

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM C-AR
UNDER THE SECURITIES ACT OF 1933**

(Mark one.)

- ☐ Form C: Offering Statement
- ☐ Form C-U: Progress Update
- ☐ Form C/A: Amendment to Offering Statement
 - ☐ Check box if Amendment is material and investors must reconfirm within five business days.
- ☒ Form C-AR: Annual Report
- ☐ Form C-AR/A: Amendment to Annual Report
- ☐ Form C-TR: Termination of Reporting

Name of issuer

Swift Rails, Inc.

Legal status of issuer

Form

Corporation

Jurisdiction of Incorporation/Organization

Delaware

Date of organization

September 18, 2019

Physical address of issuer

340 Pleasant View Drive , Lancaster , NY 14086

Website of issuer

<https://www.swiftrails.com/>

Current number of employees

6

| | Most recent fiscal year-end | Prior fiscal year-end |
|------------------------------------|------------------------------------|------------------------------|
| Total Assets | \$368,989 | \$260,111 |
| Cash & Cash Equivalents | \$192,029 | \$89,477 |
| Accounts Receivable | \$27,623 | \$32,443 |
| Short-term Liabilities | \$12,286 | \$25,275 |
| Long-term Debt | \$156,122 | \$0.00 |
| Revenues/Sales | \$22,262 | \$44,890 |
| Cost of Goods Sold | \$0.00 | \$0.00 |
| Taxes Paid | \$0.00 | \$0.00 |
| Net Income | -\$402,932 | -\$229,128 |

April 15, 2024

FORM C-AR

Swift Rails, Inc.



This Form C-AR (including the cover page and all exhibits attached hereto, the "Form C-AR") is being furnished by Swift Rails, Inc., a Delaware Corporation (the "Company," as well as references to "we," "us," or "our") for the sole purpose of providing certain information about the Company as required by the Securities and Exchange Commission ("SEC").

No federal or state securities commission or regulatory authority has passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the accuracy or completeness of any disclosure document or literature. The Company is filing this Form C-AR pursuant to Regulation CF (§ 227.100 et seq.) which requires that it must file a report with the Commission annually and post the report on its website at <https://www.swiftrails.com/> no later than 120 days after the end of each fiscal year covered by the report. The Company may terminate its reporting obligations in the future in accordance with Rule 202(b) of Regulation CF (§ 227.202(b)) by 1) being required to file reports under Section 13(a) or Section 15(d) of the Exchange Act of 1934, as amended, 2) filing at least one annual report pursuant to Regulation CF and having fewer than 300 holders of record, 3) filing annual reports for three years pursuant to Regulation CF and having assets equal to or less than \$10,000,000, 4) the repurchase of all the Securities sold pursuant to Regulation CF by the Company or another party, or 5) the liquidation or dissolution of the Company.

The date of this Form C-AR is April 15, 2024.

THIS FORM C-AR DOES NOT CONSTITUTE AN OFFER TO PURCHASE OR SELL SECURITIES.

Forward Looking Statement Disclosure

This Form C-AR and any documents incorporated by reference herein or therein contain forward-looking statements and are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this Form C-AR are forward-looking statements. Forward-looking statements give the Company's

current reasonable expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "should," "can have," "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

The forward-looking statements contained in this Form C-AR and any documents incorporated by reference herein or therein are based on reasonable assumptions the Company has made in light of its industry experience, perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. As you read and consider this Form C-AR, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (many of which are beyond the Company's control) and assumptions. Although the Company believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect its actual operating and financial performance and cause its performance to differ materially from the performance anticipated in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect or change, the Company's actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Any forward-looking statement made by the Company in this Form C-AR or any documents incorporated by reference herein or therein speaks only as of the date of this Form C-AR. Factors or events that could cause our actual operating and financial performance to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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About this Form C-AR

You should rely only on the information contained in this Form C-AR. We have not authorized anyone to provide you with information different from that contained in this Form C-AR. You should assume that the information contained in this Form C-AR is accurate only as of the date of this Form C-AR, regardless of the time of delivery of this Form C-AR. Our business, financial condition, results of operations, and prospects may have changed since that date.

Statements contained herein as to the content of any agreements or other document are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents.

SUMMARY

The following summary is qualified in its entirety by more detailed information that may appear elsewhere in this Form C-AR and the Exhibits hereto.

Swift Rails, Inc. (the "Company") is a Delaware Corporation, formed on September 18, 2019.

The Company is located at 340 Pleasant View Drive , Lancaster , NY 14086.

The Company's website is <https://www.swiftrails.com/>.

The information available on or through our website is not a part of this Form C-AR.

The Business

The Company designs, manufactures and markets a new form of individualized transit that is both financially and environmentally sustainable. Semi-autonomous 1, 2 and 4 passenger vehicles are hailed on-demand via app, zero-emission, and travel rapidly on a highway of elevated rails. The Company plans to generate revenue through the design, construction and operation of systems.

We are passionate about the environment. Transportation is the largest source of greenhouse gases and a multi-trillion dollar market. It's a place where we can have a big positive impact. The number of cars and trucks doubles approximately every 20 years, and we are running out of room to build more roads. The path we are on is simply unsustainable. We can do much better.

RISK FACTORS

Risks Related to the Company's Business and Industry

The Individualized Transit System has not been built. The System is very novel.

The Individualized Transit System has been substantially designed by the Company. While a full-scale vehicle prototype and outdoor test track have been built, there is no existing complete system or pilot system in a real-world application. Consequently, there is no guarantee that the Individualized Transit System will work as conceived or that any of the Company's projections will be achieved.

The Individualized Transit System Involves Implementation of multiple technologies, including software to run the system and a cell phone app.

The implementation of the Individualized Transit System includes integration with operational software and will eventually include cell phone apps that enable customers to hail vehicles. The general logic, features and required capabilities of this cell phone app and how it will integrate with the overall vehicle management system has been well thought out. The Company will use a combination of internal and external resources in developing these systems.

We are an early-stage company with no historical performance,

We are a development stage company. We have not generated any sales revenue to date. Any and all statements about future operational and financial performance are forward-looking statements. Actual results may vary materially from these statements.

We will require additional financing.

There is no assurance that the Company will be able to obtain such additional financing or that it can be obtained upon terms that are acceptable to our shareholders. Our projects are capital intensive. We may finance each transportation system individually using a combination of public and private funding. In some cases, the Company will form special purpose subsidiaries to own and operate a project. The Company may not own 100% of these subsidiaries and may not control these subsidiaries. Additional financing will dilute the Company's equity. If we cannot secure sufficient additional financing, we may be forced to forego strategic opportunities or delay, scale back or eliminate further development of our goals and objectives, operations and investments.

We do not expect to pay dividends in the future. Any return on investment may be limited to the value of our stock.

We have never paid cash dividends on our common or preferred stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our preferred or common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant.

The Company's limited operating history makes the Company's business difficult to evaluate.

The Company was formed on September 18, 2019. Therefore, its prospects must be considered in light of the risks and uncertainties encountered by companies in an early stage of development in a competitive market. The Company has a history of operating losses, expects to continue to incur net losses in the immediate future, and may not achieve or maintain profitability for some time or at all. There can be no assurance that the Company will successfully implement its business, which could have a material adverse effect on its business. The Company cannot guarantee that it will achieve its stated business objectives or achieve positive or competitive results from its operations.

The Company relies on its Intellectual property which may not be adequate and may be difficult to protect.

The Company's Individualized Transit System was developed by Swift Rails, LLC, a predecessor entity to the Company under common control with the Company. The Company believes that all of the intellectual property comprising the Individualized Transit System will be owned or controlled by the Company or otherwise legally available to the Company, but there is no assurance that challenges to the Company's rights may not emerge. The Company has applied for certain patents related to the System. A non-provisional patent covering the general system design and switching mechanisms was filed in October 2017 ("Intelligent Transportation System and Method", 62/576.676), and an international application was filed on 11 October 2018 (PCT/US18/57506). The Company received notice from the USPTO that its first patent, No. 11,760,391, was issued on September 19th, 2023, and filed additional claims on continuation and additional patent filings on new technology in August 2023. Our intellectual property rights may not be sufficiently broad or otherwise may not provide us a significant competitive advantage. In addition, the steps that we have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed around, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons. Any failure by the Company to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property, could adversely impact our competitive position and results of operations. We also rely on nondisclosure and noncompetition agreements with employees, vendors, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, but we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. As we expand our business, protecting our intellectual property will become increasingly important. The protective steps we have taken may be inadequate to deter our competitors from using our proprietary information. In order to protect or enforce our intellectual property rights, we may be required to initiate litigation against third parties, such as infringement lawsuits. Also, these third parties may assert claims against us with or without provocation. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. The law relating to the scope and validity of claims in the technology field in which we operate is still evolving and, consequently, intellectual property positions in our industry are generally uncertain. We cannot assure you that we will prevail in any of these potential suits or that the damages or other remedies awarded, if any, would be commercially valuable.

Issues related to Permitting and Rights-of-Way could significantly affect our projects.

Permitting and right-of-way access in the case of each project will vary significantly and may be implemented differently in different Jurisdictions. The Individualized Transit System is expected to require easement rights (or similar rights depending on the jurisdiction) for the erection of its poles and track. The Company may seek additional property rights, which may include fee title, for its stations. The acquisition of these rights may entail securing property rights or easements from each property owner whose property will have poles or rails traversing their property. In some cases the Company may require municipal approvals. As the Company wins contracts to build and install the Individualized Transit System, the Company will evaluate each project's legal requirements and will determine how they can be met on a case-by-case basis.

The Company's success depends on the experience and skill of the Board of Directors, the management team, its executive officers and key employees.

As of the date hereof, the Company has employment and confidentiality agreements in place with all employees, including college interns. The expected compensation ranges for senior employees of the Company will be substantially below their earning power in the market. This differential will be offset by equity compensation. As the company grows, the corporate body of knowledge will be produced and taught to other employees in order to facilitate growth. As this happens, any change in management's ability to operate the business due to disability, illness, or for any other reason, would cause a significant loss in production capability, which would have a material adverse effect on the company's business and prospects.

General economic conditions and volatility in the worldwide economy may negatively affect the Company.

The Company's performance will depend significantly on economic conditions, particularly those in the United States. Spending on capital investments is affected by a number of factors, including consumer confidence in the strength of economies, fears of recession, the tightening of credit markets, higher levels of unemployment, higher tax rates, the cost of credit and other factors. These unfavorable economic conditions may cause public and private entities to reduce or eliminate infrastructure spending.

There is no guarantee that a purchaser of our securities will ever realize a return on his/her/its investment.

There is no assurance that a purchaser will realize its return on its investment or that it will not lose its entire investment. For this reason, each purchaser should read the Form C and all Exhibits carefully and should consult with his/her/its own attorney and business advisor prior to making any investment decision.

Although our securities may be tradable under federal securities law, state securities regulations may apply, and each purchaser should consult with his or her attorney.

You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for our securities. Because our securities have not been registered under the Securities Act or under the securities laws of any state or non-United States jurisdiction, our securities have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the Securities Act or other securities laws will be effected. Limitations on the transfer of our securities may also adversely affect the price that you might be able to obtain for our securities in private sale. Purchasers should be aware of the long-term nature of their investment in the Company.

Neither the Offering nor the Securities have been registered under federal or state securities laws, leading to an absence of certain regulations applicable to us.

No governmental agency has reviewed or passed upon this Offering, our company or any Securities of our company. We also have relied on exemptions from securities registration requirements under applicable state securities laws. Investors, therefore, we will not receive any of the benefits that such registration would otherwise provide. Prospective investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering on their own or in conjunction with their personal advisors.

An Investor in the Company will likely hold a minority position in the Company, and thus be limited as to its ability to control or influence the governance and operations of the Company.

The marketability and value of the Investor's interest in the Company will depend upon many factors outside the control of the Investor.

The Company will be managed by its officers and be governed in accordance with the strategic direction and decision-making of its Board of Directors, and the Investor will have no independent right to name or remove an officer or member of the Board of Directors of the Company.

Additional issuances of securities.

Following the Investor's investment in the Company, the Company may sell interests to additional investors, which will dilute the percentage interest of the Investor in the Company. The Investor may have the opportunity to increase its investment in the company in such a transaction, but such opportunity cannot be assured. The amount of additional financing needed by the Company, if any, will depend upon the maturity and objectives of the Company. The declining of an opportunity or the inability of the Investor to make a follow-on investment, or the lack of an opportunity to make such a follow-on investment may result in substantial dilution of the Investor's interest in the Company.

A sale of the issuer or of assets of the issuer. As a minority owner of the Company, the Investor will have limited or no ability to influence a potential sale of the Company or a substantial portion of its assets.

Thus, the Investor will rely upon the executive management of the Company and the Board of Directors of the Company to manage the Company so as to maximize value for shareholders. Accordingly, the success of the Investor's investment in the Company will depend in large part upon the skill and expertise of the executive management of the Company and the Board of Directors of the Company. If the Board Of Directors of the Company authorizes a sale of all or a part of the Company. or a disposition of a substantial portion of the Company's assets, there can be no guarantee that the value received by the Investor, together with the fair market estimate of the value remaining in the Company, will be equal to or exceed the value of the investors initial Investment in the Company.

Transactions with related Parties.

The Investor should be aware that there will be occasions when the Company may encounter potential conflicts of interest in its operations. On any issue involving conflicts of interest, the executive management and Board of Directors of the Company will be guided by their good faith judgment as to the Company's best interests. The Company may engage in transactions with affiliates, subsidiaries or other related parties, which may be on terms which are not arm's-length, but will be in all cases consistent with the duties of the management of the Company to its shareholders. By acquiring an interest in the Company, the Investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

James Enright and Anthony Gale are part-time officers.

As such, it is likely that the company will not make the same progress as it would if that were not the case. Our future success depends on the efforts of a small management team. The loss of services of the members of the management team may have an adverse effect on the company. There can be no assurance that we will be successful in attracting and retaining other personnel we require to successfully grow our business.

In addition to the risks listed above, businesses are often subject to risks not foreseen or fully appreciated by the management. It is not possible to foresee all risks that may affect us.

Moreover, the Company cannot predict whether the Company will successfully effectuate the Company's current business plan. Each prospective Purchaser of the Company's securities is encouraged to carefully analyze the risks and merits of an investment in the Securities and should take into consideration when making such analysis, among other, the Risk Factors discussed above.

BUSINESS

Description of the Business

The Company designs, manufactures and markets a new form of individualized transit that is both financially and environmentally sustainable. Semi-autonomous 1, 2 and 4 passenger vehicles are hailed on-demand via app, zero-emission, and travel rapidly on a highway of elevated rails. The Company plans to generate revenue through the design, construction and operation of systems.

We are passionate about the environment. Transportation is the largest source of greenhouse gases and a multi-trillion dollar market. It's a place where we can have a big positive impact. The number of cars and trucks doubles approximately every 20 years and we are running out of room to build more roads. The path we are on is simply unsustainable. We can do much better.

Business Plan

Current transportation is unsustainable. The number of cars is doubling every 20 years and we are running out of space to build more roads. The problems of traffic congestion, pollution, and accidents will only get worse. Transit should be the solution but it's not working due to prohibitive cost and unattractive service. The Company has developed an entirely new way to do transit. It is very disruptive both technologically and economically, creating many new opportunities. The Company expects its systems to operate profitably, making them a very attractive solution to cities, towns, small nations, large campuses, greenways, parks, and tourist areas. The low cost, quick installation and small footprint of the Company's systems completely changes how transit can be applied by eliminating the biggest hurdles to implementation. The Company is also committed to bringing the best user experience to riders of its systems, making them much more attractive than conventional transit with on-demand service, "first-class" comfort, privacy, and better service. Riders will no longer need to deal with fixed schedules, changing train or bus lines, or having to endure stopping at every station along the route. Riders will hail a vehicle via app, put in their destination and the system will take them there directly with no stops in between. The Company expects its first system to be profitable and margins to improve with scale. For systems to

operate profitably, the Company will target applications with consistent daily ridership. Because of low capital costs and high efficiency operations, systems do not require enormous amounts of riders to operate profitably. In partnerships with cities, the Company will be responsible for the operations and promotion of systems as a means of transport. Running these systems well and making routes more convenient will increase ridership and operating profit. The marginal cost to add additional rail lines and connections decreases once a system is in place, so expanding to new areas adds to the utility of the system for a rider while increasing our revenue.

Further information can be found in the filed Form C.

History of the Business

Swift Rails, Inc. was originally formed as an LLC in 2014. They then converted to a Delaware C-Corporation in September 2019.

The Company's Products and/or Services

| Product / Service | Description | Current Market |
|--------------------------------|---|---|
| Individualized transit systems | <p>Forever sustainable transportation, environmentally and financially</p> <p>A new form of individualized transit, estimated to be 5 times faster and 40 times more cost effective than conventional light-rail. The 1 to 4 passenger vehicles are exceptionally efficient, semiautonomous, zero-emission and travel on elevated rails. Vehicles are hailed via app and will deliver passengers directly to their destination with no stops in</p> | <p>Target customers include small and medium sized cities, greenways and parks, small nations, large campuses, and tourist areas.</p> |

| | | |
|--|---|--|
| | <p>between.</p> <p>Systems are quick to install and have a small footprint, with light-post-like structures supporting the rail 12 to 15 feet in the air. The elevated systems are resilient to snow, flooding, and most weather. We don't interfere with any other forms of transportation, pedestrians, bicyclists, or animals yielding better safety than other forms of transportation.</p> | |
|--|---|--|

The most substantial change in our operations this year is that we are now able to invite prospective customers, and large investors, to ride on our prototype system which significantly changes the way we can market. Being able to show customers that the core components work and give them the experience of riding the system takes a lot of uncertainty out of the equation. As such, our focus is shifting from being almost entirely on prototype development to include devoting substantial time and attention to business development, a significant and positive change. Sales conversations with prospective customers are going well.

A significant development in the market is that in the last couple of years, two U.S. cities have put out RFPs for this type of transit, San Jose, CA and Atlanta, GA. We believe this is indicative of a clearly emerging trend towards individualized transit.

Competition

The Company's primary competitors are several companies currently pursuing individualized transit, microtransit, or "automated transit networks". These companies include, but are not

limited to, Glydways, Modutram, TransitX, SkyTran, SkyWay, Metrino, Ottobahn, Vuba, and Futran.

This is a very new sector with no well-established competitors, most are effectively startups. The market potential is very large. We believe most of our competitors have higher costs with slower and less comfortable technology that relies upon large vehicles and/or bigger more expensive infrastructure. We believe our key advantages are being engineered for high performance with low cost, passenger focused design with "first-class" comfort and privacy, our small and flexible footprint, and our strong team which is experienced in selling to governments internationally.

Supply Chain and Customer Base

Although most components essential to the Company's business are generally available from multiple sources, a number of components are currently obtained from single or limited sources.

In addition, the Company competes for various components with other participants in the markets for electric motors and batteries. Therefore, many components used by the Company, including those that are available from multiple sources, are at times subject to industry-wide shortage and significant pricing fluctuations that could materially adversely affect the Company's financial condition and operating results.

The Company is dependent on the following suppliers:

| Supplier or Description | Service, input or raw material provided | Percent of such service, input or raw material from such supplier |
|--------------------------------|--|--|
| Zero Motorcycles | Electric Powertrains | 100% |

Still pre-sales, we do not currently have paying customers. Our target markets include small and medium-sized cities, greenways and parks, large campuses, small nations and tourist areas. We are currently in discussions with several interested locations.

The Company has developed partnerships that deeply enhance key capabilities and enable scaling; Zero Motorcycles, Marquardt, and Custom Laser Inc.

Intellectual Property

Patents

| Application or Registration # | Title | Description | File Date | Grant Date | Country |
|--------------------------------------|--|--|------------------|--------------------|----------------|
| United States Patent No. 11,760,391 | INTELLIGENT TRANSPORTATION SYSTEM AND METHOD | Fourteen claims covering key design components of our system | October 25, 2017 | September 19, 2023 | USA |

Governmental/Regulatory Approval and Compliance

The Company is subject to and affected by laws and regulations of U.S. federal, state and local governmental authorities [potentially as well as to the laws and regulations of international countries and bodies, such as the European Union (the "EU")]. These laws and regulations are subject to change. Additionally, each system will be subject to environmental impact assessments, securing land use and zoning permits, rights-of-way, building and construction permits, transportation and infrastructure regulations, safety regulations, accessibility requirements such as the Americans with Disabilities Act, local labor and employment laws, and public procurement regulations. Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business.

Litigation

There are no existing legal suits pending, or to the Company's knowledge, threatened, against the Company.

Other

The Company's principal address is 340 Pleasant View Drive, Lancaster , NY 14086

The Company has the following additional address: Units U & V 487 Erie Street Lancaster, NY 14086

The Company conducts business in New York.

DIRECTORS, OFFICERS AND EMPLOYEES

Directors

The directors or managers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years and their educational background and qualifications.

Name

Kevin Neumaier

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Chairman and Chief Executive Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

CEO, Swift Rails, Inc. - September 2019 - Present

Education

University at Buffalo - MS - Natural Sciences
Clarkson University - BS - Civil and Environmental Engineering

Name

Daryl Anderson

All positions and offices held with the Company and date such position(s) was held with start and ending dates

CFO; Secretary; Treasurer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

CFO, Swift Rails, Inc. - September 2019 - Present

Education

Canisius College - BS Finance
CFA Institute - CFA charterholder

Name

Anthony Gale

All positions and offices held with the Company and date such position(s) was held with start and ending dates

COO 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

COO, Swift Rails, Inc. - September 2019 - Present

Education

Naveen Jindal School of Management - MBA - Business Administration
University of London - MS - Remote Sensing
University of Birmingham - BS - Earth Sciences

Name

James Enright

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Vice President; Chief Design Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

Automotive Technician, Russo's Automotive Service - 1993-Present

Education

SUNY College of Technology - Associate Degree - Automotive Technology

Name

Mark Cotter

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Board Member; Chief Safety Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

Corporate Environmental, Health & Safety Director, GSD Inc. - February 2014 - Present

Regional Environmental, Health & Safety Manager, Veterans' Health Administration (Federal Government) - April 1990 - August 2019

Education

BS - Geology, University of Montana

Masters of Science Virginia Commonwealth University

Certified Industrial Hygienist (CIH) Certified Safety Professional (CSP)
Geologist

Name

Andreas Calianos

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Board Member September 2022 - Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

CEO eAmbient, Inc. - December 2021 - Present

DriWay Technologies - CEO February 2021 - December 2021, Head of Global Sales October 2020 - February 2021, Head of US Sales - June 2020 - October 2020

Chief Investment Officer, Skepticus, Inc. September 2017 - October 2020

Education

Boston College - BS combined degree in Computer Science and Biology

Officers of the Company

The officers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years and their educational background and qualifications.

Name

Kevin Neumaier

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Chairman and Chief Executive Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

CEO, Swift Rails, Inc. - September 2019 - Present

Education

University at Buffalo - MS - Natural Sciences

Clarkson University - BS - Civil and
Environmental Engineering

Name

Daryl Anderson

All positions and offices held with the Company and date such position(s) was held with start and ending dates

CFO; Secretary; Treasurer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

CFO, Swift Rails, Inc. - September 2019 - Present

Education

Canisius College - BS - Finance
CFA Institute - CFA charterholder

Name

Anthony Gale

All positions and offices held with the Company and date such position(s) was held with start and ending dates

COO 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

COO, Swift Rails, Inc. - September 2019 - Present

Education

Naveen Jindal School of Management - MBA - Business Administration
University of London - MS - Remote Sensing
University of Birmingham - BS - Earth Sciences

Name

James Enright

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Vice President; Chief Design Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

Automotive Technician, Russo's Automotive Service - 1993-Present

Education

SUNY College of Technology - Associate Degree - Automotive Technology

Name

Mark Cotter

All positions and offices held with the Company and date such position(s) was held with start and ending dates

Board Member; Chief Safety Officer 2019-Present

Principal occupation and employment responsibilities during at least the last three (3) years with start and ending dates

Corporate Environmental, Health & Safety Director, GSD Inc. - February 2014 - Present

Regional Environmental, Health & Safety Manager, Veterans' Health Administration (Federal Government) - April 1990 - August 2019

Education

BS - Geology, University of Montana

Masters of Science - Virginia Commonwealth University

Certified Industrial Hygienist (CIH) Certified Safety Professional (CSP)
Geologist

Indemnification

Indemnification is authorized by the Company to directors, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

Employees

The Company currently has 6 employees in New York and Texas .

CAPITALIZATION AND OWNERSHIP

Capitalization

The Company has issued the following outstanding Securities:

| Type of security | Preferred Stock |
|---|--|
| Amount outstanding | 119,238 |
| Voting Rights | Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class. Current Preferred Shareholders have the right to convert shares into Common Stock at a rate of 1 to 1 at the discretion of the shareholder or automatically in change of control events. |
| Anti-Dilution Rights | N/A |
| How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF | N/A |

| Type of security | Common Stock |
|---|--|
| Amount outstanding | 1,404,516 |
| Voting Rights | The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings). |
| Anti-Dilution Rights | N/A |
| How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF | The holders of a majority-in-interest of voting rights in the Company could limit the Investor's rights in a material way. For example, those interest holders could vote to change the terms of the agreements governing the Company's operations or cause the Company to engage in additional offerings (including potentially a public offering). These changes could result in further limitations on the voting rights the Investor will have as an |

| | |
|--|--|
| | <p>owner of equity in the Company, for example by diluting those rights or limiting them to certain types of events or consents. To the extent applicable, in cases where the rights of holders of convertible debt, SAFES, or other outstanding options or warrants are exercised, or if new awards are granted under the Company's equity compensation plans, an Investor's interests in the Company could be diluted. This means that the pro-rata portion of the Company represented by the Investor's securities will decrease, which could also diminish the Investor's voting and/or economic rights. In addition, as discussed above, if a majority-in-interest of holders of securities with voting rights cause the Company to issue additional equity, an Investor's interest will typically also be diluted.</p> |
|--|--|

| | |
|--|---|
| Type of security | Swift Rails Equity Incentive Plan Options |
| Amount outstanding | 378,337 |
| Voting Rights | N/A |
| Anti-Dilution Rights | N/A |
| How this Security may limit, dilute or qualify the Notes/Bonds issued pursuant to Regulation CF | N/A |
| Other Material Terms or information. | Options vest immediately, 10-year expiry |

The Company has the following debt outstanding:

| | |
|--|--|
| Type of debt | Loan |
| Name of creditor | Kevin Neumaier |
| Amount outstanding | \$156,122 |
| Interest rate and payment schedule | 8.0% interest |
| Amortization schedule | N/A |
| Describe any collateral or security | N/A |
| Maturity date | August 31, 2025 |
| Other material terms | No fixed payment schedule, Company may make lump payments or pay the outstanding balance at any time without penalty or bonus. |

The total amount of outstanding debt of the company is \$156,112 as of 12/31/2023.

The Company has conducted the following prior Securities offerings in the past three years:

| Security Type | Number Sold | Money Raised | Use of Proceeds | Offering Date | Exemption from Registration Used or Public Offering |
|----------------------|--------------------|---------------------|------------------------|------------------------------|--|
| Preferred Stock | 60,667 | \$352,475.00 | General Operations | February 15, 2021 | Regulation CF |
| Preferred Stock | 38,071 | \$342,639.00 | General Operations | December 17, 2022 | Regulation CF |
| Preferred Stock | 20,500 | \$225,500.00 | General Operations | Ongoing as of April 15, 2024 | Regulation CF / Regulation D [Rule 506 (b)] |

Ownership

A majority of the Company is owned by Kevin Neumaier and James Enright.

Below the beneficial owners of 20% percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

| Name | Percentage Owned |
|----------------|------------------|
| Kevin Neumaier | 31.99% |
| James Enright | 25.53% |

FINANCIAL INFORMATION

Please see the financial information listed on the cover page of this Form C-AR and attached hereto in addition to the following information. Financial statements are attached hereto as Exhibit A.

Recent Tax Return Information (for year ending 12/31/23)

| Total Income | Taxable Income | Total Tax |
|--------------|----------------|-----------|
| -\$212,901 | -\$212,901 | \$0.00 |

Operations

As of April 15, 2024 the Company has approximately \$100,000 in cash with current monthly expenses running approximately \$20,000/month. The Company has grants and tax credits to help offset a portion of operating expenses but will need to raise more capital or secure its first project contract within the next 6 months or so to maintain current operations. The Company is in advanced discussions on multiple promising projects. Selling public transportation is a complex and slow-moving process which often requires approval from multiple stakeholders. Selling a brand-new form of public transportation with no existing full-scale deployment in operation adds to the complexity and challenges.

Management is focused on continuing to advance multiple ongoing project discussions by arranging follow-up meetings with key stakeholders to discuss next-stage steps, more detailed planning and analysis of project ridership, and capital, implementation and financing costs. In addition to projects, management is pursuing grant funding from the National Science Foundation, Department of Energy and other government sources. Management also has an ongoing securities offering to raise more capital to fund business development related to ongoing project discussions, R&D and general operations.

Liquidity and Capital Resources

In November 2023 the Company began a securities offering of preferred stock and raised \$225,500 in December 2023 pursuant to Regulation D, Rule 506(b). In 1Q24 Management was primarily focused on advancing multiple potential project discussions but plans to give more attention to the ongoing preferred equity offering in 2024.

The Company has won grants from the New York State Energy Research and Development Authority (NYSERDA), and the New Energy New York (NENY) project led by Binghamton University, to pay most of our cost for a limited number of college interns. In addition, the Company has R&D tax credits to help offset some payroll costs.

The Company does not have any additional sources of capital other than the proceeds from the equity sales in December 2023, grants and credits mentioned above.

Capital Expenditures and Other Obligations

The Company does not intend to make any material capital expenditures in the immediate future.

Material Changes and Other Information

Trends and Uncertainties

The financial statements are an important part of this Form C-AR and should be reviewed in their entirety. The financial statements of the Company are attached hereto as Exhibit A.

Restrictions on Transfer

Any Securities sold pursuant to Regulation CF being offered may not be transferred by any Investor of such Securities during the one-year holding period beginning when the Securities were issued, unless such Securities were transferred: 1) to the Company, 2) to an accredited investor, as defined by Rule 501(d) of Regulation D of the Securities Act of 1933, as amended, 3) as part of an Offering registered with the SEC or 4) to a member of the family of the Investor or the equivalent, to a trust controlled by the Investor, to a trust created for the benefit of a family member of the Investor or the equivalent, or in connection with the death or divorce of the Investor or other similar circumstances. "Member of the family" as used herein means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother/father/daughter/son/sister/brother-in-law, and includes adoptive relationships. Remember that although you may legally be able to transfer the Securities, you may not be able to find another party willing to purchase them.

TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTEREST

Related Person Transactions

From time to time the Company may engage in transactions with related persons. Related persons are defined as any director or officer of the Company; any person who is the beneficial owner of 10 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons.

The Company has the following transactions with related persons:

Loans

| | |
|--|---|
| Related Person/Entity | Kevin Neumaier |
| Relationship to the Company | CEO |
| Total amount of money involved | \$150,000.00 |
| Benefits or compensation received by related person | 8.00% per annum, calculated monthly |
| Benefits or compensation received by Company | \$150,000 in loans for operating capital with flexible repayment terms |
| Description of the transaction | No fixed payment schedule, no security or collateral, Company may make lump payments or pay the outstanding balance at any time without penalty or bonus. Maturity date of August 31, 2025. |

Securities

| | |
|--|---|
| Related Person/Entity | Ellen Neumaier |
| Relationship to the Company | Immediate Family |
| Total amount of money involved | \$220,000 |
| Benefits or compensation received by related person | Preferred equity in Swift Rails Inc. purchased for \$11.00/share which equates to a valuation of \$20.7 million |
| Benefits or compensation received by Company | An equity investment of \$220,000 |
| Description of the transaction | December 2023 Swift Rails, Inc. Preferred Equity Purchase via Reg D. Valuation \$20.7 million. Price per share \$11.00. |

Conflicts of Interest

To the best of our knowledge the Company has not engaged in any transactions or relationships, which may give rise to a conflict of interest with the Company, its operations or its security holders.

OTHER INFORMATION

The Company has not failed to comply with the ongoing reporting requirements of Regulation CF § 227.202 in the past.

Bad Actor Disclosure

The Company is not subject to any Bad Actor Disqualifications under any relevant U.S. securities laws.

SIGNATURE

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

The issuer also certifies that the attached financial statements are true and complete in all material respects.

/s/Daryl Anderson

(Signature)

Daryl Anderson

(Name)

CFO

(Title)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C-AR has been signed by the following persons in the capacities and on the dates indicated.

/s/Kevin Neumaier

(Signature)

Kevin Neumaier

(Name)

Chief Executive Officer and Chairman

(Title)

(Date)

/s/Daryl Anderson

(Signature)

Daryl Anderson

(Name)

CFO; Secretary; Treasurer

(Title)

(Date)

/s/James Enright

(Signature)

James Enright

(Name)

Vice President; Chief Design Officer

(Title)

(Date)

/s/Mark Cotter

(Signature)

Mark Cotter

(Name)

Safety Engineer

(Title)

(Date)

Instructions.

1. The form shall be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.

2. The name of each person signing the form shall be typed or printed beneath the signature.

Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.

EXHIBITS

Exhibit A Financial Statements

EXHIBIT A

Financial Statements



Swift Rails, Inc. (the "Company"), a Delaware Corporation

Annual Financial Statements (*Unaudited*)

Years Ended December 31, 2022 & 2023

Swift Rails, Inc.
Consolidated Condensed Balance Sheets
(Unaudited)

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2023 | 2022 |
| Assets | | |
| Current assets: | | |
| Cash & equivalents | \$ 192,029 | \$ 89,477 |
| Grant income receivable | 1,867 | 9,914 |
| Tax credit receivable | 25,756 | 22,529 |
| Total current assets | \$ 219,651 | \$ 121,921 |
| Property and equipment (at cost) | \$ 128,723 | \$ 121,148 |
| Accumulated depreciation | (40,245) | (27,101) |
| Property and equipment (net) | \$ 88,478 | \$ 94,048 |
| Patent | \$ 60,861 | \$ 44,143 |
| Total assets | \$ 368,989 | \$ 260,111 |
| Liabilities and Shareholders Equity | | |
| Current liabilities: | | |
| Miscellaneous accrued expenses | \$ 12,286 | \$ 10,275 |
| Short-term loan | - | 15,000 |
| Total current liabilities | \$ 12,286 | \$ 25,275 |
| Long term liabilities: | \$ 156,122 | \$ - |
| Total liabilities | \$ 168,408 | \$ 25,275 |
| Shareholders' equity: | | |
| Common stock | \$ 13 | \$ 13 |
| Preferred stock | 1 | 1 |
| Additional Paid In Capital | 1,339,954 | 971,277 |
| Accumulated Deficit | (1,139,387) | (736,455) |
| Total shareholders' equity | \$ 200,582 | \$ 234,836 |
| Total liabilities and shareholders' Equity | \$ 368,990 | \$ 260,111 |

Swift Rails, Inc.
Consolidated Condensed Statements Of Operations
For the Years Ended December 31, 2023 and 2022
(Unaudited)

| | For the Year Ended December 31, | |
|-------------------------------------|--|---------------------|
| | <u>2023</u> | <u>2022</u> |
| Revenue | \$ 22,262 | \$ 44,890 |
| Operating Expenses | | |
| Selling, General and Administrative | \$ (198,484) | \$ (139,176) |
| Research and Development | (217,875) | (157,017) |
| Capital Raise Costs | (4,696) | (31,652) |
| Depreciation | (13,145) | (12,387) |
| Total Operating Expenses | <u>(434,199)</u> | <u>(340,232)</u> |
| Operating Loss | (411,938) | (295,341) |
| Other Income (Expense) | | |
| Interest income | \$ 45 | \$ 100 |
| Interest expense | (6,255) | (1,415) |
| Other | 15,216 | 67,529 |
| Total Other Income | 9,006 | 66,214 |
| Provision for Income Tax | - | - |
| Net Loss | <u>\$ (402,932)</u> | <u>\$ (229,128)</u> |

Swift Rails, Inc.
Consolidated Condensed Statement of Cash Flows
For The Years Ended December 31, 2023 and 2022
(Unaudited)

**For the Year Ended
December 31,**

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Net loss from operations | \$ (402,932) | \$ (229,128) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 13,145 | 12,387 |
| Grant Revenue Receivable | 8,048 | 9,624 |
| Tax credit receivable | (3,227) | (22,529) |
| Bank charge payment (receivable) | - | 3,914 |
| APIC - Stock-based compensation | 143,177 | - |
| Changes in operating assets and liabilities: | | |
| Accrued expenses | 18,408 | 10,275 |
| Net Cash Used In Operating Activities | \$ (223,381) | \$ (215,457) |
| Cash Flows From Investing Activities | | |
| Patent costs | \$ (16,718) | \$ (7,456) |
| Purchase of property, plant, equipment | (7,575) | (39,153) |
| Net Cash Used In Investing Activities | \$ (24,293) | \$ (46,608) |
| Cash Flows From Financing Activities | | |
| Payment of accrued expenses | \$ (10,275) | \$ (23,226) |
| Short-term Loan | (15,000) | 15,000 |
| Long-term Loan | 150,000 | - |
| Preferred equity issued at \$11.00, 20,500 shares | 225,500 | - |
| Preferred equity issued at \$9.00, 38,071 shares | - | 342,639 |
| Net Cash Provided By Financing Activities | \$ 350,225 | \$ 334,413 |
| Net Increase (Decrease) in Cash | \$ 102,551 | \$ 72,348 |
| Cash at Beginning of Period | 89,477 | 17,129 |
| Cash at End of Period | \$ 192,029 | \$ 89,477 |

Swift Rails, Inc.
Statement of Changes in Shareholders' Equity
Years Ended December 31, 2023 and 2022

| | Common | | | Preferred | | | Accumulated Deficit | Total Shareholders' Equity |
|---|-------------|--|--------------------------------|-------------|--|--------------------------------|------------------------|-------------------------------|
| | # of shares | Equity Issued at Par Value \$.00001 | Accumulated Paid In Capital | # of shares | Equity Issued at Par Value \$.00001 | Accumulated Paid In Capital | | |
| 12/31/2021 | 1,388,503 | \$ 13 | \$ 276,164 | 60,667 | \$ 1 | \$ 352,475 | \$ (507,328) | \$ 121,325 |
| Net operating loss | - | \$ - | \$ - | - | \$ - | \$ - | \$ (229,128) | \$ (229,128) |
| Issuance of preferred stock | - | \$ - | \$ - | 38,071 | \$ 0 | \$ 342,639 | \$ - | \$ 342,639 |
| Issuance of common stock via equity incentive plan | 0 | \$ - | \$ - | - | \$ - | \$ - | \$ - | \$ - |
| 12/31/2022 | 1,388,503 | \$ 13 | \$ 276,164 | 98,738 | \$ 1 | \$ 695,113 | \$ (736,455) | \$ 234,836 |
| Net operating loss | - | \$ - | \$ - | - | \$ - | \$ - | \$ (402,932) | \$ (402,932) |
| Issuance of preferred stock | - | \$ - | \$ - | 20,500 | \$ 0 | \$ 225,500 | \$ - | \$ 225,500 |
| Issuance of common stock via equity incentive plan | 16,013.00 | \$ - | \$ 143,177 | - | \$ - | \$ - | \$ - | \$ 143,177 |
| 12/31/2023 | 1,404,516 | \$ 13 | \$ 419,341 | 119,238 | \$ 1 | \$ 920,613 | \$ (1,139,387) | \$ 200,582 |

Swift Rails, Inc
Notes to the Unaudited Financial Statements
December 31st, 2023
\$USD

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Swift Rails, Inc. (“the Company”) was formed in Delaware on September 18th, 2019. The Company generates revenue from the design, construction, and operation of its ultra-light rail personal rapid transit system. The Company is headquartered in Lancaster, NY.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Our fiscal year ends on December 31. The Company has no interest in variable interest entities and no predecessor entities.

Use of Estimates and Assumptions

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

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.

Fair Value of Financial Instruments

ASC 820 “*Fair Value Measurements and Disclosures*” establishes a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers include:

Level 1: defined as observable inputs such as quoted prices in active markets;

Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3: defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Concentrations of Credit Risks

The Company’s financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. The Company’s management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

Grant Revenue

The Company reports grants as revenue as all public transportation is subsidized with federal and state funding. The Company's performance obligation includes the fulfillment of specified milestones and objectives as outlined in the terms of the government grants. These milestones may include the completion of research and development projects, the attainment of certain performance metrics, and the hiring of personnel for the purposes of their training and professional development. The Company collects cash and recognizes revenue from government grants upon their receipt when there is reasonable assurance that the Company will comply with the conditions outlined therein.

In 2023 and 2022, the Company received total grants in the respective amount of \$22,262 and \$44,890 from the New York State Energy Research and Development Authority (NYSERDA) for the purpose of funding payroll, intern training, and development.

Grant Revenue Receivable

In 2023 and 2022, the Company incurred respective amounts of \$22,262 and \$44,890 in payroll expenses that will be reimbursed by the NYSERDA. Per the "Grant Revenue" disclosure above, \$20,395 from 2023 and \$34,976 from 2022 have been reimbursed in the form of grant income, leaving outstanding receivable balances of \$1,867 and \$9,914 as of December 31, 2023 and 2022, respectively.

Tax Credit Receivable

As of December 31, 2023, the Company incurred cumulative total qualifying research and development expenses in the amount of \$372,325. The Company received \$11,990 in cash benefits from R&D credits during 2023 resulting in a Federal Research & Development Tax Credit receivable of \$25,756 that remained outstanding as of December 31, 2023.

As of December 31, 2021, the Company incurred total qualifying research and development expenses in the amount of \$179,723 resulting in a Federal Research & Development Tax Credit receivable of \$22,529 that remained outstanding as of December 31, 2022.

Other Income

In 2023, the Company received a Research & Development Tax Credit in the amount of \$15,216. In 2022, the Company received an Employee Retention Tax Credit in the amount of \$44,000 and a Research & Development Tax Credit in the amount of \$22,529.

Property and Equipment

Property and equipment are 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.

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. Based on this assessment there was no impairment for December 31, 2023.

A summary of the Company's property and equipment is below:

| Property Type | Useful Life in Years | Cost | Accumulated Depreciation | Disposals | Book Value as of 12/31/22 |
|--------------------|----------------------|----------------|--------------------------|-----------|---------------------------|
| Prototype | 10 | 124,634 | 36,497 | - | 88,137 |
| Trailer | 5 | 4,089 | 3,748 | - | 341 |
| Grand Total | - | 128,723 | 40,245 | - | 88,478 |

Intangible Assets

The Company's intangible assets consist of US and international patent application costs. The Company's first patent was issued in September 2023, therefore no amortization expense has been recorded as of December 31, 2023 nor 2022. The total ending balance of this asset was \$60,861 and \$44,143 as of December 31, 2023 and 2022, respectively.

Capital Raise Costs

Capital raise costs consist of fees associated with an equity crowdfunding campaign such as legal, marketing, and commissions. The Company anticipates this line item to be non-recurring in future years.

Advertising Costs

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred.

General and Administrative

General and administrative expenses consist of payroll and related expenses for employees and independent contractors involved in general corporate functions, including accounting, finance, tax, legal, business development, and other miscellaneous expenses.

Equity Based Compensation

In August 2020, the Company authorized an Equity Incentive Plan ("the Plan") for the purposes of attracting and retaining key personnel. The Company has allocated a total of 443,000 shares of its Common Stock towards this Plan to be granted as Stock Options and Restricted Stock Awards. Both the Stock Options and Restricted Stock Awards shall vest immediately upon execution of an agreement.

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 additional paid-in capital.

There is not a viable market for the Company's common stock to determine its fair value, therefore management is required to estimate the fair value to be utilized in determining stock-based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgement is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates. Management has concluded that estimated fair value of the Company's stock and corresponding expense is negligible.

The following is an analysis of options to purchase shares of the Company's Common Stock issued and outstanding:

| | Total Options | Weighted Average Exercise Price | Weighted Average Intrinsic Value |
|--|--------------------------|--|---|
| Total options outstanding, January 1, 2022 | | - | |
| Granted | 63,052 | \$ 1.004 | \$ - |
| Exercised | - | \$ - | \$ - |
| Expired/cancelled | - | | |
| Total options outstanding, December 31, 2022 | 63,052 | \$ 1.004 | \$ - |
| Granted | 71,555 | \$ 2.280 | \$ - |
| Exercised | - | \$ - | \$ - |
| Expired/cancelled | - | | |
| Total options outstanding, December 31, 2023 | 134,607 | \$ 1.682 | \$ - |
| Options exercisable, December 31, 2023 | 134,607 | \$ 1.682 | \$ - |

| | Nonvested Options | Weighted Average Fair Value |
|--------------------------------------|------------------------------|--|
| Nonvested options, January 1, 2022 | - | |
| Granted | 63,052 | \$ 1.004 |
| Vested | (63,052) | \$ 1.004 |
| Forfeited | - | \$ - |
| Nonvested options, December 31, 2022 | - | \$ - |
| Granted | 71,555 | \$ 2.280 |
| Vested | (71,555) | \$ 2.280 |
| Forfeited | - | \$ - |
| Nonvested options, December 31, 2023 | - | \$ - |

The following is an analysis of shares of the Company's Common Stock issued as compensation:

| | Nonvested Shares | Weighted Average Fair Value |
|-------------------------------------|-----------------------------|--|
| Nonvested shares, January 1, 2022 | - | \$ - |
| Granted | 48,650 | \$ 1.004 |
| Vested | (48,650) | \$ 1.004 |
| Forfeited | - | \$ - |
| Nonvested shares, December 31, 2022 | - | \$ - |
| Granted | 16,013 | \$ 2.280 |
| Vested | (16,013) | \$ 2.280 |
| Forfeited | - | \$ - |
| Nonvested shares, December 31, 2023 | - | \$ - |

Income Taxes

The Company is subject to corporate income and state income taxes in the state it does business. We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making such a determination, we consider 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. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. We record uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The Company does not have any uncertain tax provisions.

Recent Accounting Pronouncements

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date 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 – RELATED PARTY TRANSACTIONS

The Company follows ASC 850, “Related Party Disclosures”, for the identification of related parties and disclosure of related party transactions.

In December 2022, the Company entered into a loan agreement for \$15,000 with its CEO. This note accrues interest at a rate of 5.50%, is not secured, and matures in February 2023. This note was paid in full in January 2023.

In May, July, and August 2023, the Company’s CEO advanced multiple funds totaling \$150,000 which have been memorialized by multiple loan agreements all bearing the same interest rate of 8.00%, no security interest, and maturity dates in August 2025.

NOTE 4 – COMMITMENTS, CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations. The Company does not have any long-term commitments or guarantees.

NOTE 5 – LIABILITIES AND DEBT

Please see “Note 3” regarding a related party note payable.

Debt Summary

| Debt Instrument Name | Principal Amount | Interest Rate | Maturity Date | For the Year Ended December 2023 | | | |
|-------------------------------|------------------|---------------|---------------|----------------------------------|---------------------|--------------------|------------------|
| | | | | Current Portion | Non-Current Portion | Total Indebtedness | Accrued Interest |
| Notes Payable - Related Party | 150,000 | 8.00% | 2025 | - | 150,000 | 150,000 | 6,122 |
| Total | | | | - | 150,000 | 150,000 | 6,122 |

Debt Principal Maturities 5 Years Subsequent to 2023

| Year | Amount |
|------------|---------|
| 2024 | - |
| 2025 | 150,000 |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| Thereafter | - |

NOTE 6 – EQUITY

The Company has authorized 10,000,000 shares of Common Stock with a par value of \$0.00001 per share. A total of 1,404,516 and 1,388,503 shares were issued and outstanding as of December 31, 2023 and 2022, respectively.

Voting: Common Shareholders are entitled to one vote per share.

Dividends: Common Shareholders are entitled to receive dividends when and if declared by the Board of Directors.

The Company has authorized 500,000 shares of Preferred Stock with a par value of \$0.00001 per share. A total of 119,238 and 98,738 shares were issued and outstanding as of December 31, 2023 and 2022, respectively.

Voting: Preferred Shareholders have 1 vote for every share of Common Stock they could own if converted.

Dividends: Preferred Shareholders are entitled to receive dividends when and if declared by the Board of Directors.

Conversion: Preferred Shareholders have the right to convert shares into Common Stock at a rate of 1-to-1 at the discretion of the shareholder, or automatically upon change of control events whereby the Company closes the sale of shares of its Common Stock to the public resulting in at least \$10M worth of proceeds.

Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Company, the holders of Preferred Stock are entitled to receive prior to, and in preference to, any distribution to Common Shareholders in an amount not to exceed \$11.00 per share plus any dividends declared but unpaid.

NOTE 7 – GOING CONCERN

The accompanying balance sheet has been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The entity has not commenced principal operations and will likely realize losses prior to generating positive working capital for an unknown period of time. During the next twelve months, the Company intends to finance its operations with funds from a crowdfunding campaign and from grants administered by government agencies and research institutions pursuant to the Company's research and development activities. 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. No assurance can be given that the Company will be successful in these efforts. These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities.