

bluShift Aerospace, Inc. (the “Company”) a Delaware

Corporation

Financial Statements

For the fiscal year ended December 31, 2022

Unaudited

bluShift Aerospace, Inc.

Balance Sheet

As of December 31, 2022

	Dec 31, 22
ASSETS	
Current Assets	
Checking/Savings	
10001 · Bangor Savings - Checking	60,420.55
Middlesex Bank - Checking	173.19
Total Checking/Savings	60,593.74
Accounts Receivable	
11000 · Accounts Receivable	18,000.00
Total Accounts Receivable	18,000.00
Total Current Assets	78,593.74
Fixed Assets	
15100 · Leasehold Improvement	12,674.26
17000 · Accumulated Depreciation	-1,056.00
Total Fixed Assets	11,618.26
Other Assets	
18000 · Security Deposit	858.00
Total Other Assets	858.00
TOTAL ASSETS	91,070.00
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Payables	
20100 · Accounts Payable	3,660.80
Total 20000 · Payables	3,660.80
Total Accounts Payable	3,660.80
Credit Cards	
21000 · Capital One CC	7,328.15
Middlesex Cr Card at Elan -4193	6,077.57
Total Credit Cards	13,405.72
Other Current Liabilities	
23000 · Other Current Liabilites	
23200 · Payroll Liabilities	10,761.98
Total 23000 · Other Current Liabilites	10,761.98
25000 · Related Party Debt	
25200 · Shareholder Loan	63,400.49
25100 · Rel. Party Loan - altE	47,629.04
Total 25000 · Related Party Debt	111,029.53
Total Other Current Liabilities	121,791.51
Total Current Liabilities	138,858.03

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Accrual Basis

bluShift Aerospace, Inc.

Balance Sheet

As of December 31, 2022

	Dec 31, 22
Long Term Liabilities	
28000 · External Debt	
28100 · MTI Note 2020	99,981.00
28200 · MTI Note 2021-2022	300,000.00
28300 · SAFE Note Payable	1,239,584.36
Total 28000 · External Debt	1,639,565.36
Total Long Term Liabilities	1,639,565.36
Total Liabilities	1,778,423.39
Equity	
30100 · Common Stock	1,000.00
30200 · Add'l Paid in Capital	194,645.66
32000 · Retained Earnings	-1,179,617.21
Net Income	-703,381.84
Total Equity	-1,687,353.39
TOTAL LIABILITIES & EQUITY	91,070.00

bluShift Aerospace, Inc.
Profit & Loss
January through December 2022

	Jan - Dec 22
Ordinary Income/Expense	
Income	
41000 · Grant Income	162,528.00
Total Income	162,528.00
Gross Profit	162,528.00
Expense	
67000 · Research & Development	
66000 · Employee Expenses	
66030 · Intern	4,174.38
66010 · Salaries & Wages	440,781.11
66020 · Payroll Taxes	36,457.83
63300 · Employee Benefits	11,266.35
66040 · Worker's Compensation	3,887.38
66050 · Payroll Processing Fees	-205.35
66000 · Employee Expenses - Other	0.00
Total 66000 · Employee Expenses	496,361.70
67200 · Direct Travel	
67210 · R&D Lodging	2,696.22
67220 · R&D Meals	1,988.11
67230 · R&D Transportation	5,638.92
Total 67200 · Direct Travel	10,323.25
67300 · R&D Freight	311.87
62600 · Equipment Rental	4,280.64
67400 · Test Site Materials	6,669.70
67500 · R&D Consultants	40,126.74
67600 · R&D Services	2,027.97
67700 · Test Consumable	37,312.26
67800 · R&D Software	-5,050.69
67900 · R&D Materials & Supplies	69,242.92
Total 67000 · Research & Development	661,606.36
S, G & A	
60400 · Bank Charges	639.12
61700 · Computer and Internet Expenses	
61710 · Website	40.72
61720 · Internet	216.00
61730 · Software & Subscriptions	18,761.48
61700 · Computer and Internet Expenses - Other	5,497.06
Total 61700 · Computer and Internet Expenses	24,515.26
62000 · Continuing Education	
62010 · Training	1,050.00
62000 · Continuing Education - Other	25.00
Total 62000 · Continuing Education	1,075.00
63000 · Marketing & Adverting Expenses	
63100 · Social Media	6,246.36
63200 · Marketing Consultant	7,880.00
63400 · Advertising	7,867.35
63500 · Public Relations	10,276.00
63600 · Marketing Other	15,388.73
Total 63000 · Marketing & Adverting Expenses	47,658.44

bluShift Aerospace, Inc.
Profit & Loss
January through December 2022

	Jan - Dec 22
64100 · Professional Fees	
64120 · Finance	81,041.00
64130 · Legal Fees	20,823.06
Total 64100 · Professional Fees	101,864.06
64200 · Licenses & Permits	
64211 · Taxes & Fees	164.84
64210 · Certifications & Filings	2,987.00
Total 64200 · Licenses & Permits	3,151.84
64400 · Dues & Subscriptions	75.96
64500 · Insurance	500.37
64900 · Office Supplies & Expenses	
64910 · Postage & Shipping	288.37
64900 · Office Supplies & Expenses - Other	13,713.63
Total 64900 · Office Supplies & Expenses	14,002.00
67100 · Rent Expense	-2,025.00
68400 · Travel Expense	
68410 · SGA Transportation	4,361.29
68420 · SGA Lodging	217.31
64300 · SGA Meals and Entertainment	2,671.89
Total 68400 · Travel Expense	7,250.49
68600 · Utilities	5,357.44
68700 · Charitable Contributions	500.00
68800 · SGA Miscellaneous Expense	0.00
Total S, G & A	204,564.98
69800 · Uncategorized Expenses	0.00
Total Expense	866,171.34
Net Ordinary Income	-703,643.34
Other Income/Expense	
Other Income	
70100 · Misc Income	174.60
70200 · Credit Card Cash Back	1,277.63
Total Other Income	1,452.23
Other Expense	
80100 · Interest Expense	1,190.73
Total Other Expense	1,190.73
Net Other Income	261.50
Net Income	-703,381.84

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TOTAL LIABILITIES & EQUITY	91,070.00

Statement of cash flows (GAAP package) — 2022

Report period: 01/01/2022 to 12/31/2022. Accrual basis.

Company: bluShift Aerospace, Inc.

Executive summary

This package contains the Statement of Cash Flows exported directly from QuickBooks Online for calendar year 2022.

Statement of cash flows detail

Full Name	Net Income Total
OPERATING ACTIVITIES:Net Income	-\$760,030.93
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Accounts Receivable	\$0.00
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Credit Cards:Capital One CC	\$5,191.60
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Credit Cards:Middlesex Cr Card at Elan -4193	-\$8,134.06
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Other Current Liabilities:Accrued Expenses	-\$39,726.63
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Other Current Liabilities:Payroll Liabilities	\$0.00
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Other Current Liabilities:Payroll Liabilities:Direct Deposit Liabilities	\$0.00
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Payables:Accounts Payable	-\$3,660.80
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Payroll Asset	\$0.00
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Related Party Debt:Rel. Party Loan - altE	\$59,464.89
OPERATING ACTIVITIES:Adjustments to reconcile Net Income to Net Cash provided by operations::Related Party Debt:Shareholder Loan	\$83,000.00
INVESTING ACTIVITIES:Accumulated Depreciation	\$845.00
FINANCING ACTIVITIES:External Debt:MTI Note 2021-2022	\$100,000.00

Full Name	Net Income Total
FINANCING ACTIVITIES:SAFE Note Payable:2022 WeFunder SAFE Note	\$458,225. 36
NET CASH INCREASE FOR PERIOD	-\$104,825 .57
Cash at beginning of period	\$165,419. 31
CASH AT END OF PERIOD	\$60,593.7 4

bluShift Aerospace, Inc.
Statement of Changes in Equity

Accounts	2022
Opening balance of stockholders' deficit, January 1, 2022 (1)	\$(1,084,973)
Net loss	(703,382)
Increase in additional paid-in capital, source unidentified (2)	30,000
Adjustment to opening accumulated deficit, unreconciled (3)	71,002
Closing balance of stockholders' deficit, December 31, 2022 (4)	\$(1,687,353)

Supporting detail by equity component

Accounts	Common stock	Additional paid-in capital	Accumulated deficit	Total
Balance, January 1, 2022	\$1,000	\$164,646	\$(1,250,619)	\$(1,084,973)
Net loss			(703,382)	(703,382)
Increase in APIC (2)		30,000		30,000
Opening deficit adjustment (3)			71,002	71,002
Balance, December 31, 2022	\$1,000	\$194,646	\$(1,882,999)	\$(1,687,353)

Unaudited

bluShift Aerospace, Inc.
Notes to the Financial Statements
For the fiscal year ended December 31, 2022
\$USD

1. ORGANIZATION AND PURPOSE

bluShift Aerospace, Inc. (the “Company”) is a corporation organized on October 10, 2014 under the laws of Delaware.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company’s significant accounting policies applied in the preparation of the accompanying financial statements follows:

a) Basis of Accounting

The Company prepares its financial statements on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

b) Use of Estimates and Assumptions

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

c) Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

d) Legal Fees

Legal fees consist of legal services provided for the creation of the Company and equity financing.

e) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. COMMITMENTS, CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations.

4. SUBSEQUENT EVENT

The Company has evaluated events and transactions subsequent to the period. No events require recognition in the financial statements or disclosures of the Company per the definitions and requirements of ASC Section 855-10, Subsequent Events.