

AtomBeam Technologies Inc.



ANNUAL REPORT

1036 Country Club Dr, Suite 200

Moraga, CA 94556

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<https://atombeamtech.com/>

This Annual Report is dated April 26, 2021.

BUSINESS

AtomBeam is a highly sophisticated California based company with a technology that has the potential to change the way machine/IoT data is transmitted and stored. Protected by seven issued patents, AtomBeam's technology typically reduces IoT data by 75% while adding ultralightweight encryption. According to IDC, by 2025, half of all data generated will come from machines/IoT. Data compression algorithms, such as zip, are ineffective for IoT data. AtomBeam is the *only* effective way to reduce this fastest-growing data category, making it potentially a key component for a broad array of potential uses, including industrial machines, wearables, smart cities, spacecraft, medical devices and virtually every machine that generates data. In many ways, AtomBeam is the real Pied Piper.

AtomBeam technology is a radical departure from conventional data reduction, known as data compression. Compression seeks out repeated data patterns in a file, inserting placeholders where it finds duplicated patterns, which has the effect of reducing the size of the file. In contrast, AtomBeam uses the latest machine learning techniques to find patterns across thousands of files, saving each often-repeated pattern in a Codebook, and assigning to each saved pattern a Codeword, or index, which is much smaller than the pattern itself. Once the Codebook is complete, it is inserted into a source of data, such as a cell phone, and also in a destination, such as a cloud server, allowing the source and destination to communicate entirely in Codewords alone. This dramatically reduces the amount of data that is sent and makes

communication commensurately faster. Compression is ineffective on IoT files, which are typically too small to have many repeated patterns within one file; for AtomBeam, however, file size is virtually irrelevant. This makes AtomBeam's technology a potential standard for machine to machine communications.

The company markets its product to manufacturers and end users of IoT devices, including for use in cars, heavy machinery, factories, wearables, smart buildings and much else, with significant traction with several large corporations. AtomBeam's revenue is derived from annual license and maintenance fees based on the number of servers and connected devices.

The company was founded in September 2017 as a Delaware LLC, Drivewarp LLC. In 2019, the company changed its name and corporate form to AtomBeam Technologies Inc., a Delaware C-Corp effective January 1, 2019.

Previous Offerings

Between 2020 and 2019, we sold no securities under Regulation Crowdfunding.

Name: Class A and B LLC units (AtomBeam was converted to a C Corp from Drivewarp LLC)

Type of security sold: Equity

Final amount sold: \$496,300.00

Number of Securities Sold: 8,934,043

Use of proceeds: Software development and general corporate purposes

Date: September 05, 2017

Offering exemption relied upon: Rule 144

Type of security sold: Convertible Note

Final amount sold: \$1,001,00.00

Use of proceeds: Software development and general corporate purposes

Date: July 19, 2018

Offering exemption relied upon: Rule 144

Type of security sold: Debt

Final amount sold: \$336,400.00

Use of proceeds: Software development and general corporate purposes

Date: November 23, 2020

Offering exemption relied upon: Rule 144

Type of security sold: Debt

Final amount sold: \$8,400.00

Use of proceeds: Software development and general corporate purposes

Date: June 5, 2020

Offering exemption relied upon: N/A

REGULATORY INFORMATION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Operating Results – 2020 Compared to 2019

During 2019 and 2020, the company was conducting software development to build and test its product and complete filings of patents to protect its intellectual property. The company devoted significant resources in 2020 to development of a graphical user interface deemed essential to customer acquisition.

2019

Revenue

The company had no revenue in 2019. Payments in 2019 related to a U.S. Navy research contract that had previously been classified as revenue was \$18,690. The one-year contract with the Navy ended June 2019. Additional ad-hoc consulting other income of \$5,001 was received by the company in 2019. There are no cost of goods associated with the other income.

Expenses

Total expenses for 2019 were \$863,767. Consultants, primarily software developers and architects, were paid \$362,041, preliminary marketing expense was increased to \$306,398 to

raise awareness of the company, and to attend trade shows and technology conferences. Other operating expenses were \$168,297, which was significantly higher due primarily to non-recurring legal expenses associated with changing the corporate form from an LLC to a C corporation. In addition, the company accrued non-cash interest expense of \$22,372 on convertible notes and depreciation expense of \$4,659.

2020

Revenue

The company had \$2,000 in revenue in 2020. No cost of goods were associated with this revenue.

Expenses

Total expenses for 2020 were \$538,534. Consultants, primarily software developers and architects, were paid \$377,360, up \$15,319 from 2019, while sales and marketing expenses were significantly reduced from 2019 levels to \$19,479, reflecting both an effort by the company to conserve its cash and the elimination of in-person trade shows due to COVID-19. Other operating expenses were \$99,518, or \$68,779 lower than in 2019 due to the inclusion in 2019 of the expenses related to the conversion to a C corporation. In addition, the company accrued non-cash interest expense of \$47,519 on convertible notes, reflecting higher total convertible note balances, and depreciation expense of \$4,659.

• Historical results and cash flows:

AtomBeam launched its product in October 2020 and expects to begin to realize revenue for its software product in 2021. AtomBeam's product is highly technical and its primary market consists of large companies that generally are slower than smaller companies in their decision making processes, but represent large potential long term opportunities. In addition, because the company has been the recipient of a government contract in the past, the opportunity for the company to receive more government contracts in the future may be enhanced, and the company intends to pursue these opportunities as resources permit. An U.S. Air Force Phase 1 contract totaling \$50,000 in value was awarded to the company in April 2021.

Liquidity and Capital Resources

At December 31, 2020, the Company had cash of \$56,099.00. [*The Company intends to raise additional funds through an equity financing.*]

Debt

• Creditor: Small Business Administration

Amount Owed: \$8,400.00

Interest Rate: 3.75%

Maturity Date: June 05, 2050

• Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: April 22, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: July 18, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: December 04, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$200,000.00

Interest Rate: 5.0%

Maturity Date: March 31, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: October 16, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$50,000.00

Interest Rate: 5.0%

Maturity Date: December 23, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: November 22, 2024

Payable upon maturity or in the event of a funding of at least \$10 million in proceeds.

- Creditor: Wazoo Partners LLC

Amount Owed: \$100,000.00

Interest Rate: 5.0%

Maturity Date: January 26, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: February 28, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008 12

Amount Owed: \$12,500.00

Interest Rate: 5.0%

Maturity Date: March 31, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount Owed: \$60,000.00

Interest Rate: 5.0%

Maturity Date: March 31, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Wazoo Partners LLC

Amount Owed: \$150,000.00

Interest Rate: 5.0%

Maturity Date: March 24, 2025

Payable upon maturity or in the event of a funding of at least \$10 million in proceeds.

- Creditor: Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount Owed: \$20,000.00

Interest Rate: 5.0%

Maturity Date: July 09, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount Owed: \$6,000.00

Interest Rate: 5.0%

Maturity Date: September 23, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$12,500.00

Interest Rate: 5.0%

Maturity Date: March 31, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: December 29, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: June 15, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$60,000.00

Interest Rate: 5.0%

Maturity Date: March 31, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: June 15, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$22,500.00

Interest Rate: 5.0%

Maturity Date: September 30, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Ali A. Riahi & Mojgan Haddad Family Trust

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: December 29, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Mark Benham

Amount Owed: \$70,000.00

Interest Rate: 5.0%

Maturity Date: May 31, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$8 million cap and a 20% discount to the round.

- Creditor: Blue Toque Investments LLC

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: May 14, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$6 million cap and a 20% discount to the round.

- Creditor: Farid Yavari

Amount Owed: \$5,000.00

Interest Rate: 5.0%

Maturity Date: June 08, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$6 million cap and a 20% discount to the round.

- Creditor: Arsel Investments LLC

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: June 09, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$6 million cap and a 20% discount to the round.

- Creditor: Joseph Chan

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: November 23, 2023

Convertible into the next round of at least \$4 million in proceeds with an \$6 million cap and a 20% discount to the round.

- Creditor: Nooshin Vahidi

Amount Owed: \$10,000.00

Interest Rate: 5.0%

Maturity Date: March 3, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$10 million cap and a 20% discount to the round.

- Creditor: Freedom and Independence LLC

Amount Owed: \$5,000.00

Interest Rate: 5.0%

Maturity Date: April 6, 2024

Convertible into the next round of at least \$4 million in proceeds with an \$10 million cap and a 20% discount to the round.

DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

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

Name: Charles Yeomans

Charles Yeomans's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- Position: CEO

Dates of Service: September 01, 2017 - Present

Responsibilities: The CEO is responsible for execution of the policies and strategy approved by the Company's board of directors. Compensation is currently \$120,000 annually, expected to rise to \$225,000 post a fundraising round of at least \$4 million in proceeds, or whenever the company achieves a required level of revenue of \$200,000 in a month.

- Position: Chairman

Dates of Service: September 01, 2017 - Present

Responsibilities: Promulgating agendas for and chairing board meetings

Other business experience in the past three years:

- Employer: Trigemina Inc.

Title: Non-executive Chairman

Dates of Service: June 01, 2017 - Present

Responsibilities: Chairing board meetings, occasionally interface with management.

Name: Aliasghar Riahi

Aliasghar Riahi's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- Position: Chief Technical Officer

Dates of Service: September 01, 2017 - Present

Responsibilities: Direction of conceptualizing, architecting and coding the company's product.

Compensation is currently \$120,000 annually, rising to \$180,000 post a fundraising round of at least \$4 million in proceeds, or whenever the company achieves a required level of revenue of \$200,000 in a month.

Other business experience in the past three years:

- Employer: UC Berkeley

Title: Information Systems Analyst

Dates of Service: August 01, 2017 - November 01, 2018

Responsibilities: Management of aspects of the university's data systems.

Name: Joshua Cooper, PhD

Joshua Cooper, PhD's current primary role is with University of South Carolina. Joshua Cooper, PhD currently services 5 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- Position: Chief Scientist

Dates of Service: February 18, 2018 - Present

Responsibilities: Conceptualizing and architecting software and potential applications. Paid on hourly basis of \$200 per hour, and has 250,000 in options.

Other business experience in the past three years:

- Employer: University of South Carolina

Title: Professor of Mathematics

Dates of Service: August 15, 2006 - Present

Responsibilities: Teaching and research

Name: Kent Warren

Kent Warren's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- Position: Chief Revenue Officer

Dates of Service: October 08, 2020 - Present

Responsibilities: Sales and management of sales and business development. Paid sales commissions.

Other business experience in the past three years:

- Employer: @Risk Technologies, Inc.

Title: SVP-Growth

Dates of Service: February 01, 2019 - April 05, 2020

Responsibilities: Sales and sales management

Other business experience in the past three years:

- Employer: ManTech International Corporation

Title: SVP Sales and Operations

Dates of Service: September 01, 2012 - December 31, 2018

Responsibilities: Sales and operations for subsidiary ManTech Commercial Services

Other business experience in the past three years:

- Employer: K3 Clouds

Title: Principal

Dates of Service: May 01, 2020 - Present

Responsibilities: Sales and sales management.

Name: Kayla Vallarta

Kayla Vallarta currently services 10-20 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- Position: Controller

Dates of Service: June 01, 2020 - Present

Responsibilities: Keeping corporate books, reporting, banking, tax preparation

- Position: Corporate Secretary

Dates of Service: July 17, 2020 - Present

Responsibilities: Maintenance of corporate books and records. Currently paid \$2,500 per month, owns 80,000 shares of common stock.

Other business experience in the past three years:

- Employer: Trigemina Inc.

Title: Director of Finance and Policy

Dates of Service: September 01, 2012 - Present

Responsibilities: Maintenance of corporate financial records and banking

Name: Courtney Benham

Courtney Benham's current primary role is with Martin Ray Winery. Courtney Benham currently services 2 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- Position: Director

Dates of Service: September 01, 2017 - Present

Responsibilities: Member of Board of Directors

Other business experience in the past three years:

- Employer: Martin Ray Winery

Title: Owner

Dates of Service: May 01, 2003 - Present

Responsibilities: General management

Name: Mojgan Haddad

Mojgan Haddad's current primary role is with Corin Group. Mojgan Haddad currently services 2 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- Position: Director

Dates of Service: September 17, 2017 - Present

Responsibilities: Sitting on the board of directors.

Other business experience in the past three years:

- Employer: Corin Group

Title: Senior Director of Software Engineering

Dates of Service: January 01, 2020 - Present

Responsibilities: Lead Software engineering department for the company.

Other business experience in the past three years:

- Employer: Talis Biomedical Corporation

Title: Senior Director, Bioinformatics & Software

Dates of Service: January 01, 2015 - January 01, 2020

Responsibilities: Created the vision for Talis' scientific applications, algorithms, and computing infrastructure and tools and led teams to execute.

PRINCIPAL SECURITY HOLDERS

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

Title of class: Common Stock

Stockholder Name: The Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount and nature of Beneficial ownership: 2,973,194

Percent of class: 27.1

Title of class: Convertible Promissory Notes

Stockholder Name: The Charles C. Yeomans And J. Desiree LeClerc Family Trust Dated 2 July 2008

Amount and nature of Beneficial ownership: 5 notes

Percent of class in value: 9.7

Title of class: Common Stock

Stockholder Name: Wazoo Partners LLC (managed and 100% owned by Courtney Benham)

Amount and nature of Beneficial ownership: 1,830,000

Percent of class: 16.7

Title of class: Convertible Promissory Notes

Stockholder Name: Wazoo Partners LLC (managed and 100% owned by Courtney Benham)

Amount and nature of Beneficial ownership: 7 notes

Percent of class in value: 76.4

Title of class: Common Stock

Stockholder Name: Ali A. Riahi & Mojgan Haddad Family Trust

Amount and nature of Beneficial ownership: 3,220,247

Percent of class: 29.3

Title of class: Convertible Promissory Notes

Stockholder Name: Ali A. Riahi & Mojgan Haddad Family Trust

Amount and nature of Beneficial ownership: 7 notes

Percent of class in value: 12.1

RELATED PARTY TRANSACTIONS

Name of Entity: Wazoo Partners LLC

Names of 20% owners: Wazoo Partners LLC

Relationship to Company: Director

Nature / amount of interest in the transaction: Wazoo has made convertible loans to AtomBeam totaling \$750,000, and has further loaned the company additional funds of \$100,000 in a four year note and \$150,000 in a five year note that will both be payable if the company is successful in raising \$10 million.

Material Terms: Wazoo is the investment vehicle of Courtney Benham, a director of AtomBeam. Through Wazoo Mr. Benham has been a financial and business supporter of the company, as well as a director.

Name of Entity: Charles Yeomans

Relationship to Company: Officer

Nature / amount of interest in the transaction: Mr. Yeomans is AtomBeam's CEO and is a financial supporter of the company.

Material Terms: Mr. Yeomans has made a series of convertible loans to the company totaling \$108,500.

Name of Entity: Asghar Riahi

Relationship to Company: Officer

Nature / amount of interest in the transaction: Mr. Riahi is a founder and CTO of AtomBeam, and

is a financial supporter of the company.

Material Terms: Mr. Riahi has made a series of convertible loans to the company totaling \$135,000.

OUR SECURITIES

Our authorized capital stock consists of 40 million shares of common stock, par value \$0.0001 per share. As of December 31, 2020, 10,985,542 shares of common stock are outstanding. The following is a summary of the rights of our capital stock as provided in our certificate of incorporation and bylaws.

Voting rights

Each stockholder is entitled to one vote for each share of capital stock held by such stockholder.

The Company has a stockholder agreement from 2019 executed between the stockholders and the Company. This Agreement only applies to stockholders who executed the Agreement and any Stockholders who execute Joinder Agreements. Investors in this offering will not be signing a Joinder Agreement.

The Stockholder Agreement contains transfer restrictions and drag along rights as key provisions. If a majority of the shareholders approve a liquidity event, all Stockholders agree to the transaction.

What it means to be a minority holder

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

Dilution

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

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more

shares in a “down round,” meaning at a lower valuation than in earlier offerings.

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

RESTRICTIONS ON TRANSFER

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

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or
- (4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

SIGNATURES

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on April 26, 2021.

AtomBeam Technologies Inc.

By */s/ Charles Yeomans*

Name: Charles Yeomans

Title: Chief Executive Officer

Exhibit A

FINANCIAL STATEMENTS

ATOMBEAM TECHNOLOGIES INC.

(a Delaware corporation)

Financial Statements

For the calendar years ended December 31, 2020 and 2019



INDEPENDENT AUDITOR'S REPORT

April 9, 2021

To: Board of Directors, AtomBeam Technologies, Inc.

Re: YE 2020-2019 Financial Statement Audit

We have audited the accompanying financial statements of AtomBeam Technologies, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, stockholders' equity/deficit, and cash flows for the calendar year periods ended December 31, 2020 and 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations, shareholders' equity/deficit and its cash flows for the calendar year periods ended December 31, 2020 and 2019 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 the notes to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Sincerely,



IndigoSpire CPA Group

IndigoSpire CPA Group, LLC
Aurora, Colorado

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

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 56,099	\$ 65,860
Total current assets	56,099	65,860
Fixed assets, net of accumulated depreciation	0	4,659
Intangible assets	92,460	56,199
Total Assets	<u>\$ 148,559</u>	<u>\$ 126,717</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 143,751	\$ 110,292
Other current liabilities	25	25
Total Current Liabilities	143,776	110,317
Notes payable	336,400	186,400
Convertible note payable	1,001,000	672,000
Accrued interest payable	72,530	25,011
Government-backed loans payable	8,400	--
Total Liabilities	1,562,105	993,728
SHAREHOLDERS' EQUITY		
Common Stock	496,300	496,300
Retained deficit	(1,909,846)	(1,363,312)
Total Shareholders' Equity	(1,413,546)	(867,012)
Total Liabilities and Shareholders' Equity	<u>\$ 148,559</u>	<u>\$ 126,717</u>

ATOMBEAM TECHNOLOGIES INC.
STATEMENT OF OPERATIONS
For calendar years ended December 31, 2020 and 2019
See Independent Auditor's Report and Notes to the Financial Statements

	2020	2019
Revenues, net	\$ 2,000	\$ 0
Operating expenses		
Marketing and advertising	19,479	306,398
Selling, general and administrative	476,877	530,338
Total operating expenses	496,356	836,736
Net Operating Income (Loss)	(494,356)	(836,736)
Interest (expense)	(47,519)	(22,372)
Other income – Government grants	--	23,691
Depreciation (expense)	(4,659)	(4,659)
Tax provision (benefit)	0	0
Net Income (Loss)	\$ (546,534)	\$ (840,076)

ATOMBEAM TECHNOLOGIES INC.
STATEMENT OF OWNERS' EQUITY
For calendar year ended December 31, 2020 and 2019
See Independent Auditor's Report and Notes to the Financial Statements

	Common Stock	Retained Deficit	Total Owners' Equity
Balance as of January 1, 2019	\$ 303,300	\$ (523,236)	\$ (162,006)
Share issuances	193,000		193,000
Net loss		(840,076)	(822,940)
Balance as of December 31, 2019	\$ 496,300	\$ (1,363,312)	\$ (867,012)
Net loss		(546,534)	(562,762)
Balance as of December 31, 2020	\$ 496,300	\$ (1,909,846)	\$ (1,413,546)

ATOMBEAM TECHNOLOGIES INC.
STATEMENT OF CASH FLOWS
For calendar years ended December 31, 2020 and 2019
See Independent Auditor's Report and Notes to the Financial Statements

	2020	2019
Operating Activities		
Net Income (Loss)	\$ (546,532)	\$ (840,076)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Add depreciation	4,659	4,659
Changes in operating asset and liabilities:		
(Increase) decrease in other current assets	--	10,000
Increase (decrease) in accounts payable	41,120	88,562
Increase (decrease) in interest payable	51,426	27,556
Net cash used in operating activities	(465,557)	(709,299)
Investing Activities		
Acquisition of intangible assets	(31,672)	(36,039)
Net cash used in operating activities	(31,672)	(36,039)
Financing Activities		
Proceeds from share issuances	70	193,000
Proceeds/(repayment) of notes payable	158,400	(238,000)
Proceeds from convertible note payable	329,000	777,400
Net change in cash from financing activities	487,470	732,400
Net change in cash and cash equivalents	(9,761)	(12,938)
Cash and cash equivalents at beginning of period	65,860	78,798
Cash and cash equivalents at end of period	\$ 56,099	\$ 65,860

ATOMBEAM TECHNOLOGIES INC.
NOTES TO FINANCIAL STATEMENTS
See Independent Auditor's Report and Notes to the Financial Statements
For calendar year ending December 31, 2020 and 2019

NOTE 1 – NATURE OF OPERATIONS

ATOMBEAM TECHNOLOGIES INC. (which may be referred to as the “Company”, “we,” “us,” or “our”) was organized in Delaware on August 17, 2017. The Company develops advanced software technology using machine learning to reduce the size of individual internet of things data files.

Since Inception, the Company has primarily relied on securing funding from investors to fund its operations. As of December 31, 2020, the Company produces negative cash flow from operations and may incur additional losses prior to generating positive working capital. These matters raise substantial concern about the Company's ability to continue as a going concern (see Note 3). During the next twelve months, the Company intends to fund its operations with funding from a crowdfunding campaign (see Note 9) and the receipt of funds from revenue producing activities, if and when such can be realized. If the Company cannot secure additional capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("US GAAP"). The accompanying financial statements do not include all the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for the fair presentation of the financial statements for the years presented have been included.

Use of Estimates

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

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

Risks and Uncertainties

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

Concentration of Credit Risk

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

Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account. As of December 31, 2020 and 2019, the Company had \$56,099 and \$65,860 of cash on hand, respectively.

Fixed and Intangible Assets

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

Depreciation is provided using the straight-line method, based on useful lives of the assets which is four years.

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

As of December 31, 2020 and 2019, the Company had net fixed assets of \$0 and \$4,659, respectively, and intangible assets of \$92,460 and \$56,129, respectively.

Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

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

Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more

likely than not that some portion or all of the deferred tax assets will not be realized. Any deferred tax items of the Company have been fully valued based on the determination of the Company that the utilization of any deferred tax assets is uncertain.

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

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 when it has satisfied the performance obligations under an arrangement with the customer reflecting the terms and conditions under which products or services will be provided, the fee is fixed or determinable, and collection of any related receivable is probable. ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

The Company has not yet recorded material revenue but will do so from the use of its machine learning technology. The other income the Company has recorded has been recorded as such as grant income from the US Navy.

Accounts Receivable

Customers of the Company pay at the time of ordering or purchasing so there are generally no accounts receivable. If the Company ever sells on account, trade receivables due from customers would be uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date.

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

Advertising

The Company expenses advertising costs as they are incurred.

Recent Accounting Pronouncements

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective

for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

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

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

NOTE 3 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2017. The Company's ability to continue may be dependent upon management's plan to raise additional funds and achieve profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

NOTE 4 – CONVERTIBLE NOTES

As of December 31, 2020, the Company has issued \$1,001,000 of convertible notes. The convertible notes provide for the conversion of the notes' principal and unpaid interest into common stock. As of December 31, 2020, the convertible notes had accrued \$72,530 of unpaid interest.

NOTE 5 – INCOME TAX PROVISION

The Company has filed its corporate income tax return for the period ended December 31, 2019 and 2018. The income tax returns will remain subject to examination by the Internal Revenue Service under the statute of limitations for a period of three years from the date it is filed. The Company incurred a loss during the period from Inception through December 31, 2020 and the deferred tax asset from such losses have been fully valued based on their uncertainty in being used.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company is not currently involved with and does not know of any pending or threatening litigation.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company has or will provide compensation to the shareholder-employees per the Company's employment policies.

As these transactions are between related parties, there is no guarantee that the terms, pricing and conditions of the transactions are comparable to market rates.

NOTE 9 – SUBSEQUENT EVENTS

Anticipated Crowdfunded Offering

The Company is offering (the "Crowdfunded Offering") securities in a campaign under Regulation CF. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds.

The Crowdfunded Offering is being made through StartEngine and its FINRA approved Regulation CF portal. StartEngine is being compensated under customary terms for facilitating the Crowdfunded Offering.

Management's Evaluation

Management has evaluated subsequent events through April 9, 2021, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

CERTIFICATION

I, Charles Yeomans, Principal Executive Officer of AtomBeam Technologies Inc., hereby certify that the financial statements of AtomBeam Technologies Inc. included in this Report are true and complete in all material respects.

Charles Yeomans

Principal Executive Officer