
NEXTPOWER360 CO.

FINANCIAL STATEMENTS

**FROM INCEPTION (SEPTEMBER 12, 2022) TO YEAR ENDED DECEMBER 31,
2022**

(Unaudited)

INDEX TO FINANCIAL STATEMENTS

(UNAUDITED)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Nextpower360 Co.
Asheville, North Carolina

We have reviewed the accompanying financial statements of Nextpower360 Co. (the "Company,"), which comprise the balance sheet as of December 31, 2022, and the related statement of operations, statement of shareholders' equity (deficit), and cash flows for the period from Inception (September 12, 2022) to December 31, 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 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 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 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.

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 conformity with accounting principles generally accepted in the United States of America.

Going Concern

As discussed in Note 9, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Set Apart FS

February 24, 2023
Los Angeles, California

NEXTPower360 CO.**BALANCE SHEET****(UNAUDITED)**

As of December 31,	2022
(USD \$ in Dollars)	
ASSETS	
Current Assets:	
Cash & cash equivalents	\$ 97,942
Total current assets	97,942
Total assets	\$ 97,942
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Accounts Payable	\$ 1,890
Total current liabilities	1,890
Simple Agreement for Future Equity (SAFEs)	108,333
Total liabilities	110,223
STOCKHOLDERS EQUITY	
Common Stock	1
Retained earnings/(Accumulated Deficit)	(12,283)
Total stockholders' equity	(12,282)
Total liabilities and stockholders' equity	\$ 97,942

See accompanying notes to financial statements.

NEXTPOWER360 CO.
STATEMENTS OF OPERATIONS
(UNAUDITED)

<u>Inception (September 12, 2022)</u>	<u>December 31, 2022</u>
(USD \$ in Dollars)	
Net revenue	\$ -
Cost of goods sold	-
Gross profit	-
Operating expenses	
General and administrative	3,573
Research and Development	379
Total operating expenses	3,952
Operating income/(loss)	(3,952)
Interest expense	-
Other Loss/(Income)	8,330
Income/(Loss) before provision for income taxes	(12,283)
Provision/(Benefit) for income taxes	-
Net income/(Net Loss)	\$ (12,283)

See accompanying notes to financial statements.

NEXTPOWER360 CO.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

(in , \$US)	Common Stock		Retained earnings/ (Accumulated Deficit)	Total Shareholders' Equity
	Shares	Amount		
Inception date September 12, 2022	-			
Issuance of Common Stock	100	\$ 1		\$ 1
Net income/(loss)	-	-	\$ (12,283)	(12,283)
Balance—December 31, 2022	100	\$ 1	\$ (12,283)	\$ (12,282)

See accompanying notes to financial statements.

NEXTPOWER360 CO.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<u>As of inception (September 12, 2022)</u>	<u>December 31, 2022</u>
(USD \$ in Dollars)	
CASH FLOW FROM OPERATING ACTIVITIES	
Net income/(loss)	\$ (12,283)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>	
Change in Fair Value of SAFEs	8,333
Changes in operating assets and liabilities:	
Accounts Payable	1,890
Net cash provided/(used) by operating activities	(2,059)
CASH FLOW FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	-
Net cash provided/(used) in investing activities	-
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issuance of SAFEs	100,000
Net cash provided/(used) by financing activities	100,000
Change in cash	97,941
Cash—beginning of year	-
Cash—end of year	\$ 97,941
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for interest	\$ -
Cash paid during the year for income taxes	\$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES	
Purchase of property and equipment not yet paid for	\$ -
Issuance of equity in return for note	\$ -
Issuance of equity in return for accrued payroll and other liabilities	\$ -

See accompanying notes to financial statements.

NEXTPOWER360 CO.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2022

1. NATURE OF OPERATIONS

Nextpower360 Co. was incorporated on September 12, 2022, in the state of North Carolina. The financial statements of Nextpower360 Co. (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 Asheville, North Carolina.

NextPower360 is designing and commercializing a breakthrough wind generator that, unlike incumbent designs, can harvest energy from fast wind, doubling the output potential per wind turbine. The company is conducting R&D currently. Commercialization of the technology is planned for 2025. The Company will license its technology to major manufacturers in the wind industry.

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. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2022, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

Income Taxes

Nextpower360 Co. 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

NEXTPOWER360 CO.
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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

The Company is currently 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:

- 1) 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.
- 2) 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.
- 3) 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 producing generators that will continually and instantaneously adapt to the ever-changing wind and capture the maximal amount of harvestable power, even at fast wind speeds.

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.

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NOTES TO FINANCIAL STATEMENTS
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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 February 24, 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 twelve 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, 2021, and interim periods within fiscal years beginning after December 15, 2022, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

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. CAPITALIZATION AND EQUITY TRANSACTIONS

Common Stock

The Company is authorized to issue 100 shares of Common Stock with no par value. As of December 31, 2022, 100 shares have been issued and are outstanding.

4. DEBT

SAFE(s)

The details of the Company’s Simple Agreements for Future Equity (“SAFE”) and the terms are as follows:

SAFE(s)	Principal Amount	Borrowing Period	Valuation Cap	Discount	As of Year Ended December 31, 2022
Safes I - II	\$ 100,000	Fiscal Year 2022	\$ 10,000,000	80%	\$ 100,000
Change in Fair Value					\$ 8,333
Total SAFE(s)	\$ 100,000				\$ 108,333

If there is an Equity financing before the expiration or termination of this instrument, on the initial closing of such Equity Financing, the SAFEs will automatically convert into the number of SAFE Preferred Stock equal to the purchase amount divided by the Conversion price. If there is a Liquidity Event before the expiration or termination of this instrument, the Investor will automatically be entitled to receive a portion of proceeds, due and payable to the investor immediately

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prior to liquidity event, equal to the greater of (i) the purchase amount or (ii) the amount payable on the number of shares of Common Stock equal to the purchase amount divided by the liquidity price. Since the SAFEs are potentially settleable in cash, the Company has decided to classify them as a liability.

5. INCOME TAXES

The provision for income taxes for the year ended December 31, 2022, consists of the following:

As of Year Ended December 31,	2022
Net Operating Loss	\$ (2,886)
Valuation Allowance	2,886
Net Provision for income tax	\$ -

Significant components of the Company's deferred tax assets and liabilities on December 31, 2021 are as follows:

As of Year Ended December 31,	2022
Net Operating Loss	\$ (2,886)
Valuation Allowance	2,886
Total Deferred Tax Asset	\$ -

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. 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, 2022, the Company had federal cumulative net operating loss ("NOL") carryforwards of \$2,579, and the Company had state net operating loss ("NOL") carryforwards of approximately \$307.

Utilization of some 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, 2022, 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, 2022, the Company had no accrued interest and penalties related to uncertain tax positions.

6. RELATED PARTY

There are no related party transactions.

NEXTPOWER360 CO.
NOTES TO FINANCIAL STATEMENTS
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7. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulations. 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.

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, 2022, 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.

8. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from December 31, 2022, through February 24, 2023, which is the date the financial statements were available to be issued.

On January 12, 2023, the company filed the Amended Article of Corporation in the state of North Carolina and the Company is now authorized to issue 10,000,000. As of February 24, 2023, 8,260,000 shares have been issued and are outstanding.

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

9. GOING CONCERN

The Company lacks significant working capital and has only recently commenced operations. The Company will incur significant additional costs before significant revenue is achieved. These matters raise substantial doubt about the Company's ability to continue as a going concern. During the next twelve months, the Company intends to fund its operations with funding from their proposed Regulation Crowdfunding campaign, and 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 their 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.