Sellers, having substantial experience in the freight motor carrier industry and having customers, who have freight shipping needs for their cargo of general commodities, would refer their customers to Tradition Trucking Company, LLC for a commission of six percent (6%) of line-haul revenues on Tradition Transportation Company, LLC assets. The aforementioned commission is subject to (a) Line Haul Revenue being defined as the “Freight Charge” and/or “Pay Gross” within Tradition Transportation, L.L.C.’s software system, and Line Haul does not include additional charges for fuel surcharge, accessorial charges, project management, detention, tarping, stop offs, etc., and (b) revenues, excluding any amounts not paid within 90 days from the date of invoice, or amounts collected by Tradition Transportation, L.L.C. with the assistance of an outside collection agency or an attorney.

The Freedom Agent Contract provides that the Karr Sellers, having substantial experience in the freight motor carrier industry and having customers, who have transportation brokerage service needs for their cargo of general commodities, would refer their customers to Freedom Freight Solutions, LLC for a commission of six percent (6%) of the margin on revenues generated through Freedom Freight Solutions, LLC.

Finally, the Purchaser and Karr Sellers agreed to enter into a mutually agreeable lease for use of the property commonly known as 4106 Highway 62 East, Mountain Home, Arkansas 72653, at the rate of three thousand dollars (\$3,000) per month for the office space and one thousand five hundred dollars (\$1,500) per month for the repair shop space. The term of the lease was six (6) months from the date of Closing, with Purchaser having the right to extend the term under the same terms and costs for two (2) additional six (6) month periods. Intent is for current dispatch and operations offices, two (2) additional offices occupied by accounting, and non-exclusive use of the break area, kitchen and restrooms; together with the three (3) bay maintenance facility, office currently used, and up to ten (10) parking spaces for semi-trucks and trailers (additional to employee and customer parking).

The Karr Asset Purchase Agreement has a term of the lesser of a period ending upon payment of the Cap, and a period of 5 years. Otherwise, at the written option of the parties, the Karr Asset Purchase agreement may be terminated by either party upon 30 days written notice. The Karr Asset Purchase Agreement is qualified by reference to the full text of the document attached as Exhibit 10.4 to this Current Report on Form 8-K.

EDSCO Purchase and Sale

On January 31, 2022, Tradition's wholly owned subsidiary, Anthem Anchor Bolts & Fasteners, LLC ("Anthem"), discussed in more detail below, and EDSCO Holding Company, LLC ("EDSCO") entered into an asset purchase and sale agreement. In this agreement, Anthem acquired the following inventory and equipment of EDSCO Holding Company, LLC for the purchase price of \$447,918.52 (the "EDSCO Purchase Price"): a 2011 Chevy Truck, a Trailer, a Nissan forklift, a Yale forklift, a Clark Forklift, a 250 Amp Mig Welder, a 2 1/2 Double head landis Threader, a 1 1/4 single head landis, a 1 1/4 rotary bender, a 200 ton Bulldozer, a do all saw, a Tesker 236 threader, a Tesker 215 roll threader, a Tesker 210 roll threader, a Reed B 112 Roll threader, a Landis Lanurol roll threader, a Plasma table, a Landis cut threader, a Floor scale, an additional 250 amp mig welder, various tools, a Bar Snapper, a Plasma Water Table, a Small bending unit, a Pallet Racking machine, and a Mult-function Printer (altogether the "EDSCO Assets").

The EDSCO Purchase Price was paid by wire transfer initiated on February 7, 2022 and EDSCO delivered to Anthem a bill of sale to transfer and vest in Anthem good and marketable title to the EDSCO Assets, free and clear of all encumbrances. EDSCO had been operating at 300 East Railroad Street, Waterloo, DeKalb County, Indiana 46793 (the "EDSCO Location"). As part of the closing, the owner of the EDSCO Location provided Tradition until September 30, 2022, to relocate. The rent paid to the owner of the property was paid up-front.

Anthem was relocated to 210 South Progress Drive, Kendallville, Indiana 46755, further discussed in "ITEM 3. PROPERTIES." Anthem, due to this acquisition, is a manufacturer of bolts, nuts, and fasteners, and creates custom plates, cages, and embeds. The asset purchase and sale agreement between EDSCO Holding Company, LLC and Anthem Anchor Bolts and Fasteners, LLC is qualified by reference to the full text of the full document attached as Exhibit 10.3 to this Current Report on Form 8-K.

Wholly Owned Subsidiaries

Tradition Transportation Company, L.L.C.

Tradition Transportation Company, L.L.C. was organized as an Indiana Limited Liability Company on January 22, 2016. Through this subsidiary, Tradition operates its tractor and trailer fleets, which are discussed below.

Tradition Leasing Systems, L.L.C.

Tradition Leasing Systems, L.L.C. was organized as an Indiana Limited Liability Company on September 17, 2016. Through this subsidiary Tradition engages in equipment acquisition and disposition.

Tradition Logistics, L.L.C.

Tradition Logistics, L.L.C. was organized as an Indiana Limited Liability Company on January 1, 2016. This subsidiary operates six (6) warehouses with four (4) in Indiana, specifically Angola, Indianapolis, Greenfield, and Greenwood; and two (2) located in Georgia, specifically Statesboro and Savannah, and provides time-sensitive warehousing, logistics and freight management to all 48 continental states and, as needed, internationally (into Mexico and Canada).

Freedom Freight Solutions, LLC

Freedom Freight Solutions, L.L.C. was organized as an Indiana Limited Liability Company on May 3, 2018. This subsidiary identifies and qualifies third party carriers, and connects the loads to the drivers.

Tradition Transportation Sales & Service, Inc.

Tradition Transportation Sales & Service, Inc. was organized as an Indiana Limited Liability Company on September 17, 2015. This subsidiary is principally engaged in providing mechanical repair and maintenance services for tractors and trailers that Tradition utilizes. It operates with the primary focus of maintenance cost reduction, expediting redeployment of equipment, and to serve as a back-stop to safety vehicle inspections.

Anthem Anchor Bolts and Fasteners, LLC

Anthem Anchor Bolts and Fasteners, LLC was organized as an Indiana Limited Liability Company on January 21, 2022, for the transaction with EDSCO Holding Company, LLC, as described above. This was formed as a small exploratory step into the supply of metal bolts, nuts, and other industrial fasteners. This company will serve Tradition Transportation Sales & Service, Inc. as a vendor.

Industry Overview, Competition, and Market Opportunity

Trucking is the primary means of serving the North American transportation market. Trucking continues to attract shippers due to the mode's cost advantages relative to air transportation and flexibility relative to rail. Truckload growth is largely tied to U.S. economic activity such as GDP growth and industrial production and moves in line with changes in sales, inventory and production within various sectors of the U.S. economy, including manufactured goods, construction products and bulk commodities.

The U.S. truckload industry sector comprises the use of dry van and specialty equipment. Both dry van and specialty equipment are used to transport goods over a long-haul and on a regional basis. Dry van carriers represent an integral component of the transportation supply chain for most retail and manufactured goods in North America. Specialty carriers employ equipment such as flat-bed trucks, temperature-controlled trailers, over-sized trailers and bulk transport, dump, and waste equipment. These carriers can transport temperature-controlled products and bulk commodities such as specialty chemicals and petrochemicals. Specialty equipment offering is characterized by higher equipment costs and more extensive driver training requirements relative to dry van offerings, resulting in higher barriers to entry and creating opportunities for differentiated value propositions for customers.

The American Trucking Associations ("ATA") has published, on its website, <https://www.trucking.org/economics-and-industry-data>, the following information, regarding trends in the truck freight industry in 2021:

- (i) Trucks moved nearly 72.2% of the United States of America's freight by weight
- (ii) Gross freight revenues from trucking amounted to \$875.5 billion dollars, which represents 80.8% of the revenue generated by the freight industry
- (iii) Trucks transported 66.1% of the value of surface trade between the U.S. and Canada and 82.7% between the U.S. and Mexico in 2021

The ATA also published that, as of June 2022, 95.7% of fleets operate ten or fewer trucks and 99.7% operate less than 100, and the number of for-hire carriers on file with the Federal Motor Carrier Safety Administration totaled 1,102,799, private carriers totaled 718,594, there were 153,191 carriers identified as both for-hire and private carriers, and other interstate motor carriers totaled 37,718.

As seen above, the U.S. truckload industry is large and fragmented, characterized by many small carriers. Some of Tradition's competitors include J.B. Hunt, Old Dominion Freight Line, Schneider, ACME Truck Line Inc., Crete Carrier, C.H. Robinson, CRST, Knight Logistics, Swift, and Werner Enterprises.

Regulations and initiatives to improve the safety of the U.S. trucking industry have impacted industry dynamics. Tradition believes the recent trend is for industry regulation to become progressively more restrictive and complex, which constrains the overall supply of trucks and drivers in the industry. See "Regulation" below for more information on the regulatory environment of the industry. Tradition believes smaller carriers will likely be challenged to maintain the utilization required for acceptable profitability under this regulatory framework.

Because the trucking industry is very fragmented, with most carriers operating ten or fewer trucks, and highly regulated, as described below in "Regulation," Tradition believes that this industry primed for consolidation.

Tradition's Service Offerings

Freight transportation services, brokerage services, equipment leasing services, and warehouse leasing are Tradition's main services offerings.

Due to the EDSCO Purchase and Sale described above, Tradition has entered the manufacturing space and now manufactures bolts, nuts, and fasteners, and create custom plates, cages, and embeds. Tradition's manufacturing business is described later in "Manufacturing" and includes information related to Tradition's customers, competition, vendors, and the industry.

Freight Transportation Services

Tradition's "Freight Transportation Services" consist of the outbound and inbound movement of freight and make up about 50% of its total revenue, as of its fiscal year ended December 31, 2021. Tradition offers dry van, temperature-controlled, and flatbed specialized transportation services across all 48 contiguous states. The description of Tradition's fleet and trailers is described in more detail below in "Tractor and Trailer Fleets."

Brokerage Services

Tradition's "Brokerage Services" make up about 35% of its total revenue, as of its fiscal year ended December 31, 2021. These services include freight management, fulfillment, relabeling and repackaging, outbound logistics, supply chain management, warehouse management, inventory management, and shipment and tracking notification.

Equipment Leasing Services

Tradition's "Equipment Leasing Services" consist of the financing of owner-operator trucks and make up about 7% of its total revenue, as of its fiscal year ended December 31, 2021. Tradition offers a variety of leasing options including long-term, short-term, subleasing options. Customers can also purchase equipment from Tradition. Customers can lease or purchase late-model power units from Kenworth, Peterbilt, and Freightliner. Tradition also offers leasing on state-of-the-art trailers from Wabash, and Great Dane. Tradition's leasing system's state of the art financial management technology helps simplify the leasing process.

Warehouse Leasing Services

Tradition's "Warehouse Leasing Services" make up about 8% of its total revenue, as of its fiscal year ended December 31, 2021. Tradition has six (6) warehouses with four (4) in Indiana, specifically Angola, Indianapolis, Greenfield, and Greenwood; and two (2) located in Georgia, specifically Statesboro and Savannah. The warehouses provide more than 1.8 million sq. ft. of warehouse compacity, specifically:

Angola Office	135,500 sq. ft.	Franklin (Indianapolis) Office	156,960 sq. ft.
Greenfield Fulfillment Center	432,000 sq. ft.	Greenwood Warehouse	584,820 sq. ft.

Statesboro Warehouse	205,934 sq. ft.	Savannah Port Facility	311,265 sq. ft.
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Services include warehousing and fulfillment, and drayage, or the moving of freight from a container ship to a warehouse.

Tractor and Trailer Fleets

Tradition operates a fleet of approximately 162 company-owned tractors and approximately 303 trailers. Additionally, Tradition leases approximately 64 tractors and 248 trailers. Tradition's tractor fleet includes technology including electronic logging devices ("ELDs"), electronic speed limiters, electronic roll stability, and Samsara forward facing dash cams. Each of Tradition's company tractors is also equipped with onboard communication units that offer real time freight positioning to its customers and instant communication between its drivers and Tradition.

Tractors and trailers represent Tradition's most substantial capital investments. In general, Tradition expects to operate a tractor for approximately 3 years and 360,000 miles of operation, and trailers for approximately 10 years of operation. Tradition depreciates or finances its equipment over their useful lives and down to salvage values that Tradition expects to represent fair market value at the expected time of sale. Tradition's ongoing capital expenditures are significant, and its annual depreciation expense is expected to be approximately equal to maintenance capital expenditures, net of proceeds of dispositions, assuming a constant percentage of leased versus owned equipment and a constant trade cycle.

Tradition's company tractors have an average model year of 2020 and its trailers have average model year of 2017, as of December 28, 2022.

Tradition's Competitive Strengths

Tradition's management and the diversification of its business model are its primary strengths. Tradition's service offerings are based in assets and non-assets. Tradition manages its customer portfolio through type of products and services by each customer and by percentage of business Tradition will do with each customer based on annual sales and product types. Tradition is managed this way to allow it to balance its annual revenues, and have the ability to grow and gain market share. Tradition's technology and management teams are guided through this process as Tradition reviews its operations quarterly with its business development teams and operations management.

Tradition's competitive strengths provide it with a strong foundation to continue to improve its profitability and stockholder value and are discussed in more detail below:

Complementary mix of services to afford flexibility and stability throughout economic cycles

Tradition's service offerings have unique characteristics and are subject to differing market forces, which Tradition believes allows it to respond effectively through economic cycles.

Tradition's Freight Transportation Services, Brokerage Services, Warehousing Leasing Services, and Equipment Leasing Services involve assets and non-assets. These services, along with Tradition's manufacturing business, complement and support one another, and create opportunities for cross selling.

Technology

Tradition has integrated general and industry-specific technology into its front and back-end office operations, allowing Tradition to run efficiently and effectively. Tradition is focused on continual implementation of the digital initiatives that Tradition believes are re-engineering it to be a market leader in growth and profitability over the next decade. Some examples of the technologies that Tradition uses are as follows:

- (i) Samsara's "to-the-second" GPS tracking and smart geofencing provides best-in-class visibility to improve route performance.

- (ii) SkyBlitz provides commercial telematics, focused on solutions for enterprise and local fleets, tank monitoring and petroleum logistics
- (iii) Tradition is currently using Transport Pro as its TMS (Transportation Management Software); however, Tradition is in the middle of converting to TMW by Trimble Transportation Enterprise Solutions, Inc. for its transportation management solutions.
- (iv) Camelot Software, provides warehouse management systems.

Diverse and resilient customer base

Tradition maintains a diverse customer base that fall within a broad spectrum of geographies and end markets. Tradition's customers are described in more detail below.

Maintenance system designed to optimize life cycle investment and minimize operating costs

Tradition's fleet represents its largest capital investment, a visible representation of Tradition's brand for customers and drivers and a large portion of its controllable costs. Tradition selects, maintains and disposes of its fleet based on rigorous analysis of its investments and operating costs.

Over the past several years, Tradition has developed a disciplined and effective maintenance program designed to actively manage these assets based on the amount of miles a tractor is driven for preventive maintenance and replacement of parts. Tradition's owned and lease-purchase units are serviced at approved vendors according to its Maintenance Program Schedule: (1) A Service – Performed every 35,000 miles, (2) B Service – Performed every 17,500 miles, (3) C Service – Performed every 250,000 miles, and (4) D Service – Performed every 150,000 miles. Tradition believes this approach, coupled with its approved vendors, helps it effectively manage its maintenance cost per mile, keeps drivers on the road efficiently and creates an attractive asset and record for resale.

Motivated management team focused on tactical execution and leadership in the truckload market

Tradition's senior corporate staff has a combined 110 years of industry knowledge and experience. Tradition's Chief Executive Officer, Timothy E. Evans, has over 30 years of experience in the transportation and warehousing industry. Joseph Montel, Tradition's company Secretary and General Counsel has nearly 30 years of experience in transportation, banking, corporate, securities, and real estate. James L. Evans, Tradition's Vice President, has been involved in the transportation, logistics, and warehousing industry for more than 30 years. Joseph M. Davis, Tradition's Chief Operating Officer, has more than 20 years of experience in the industry and has been on the operations side for most of that time. Tradition believes its leadership team is well-positioned to execute its strategy and remains a key driver of its financial and operational success.

Customer Relationships

Tradition maintains a diverse customer base that includes a large base of nearly 500 active customers, including Meijer Distribution, Inc. Therma-Tru Corp., Dunham's Distribution Center, Bridgestone, and C.H. Robinson. Tradition's customers fall within a broad spectrum of geographies and end markets, including building materials, transportation, automotive, manufacturing, grocery stores, containers and packaging, and food and drink. For the fiscal year ended December 31, 2021, Tradition's largest customer accounted for approximately 13% of Tradition's revenue.

Tradition's Business Strategies

Tradition believes it possesses the ability to scale, infrastructure and service offerings to compete effectively in its markets, its opportunity for further improvement is significant, and its strategies are designed to enhance stockholder value.

Improve profitability and grow revenue

- (i) Improve asset productivity by using advanced technology to optimize dispatch miles in all cycles and actively upgrade freight mix when volumes permit
- (ii) Control non-essential costs and seek efficiencies throughout the enterprise
- (iii) Pursue driver training and safety initiatives as a core value
- (iv) Continue to leverage Tradition's service mix to manage through all market cycles
- (v) Grow Tradition's revenue base organically and prudently with a focus on cross-selling its services with existing customers and pursuing new customer opportunities

Strategic investments and growth strategies

- (i) Tradition currently invests and plans to continue investing in infrastructure as well as administrative/operational and driver recruitment personnel to maintain growth
- (ii) Tradition has a goal of acquiring 200 plus tractors and 400 trailers in 2023 and 2024, through merger and acquisitions opportunities
- (iii) Tradition plans to open deployment centers in Indianapolis Indiana, Savannah Georgia, Nashville Tennessee, and Dallas Texas in 2023 and 2024
- (iv) Tradition looks to acquire a warehouse facility, in Indiana, in 2023 for warehouse operations only, and plans to relocate main operations to a new location in Indiana with the acquisition or construction of new facility
- (v) Tradition plans to explore strategic mergers and acquisitions opportunities in 2023 and 2024 for the additions of terminals in Dallas, TX, the southeastern U.S. and the pacific coast to facilitate driver recruitment, reseating, and related opportunities
- (vi) Tradition plans to determine which marketing platforms provide the best return for its multiple services and products, and Tradition plans to invest in the diversification of its marketing. Tradition currently invest in social media, websites, hub spot CRM platform, trade shows and brochures as Tradition scales its sales force internally and nationally
- (vii) Tradition plans to invest in and grow its manufacturing business and launch U-bolt manufacturing to add more diversification to its products

(viii) Tradition plans to invest in and grow its drayage business.

Owner operators

In addition to the company drivers that Tradition employs, it enters into contracts with independent contractors or owner operators, to many of whom Tradition leases tractors. Owner operators may operate their own tractors and provide their services to Tradition under contractual arrangements. Except for generally providing owner operators with the use of its trailers, owner operators are responsible for the ownership and operating expenses of their tractors, and are compensated by Tradition primarily on a rate per mile basis. By operating safely and productively, independent contractors can improve their own profitability and Tradition's. Tradition believes that the fleet of independent contractors it engages provides significant advantages that primarily arise from the motivation of business ownership. Owner operators tend to produce more miles per tractor per week. As of December 28, 2022, Tradition has approximately 132 owner operators.

Owner operators have access to medical, dental and vision insurance, as well as safety and referral bonus programs.

Human Capital Resources

General

As of December 28, 2022, Tradition has two hundred and fifteen (215) full-time employees. Sixty (60) of the full-time employees are its drivers, and one-hundred twenty-two (122) are office personnel. Tradition also has one hundred and thirty two (132) owner operator drivers. None of Tradition's employees are covered by a collective bargaining agreement.

To attract and retain the best-qualified talent, Tradition offers competitive benefits, including, medical, dental and vision insurance, as well as life insurance and a 401k. Owner operators have access to medical, dental and vision insurance, as well as safety and referral bonus programs.

In addition to Tradition's hiring criteria, its tractors are equipped with electronic speed limiters, automatic transmissions, lane departure and collision warning systems, air disc brakes and high performance wide brake drums, electronic roll stability and, more recently, forward-facing cameras.

Trademarks

Tradition has a word mark and a design mark on "Tradition Transportation Company, LLC," which were registered on March 12, 2019.

Regulation

Transportation Regulations

Tradition's operations are regulated and licensed by various government agencies, including the Department of Transportation ("DOT"), Environmental Protection Agency ("EPA") and the Department of Homeland security ("DHS"). These and other federal and state agencies also regulate Tradition's equipment, operations, drivers and third-party carriers.

The DOT, through the Federal Motor Carrier Safety Administration ("FMCSA"), imposes safety and fitness regulations on Tradition and its drivers, including rules that restrict driver hours-of-service. Changes to such hours-of-service rules can negatively impact Tradition's productivity and affect its operations and profitability by reducing the number of hours per day or week its drivers may operate and/or disrupt Tradition's network. However, in August 2019, the FMCSA issued a proposal to make changes to its hours-of-service rules that would allow truck drivers more flexibility with their 30-minute rest break and with dividing their time in the sleeper berth. It also would extend by two hours the duty time for drivers encountering adverse weather, and extend the short haul exemption by lengthening the drivers' maximum on-duty period from 12 hours to 14 hours. In June 2020 the FMCSA adopted a final rule substantially as proposed, which became effective in September 2020. Certain industry groups have challenged these rules in court, and it remains unclear what, if anything, will come from such challenges. Any future changes to hours-of-service rules could materially adversely affect Tradition's results of operations and profitability.

There are two methods of evaluating the safety and fitness of carriers. The first method is the application of a safety rating that is based on an onsite investigation and affects a carrier's ability to operate in interstate commerce. Tradition currently has a satisfactory DOT safety rating for Tradition's U.S. operations under this method, which is the highest available rating under the current safety rating scale. If Tradition were to receive a conditional or unsatisfactory DOT safety rating, it could materially adversely affect its business, as some customers and potential customers may not want to utilize the services of a carrier with such a rating. In January 2016, the FMCSA published a Notice of Proposed Rulemaking outlining a revised safety rating measurement system, which would replace the current methodology. Under the proposed rule, the current three safety ratings of "satisfactory," "conditional" and "unsatisfactory" would be replaced with a single safety rating of "unfit," and a carrier would be deemed fit when no rating was assigned. Moreover, the proposed rules would use roadside inspection data in addition to investigations and onsite reviews to determine a carrier's safety fitness on a monthly basis. Under the current rules, a safety rating can only be given upon completion of a comprehensive onsite audit or review. Under the proposed rules, a carrier would be evaluated each month and could be given an "unfit" rating if the data collected from roadside inspections, investigations and onsite reviews did not meet certain standards. The proposed rule underwent a public comment period extending into May 2016 and several industry groups and lawmakers have expressed their disagreement with the proposed rule, arguing that it violates the requirements of the Fixing America's Surface Transportation Act (the "FAST Act"), and that the FMCSA must first finalize its review of the Compliance, Safety, Accountability program ("CSA") scoring system, described in further detail below. Based on this feedback and other concerns raised by industry stakeholders, in March 2017, the FMCSA withdrew the Notice of Proposed Rulemaking related to the new safety rating system. In its notice of withdrawal, the FMCSA noted that a new rulemaking related to a similar process may be initiated in the future. Therefore, it is uncertain if, when or under what form any such rule could be implemented. The FMCSA has also indicated that it is in the early phases of a new study on the causation of crashes. Although it remains unclear whether such study will ultimately be completed, the results of such study could spur further proposed and/or final rules in regard to safety and fitness.

In addition to the safety rating system, the FMCSA has adopted the CSA program as an additional safety enforcement and compliance model that evaluates and ranks fleets on certain safety-related standards. The CSA program analyzes data from roadside inspections, moving violations, crash reports from the last two years and investigation results. The data is organized into seven categories. Carriers are grouped by category with other carriers that have a similar number of safety events (e.g., crashes, inspections or violations) and carriers are ranked and assigned a rating percentile to prioritize them for interventions if they are above a certain threshold. Currently, these scores do not have a direct impact on a carrier's safety rating. However, the occurrence of unfavorable scores in one or more categories may (i) affect driver recruiting and retention by causing high-quality drivers to seek employment with other carriers, (ii) cause Tradition's customers to direct their business away from Tradition and to carriers with higher fleet rankings, (iii) subject Tradition to an increase in compliance reviews and roadside inspections, (iv) cause Tradition to incur greater than expected expenses in Tradition's attempts to improve unfavorable scores or (v) increase Tradition's insurance expenses, any of which could adversely affect Tradition's results of operations and profitability.

Under the CSA, these scores were initially made available to the public in five of the seven categories. However, pursuant to the FAST Act which was signed into law in December 2015, the FMCSA was required to remove from public view the previously available CSA scores while it reviews the reliability of the scoring system. During this period of review by the FMCSA, Tradition will continue to have access to its own scores and will still be subject to intervention by the FMCSA when such scores are above the intervention thresholds. A study was conducted and delivered to the FMCSA in June 2017 with several recommendations to make the CSA program more fair, accurate, and reliable. In late June 2018, the FMCSA provided a report to Congress outlining the changes it may make to the CSA program in response to the study. Such changes include the testing and possible adoption of a revised risk modeling theory, potential collection and dissemination of additional carrier data and revised measures for intervention thresholds. The adoption of such changes is contingent on the results of the new modeling theory and additional public feedback. Therefore, it is unclear if, when and to what extent such changes to the CSA program will occur. However, any changes that increase the likelihood of Tradition receiving unfavorable scores could materially adversely affect Tradition's results of operations and profitability.

In May 2020 the FMCSA announced that effective immediately it is making permanent a pilot program that will not count a crash in which a motor carrier was not at fault when calculating the carrier's safety measurement profile, called the Crash Preventability Demonstration Program ("CPDP"). The CPDP will expand the types of eligible crashes, modify the Safety Measurement System to exclude crashes with not preventable determinations from the prioritization algorithm and note the not preventable determinations in the Pre-Employment Screening Program. Under the program, carriers with eligible crashes that occurred on or after August 2019, may submit a Request for Data Review with the required police accident

report and other supporting documents, photos or videos through the FMCSA's DataQs website. If the FMCSA determines the crash was not preventable, it will be listed on the Safety Measurement System but not included when calculating a carrier's Crash Indicator Behavior Analysis and Safety Improvement Category measure in SMS. Additionally, the not preventable determinations will be noted on a driver's Pre-Employment Screening Program report.

The final rule requiring the use of ELDs was published in December 2015. This rule required drivers of commercial motor vehicles that are required to keep logs to be ELD-compliant by December 2017. Use of automatic onboard recording devices was permitted until December 2019, at which time use of ELDs became required. Tradition was fully converted to ELDs by the December 2019 deadline. Tradition believes that more effective hours-of-service enforcement under this rule may improve Tradition's competitive position by causing all carriers to adhere more closely to hours-of-service requirements.

In December 2016, the FMCSA issued a final rule establishing a national clearinghouse for drug and alcohol testing results and requiring motor carriers and medical review officers to provide records of violations by commercial drivers of FMCSA drug and alcohol testing requirements. Motor carriers are required to query the clearinghouse to ensure drivers and driver applicants do not have violations of federal drug and alcohol testing regulations that prohibit them from operating commercial motor vehicles. The final rule became effective in January 2017, with a compliance date in January 2020. In December 2019, however, the FMCSA announced a final rule extending by three years the date for state driver's licensing agencies to comply with certain Drug and Alcohol Clearinghouse requirements. The December 2016 commercial driver's license rule required states to request information from the Clearinghouse about individuals prior to issuing, renewing, upgrading or transferring a CDL. This new action will allow states' compliance with the requirement, which was set to begin January 2020, to be delayed until January 2023. That being said, the FMCSA has indicated it will allow states the option to voluntarily query Clearinghouse information beginning January 2020. The compliance date of January 2020 remained in place for all other requirements set forth in the Clearinghouse final rule; however, upon implementation, the rule may reduce the number of available drivers in an already constrained driver market. Pursuant to a new rule finalized by the FMCSA, effective November 2021, states are required to query the Clearinghouse when issuing, renewing, transferring, or upgrading a commercial driver's license and must revoke a driver's commercial driving privileges if such driver is prohibited from driving a motor vehicle for one or more drug or alcohol violations.

In September 2020, the Department of Health and Human Services ("DHHS") announced proposed mandatory guidelines to allow employers to drug test truck drivers and other federal workers for pre-employment and random testing using hair specimens. However, the proposal also requires a second sample using either urine or an oral swab test if a hair test is positive, if a donor is unable to provide a sufficient amount of hair for faith-based or medical reasons, or due to an insufficient amount or length of hair. The proposal specifically requires that the second test be done simultaneously at the collection event or when directed by the medical review officer after review and verification of laboratory-reported results for the hair specimen. DHHS indicated the two-test approach is intended to protect federal workers from issues that have been identified as limitations of hair testing, and related legal deficiencies identified in two prior court cases. The ATA has voiced concerns with the new guidelines, characterizing them as "weak" and "misguided," and specially taking issue with the second sample requirement, which the ATA feels diminishes the value of hair testing. It is unclear if, and when, a final rule may be put in place. Any final rule may reduce the number of available drivers. Tradition currently performs urine testing and will continue to monitor any developments in this area to ensure compliance.

Other rules have been recently proposed or made final by the FMCSA, including (i) a rule requiring the use of speed limiting devices on heavy duty tractors to restrict maximum speeds, which was proposed in 2016, and (ii) a rule setting forth minimum driver-training standards for new drivers applying for commercial driver's licenses for the first time and to experienced drivers upgrading their licenses or seeking a hazardous materials endorsement, which was made final in December 2016, with a compliance date in February 2020. However, in May 2020, the FMCSA approved an interim rule delaying implementation of the final rule by two years which extended the compliance date to February 2022. In July 2017, the DOT announced that it would no longer pursue a speed limiter rule, but left open the possibility that it could resume such a pursuit in the future. In May 2021, however, the Cullum Owings Large Truck Safe Operating Speed Act was reintroduced into the U.S. House of Representatives and would require commercial motor vehicles with a gross weight of more than 26,000 pounds to be equipped with a speed limiter that would limit the vehicle's speed to no more than 65 M.P.H. The effect of these rules, to the extent they become effective, could result in a decrease in fleet production and driver availability, either of which could materially adversely affect Tradition's business, financial condition and results of operations.

The Infrastructure Investment and Jobs Act ("IIJA"), signed into law by President Biden in November 2021, created an apprenticeship program for drivers younger than 21 to eventually qualify to drive commercial trucks in interstate commerce.

The provision drew certain mechanics from the bills introduced in Congress in 2019 related to lowering the age requirements for interstate commercial driving. The FMCSA announced the establishment of this apprenticeship program in January 2022 in an effort to help the industry's ongoing driver shortage. The program is open to 18 to 20-year-old drivers who already hold intrastate commercial driver's licenses and sets a strict training regimen for participating drivers and carriers to comply with. Motor carriers interested in participating must complete an application for participation and submit monthly data on an apprentice's driver activity, safety outcomes, and additional supporting information. It remains unclear whether any regulatory changes will stem from the apprenticeship program.

In December 2018, the FMCSA granted a petition filed by the ATA and in doing so determined that federal law does preempt California's wage and hour laws, and interstate truck drivers are not subject to such laws. The FMCSA's decision has been appealed by labor groups, and multiple lawsuits have been filed in federal courts seeking to overturn the decision. In January 2021, the Ninth Circuit upheld the FMCSA's determination that federal law does preempt California's meal and rest break laws, as applied to drivers of property-carrying commercial motor vehicles. Other current and future state and local wage and hour laws, including laws related to employee meal breaks and rest periods, may also vary significantly from federal law. Further, driver piece rate compensation, which is an industry standard, has been attacked as non-compliant with state minimum wage laws and lawsuits have recently been filed and/or adjudicated against carriers demanding compensation for sleeper berth time, layovers, rest breaks and pre-trip and post-trip inspections, the outcome of which could have major implications for the treatment of time that drivers spend off-duty (whether in a truck's sleeper berth or otherwise) under applicable wage laws. Both of these issues adversely impact Tradition and the industry as a whole, with respect to the practical application of the laws, thereby resulting in additional cost. As a result, Tradition, along with other companies in Tradition's industry, are subject to an uneven patchwork of wage and hour laws throughout the United States. In the past, certain legislators have proposed federal legislation to preempt state and local wage and hour laws; however, passage of such legislation is uncertain. Tradition's fleet currently complies with all local laws.

Tax and other regulatory authorities, as well as independent contractors themselves, have increasingly asserted that independent contractor drivers in the trucking industry are employees rather than independent contractors. Federal legislation has been introduced in the past that would make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements for those that engage independent contractor drivers and to increase the penalties for companies who misclassify their employees and are found to have violated employees' overtime and/or wage requirements. The most recent example being the Protecting the Rights to Organize ("PRO") Act, which was passed by the House of Representatives and received by the Senate in March 2021 and remains with the Senate's Committee on Health, Education, Labor, and Pensions. The PRO Act proposes to apply the "ABC Test" for classifying workers under Federal Fair Labor Standards Act claims. It is unknown whether any of the proposed legislation will become law or whether any industry-based exemptions from any resulting law will be granted. Additionally, federal legislators have sought to abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice, extend the Fair Labor Standards Act to independent contractors and impose notice requirements based on employment or independent contractor status and fines for failure to comply. Some states have put initiatives in place to increase their revenue from items such as unemployment, workers' compensation and income taxes and a reclassification of independent contractors as employees would help states with this initiative.

Recently, courts in certain states have issued decisions that could result in a greater likelihood that independent contractors would be judicially classified as employees in such states. In September 2019, California enacted A.B. 5 ("AB5"), a new law that changed the landscape of the state's treatment of employees and independent contractors. AB5 provides that the three-pronged "ABC Test" must be used to determine worker classification in wage-order claims. Under the ABC Test, a worker is presumed to be an employee and the burden to demonstrate their independent contractor status is on the hiring company through satisfying all 3 of the following criteria:

- (i) the worker is free from control and direction in the performance of services; and
- (ii) the worker (i) the worker is free from control and direction in the performance of services; and is performing work outside the usual course of the business of the hiring company; and

- (iii) the worker is customarily engaged in an independently established trade, occupation, or business.

How AB5 will be enforced is still to be determined. In January 2021, however, the California Supreme Court ruled that the ABC Test could apply retroactively to all cases not yet final as of the date the original decision was rendered, April 30, 2018. While AB5 was set to go into effect in January 2020, a federal judge in California issued a preliminary injunction barring the enforcement of AB5 on the trucking industry while the California Trucking Association (“CTA”) moves forward with its suit seeking to invalidate AB5. The Ninth Circuit Court of Appeals rejected the reasoning behind the injunction in April 2021, ruling that AB5 is not pre-empted by federal law, but granted a stay of the AB5 mandate in June 2021 (preventing its application and temporarily continuing the injunction) while the CTA petitioned the U.S. Supreme Court (the “Supreme Court”) to review the decision. In November 2021, the Supreme Court requested that the U.S. solicitor general weigh in on the case. The injunction was lifted on August 29, 2022. There is not yet much clarity on how AB5 will be enforced. Further, the matter is not settled, as the CTA is pursuing the case from the beginning and has requested another injunction. It is also possible AB5 will spur similar legislation in states other than California, which could adversely affect Tradition’s results of operations and profitability.

Further, class actions and other lawsuits have been filed against certain members of the trucking industry seeking to reclassify independent contractors as employees for a variety of purposes, including workers’ compensation and health care coverage. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. If independent contractors Tradition contracts with are determined to be employees, Tradition would incur additional exposure under federal and state tax, workers’ compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

Environmental Regulations

From time-to-time Tradition engages in the transportation of hazardous substances, most notably molten aluminum. Additionally, some of Tradition’s tractor terminals are located in areas where groundwater or other forms of environmental contamination could occur. Tradition’s operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. Certain of Tradition’s facilities have wash facilities, waste oil or fuel storage tanks and fueling islands. If Tradition is involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances Tradition transports, if soil or groundwater contamination is found at Tradition’s facilities or results from Tradition’s operations, or if Tradition is found to be in violation of applicable laws or regulations, Tradition could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on Tradition’s business, financial condition and results of operations.

In August 2011, the National Highway Traffic Safety Administration (the “NHTSA”) and the EPA adopted a new rule that established the first-ever fuel economy and greenhouse gas standards for medium and heavy-duty vehicles, including the tractors Tradition employs (the “Phase 1 Standards”). The Phase 1 Standards apply to tractor model years 2014 to 2018 and require the achievement of an approximate 20 percent reduction in fuel consumption by the 2018 model year, which equates to approximately four gallons of fuel for every 100 miles traveled. In addition, in February 2014, President Obama announced that his administration would begin developing the next phase of tighter fuel efficiency and greenhouse gas standards for medium-and heavy-duty tractors and trailers (the “Phase 2 Standards”). In October 2016, the EPA and NHTSA published the final rule mandating that the Phase 2 Standards will apply to trailers beginning with model year 2018 and tractors beginning with model year 2021. The Phase 2 Standards require nine percent and 25 percent reductions in emissions and fuel consumption for trailers and tractors, respectively, by 2027. The final rule was effective in December 2016, but has since faced challenges and delays. In October 2017, the EPA announced a proposal to repeal the Phase 2 Standards as they relate to gliders (which mix refurbished older components, including transmissions and pre-emission-rule engines, with a new frame, cab, steer axle, wheels, and other standard equipment). The outcome of such proposal is still undetermined. Additionally, implementation of the Phase 2 Standards as they relate to trailers has been challenged in the U.S. Court of Appeals for the District of Columbia. In November 2021, a panel for the U.S. Court of Appeals for the District of Columbia ruled in favor of the association challenging the standards and vacated all portions of the Phase 2 Standards that applied to trailers, and consequently, the Phase 2 Standards will only require reductions in emissions and fuel consumption for tractors.

In January 2020, the EPA announced it is seeking input on reducing emissions of nitrogen oxides and other pollutants from heavy-duty trucks. The EPA anticipates taking final action on the new plan, commonly referred to as the “Cleaner Trucks Initiative.” On August 5, 2021, U.S. EPA announced an update to the Cleaner Trucks Initiative called the Clean Trucks Plan.

The Clean Trucks Plan plans to reduce GHG and other harmful air pollutants from heavy-duty trucks through a series of rulemakings over the next three years. Further, the EPA is targeting 2027 for these new standards to take effect and is also working on enacting more stringent greenhouse gas emission standards (beginning with model year 2030 vehicles) by the end of 2024.

The California Air Resources Board (“CARB”) also adopted emission control regulations that will be applicable to all heavy-duty tractors that pull 53-foot or longer box-type trailers within the State of California. The tractors and trailers subject to these CARB regulations must be either EPA SmartWay certified or equipped with low-rolling resistance tires and retrofitted with SmartWay-approved aerodynamic technologies. Enforcement of these CARB regulations for 2011 model year equipment began in January 2010 and have been phased in over several years for older equipment. In addition, in February 2017 CARB proposed “California Phase 2” standards that would generally align with the federal Phase 2 Standards, with some minor additional requirements, and as proposed would stay in place even if the federal Phase 2 Standards are affected. In February 2019, the California Phase 2 standards became final. Thus, even though the trailer provisions of the Phase 2 Standards were removed, Tradition will still need to ensure that Tradition’s fleet that operates in California is compliant with the California Phase 2 standards, which may result in increased equipment costs and could adversely affect Tradition’s operating results and profitability. CARB has also recently announced intentions to adopt regulations ensuring that 100% of tractors operating in California are operating with battery or fuel cell-electric engines in the future. Whether these regulations will ultimately be adopted remains unclear. Tradition will continue monitoring its compliance with the CARB regulations. Federal and state lawmakers also have proposed potential limits on carbon emissions under a variety of climate-change proposals. Compliance with such regulations has increased the cost of Tradition’s new tractors, may increase the cost of any new trailers that will operate in California, and could impair equipment productivity and increase Tradition’s operating expenses. These adverse effects, combined with the uncertainty as to the reliability of the newly designed diesel engines and the residual values of these vehicles, could materially increase Tradition’s costs or otherwise materially adversely affect Tradition’s business, financial condition and results of operations. In June 2020 CARB also passed the Advanced Clean Trucks (“ACT”) regulation, which became effective in March 2021 and generally requires original equipment manufacturers to begin shifting towards greater production of zero-emission heavy duty tractors starting in 2024. Under ACT, by 2045, every new tractor sold in California will need to be zero-emission. While ACT does not apply to those simply operating tractors in California, it could affect the cost and/or supply of traditional diesel tractors and may lead to similar legislation in other states or at the federal level.

In order to reduce exhaust emissions, some states and municipalities have begun to restrict the locations and amount of time where diesel-powered tractors may idle. These restrictions could force Tradition to purchase on-board power units that do not require the engine to idle or to alter Tradition’s drivers’ behavior, which could result in increased costs.

In addition to the foregoing laws and regulations, Tradition’s operations are subject to other federal, state and local environmental laws and regulations, many of which are implemented by the EPA and similar state agencies. Such laws and regulations generally govern the management and handling of hazardous materials, discharge of pollutants into the air, surface water and other environmental media, and groundwater preservation and disposal of certain various substances. Tradition does not believe that its compliance with these statutory and regulatory measures has had a material adverse effect on its business, financial condition and results of operations.

Food Safety Regulations

In April 2016, the Food and Drug Administration (“FDA”) published a final rule establishing requirements for shippers, loaders, carriers by motor vehicle and rail vehicle and receivers engaged in the transportation of food, to use sanitary transportation practices to ensure the safety of the food they transport as part of the Food Safety Modernization Act (“FSMA”). This rule sets forth requirements related to (i) the design and maintenance of equipment used to transport food, (ii) the measures taken during food transportation to ensure food safety, (iii) the training of carrier personnel in sanitary food transportation practices and (iv) maintenance and retention of records of written procedures, agreements and training related to the foregoing items. These requirements took effect for larger carriers such as Tradition in April 2017. The FSMA is applicable to Tradition not only as a carrier, but Tradition is also considered a shipper when acting in the role of broker. Tradition believes it has been in compliance with the FSMA since the compliance date. However, if Tradition is found to be in violation of applicable laws or regulations related to the FSMA or if Tradition transports food or goods that are contaminated or are found to cause illness and/or death, Tradition could be subject to substantial fines, lawsuits, penalties and/or criminal and civil liability, any of which could have a material adverse effect on its business, financial condition and results of operations.

As the FDA continues its efforts to modernize food safety, it is likely additional food safety regulations will take effect in the future. In July 2020, the FDA released its “New Era of Smarter Food Safety” blueprint, which creates a ten year roadmap to create a more digital, traceable and safer food system. This blueprint builds on the work done under the FSMA, and while it is still unclear what, if any, changes to the current governing framework may ultimately take effect, further regulation in this area could negatively affect Tradition’s business by increasing its compliance obligations and related expenses going forward.

Executive and Legislative Climate

On August 16, 2022, President Biden signed into law the Inflation Reduction Act (“IRA”). The IRA seeks to reduce the carbon emissions in the U.S. by roughly 40% by 2030. It incentivizes the use of alternative forms of fuel, such as biodiesel and renewable fuel mixtures, and provides a tax credit for battery electric or hydrogen fuel cell heavy-duty vehicles. Electric trucks are still more expensive than diesel trucks, and some states, like California and Texas have had issues with their power grids, which have affected electric vehicles. Tradition will need to monitor the price of tractors and fuel to determine whether electric trucks will be practical for its use in the near future.

President Biden also has indicated an intention to make substantial changes to the current U.S. tax laws during his administration, including changes to the way capital gains are treated. Any changes to U.S. tax laws may have an adverse impact on Tradition’s business and profitability.

The United States Mexico Canada Agreement (“USMCA”) was entered into effect in July 2020. The USMCA is designed to modernize food and agriculture trade, advance rules of origin for automobiles and trucks, and enhance intellectual property protections, among other matters, according to the Office of the U.S. Trade Representative. It is difficult to predict at this stage what could be the impact of the USMCA on the economy, including the transportation industry. However, given the amount of North American trade that moves by truck, it could have a significant impact on supply and demand in the transportation industry, and could adversely impact the amount, movement and patterns of freight Tradition transports.

The IIJA was signed into law by President Biden in November 2021. The roughly \$1.2 trillion bill contains an estimated \$550 billion in new spending, which will impact transportation. In particular, it dedicates more than \$100 billion for surface transportation networks and roughly \$66 billion for freight and passenger rail operations. Among provisions in the law specific to trucking is the aforementioned apprenticeship program for drivers younger than 21 to eventually qualify to drive commercial trucks in interstate commerce. It remains unclear how the IIJA will be implemented into and effect Tradition’s industry. The IIJA may result in increased compliance and implementation related expenses, which could have a negative impact on Tradition’s operations.

Given COVID-19’s considerable effect on Tradition’s industry, the FMCSA issued and/or extended various temporary responsive measures throughout the year. Although, to date, these measures have largely been enacted in order to assist industry participants in operating under adverse circumstances, any further responsive measures remain unclear and could have a negative impact on Tradition’s operations.

In November 2021, the U.S. Department of Labor’s Occupational Safety and Health Administration (“OSHA”) published an emergency temporary standard (the “Emergency Rule”) requiring all employers with at least 100 employees to ensure that their employees are fully vaccinated or require any employees who remain unvaccinated to produce a negative COVID-19 test result on at least a weekly basis before coming to work. The Emergency Rule has been blocked by the Supreme Court. Effective January 2022, the U.S. is prohibiting unvaccinated foreigners from crossing the U.S.-Mexico border and U.S.-Canada border. Furthermore, effective January 2022, Canada is prohibiting unvaccinated foreigners, including U.S. citizens, from crossing their border. These border requirements, as well as any future vaccination, testing or mask mandates that are allowed to go into effect, could, among other things, (i) cause Tradition’s unvaccinated employees to go to smaller employers, if such employers are not subject to future mandates, or leave Tradition or the trucking industry, especially Tradition’s unvaccinated drivers, (ii) result in logistical issues, increased expenses, and operational issues from arranging for weekly tests of Tradition’s unvaccinated employees, especially its unvaccinated drivers, (iii) result in increased costs for recruiting and retention of drivers, as well as the cost of weekly testing, and (iv) result in decreased revenue if Tradition is unable to recruit and retain drivers. Any vaccination, testing or mask mandates that are interpreted as applying to drivers would significantly reduce the pool of drivers available to Tradition and its industry, which would further impact the extreme shortage of available drivers. Accordingly, any vaccination, testing or mask mandates, if allowed to go into effect, could have a material adverse effect on Tradition’s business, financial condition, and results of operations.

Seasonality

In the trucking industry, revenue has historically decreased as customers reduce shipments following the winter holiday season and as inclement weather impedes operations. At the same time, operating expenses have generally increased, with fuel efficiency declining because of engine idling and weather, causing more physical damage equipment repairs and insurance claims and costs. For the reasons stated, first quarter results historically have been lower than results in each of the other three quarters of the year. Over the past several years, Tradition has seen increases in demand at varying times, including surges between Thanksgiving and the year-end holiday season.

Manufacturing

As described above in “EDSCO Purchase and Sale,” Tradition’s wholly owned subsidiary, Anthem Anchor Bolts and Fasteners, LLC, is a manufacturer of bolts, nuts, and fasteners, and creates custom plates, cages, and embeds. Most of Tradition’s customers are in the construction and manufacturing markets. The construction market includes general, electrical, plumbing, sheet metal, and road contractors. Tradition is not reliant on any number of customers. The manufacturing market includes both original equipment manufacturers and maintenance and repair operations. This business is highly competitive. Competitors include both large distributors located primarily in large cities and smaller distributors located in cities throughout the United States. Tradition believes that the principal competitive factors affecting the markets for its products are customer service and convenience. Tradition is not reliant on any single vendor. This is not a seasonal business.

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

Tradition Transportation – see above description of business plan and operations.

C. Describe the issuers’ principal products or services.

Tradition Transportation – see above description of business plan and operations.

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.

Properties Leased by APSI

We maintain our principal executive office at 2180 North Park Ave, Suite 200, Winter Park, FL 32789, which is leased to us by Obduro, LLC. Obduro, LLC is owned by one of our directors Stephen W. Carnes. The monthly rent for this office space is \$2,000.00 per month. The space is a shared office space, which at the current time is suitable for the conduct of our business. This facility is on a month-to-month lease.

Properties Owned by Tradition

Tradition currently owns the following properties.

959 Growth Parkway, Angola, Indiana 46703

Tradition acquired this property, otherwise known as the Angola Maintenance Facility, on April 22, 2022 for \$800,000. The Angola Maintenance Facility is comprised of approximately 2 acres of land and 11,250 square feet of maintenance facility

and offices. The maintenance structure is a pole frame building constructed approximately 22 years ago. This property is primarily utilized by the Freight Transportation and Equipment Leasing segments of Tradition's business.

Properties Leased by Tradition

Tradition currently leases the following properties.

1175 Collins Road, Greenwood, Indiana 46143

Otherwise known as the Greenwood Warehouse. This property is comprised of 584,820 square feet of warehouse and office space. The property is leased for a term of three years commencing on June 1, 2022 and expiring on June 30, 2025. The base monthly rent rate for the first year is \$236,364.75, the second year is \$245,819.34, and the third year is \$255,652.11. This property is primarily utilized by the Warehouse Leasing segment of Tradition's business.

210 South Progress Drive, Kendallville, Indiana 46755

This property is comprised of 41,843 of bolt and fastener manufacturing/industrial manufacturing and warehouse space. The property is leased for a term of three years commencing on October 1, 2022 and expiring on September 30, 2025. The base monthly rent rate for the first year is \$12,204.21, the second year is \$13,075.94, and the third year is \$13,947.67. This property will primarily be used for the manufacturing of anchor bolts and special type fasteners.

300 Growth Parkway, Angola, Indiana 46703

Otherwise known as the Angola Office. This property is comprised of 135,500 square feet of warehouse space and office areas. The initial lease for the Angola Office was entered into June 20, 2016. This lease has been renewed and extended the term of the lease to expire April 30, 2024. The base monthly rent is \$11,493.30. This property is primarily utilized by the Freight Transportation, Warehouse Leasing, Equipment Leasing, and Brokerage Services segments of Tradition's business.

3000 Tremont Road, Savannah, Chatham County, Georgia 31405

Otherwise known as the Savannah Port Facility. This property is comprised of approximately 25 acres and a 311,265 square feet building. This location is less than 4 miles from the port and will operate customary warehousing, transloading (taking cargo from the shipping container and placing it into a trailer), drayage (moving the shipping containers from the port to the warehouse for transloading), shipping container storage, and (once repair and maintenance completed, which are in process) rail. The property is leased for a term of five years commencing on May 1, 2022 and expiring on April 30, 2027. The base monthly rent rate for the first year is \$155,633.00, the second year is \$161,080.00, the third year is \$166,717.00, the fourth year is \$172,553.00, and the fifth year is \$178,592.00. This property is primarily utilized by the Freight Transportation, Warehouse Leasing, and Brokerage Services segments of Tradition's business.

333 South Franklin Road, Indianapolis, Indiana 46219

Otherwise known as the Franklin Office. This property is comprised of approximately 25 acres and 389,319 square feet of warehouse and office space, 8,609 square feet of truck terminal space, and approximately 10,467 of maintenance facility space. The property will be leased for a term of 84 months, the warehouse and office space commencing on December 1, 2022, the truck terminal and maintenance space commencing prior to July 1, 2023, and expiring on July 31, 2028. The base monthly rent rate for the first year is \$126,528.68, the second year is \$136,131.67, the third year is \$144,639.90, the fourth year is \$149,523.62, the fifth year is \$154,578.27, the sixth year is \$159,809.84, and the seventh year is 165,224.51. This property is primarily utilized by the Warehouse Leasing and Brokerage Services segments of Tradition's business.

6644 Old River Road North, Statesboro, Bulloch County, Georgia

Otherwise known as the Statesboro Warehouse. This property is comprised of approximately 146.84 acres and a 283,644 square feet building of warehouse space and offices. Tradition has leased 100,000 sq. ft. and is currently in discussions to increase the amount of space leased. The property is leased for a term of three years commencing on April 1, 2022 and expiring on March 31, 2023. The base monthly rent rate is \$81,515.54. This property is primarily utilized by the Warehouse Leasing segments of Tradition's business.

6887 West 350 North, Greenfield, Indiana 46140

Otherwise known as the Greenfield Fulfillment Center. This property is comprised of approximately 432,000 square feet of warehouse space and offices. The property is leased for a term of three years. The lease commenced on June 10, 2021, and expires on April 30, 2023. Rent began to accrue on July 1, 2021. The base monthly rent rate is \$144,000.00. This property is primarily utilized by the Fright Transportation, Warehouse Leasing, and Brokerage Services segments of Tradition's business. The sublease agreement is attached as Exhibit 10.16 to this Current Report on Form 8-K.

Suite 1502, 110 East Wayne Street, Fort Wayne, Indiana 46802

Otherwise known as the Freedom Office. This property is comprised of 3,233 square feet of office space. The Freedom Office is an expansion of the freight brokerage activities presently being undertaken at the Franklin Office. The property is leased for a term of three years. The initial lease term started on November 15, 2021. The was extended. The extension commenced on May 16, 2022, and expires on May 15, 2023. The base monthly rent rate is \$50,111.50. This property is primarily utilized by the Fright Transportation, Warehouse Leasing, Equipment Leasing, and Brokerage Services segments of Tradition's business.

Suite 1503, 110 East Wayne Street, Fort Wayne, Indiana 46802

Otherwise known as FWAO. This property is comprised of 2,652 square feet of office space. The FWAO is used for relocated accounting and payroll personnel, driver recruitment personnel, and human resources. The property is leased for a term of three years. The lease commenced on June 1, 2022, and expires on May 31, 2023. The fixed price per month of the rent is \$3,425.50. This property is primarily utilized by the Fright Transportation segment of Tradition's business.

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 issuers 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
Robert Morris	CEO, Director, >5% owner	Fort Wayne, Indiana	250,000	Series B Preferred	33.3%	-
Joseph Davis	President, Treasurer, >5% owner	Fort Wayne, Indiana	250,000	Series B Preferred	33.3%	-
Stephen W. Carnes	Director, >5% owner	Orlando, FL	250,000	Series B Preferred	33.3%	-
Phillip Securities HK Ltd Client A/C	>10%	Hong Kong	2,245,383	Common Stock	13%	Gary Leung

Kenneth Thomas	>5%	Elkridge, M	1,145,905	Common Stock	6.7%	-
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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 noted.

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 noted.

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 noted.

3. 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 noted.

- 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.

APSI's Recent Legal Proceedings

Aqua Power Systems Inc., a Nevada Corporation. (Petition of SMALL CAP COMPLIANCE, LLC) ("Custodianship")

On October 19, 2020, Small Cap Compliance, LLC filed its motion to serve as custodian of the Company; it was not a shareholder of the Company on the aforementioned date.

On December 1, 2020, the Eight Judicial District Court of Nevada entered an order approving the appointment of Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. (Small Cap Compliance, LLC and the Company entered into a Custodian Services Agreement on December 1, 2020, which set forth the duties of Small Cap Compliance, LLC)

On December 7, 2020, Small Cap Compliance, LLC filed a Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen W. Carnes as the sole officer and director of the Company, and amended the Company's Certificate of Incorporation to authorize the issuance of one million shares of Series B Preferred stock. The aforementioned were approved, and Stephen W. Carnes was elected as the sole director and the sole executive officer, at a meeting of the shareholders on January 4, 2021.

On January 1, 2021, Small Cap Compliance, LLC filed a Motion to Terminate Custodianship.

On March 3, 2021, the Eighth Judicial District Court of Nevada entered an order approving Small Cap Compliance, LLC's actions, without prejudice to the claims of interested parties as to dilution of their interest, terminated Small Cap Compliance, LLC's custodianship of the Company, and discharged Small Cap Compliance as custodian of the Company.

In re: AQUA POWER SYSTEMS INC., a Nevada Corporation, (Application of Stephen W. Carnes) ("Receivership")

On January 28, 2021, Stephen W. Carnes filed an application with the Eighth District Court of Nevada to be appointed as the Receiver of the Company and requested that the Court Order written proof of claim from all Claimants and Creditors of the Company as a reasonable and necessary step toward rehabilitating our insolvency.

On March 1, 2021, the Eighth Judicial District Court of Nevada ordered that Stephen W. Carnes be appointed "Receiver" of the Company, with the authority to rehabilitate the Company by, including but not limited to, collecting the debts and property due and belonging to the Company, to compromise and settle with the debtors and creditors of the Company, to prosecute and defend lawsuits in the name of the Company, to do all other acts as might be done by the Com, to do all other acts as may be reasonable and necessary to continue the business of the Company, and to appoint agents for the exercise of these duties.

On March 1, 2021, the Eighth Judicial District Court of Nevada ordered that all claimants and creditors of the Company had sixty (60) days, from March 1, 2021, to submit written proof of claim to the receiver.

On May 3, 2021, Claimant Graham Taylor submitted claims on behalf of himself, Heng Hong Investment, and Puriwanto Handoko.

On June 28, 2021, Receiver filed a motion to shorten time and a motion to bar asserted claims and unasserted claims.

On August 5, 2021, the Eighth Judicial District Court of Nevada ordered that all claimants and creditors of the Company are barred from participating in the distribution of assets of the Company which arose on or before August 6, 2021 (Notice of entry of the Order). No appeal was filed by the claimants within the timeframe for an appeal.

On October 4, 2021, filed a Motion to Terminate the Receivership and a hearing was set for November 8, 2021, regarding the Company's Motion to Terminate the Receivership. At the hearing, on November 8, 2021, the Company's Motion to Terminate the Receivership was granted.

On November 9, 2021, the Eighth Judicial District Court of Nevada ordered the Receivership Terminated.

AQUA POWER SYSTEMS INC. v. SILVERTON SA, INC.

On May 4, 2021, the Company filed a lawsuit for declaratory relief, seeking an order declaring void 6,330,138 shares of common stock of the Company held by Silverton SA, Inc., which was administratively dissolved July 9, 2018, in book entry with the Company's transfer agent, which were not acquired by any consideration.

On August 23, 2021, the Company moved for an entry of default for Silverton SA, Inc.'s failure to appear or serve any papers as required by law. On September 15, 2021, the Company filed a Motion for Entry of Default Final Judgement for failure to appear, file any responsive pleading or paper in this action, or otherwise assert any defense to this action as required by law.

On September 22, 2021, the Circuit Court of the Ninth Judicial Circuit of Orange County, Florida ruled that the Motion for Entry of Default Final Judgement was granted and the Court declared the 6,330,138 shares of common stock in the Company issued to [Silverton SA, Inc.] on or about October 7, 2015, held in Book Entry, void and cancelled.

AQUA POWER SYSTEMS INC. v. PARAMOUNT TRADING COMPANY INC.

On May 4, 2021, the Company filed a lawsuit for declaratory relief, seeking an order declaring void 2,690,000 shares of common stock of the Company held by Paramount Trading Company (“PTC”), a defunct company, in book entry with the Company’s transfer agent, which were not acquired by any consideration.

On August 23, 2021, the Company moved for an entry of default for failure to appear or serve any papers as required by law. On September 15, 2021, the Company filed a Motion for Entry of Default Final Judgement for failure to appear, file any responsive pleading or paper in this action, or otherwise assert any defense to this action as required by law.

On September 24, 2021, the Circuit Court of the Ninth Judicial Circuit of Orange County, Florida ruled that the Motion for Entry of Default Final Judgement was granted and the Court declared the 2,690,000 shares of common stock in APSI issued to PTC, over two transactions, on or about October 1, 2015 and on or about July 14, 2017, held in Book Entry, void and cancelled.

AQUA POWER SYSTEMS INC. v. TADASHI ISHIKAWA

On November 5, 2021, the Company filed a lawsuit for declaratory relief, seeking an order cancel 32,942,624 shares of common stock of the Company held by Tadashi Ishikawa, as he had not provided consideration for his shares nor complied with his obligations to the Company, in book entry with the Company’s transfer agent, which were not acquired by any consideration. This complaint was refiled on December 10, 2021 with a required general standing case management plan/order.

On March 7, 2022, the Company filed a Motion for Default for failure to appear.

On April 27, 2022, the Clerk of Court entered a default for Tadashi Ishikawa’s failure to respond.

On April 28, 2022, the Company filed a Motion for Entry of Default Judgement Final.

On May 19, 2022, the Circuit Court of the Ninth Judicial Circuit of Orange County, Florida granted the Company’s Motion for Entry of Default Judgment Final against Tadashi Ishikawa and declared that the 32,942,624 shares of common stock void and cancelled.

Tradition’s Recent Legal Proceedings

Tradition is involved in various litigation and claims primarily arising in the normal course of business, which include claims for personal injury or property damage incurred in the transportation of freight. Tradition retains insurance for liability, physical damage and cargo damage in amounts that management considers to be adequate. Based on its knowledge of the facts and, in certain cases, advice of outside counsel, management believes the resolution of claims and pending litigation, will not have a materially adverse effect on APSI or Tradition.

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 (must include Counsel preparing Attorney Letters).

Name: Donnell Soares, Esq.
Firm: Suares & Associates
Address 1: 833 Flatbush Avenue
Address 2: Suite 100
City, State, Zip: Brooklyn, New York 11226
Phone: (718) 622-8450
Email:

Auditor

Name: n/a
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Investor Relations

Name: n/a
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Service Providers

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

Name: n/a
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

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: Company Management
Title: Company Management
Relationship to Issuer: Company Management

Describe the qualifications of the person or persons who prepared the financial statements:

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;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;

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.

- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

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, Robert D. Morris certify that:

1. I have reviewed this Disclosure Statement for Aqua Power Systems, 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.

July 17, 2023

/s/ Robert D. Morris
Chief Executive Officer

Principal Financial Officer:

I, Robert D. Morris certify that:

1. I have reviewed this Disclosure Statement for Aqua Power Systems, 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.

July 17, 2023

/s/ Robert D. Morris
Chief Financial Officer

AQUA POWER SYSTEMS, INC. & SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(Unaudited)

	Pages
Consolidated Balance Sheets as of March 31, 2023 and December 31, 2022	F-2
Consolidated Income Statements for the Three Months Ended March 31, 2023 and the year ended December 31, 2022	F-3
Consolidated Statements of Changes in Stockholders' Deficit for the Three Months Ended March 31, 2023 and 2022	F-4
Consolidated Statements of Cash flows for the Three Months Ended March 31, 2023 and 2022	F-5
Notes to Consolidated Financial Statements	F-6 to F-19

AQUA POWER SYSTEMS, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	Three Months Ended March 31, 2023	Year Ended December 31, 2022
ASSETS		
Current Assets	\$	\$
Cash	(456,664)	487,560
Contract receivables, net	11,645,598	12,330,632
Inventories	402,993	429,575
Contract assets	589,088	4,220,119
Pre-paid expenses and other current assets	2,102,319	2,115,740
Total Current Assets	<u>14,283,334</u>	<u>19,583,626</u>
Property & equipment, net	41,376,645	44,184,756
Right-of-use assets under operating leases, net	30,229,338	30,229,338
Other assets	2,595,316	873,690
Goodwill	5,774,416	5,774,416
Total Assets	<u>\$ 94,259,049</u>	<u>\$ 100,645,826</u>
LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIENCY)		
Current Liabilities		
Cash overdraft	\$ 456,664	\$ 185,195
Line of Credit	7,073,893	8,256,525
Long-term-debt, current portion	9,105,783	9,105,783
Operating lease liabilities, current portion	6,974,517	6,974,517
Finance lease liabilities, current portion	114,321	114,321
Accounts Payable	4,319,611	4,754,971
Accrued expenses	102,242	904,770
Contract liabilities	52,480	27,690
Accrued expenses – related party	75,990	75,990
Total Current Liabilities	<u>28,275,501</u>	<u>30,399,762</u>
Long-term debt, net	43,827,335	43,827,335
Operating lease liabilities	23,328,089	23,328,089
Finance lease liabilities	285,031	285,031
Deferred income taxes	2,610,000	2,610,000
Note payable - related party	244,940	244,940
Total Liabilities	<u>98,570,896</u>	<u>100,695,157</u>
Stockholders' Equity (Deficiency)		
Undesignated Preferred Stock, \$0.001 par value, 4,000,000 shares authorized, at March 31, 2023 and December 31, 2022, there were none issued and outstanding, respectively	-	-
Preferred A Stock, \$0.001 par value; 5,000,000 shares authorized, at March 31, 2023 and December 31, 2022, there were none issued and outstanding, respectively	-	-
Preferred B Stock \$0.001 par value 1,000,000 shares authorized, at March 31, 2023 and December 31, 2022, there were 750,000 and 500,000 issued and outstanding, respectively	750	500
Common stock, \$0.0001 par value; 200,000,000 shares authorized, at March 31, 2023 and December 31, 2022, there were 17,204,180 and 17,204,180 issued and outstanding, respectively	1,720	1,720
Additional paid-in capital	653,920	654,170
Accumulated deficit	(4,968,237)	(705,721)
Total Stockholders' Equity (Deficit)	<u>(4,311,847)</u>	<u>(49,331)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 94,259,049</u>	<u>\$ 100,645,826</u>

See accompanying notes to consolidated financial statements

AQUA POWER SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Month Ended March 31, 2023	For the Year Ended December 31, 2022 (12/28/2022 to 12/31/2022)
Revenue		
Freight Contracts	\$ 3,117,474	\$ -
Brokerage Service	3,294,554	-
Equipment Leases	467,477	-
Warehouse Leases	818,702	-
Transactional accessory Income	572,832	-
Total Revenue	8,271,039	-
Cost of Revenue	6,526,681	-
Gross Profit	1,744,358	-
Operating Expenses		
General & administrative expenses	1,765,269	127,179
Depreciation expense	317,225	-
Total Operating Expenses	2,082,494	127,179
Loss from Operations	(338,136)	(127,179)
Other Income (Expense)		
Other expenses	-	(14,840)
Gain on Equipment Sale	673,941	-
Interest expense – related party	(179,024)	-
Total Other Income (Expense)	494,917	(14,840)
INCOME (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	156,781	(142,019)
Provision for Income Taxes	-	-
NET PROFIT (LOSS)	\$ 156,781	\$ (142,019)
Net Loss Per Share – Basic	\$ 0.01	\$ (0.00)
Net Loss Per Share –Diluted	0.00	(0.00)
Weighted average number of shares outstanding – Basic	17,204,180	17,204,180
Weighted average number of shares outstanding – Diluted	767,204,180	17,204,180

See accompanying notes to consolidated financial statements

AQUA POWER SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
(Unaudited)

For the three months ended March 31, 2023 and 2022

	Series A Preferred		Series B Preferred		Common Stock		Additional Paid-In Capital (\$)	Accumulated Deficit (\$)	Total Stockholders' Equity/ (Deficit) (\$)
	Shares	Amount (\$)	Shares	Amount (\$)	Shares	Amount (\$)			
Balance									
March 31, 2021	–	–	500,000	500	59,066,942	5,906	6,810	(1,118,613)	(1,105,397)
Issuance of shares for subscription agreement	–	–	–	–	100,000	10	199,990	–	200,000
Cancellation of shares	–	–	–	–	(9,020,138)	(902)	902	–	–
Gain on extinguishment of debt – related parties	–	–	–	–	–	–	443,174	–	443,174
Net income	–	–	–	–	–	–	–	554,911	554,911
Balance									
March 31, 2022	–	–	500,000	500	50,146,804	5,014	650,876	(563,702)	92,688

	Series A Preferred		Series B Preferred		Common Stock		Additional Paid-In Capital (\$)	Accumulated Deficit (\$)	Total Stockholders' Equity/ (Deficit) (\$)
	Shares	Amount (\$)	Shares	Amount (\$)	Shares	Amount (\$)			
Balance									
December 31, 2022	–	–	500,000	500	17,204,180	1,720	654,170	(705,721)	(49,331)
Effects of acquisition	–	–	–	–	–	–	–	(4,419,297)	(4,262,516)
Redemption of shares	–	–	(250,000)	(250)	–	–	250	–	–
Issuance of shares for employment	–	–	500,000	500	–	–	(500)	–	–
Net income	–	–	–	–	–	–	–	156,781	156,781
Balance									
December 31, 2022	–	–	750,000	750	17,204,180	1,720	653,920	(4,968,237)	(4,311,847)

See accompanying notes to consolidated financial statements

AQUA POWER SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	March 31,	March 31,
	2023	2022
Cash Flows From Operating Activities:		
Net Profit (Loss)	\$ 156,781	\$ 554,911
Adjustments to reconcile net loss to net cash used in operations		
Gain on extinguishment of debt	-	(678,233)
Changes in operating assets and liabilities:		
Decrease in contract assets	3,631,031	-
Decrease in contract receivables	685,034	-
Decrease in inventory	26,582	-
Decrease in prepaid expenses	13,421	-
Decrease in accounts payable	(125,338)	-
Decrease in cash overdraft	(185,195)	-
Decrease in line of credit	(725,968)	-
Increase (decrease) in accrued expenses	(802,528)	30,000
Increase in contract liabilities	24,790	-
Decrease in deposits	(310,022)	-
Increase (decrease) in accrued interest	-	14,796
Increase (decrease) in accrued interest – related party	-	9,304
Net Cash Provided By (Used In) Operating Activities:	2,388,588	(69,222)
Cash Flows From Investing Activities:		
Disposition of property & equipment	2,808,111	-
Other assets	(1,721,626)	-
Net Cash Provided By (Used in) Investing Activities	1,086,485	-
Cash Flows From Financing Activities:		
Proceed from common stock sale	-	200,000
Effects of acquisition	(4,419,297)	-
Net Cash Provided by (Used in) Financing Activities	(4,419,297)	200,000
Net Increase (Decrease) in Cash	(944,244)	130,778
Cash at Beginning of Period	487,560	-
Cash at End of Period	\$ (456,664)	\$ 130,778
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of Series B Preferred shares	\$ 250	\$ -

See accompanying notes to consolidated financial statements

AQUA POWER SYSTEMS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2023
(Unaudited)

NOTE 1 – ORGANIZATION AND BUSINESS

Organizational History of the Company

The Company was originally incorporated in Nevada on December 9, 2010, as NC Solar Inc. with the goal of developing solar energy collection farms on commercial and/or industrial buildings located on distressed, blighted and/or underutilized commercial land in North Carolina and other southern states of the United States. On June 6, 2014, management changed and, on August 12, 2014, the Company changed its name to Aqua Power Systems Inc.

On December 1, 2020, the Eight Judicial District Court of Nevada entered an order appointing Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. Small Cap Compliance, LLC was not a shareholder of the Company on the date that it applied to serve as a custodian of the Company.

On December 7, 2020, Small Cap Compliance, LLC filed the Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen W. Carnes as the sole officer and director of the Company, and amended the Company's Certificate of Incorporation to authorize the issuance of up to one million shares of Series B Preferred Stock.

On March 3, 2021, the Eight Judicial District Court of Nevada entered an order approving Small Cap Compliance, LLC's actions, without prejudice to the claims of interested parties as to dilution of their interest, terminated Small Cap Compliance, LLC's custodianship of the Company, and discharged Small Cap Compliance as the custodian of the Company.

On April 27, 2022, Robert Morris and the board of directors of APSI agreed in a Unanimous Written Consent of the Board of Directors In Lieu of Special Meeting that Mr. Morris would become a director of APSI to help with acquisitions, effective May 1, 2022.

Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 9, 2023, the Board of Directors of Aqua Power Systems, Inc. approved a change in the Company's fiscal year end from March 31 to a calendar year end of December 31. The change will not affect nor impact the Company's actual financial results; however, the annual report will coincide with the calendar year-end. Company's fiscal year end rather than the end of a financial quarter.

Tradition Transportation Group, Inc. Purchase

On December 28, 2022, pursuant to the Closing (hereinafter defined) and completion of the Acquisition (hereinafter defined), the Company acquired Tradition Transportation Group, Inc., an Indiana Corporation ("Tradition") and Tradition thereafter became a wholly owned subsidiary of the Company, and the business of Tradition became the primary business of the Company.

Overview of the Business of Tradition

Tradition Transportation Group, Inc. was incorporated under the laws of the state of Indiana on September 16, 2015. Tradition is headquartered in Angola, Indiana, and provides freight transportation, brokerage, truck leasing and financing, warehousing and fulfillment services throughout the United States, and manufactures and sells bolts and fasteners, and creates custom plates, cages, and embeds.

APSI Acquisition of Tradition Transportation Group, Inc.

On December 28, 2022, APSI entered into a Stock Purchase and Sale Agreement and a Contract Assignment agreement with Joseph Michael Davis ("Mr. Davis"). Due to the Contract Assignment agreement, APSI assumed all of the obligations of Mr. Davis under a multiparty stock purchase agreement, promissory notes, and assignment and pledge of stock agreements that Mr. Davis entered into on December 28, 2022. The Stock Purchase and Sale Agreement, Contract Assignment agreement, agreements assumed by APSI are referred to as the "Acquisition."

Karr Transportation Asset Purchase

On July 27, 2022, Tradition’s wholly owned subsidiaries, Tradition Transportation, L.L.C. and Tradition Leasing Systems, L.L.C. (together the “Purchaser”), both subsidiaries discussed in more detail below, entered into an asset purchase agreement (“Karr Asset Purchase Agreement”) with Karr Transportation, Inc., an Arkansas corporation, Beers Investment Group, LLC, an Arkansas limited liability company, and its shareholders, Kelly Beers and Albert Beers (“Karr Sellers”). As a result of this agreement, Tradition acquired the following:

- (i) 25 tractors for \$3,500,000. 1 is a Kenworth T680M made in 2014; 5 are Kenworth T680Ms made in 2020; 5 are Freightliner Cascadias made in 2021; 8 are Freightliner Cascadias made in 2022; 4 are Kenworth T680s made in 2020; and 2 are Izuzu NPRs made in 2015 and 2019.
- (ii) 35 Utility Reefer Trailers for \$3,000,000. 15 are 3000Rs or similar and made in 2019; 5 are 3000Rs and made in 2021; and 15 are VS2RAs and made in 2021.
- (iii) The ability to offer employment to 18 drivers for a placement fee of \$5,000, if an offer is accepted.
- (iv) The ability to offer employment to 1 mechanic for a placement fee of \$5,000, if an offer is accepted.
- (v) The ability to offer employment to 7 operational employees for a placement fee of \$5,000, if an offer is accepted.
- (vi) All of the miscellaneous personal property used by Karr Sellers in connection with the Business, including, without limitation, furniture, fixtures, equipment and other tangible personal property, as well as all books and records relating to the Assets, including, without limitation, purchase information, warranty information, maintenance and repair information, operation history, title and registration, and accounting information shall be transferred by Sellers to Purchaser for the sum of \$1.00.

Per the Karr Asset Purchase Agreement, the parties entered into two separate agent agreements, one with Tradition Transportation Company, L.L.C. (“Trucking Agent Contract”) and one with Freedom Freight Solutions, L.L.C. (“Freedom Agent Contract”) for the total consideration of \$200,000. Both Agreements provide a cap on commissions of \$3,299,999, minus any payments for drivers, mechanics, or operating staff (“Cap”).

The Trucking Agent Contract provides that the Karr Sellers, having substantial experience in the freight motor carrier industry and having customers, who have freight shipping needs for their cargo of general commodities, would refer their customers to Tradition Trucking Company, LLC for a commission of six percent (6%) of line-haul revenues on Tradition Transportation Company, LLC assets. The aforementioned commission is subject to (a) Line Haul Revenue being defined as the “Freight Charge” and/or “Pay Gross” within Tradition Transportation, L.L.C.’s software system, and Line Haul does not include additional charges for fuel surcharge, accessorial charges, project management, detention, tarping, stop offs, etc., and (b) revenues, excluding any amounts not paid within 90 days from the date of invoice, or amounts collected by Tradition Transportation, L.L.C. with the assistance of an outside collection agency or an attorney.

The Freedom Agent Contract provides that the Karr Sellers, having substantial experience in the freight motor carrier industry and having customers, who have transportation brokerage service needs for their cargo of general commodities, would refer their customers to Freedom Freight Solutions, LLC for a commission of six percent (6%) of the margin on revenues generated through Freedom Freight Solutions, LLC.

Finally, the Purchaser and Karr Sellers agreed to enter into a mutually agreeable lease for use of the property commonly known as 4106 Highway 62 East, Mountain Home, Arkansas 72653, at the rate of three thousand dollars (\$3,000) per month for the office space and one thousand five hundred dollars (\$1,500) per month for the repair shop space. The term of the lease was six (6) months from the date of Closing, with Purchaser having the right to extend the term under the same terms and costs for two (2) additional six (6) month periods. Intent is for current dispatch and operations offices, two (2) additional offices occupied by accounting, and non-exclusive use of the break area, kitchen and restrooms; together with the three (3) bay maintenance facility, office currently used, and up to ten (10) parking spaces for semi-trucks and trailers (additional to employee and customer parking).

The Karr Asset Purchase Agreement has a term of the lesser of a period ending upon payment of the Cap, and a period of 5 years. Otherwise, at the written option of the parties, the Karr Asset Purchase agreement may be terminated by either party upon 30 days written notice. The Karr Asset Purchase Agreement is qualified by reference to the full text of the document attached as Exhibit 10.4 to this Current Report on Form 8-K.

EDSCO Purchase and Sale

On January 31, 2022, Tradition’s wholly owned subsidiary, Anthem Anchor Bolts & Fasteners, LLC (“Anthem”), discussed in more detail below, and EDSCO Holding Company, LLC (“EDSCO”) entered into an asset purchase and sale agreement. In this agreement, Anthem acquired the following inventory and equipment of EDSCO Holding Company, LLC for the purchase price of \$447,918.52 (the “EDSCO Purchase Price”): a 2011 Chevy Truck, a Trailer, a Nissan forklift, a Yale forklift, a Clark Forklift, a 250 Amp Mig Welder, a 2 1/2 Double head landis Threader, a 1 1/4 single head landis, a 1 1/4 rotary bender, a 200 ton Bulldozer, a do all saw, a Tesker 236 threader, a Tesker 215 roll threader, a Tesker 210 roll threader, a Reed B 112 Roll threader, a Landis Lanurol roll threader, a Plasma table, a Landis cut threader, a Floor scale, an additional 250 amp mig welder, various tools, a Bar Snapper, a Plasma Water Table, a Small bending unit, a Pallet Racking machine, and a Mult-function Printer (altogether the “EDSCO Assets”).

The EDSCO Purchase Price was paid by wire transfer initiated on February 7, 2022 and EDSCO delivered to Anthem a bill of sale to transfer and vest in Anthem good and marketable title to the EDSCO Assets, free and clear of all encumbrances. EDSCO had been operating at 300 East Railroad Street, Waterloo, DeKalb County, Indiana 46793 (the “EDSCO Location”). As part of the closing, the owner of the EDSCO Location provided Tradition until September 30, 2022, to relocate. The rent paid to the owner of the property was paid up-front.

Anthem was relocated to 210 South Progress Drive, Kendallville, Indiana 46755, further discussed in “ITEM 3. PROPERTIES.” Anthem, due to this acquisition, is a manufacturer of bolts, nuts, and fasteners, and creates custom plates, cages, and embeds. The asset purchase and sale agreement between EDSCO Holding Company, LLC and Anthem Anchor Bolts and Fasteners, LLC is qualified by reference to the full text of the full document attached as Exhibit 10.3 to this Current Report on Form 8-K.

Wholly Owned Subsidiaries

Tradition Transportation Company, L.L.C.

Tradition Transportation Company, L.L.C. was organized as an Indiana Limited Liability Company on January 22, 2016. Through this subsidiary, Tradition operates its tractor and trailer fleets, which are discussed below.

Tradition Leasing Systems, L.L.C.

Tradition Leasing Systems, L.L.C. was organized as an Indiana Limited Liability Company on September 17, 2016. Through this subsidiary Tradition engages in equipment acquisition and disposition.

Tradition Logistics, L.L.C.

Tradition Logistics, L.L.C. was organized as an Indiana Limited Liability Company on January 1, 2016. This subsidiary operates six (6) warehouses with four (4) in Indiana, specifically Angola, Indianapolis, Greenfield, and Greenwood; and two (2) located in Georgia, specifically Statesboro and Savannah, and provides time-sensitive warehousing, logistics and freight management to all 48 continental states and, as needed, internationally (into Mexico and Canada).

Freedom Freight Solutions, LLC

Freedom Freight Solutions, L.L.C. was organized as an Indiana Limited Liability Company on May 3, 2018. This subsidiary identifies and qualifies third party carriers, and connects the loads to the drivers.

Tradition Transportation Sales & Service, Inc.

Tradition Transportation Sales & Service, Inc. was organized as an Indiana Limited Liability Company on September 17, 2015. This subsidiary is principally engaged in providing mechanical repair and maintenance services for tractors and trailers that Tradition utilizes. It operates with the primary focus of maintenance cost reduction, expediting redeployment of equipment, and to serve as a back-stop to safety vehicle inspections.

Anthem Anchor Bolts and Fasteners, LLC

Anthem Anchor Bolts and Fasteners, LLC was organized as an Indiana Limited Liability Company on January 21, 2022, for the transaction with EDSCO Holding Company, LLC, as described above. This was formed as a small exploratory step into the supply of metal bolts, nuts, and other industrial fasteners. This company will serve Tradition Transportation Sales & Service, Inc. as a vendor.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management further acknowledges that it is solely responsible for adopting sound accounting practices, establishing and maintaining a system of internal accounting control and preventing and detecting fraud. The Company's system of internal accounting control is designed to assure, among other items, that (1) recorded transactions are valid; (2) valid transactions are recorded; and (3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows of the Company for the respective periods being presented.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Principals of Consolidation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated. The significant accounting policies followed by the Company in the preparation of the consolidated financial statements are summarized below.

Cash and Cash Equivalents

The Company accounts for cash and cash equivalents under FASB ASC 305, "*Cash and Cash Equivalents*", and considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contract Assets and Liabilities

Contract assets represent revenues recognized and performance obligations satisfied in advance of customer billing. Contract liabilities represent payments received from customer in advance of the satisfaction of performance obligations under the contract. At March 31, 2023, the Company had contract assets of \$589,088 and contact liabilities of \$52,480.

Contract Receivables

Contract receivables consist of amounts billed to customers in exchange for services provided. Delinquent receivables are written off based on credit evaluations and specific circumstances of the customer. The Company had contract receivables of \$11,645,598 at March 31, 2023. The Company evaluates its contract receivables and establishes an allowance for doubtful accounts, based on an evaluation of historical losses, current economic conditions, and other factors unique to the Company's customer base. Management has not provided for an allowance for doubtful accounts at March 31, 2023.

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 "Derivatives and Hedging Activities".

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

Deferred Income Taxes and Valuation Allowance

The Company accounts for income taxes under ASC 740 Income Taxes. Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income taxes arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. The principal temporary differences relate to the depreciable lives and salvage values of property and equipment, net operating loss carryforward, and amortization of organizational costs for tax purposes.

Traditions, Leasing, Logistics, Freight, Trucking, and Anthem are wholly owned subsidiaries of Traditions and are not subject to federal and state income tax and their net taxable income or loss are included in the tax returns of APSI.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability of disclosure in the accompanying consolidated financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Traditions has filed its federal and state income tax returns for periods through December 31, 2021. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed of its due date (including approved extensions).

Financial Instruments

“Fair Value Measurements and Disclosures,” defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2022. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments.

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of identifiable net assets less liabilities acquired in a business combination. Goodwill is not amortized and is only tested when a triggering event occurs. If the estimated fair value of goodwill is lower than its carrying amount, goodwill is considered to be impaired, and an impairment loss will be recognized to write goodwill down to its estimated fair value. Any subsequent increase in the estimated fair value of goodwill is not recognized. The goodwill recorded on the consolidated balance sheet is related to the acquisition of Traditions (Note 3). The Company is currently in the process of conducting a valuation of the acquisition of Tradition, and the purchase price allocation will be presented in subsequent filings.

Other Intangibles

Other intangibles represent exclusive distribution contracts that were acquired with the acquisition of Tradition (Note 3). These contracts are amortized over the specific contract period. Management plans to begin amortizing these contracts effective January 1, 2023. Annual amortization expense is expected to approximate \$40,000 for 2023 through 2027

Long-lived Assets

Long-lived assets such as property, equipment and identifiable intangibles are reviewed for impairment whenever facts and circumstances indicate that the carrying value may not be recoverable. When required impairment losses on assets to be held and used are recognized based on the fair value of the asset. The fair value is determined based on estimates of future cash flows, market value of similar assets, if available, or independent appraisals, if required. If the carrying amount of the long-lived asset is not recoverable from its undiscounted cash flows, an impairment loss is recognized for the difference between the carrying amount and fair value of the asset. When fair values are not available, the Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risk associated with the recovery of the assets. At March 31, 2023 we did not recognize any impairment losses for any periods presented.

Property and Equipment

The Company follows ASC 360, *Property, Plant, and Equipment*, for its fixed assets. Equipment is stated at cost less accumulated depreciation. Property and equipment are recorded at cost and depreciated to residual values over their estimated useful service lives using the straight-line method. Major repairs to property and equipment are capitalized while minor repairs are expensed as incurred. The ranges of estimated useful lives are as follows:

Description	Ranges of Useful Lives
Tractors, trailers, and vehicles	5 to 6 years
Leasehold improvements	5 years
Warehouse equipment	5 to 7 years
Office furniture, equipment, and software	3 to 7 years

Related Parties

The Company follows ASC 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions. The Company leases office space from an entity that is controlled by a Director of the Company.

Revenue Recognition

Freight Contracts

The Company recognizes freight contract revenue for financial reporting purposes over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Freight contracts are generally accounted for as a single unit of account (a single performance obligation), and not segmented between types of services. Progress toward completion of the Company's freight contracts is measured by the percentage of miles traveled to date and estimated total mileage for each freight contract. This method is used because management considers miles incurred to be the best available measure of progress on uncompleted freight contracts. Freight contracts have a typical contract duration of less than one month.

Brokerage Services

Revenues from all brokerage services are recognized upon delivery as the Company acts as an agent. Performance obligations are satisfied upon delivery by a third party. Brokerage contracts have a typical contract duration of one month or less.

Equipment Lease Income

Equipment lease revenue is primarily revenue generated from equipment leased to owner operators who haul loads for the Company. The Company recognizes equipment lease income based on the terms of the lease agreement. The leases primarily result in lease income recognized ratably over the life of the lease agreement.

Warehouse Lease income

The Company recognizes warehouse lease income based on the terms of the lease agreement. The leases primarily result in lease income recognized ratably over the life of the lease agreement.

Transaction Price and Amounts Allocated to Performance Obligations

Generally, the transaction price in a contract is known at contract inception and is allocated to the performance obligations based upon the stand-alone selling prices of the promised services.

Stock-Based Compensation

FASB ASC 718 “*Compensation – Stock Compensation*,” prescribes accounting and reporting standards for all stock-based payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. The Company determines if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if: (a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity’s past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50 “*Equity – Based Payments to Non-Employees*.” Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date. As of March 31, 2023, the Company did not have any stock-based transactions.

Earnings (loss) per share

Basic income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted income (loss) per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and upon the conversion of notes. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation.

Forgiveness of Indebtedness

The Company follows the guidance of AS 470.10 related to debt forgiveness and extinguishment. Debts of the Company are considered extinguished when the statute of limitations in the applicable jurisdiction expires or when terminated by judicial authority such as the granting of a declaratory judgment. Debts to related parties or shareholders are treated as capital transactions when forgiven or extinguished and credited to additional paid in capital. Debts to non-related parties are treated as other income when forgiven or extinguished.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases” Topic 842, which amends the guidance in former ASC Topic 840, Leases (“ASC 840”). The new standard increases transparency and comparability most significantly by requiring the recognition by lessees of right-of-use (“ROU”) assets and lease liabilities on the balance sheet for all leases longer than 12 months. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. For lessees, leases will be classified as finance or operating, with classification affecting the pattern

and classification of expense recognition in the income statement, over the expected term on a straight-line basis. Operating leases are recognized on the balance sheet as right-of-use assets, current operating lease liabilities and non-current operating lease liabilities. We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease liabilities on our consolidated balance sheets. Finance leases are included in property and equipment, current liabilities, and long-term liabilities on our consolidated balance sheets.

When the Company initiates a lease, we will record the transaction in accordance with ASC 840.

Recently Issued Accounting Pronouncements

We have reviewed the FASB issued Accounting Standards Update (“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 does not believe that any new or modified principles will have a material impact on the corporation’s reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of our financial management and certain standards are under consideration.

NOTE 3 – CHANGE IN CONTROL TRANSACTION

On December 28, 2022, APSI entered into a Stock Purchase and Sale Agreement (SPA) to purchase 745,196 shares of common stock of Tradition Transportation Group, Inc. for \$28,548,459, which is equal to \$38.31 per share. The shares represent all issued and outstanding shares of Tradition.

Per the SPA, the purchased price was funded as follows:

1. Down payment of \$225,000.
2. An amount equal to \$2,500,000 was offset against the purchase price in full satisfaction of certain obligations of the Tradition sellers. Of this amount, \$2,050,000 remains payable to a former stockholder of Tradition at December 31, 2031 (Note 6).
3. An aggregate amount equal to \$24,092,038 of seller notes (Note 6), commencing on the ninetieth day following the date on which the registration by APSI of its securities with the U.S. Securities and Exchange Commission has been qualified or declared effective.
4. Final payment shall be made to Seller in the amount of \$1,731,421 after seller notes are paid in full (Note 7).

Note: The Company is currently in the process of conducting a valuation of the acquisition of Tradition, and the purchase price allocation will be presented in subsequent filings.

The pre-valuation acquisition date fair values of assets, liabilities, and stockholders' equity are as follows:

<u>Assets</u>	
Cash	\$ 440,961
Contract receivables, net	12,330,632
Inventories	429,575
Contract assets	4,220,119
Prepaid expenses and other	2,115,740
Property and equipment, net	44,184,756
Right of use asset under operating leases	30,229,338
Other assets	873,690
Goodwill and other intangibles	<u>5,774,416</u>
	<u>\$ 100,599,227</u>
 <u>Liabilities & Stockholders' Equity</u>	
Cash overdraft	\$ 185,195
Line of credit	8,256,525
Accounts payable	4,754,971
Accrued expenses	904,770
Contract liabilities	27,690
Long-term debt, net	27,109,659
Operating lease liabilities	30,302,606

Finance lease liabilities	399,352
Deferred income taxes	2,610,000
Stockholders' equity	<u>26,048,459</u>
	<u>\$ 100,599,227</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2023:

Tractors	\$ 30,224,352
Trailers	9,422,306
Leasehold improvements	773,598
Software	386,746
Vehicles	37,034
Warehouse equipment	467,092
Office furniture and equipment	<u>65,517</u>
	44,184,756
Accumulated depreciation	<u>-0-</u>
	<u>\$ 41,376,645</u>

NOTE 5 – LEASES

The Company recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Company has operating leases for tractors, trailers, vehicles, office space and warehouse space, as well as finance leases for equipment. Leasing arrangements require fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Company's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of 3 months to 9 years.

The Company's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Company utilizes its collateralized incremental borrowing rate commensurate to the lease term as the discount rate for its leases unless the Company can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. The Company has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and liabilities.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The majority of the Company's short-term leases relate to equipment rentals.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Company assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of the Company's lease cost for the year ended December 31, 2023 is as follows:

Right-of-use assets	
Operating lease assets, net	\$ 30,229,338
Finance lease assets, net	\$ 400,693
Lease liabilities	
Operating lease liabilities, current	\$ 6,974,517

Operating lease liabilities, noncurrent	\$ 23,328,089
	<u>\$ 30,302,606</u>
Finance lease liabilities, current	\$ 114,321
Finance lease liabilities, noncurrent	\$ 285,031
Total finance lease liabilities	<u>\$ 399,352</u>

The Company's right-of-use assets and lease liabilities and other disclosures as of and for the year ended December 31, 2023 are as follows:

Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 30,229,338
Weighted-average remaining lease term - operating leases	5.5 years
Weighted-average remaining lease term - finance leases	3.4 years
Weighted average discount rate - operating leases	6.61%
Weighted average discount rate - finance leases	3.25%

Total lease costs for APSI totaled \$18,000, which were short-term lease costs during 2022.

Future payments of lease liabilities at December 31, 2023 are as follows:

Year Ending December 31,	Operating Lease	Finance Leases
2023	\$ 8,790,889	\$ 125,836
2024	8,453,283	125,836
2025	5,278,332	125,836
2026	3,732,994	45,374
2027	2,551,070	-0-
Thereafter	<u>8,117,901</u>	<u>-0-</u>
	36,924,469	422,882
Less interest	<u>(6,695,131)</u>	<u>(23,530)</u>
Total	<u>\$ 30,229,338</u>	<u>\$ 399,352</u>

The Company subleases warehouse space through its trucking and logistics businesses. These leases are short term leases. The Company elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. The Company also elected the hindsight practical expedient to determine the lease term for existing leases. In addition, the organization has made a policy election to not separate the lease and non-lease components related to tenant lease agreements, where applicable.

NOTE 6 – LINE OF CREDIT

At March 31, 2023, Traditions has a \$7,000,000 line of credit agreement and a secondary \$2,000,000 line of credit with a bank that expires May 2023 and April 2023, respectively. Borrowings under the agreements bear interest at the prime rate plus 1% (8.5% at December 31, 2022). The line of credit has commercial sweep feature connected to certain Company checking accounts. If these accounts fall below the target balance of zero, the excess funds will be automatically borrowed from the line of credit. The Company has outstanding borrowings under the line of credit of \$7,530,557 at March 31, 2023. The line of credit is collateralized by substantially all assets of the Company and personally guaranteed by certain shareholders of the Company. The credit agreement is cross collateralized with the other Company loans held by its primary bank (Note 7). The credit agreement places certain restrictive covenants on the Company including requiring a minimum cash flow coverage ratio, minimum tangible net worth, and maximum debt to tangible net worth ratio.

NOTE 7 – LONG-TERM DEBT

Notes payable to new primary bank bearing interest ranging from 4% to 5.75%: payable in various monthly installments through April 2032, secured by guarantees of certain shareholders and related entities, and secured by substantially all business assets. \$ 13,160,552

Installment notes payable to various financial institutions bearing interest ranging from 3.75% to 6.99%; payable in various monthly installments through October 2029, secured by guarantees of certain shareholders and related entities, and collateralized by related equipment with a net book value of \$10,031,281 at December 31, 2022.	12,185,327
Installment notes for acquisition of stock in Traditions; payable in 16 quarterly installments aggregating \$1,603,786 including interest at 3%; secured by assignment and pledge of stock in Tradition Transportation Group.	24,092,038
Installment note for acquisition of Traditions; payable in full upon repayment of installment notes above for acquisition of Traditions; noninterest bearing and unsecured.	1,731,421
Installment notes payable to shareholder, bearing interest at 10%, principal and interest due June 2023.	244,940
Installment note for redemption of Tradition stock; payable in monthly installments of \$34,167 beginning February 2023 through January 2028 unsecured.	2,050,000
	<hr/>
	53,464,278
Less unamortized debt issuance costs	(286,220)
Current maturities of long-term debt	(9,105,783)
	<hr/> <hr/>
	\$ 44,072,275

The above notes payable to primary bank are cross collateralized with all loans with primary bank including those in Note 5. The notes are subject to certain restrictive covenants on the Company including requiring a minimum cash flow coverage ratio, minimum tangible net worth, and maximum debt to tangible net worth ratio.

The scheduled maturities of long-term debt as of March 31, 2023 are as follows:

Year Ending <u>December 31,</u>	
2023	\$ 9,105,783
2024	12,128,265
2025	11,232,043
2026	10,469,640
2027	8,151,468
Thereafter	<u>2,377,079</u>
Total	<u>\$ 53,464,278</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

On December 22, 2022, APSI issued a promissory note to Stephen W. Carnes in exchange for \$225,000.00, to be used for the down payment related to the Acquisition, if the SPA were to be entered into, with interest payable on the unpaid principal at the rate of 10.00 percent per annum, calculated monthly not in advance, beginning on December 22, 2022. As the Acquisition closed on December 28, 2022, the aforementioned funds were used for the aforementioned down payment.

NOTE 9 – SHAREHOLDERS' EQUITY

Common Stock

The Company has 200,000,000 authorized common shares with a par value of \$0.0001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the corporation is sought.

There are currently 17,204,180 shares of common shares issued and outstanding.

On April 22, 2021, the Company issued 100,000 shares of its Common Stock in return for an investment of \$200,000 via a Subscription Agreement.

During September 2021, as a result of a court order, the Company canceled a total of 9,020,138 shares of its common stock. Specifically, 6,330,138 of these shares were held by Silverton SA as disclosed in prior filings and canceled on September 22, 2021, and 2,690,000 of these shares were held by Paramount Trading Company and canceled on September 24, 2021.

On November 4, 2021, the Company filed a lawsuit for declaratory relief, seeking an order declaring void 32,942,624 shares of its common stock that were held Mr. Tadashi Ishikawa, the former CEO of the Company. On May 19, 2022, the Court ruled that the Motion for Entry of Default Final Judgement was granted and the Court declared the 32,942,624 shares of common stock in APSI issued to Tadashi Ishikawa, held in Book Entry, void and cancelled.

Preferred Stock

The Company is authorized to a total of 10,000,000 shares of preferred stock.

There are 6,000,000 shares currently designated. A designation for 5,000,000 Series A Preferred Stock with a par value of \$0.001 was filed on September 9, 2015, and another designation for 1,000,000 Series B Preferred Stock with a par value of \$0.001 was filed on December 7, 2020.

There are currently no Series A Preferred shares issued and outstanding.

On December 7, 2020, 500,000 Series B Preferred shares were issued to Small Cap Compliance, LLC after the Eight Judicial District Court of Nevada entered an order appointing Small Cap Compliance, LLC as custodian of the Company, authorizing and directing it to, among other things, take any action reasonable, prudent and for the benefit of the Company, including reinstating the Company under Nevada law, appointing officers and convening a meeting of stockholders. Small Cap Compliance, LLC was not a shareholder of the Company on the date that it applied to serve as a custodian of the Company. On that same day, Small Cap Compliance, LLC filed the Certificate of Reinstatement for the Company, thereby reinstating the Company, appointed Stephen Carnes as the sole officer and director of the Company and amended the Company's Certificate of Incorporation to authorize the issuance of up to one million shares of Series B Preferred Stock.

On January 9, 2023, Stephen Carnes, the Company's CEO and President, submitted his resignation as CEO of the Company and the Company's Board of Directors simultaneously elected Robert Morris to be appointed as the Company's new CEO. The Company accepted Mr. Carnes's resignation as CEO simultaneously with Mr. Morris's acceptance of the appointment as CEO. Mr. Morris has been on the Company's Board of Directors since previously being appointed on April 27, 2022. Mr. Carnes shall remain on the Company's Board of Directors and remain the Company's President. On January 9, 2023, the Company also provided Mr. Morris with an employment agreement. As part of the agreement, the Company issued Mr. Morris 250,000 shares of the Company's Series B Preferred stock.

In addition, as part of an employment agreement on January 10, 2023, with Joseph Davis, as the Company's President and Treasurer, the Company accepted the relinquishment of 250,000 shares of the Company's Series B Preferred stock by Stephen Carnes, and on January 10, 2023, as part of the agreement, the Company issued Mr. Davis 250,000 shares of the Company's Series B Preferred stock.

Preferred Class A Stock

Each share of Preferred Class A Stock is entitled to one hundred (100) votes per share on all matters. Except as provided by law, the holders of shares of Preferred Class A Stock vote together with the holders of shares of Common Stock as a single class.

In addition, so long as any shares of Preferred Class A Stock remains outstanding, in addition to any other vote or consent of stockholders required by our certificate of incorporation, the company will not, without first obtaining the approval (by written consent, as provided by law or otherwise) of the holders of a majority of the then outstanding shares of Series A Preferred Stock, voting together as a class: (i) Increase or decrease (other than by redemption or conversion) the total number of authorized shares of Series A Preferred Stock; (ii) Effect an exchange reclassification, or cancellation of all or a part of the Series A Preferred Stock, but excluding a stock split or reverse stock split of the Company's Common Stock or Preferred Stock; (iii) Effect an exchange, or create a right of exchange, of all or part of the shares of another class of shares into shares of Series A Preferred Stock; or (iv) Alter or change the rights, preferences or privileges of the shares of Series A Preferred Stock so as to affect adversely the shares of such series, including the rights set forth in this Designation. For clarification, issuances of additional authorized shares of Series A Preferred under the terms herein shall not require the authorization or approval of the existing shareholders of Preferred Stock.

The Company is not required to pay dividends at any specific rate on the Series A Preferred Stock.

In the event of any liquidation, dissolution, or winding up of the Company, either voluntarily or involuntarily, the holders of Class A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any assets of the Company to the holders of the junior stock by reason of their ownership of such stock, but not prior to any holders of the Company's senior securities, which holders shall have priority to the distribution of any assets of the Company, an amount per share for each share of Class A Preferred Stock held by them equal to the sum of the liquidation preference specified for each share of preferred stock. If upon the liquidation, dissolution or winding up of the Company, the assets of the Company legally available for distribution to the holders of the Class A Preferred Stock are insufficient to permit the payment to such holders of the full amounts of their liquidation preference, subsequent to the payment to the senior securities then the entire remaining assets of the Company following the payment to the senior securities legally available for distribution shall be distributed with equal priority and pro rata among holders of the Class A Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive pursuant to their liquidation preference. The liquidation preference of Class A Preferred Stock shall be equal to the original issue price per share of Class A Preferred Stock, as adjusted for any recapitalizations.

Holders of Class A Preferred Stock shall have the right, exercisable at any time and from time to time (unless otherwise prohibited by law, rule or regulation), to convert any or all of their shares of the Class A Preferred Shares into Common Stock at the conversion ratio of (1) one Preferred A share to (100) one hundred common shares.

Holders of Preferred Class A Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to our Preferred Class A Stock.

Preferred Class B Stock

Each share of Preferred Class B Stock is entitled to one thousand (1,000) votes per share on all matters. Except as provided by law, the holders of shares of Preferred Class B Stock vote together with the holders of shares of Common Stock as a single class.

The Preferred Class B Stock is not entitled to receive any dividends in any amount during which such shares are outstanding.

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, after setting apart or paying in full the preferential amounts due to holders of senior capital stock, if any, the holders of Preferred Class B Stock and parity capital stock, if any, shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of junior capital stock, including Common Stock, an amount equal to \$0.001 per share [the "Liquidation Preference"]. If upon such liquidation, dissolution or winding up of the Company, the assets of the Company available for distribution to the holders of the Preferred Class B Stock and parity capital stock, if any, shall be insufficient to permit in full the payment of the Liquidation Preference, then all such assets of the Company shall be distributed ratably among the holders of the Preferred Class B Stock and parity capital stock, if any. Neither the consolidation or merger of the Company nor the sale, lease or transfer by the Company of all or a part of its assets shall be deemed a liquidation, dissolution or winding up of the Company.

Each share of Preferred Class B Stock shall be convertible, at the option of the Holder, into 1,000 (One Thousand) fully paid and non-assessable shares of the Corporation's Common Stock. The aforementioned 1 to 1,000 ratio will be adjusted by stock splits, dividends, and distributions, and that adjustment will apply to reclassifications, consolidations, and mergers.

Holders of Preferred Class B Stock have no preemptive or subscription rights and there are no redemption or sinking fund provisions applicable to our Preferred Class B Stock.

NOTE 10 – CONCENTRATIONS

The Company maintains its cash in bank deposit accounts that at times exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 11 – CONTINGENCIES

The Company is subject to disputes or certain claims arising in the ordinary course of business. The Company insures against such risks through participation in a loss prevention fund that receives and manages all claims. Amounts are paid-in as determined by the loss prevention fund which resulted in a prepaid amount of \$259,930 at December 31, 2022.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Company's operating results is dependent on the breadth and duration of the pandemic and could be

affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of personnel, shortages of supplies, and delays, loss of, or reduction to, revenue. Management believes the Company is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date these financial statements were available to be issued. Based on our evaluation, there are no material events that have occurred that require further disclosure.