

# LaneAxis Inc.



## ANNUAL REPORT

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This Annual Report is dated June 14, 2021.

### BUSINESS

LaneAxis is trailblazing a new path forward for the fractured \$12 trillion global supply chain, with an immediate focus on the \$1 trillion U.S. freight industry. Backed by patented tech, LaneAxis has created the first Brokerless Shipper-to-Carrier Direct Freight network powered by blockchain and the AXIS Utility Token, potentially eliminating \$200 billion in "managed fees," 28 billion empty truck miles per year and streamlining an industry that lacks transparency, trust and efficiency.

No more phone calls, no more faxes, no more catastrophic supply chain disruptions triggered by predictable or unforeseen emergencies. LaneAxis is singular in its holistic and comprehensive approach to transforming the outdated supply chain into a worldwide digital network and transportation marketplace, forming the bridge between the freight industry and Web 3.0.

#### Litigation

There are currently no active or outstanding lawsuits.

#### Corporate Structure

LaneAxis, Inc. has two wholly-owned subsidiary companies, LaneAxis GPSCT, Inc., a Delaware corporation, and Bubo Technologies, LLC, a Delaware Limited Liability Company. Currently,

both subsidiaries have no active business operations, no employees, and no revenue. Both subsidiaries were created for the purposes of investments and activities which did not come to fruition. LaneAxis, Inc. plans to wind down and close both entities.

## **Previous Offerings**

The Company anticipates offering and selling up to approximately an additional \$4,000,000 worth of its shares of Common Stock in a securities offering intending to be exempt from registration under the Securities Act in reliance on Regulation Crowdfunding promulgated thereunder.

We have made the following issuances of securities within the last three years and as of December 31, 2020:

Type of security sold: Convertible Note  
Final amount sold: \$410,000.00  
Use of proceeds: First system design  
Date: January 01, 2017  
Offering exemption relied upon: 506(b)

Type of security sold: Convertible Note  
Final amount sold: \$100,000.00  
Use of proceeds: Working capital  
Date: October 04, 2019  
Offering exemption relied upon: 506(b)

Name: Common Stock  
Type of security sold: Equity  
Final amount sold: \$0.00  
Number of Securities Sold: 1,768,000  
Use of proceeds: Shares issued during 2017 for services and other consideration.  
Date: December 31, 2017  
Offering exemption relied upon: 506(b) and/or Section 4(a)(2)

Name: Common Stock  
Type of security sold: Equity  
Final amount sold: \$386.00  
Number of Securities Sold: 3,855,482  
Use of proceeds: Shares issued during 2019 for services and other consideration and as a result of conversion of certain outstanding promissory notes.  
Date: December 31, 2019  
Offering exemption relied upon: Section 4(a)(2) and/or Rule 506(b)

Name: Common Stock  
Type of security sold: Equity

Final amount sold: \$1,070,000.00  
Number of Securities Sold: 2,610,000  
Use of proceeds: General working capital  
Date: June 30, 2020  
Offering exemption relied upon: Regulation CF

Name: Common Stock  
Type of security sold: Equity  
Final amount sold: \$0.00  
Number of Securities Sold: 7,700,000  
Use of proceeds: Shares issued to certain consultants, service providers and related parties in consideration of various services provided by certain consultants, service providers and related parties to the Company.  
Date: June 30, 2020  
Offering exemption relied upon: Rule 506(b) and/or Section 4(a)(2)

Name: Common Stock  
Type of security sold: Equity  
Final amount sold: \$0.00  
Number of Securities Sold: 1,630,000  
Use of proceeds: The Company issued approximately 1.63 million shares of its common stock to certain consultants and service providers in consideration of various services provided by such consultants and service providers to the Company, in consideration of the conversion of \$245,000 in outstanding convertible notes of the Company, and otherwise for cash  
Date: August 31, 2020  
Offering exemption relied upon: 506(b) and/or Section 4(a)(2)

Name: Preferred Stock  
Type of security sold: Equity  
Final amount sold: \$0.00  
Number of Securities Sold: 1  
Use of proceeds: One (1) share of Series A Preferred Stock issued to the Company's CEO as described in the Company Securities section.  
Date: June 30, 2020  
Offering exemption relied upon: 506(b) and/or Section 4(a)(2)

## **REGULATORY INFORMATION**

The company has not previously failed to comply with the requirements of Regulation Crowdfunding;

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**

### **AND RESULTS OF OPERATION**

#### **Operating Results – 2020 Compared to 2019**

There are multiple circumstances which led to the performance on our financial statements.

LaneAxis was incorporated in June 2015 and developed an original system as a shipper to carrier platform that focused on major shippers inviting their carrier networks. At that time, there was a lack of technology being used by drivers in the industry which gave us limited functional abilities to develop our software. In 2016 and 2017, as beta testing progressed, only 18% to 22% of the drivers had smartphones. Furthermore, those drivers that did use smartphones did not want to use their data on our service or did not want to be tracked. There was no device for the LaneAxis software to run the load tracking and electronic documentation capabilities.

As time progressed, in 2018, the Company's focus was on blockchain and tokenizing the platform for future network monitoring while technology caught up in the transportation industry. In the beginning of 2019, the Company forged a partnership with AAOO, Pilot Flying J and HERE, a truck-specific navigation system. AAOO's partnership with our Company connected AAOO's 100,000+ driver network with the LaneAxis FreightVISION Driver App. The App was engineered to integrate into the members' mouse system in order to extract member benefits. Driver gains truck-specific mapping with all Pilot Flying J location and every 15-minute price updates. Furthermore, driver locations are accessed inside the LaneAxis network portal. This development required a substantial amount of capital funding.

As the network grows, shippers will have the ability to bid and connect directly to drivers. The current focus of the \$5 track your shipment (\$5 for shippers to track loads, \$1 for carriers to track loads) is geared towards the millions of loads a day that are being managed by phones, paperwork and emails.

At the end of 2019, the trucking industry went through an upheaval due to the implementation of the electronic logging device mandate (the "ELD Mandate"). The ELD Mandate enforces the hours-of-service law, which governs how much truck drivers can drive and when. Truck drivers cannot drive for more than 11 hours during a 14-hour period. Revenue for fiscal year 2018 was \$418,428, compared to fiscal year 2019 revenue of \$0 due to this situation. Our expenses were \$626,712 in 2019 and \$776,420 in 2018 due to our investment in the company.

In conclusion, the industry was not moving at the same pace as the technology LaneAxis was developing in the past until 2019. In 2019, major development cost was incurred to reengineer and integrate partnerships to the platform.

Revenue - For the year ended December 31, 2020, the Company had revenue of \$118,852, as compared to \$0 for the year ended December 31, 2019 when we did not generate any revenues in fiscal year 2019 as most of our efforts were then devoted to the buildout of the LaneAxis platform.

Operating Loss - we incurred an operating loss of \$1,041,089 during the 2020 fiscal year, as compared to an operating loss of \$435,560 in the fiscal year 2019. Our 2020 operating loss was driven by general and administrative expenses of \$505,075, research and development expenses of \$373,882 and sales and marketing expenses of \$280,984.

Interest Expense - we incurred interest expense of \$7,524 during the 2020 fiscal year, as



compared to an interest expense of \$14,050 in the fiscal year 2019. Our interest expense was driven by the interest due on our outstanding promissory notes.

Net Loss - we incurred a net loss of \$1,225,715 during the 2020 fiscal year, as compared to a net loss of \$626,712 in the fiscal year 2019. Our 2020 net loss was driven by general and administrative, research and development and marketing expenses as described above.

Historical results and cash flows:

Past historical results and cash flows are not representative of what investors should expect in the future. Over the past few years, our product, platform, and software was in development. In addition, the trucking industry was also starting to deploy more current technology to their drivers. Now, with truck drivers increasingly using smartphones, including the ELD Mandate requiring drivers to log their trucking hours on their phone, we expect our network of drivers to expand and that our platform will be able to be more fully utilized in the industry.

On December 31, 2020, how much available cash did the Company have?

At December 31, 2020, the Company had cash and cash equivalents of \$62,849. The Company expects that it will need to raise additional funds in the future through offerings of equity and/or debt securities in order to fully implement its business plan, continue to develop its solutions and for working capital. The Company's long-term ability to continue as a going concern is dependent upon its ability to generate material revenues, reduce costs, achieve a satisfactory level of profitable operations, and obtain additional sources of suitable and adequate financing. Its ability to continue as a going concern is also dependent its ability to further develop and execute on its business plan. There can be no assurance that management's attempts at any or all of these endeavors will be successful.

We have approximately 1,700 shareholders, no banking lines of credit, and \$400,000 of shareholder loans as of December 31, 2020.

### **Liquidity and Capital Resources**

At December 31, 2020, the Company had cash of \$62,849.00. [*The Company intends to raise additional funds through an equity financing.*]

### **Debt**

Creditor: Shareholder Convertible notes

Amount Owed: \$350,000.00

Interest Rate: 4.0%

Maturity Date: June 12, 2018

Creditor: Certain shareholder

Amount Owed: \$110,000.00

Interest Rate: 12.0%

Maturity Date: October 04, 2022

The related interest expense was \$7,524 and \$14,050 for fiscal years 2020 and 2019, respectively. As of December 31, 2020 and December 31, 2019, the accrued interest was \$43,370 and 49,397, respectively.

Creditor: PPP Loan

Amount Owed: \$20,942.00

Interest Rate: 0.0%

Maturity Date: October 04, 2022

In 2020, the Company received a loan in the amount of \$20,942 pursuant to the Paycheck Protection Program of the CARES Act. The Company has applied for the forgiveness of the Loan.

### **DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES**

Our directors and executive officers as of the date hereof, are as follows:

Name: Rick L. Burnett

Rick L. Burnett's current primary role is with the Company.

Positions and offices currently held with the Company:

Position: Founder/Chairman/CEO

Dates of Service: June 04, 2015 - Present

Responsibilities: All company operations. Currently Rick Burnett draws a salary of \$100,000.00 annually and there is no equity compensation plan in place at this time.

Position: Director

Dates of Service: June 04, 2015 - Present

Responsibilities: Corporate management.

Name: R. Mason Burnett

R. Mason Burnett's current primary role is with the Company.

Positions and offices currently held with the Company:

Position: Chief Operating Officer

Dates of Service: January 01, 2018 - Present

Responsibilities: Operations of product development. Currently, Mason draws a salary of \$72,000.00 annually and there is no equity compensation plan in place at this time.

Position: Director

Dates of Service: January 01, 2018 - Present

Responsibilities: Corporate management.

Name: Andrew Rivera

Andrew Rivera's current primary role is with the Company.

Positions and offices currently held with the Company:

Position: Chief Marketing Officer

Dates of Service: July 01, 2015 - Present

Responsibilities: Oversee and orchestrate marketing activities for LaneAxis. Currently, Andrew draws a \$72,000.00 annual salary and has no equity compensation plan in place at this time.

Other business experience in the past three years:

Employer: Budbo, Inc.

Title: Communications Director

Dates of Service: March 01, 2017 - July 01, 2018

Responsibilities: Responsible for copywriting and other marketing initiatives

## **PRINCIPAL SECURITY HOLDERS**

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2020, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2020, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of our current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

Title of class: Common Stock

Stockholder Name: Rick L. Burnett

Amount and nature of Beneficial ownership: 10,053,269

Percent of class: 33.84%

Title of class: Common Stock

Stockholder Name: R. Mason Burnett

Amount and nature of Beneficial ownership: 1,000,000

Percent of class: 3.37%

Title of class: Common Stock

Stockholder Name: Andrew Rivera

Amount and nature of Beneficial ownership: 559,000

Percent of class: 1.88%

Title of class: Series A Preferred Stock

Stockholder Name: Rick L. Burnett

Amount and nature of Beneficial ownership: 1 share, with voting power equivalent to the number of votes equal to the total number of shares of common stock outstanding as of the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company and entitled to vote on all matters submitted or required to be submitted to a vote of the stockholders of the Company.

Percent of class: 100%

## **RELATED PARTY TRANSACTIONS**

Name of Entity: Charles T. Sellers

Relationship to Company: Minority shareholder

Nature/ amount of interest in the transaction: Note is for three years at 12% interest only per year.

Material Terms: During fiscal year 2019, the Company entered into a \$100,000 note payable agreement with a certain shareholder. The interest rate is 12% per annum. The unpaid principal and accrued interest mature on October 4, 2022. As of December 31 2020, the outstanding balance was \$110,000.

## **OUR SECURITIES**

The Company is authorized to issue shares of Common Stock and Preferred Stock. As of December 31, 2020, the Company had issued and outstanding shares of Common Stock, Preferred Stock, convertible notes payable, and other convertible notes. As part of the Regulation Crowdfunding raise, the Company anticipates offering and selling up to approximately an additional \$4,000,000 worth of its shares of Common Stock in a securities offering intending to be exempt from registration under the Securities Act in reliance on Regulation Crowdfunding promulgated thereunder.

### **Common Stock**

The Company is authorized to issue up to 50,000,000 shares of its common stock, with a total of 29,485,653 shares issued and outstanding as of December 31, 2020.

### **Voting Rights**

One vote per share.

### **Material Rights**

There are no material rights associated with Common Stock.

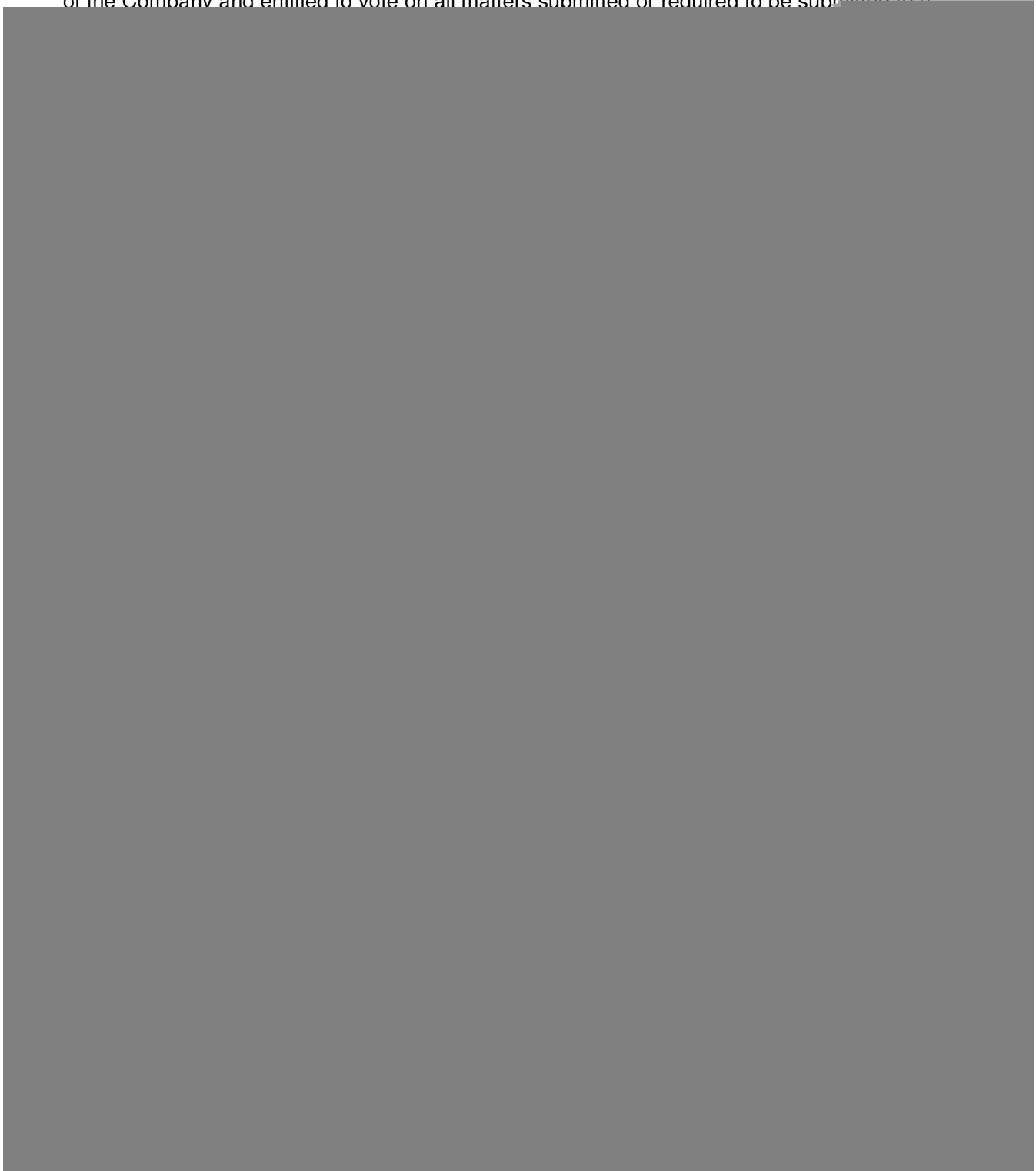
### **Preferred Stock**

The Company is authorized to issue up to 2,000,000 shares of its Preferred Stock, \$0.0001 par value per share. In June 2020, the Company designated one share of Preferred Stock as "Series A Preferred Stock." One share of Series A Preferred Stock was issued to Rick Burnett, the Company's founder, Chief Executive Officer and Director, in June 2020. One share and zero

shares of Series A Preferred Stock is issued and outstanding as of December 31, 2020 and December 31, 2019 respectively.

#### Voting Rights

The Series A Preferred Stock share provides the holder with voting power equivalent to the number of votes equal to the total number of shares of common stock outstanding as of the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company and entitled to vote on all matters submitted or required to be submitted to a



Maturity Date: July 12, 2018

Interest Rate: 4.0%

Discount Rate: 0.0%

Valuation Cap: \$0.00

Conversion Trigger: Change of control or optional conversion.

### Material Rights

The Company expects to convert these outstanding convertible notes at two times the outstanding principal, no interest, at their original conversion price of \$0.4587 per share. \$50,000 was subsequently converted in the first quarter of 2020, leaving a balance of \$290,000 (not including interest) of these notes. The entire balance was classified as current.

### Other Convertible Notes

These notes may convert at the holder's option into shares of common stock and the terms of the notes are outlined below:

Amount outstanding: \$110,000.00

Maturity Date: October 4, 2022

Interest Rate: 12.0%

Discount Rate: 0.0%

Valuation Cap: \$0.00

Conversion Trigger: Optional

As of December 31, 2020, the outstanding balance was \$110,000. The entire balance was classified as non-current.

### **What it means to be a minority holder**

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company's governance documents, additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

### **Dilution**

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will decrease, even though the value of the company may increase. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible notes, preferred shares or warrants) into stock.

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount

earned per share (though this typically occurs only if we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a “down round,” meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

## **RISK FACTORS**

### **Uncertain Risk**

An investment in the Company (also referred to as “we”, “us”, “our”, or “Company”) involves a high degree of risk and should only be considered by those who can afford the loss of their entire investment. Furthermore, the purchase of any of the Common Stock should only be undertaken by persons whose financial resources are sufficient to enable them to indefinitely retain an illiquid investment. Each investor in the Company should consider all of the information provided to such potential investor regarding the Company as well as the following risk factors, in addition to the other information listed in the Company's Form C. The following risk factors are not intended, and shall not be deemed to be, a complete description of the commercial and other risks inherent in the investment in the Company.

Our business projections are only projections

There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our product, that people think it's a better option than a competing product, or that we will be able to provide the service at a level that allows the Company to make a profit and still attract business.

Any valuation at this stage is difficult to assess

The valuation for the offering was established by the Company. Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment.

The transferability of the Securities you are buying is limited

Any Common Stock purchased through this crowdfunding campaign is subject to SEC limitations of transfer. This means that the stock/note that you purchase cannot be resold for a period of one year. The exception to this rule is if you are transferring the stock back to the Company, to an “accredited investor,” as part of an offering registered with the Commission, to a member of your family, trust created for the benefit of your family, or in connection with your death or divorce.

Your investment could be illiquid for a long time

You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you

receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. The Company may be acquired by an existing player in the educational software development industry. However, that may never happen or it may happen at a price that results in you losing money on this investment.

If the Company cannot raise sufficient funds it will not succeed

The Company, is offering Common Stock in the amount of up to \$3,930,000 in this offering, and may close on any investments that are made. Even if the maximum amount is raised, the Company is likely to need additional funds in the future in order to grow, and if it cannot raise those funds for whatever reason, including reasons relating to the Company itself or the broader economy, it may not survive. If the Company manages to raise only the minimum amount of funds, sought, it will have to find other sources of funding for some of the plans outlined in "Use of Proceeds."

We may not have enough capital as needed and may be required to raise more capital.

We anticipate needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If we cannot obtain credit when we need it, we could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity may require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced lower, your ownership percentage would be decreased with the addition of more investors. If we are unable to find additional investors willing to provide capital, then it is possible that we will choose to cease our sales activity. In that case, the only asset remaining to generate a return on your investment could be our intellectual property. Even if we are not forced to cease our sales activity, the unavailability of credit could result in the Company performing below expectations, which could adversely impact the value of your investment.

Terms of subsequent financings may adversely impact your investment

We will likely need to engage in common equity, debt, or preferred stock financings in the future, which may reduce the value of your investment in the Common Stock. Interest on debt securities could increase costs and negatively impact operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those investors than to the holders of Common Stock. In addition, if we need to raise more equity capital from the sale of Common Stock, institutional or other investors may negotiate terms that are likely to be more favorable than the terms of your investment, and possibly a lower purchase price per share.

Management Discretion as to Use of Proceeds

Our success will be substantially dependent upon the discretion and judgment of our management team with respect to the application and allocation of the proceeds of this Offering. The use of proceeds described below is an estimate based on our current business plan. We, however, may find it necessary or advisable to re-allocate portions of the net proceeds reserved



for one category to another, and we will have broad discretion in doing so.

#### Projections: Forward Looking Information

Any projections or forward looking statements regarding our anticipated financial or operational performance are hypothetical and are based on management's best estimate of the probable results of our operations and will not have been reviewed by our independent accountants. These projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed.

#### We are reliant on one main type of service

All of our current services are variants on one type of service, providing access to shippers and drivers to our platform. Our revenues are therefore dependent upon the market for such services.

#### We may never have an operational product or service

It is possible that there may never be an operational shipper and carrier direct network or that the product may never be used to engage in transactions. It is possible that the failure to release the product is the result of a change in business model upon Company's making a determination that the business model, or some other factor, will not be in the best interest of Company and its stockholders/members/creditors.

#### Some of our products are still in prototype phase and might never be operational products

It is possible that there may never be an operational product or that the product may never be used to engage in transactions. It is possible that the failure to release the product is the result of a change in business model upon the Company's making a determination that the business model, or some other factor, will not be in the best interest of the Company and its stockholders.

#### Developing new products and technologies entails significant risks and uncertainties

We are currently continuing to develop our shipper and carrier platform and mobile trucker app. Delays or cost overruns in the development of our shipper and carrier platform and mobile trucker app and failure of the product to meet our performance estimates may be caused by, among other things, unanticipated technological hurdles, difficulties in manufacturing, changes to design and regulatory hurdles. Any of these events could materially and adversely affect our operating performance and results of operations.

#### Minority Holder; Securities with Voting Rights

The Common Stock that an investor is buying has voting rights attached to them. However, you will be part of the minority shareholders of the Company and therefore will have a limited ability to influence management's decisions on how to run the business. You are trusting in management discretion in making good business decisions that will grow your investments. Furthermore, in the event of a liquidation of our company, you will only be paid out if there is any cash remaining after all of the creditors of our company have been paid out.

You are trusting that management will make the best decision for the company

You are trusting in management discretion. You are buying securities as a minority holder, and therefore must trust the management of the Company to make good business decisions that grow your investment.

#### Insufficient Funds

The Company might not sell enough securities in this offering to meet its operating needs and fulfill its plans, in which case it will cease operating and you will get nothing. Even if we sell all the common stock we are offering now, the Company will (possibly) need to raise more funds in the future, and if it can't get them, we will fail. Even if we do make a successful offering in the future, the terms of that offering might result in your investment in the company being worth less, because later investors might get better terms.

This offering involves "rolling closings," which may mean that earlier investors may not have the benefit of information that later investors have.

Once we meet our target amount for this offering, we may request that StartEngine instruct the escrow agent to disburse offering funds to us. At that point, investors whose subscription agreements have been accepted will become our investors. All early-stage companies are subject to a number of risks and uncertainties, and it is not uncommon for material changes to be made to the offering terms, or to companies' businesses, plans or prospects, sometimes on short notice. When such changes happen during the course of an offering, we must file an amended to our Form C with the SEC, and investors whose subscriptions have not yet been accepted will have the right to withdraw their subscriptions and get their money back. Investors whose subscriptions have already been accepted, however, will already be our investors and will have no such right.

#### Our new product could fail to achieve the sales projections we expected

Our growth projections are based on an assumption that with an increased advertising and marketing budget our products will be able to gain traction in the marketplace at a faster rate than our current products have. It is possible that our new products will fail to gain market acceptance for any number of reasons. If the new products fail to achieve significant sales and acceptance in the marketplace, this could materially and adversely impact the value of your investment.

#### We face significant market competition

We will compete with larger, established companies who currently have products on the market and/or various respective product development programs. They may have much better financial means and marketing/sales and human resources than us. They may succeed in developing and marketing competing equivalent products earlier than us, or superior products than those developed by us. There can be no assurance that competitors will render our technology or products obsolete or that the products developed by us will be preferred to any existing or newly developed technologies. It should further be assumed that competition will intensify.

#### We are an early stage company and have not yet generated any profits

LaneAxis was formed on 06/04/2015. Accordingly, the Company has a limited history upon

which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all business risks associated with new enterprises. These include likely fluctuations in operating results as the Company reacts to developments in its market, managing its growth and the entry of competitors into the market. We will only be able to pay dividends on any shares once our directors determine that we are financially able to do so. LaneAxis has incurred a net loss and has had limited revenues generated since inception. There is no assurance that we will be profitable in the next 3 years or generate sufficient revenues to pay dividends to the holders of the shares.

We are an early stage company and have limited revenue and operating history

The Company has a short history, limited # of users and limited revenues. If you are investing in this company, it's because you think that a shipper / carrier direct network portal is a good idea, that the team will be able to successfully market, and sell the product or service, that we can price them right and sell them to enough peoples so that the Company will succeed. Further, we have never turned a profit and there is no assurance that we will ever be profitable.

We have existing patents that we might not be able to protect properly

One of the Company's most valuable assets is its intellectual property. The Company's owns patent #9928475. We believe one of the most valuable components of the Company is our intellectual property portfolio. Due to the value, competitors may misappropriate or violate the rights owned by the Company. The Company intends to continue to protect its intellectual property portfolio from such violations. It is important to note that unforeseeable costs associated with such practices may invade the capital of the Company.

We have pending patent approval's that might be vulnerable

One of the Company's most valuable assets is its intellectual property. The Company's intellectual property such as patents, trademarks, copyrights, Internet domain names, and trade secrets may not be registered with the proper authorities. We believe one of the most valuable components of the Company is our intellectual property portfolio. Due to the value, competitors may misappropriate or violate the rights owned by the Company. The Company intends to continue to protect its intellectual property portfolio from such violations. It is important to note that unforeseeable costs associated with such practices may invade the capital of the Company due to its unregistered intellectual property.

Our trademarks, copyrights and other intellectual property could be unenforceable or ineffective

Intellectual property is a complex field of law in which few things are certain. It is possible that competitors will be able to design around our intellectual property, find prior art to invalidate it, or render the patents unenforceable through some other mechanism. If competitors are able to bypass our trademark and copyright protection without obtaining a sublicense, it is likely that the Company's value will be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace. Moreover, if our trademarks and copyrights are deemed unenforceable, the Company will almost certainly lose any potential revenue it might be able to raise by entering into sublicenses. This would cut off a significant potential revenue stream for the Company.

The cost of enforcing our trademarks and copyrights could prevent us from enforcing them

Trademark and copyright litigation has become extremely expensive. Even if we believe that a competitor is infringing on one or more of our trademarks or copyrights, we might choose not to file suit because we lack the cash to successfully prosecute a multi-year litigation with an uncertain outcome; or because we believe that the cost of enforcing our trademark(s) or copyright(s) outweighs the value of winning the suit in light of the risks and consequences of losing it; or for some other reason. Choosing not to enforce our trademark(s) or copyright(s) could have adverse consequences for the Company, including undermining the credibility of our intellectual property, reducing our ability to enter into sublicenses, and weakening our attempts to prevent competitors from entering the market. As a result, if we are unable to enforce our trademark(s) or copyright(s) because of the cost of enforcement, your investment in the Company could be significantly and adversely affected.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business

To be successful, the Company requires capable people to run its day to day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, design, development, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment.

Our ability to sell our product or service is dependent on outside government regulation which can be subject to change at any time

Our ability to sell product is dependent on the outside government regulation such as the FTC (Federal Trade Commission) and other relevant government laws and regulations. The laws and regulations concerning the selling of product may be subject to change and if they do then the selling of product may no longer be in the best interest of the Company. At such point the Company may no longer want to sell product and therefore your investment in the Company may be affected.

We rely on third parties to provide services essential to the success of our business

We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, accounting, legal work, public relations, advertising, retailing, and distribution. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse to recover damages for these losses. A disruption in these key or other suppliers' operations could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance.

The Company is vulnerable to hackers and cyber-attacks

As an internet-based business, we may be vulnerable to hackers who may access the data of

our investors and the issuer companies that utilize our platform. Further, any significant disruption in service on AWS or in its computer systems could reduce the attractiveness of the platform and result in a loss of investors and companies interested in using our platform. Further, we rely on a third-party technology provider to provide some of our back-up technology. Any disruptions of services or cyber-attacks either on our technology provider or on AWS could harm our reputation and materially negatively impact our financial condition and business.

The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the Tokens may also be subject to significant price volatility

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including any tokens that we may release to the public in the future. For example, a security breach that affects investor or user confidence in Bitcoin may also cause the price of any tokens that we may release to the public in the future. and other blockchain assets to fluctuate.

Investments in small businesses and start-up companies are often risky.

The Company's management may be inexperienced and investors will not be able to evaluate the Company's operating history. Small businesses may also depend heavily upon a single customer, supplier, or employee whose departure would seriously damage the company's profitability. The demand for the company's product may be seasonal or be impacted by the overall economy, or the company could face other risks that are specific to its industry or type of business. The Company may also have a hard time competing against larger companies who can negotiate for better prices from suppliers, produce goods and services on a large scale more economically, or take advantage of bigger marketing budgets. Furthermore, a small business could face risks from lawsuits, governmental regulations, and other potential impediments to growth.

We have minimal revenues and as a result we face risks and uncertainties relating to our ability to successfully implement our proposed operations.

We have had minimal revenues from our operations which make an evaluation of our future performance and prospects difficult. Our prospects must be considered in light of the risks, expenses, delays, problems and difficulties that may be encountered in the expansion of our business based on our planned operations, including, but not limited to, current and potential future regulatory limitations that may be imposed on the trucking industry participants. Furthermore, we face risks and uncertainties relating to our ability to successfully implement our proposed operations.

The Company may need additional capital, which may not be available.

The Company may require funds in excess of its existing cash resources to fund operating deficits, develop new products or services, establish and expand its marketing capabilities, and finance general and administrative activities. Due to market conditions at the time the Company may need additional funding, or due to its financial condition at that time, it is possible that the Company will be unable to obtain additional funding as and when it needs it. If the Company is unable to obtain additional funding, it may not be able to repay debts when they are due and payable. If the Company is able to obtain capital it may be on unfavorable terms or terms which

excessively dilute then-existing equity holders. If the Company is unable to obtain additional funding as and when needed, it could be forced to delay its development, marketing and expansion efforts and, if it continues to experience losses, potentially cease operations.

No guarantee of profitability and our estimated expenses may exceed the projected needs on which this offering is based.

There can be no assurance that our revenues will be sufficient to create net profits for our Company. Although our management believes in our economic viability, there can be no guarantee that the business will be profitable to the extent anticipated. Success of the venture is primarily dependent upon the extent that we are able to operate our Company in accordance with expectations and assumptions as set forth in our financial projections. We have estimated the cost of certain expenses required to fund our initial capital needs which will allow us to conduct our operations for approximately the next 12 months. If expenses exceed those projected, we may need to conduct an additional seed offering which would negatively impact the value of the Shares.

Our success will be dependent on our key founders and employees.

Our ability to achieve our investment objectives is dependent upon the performance of our founders and key employees, in the management of our assets and operation of our day-to-day activities. You will rely on our management's ability and the oversight of our board of advisers (if and when fully established). We will not provide key-man life insurance policies for any of our founders or key employees.

Our success depends on our ability to execute fully our business strategy.

Our ability to implement the key initiatives of our business strategy is dependent upon a number of factors, including our ability to effectively manage our business, including the potential impact on cash flows, acquire additional users of our app, and secure short and long-term financing at attractive rates, if at all. There can be no assurance that any of these initiatives will be successfully and fully executed in the amounts or within the time periods that we expect.

An economic slowdown or other unfavorable changes in economic conditions in the markets could adversely impact our business, results of operations, cash flows and financial condition and the value of your investment.

The development of negative economic conditions may significantly affect a supporter's ability to financially support or an investor's ability or desire to invest in an early-stage company. In addition, these conditions may also lead to a decline in the value of early stage companies and make it more difficult for us to raise additional capital at an attractive valuation. We could also face challenges related to adequately managing our company, should we experience increased operating and compliance costs, and as a result, we may experience a material loss or a decline of revenues. Any of these factors may adversely affect the business, results of operations, cash flows and financial condition and the value of your investment.

The Company's growth relies on market acceptance.

While the Company believes that there will be significant customer demand for its products/services, there is no assurance that there will be broad market acceptance of the Company's offerings. There also may not be broad market acceptance of the Company's



offerings if its competitors offer products/services which are preferred by prospective customers. In such event, there may be a material adverse effect on the Company's results of operations and financial condition, and the Company may not be able to achieve its goals.

The Company is not subject to Sarbanes-Oxley regulations and may lack the financial controls and procedures of public companies.

The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes Oxley Act of 2002. As a privately-held (non-public) Company, the Company is currently not subject to the Sarbanes Oxley Act of 2002, and its financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and could have a material adverse effect on the Company's results of operations.

The Company may not have audited financial statements nor is it required to provide investors with any annual audited financial statements or quarterly unaudited financial statements.

The Company may not have audited financial statements or audited balance sheets reviewed by outside auditors. In addition, the Company is not required to provide investors in the offering with financial information concerning the Company to which the investors may use in analyzing an investment in the Company. Therefore, your decision to make an investment in the Company must be based upon the information provided to the investors in its private placement documents without financial statement information and therefore, the limited information provided herewith with which investors will make an investment decision may not completely or accurately represent the financial condition of the company. Furthermore, as a non-reporting SEC company, the Company is not required to provide you with annual audited financial statements or quarterly unaudited financial statements.

We do not have any intention to pay dividends now or in the future.

Our Board will decide our dividend policy in the future depending on the results of our operations, our financial condition and other factors related to the business that the board, in its sole discretion, may consider relevant. Our dividends policy may also be changed at any time. We do not have any intention to pay dividends now or in the future.

## **RESTRICTIONS ON TRANSFER**

The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the

purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

## **SIGNATURES**

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on June 14, 2021.

### **LaneAxis Inc.**

By */s/ Rick L. Burnett*

Name: Rick L. Burnett

Title: Chief Executive Officer

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Exhibit A

## **FINANCIAL STATEMENTS**

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# **LANEAXIS, INC.**

*(a Delaware corporation)*

Financial Statements for the calendar years ended  
December 31, 2020 and 2019



## INDEPENDENT AUDITOR'S REPORT

March 30, 2021

To: Board of Directors, LANEAXIS, INC.  
Attn: Rick Burnett  
Re: 2020-2019 Financial Statement Audit

We have audited the accompanying consolidated financial statements of LANEAXIS, INC. (a corporation organized in Delaware) (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, shareholder equity, and cash flows for the calendar year periods ended December 31, 2020 and 2019, and the related notes to such financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations, shareholder equity and its cash flows for the calendar year periods thus ended in accordance with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in notes to the financial statements, the Company has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Sincerely,



IndigoSpire CPA Group

IndigoSpire CPA Group, LLC  
Aurora, Colorado

March 30, 2021

**LANEAXIS, INC.**  
**BALANCE SHEET**  
**As of December 31, 2020 and 2019**  
**See Independent Auditor's Report and Notes to the Financial Statements**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Current Assets		
Cash and cash equivalents	\$ 62,849	\$ 33,185
Accounts Receivable	109,770	0
Total current assets	172,619	33,185
Property and equipment, net	9,016	12,494
Intangible assets, net	1,987,829	2,161,453
<b>Total Assets</b>	<b>\$ 2,169,464</b>	<b>\$ 2,207,132</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
StartEngine payable	\$ 120,977	\$ 0
Interest payable	43,370	49,397
Notes and credit line payable – current portion	290,000	350,000
Total Current Liabilities	454,347	399,397
Notes payable – related party	110,000	100,000
PPP loan	20,942	0
<b>Total Liabilities</b>	<b>585,289</b>	<b>499,397</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock (50,000,000 shares of \$0.0001 par value per share, authorized, 29,485,653 and 17,628,617 shares issued and outstanding as of December 31, 2020 and 2019, respectively)	2,949	1,763
Preferred Stock (2,000,000 shares of \$0.0001 par value per share, authorized; Series A Preferred Stock, \$0.0001 par value per share, 1 shares authorized, 1 and 0 shares issued and outstanding as of December 31, 2020 and 2019, respectively)	-	-
Additional paid-in capital	5,026,767	3,925,799
Retained earnings	(3,445,541)	(2,219,826)
<b>Total Shareholders' Equity</b>	<b>1,584,175</b>	<b>1,707,736</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,169,464</b>	<b>\$ 2,207,132</b>

**LANEAXIS, INC.**  
**STATEMENT OF OPERATIONS**  
**For Years Ended December 31, 2020 and 2019**  
**See Independent Auditor's Report and Notes to the Financial Statements**

	<b>2020</b>	<b>2019</b>
Revenues	\$ 118,852	\$ 0
Operating expenses		
General and administrative	505,075	185,995
Research and development	373,882	151,777
Sales and marketing	280,984	97,788
Total operating expenses	1,159,941	435,560
Net Operating Income (Loss)	(1,041,089)	(435,560)
Depreciation and amortization (expense)	(177,102)	(177,102)
Interest (expense)	(7,524)	(14,050)
Tax provision (benefit)	0	0
Net Income (Loss)	\$ (1,225,715)	\$ (626,712)

LANEAXIS, INC.  
**STATEMENT OF SHAREHOLDER EQUITY**  
For Years Ended December 31, 2020 and 2019  
See Independent Auditor's Report and Notes to the Financial Statements

	Common Stock		Additional Paid-In Capital		Retained Earnings	Total Shareholder Equity
	# of shares	\$		\$		
<b>Balance as of January 1, 2019</b>	13,773,135	\$	1,377	\$	3,567,302	\$ 1,975,566
Capital distributions					(129,996)	(129,996)
Issuance of shares	3,855,482		386		488,493	488,878
Net income (loss)					(626,712)	(626,712)
<b>Balance as of December 31, 2019</b>	<b>17,628,617</b>	<b>\$</b>	<b>1,763</b>	<b>\$</b>	<b>3,925,799</b>	<b>\$ 1,707,736</b>
Issuance of shares	11,857,036		1,186		1,100,968	1,102,154
Net income (loss)					(1,225,715)	(1,225,715)
<b>Balance as of December 31, 2020</b>	<b>29,485,653</b>	<b>\$</b>	<b>2,949</b>	<b>\$</b>	<b>5,026,767</b>	<b>\$ 1,584,175</b>

**LANEAXIS, INC.**  
**STATEMENT OF CASH FLOWS**  
**For Years Ended December 31, 2020 and 2019**  
**See Independent Auditor's Report and Notes to the Financial Statements**

	2019	2019
<b>Operating Activities</b>		
Net Income (Loss)	\$ (1,225,715)	\$ (626,712)
Adjustments to reconcile net income (loss)		
to net cash provided by operations:		
Add back: Depreciation of property	3,478	3,318
Add back: Amortization of intangibles	173,624	173,624
Changes in operating asset and liabilities:		
(Increase) Decrease in accounts receivable	(109,770)	0
Increase (Decrease) in interest payable	(6,026)	14,000
Net cash used in operating activities	(1,164,409)	(435,770)
<b>Investing Activities</b>		
Costs of intangibles	0	(1,601)
Net cash used in operating activities	0	(1,601)
<b>Financing Activities</b>		
Proceeds from notes payable	91,919	100,000
Distribution of capital	0	(129,996)
Proceeds from share issuances	1,102,154	488,878
Net cash provided by financing activities	1,194,073	458,882
Net change in cash and cash equivalents	29,663	21,512
Cash and cash equivalents at beginning of period	33,186	11,674
Cash and cash equivalents at end of period	\$ 62,849	\$ 33,186
Cash paid for interest	\$ 0	\$ 0
Cash paid for income taxes	\$ 0	\$ 0

**LANEAXIS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**See Independent Auditor's Report**  
**For Years Ended December 31, 2020 and 2019**

**NOTE 1 – NATURE OF OPERATIONS**

LANEAXIS, INC. (which may be referred to herein as the “Company”, “we,” “us,” or “our”) was incorporated in Delaware on June 4, 2015. The Company is a software company leveraging patented technology to eliminate phone calls, faxing, emails and other outdated processes from the supply chain industry. The LaneAxis Professional Trucker App integrates directly with the carrier portal and provides free truck specific navigation, in app messaging to carriers/shippers and opportunities to direct access of loads.

The Company is still in an early development stage and has relied on securing loans, funding from share and note issuances and proceeds from product sales. As of December 31, 2020, the Company has produced negative cash from the operations of the business. These matters raise substantial concern about the Company's ability to continue as a going concern (see Note 10 – Going Concern). During the next twelve months, the Company intends to fund its operations with funding from a crowdfunding campaign (see Note 11 – Subsequent Events), borrowing additional debt and/or issuing shares for cash and the receipt of funds from revenue producing activities. If the Company cannot secure additional capital and/or on the terms acceptable to the Company, if at all, it may cease operations. There can be no assurance that the Company's attempts to raise any additional financing will be successful. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). In the opinion of management, all adjustments considered necessary for the fair presentation of the financial statements for the years presented have been included.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Significant estimates inherent in the preparation of the accompanying financial statements include valuation of provision for refunds and chargebacks, equity transactions and contingencies.

*Risks and Uncertainties*

The Company's business and operations are sensitive to general business and economic conditions in the United States and other countries that the Company operates in. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations. Additionally, in 2020, the Company faced economic uncertainty due to the COVID-19 pandemic.



#### *Concentration of Credit Risk*

The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

#### *Cash and Cash Equivalents*

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account. As of December 31, 2020 and 2019, the Company had \$62,849 and \$33,185 of cash on hand, respectively.

#### *Fixed Assets*

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to seven years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

#### *Intangible Assets*

The Company capitalizes its patent and filing fees and legal patent and prosecution fees in connection with internally developed pending patents. When pending patents are issued, patents will be amortized over the expected period to be benefitted, not to exceed the patent lives, which may be as long as 20 years.

Identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset. The Company has not recorded any impairment of intangible assets as of December 31, 2020.

#### *Fair Value Measurements*

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the

measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable 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 and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.
- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

#### *Income Taxes*

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Any deferred tax items of the Company have been fully valued based on the determination of the Company that the utilization of any deferred tax assets is uncertain.

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

#### *Revenue Recognition*

Sales Income - During 2019, the company adapted the provision of ASU 2014-09 Revenue from Contracts with Customers ("ASC 606").

ASC 606 provides a five-step model for recognizing revenue from contracts:

- Identify the contract with the customer
- Identify the performance obligations within the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when (or as) the performance obligations are satisfied

The Company's primary source of revenue is the end user licensing of the Company's app.

#### *Accounts Receivable*

The Company does not expect to have material accounts receivable from customers due to the prevailing market conditions of pay-at-the-time of use.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

#### *Advertising*

The Company expenses advertising costs as they are incurred.

#### *Recent Accounting Pronouncements*

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

### **NOTE 3 – FIXED AND INTANGIBLE ASSETS**

As of December 31, property and equipment, net of accumulated depreciation consists of the following balances:

	<b>2020</b>	<b>2019</b>
Beginning balance	\$12,494	\$14,211
Add: Equipment purchases	0	1,601
Less: Current year depreciation expense	(3,478)	(3,318)
<b>Ending balance</b>	<b>\$9,016</b>	<b>\$12,494</b>

Accumulated depreciation for property and equipment for the fiscal years ended December 31, 2020 and December 31, 2019 totaled \$8,375 and \$4,897, respectively.

#### NOTE 4 – INTANGIBLE ASSETS

The components of the Company's intangible assets consist of the following definite-lived assets:

	2020	2019
Beginning balance	2,161,453	2,335,077
Add: Capitalized costs	0	0
Less: Amortization expense	(173,624)	(173,624)
<b>Ending balance</b>	<b>1,987,829</b>	<b>2,161,453</b>

Accumulated amortization for the fiscal years ended December 31, 2020 and 2019 was \$616,533 and \$442,909, respectively.

#### NOTE 5 – INCOME TAX PROVISION

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2020 and 2019. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

As of December 31, 2020, the Company had federal net operating loss ("NOL") carryforwards of approximately \$466,163 which will begin to expire in 2035. The Company had state NOL carryforwards of approximately \$196,233, which will begin to expire in 2035. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. Under the provisions of the Internal Revenue Code, the NOLs and tax credit carryforwards are subject to review and possible adjustment by the IRS and state tax authorities. NOLs and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant stockholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. The Company has not performed a comprehensive Section 382 study to determine any potential loss limitation with regard to the NOL carryforwards and tax credits.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not of being sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2020 and December 31, 2019, the Company had no accrued interest and penalties related to uncertain tax positions.

The Company is subject to examination for its federal and state jurisdictions for each year in which a tax return was filed.

## NOTE 6 – EQUITY

### *Common Stock*

The Company's authorized share capital as of December 31, 2020 consisted of 50,000,000 shares, \$0.0001 par value per share, designated as common shares. As of December 31, 2020 and December 31, 2019, 29,485,653 and 17,628,617 of common shares were issued and outstanding, respectively.

### *Preferred Stock*

The Company's authorized share capital as of December 31, 2019 consisted of 2,000,000 shares, \$0.0001 par value per share, designated as preferred shares. In June 2020, the Company designated one share of preferred stock as "Series A Preferred Stock." The one share of preferred stock was issued to Rick Burnett, the Company's Founder, Chief Executive Officer and a director, in June 2020. The Series A Preferred Stock share is not convertible into shares of the Company's common stock, does not entitle the holder to any economic interests and solely provides the holder with voting power equivalent to the number of votes equal to the total number of shares of common stock outstanding as of the record date for the determination of stockholders entitled to vote at each meeting of stockholders of the Company and entitled to vote on all matters submitted or required to be submitted to a vote of the stockholders of the Company. One share and zero shares of Series A Preferred Stock is issued and outstanding as of December 31, 2020 and December 31, 2019, respectively.

### *Completed Crowdfunded Offering*

In 2020, the Company completed an offering of approximately 2.61 million shares of its common stock for total gross proceeds of approximately \$1,070,000 in a securities offering exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Regulation Crowdfunding promulgated thereunder. The Company intends to use the proceeds of this offering for working capital.

### *Other Issuances and Repayment of Debt*

In June 2020, the Company issued approximately 7.7 million shares of its common stock to certain consultants, service providers and related parties in consideration of various services provided by certain consultants, service providers and related parties to the Company, as private issuances exempt from registration under in reliance on Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated under Regulation D under the Securities Act, the proceeds of which were used as working capital. As part of such issuance, the Company issued (i) approximately 4.5 million shares to Rick Burnett, the Company's Founder, Chief Executive Officer and a director, in consideration of Rick Burnett assigning all of his rights to any and all patents, trademarks and intellectual rights related to the Company's business to the Company, true up for the conversion of previously loaned funds and other consideration provided to the Company for a total value of \$2,086,000 based on the same conversion formula (two times the principal loan amount) as was subsequently provided to other noteholders of the Company, at a price of \$0.41 per share, and for providing services to the Company as its Chief Executive Officer as a member of its board of directors, and (ii) 1 million shares to Mason Burnett, a key consultant and a director of the Company, for Mason Burnett's key services and contributions to the Company related to the creation of the blockchain tokenized network, which the Company believes considerably increased the value of its intellectual property, and for providing services to the Company as a member of its board of directors.

In August 2020, the Company issued approximately 1.63 million shares of its common stock to certain consultants and service providers in consideration of various services provided by such consultants and service providers to the Company, in consideration of the conversion of \$245,000 in outstanding convertible notes of the Company, and otherwise for cash, as private issuances in reliance on Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated under Regulation D under the Securities Act.

In 2020, the Company repaid \$50,000, plus an additional \$5,000 as interest, to a holder of a promissory note in the total principal amount of \$100,000, with the holder agreeing to convert the balance of the note (\$50,000) into shares of the Company's common stock at \$0.41 per share, as a private issuance in reliance on Section 4(a)(2) of the Securities Act and/or Rule 506 promulgated under Regulation D under the Securities Act. In addition, the Company repaid another \$10,000 promissory note.

#### **NOTE 7 – DEBT**

During fiscal years 2016 and 2017, the Company entered into a series of Convertible Promissory Notes amounting to \$350,000. The interest rate is 4 percent per annum. The principal and accrued interest are payable on demand. As of December 31, 2020, the outstanding balance was \$290,000. The entire balance was classified as current.

During fiscal year 2019, the Company entered into an additional \$100,000 note payable agreement with a related party shareholder. The interest rate is 12 percent per annum. The unpaid principal and accrued interest mature on October 4, 2022. As of December 31, 2020, the outstanding balance was \$110,000. The entire balance was classified as non-current.

The related interest expense was \$7,524 and \$14,050 for calendar years 2020 and 2019, respectively. As of December 31, 2020 and December 31, 2019, the accrued interest payable was \$43,370 and 49,397, respectively.

In 2020, the Company received a loan in the amount of approximately \$21,000 pursuant to the Paycheck Protection Program of the CARES Act. The Company has applied for the forgiveness of the loan.

#### **NOTE 8 – RELATED PARTY TRANSACTIONS**

During fiscal year 2019, the Company entered into a \$100,000 note payable agreement with a related party shareholder. The interest rate is 12 percent per annum. The unpaid principal and accrued interest mature on October 4, 2022. As of December 31, 2020, the outstanding balance was \$110,000.

As this transaction is with a party related to the Company, there is no guarantee that the terms are arm's length.

#### **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

##### *Operating Leases*

The Company did not enter into any operating leases as of December 31, 2020 and 2019.

##### *Contingencies*

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

##### *Litigation and Claims*

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2020 and December 31, 2019, there were no pending

or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

#### **NOTE 10 – GOING CONCERN**

These financial statements are prepared on a going concern basis. The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results.

Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. During the next twelve months, the Company intends to fund its operations through debt and/or equity financing.

There are no assurances that management will be able to raise capital on terms acceptable to the Company, if at all. If it is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm its business, financial condition, and operating results. The accompanying financial statements do not include any adjustments that might result from these uncertainties.

#### **NOTE 11 – SUBSEQUENT EVENTS**

##### *Anticipated Crowdfunded Offering*

The Company anticipates offering and selling up to approximately an additional \$4,000,000 worth of its shares of common stock in a securities offering intending to be exempt from registration under the Securities Act in reliance on Regulation Crowdfunding promulgated thereunder.

##### *Management's Evaluation*

Management has evaluated subsequent events through March 30, 2021, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

## **CERTIFICATION**

I, Rick L. Burnett, Principal Executive Officer of LaneAxis Inc., hereby certify that the financial statements of LaneAxis Inc. included in this Report are true and complete in all material respects.

*Rick L. Burnett*

Principal Executive Officer