

**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:*** Kanthaka, Inc.

***Legal status of Issuer:***

***Form:***

Corporation

***Jurisdiction of Incorporation/Organization:***

Delaware

***Date of Organization:***

February 19, 2019

***Physical Address of Issuer:***

1605 9th Street, Hempstead, TX 77445 United States

***Website of Issuer:***

<https://mykanthaka.com>

***Is there a co-issuer?*** \_\_\_\_ yes \_X\_ no.

***Name of Intermediary through which the Offering will be Conducted:***

OpenDeal Portal LLC dba Republic

***CIK Number of Intermediary:***

0001751525

***SEC File Number of Intermediary:***

007-00167

***CRD Number of Intermediary:***

283874

***Name of qualified third party "Escrow Agent" which the Offering will utilize:***

Prime Trust, LLC

***Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the offering amount, or a good faith estimate if the exact amount is not available at the time of the filing, for conducting the offering, including the amount of referral and any other fees associated with the offering:***

At the conclusion of the offering, the issuer shall pay a fee of six percent (6%) of the amount raised in the offering to the Intermediary.

***Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest:***

The Intermediary will also receive compensation in the form of securities equal to two percent (2%) of the total number of the securities sold in the offering.

***Type of Security Offered:***

Crowd SAFE (Simple Agreement for Future Equity)

***Target Number of Securities to be Offered:***

25,000

***Price (or Method for Determining Price):***

\$1.00

***Target Offering Amount:***

\$25,000

***Oversubscriptions Accepted:***

- ☒ Yes  
☐ No

***Oversubscriptions will be Allocated:***

- ☐ Pro-rata basis  
☐ First-come, first-served basis  
☒ Other: At the Intermediary's discretion

***Maximum offering amount (if different from Target Offering Amount):***

\$1,070,000

***Deadline to reach the Target Offering Amount:***

September 4, 2021

**If the sum of the investment commitments does not equal or exceed the target offering amount at the deadline to reach the target offering amount, no Securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.**

***Current Number of Employees: One (1) Full-Time***

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

|                                    | <b>Most recent fiscal year-end<br/>(2021)</b> | <b>Prior fiscal year-end<br/>(2020)</b> |
|------------------------------------|---|---|
| <b>Total Assets</b>                | 466,746                                       | 168,929                                 |
| <b>Cash &amp; Cash Equivalents</b> | 466,746                                       | 125,772                                 |
| <b>Accounts Receivable</b>         | -   | -                                       |
| <b>Short-term Debt</b>             | 27,924.26                                     | 30,943                                  |
| <b>Long-term Debt</b>              | -   | 119                                     |
| <b>Revenues/Sales</b>              | 434,428                                       | 155,999                                 |
| <b>Cost of Revenues</b>            | 321,798                                       | 105,893                                 |
| <b>Taxes Paid</b>                  | 450   | 0                                       |
| <b>Net Income</b>                  | (669,479)                                     | (362,803)                               |

***The jurisdictions in which the issuer offered the securities:***

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District Of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, U.S., Virginia, Washington, West Virginia, Wisconsin, Wyoming, American Samoa, and Northern Mariana Islands

**April 30, 2022**

**Kanthaka, Inc.**



**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 any information or make any representations other than those contained in this Form C-AR, and no source other than the Intermediary has been authorized to host this Form C-AR and the Offering. If anyone provides you with different or inconsistent information, you should not rely on it. We are not offering to sell, nor seeking offers to buy, the Securities in any jurisdiction where such offers and sales are not permitted. The information contained in this Form C-AR and any documents incorporated by reference herein is accurate only as of the date of those respective documents, regardless of the time of delivery of this Form C-AR or the time of issuance or sale of any Securities.

Statements contained herein as to the content of any agreements or other documents are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. Prior to the consummation of the purchase and sale of the Securities, the Company will afford prospective Investors an opportunity to ask questions of, and receive answers from, the Company and its management concerning the terms and conditions of the Offering and the Company.

In making an investment decision, you must rely on your own examination of the Company and the terms of the Offering, including the merits and risks involved. The statements of the Company contained herein are based on information believed to be reliable; however, no warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C-AR. For example, our business, financial condition, results of operations, and prospects may have changed since the date of this Form C-AR. The Company does not expect to update or otherwise revise this Form C-AR or any other materials supplied herewith.

**CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This Form C-AR and any documents incorporated by reference herein 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 our current reasonable expectations and projections regarding our 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 are based on reasonable assumptions we have made in light of our industry experience, perceptions of historical trends, current conditions, expected future developments and other factors we believe 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. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual operating and financial performance and cause our 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, our actual operating and financial performance may vary in material respects from the performance projected in these forward-looking statements.

Investors are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements made in this Form C-AR or any documents incorporated by reference herein is accurate only as of the date

of those respective documents. Except as required by law, we undertake no obligation to publicly update any forward-looking statements for any reason after the date of this Form C-AR or to conform these statements to actual results or to changes in our expectations.

## SUMMARY

*The following summary highlights information contained elsewhere or incorporated by reference in this Form C-AR. This summary may not contain all of the information that may be important to you. You should read this entire Form C-AR carefully, including the matters discussed under the section titled "Risk Factors."*

### The Company

Kanthaka, Inc. is a technology company connecting consumers with vetted fitness training professionals through its proprietary platform. The Company is established as a corporation under the laws of the State of Delaware on February 19, 2019. The Company was initially formed as a limited liability company under the laws of the State of Texas on December 17, 2015 and was subsequently converted into a Delaware corporation on February 19, 2019.

The Company is located at: 1605 9th Street, Hempstead, TX 77445

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

The Company conducts business in the State of Texas and sells its products and services through the internet throughout the United States.

A description of our products, services and business plan can be found on the Company's profile page on the Intermediary's website under <https://republic.co/kanthaka>

### The Offering

|   |   |
|---|---|
| <b>Minimum Amount of the Securities Offered</b>   | 25,000  |
| <b>Total Amount of the Securities Outstanding after Offering (if Target Offering Amount met)</b>  | 25,000*   |
| <b>Maximum Amount of the Securities Offered</b>   | 1,070,000   |
| <b>Total Amount of the Securities Outstanding after Offering (if Maximum Offering Amount met)</b> | 1,070,000*  |
| <b>Price Per Security</b>   | \$1.00  |
| <b>Minimum Individual Purchase Amount</b>   | \$100 <sup>+</sup>  |
| <b>Offering Deadline</b>  | September 4, 2021   |
| <b>Use of Proceeds</b>  | See the description of the use of proceeds on page 11 hereof. |
| <b>Voting Rights</b>  | See the description of the voting rights on page 22.          |

*\*The total number of the Securities outstanding after the Offering is subject to increase in an amount equal to the Intermediary's fee of two percent (2%) of the Securities issued in this Offering.*

*+ The Company reserves the right to amend the Minimum Individual Purchase Amount, in its sole discretion. In particular, the Company may elect to participate in one of the Intermediary's special investment programs and may offer alternative Minimum Individual Purchase Amounts to Investors participating in such programs without notice.*

## RISK FACTORS

*Investing in the Securities involves a high degree of risk and may result in the loss of your entire investment. Before making an investment decision with respect to the Securities, we urge you to carefully consider the risks described in this section and other factors set forth in this Form C-AR. In addition to the risks specified below, the Company is subject to same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently riskier than more developed companies. Prospective Investors should consult with their legal, tax and financial advisors prior to making an investment in the Securities. The Securities should only be purchased by persons who can afford to lose all of their investment.*

### **Risks Related to the Company's Business and Industry**

***We have a limited operating history upon which you can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any new company encounters.***

The Company is still in an early phase and we are just beginning to implement our business plan. There can be no assurance that we will ever operate profitably. The likelihood of our success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by early-stage companies. The Company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

***Global crises such as COVID-19 can have a significant effect on our business operations and revenue projections.***

Despite shelter-in-place orders and non-essential business closings potentially happening throughout 2020, 2021 and into the future due to COVID-19, the Company's revenue has not been adversely affected. There is a not insignificant potential that in a post-COVID recovery, customers may revert to utilizing traditional fitness venues thus impacting the performance of the Company.

***The amount of capital the Company raised in the Offering may not be enough to sustain the Company's current business plan.***

In order to achieve the Company's near and long-term goals, the Company may need to procure funds in addition to the amount raised in the Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we may not be able to execute our business plan, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause an Investor to lose all or a portion of their investment.

***We may face potential difficulties in obtaining capital.***

We may have difficulty raising needed capital in the future as a result of, among other factors, our lack of revenues from sales, as well as the inherent business risks associated with our Company and present and future market conditions. We will require additional funds to execute our business strategy and conduct our operations. If adequate funds are unavailable, we may be required to delay, reduce the scope of or eliminate one or more of our research, development or commercialization programs, product launches or marketing efforts, any of which may materially harm our business, financial condition and results of operations.

***We may not have enough authorized capital stock to issue shares of common stock to investors upon the conversion of any security convertible into shares of our common stock, including the Securities.***

Currently, our authorized capital stock consists of 15,000,000 shares of common stock, of which 10,101,000 shares of common stock are issued and outstanding. Unless we increase our authorized capital stock, we may not have enough authorized common stock to be able to obtain funding by issuing shares of our common stock or securities convertible into shares of our common stock. We may also not have enough authorized capital stock to issue shares of common stock to investors upon the conversion of any security convertible into shares of our common stock, including the Securities. The Company currently has no shares of preferred or any other class of stock authorized and subsequent financing transactions may require the authorization and issuance of such classes of capital stock.

***We may implement new lines of business or offer new products and services within existing lines of business.***

As an early-stage company, we may implement new lines of business at any time. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. We may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, we could lose business, be forced to price products and services on less advantageous terms to retain or attract clients or be subject to cost increases. As a result, our business, financial condition or results of operations may be adversely affected.

***We rely on other companies to provide components and services for our products.***

We depend on suppliers and contractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers may be adversely affected if suppliers or contractors do not provide the agreed-upon supplies or perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our products may be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide components which meet required specifications and perform to our and our customers' expectations. Our suppliers may be unable to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two contractors or suppliers for a particular component. Our products may utilize custom components available from only one source. Continued availability of those components at acceptable prices, or at all, may be affected for any number of reasons, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. The supply of components for a new or existing product could be delayed or constrained, or a key manufacturing vendor could delay shipments of completed products to us adversely affecting our business and results of operations.

***We rely on various intellectual property rights, including trademarks, in order to operate our business.***

The Company relies on certain intellectual property rights to operate its business. The Company's 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, or countries may require compulsory licensing of our intellectual property. Our failure 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, 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, that 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. Presently, the Company has no registered patents or trademarks; this includes the "Kanthaka" name and brand. 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 patent 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.

***The Company's success depends on the experience and skill of the board of directors, its executive officers and key employees.***

In particular, we are dependent on Sylvia Kampshoff, our CEO. The Company has or intends to enter into employment agreements with Kampshoff, however there can be no assurance that it will do so or that they will continue to be



employed by the Company for a particular period of time. The loss of Kampshoff or any member of the board of directors or executive officer could harm the Company's business, financial condition, cash flow and results of operations.

***Although dependent on certain key personnel, the Company does not have any key person life insurance policies on any such people.***

We are dependent on certain key personnel in order to conduct our operations and execute our business plan, however, the Company has not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of these personnel die or become disabled, the Company will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Company and our operations. We have no way to guarantee key personnel will stay with the Company, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all of the risk of relying on key personnel.

***Damage to our reputation could negatively impact our business, financial condition and results of operations.***

Our reputation and the quality of our brand are critical to our business and success in existing markets, and will be critical to our success as we enter new markets. Any incident that erodes consumer loyalty for our brand could significantly reduce its value and damage our business. We may be adversely affected by any negative publicity, regardless of its accuracy. Also, there has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate and may disseminate rapidly and broadly, without affording us an opportunity for redress or correction.

***Our business could be negatively impacted by cyber security threats, attacks and other disruptions.***

We continue to face advanced and persistent attacks on our information infrastructure where we manage and store various proprietary information and sensitive/confidential data relating to our operations. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack our products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they are not included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of our customers or other third-parties, create system disruptions, or cause shutdowns. Additionally, sophisticated software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information infrastructure. A disruption, infiltration or failure of our information infrastructure systems or any of our data centers as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could adversely affect our business.

***Security breaches of confidential customer information, in connection with our electronic processing of credit and debit card transactions, or confidential employee information may adversely affect our business.***

Our business requires the collection, transmission and retention of personally identifiable information, in various information technology systems that we maintain and in those maintained by third parties with whom we contract to provide services. The integrity and protection of that data is critical to us. The information, security and privacy requirements imposed by governmental regulation are increasingly demanding. Our systems may not be able to satisfy these changing requirements, customer and employee expectations, or may require significant additional investments or time in order to do so. A breach in the security of our information technology systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits. Additionally, a significant theft, loss or misappropriation of, or access to, customers' or other proprietary data or other breach of our information technology systems could result in fines, legal claims or proceedings.

***The use of individually identifiable data by our business, our business associates and third parties is regulated at the state, federal and international levels.***

The regulation of individual data is changing rapidly, and in unpredictable ways. A change in regulation could adversely affect our business, including causing our business model to no longer be viable. Costs associated with information security – such as investment in technology, the costs of compliance with consumer protection laws and costs resulting from consumer fraud – could cause our business and results of operations to suffer materially. Additionally, the success of our online operations depends upon the secure transmission of confidential information over public networks, including the use of cashless payments. The intentional or negligent actions of employees, business associates or third parties may undermine our security measures. As a result, unauthorized parties may obtain access to our data systems and misappropriate confidential data. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other developments will prevent the compromise of our customer transaction processing capabilities and personal data. If any such compromise of our security or the security of information residing with our business associates or third parties were to occur, it could have a material adverse effect on our reputation, operating results and financial condition. Any compromise of our data security may materially increase the costs we incur to protect against such breaches and could subject us to additional legal risk.

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

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

***We operate in a highly regulated environment, and if we are found to be in violation of any of the federal, state, or local laws or regulations applicable to us, our business could suffer.***

We are also subject to a wide range of federal, state, and local laws and regulations, such as local licensing requirements, and retail financing, debt collection, consumer protection, environmental, health and safety, creditor, wage-hour, anti-discrimination, whistleblower and other employment practices laws and regulations and we expect these costs to increase going forward. The violation of these or future requirements or laws and regulations could result in administrative, civil, or criminal sanctions against us, which may include fines, a cease-and-desist order against the subject operations or even revocation or suspension of our license to operate the subject business. As a result, we have incurred and will continue to incur capital and operating expenditures and other costs to comply with these requirements and laws and regulations.

### **Risks Related to the Offering**

***State and federal securities laws are complex, and the Company could potentially be found to have not complied with all relevant state and federal securities law in prior offerings of securities.***

The Company has conducted previous offerings of securities and may not have complied with all relevant state and federal securities laws. If a court or regulatory body with the required jurisdiction ever concluded that the Company may have violated state or federal securities laws, any such violation could result in the Company being required to offer rescission rights to investors in such offering. If such investors exercised their rescission rights, the Company would have to pay to such investors an amount of funds equal to the purchase price paid by such investors plus interest from the date of any such purchase. No assurances can be given the Company will, if it is required to offer such investors a rescission right, have sufficient funds to pay the prior investors the amounts required or that proceeds from the Offering would not be used to pay such amounts.

In addition, if the Company violated federal or state securities laws in connection with a prior offering and/or sale of its securities, federal or state regulators could bring an enforcement, regulatory and/or other legal action against the Company which, among other things, could result in the Company having to pay substantial fines and be prohibited from selling securities in the future.

***The U.S. Securities and Exchange Commission does not pass upon the merits of the Securities or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.***

You should not rely on the fact that our Form C-AR is accessible through the U.S. Securities and Exchange Commission's EDGAR filing system as an approval, endorsement or guarantee of compliance as it relates to this Offering. The U.S. Securities and Exchange Commission has not reviewed this Form C-AR, nor any document or literature related to this Offering.

***Neither the Offering nor the Securities issued thereunder have been registered under federal or state securities laws.***

No governmental agency has reviewed or passed upon the Offering or the Securities. Neither the Offering nor the Securities have been registered under federal or state securities laws. Investors will not receive any of the benefits available in registered Offerings, which may include access to quarterly and annual financial statements that have been audited by an independent accounting firm. Investors must therefore assess the adequacy of disclosure and the fairness of the terms of the Offering based on the information provided in this Form C-AR and the accompanying exhibits.

***The Company's management may have broad discretion in how the Company uses the net proceeds of the Offering.***

Unless the Company has agreed to a specific use of the proceeds from the Offering, the Company's management will have considerable discretion over the use of proceeds from the Offering. You may not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

***The Company has the right to limit individual Investor commitment amounts based on the Company's determination of an Investor's sophistication.***

The Company may prevent any Investor from committing more than a certain amount in the Offering based on the Company's determination of the Investor's sophistication and ability to assume the risk of the investment. This means that your desired investment amount may be limited or lowered based solely on the Company's determination and not in line with relevant investment limits set forth by the Regulation CF rules. This also means that other Investors may receive larger allocations of the Offering based solely on the Company's determination.

***The Company has the right to extend the Offering Deadline.***

The Company may extend the Offering Deadline beyond what is currently stated herein. This means that your investment may continue to be held in escrow while the Company attempts to raise the Target Offering Amount even after the Offering Deadline stated herein is reached. While you have the right to cancel your investment in the event the Company extends the Offering Deadline, if you choose to reconfirm your investment, your investment will not be accruing interest during this time and will simply be held until such time as the new Offering Deadline is reached without the Company receiving the Target Offering Amount, at which time it will be returned to you without interest or deduction, or the Company receives the Target Offering Amount, at which time it will be released to the Company to be used as set forth herein. Upon or shortly after the release of such funds to the Company, the Securities will be issued and distributed to you.

***The Company may also end the Offering early.***

If the Target Offering Amount is met after 21 calendar days, but before the Offering Deadline, the Company can end the Offering by providing notice to Investors at least 5 business days prior to the end of the Offering. This means your failure to participate in the Offering in a timely manner, may prevent you from being able to invest in the Offering— it also means the Company may limit the amount of capital it can raise during the Offering by ending the Offering early.

***The Company has the right to conduct multiple closings during the Offering.***

If the Company meets certain terms and conditions, an intermediate close of the Offering can occur, which will allow the Company to draw down on half of the proceeds committed and captured in the Offering during the relevant period. The Company may choose to continue the Offering thereafter. Investors should be mindful that this means they can make multiple investment commitments in the Offering, which may be subject to different cancellation rights. For example, if an intermediate close occurs and later a material change occurs as the Offering continues, Investors whose investment commitments were previously closed upon will not have the right to re-confirm their investment as it will be deemed to have been completed prior to the material change.

## **Risks Related to the Securities**

***The Securities will not be freely tradable under the Securities Act until one year from the initial purchase date. Although the Securities may be tradable under federal securities law, state securities regulations may apply, and each Investor should consult with their attorney.***

You should be aware of the long-term nature of this investment. There is not now and likely will not ever be a public market for the Securities. Because the Securities have not been registered under the Securities Act or under the securities laws of any state or foreign jurisdiction, the 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 the Securities may also adversely affect the price that you might be able to obtain for the Securities in a private sale. Investors should be aware of the long-term nature of their investment in the Company. Each Investor in the Offering will be required to represent that they are purchasing the Securities for their own account, for investment purposes and not with a view to resale or distribution thereof.

***Investors will not become equity holders until the Company decides to convert the Securities into “CF Shadow Securities” (the type of equity securities issuable upon conversion of the Securities) or until there is a change of control or sale of substantially all of the Company’s assets.***

Investors will not have an ownership claim to the Company or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Investors may never become equity holders of the Company. Investors will not become equity holders of the Company unless the Company receives a future round of financing great enough to trigger a conversion and the Company elects to convert the Securities into CF Shadow Securities. The Company is under no obligation to convert the Securities into CF Shadow Securities. In certain instances, such as a sale of the Company or substantially all of its assets, an initial public offering or a dissolution or bankruptcy, the Investors may only have a right to receive cash, to the extent available, rather than equity in the Company.

***Investors will not have voting rights, even upon conversion of the Securities into CF Shadow Securities. Upon the conversion of the Securities into CF Shadow Securities (which cannot be guaranteed), the holders of the CF Shadow Securities will be required to enter into a proxy with the Intermediary, or its designee, to ensure any statutory voting rights are voted in tandem with the majority holders of whichever series of securities the CF Shadow Securities follow.***

Investors will not have the right to vote upon matters of the Company even if and when their Securities are converted into CF Shadow Securities (the occurrence of which cannot be guaranteed). Upon such conversion, the CF Shadow Securities will have no voting rights and, in circumstances where a statutory right to vote is provided by state law, the CF Shadow Security holders are required to enter into a proxy agreement with the Intermediary, or its designee, to vote their CF Shadow Securities with the majority of the holder(s) of the securities issued in the round of equity financing that triggered the conversion right. For example, if the Securities are converted in connection with an offering of Series B Preferred Stock, Investors would receive CF Shadow Securities in the form of shares of Series B-CF Shadow Preferred Stock and would be required to enter into a proxy that allows the Intermediary, or its designee, to vote their shares of Series B-CF Shadow Preferred Stock consistent with the majority of the Series B Preferred Stockholders. Thus, Investors will essentially never be able to vote upon any matters of the Company.

***Investors will not be entitled to any inspection or information rights other than those required by law.***

Investors will not have the right to inspect the books and records of the Company or to receive financial or other information from the Company, other than as required by law. Other security holders of the Company may have such rights. Regulation CF requires only the provision of an annual report on Form C-AR and no additional information. Additionally, there are numerous methods by which the Company can terminate annual report obligations, resulting in no information rights, contractual, statutory or otherwise, owed to Investors. This lack of information could put Investors at a disadvantage in general and with respect to other security holders, including certain security holders who have rights to periodic financial statements and updates from the Company such as quarterly unaudited financials, annual projections and budgets, and monthly progress reports, among other things.

***Investors will be unable to declare the Security in “default” and demand repayment.***

Unlike convertible notes and some other securities, the Securities do not have any “default” provisions upon which Investors will be able to demand repayment of their investment. The Company has ultimate discretion as to whether or not to convert the Securities upon a future equity financing and Investors have no right to demand such conversion. Only in limited circumstances, such as a liquidity event, may Investors demand payment and even then, such payments will be limited to the amount of cash available to the Company.

***The Company may never elect to convert the Securities or undergo a liquidity event and Investors may have to hold the Securities indefinitely.***

The Company may never conduct a future equity financing or elect to convert the Securities if such future equity financing does occur. In addition, the Company may never undergo a liquidity event such as a sale of the Company or an initial public offering. If neither the conversion of the Securities nor a liquidity event occurs, Investors could be left holding the Securities in perpetuity. The Securities have numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. The Securities are not equity interests, have no ownership rights, have no rights to the Company’s assets or profits and have no voting rights or ability to direct the Company or its actions.

***Equity securities acquired upon conversion of the Securities may be significantly diluted as a consequence of subsequent equity financings.***

The Company’s equity securities will be subject to dilution. The Company intends to issue additional equity to employees and third-party financing sources in amounts that are uncertain at this time, and as a consequence holders of equity securities resulting from the conversion of the Securities will be subject to dilution in an unpredictable amount. Such dilution may reduce the Investor’s control and economic interests in the Company.

The amount of additional financing needed by the Company will depend upon several contingencies not foreseen at the time of this Offering. Generally, additional financing (whether in the form of loans or the issuance of other securities) will be intended to provide the Company with enough capital to reach the next major corporate milestone. If the funds received in any additional financing are not sufficient to meet the Company’s needs, the Company may have to raise additional capital at a price unfavorable to their existing investors, including the holders of the Securities. The availability of capital is at least partially a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will be able to accurately predict the future capital requirements necessary for success or that additional funds will be available from any source. Failure to obtain financing on favorable terms could dilute or otherwise severely impair the value of the Securities.

In addition, the Company has certain equity grants and convertible securities outstanding. Should the Company enter into a financing that would trigger any conversion rights, the converting securities would further dilute the equity securities receivable by the holders of the Securities upon a qualifying financing.

***Equity securities issued upon conversion of the Securities may be substantially different from other equity securities offered or issued by the Company at the time of conversion.***

In the event the Company decides to exercise the conversion right, the Company will convert the Securities into equity securities that are materially different from the equity securities being issued to new investors at the time of conversion in many ways, including, but not limited to, liquidation preferences, dividend rights, or anti-dilution protection. Additionally, any equity securities issued at the First Equity Financing (as defined in the Crowd SAFE agreement) shall have only such preferences, rights, and protections in proportion to the First Equity Financing and not in proportion to the price per share paid by new investors receiving the equity securities. Upon conversion of the Securities, the Company may not provide the holders of such Securities with the same rights, preferences, protections, and other benefits or privileges provided to other investors of the Company.

The forgoing paragraph is only a summary of a portion of the conversion feature of the Securities; it is not intended to be complete, and is qualified in its entirety by reference to the full text of the Crowd SAFE agreement, which is attached as Exhibit C.

***A Crowd SAFE holder may lose their right to any appreciation or return on investment due to defaulting on certain notice and require action requirements in such Crowd SAFE; failure to claim cash set aside in this case may result in a total loss of principal.***

The Crowd SAFE offered requires a holder to complete, execute and deliver any reasonable or necessary information and documentation requested by the Company or the Intermediary in order to effect the conversion or termination of the Crowd SAFE, in connection with an Equity Financing or Liquidity Event, within thirty (30) calendar days of receipt of notice (whether actual or constructive) from the Company. Failure to make a timely action may result in the Company declaring that the Investor is only eligible to receive a cash payment equal to their Purchase Amount (or a lesser amount in certain events). While the Company will set aside such payment for the investor, such payment may be subject to escheatment laws, resulting in a total loss of principal if the Investor never claims their payment.

***There is no present market for the Securities and we have arbitrarily set the price.***

The Offering price was not established in a competitive market. We have arbitrarily set the price of the Securities with reference to the general status of the securities market and other relevant factors. The Offering price for the Securities should not be considered an indication of the actual value of the Securities and is not based on our net worth or prior earnings. We cannot guarantee that the Securities can be resold at the Offering price or at any other price.

***In the event of the dissolution or bankruptcy of the Company, Investors will not be treated as debt holders and therefore are unlikely to recover any proceeds.***

In the event of the dissolution or bankruptcy of the Company, the holders of the Securities that have not been converted will be entitled to distributions as described in the Securities. This means that such holders will only receive distributions once all of the creditors and more senior security holders, including any holders of preferred stock, have been paid in full. Neither holders of the Securities nor holders of CF Shadow Securities can be guaranteed any proceeds in the event of the dissolution or bankruptcy of the Company.

***While the Securities provide mechanisms whereby holders of the Securities would be entitled to a return of their purchase amount upon the occurrence of certain events, if the Company does not have sufficient cash on hand, this obligation may not be fulfilled.***

Upon the occurrence of certain events, as provided in the Securities, holders of the Securities may be entitled to a return of the principal amount invested. Despite the contractual provisions in the Securities, this right cannot be guaranteed if the Company does not have sufficient liquid assets on hand. Therefore, potential Investors should not assume a guaranteed return of their investment amount.

***There is no guarantee of a return on an Investor's investment.***

There is no assurance that an Investor will realize a return on their investment or that they will not lose their entire investment. For this reason, each Investor should read this Form C-AR and all exhibits carefully and should consult with their attorney and business advisor prior to making any investment decision.

**IN ADDITION TO THE RISKS LISTED ABOVE, RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN, OR WHICH WE CONSIDER IMMATERIAL AS OF THE DATE OF THIS FORM C-AR, MAY ALSO HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND RESULT IN THE TOTAL LOSS OF YOUR INVESTMENT.**

## BUSINESS

### Description of the Business

Kanthaka, Inc. connects consumers to independent fitness trainers for one-on-one direct services. With the Kanthaka App and website booking tool customers can schedule a highly vetted trainer to their home or apartment gym. Kanthaka also offers live one-on-one virtual sessions streamed through the App. Trainers work as independent 'gig-economy' services providers in an independent contractor relationship with the Company.

### Business Plan

Within the next twelve months the Company is targeting a goal of 10,000 monthly personal training sessions sold. The Company's long-term vision is to become the 'go-to' provider for our target demographic (females 35+) to live a longer, happier and healthier life. In addition to the core Kanthaka App product, our goal is ultimately to build an entire ecosystem around health and fitness, including nutrition, basic equipment and apparel.

The company does not expect to achieving profitability within the next twelve (12) months but is targeting a break-even within two (2) years. Meanwhile, the company intends to focus on increasing marketing and entering new markets and cities across the US.

### The Company's Products and/or Services

| Product / Service | Description                 | Current Market                        |
|-------------------|-----------------------------|---------------------------------------|
| Kanthaka App      | Mobile Software Application | Fitness Training (Direct-to-Consumer) |

### Competition

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products and services.

In-home fitness has been booming through 2020, with companies focusing on pre-recorded videos and gamification. At Kanthaka we focus on the actual in person training for our clients who are looking for personal attention and accountability and not just a fitness video lacking human interaction. Among many others, our indirect competitors include Peloton and Beach Body (which lack the personal touch) while our direct competitors, amongst other similar products in the space, include Find Your Trainer as well as Right Fit Personal Trainer.

### Customer Base

We sell our products on the direct-to-consumer market. Our services reach a mature target audience of ~40% between ages 30 and 40 years and ~40% over 40 years old.

### Supply Chain

As a cloud-based business our primary vendors include cloud-services and outsourced developers

### Intellectual Property

| Application or Registration # | Title    | Description | File Date | Grant Date | Country |
|-------------------------------|----------|-------------|-----------|------------|---------|
| N/A                           | KANTHAKA | Trademark   | N/A       | N/A        | N/A     |

### Governmental/Regulatory Approval and Compliance

The Company is subject to and affected by the laws and regulations of U.S. federal, state and local governmental authorities. These laws and regulations are subject to change.

### Litigation

The Company is not subject to any current litigation or threatened litigation.

## USE OF PROCEEDS

The following table illustrates how we intend to use the net proceeds received from this Offering. The values below are not inclusive of payments to financial and legal service providers and escrow related fees, all of which were incurred in the preparation of the Offering and were due in advance of the closing of the Offering.

| Use of Proceeds   | % of Proceeds if Target Offering Amount Raised | Amount if Target Offering Amount Raised | % of Proceeds if Maximum Offering Amount Raised | Amount if Maximum Offering Amount Raised |
|-------------------|--|---|---|--|
| Intermediary Fees | 6%   | \$1,500                                 | 6%  | \$64,200                                 |
| Marketing         | 35%  | \$8,750                                 | 40%   | \$428,000                                |
| Sales             | 15%  | \$3,750                                 | 15%   | \$160,500                                |
| Product Dev.      | 20%  | \$5,000                                 | 10%   | \$107,000                                |
| Team              | 20%  | \$5,000                                 | 20%   | \$214,000                                |
| Miscellaneous     | 4%   | \$1,000                                 | 4%  | \$42,800                                 |
| <b>Total</b>      | <b>100%</b>                                    | <b>\$25,000</b>                         | <b>100%</b>                                     | <b>\$1,070,000</b>                       |

The Company has discretion to alter the use of proceeds set forth above to adhere to the Company's business plan and liquidity requirements. For example, economic conditions may alter the Company's general marketing or general working capital requirements.

*Marketing:* Branding, SEO, social media marketing, paid intent driven search, marketing consultants.

*Sales:* Hire sales team or consultants, obtain sales training, purchase of sales tools.

*Product Development:* Improvements to core product and website, UX/ UI improvement, and gamification.

*Team:* Hire core team to scale and grow business (ind. contractors or employees).

## DIRECTORS, OFFICERS, AND MANAGERS

The directors, officers, and 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.

| Name             | Positions and Offices Held at the Company | Principal Occupation and Employment Responsibilities for the Last Three (3) Years                        | Education  |
|------------------|---|--|--|
| Sylvia Kampshoff | CEO & Sole Director                       | CEO & Founder – Kanthaka, Inc.<br>September 2016 - Present   | Ph.D. Law<br>University of Heidelberg (2015)<br><br>Second State Examination (Law)<br>Ludwig-Maximilians<br>Universitat Munchen (2010)<br><br>LL.M. (Law)<br>Tulane University Law School<br>(2007)<br><br>First Bar Exam (Law) (2005)<br>Heidelberg University (2005) |
| Nikola Ilievski  | COO                                       | COO – Kanthaka, Inc.<br>Feb 2020 – Present<br>Graphic Designer – Kanthaka, Inc.<br>Aug. 2016 – Feb. 2020 | Adobe Creative Suite (2006)<br>Semos Education<br>[High School] (2005)<br>Marija Kiri Sklodovska   |



|  |  |   |  |
|--|--|---|--|
|  |  | Founder / Owner –<br>Lemon Tree Design Studio<br>2016 – Present |  |
|--|--|---|--|

### **Indemnification**

Indemnification is authorized by the Company to managers, 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 one (1) full-time employee.

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## CAPITALIZATION, DEBT AND OWNERSHIP

### Capitalization

The Company's authorized capital stock consists of 15,000,000 shares of common stock, par value \$0.0001 per share (the "**Common Stock**"). At the closing of this Offering, assuming only the Target Offering Amount is sold, 10,101,000 shares of Common Stock will be issued and outstanding.

### *Outstanding Capital Stock*

As of the date of this Form C-AR, the Company's outstanding capital stock consists of:

| Type   | Common Stock     |
|--|------------------|
| Amount Outstanding   | 10,101,000       |
| Par Value Per Share  | \$0.0001         |
| Voting Rights  | 1 vote per share |
| Anti-Dilution Rights   | N/A              |
| How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF   | N/A              |
| Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities). | 71.322%          |

### *Outstanding Options, Safes, Convertible Notes, Warrants*

As of the date of this Form C-AR, the Company has the following additional securities outstanding:

| Type   | SAFE (Simple Agreement for Future Equity)                                       |
|--|---|
| Face Value   | \$50,000  |
| Voting Rights  | N/A   |
| Anti-Dilution Rights   | N/A   |
| Material Terms   | \$1.8mm Valuation Cap   |
| How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF   | Security will convert into capital stock upon a subsequent qualified financing. |
| Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities). | 2.778%*   |

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$172,000   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$3.5mm Valuation Cap   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 4.914%*   |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$200,000   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$3mm Valuation Cap / 30% Discount  |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 6.667%  |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$410,000   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$3mm Valuation Cap   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 13.667%   |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$20,000  |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$4.5mm Valuation Cap   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 0.444%  |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$175,000   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$6.0mm Valuation Cap, 20% Discount   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 0.208%*   |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$30,000  |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$6.0mm Valuation Cap   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 0.500%*   |

*\*Assumes conversion of SAFE at the valuation cap.*

|   |   |
|---|---|
| <b>Type</b>   | SAFE (Simple Agreement for Future Equity)                                       |
| <b>Face Value</b>   | \$500,000   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$8.0mm Valuation Cap, 25% Discount   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 6.25%*  |

\* Assumes conversion of SAFE at the valuation cap.

|   |   |
|---|---|
| <b>Type</b>   | Crowd SAFE<br>(Crowd Simple Agreement for Future Equity)                        |
| <b>Face Value</b>   | \$56,876*   |
| <b>Voting Rights</b>  | N/A   |
| <b>Anti-Dilution Rights</b>   | N/A   |
| <b>Material Terms</b>   | \$8.0mm Valuation Cap   |
| <b>How this security may limit, dilute or qualify the Security issued pursuant to Regulation CF</b>   | Security will convert into capital stock upon a subsequent qualified financing. |
| <b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b> | 0.208%**  |

\* Includes additional 2% allocated to crowdfunding portal.

\*\* Assumes conversion of SAFE at the valuation cap.

### Outstanding Debt

As of the date of this Form C-AR, the Company has the following debt outstanding: NONE

### Ownership

The table below lists the beneficial owners of twenty percent (20%) 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.

| <b>Name</b>       | <b>Amount and Type or Class Held</b> | <b>Percentage Ownership (in terms of voting power)</b> |
|-------------------|--------------------------------------|--|
| Sylvia Kampshoff  | Common Stock: 6,000,000 Shares       | 59.4%  |
| Philipp Kampshoff | Common Stock: 4,000,000 Shares       | 39.6%  |

## 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.**

### **Operations**

Kanthaka, Inc. (the “**Company**”) is a technology company connecting consumers with vetted fitness training professionals through its proprietary platform. The Company is established as a corporation under the laws of the State of Delaware as of February 19, 2019. The Company was initially formed as a limited liability company under the laws of the State of Texas on December 17, 2015 and was subsequently converted into a Delaware corporation on February 19, 2019; the Company subsequently filed an amendment to its Certificate of Incorporation, increasing its authorized capital stock from 10,000,000 shares of common stock to 15,000,000 shares of common stock.

### **Cash and Cash Equivalents**

As of April 1, 2022 the Company had an aggregate of \$107,000 in cash and cash equivalents, leaving the Company with less than six (6) months of runway.

### **Liquidity and Capital Resources**

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under the section titled “*Use of Proceeds*”, which is an indispensable element of our business strategy.

The Company currently does not have any additional outside sources of capital other than the proceeds from the Offering.

### **Capital Expenditures and Other Obligations**

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

### **Valuation**

The Company has ascribed no pre-Offering valuation to the Company; the securities are priced arbitrarily.

### **Material Changes and Other Information**

#### ***Trends and Uncertainties***

After reviewing the above discussion of the steps the Company intends to take, potential Investors should consider whether achievement of each step within the estimated time frame will be realistic in their judgment. Potential Investors should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

Please see the financial statements attached as Exhibit A for subsequent events and applicable disclosures.

[Remainder of page intentionally left blank]

## Previous Offerings of Securities

We have made the following issuances of securities within the last three years:

| Security Type | Principal Amount of Securities Sold | Amount of Securities Issued | Use of Proceeds                                 | Issue Date(s)                                   | Exemption from Registration Used or Public Offering |
|---------------|-------------------------------------|-----------------------------|---|---|---|
| Common Stock  | \$1,010.10                          | 10,101,010                  | Par-Value Issuance to Founders                  |   | Section 4(a)(2)                                     |
| SAFE          | \$50,000                            | 1                           | Product Development / Marketing Working Capital | 06/20/2019                                      | Section 4(a)(2)                                     |
| SAFE          | \$172,000                           | 3                           | Product Development / Marketing Working Capital | 3/15/2019 – 5/10/2019                           | Section 4(a)(2)                                     |
| SAFE          | \$200,000                           | 2                           | Product Development / Marketing Working Capital | 1/25/2020<br>8/15/2020                          | Section 4(a)(2)                                     |
| SAFE          | \$410,000                           | 4                           | Product Development / Marketing Working Capital | 7/8/2019<br>2/18/2020<br>8/31/2020<br>2/15/2021 | Section 4(a)(2)                                     |
| SAFE          | \$20,000                            | 1                           | Product Development / Marketing Working Capital | 11/16/2020                                      | Section 4(a)(2)                                     |
| SAFE          | \$175,000                           | 3                           | Product Development / Marketing Working Capital | 04/25/2021                                      | Section 4(a)(2)                                     |

See the section titled “Capitalization and Ownership” for more information regarding the securities issued in our previous offerings of securities.

## TRANSACTIONS WITH RELATED PERSONS AND CONFLICTS OF INTEREST

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 twenty percent (20%) 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. Additionally, the Company will disclose here any transaction since the beginning of the issuer's last fiscal year, or any currently proposed transaction, to which the issuer was or is to be a party and the amount involved exceeds five percent (5%) of the aggregate amount of capital raised by the issuer in reliance on section 4(a)(6), including the Target Offering Amount of this Offering, and the counter party is either (i) any director or officer of the issuer; (ii) any person who is, as of the most recent practicable date but no earlier than 120 days prior to the date the offering statement or report is filed, the beneficial owner of twenty percent (20%) or more of the issuer's outstanding voting equity securities, calculated on the basis of voting power; (iii) if the issuer was incorporated or organized within the past three years, any promoter of the issuer; or (iv) any member of the family of any of the foregoing persons, which includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. The term *spousal equivalent* means a cohabitant occupying a relationship generally equivalent to that of a spouse.

The Company has conducted the following transactions with related persons: Dr. Phillip Kampshoff is a holder of 20% or more of the voting power of the Company and a family member of an officer / director of the Company. Dr. Kampshoff is the holder of a SAFE issued 5/19/2019 in the amount of \$122,000 and is entitled to receive additional equity upon conversion thereof.

## 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 and undersigned officer hereby certify that the attached financial statements are true and complete in all material respects as of the date hereof.

/s/ *Sylvia Kampshoff*

(Signature)

Sylvia Kampshoff

(Name)

CEO

(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/ *Sylvia Kampshoff*

(Signature)

Sylvia Kampshoff

(Name)

Director

(Title)

4/30/2022

(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.



**EXHIBIT A**

*Financial Statements*

# Kanthaka Inc

## Balance Sheet

For the period ending December 31, 2021

As Of: December 31, 2021

### Assets

|                                       |                   |
|---------------------------------------|-------------------|
| Silicon Valley Bank - Checking - 1342 | 392,338.40        |
| Silicon Valley Bank - Checking - 5177 | 74,407.16         |
| PayPal                                | 0.00              |
| Money in transit                      | 0.00              |
| <b>Total Assets</b>                   | <b>466,745.56</b> |

### Liabilities

|  |                  |
|--|------------------|
| Brex - Credit Card                           | 27,924.26        |
| Payroll Payable - Salary & Wage              | 4,000.00         |
| Payroll Payable - Payroll Tax                | 7,961.44         |
| Payroll Payable - State Unemployment         | 0.00             |
| Payroll Payable - Federal Unemployment       | 0.00             |
| Loans to/from Shareholder - Sylvia Kampshoff | 0.00             |
| <b>Total Liabilities</b>                     | <b>39,885.70</b> |

### Equity

|  |                   |
|--|-------------------|
| SAFE Note - Alyssa Arnold                    | 30,000.00         |
| SAFE Note - Anju Divakaran.                  | 10,000.00         |
| SAFE Note - Doris Seitz                      | 100,000.00        |
| SAFE Note - Joseph Collerain                 | 50,000.00         |
| SAFE Note - Ken Tubmann                      | 20,000.00         |
| SAFE Note - Mike S. Bridges                  | 50,000.00         |
| SAFE Note - One Planet Venture Fund LLC      | 300,000.00        |
| SAFE Note - Sputnik ATX Winter 2020, LLC     | 375,000.00        |
| SAFE Note - SUBMARINE VENTURES ALPHA FUND LP | 500,000.00        |
| SAFE Note - Syed Biabani                     | 25,000.00         |
| SAFE Note - Victor Kooch 1                   | 30,000.00         |
| SAFE Note - Victor Kooch 2                   | 20,000.00         |
| SAFE Note - Unknown                          | 55,761.00         |
| Retained Earnings                            | -1,138,901.14     |
| <b>Total Equity</b>                          | <b>426,859.86</b> |

|                                     |                   |
|-------------------------------------|-------------------|
| <b>Total Liabilities and Equity</b> | <b>466,745.56</b> |
|-------------------------------------|-------------------|

**December 31, 2020**

|                   |
|-------------------|
|                   |
| 116,334.63        |
| 8,746.75          |
| 690.28            |
| 0.00              |
| <b>125,771.66</b> |

|                  |
|------------------|
|                  |
| 12,132.18        |
| 0.00             |
| 2,942.28         |
| 0.00             |
| 0.00             |
| 119.00           |
| <b>15,193.46</b> |

|                   |
|-------------------|
|                   |
| 0.00              |
| 10,000.00         |
| 100,000.00        |
| 50,000.00         |
| 20,000.00         |
| 0.00              |
| 150,000.00        |
| 200,000.00        |
| 0.00              |
| 0.00              |
| 30,000.00         |
| 20,000.00         |
| 0.00              |
| -469,421.80       |
| <b>110,578.20</b> |

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**125,771.66**

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# Kanthaka Inc

## Income Statement

For the period January 1, 2021 to December 31, 2021

**January 1, 2021 to December 31, 2021**

### Revenues

|                               |                   |
|-------------------------------|-------------------|
| Sales Revenue                 | 479,848.05        |
| Returns & Allowances          | -45,538.56        |
| Prior Year Balance Correction | 119.00            |
| <b>Total Revenues</b>         | <b>434,428.49</b> |

### Cost of Sales

|                                     |                   |
|-------------------------------------|-------------------|
| Cost of Service                     | 7,985.17          |
| Cost of Goods Sold                  | 302.31            |
| Cost of Service - Personal Trainers | 313,510.66        |
| <b>Total Cost of Sales</b>          | <b>321,798.14</b> |

|                     |                   |
|---------------------|-------------------|
| <b>Gross Profit</b> | <b>112,630.35</b> |
|---------------------|-------------------|

### Operating Expenses

|                                 |            |
|---------------------------------|------------|
| Bank & ATM Fee Expense          | 608.12     |
| Business Meals Expense          | 385.28     |
| Commission & Fees               | 3,345.66   |
| Company Events Expense          | 205.04     |
| Computer Equipment Expense      | 4,858.51   |
| Equipment Expense               | 576.79     |
| Gas & Auto Expense              | 50.37      |
| Gifts Expense                   | 151.41     |
| Independent Contractor Expense  | 253,663.35 |
| Insurance Expense - Business    | 6,741.75   |
| License & Fee Expense           | 1,274.24   |
| Marketing & Advertising Expense | 307,271.54 |
| Merchant Fees Expense           | 2,509.94   |
| Office Supply Expense           | 780.40     |
| Parking & Tolls Expense         | 4.00       |
| Payroll Expense - Payroll Tax   | 6,945.82   |
| Payroll Expense - Salary & Wage | 87,069.38  |
| Phone & Internet Expense        | 6,009.02   |
| Postage & Shipping Expense      | 156.52     |
| Professional Service Expense    | 16,754.19  |

|                                  |                   |
|----------------------------------|-------------------|
| Publication/Subscription Expense | 943.85            |
| Recruiting & HR Expense          | 26,854.35         |
| Rent or Lease Expense            | 800.00            |
| Research & Development Expense   | 314.54            |
| Software Development Expense     | 10,577.00         |
| Software & Web Hosting Expense   | 40,140.90         |
| Taxes Paid                       | 450.00            |
| Training & Education Expense     | 741.38            |
| Travel & Transportation Expense  | 1,926.34          |
| <b>Total Operating Expenses</b>  | <b>782,109.69</b> |

|                       |                     |
|-----------------------|---------------------|
| <b>Total Expenses</b> | <b>1,103,907.83</b> |
|-----------------------|---------------------|

|                   |                    |
|-------------------|--------------------|
| <b>Net Profit</b> | <b>-669,479.34</b> |
|-------------------|--------------------|



# KANTHAKA INC.

FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020  
AND 2019

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT



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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Kanthaka Inc.  
Hempstead, Texas

We have reviewed the accompanying financial statements of Kanthaka Inc., which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, statements of equity and statements of cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

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

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

### ***Going Concern***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

*Belle Business Services, LLC*

Belle Business Services, LLC  
May 3, 2021

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**KANTHAKA INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(unaudited)

**ASSETS**

|   | <u>2020</u>              | <u>2019</u>             |
|---|--------------------------|-------------------------|
| <b>CURRENT ASSETS</b>                     |                          |                         |
| Cash and cash equivalents                 | \$ 125,772               | \$ 8,859                |
| Prepaid expenses and other current assets | <u>-</u>                 | <u>8</u>                |
| <b>TOTAL CURRENT ASSETS</b>               | <u>125,772</u>           | <u>8,867</u>            |
| <b>PROPERTY AND EQUIPMENT</b>             |                          |                         |
| Property and equipment, net               | <u>8,367</u>             | <u>1,682</u>            |
| <b>OTHER ASSETS</b>                       |                          |                         |
| Intangible assets                         | <u>34,790</u>            | <u>15,294</u>           |
|   | <u>34,790</u>            | <u>15,294</u>           |
| <b>TOTAL ASSETS</b>                       | <u><u>\$ 168,929</u></u> | <u><u>\$ 25,843</u></u> |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

|   |                          |                         |
|---|--------------------------|-------------------------|
| <b>CURRENT LIABILITIES</b>                        |                          |                         |
| Credit cards payable                              | \$ 12,132                | \$ -                    |
| Accrued expenses                                  | 1,208                    | 674                     |
| Deferred revenue                                  | 14,661                   | 4,380                   |
| Payroll liabilities                               | <u>2,942</u>             | <u>-</u>                |
| <b>TOTAL CURRENT LIABILITIES</b>                  | <u>30,943</u>            | <u>5,054</u>            |
| <b>LONG-TERM LIABILITIES</b>                      |                          |                         |
| Note payable - related party                      | 119                      | 119                     |
| SAFE obligations                                  | <u>702,000</u>           | <u>232,000</u>          |
| <b>TOTAL LONG-TERM LIABILITIES</b>                | <u>702,119</u>           | <u>232,119</u>          |
| <b>TOTAL LIABILITIES</b>                          | <u>733,062</u>           | <u>237,173</u>          |
| <b>SHAREHOLDERS' EQUITY</b>                       |                          |                         |
| Common stock, see note 7                          | 1,010                    | 1,010                   |
| Accumulated deficit                               | <u>(565,143)</u>         | <u>(212,340)</u>        |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <u>(564,133)</u>         | <u>(211,330)</u>        |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <u><u>\$ 168,929</u></u> | <u><u>\$ 25,843</u></u> |

See independent accountant's review report and accompanying notes to financial statements.

**KANTHAKA INC.**  
**STATEMENTS OF INCOME**  
**DECEMBER 31, 2020 AND 2019**  
(unaudited)

|                                      | <u>2020</u>                       | <u>2019</u>                      |
|--------------------------------------|-----------------------------------|----------------------------------|
| <b>REVENUES</b>                      | <b>\$ 155,999</b>                 | <b>\$ 79,625</b>                 |
| <b>COST OF GOODS SOLD</b>            | <u><b>105,893</b></u>             | <u><b>55,772</b></u>             |
| <b>GROSS PROFIT</b>                  | <b>50,106</b>                     | <b>23,853</b>                    |
| <b>OPERATING EXPENSES</b>            |                                   |                                  |
| Amortization and depreciation        | <b>13,051</b>                     | <b>2,627</b>                     |
| General and administrative           | <b>201,759</b>                    | <b>75,035</b>                    |
| Sales and marketing                  | <u><b>198,099</b></u>             | <u><b>37,031</b></u>             |
| <b>TOTAL OPERATING EXPENSES</b>      | <u><b>412,909</b></u>             | <u><b>114,693</b></u>            |
| <b>NET OPERATING INCOME</b>          | <u><b>(362,803)</b></u>           | <u><b>(90,840)</b></u>           |
| <b>OTHER INCOME/(EXPENSES)</b>       |                                   |                                  |
| Other income                         | <u><b>10,000</b></u>              | <u><b>500</b></u>                |
| <b>TOTAL OTHER INCOME/(EXPENSES)</b> | <u><b>10,000</b></u>              | <u><b>500</b></u>                |
| <b>NET LOSS</b>                      | <u><u><b>\$ (352,803)</b></u></u> | <u><u><b>\$ (90,340)</b></u></u> |

See independent accountant's review report and accompanying notes to financial statements.

**KANTHAKA INC.**  
**STATEMENTS OF EQUITY**  
**DECEMBER 31, 2020 AND 2019**  
(unaudited)

|   | <u>Common Stock</u> |                 | <u>Retained Earnings</u>     | <u>Total</u>        |
|---|---------------------|-----------------|------------------------------|---------------------|
|   | <u>Shares</u>       | <u>Amount</u>   | <u>(Accumulated Deficit)</u> |                     |
| <b>BEGINNING BALANCE, JANUARY 1, 2019</b> | -                   | \$ -            | \$ (122,000)                 | \$ (122,000)        |
| Issuance of common stock                  | 10,101,010          | 1,010           | -                            | \$ 1,010            |
| Net loss                                  | <u>-</u>            | <u>-</u>        | <u>(90,340)</u>              | <u>\$ (90,340)</u>  |
| <b>ENDING BALANCE, DECEMBER 31, 2019</b>  | 10,101,010          | \$ 1,010        | \$ (212,340)                 | \$ (211,330)        |
| Net loss                                  | <u>-</u>            | <u>-</u>        | <u>(352,803)</u>             | <u>\$ (352,803)</u> |
| <b>ENDING BALANCE, DECEMBER 31, 2020</b>  | <u>10,101,010</u>   | <u>\$ 1,010</u> | <u>\$ (565,143)</u>          | <u>\$ (564,133)</u> |

See independent accountant's review report and accompanying notes to financial statements.

**KANTHAKA INC.**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2020 AND 2019**  
(unaudited)

|   | <u>2020</u>              | <u>2019</u>            |
|---|--------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                          |                        |
| Net loss  | \$ (352,803)             | \$ (90,340)            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                        |
| Amortization and depreciation expense   | 13,051                   | 2,627                  |
| Issuance of common stock in exchange for services                                 |                          | 1,010                  |
| (Increase) decrease in assets:  |                          |                        |
| Prepaid expenses and other current assets   | 8                        | (8)                    |
| Increase (decrease) in liabilities:   |                          |                        |
| Credit cards payable  | 12,132                   | -                      |
| Accrued expenses  | 534                      | 674                    |
| Deferred revenue  | 10,281                   | 4,380                  |
| Payroll liabilities   | <u>2,942</u>             | <u>-</u>               |
| <b>CASH USED FOR OPERATING ACTIVITIES</b>   | (313,855)                | (81,657)               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                          |                        |
| Cash used for intangible assets   | (31,800)                 | (17,749)               |
| Cash used for fixed assets  | <u>(7,432)</u>           | <u>(1,854)</u>         |
| <b>CASH USED FOR INVESTING ACTIVITIES</b>   | (39,232)                 | (19,603)               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                          |                        |
| Issuance of note payable - related party  | -                        | 119                    |
| Issuance of SAFE obligations  | <u>470,000</u>           | <u>110,000</u>         |
| <b>CASH PROVIDED BY FINANCING ACTIVITIES</b>                                      | <u>470,000</u>           | <u>110,119</u>         |
| <b>NET INCREASE IN CASH</b>   | 116,913                  | 8,859                  |
| <b>CASH AT BEGINNING OF YEAR</b>  | <u>8,859</u>             | <u>-</u>               |
| <b>CASH AT END OF YEAR</b>  | <u><u>\$ 125,772</u></u> | <u><u>\$ 8,859</u></u> |

**CASH PAID DURING THE YEAR FOR:**

|                     |      |      |
|---------------------|------|------|
| <b>INTEREST</b>     | \$ - | \$ - |
| <b>INCOME TAXES</b> | \$ - | \$ - |

See independent accountant's review report and accompanying notes to financial statements.

**KANTHAKA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
**(unaudited)**

**1. Summary of Significant Accounting Policies**

***The Company***

Kanthaka Inc. (the “Company”) was incorporated in the State of Delaware on February 19, 2019. The Company specializes in the fitness industry by providing workout routines with personal trainers that can be completed in-person or remotely. Additionally, the Company has a website and mobile application that allows customers to find a personal trainer, classes, and pay through the platforms.

***Going Concern***

Since Inception, the Company has relied on funds from SAFE obligations issued to fund its operations. As of December 31, 2020, the Company will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent on the Company’s ability to raise short term capital, as well as generate additional revenue from revenue producing activities.

***Fiscal Year***

The Company operates on a December 31st year-end.

***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

***Use of Estimates***

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management’s estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Company considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. As of December 31, 2020 and 2019, the Company held no cash equivalents.

***Risks and Uncertainties***

The Company has a limited operating history. The Company’s business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company’s control could cause fluctuations in these conditions.

The Coronavirus Disease of 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results including shelter in place orders, material supply chain interruption, economic hardships affecting funding for the Company’s operations, and affects the Company’s workforce. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

*See independent accountant’s review report.*

**KANTHAKA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***Intangible Assets***

The Company has recorded intangible assets at cost. The intangible assets consist of software development costs, which are amortized over three years. Amortization expense for the years ending December 31, 2020, and 2019, was \$12,304 and \$2,455, respectively.

***Property and Equipment***

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment are depreciated over three to five years. Repair and maintenance costs are charged to operations as incurred and major improvements are capitalized. The Company reviews the carrying amount of fixed assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

***Income Taxes***

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.

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

The Company is subject to franchise and income tax filing requirements in the States of Delaware and Texas.

***Fair Value of Financial Instruments***

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

*See independent accountant's review report.*



**KANTHAKA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***Fair Value of Financial Instruments (continued)***

- |         |  |
|---------|--|
| Level 1 | - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets. |
| Level 2 | - Include other inputs that are directly or indirectly observable in the marketplace.                              |
| Level 3 | - Unobservable inputs which are supported by little or no market activity.   |

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of inception. Fair values were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

***Concentrations of Credit Risk***

From time-to-time cash balances, held at a major financial institution may exceed federally insured limits of \$250,000. Management believes that the financial institution is financially sound, and the risk of loss is low.

***Revenue Recognition***

The Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. The Company generates revenues by selling exercise sessions. The Company's payments are generally collected upfront. For years ending December 31, 2020 and 2019 the Company recognized \$155,999 and \$79,625 in revenue, respectively.

***Advertising Expenses***

The Company expenses advertising costs as they are incurred.

***Organizational Costs***

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

***New Accounting Pronouncements***

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

*See independent accountant's review report.*

**KANTHAKA INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***New Accounting Pronouncements (continued)***

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

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

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2019 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

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

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**1. Summary of Significant Accounting Policies (continued)**

***New Accounting Pronouncements (continued)***

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

**2. Commitments and Contingencies**

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

**3. Property and Equipment**

Property and equipment consisted of the following at December 31, 2020 and 2019:

| Property and equipment at cost: | <u>2020</u>     | <u>2019</u>     |
|---------------------------------|-----------------|-----------------|
| Equipment                       | \$ 9,286        | \$ 1,854        |
|                                 | 9,286           | 1,854           |
| Less: Accumulated depreciation  | <u>919</u>      | <u>172</u>      |
| Total                           | <u>\$ 8,367</u> | <u>\$ 1,682</u> |

**4. Deferred Revenue**

The Company had deferred revenue on its balance sheet in the amounts of \$14,661 and \$4,380 as of December 31, 2020 and 2019. Deferred revenue consists of application fees for packages of workout sessions that were unused as of the balance sheet date.

**5. SAFE Obligations**

Since inception, the Company issued Simple Agreements for Future Equity ("SAFE"). The SAFE agreements have no maturity date and bear no interest. The SAFE agreements provide a right to the holder to future equity in the Company in the form of SAFE Preferred Stock. SAFE Preferred Stock are shares of a series of Preferred Stock issued to the investor in an equity financing, having identical rights, privileges, preferences and restrictions as the shares of standard Preferred Stock offered to non-holders of SAFE agreements other than with respect to: (i) the per share liquidation preference and the conversion price for purposes of price-based anti-dilution protection, which will equal the conversion price; and (ii) the basis for any dividend rights, which will be based on the conversion price. The number of shares issued to the holder is determined by either (1) the face

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**5. SAFE Obligations (continued)**

value of the SAFE agreement divided by the price per share of the standard preferred stock issued, if the pre-money valuation is less than or equal to the valuation cap; or (2) a number of shares of SAFE Preferred Stock equal to the face value of the SAFE agreement divided by the price per share equal to the valuation cap divided by the total capitalization of the company immediately prior to an equity financing event. Total capitalization of the company includes all shares of capital stock issued and outstanding and outstanding vested and unvested options as if converted.

If there is a liquidity event (as defined in the SAFE agreements), the investor will, at their option, either (i) receive a cash payment equal to the face value of the SAFE agreement ("Purchase Amount") or (ii) automatically receive from the Company a number of shares of common stock equal to the Purchase Amount divided by the price per share equal to the valuation cap divided by the Liquidity Capitalization ("Liquidity Price") (as defined in the SAFE agreements).

If there are not enough funds to pay the holders of SAFE agreements in full, then all of the Company's available funds will be distributed with equal priority and pro-rata among the SAFE agreement holders in proportion to their Purchase Amounts and they will automatically receive the number of shares of common stock equal to the remaining unpaid Purchase Amount divided by the Liquidity Price.

If there is a dissolution event (as defined in the SAFE agreements), the Company will pay an amount equal to the Purchase Amount, due and payable to the investor immediately prior to, or concurrent with, the consummation of the dissolution event. The Purchase Amount will be paid prior and in preference to any distribution of any of the assets of the Company to holders of outstanding capital stock. If immediately prior to the consummation of the dissolution event, the assets of the Company legally available for distribution to all SAFE holders, are insufficient to permit the payment to their respective Purchase Amounts, then all of the assets of the Company legally available for distribution will be distributed with equal priority and pro-rata among the SAFE holders as a single class.

The SAFE agreements will expire and terminate upon either (i) the issuance of shares to the investor pursuant to an equity financing event or (ii) the payment, or setting aside for payment, of amounts due to the investor pursuant to a liquidity or dissolution event.

As of December 31, 2020 and 2019, no SAFE agreements had been converted into equity, nor had any terminated or expired based on the terms of the agreements.

As of December 31, 2020 and 2019, the Company had \$702,000 and \$232,000 of SAFE obligations outstanding, with valuation caps between \$1,800,000 and \$3,500,000.

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**5. SAFE Obligations (continued)**

The Company accounts for the SAFE agreements under ASC 480 (Distinguishing Liabilities from Equity), which requires that they be recorded at fair value as of the balance sheet date. Any changes in fair value are to be recorded in the statement of income. The Company has determined that the fair value at the date of issuance, and as of December 31, 2020 and 2019 are both consistent with the proceeds received at issuance, and therefore there is no mark-to-market fair value adjustments required or reflected in income for the years ended December 31, 2020 and 2019.

**6. Note Payable – Related Party**

Since inception, related parties have provided loans to the Company valued at \$119 and \$119 as of December 31, 2020 and 2019, respectively. Interest is accrued annually at 0% per annum. There are no minimum monthly payments.

**7. Equity**

**Common Stock**

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 15,000,000 shares, at \$0.0001 par value per share. As of December 31, 2020, and 2019, 10,101,010 shares have been issued and are outstanding.

**8. Going Concern**

These financial statements are prepared on a going concern basis. The Company registered on February 19, 2019 and has established and presence and operations in the United States. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve and sustain 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.

**9. Subsequent Events**

**SAFE Obligations**

During 2020, the Company has issued an additional \$100,000 of SAFE obligations, with the same terms, as discussed in Note 5 of the financial statements.

**Crowdfunding Offering**

The Company is offering (the "Crowdfunded Offering") up to \$1,070,000 in Simple Agreements for Future Equity (SAFEs). The Company is attempting to raise a minimum amount of \$25,000 in this offering and up to \$1,070,000 maximum. 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 OpenDeal Portal LLC (the "Intermediary" aka "Republic" or "Republic.co"). The Intermediary will be entitled to receive a 6% commission fee and 2% of the securities issued in this offering.

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**9. Subsequent Events (continued)**

***Managements Evaluation***

The Company has evaluated subsequent events through May 3, 2021, the date through which the financial statement was available to be issued. It has been determined that no events require additional disclosure.

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