ARTHUR CAPITAL INC.

FINANCIAL STATEMENTS

FROM INCEPTION (MARCH 24, 2020) YEAR ENDED DECEMBER 31, 2020

(Unaudited)

ARTHUR CAPITAL INC.
BALANCE SHEET
DECEMBER 31, 2020
(Unaudited/Amounts expressed in United States Dollars)

	2020
ASSETS	
Cash and cash equivalents	152
Accounts receivable, net	0
Inventories	0
Pre-paid expense	0
Investments in fixed maturity securities	0
Investments in equity securities	545,087
Investments in derivative securities	0
Property, plant and equipment	0
Equity method investments	0
Goodwill and other intangible assets	0
Total assets	**545,240**
LIABILITIES	
Accounts payable and accrued expenses, net	52
Interest payable	0
Loans payable and other borrowings	0
Deferred Revenue	0
Income tax payable	13,094
Deferred tax liability, net	3,518
Total liabilities	**16,665**
SHAREHOLDERS' EQUITY	
Common stock; par value $0.00001; 10,000,000 shares authorized; 6,100,000 shares issued and outstanding	61
Capital in excess of par value	466,021
Accumulated other comprehensive income	0
Retained earnings	62,494
Treasury stock, at cost	0
Total shareholders' equity	**528,575**
Total liabilities and shareholders' equity	**545,240**

See accompanying notes to the financial statements.

ARTHUR CAPITAL INC.
STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 2020
(Unaudited/Amounts expressed in United States Dollars)

	2020
REVENUES AND GAINS	
Sales, net	0
Interest and dividend income	0
Realized gain (loss) from investments in securities, net	62,404
Unrealized gain (loss) from investments in securities, net	16,754
Other revenues	0
Total revenues and gains	**79,158**
EXPENSES	
Cost of goods sold	0
Depreciation	0
Amortization	0
Research and development	0
Selling, general and administrative expenses	52
Interest expense	0
Total expenses	**52**
EARNINGS	
Earnings (loss) before tax	79,106
Equity method earnings	0
Foreign currency, net	0
Income tax (expense)	(13,094)
Deferred tax (expense) from unrealized gain or loss	(3,518)
Net earnings attributable to ARTHUR CAPITAL INC. shareholders	**62,494**
Net earnings per common share, basic and diluted	**0.01**
Average common shares outstanding, basic and diluted	6,100,000

See accompanying notes to the financial statements.

ARTHUR CAPITAL INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2020
(Unaudited/Amounts expressed in United States Dollars)

	Common Stock, Par Value $0.00001		Capital in excess of par value	Retained earnings	Treasury stock	Other comprehensive income	Total shareholders' equity
	Share Count	Amount					
Inception Date, March 24, 2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Issuance of common stock	6,100,000	61	466,021	-	-	-	466,082
Retained earnings	-	-	-	62,494	-	-	62,494
Dividend distribution	-	-	-	0	-	-	0
Treasury stock acquisition	-	-	-	-	0	-	0
Other comprehensive income	-	-	0	-	-	-	0
Balance, December 31, 2020	**6,100,000**	**61**	**466,021**	**62,494**	**0**	**0**	**528,575**

See accompanying notes to the financial statements.

ARTHUR CAPITAL INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(Unaudited/Amounts expressed in United States Dollars)

	2020
CASH FLOW FROM OPERATING ACTIVITIES	
Net earnings	62,494
Adjustments to reconcile net earnings to net cash used in operating activities:	
Realized (gain) loss from investments in securities, net	(62,404)
Unrealized (gain) loss from investments in securities, net	(16,754)
Share-based compensation expense	0
Depreciation	0
Amortization	0
Changes in operating assets and liabilities:	
Pre-paid expense	0
Accounts payable and accrued expenses, net	52
Interest payable	0
Deferred Revenue	0
Income tax payable	13,094
Deferred tax liability, net	3,518
Net cash used in operating activities	**0**
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment:	
Run and maintain capital expenditure	0
Current opportunities capital expenditure	0
Purchase of investments in fixed maturity, equity, and derivative securities	(921,230)
Sale of investments in fixed maturity, equity, and derivative securities	455,301
Acquisition of businesses, net of cash acquired	0
Proceeds from divestiture of businesses	0
Net cash used in investing activities	**(465,930)**
CASH FLOW FROM FINANCING ACTIVITIES	
Purchase of additional interests in consolidated subsidiaries or equity method investments	0
Dividend distribution to common stock	0
Proceeds from issuance of common stock	466,082
Acquisition of treasury stock	0
Proceeds from issuance of debt	0
Repayments of debt	0
Net cash used in financing activities	**466,082**
NET CHANGE IN CASH	**152**
Cash at beginning of period	**0**
Cash at end of period	**152**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the period for interest	0
Cash received during the period for interest	0
Cash received during the period for dividends	0
Cash paid during the period for income taxes, net	0

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

All amounts in these Notes are expressed in United States Dollars, unless otherwise indicated.

Note 1 – Nature of Operations

Legal entity background

ARTHUR CAPITAL INC. was founded on March 24, 2020, as ARTHUR CAPITAL, LLC under the laws of the State of Texas. On October 15, 2020, the company completed a statutory conversion and incorporated as ARTHUR CAPITAL INC. under the laws of the State of Texas.

Subsequently, ARTHUR CAPITAL INC. completed a conversion from a Texas corporation to a Delaware corporation. The company received approvals for the conversion on May 20, 2021, from the State of Delaware and on September 20, 2021, from the State of Texas.

The financial statements of ARTHUR CAPITAL INC. (referred to herein as “Arthur Capital”, “ACX”, “we”, “us”, “our”, the “Company”, or similar expressions) are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The company’s headquarters are located in Wilmington, Delaware.

Business description

ARTHUR CAPITAL INC. builds, buys, and runs businesses. Or in other words, the Company chooses to deploy capital in majority owned operated assets, either existing or greenfield, minority interests in private enterprises or public equity stakes across most industries. ARTHUR CAPITAL INC.’s main operational activity is twofold: to govern current business endeavors for long term value creation and to scan the environment for suitable business opportunities.

Note 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 US 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

The Company considers all short-term investments with a maturity of three months or less at the time of purchase to be 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. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2020, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

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 and gain recognition

The Company is pre-revenue and will follow the provisions and the disclosure requirements described in ASU 2014-09 also referred to as Topic 606. Revenue recognition, according to Topic 606, is determined using the following steps:

Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay, and the contract has commercial substance.

Identification of performance obligations in the contract: Performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Recognition of revenue when, or how, a performance obligation is met: Revenues are recognized when or as control of the promised goods or services is transferred to customers.

The Company will earn revenues from the sale of goods or services from its future business endeavors.

All recognized gains or losses are derived from Realized or Unrealized gain (loss) from investments in financial securities or from interest and dividend income.

Cost of goods sold

The company does not yet sell physical products, nor does it yet provide services to customers. Therefore, no cost of goods sold expenses are recognized. All cost of research for capital allocation options are recorded under selling, general and administrative expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses relate to information technology, legal, accounting, regulatory, office lease, cost of research for capital allocation options, and executive pay.

Stock-based compensation

The company does not utilize stock-based compensation as a method of pay. Officers are encouraged to purchase stock using cash compensation.

Accrued expenses

Under accrual accounting, we require expenses to be recorded when they are incurred, meaning when the goods are received or when the services are provided.

Income taxes

ARTHUR CAPITAL 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.

The Company is subject to tax in the United States and files tax returns in the U.S. federal jurisdiction and Texas state jurisdiction. The Company is subject to U.S. federal, state and local income tax examinations by tax authorities for all periods since inception. The Company is not currently under examination by any tax authority.

Pre-paid expense

A prepaid expense is an expenditure paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.

Fair value of financial instruments

The Company measures the fair value of financial assets and liabilities in accordance with ASC Topic 820 – Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices 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.

The Company believes that the carrying amount of its cash and cash equivalents and financial securities are measured using market approaches consisting of the Level 1 fair value measurement.

Subsequent events

The Company considers events or transactions that occur after the balance sheet’s 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.

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, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are presently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

As of December 31, 2020, deployed capital is at present unusually concentrated in financial securities. As the company grows and executes its business plan, the company's assets will diversify. As such we do not believe that our fundamental business characteristics meet the ASC 946 applicability test.

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.

Note 3 – Accounts Receivable and Allowance for Doubtful Accounts

None.

Note 4 – Investments in financial securities

As of December 31, 2020, no investments are held in foreign currency securities. All investments are held with a major brokerage institution located in the United States of America which the Company believes to be creditworthy.

Investments in equity securities

To date, no investments in equity securities exceeds 20% ownership of the underlying company and no significant influence or control exists. Investments in securities are considered to be long term investments with an undetermined holding period and are not for the purpose of realizing a short-term profit. The intent is however to sell the securities before they reach maturity. These equity investments are therefore considered "available for sale" and are long-term assets.

Investments in equity securities are initially recorded at cost and include commissions and fees paid to brokers.

In line with ASU 2016-01 Financial Instruments - Overall, investments in equity securities (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are to be measured at fair value with changes in fair value recognized in net income at the end of each reporting period.

We recognize realized investment gains and losses in earnings when we sell the securities based on the difference between the sale proceeds and its cost basis.

Note 5 – Equity method investments

None.

Note 6 – Comprehensive income gains/losses

There were no unrealized gains or losses on hedge derivative financial instruments or on foreign currency transactions. Therefore, no other comprehensive income was recognized.

Note 7 – Property, plant and equipment

None.

Note 8 – Income Taxes

<u>Federal and State income tax</u>

Our financial results include the effects of federal income taxes, at a rate of 21% paid on the Realized gain from investments in financial securities, offset by any applicable Realized loss from investments in financial securities in the current period or carried forward from previous periods. The company is not subject to state income tax. Income taxes are also offset by any applicable tax-deductible expenses.

<u>Unrealized gain (loss) deferred tax expense</u>

Unrealized gain (loss) from investments in financial securities are based on the fair market value of the underlying securities at the end of the reporting period. This fair market value is then used to determine the appropriate tax to be recognized. However, as the fair market value fluctuates over time, the recognized tax liability/asset also fluctuates. When a security is sold, the gain (loss) becomes realized and a federal income tax liability is recognized. In the interim, Unrealized gain (loss) deferred tax expense accounts for the temporary fluctuations in tax liabilities.

Note 9 – Contracts in Progress or Other Contractual Agreements

None.

Note 10 – Goodwill and Intangibles

None.

Note 11 – Debt

None.

Note 12 – Stockholder's Equity

<u>Common stock</u>

The Company authorizes the issuance of 10,000,000 shares of common stock, par value $0.00001, and no shares of preferred stock. As of December 31, 2020, the Company had 6,100,000 shares outstanding. No share compensation plans exist.

Note 13 – Related Party Transactions

None.

Note 14 – Operating Segments

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled. The Company does not have operations outside the United States. Certain business opportunities may they themselves conduct business outside of the country.

Note 15 – Commitments and Contingencies

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

Leases

None.

Litigation and claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

Note 16 – Subsequent events

Subsequent events have been evaluated through December 31, 2020, which is the date the financial statements were issued. There have been no other events or transactions during this time which would have a material effect on these financial statements.

Note 17 – Going concern

ARTHUR CAPITAL INC. has only recently commenced operations and lacks working capital. The company will incur significant additional costs before meaningful revenue is achieved. These matters raise substantial doubt about the company's ability to continue as a going concern.

During the next 12 months, the company intends to fund its operations from additional debt and/or equity financing as determined to be necessary. There are no assurances that management will be able to raise capital on terms acceptable to the company.

If the company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm the business, financial condition and operating results. The balance sheet and related financial statements do not include any adjustments that might result from these uncertainties.

SIGNATURE

The Corporation has duly caused this document to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: 12/13/2021

By: */s/ Joseph A. Rathbun*

Name: JOSEPH A. RATHBUN

Title: Chairman & CEO