



FARADAY LABS INC.
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT



TABLE OF CONTENTS

Independent Accountant's Review Report	2
Balance Sheet	3
Statement of Income	4
Statement of Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



Belle Business Services

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Faraday Labs Inc.
Santa Monica, California

We have reviewed the accompanying financial statements of Faraday Labs Inc., which comprise the balance sheet as of December 31, 2021, and the related statement of income, statement of equity and statement of cash flows for the year 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. We are required to be independent of Faraday Labs Inc. and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our review.

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 7, 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 5, 2022

275 HILL STREET, SUITE 260 • RENO, NV 89501 • 775.525.ITAX (1829) • WWW.BELLE.CPA

FARADAY LABS INC.
BALANCE SHEET
DECEMBER 31, 2021
(unaudited)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	297,157
Accounts receivable, net		253
Inventory		426,320
Prepaid expenses and other current assets		12,015

TOTAL CURRENT ASSETS		735,745
----------------------	--	---------

PROPERTY AND EQUIPMENT

Property and equipment, net		11,421
-----------------------------	--	--------

TOTAL ASSETS	\$	747,166
---------------------	-----------	----------------

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	168,375
Other current liabilities		23,915
Factoring liability		462,172

TOTAL CURRENT LIABILITIES		654,462
---------------------------	--	---------

TOTAL LIABILITIES		654,462
--------------------------	--	----------------

SHAREHOLDERS' EQUITY

Preferred stock, see note 6		538
Common stock, see note 6		716
Additional paid-in capital		1,726,048
Additional paid-in capital - convertible notes		1,313,442
Accumulated deficit		(2,948,040)

TOTAL SHAREHOLDERS' EQUITY		92,704
----------------------------	--	--------

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	747,166
---	-----------	----------------

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

**FARADAY LABS INC.
STATEMENT OF INCOME
DECEMBER 31, 2021
(unaudited)**

REVENUES	\$ 2,908,972
COST OF GOODS SOLD	<u>1,417,168</u>
GROSS PROFIT	1,491,804
OPERATING EXPENSES	
Depreciation expense	3,329
General and administrative	1,173,888
Research and development	456,980
Sales and marketing	<u>1,088,058</u>
TOTAL OPERATING EXPENSES	2,722,255
NET OPERATING LOSS	<u>(1,230,451)</u>
OTHER INCOME/(EXPENSES)	
Interest income	299
Interest expense	(22,258)
Payroll tax refund	28,813
Other expenses	<u>(666)</u>
TOTAL OTHER INCOME/(EXPENSES)	<u>6,188</u>
NET LOSS	<u><u>\$ (1,224,263)</u></u>

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

FARADAY LABS INC.
STATEMENT OF EQUITY
DECEMBER 31, 2021
(unaudited)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Additional Paid-in Capital Convertible Notes</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
BEGINNING BALANCE, JANUARY 1, 2021 (RESTATED)	5,382,271	\$ 538	7,159,172	\$ 716	\$ 1,672,012	\$ 200,532	\$ (1,723,777)	\$ 150,021
Issuance of convertible notes and accrued interest	-	-	-	-	-	1,112,910	-	\$ 1,112,910
Stock options vested	-	-	-	-	54,036	-	-	\$ 54,036
Net loss	-	-	-	-	-	-	(1,224,263)	\$ (1,224,263)
ENDING BALANCE, DECEMBER 31, 2021	<u>5,382,271</u>	<u>\$ 538</u>	<u>7,159,172</u>	<u>\$ 716</u>	<u>\$ 1,726,048</u>	<u>\$ 1,313,442</u>	<u>\$ (2,948,040)</u>	<u>\$ 92,704</u>

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

FARADAY LABS INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2021
(unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (1,224,263)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	3,329
Stock based compensation	54,036
(Increase) decrease in assets:	
Accounts receivable	(164)
Inventory	(71,310)
Prepaid expenses and other current assets	(4,337)
Increase (decrease) in liabilities:	
Accounts payable	(75,535)
Accrued interest on convertible notes	22,258
Other current liabilities	336

CASH USED FOR OPERATING ACTIVITIES (1,295,650)

CASH FLOWS FROM INVESTING ACTIVITIES

Cash used for fixed assets (10,640)

CASH USED FOR INVESTING ACTIVITIES (10,640)

CASH FLOWS FROM FINANCING ACTIVITIES

Issuance of factored accounts 319,550
Issuance of convertible notes 1,090,652

CASH PROVIDED BY FINANCING ACTIVITIES 1,410,202

NET INCREASE IN CASH 103,912

CASH AT BEGINNING OF YEAR 193,245

CASH AT END OF YEAR \$ 297,157

CASH PAID DURING THE YEAR FOR:

INTEREST \$ -

INCOME TAXES \$ -

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

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. Summary of Significant Accounting Policies

The Company

Faraday Labs Inc. dba Lambs (the “Company”) was incorporated in the State of Delaware on July 17, 2018. Previously, the Company was incorporated as Spartan Wear Inc. in the State of Delaware July 17, 2018. The Company specializes in the first radiation proof technology apparel that provides multiple health benefits to the consumers. The Company’s headquarters are located in Santa Monica, California.

Going Concern – Substantial Doubt Alleviated

These financial statements are prepared on a going concern basis. The Company began operation in 2018 and has incurred net losses since inception. The losses were anticipated and approved by the Company’s board to accelerate Company’s growth and R&D. The Company’s ability to continue was dependent upon management’s plan to raise additional funds and achieve profitable operations. Management has evaluated these conditions and raised an additional funds in 2021. As of January 2022, the Company achieved profitable operations. Management has determined that these factors alleviate the going concern uncertainty.

Limitation of 2021 Revenues Due to Inventory and Supply Chain - Challenge Resolved

The Company’s ability to generate revenues in 2021 was impacted by the global supply chain crisis. The Company was out of stock for approximately 50% of the year. This negatively impacted revenues and profitability for the year. Management estimates that Company would have posted revenues of over \$6,000,000 in 2021, with a positive net margin if it had managed to stay in-stock. The Company has now duplicated its supply chain in different parts of the world and management believes that this issue will not impact future growth.

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). In the opinion of management, all adjustments considered necessary for the fair presentation of the financial statements for the year presented have been included.

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, 2021, 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.

See independent accountant’s review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Risks and Uncertainties (continued)

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 2022 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, 2021.

Accounts Receivable

The Company's trade receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2021, the Company believed all amounts in accounts receivable are collectable.

Inventory

Inventories are stated at the lower of standard cost (which approximates cost determined on a first-in, first-out basis) or market. At December 31, 2021, the balance of inventory related to finished goods was \$190,120 and the balance of inventory related to raw materials was \$236,200.

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. Office equipment and manufacturing equipment is depreciated over three 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 corporation in the federal jurisdiction of the United States. The Company sustained net operating losses since inception. Net operating losses

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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 California.

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:

- 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

Effective January 1, 2019, 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. Prior to the adoption of ASC 606, the Company recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

collectability was reasonably assured. The Company generates revenues by selling radiation-proof apparel. The Company's payments are generally collected upfront. For the year ending December 31, 2021, the Company recognized \$2,908,972 in revenue.

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.

Stock Compensation Expense

ASC 718, Compensation – Stock Compensation, prescribes accounting and reporting standards for all share-based payment transactions. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees and non-employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values at the grant date. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, Equity – Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair grant date FV of equity instruments. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date. Share-based compensation expense for the year ended December 31, 2021, was \$54,035.

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.

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 August 2020, the FASB issued ASU 2020 – 06, *Debt, Debt with conversion and other options (Subtopic 470-20) and derivatives and hedging – contracts in an entity's own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity's own equity)*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The adoption of ASU 2018-15 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, 2021:

Property and equipment at cost:

Office Equipment	\$ 6,772
Manufacturing equipment	9,013
	<u>15,785</u>
Less: Accumulated depreciation	<u>(4,364)</u>
Total	<u><u>\$ 11,421</u></u>

4. Reverse Factoring Liability

Pursuant to a reverse factoring agreement, the majority of the Company's payables are assigned on a pre-approved basis to an outside Company. At December 31, 2021 the factoring charge amounted to 1.4% of the payable assigned. The Company's obligations to the factor are collateralized by all of the Company's accounts receivable, inventories, and equipment. The advances for factored payables are made pursuant to a revolving credit and security agreement. Pursuant to the terms of the agreement, the Company is required to maintain specified levels of working capital and tangible net worth, among other covenants. The Company draws down working capital advances and opens letters of credit (up to an aggregate maximum of \$1 million) against the facility in amounts determined on a formula that is based on inventory, and cost of imported goods under outstanding letters of credit. A fee of 1.2% per month is charged on such advances. This allows the Company to extend each payable for up to an additional six months.

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

4. Reverse Factoring Liability (continued)

As of December 31, 2021, the Company was in compliance with the covenants under its revolving credit facility.

5. Prior Period Adjustments

Several adjustments were made during 2021 to the Company's 2020 (and prior financial statements), as listed below:

- During 2021, the Company received notice from the SBA that their PPP loan was forgiven in full, by the SBA. The PPP loan (\$64,140) was reclassified on the December 31, 2020 financial statements from Current Liabilities, on the Balance Sheet to Other Income on the Income Statement.
- Interest of \$532 was accrued on the outstanding convertible notes.
- Common stock was not stated at the par value of the stock for the number of issued shares. It was stated at the par value for authorized shares.
- The Company recorded stock compensation expense for the options that vested during (and prior to) December 31, 2020. This amounted to stock compensation expense of \$18,760 being recorded as additional paid in capital (on the Balance Sheet) and the corresponding amount as Stock Compensation Expense on the Income Statement. Additionally, \$16,927 of stock compensation expense was recorded prior to December 31, 2020, which effected both retained earnings and additional paid in capital. Below is the effect of the adjustments on the Statement of Equity.

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
Per 2020 Review	5,382,271	\$ 538	7,159,172	\$1,700	\$ 1,835,342	\$ (1,751,699)	\$ 85,881
Restated	5,382,271	\$ 538	7,159,172	\$ 716	\$ 1,872,544	\$ (1,723,777)	\$ 150,021
Difference	-	-	-	(984)	37,202	27,922	64,140

6. Equity

Preferred Stock

Under the amended articles of incorporation, the total number of preferred shares of stock that the Corporation shall have authority to issue is 5,919,606 shares at \$0.0001 par value per share. As of December 31, 2021, 5,382,271 shares of Preferred Stock have been issued and are outstanding.

Common Stock

Under the amended articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 17,000,000 shares, at \$0.0001 par value per share. As of December 31, 2021, 7,159,172 shares have been issued and are outstanding.

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

6. Equity (continued)

Additional Paid-In Capital – Convertible Notes

The Company has issued several promissory notes totaling principal of \$1,290,651. The notes carry 2% APRs and maturity dates in 2023.

The convertible promissory notes are unsecured and are convertible into shares of the Company's preferred stock upon a subsequent qualified financing event of at least \$1,000,000, sale of the Company or at the maturity date. As they are not repayable to the noteholder, the Company has elected to include them in additional paid-in capital. In the event of a qualified financing event the notes and accrued interest are convertible into a price per share equal to the lesser of (i) 80% of the price per share paid by the other purchasers of the preferred stock sold in the qualified financing and (ii) an amount obtained by dividing 13,500,000 by the fully diluted capitalization of the Company. In the event that a qualified financing does not occur, the notes and accrued interest are convertible into the number of shares obtained by dividing 13,500,000 by the fully diluted capitalization of the Company. In the event of a conversion upon change of control, the notes and accrued interest are either due and payable immediately prior to the closing or convert the same way it would upon maturity.

Equity Incentive

The Company's amended 2019 Equity Plan (the Plan), which is shareholder approved, permits the grant of share options and shares to its employees, advisors and subcontractors for up to 2,725,896 shares of common stock. The Company believes that such awards better align the interests of its employees, advisors and subcontractors with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on four years of continuous service and have 10-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Plan. As of December 31, 2021, 1,972,862 shares have been issued under the Plan, with a total of 1,177,451 of vested shares. The remaining 795,411 unvested shares will vest over the next four years. The Company recorded \$54,036 as stock compensation expense for the shares that vested during the year ending December 31, 2021.

7. Going Concern – Substantial Doubt Alleviated

These financial statements are prepared on a going concern basis. The Company began operation in 2018 and has incurred net losses since inception. The losses were anticipated and approved by the Company's board to accelerate Company's growth and R&D. The Company's ability to continue was dependent upon management's plan to raise additional funds and achieve profitable operations. Management has evaluated these conditions and raised an additional funds in 2021. As of January 2022, the Company achieved profitable operations. Management has determined that these factors alleviate the going concern uncertainty.

8. Subsequent Events

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.

See independent accountant's review report.

FARADAY LABS INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(unaudited)

7. Subsequent Events (continued)

Crowdfunding Offering (continued)

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 5% commission fee and 1.5% of the securities issued in this offering.

Managements Evaluation

The Company has evaluated subsequent events through May 5, 2022, the date through which the financial statement was available to be issued. It has been determined that no events require additional disclosure.

See independent accountant's review report.