

# Copytrack Technologies Inc.

Financial Statements and Report

December 31, 2022

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# TESSERACT ADVISORY GROUP

## Independent Accountant's Review Report

To Management of:  
Copytrack Technologies Inc.

We have reviewed the accompanying financial statements of Copytrack Technologies Inc. (the company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, stockholders' equity, and cash flows for the period then ended (since inception on August 4, 2022), and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the company's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements

for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

*We are required to be independent of Copytrack Technologies Inc. (the company) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.*

### **Accountant's Conclusion**

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

### **Substantial Doubt About the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 5 to the financial statements, the company was recently formed, has yet to begin operations and will require investment to fund operations and has stated that substantial doubt exists about the company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 5. The 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.

*Tesseract Advisory Group LLC*

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Tesseract Advisory Group, LLC  
OWINGS MILLS, MD  
May 10, 2023

**Copytrack Technologies Inc.**

Balance Sheet

As of December 31, 2022

<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ -
<b>Total Current Assets</b>	<b>-</b>
<b>Total Assets</b>	
<b>-</b>	
<b>Liabilities &amp; Stockholders' Equity</b>	
Liabilities	
Accounts payable and accrued expenses	-
<b>Total Current Liabilities</b>	<b>-</b>
<b>Total Liabilities</b>	
<b>-</b>	
Stockholders' Equity	
Common stock, 10,000,000 shares authorized; 9,000,000 shares issued and outstanding; \$0.0001 par value	900
Additional paid-in capital	4,714
Retained Earnings (Accumulated Deficit)	(5,614)
<b>Total Stockholders' Equity</b>	<b>-</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$ -</b>

**Copytrack Technologies Inc.**

Statement of Income

For the period (since inception on August 4, 2022) ended December 31, 2022

<b>Operating Expenses</b>	
Legal and other professional fees and services	\$ 5,000
Licenses	614
<b>Total Operating Expenses</b>	<b>5,614</b>
<b>Net Income (Loss)</b>	<b>\$ (5,614)</b>

**Copytrack Technologies Inc.**

## Statement of Stockholders' Equity

For the period (since inception on August 4, 2022) ended December 31, 2022

	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings (Accumulated Deficit)</b>	<b>Total Stockholders' Equity</b>
Balance at August 4, 2022	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ (5,614)	\$ (5,614)
Issuance of 9,000,000 shares of common stock	900	-	-	900
Owner contributions	-	4,714	-	4,714
<b>Balance at December 31, 2022</b>	<b>\$ 900</b>	<b>\$ 4,714</b>	<b>\$ (5,614)</b>	<b>\$ -</b>

**Copytrack Technologies Inc.**

Statement of Cash Flows

For the period (since inception on August 4, 2022) ended December 31, 2022

<b>Cash Flows</b>	
<b>Cash Flows From Operating Activities</b>	
Net income (loss)	\$ (5,614)
<hr/>	
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(5,614)</b>
<hr/>	
<b>Cash Flows from Financing Activities</b>	
Proceeds from issuance of common stock	900
Owner capital contributions	4,714
<hr/>	
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>5,614</b>
<hr/>	
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>
Cash and cash equivalents at beginning of period	-
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<b>Cash and Cash Equivalents at December 31, 2022</b>	<b>\$ -</b>

## **Notes to the Financial Statements**

## **Copytrack Technologies Inc.**

### Notes to the Financial Statements

For the period (since inception on August 4, 2022) ended December 31, 2022

#### **1. Summary of significant accounting policies**

##### **a. Nature of operations**

Copytrack Technologies Inc. (the Company) provides global image monitoring technology to track the distribution and illegal image use as well as product piracy for brands, agencies, publishers, photographers and influencers. The Company's crawling technology and image AI enables the global monitoring of images, brands and products no matter whether the images are cropped, flipped, changed in color or part of a larger images.

The Company was incorporated in the State of Delaware on August 4, 2022.

##### **b. Basis of accounting**

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

##### **c. Use of estimates**

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

##### **d. Fair value measurements**

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

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

## **Copytrack Technologies Inc.**

### Notes to the Financial Statements

For the period (since inception on August 4, 2022) ended December 31, 2022

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

The carrying amounts of financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature

#### **e. Income taxes**

The Company applies ASC 740 Income Taxes (“ASC 740”). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is “more likely than not” that the position is sustainable upon examination by the relevant taxing authority based on its technical merit. The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company uses a December 31 year end for income tax reporting purposes and files a Corporate tax return annually. The Company’s provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are related to differences in calculating depreciation on fixed assets, timing of deductions for certain accrued expenses, and taxes related to net operating losses. 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

## Copytrack Technologies Inc.

### Notes to the Financial Statements

For the period (since inception on August 4, 2022) ended December 31, 2022

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. Accordingly, the financial statements for the period from inception to December 31, 2022 do not include a provision for income taxes.

#### f. Comprehensive income

The does not have any comprehensive income items other than net income.

## 2. Stockholders' equity

Share capital comprises an unlimited number of Class A, B and C shares having the following principal characteristics:

Class A shares, 6,315,762 regular shares (1 voting right/share)

Class B shares, 100,000 shares (100 voting rights/share)

Class C shares, 3,584,238 shares (without voting rights)

Under the articles of incorporation, the Company is authorized to issue 10,000,000 shares of stock at a par value of \$0.0001 per share. As of December 31, 2022, the number of shares issued and outstanding was 9,000,000.

The number of shares issued and outstanding by class is as follows:

Share class	Authorized	Issued
Class A	6,315,762	5,315,762
Class B	100,000	100,000
Class C	3,584,238	3,584,238
Total shares	10,000,000	9,000,000

## 3. Commitments and contingencies

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

## 4. Related parties

## **Copytrack Technologies Inc.**

### Notes to the Financial Statements

For the period (since inception on August 4, 2022) ended December 31, 2022

The Company has a technology and trademark purchase agreement whereby it purchases intellectual property from Copytrack GmbH, a company based in Germany and under common ownership. The Company also licenses intellectual property back to Copytrack GmbH.

#### **5. Going concern**

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. As shown in the accompanying financial statements, the Company was recently formed, has yet to begin operations and will require investment to fund operations. Those factors and conditions create a substantial doubt about the Company's ability to continue as a going concern for the year following the date the financial statements are available to be issued. Management of the Company has evaluated these conditions and has proposed a plan to raise capital via a crowdfunding campaign. The ability of the Company to continue as a going concern and meet its obligations as they become due is dependent on management's ability to successfully implement the plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### **6. Subsequent events**

Management evaluated all activity of the Company through May 10, 2023 (the issuance date of the financial statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.