

IPD PRODUCTS, INC.

Reviewed Financial Statements For the Period
From February 28, 2020 (Inception) to December 31, 2020



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
IPD Products, Inc.
Midlothian, TX 76065

We have reviewed the accompanying financial statements of IPD Products, Inc. (a corporation), which comprise the balance sheet as of December 31, 2020, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, We do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether We are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of Our procedures provide a reasonable basis for Our conclusion.

Accountant's Conclusion

Based on Our review, We are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be 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 Note B, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note B. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Jason M. Tyra, CPA, PLLC
Dallas, TX
April 29, 2020

**IPD PRODUCTS, INC.
BALANCE SHEET
DECEMBER 31, 2020**

ASSETS

CURRENT ASSETS

Cash	\$ 129,711
Prepaid Expenses	8,750

TOTAL CURRENT ASSETS	138,461
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NON-CURRENT ASSETS

Intangible Assets	61,281
Amortization	(3,225)

TOTAL NON-CURRENT ASSETS	58,056
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TOTAL ASSETS	196,517
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LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accrued Expenses	70,475
Notes Payable - Current Portion	15,000

TOTAL CURRENT LIABILITIES	85,475
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NON-CURRENT LIABILITIES

Convertible Notes Payable	194,738
Notes Payable - Long Term Portion	46,281
Related Party Note Payable	5,500

TOTAL LIABILITIES	331,994
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SHAREHOLDERS' EQUITY

Common Stock (1,000,000 shares authorized; 98,800 shares issued; \$0.00 par value)	988
Retained Earnings (Deficit)	(136,465)

TOTAL SHAREHOLDERS' EQUITY	(135,477)
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 196,517
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IPD PRODUCTS, INC.
INCOME STATEMENT
FOR THE PERIOD OF FEBRUARY 28, 2020 (INCEPTION) TO DECEMBER 31, 2020

Operating Expense

Research & Development	120,741
Rent	10,470
Amortization	3,225
General & Administrative	1,041
Stock Compensation Expense	988
	<hr/>
	136,465

Net Loss from Operations (136,465)

Net Loss \$ (136,465)

Loss Per Share

Weighted average common shares outstanding - basic	\$ (1.38)
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IPD PRODUCTS, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 28, 2020 (INCEPTION) TO DECEMBER 31, 2020

Cash Flows From Operating Activities

Net Income (Loss) For The Period	\$ (136,465)
Change in Accrued Expenses	70,475
Change in Prepaid Expenses	(8,750)
Amortization	3,225

Net Cash Flows From Operating Activities	(71,515)
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Cash Flows From Investing Activities

Acquisition of Intangible Asset	(61,281)
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Net Cash Flows From Investing Activities	(61,281)
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Cash Flows From Financing Activities

Issuance of Convertible Notes	194,738
Issuance of Notes Payable	61,281
Issuance of Related Party Notes Payable	5,500
Common Stock Issued For Services	988

Net Cash Flows From Financing Activities	262,507
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Cash at Beginning of Period

Net Increase (Decrease) In Cash	129,711
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Cash at End of Period	\$ 129,711
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Non-cash Activities

Non-cash Issuance of Common Stock	\$ 998
Non-cash Issuance of Convertible Notes	\$ 4,205

IPD PRODUCTS, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD OF FEBRUARY 28, 2020 (INCEPTION) TO DECEMBER 31, 2020

	Common Stock Number	Amount	Retained Earnings	Total Stockholders' Equity
Balance at Inception		\$ -	\$ -	\$ -
Issuance of Stock	98,800	988		988
Net Loss			(136,465)	(136,465)
Balance at December 31, 2020	98,800	\$ 988	\$ (136,465)	\$ (135,477)

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED)
DECEMBER 31, 2020

NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

IPD Products, Inc. ("the Company") is a corporation organized under the laws of Texas. The Company operates as a manufacturer and seller of air sterilizers.

NOTE B- GOING CONCERN MATTERS

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future. However, management has identified the following conditions and events that created an uncertainty about the ability of the Company to continue as a going concern. The company is currently operating in a pre-revenue phase with a sustained net loss of \$136,465.

The following describes management's plans that are intended to mitigate the conditions and events that raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to raise additional funds to continue operations through a Reg CF offering. The Company's ability to meet its obligations as they become due is dependent upon the success of management's plans, as described above.

These conditions and events create an uncertainty about the ability of the Company to continue as a going concern through April 29, 2022 (one year after the date that the financial statements are available to be issued). The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE C- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company's fiscal year ends December 31.

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties associated with dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

The Company currently has no developed products for commercialization and there can be no assurance that the Company's research and development will be successfully commercialized. Developing and commercializing a product requires significant capital, and based on the current operating plan, the Company expects to continue to incur operating losses as well as cash outflows from operations in the near term.

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Changes in estimates are recorded in the period they are made. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Advertising

The Company records advertising expenses in the year incurred.

Intangible Assets

Intangible assets are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which usually varies from 3 to 10 years. An adjustment is made for any impairment. Intangible items acquired must be recognized as assets separately from goodwill if they meet the definition of an asset, are either separable or arise from contractual or other legal rights, and their fair value can be measured reliably. The Intangible asset recorded on the books is comprised of a licensing agreement between the company and Drexel University to market and sell products using the college's patented technology. The asset is listed at the cost which has been valued at \$61,281 incurred by the company for all legal fees associated in making this agreement. This asset will be tested for impairment in the years to come.

Equity Based Compensation

The Company accounts for stock options issued to employees under ASC 718 (Stock Compensation). Under ASC 718, share-based compensation cost to employees is measured at the grant date, based on the estimated fair value of the award, and is recognized as an item of expense ratably over the employee's requisite vesting period. The Company has elected early adoption of ASU 2018-07, which permits measurement of stock options at their intrinsic value, instead of their fair value. An option's intrinsic value is defined as the amount by which the fair value of the underlying stock exceeds the exercise price of an option. In certain cases, this means that option compensation granted by the Company may have an intrinsic value of \$0.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505 (Equity). The fair value of the option issued or committed to be issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to expense and credited to common stock.

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Income Taxes

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company assessed the need for a valuation allowance against its net deferred tax assets and determined a full valuation allowance is required due to taxable losses for the period ended December 31, 2020, and no history of generating taxable income.

The Company's ability to utilize net operating loss carryforwards will depend on its ability to generate adequate future taxable income. As of December 31, 2020, the Company had net operating loss carryforwards available to offset future taxable income in the amount \$136,465, which may be carried forward.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax positions through its income tax expense.

In December 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law and the new legislation contains several key tax provisions that affected the Company, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. The Company is required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, remeasuring deferred tax assets and liabilities, as well as reassessing the net realizability of our deferred tax assets and liabilities. The tax rate change had no impact to the Company's net loss as the Company has not incurred a tax liability or expense for the period ended December 31, 2020 and has a full valuation allowance against its net deferred tax assets.

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained a net operating loss during the interim period ended on December 31, 2020. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements, but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

The Company is subject to franchise tax filing requirements in the State of Texas.

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

Net Loss Per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive.

Recently Adopted Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In November 2015, the FASB issued ASU (Accounting Standards Update) 2015-17, *Balance Sheet Classification of Deferred Taxes*, or ASU 2015-17. The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. For all entities other than public business entities, the guidance becomes effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The adoption of ASU 2015-17 had no material impact on the Company's financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*, or ASU 2016-18. The amendments of ASU 2016-18 were issued to address the diversity in classification and presentation of changes in restricted cash and restricted cash equivalents on the statement of cash flows which is currently not addressed under Topic 230. ASU 2016-18 would require an entity to include amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning of period and end of period total amounts on the statement of cash flows. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2018 for non-public entities. Early adoption is permitted, and the standard must be applied retrospectively. The adoption of ASU 2016-18 had no material impact on the Company's financial statements and related disclosures.

In May 2014, the FASB issued ASU, 2014-09—*Revenue from Contracts with Customers (Topic 606)*, or ASU 2014-09, and further updated through ASU 2016-12, or ASU 2016-12, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled to when products are transferred to customers. This guidance is effective for annual reporting periods, and interim periods within those years, beginning December 15, 2018 for non-public entities. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The adoption of ASU 2014-09 had no material impact on the Company's financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-based Payment Accounting*, or ASU 2016-09. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Some of the areas of simplification apply only to non-public companies. This guidance was effective on December 31, 2016 for public entities. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early adoption is permitted for an entity in any interim or annual period for which financial statements have not been issued or made available for issuance. An entity that elects early adoption must adopt all amendments in the same period. The adoption of ASU 2016-09 had no material impact on the Company's financial statements and related disclosures.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*, or ASU 2017-09, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. This guidance is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2017, for both public entities and non-public entities. Early adoption is permitted. The adoption of ASU 2017-09 had no material impact on the Company's financial statements and related disclosures.

NOTE D- DEBT

In 2020, the company issued a series of notes payable to Drexel University in exchange for cash for the purpose of funding the licensing agreement. ("the Current Portions Notes Payable and Notes Payable"). The notes do not accrue interest unless payments are made after the due dates outlined in the licensing agreement. If late payment does occur, a 1.5% annual interest rate will be applied to the outstanding balance until it is paid in full. Payment due dates are as follows:

April 30, 2021	\$15,000
April 30, 2022	\$30,000

In addition to the above stated due dates, the agreement in place also states that the Company will reimburse Drexel University for all legal fees and costs incurred by the university for implementing the agreement. The balance of \$16,281 will be paid by the company to the university by December, 2021.

In 2020, the company issued a note payable to a related party in exchange for cash for the purpose of funding operations. ("the Related Party Note"). This note does not accrue interest. A current portion is

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

expected to be paid within a year with the remaining amount to be paid at a later date to be determined by management.

In 2020, the company issued a series of convertible notes payable under a Reg CF raise in exchange for cash for the purpose of continuing operations. ("the Convertible Notes Payable"). The notes carry a discount rate of 20% with a valuation cap ranging between \$3.5 million. The notes can convert into common stock equal to the quotient obtained by dividing the outstanding principal amount by the conversion price as defined in the agreement given that a qualified equity financing round occurs.

NOTE E- EQUITY

Under the Company's articles of incorporation, the Company authorized 1,000,000 shares Common Stock that carry no par value. The Company currently has 98,800 common shares outstanding. Common shareholders have the right to vote on certain items of Company business at the rate of one vote per share of stock.

NOTE F- FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1 - Observable inputs, such as quoted prices for identical assets or liabilities in active markets;
Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and
Level 3 - Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

NOTE G- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits.

IPD PRODUCTS, INC.
NOTES TO FINANCIAL STATEMENTS (REVIEWED) (CONTINUED)

NOTE H- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before April 29, 2021, the date that the financial statements were available to be issued.