WEATHERFLOW-TEMPEST, INC.

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022, AND 2021

(Expressed in United States Dollars)

WeatherFlow-Tempest, Inc.
Index

WeatherFlow-Tempest Inc
(A Delaware Corporation)
Balance Sheet
For The Years Ending December 31, 2022 and 2021

	Total	
	2022	**2021**
ASSETS		
Current Assets		
Cash Accounts	167,334	887,867
Accounts Receivable	121,751	169,808
Deposit - TOA Licensing Option	100,000	
Inventory	701,273	597,627
Prepaid Expenses and Deposits	1,251,628	384,510
Total Current Assets	**2,341,986**	**2,039,812**
Fixed Assets		
Fixed Asset	142,972	142,972
Accumulated Depreciation	-108,099	-87,099
Total Fixed Assets	**34,873**	**55,873**
Other Assets		
Security Deposits	1,192	1,192
Net Intangible Assets	71,000	71,000
Total Other Assets	**72,192**	**72,192**
TOTAL ASSETS	**2,449,051**	**2,167,877**
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable - Trade	789,860	312,485
Credit Cards	121,966	119,268
Investor Advance		300,000
Accrued Expenses	436,704	106,190
Deferred Revenue	1,075	1,091
Due To/From WFn Holdings, Inc.	-47,399	14,846
Short Term Borrowings	586,631	117,159
Total Current Liabilities	**1,888,837**	**971,040**
Long-Term Liabilities		
Notes Payable	1,230,000	930,000
Total Long-Term Liabilities	**1,230,000**	**930,000**
Total Liabilities	**3,118,837**	**1,901,040**
Equity		
Common Stock	12,900	12,900
Additional Paid-In Capital	3,076,318	2,972,068
StartEngine Receipts	2,174,035	827,087
Retained Earnings	-3,545,219	-2,386,910
Net Income	-2,382,967	-1,158,308
Total Equity	**-664,933**	**266,837**
TOTAL LIABILITIES AND EQUITY	**2,453,904**	**2,167,876**

See accompanying notes to financial statements

WeatherFlow-Tempest Inc
(A Delaware Corporation)
Profit and Loss Statement
For The Years Ending December 31, 2022 and 2021

	Total	
	2022	**2021**
Income	9,267,465	8,295,461
Cost of Goods Sold	4,370,297	3,469,453
Gross Profit	**4,897,168**	**4,826,008**
Operating Expenses		
General and Administrative	5,702,521	4,574,832
Marketing	1,398,949	1,224,795
Research & Development	116,964	114,342
Total Expenses	**7,218,434**	**5,913,969**
Net Operating Income	**(2,321,266)**	**(1,087,961)**
Income Tax	800	800
Interest Expense	60,901	69,549
Net Other Income	**(61,701)**	**(70,349)**
Net Income	**(2,382,967)**	**(1,158,310)**

See accompanying notes to financial statements

WeatherFlow-Tempest Inc

(A Delaware Corporation)

Statement of Shareholders Equity

For The Years Ending December 31, 2022 and 2021

	Common stock		Additional Paid-in Capital	Equity Issuance Costs	Subscription Receivable	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount					
Balance - Dec 31 2019	12,076,885	12,077	1,195,612		-	(1,406,959)	(199,270)
Capital Contribution	-	-	1,078,664		-	-	1,078,664
Net income (loss)	-	-	-		-	(979,951)	(979,951)
Balance - Dec 31 2020	12,076,885	12,077	2,274,276	-	-	(2,386,910)	(100,557)
Capital Contribution	823,238	823	1,653,625	(75,314)	(53,431)	-	1,525,703
Net income (loss)	-	-	-		-	(1,158,308)	(1,158,308)
Balance - Dec 31, 2021	12,900,123	12,900	3,927,901	(75,314)	(53,431)	(3,545,218)	266,838
Shares issued for service	695,000	104,250				-	104,250
Capital Contribution	1,063,518	1,397,488		(103,971)	53,431	-	1,346,948
Net income (loss)	-	-	-		-	(2,382,967)	(2,382,967)
Balance - Dec 31, 2022	14,658,641	1,514,638	3,927,901	(179,285)	-	(5,928,185)	(664,931)

See accompanying notes to financial statements

WeatherFlow-Tempest Inc

(A Delaware Corporation)

Statement of Cash Flow

For The Years Ending December 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Net Income	(2,382,967)	(1,158,308)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Accounts Receivable	47,377	270,424
Inventory	(103,646)	340,498
Prepaid Expenses and Deposits	(617,876)	(319,746)
Deposit - TOA Licensing Option	(100,000)	
Accounts Payable	769,146	(355,628)
Credit Card	2,698	(49,720)
Other Current Liabilities	(576,935)	(240,210)
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	(579,235)	(354,382)
Net cash provided by operating activities	**(2,962,202)**	**(1,512,690)**
INVESTING ACTIVITIES		
Purchases of property and equipment		(15,244)
Accumulated Depreciation	21,000	21,249
Amortization of intangibles		10,000
Net cash provided by investing activities	**21,000**	**16,005**
FINANCING ACTIVITIES		
Short term borrowings	469,472	701,185
Convertible Notes Payable	300,000	
Additional Paid-In Capital	104,250	1,653,625
Issuance of Common Stock		823
StartEngine Receipts:StartEngine Gross	1,397,488	
StartEngine Receipts:StartEngine Platform & Other Fees	(103,971)	(75,314)
StartEngine Receipts:StartEngine Deposit Hold	53,431	(53,431)
Net cash provided by financing activities	**2,220,669**	**2,226,888**
Net cash increase for period	**(720,533)**	**730,203**
Cash at beginning of period	887,867	157,664
Cash at end of period	**167,334**	**887,867**

See accompanying notes to financial statements

WeatherFlow-Tempest, Inc.
Notes to Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS

WeatherFlow-Tempest, Inc. was founded on December 26, 2018, in the state of Delaware. As of December 31, 2020, WeatherFlow-Tempest, Inc. was a wholly owned subsidiary of WFn Holdings, Inc. Effective April 1, 2021, the parent company, WFn Holdings, inc. has agreed to a spin-off agreement. As a result of the spin-off, WeatherFlow-Tempest, Inc. is no longer a subsidiary of the parent company. The financial statements of WeatherFlow-Tempest, Inc. (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Santa Cruz, California.

WeatherFlow-Tempest, Inc. operates in the private weather industry, selling products and services that deliver weather data – both observations and forecasts. Products and services include weather stations systems, weather meters, subscription applications, SaaS tools and licensed data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at net realizable value or the amount that the Company expects to collect on gross customer trade receivables. We estimate losses on receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As of December 31, 2022, and 2021, the Company determined that no reserve was necessary.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs related to raw materials and finished goods which are determined using a first-in-first-out method.

Property and Equipment

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment is as follows:

Category	Useful Life
Machinery and equipment	5 years
Furniture and fixtures	5-7 years
Computer equipment	5 years
Leasehold improvements	15 years

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

Intangible Assets

The Company capitalizes professional fees incurred in connection with patenting its intellectual property, which will be amortized over the expected period to be benefitted, not to exceed the patent lives, which may be as long as 10 years.

Income Taxes

WeatherFlow-Tempest, Inc. is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

Concentration of Credit Risk

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

Revenue Recognition

ASC Topic 606, “Revenue from Contracts with Customers” establishes principles for reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

1) Identify the contract with a customer

2) Identify the performance obligations in the contract

3) Determine the transaction price

4) Allocate the transaction price to performance obligations in the contract; and

5) Recognize revenue as the performance obligation is satisfied.

The Company earns revenues earned from subscriptions to its weather application and from smartweather™ device sales.

Cost of Sales

Costs of goods sold include the cost of hardware costs, freight and delivery, packaging and etc.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred. Advertising and promotional expense for the years ended December 31, 2022, and December 31, 2021, amounted to $942,663 and $867,924, respectively, which is included in sales and marketing expense.

Research and Development Costs

Costs incurred in the research and development of the Company’s products are expensed as incurred.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through March 31, 2023, which is the date the financial statements were issued.

Recently Issued and Adopted Accounting Pronouncements

In February 2019, FASB issued ASU No. 2019-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be 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. This standard did not have a material impact.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The standard implementation did not have a material impact.

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

3. DETAILS OF CERTAIN ASSETS AND LIABILITIES

Account receivables consist primarily of trade receivables, accounts payable consist primarily of trade payables.

Short-Term Borrowings

The Company has a short-term financing agreement with Shopify Capital during the year ended December 31, 2022, which has been included under short-term borrowings. The Company had an extended long-term financing agreement with vendor Sunrado Technology, which has been included under short-term borrowings as of December 31, 2021 that was paid in 2022

4. CAPITALIZATION AND EQUITY TRANSACTIONS

Common Stock

The Company is authorized to issue 25,000,000 shares of common shares with par value of $0,001. As of December 31, 2022, 14,658,641 shares have been issued and are outstanding. As of December 31, 2021, 12,900,123 shares were issued and outstanding.

5. INCOME TAXES

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2022, and December 31, 2021. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carry-forward period are reduced or increased.

For the fiscal year ending December 31, 2021, the Company had federal cumulative net operating loss ("NOL") carryforwards of $3,544,418, and the Company had state net operating loss ("NOL") carryforwards of approximately $3,544,418. Utilization of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. The federal net operating loss carryforward is subject to an 80% limitation on taxable income, does not expire, and will carry on indefinitely.

The Company recognizes the impact of a tax position in the financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2021, and December 31, 2020, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2021, and December 31, 2020, the Company had no accrued interest and penalties related to uncertain tax positions.

6. RELATED PARTY

The Company currently licenses weather observation data and lightning data from WFn Holdings Inc (WFn) and its subsidiary TOA Systems LLC (TOA) under terms that provide certain exclusive rights. The Company was a wholly owned subsidiary of WFn prior to April 1, 2021, and WFn and the Company continue to share substantial common ownership. For the years ended December 31, 2022, and December 31, 2021, revenue to the Company under previous agreements with WFn were $0 and $215,000, and receivables were $47,399 and $0 respectively. For the years ended December 31, 2022, and December 31, 2021, the expense from the licensing agreements with WFn was $300,000 and $225,000. and the year-end accounts payables were $0, and $14,846, respectively.

In addition, under the terms of the licensing agreement the Company issued 695,000 shares of common stock to TOA as consideration for exclusive rights.

The Company revenues also included revenues from Synoptic Data PBC, a company in which WFn Holdings Inc owns a minority stake. As of December 31, 2022, and 2021, the Company's revenue from Synoptic Data PBC, was in the amount of $20,000 and $120,000, respectively.

7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from December 31, 2022, through March 31, 2023, the date the financial statements were available to be issued.

As of March 31, 2023, the company has raised an additional $972,181 capital funds through Start Engine. It has incurred fees of $110,158 related to the capital raised.

On January 31, 2023, the Company refinanced the "Amazon Seller Central Loan" and increased the principal by $100,067. The terms of the loan are 12 months at 12.99% interest rate.

There have been no other events or transactions during this time which would have a material effect on these financial statements.