

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

COSTAS, INC.

424 E. Central Blvd, Suite 308,
Orlando, Florida 32801

Company Telephone: (321) 465-9899
Company Website: <https://costas-inc.com>
Company Email: admin@costas-inc.com
SIC Code: 3843

Annual Report

For the period ending December 31, 2022 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

445,728,363 as of December 31, 2022

445,728,363 as of December 31, 2022 (most recent completed fiscal year end)

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

¹ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

The Company was originally organized as Costas, Inc. on December 10, 1998. There have been no predecessor entities.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The state of incorporation of the issuer is the State of Nevada which has been the state of incorporation since inception. The issuer is currently active in Nevada.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

On July 17, 2006, the Company voluntarily filed a Form 15-12g notice of termination of registration of securities with the SEC. There were no orders issued by the SEC in relation to any trading suspension.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On September 20, 2017, the Courts filed an order effective September 18, 2017, whereby Mr. James Brooks, a creditor of the Issuer was granted a Judgment against the Issuer in the principal amount of \$1,114,500. On October 21, 2020, Mr. Brooks filed a motion requesting the appointment of a Receiver over the Issuer. By order filed on November 7, 2020, the Eighth Judicial District Court for Clark County, Nevada appointed Fredrick P. Waid as Receiver for the Issuer in Case No. A-17-749977-B notice of entry of that order was filed on November 9, 2020. On March 25, 2021, the Receiver filed a motion with the Court requesting approval to appoint Mr. Brooks as an officer and director of the Issuer and to increase the authorized capital of the issuer and subsequently to issue sufficient common and preferred shares on terms to be finalized with Mr. Brooks, whereby Mr. Brooks will become the controlling shareholder of the Issuer. At such time as this action takes place, the Receivership of the Issuer will be terminated.

On November 10, 2021, the Court entered a motion from the Receiver whereby the Receiver is exempt from the claims procedure to creditors as required under the Nevada Statutes and approving the financial statements of the Company for the fiscal years 2019 and 2020 and the subsequent quarterly periods ended March and June 2021. This action will allowed the Receiver to move forward to address the remaining requirements to satisfy creditor Brooks, and terminate the Receivership. On December 30, 2021, Fred Waid resigned as an officer and director of the Company and appointed James Brooks as the Company's sole officer and director. On February 9, 2022, an Order was entered by the Eighth Judicial District Court, Clark County, Nevada, Case No. A-17-749977D at the request of the Appointed Receiver of the Company, Frederick Waid, terminating the receivership for the Company.

On May 6, 2022, the Company entered into a formal acquisition agreement with Standard Dental Labs Inc. ("SDL"), a Wyoming corporation controlled by the Company's CEO, James Brooks, in order to acquire certain assets including: (i) a ready to implement business model and platform for the identification and acquisition of small to medium sized dental labs in the United States, and (ii) a fully developed branding package created under SDL, including logo, website, presentation materials and corporate name. Under the terms of the acquisition agreement, assets valued at \$75,900 was acquired through the issuance of a total of 31,661,760 shares of the Company's unregistered, restricted common stock to SDL. With the conclusion of this acquisition, the Company intends to operate in the dental lab industry, paving the way for future acquisitions and consolidations in the industry. The assets acquired from SDL will allow the Company to immediately facilitate the acquisition of small to medium sized dental labs, of which there are thousands in the United States.

On August 15, 2022 the Company completed of a definitive agreement to acquire the assets of Prime Dental Lab, LLC. ("Prime Dental"), an Orlando-based dental lab in operation since 2012. Total consideration was paid to the shareholders of Prime Dental in a combination of cash and registered shares for the assets, which includes all equipment, customer relationships, and associated revenue. The Company commenced operations in the dental lab business effective September 1, 2022.

On August 17, 2022 the Company's board of directors and majority shareholder increased the Company's authorized share capital from 1.25bn to 2bn shares of common stock.

The address(es) of the issuer's principal executive office:

424 E Central Blvd, Suite 308, Orlando, Florida 32801

The address(es) of the issuer's principal place of business:

☒ Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☐ Yes: ☒ If Yes, provide additional details below:

On October 21, 2020, Mr. Brooks, a creditor of the issuer filed a motion requesting the appointment of a Receiver over the Issuer. By order filed on November 7, 2020, the Eighth Judicial District Court for Clark County, Nevada appointed Fredrick P. Waid as Receiver for the Issuer in Case No. A-17-749977-B. On February 9, 2022, an Order was entered by the Eighth Judicial District Court, Clark County Nevada, terminating the Receivership of the issuer.

2) Security Information

Transfer Agent

Name: Transfer Online, Inc.
Phone: 503-227-2950
Email: info@transferonline.com
Address: 512 SE Salmon Street,
Portland Oregon 97214

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	CSSI
Exact title and class of securities outstanding:	Common A Stock
CUSIP:	22160A206
Par or stated value:	\$0.001
Total shares authorized:	2,000,000,000 as of date: December 31, 2022
Total shares outstanding:	445,728,363 as of date: December 31, 2022
Total number of shareholders of record:	75 as of date: December 31, 2022

All additional class(es) of publicly quoted or traded securities (if any):

N/A

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

N/A

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Holders of our common stock have no preemptive rights to purchase additional shares of common stock or other subscription rights. Our common stock carries no conversion rights and is not subject to redemption or to any sinking fund provisions. All shares of our common stock are entitled to share equally in dividends from sources legally available, when, as and if declared by our Board of Directors, and upon our liquidation or dissolution, whether voluntary or involuntary, to share equally in our assets available for distribution to our stockholders.

Voting Rights

Each holder of our common stock is entitled to one vote per share on all matters on which such stockholders are entitled to vote. Since the shares of our common stock do not have cumulative voting rights, the holders of more than 50% of the shares voting for the election of directors can elect all the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person to our Board of Directors.

Dividend Policy

Holders of our common stock are entitled to dividends if declared by the Board of Directors out of funds legally available for payment of dividends.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

N/A

3. Describe any other material rights of common or preferred stockholders.

Anti-takeover Effects of Our Articles of Incorporation and By-laws

Our amended and restated articles of incorporation and bylaws contain certain provisions that may have anti-takeover effects, making it more difficult for or preventing a third party from acquiring control of our company or changing its board of directors and management. According to our bylaws and articles of incorporation, neither the holders of our company's common stock have cumulative voting rights in the election of our directors. The combination of an ownership by a few stockholders of a significant portion of our company's issued and outstanding common stock and lack of cumulative voting makes it more difficult for other stockholders to replace our company's board of directors or for a third party to obtain control of our company by replacing its board of directors.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date <u>December 31, 2020</u> Common: <u>43,314,603</u> Preferred: <u>N/A</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Rosa Shimonov</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>20,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Grant O'Connor</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Ilya Aharon</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 31, 2021</u>	<u>New Issuance</u>	<u>300,000,000</u>	<u>Common Stock</u>	<u>\$0.000583</u>	<u>Yes</u>	<u>James Brooks</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>3(a)10</u>
<u>May 6, 2022</u>	<u>New Issuance</u>	<u>31,663,760</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Standard Dental Labs Inc., Controlling shareholder James Brooks</u>	<u>Asset acquisition agreement</u>	<u>Restricted</u>	<u>Reg D</u>
<u>September 1, 2022</u>	<u>New Issuance</u>	<u>750,000</u>	<u>Common Stock</u>	<u>\$0.014</u>	<u>No</u>	<u>John Jongpil Kim</u>	<u>Asset acquisition agreement</u>	<u>Restricted</u>	<u>Reg D</u>
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Rosa Shimonov</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>20,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Grant O'Connor</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 30, 2021</u>	<u>New Issuance</u>	<u>25,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>Yes</u>	<u>Ilya Aharon</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>Reg S</u>
<u>December 31, 2021</u>	<u>New Issuance</u>	<u>300,000,000</u>	<u>Common Stock</u>	<u>\$0.000583</u>	<u>Yes</u>	<u>James Brooks</u>	<u>Debt conversion</u>	<u>Restricted</u>	<u>3(a)10</u>
Shares Outstanding on Date of This Report <u>Ending Balance Ending Balance:</u> Date <u>December 31, 2022</u> Common: <u>445,728,363</u> Preferred: <u>N/A</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
December 23, 2021	1,261,642	1,171,727	89,915	December 31, 2023	Convertible into common stock at \$0.001 per share	James Brooks	Judgement converted to Convertible Note
May 13, 2022	21,017	20,000	1,017	May 13, 2023	Convertible into common stock at \$0.001 per share	Yohanan Aharon	
May 13, 2022	21,017	20,000	1,017	May 13, 2023	Convertible into common stock at \$0.001 per share	Rosa Shimonov	
May 13, 2022	10,508	10,000	508	May 13, 2023	Convertible into common stock at \$0.001 per share	Ilya Aharon	
June 29, 2022	12,484	12,000	484	June 29, 2023	Convertible into common stock at \$0.001 per share	Aaron Abraham	
July, 29, 2022	21,610	20,900	710	July, 29, 2023	Convertible into common stock at \$0.001 per share	Shannon S. Sekhri	
July, 29, 2022	19,894	19,240	654	July, 29, 2023	Convertible into common stock at \$0.001 per share	Nirmal C. Sekhri	
August 22, 2022	102,871	100,000	2,871	August 22, 2023	Convertible into common stock at \$0.001 per share	Nirmal C. Sekhri	
November 11, 2022	10,110	10,000	110	November 11, 2023	Convertible into common stock at \$0.001	Kenneth Andrew Brown	
December 29, 2022	20,008	20,000	8	December 29, 2023	Convertible into common stock at \$0.001	Maddalena Popowich	

Use the space below to provide any additional details, including footnotes to the table above:

- (1) On September 18, 2017, the Nevada courts entered a judgment in favor of James Brooks in the amount of \$1,114,500 plus post judgment interest pursuant to NRS 17-130. The court has approved \$175,000 of this debt to be converted into 900,000,000 shares of the Company's common stock and/or such number of common shares as shall be agreed between the Receiver and Mr. Brooks. In December 2021, the Company issued the 300,000,000 shares to Mr. Brooks for consideration of \$175,000 and concurrently the remaining balance of the judgement and accrued interest thereon was renegotiated, and a convertible promissory note was entered into between the Company and Mr. Brooks in the principal amount of \$1,171,727.

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

On May 6, 2022, the Company entered into a formal acquisition agreement with Standard Dental Labs Inc. ("SDL"), a Wyoming corporation controlled by the Company's CEO, James Brooks, in order to acquire certain assets including: (i) a ready to implement business model and platform for the identification and acquisition of small to medium sized dental labs in the United States, and (ii) a fully developed branding package created under SDL, including logo, website, presentation materials and corporate name. Under the terms of the acquisition agreement, assets valued at \$75,900 was acquired through the issuance of a total of 31,663,760 shares of the Company's unregistered, restricted common stock to SDL. With the conclusion of this acquisition, the Company intends to operate in the dental lab industry, paving the way for future acquisitions and consolidations in the industry. The assets acquired from SDL will allow the Company to immediately facilitate the acquisition of small to medium sized dental labs, of which there are thousands in the United States.

On August 15, 2022 the Company completed of a definitive agreement to acquire the assets of Prime Dental Lab, LLC. ("Prime Dental"), an Orlando-based dental lab in operation since 2012. Total consideration was paid to the shareholders of Prime Dental in a combination of cash and registered shares for the assets, which includes all equipment, customer relationships, and associated revenue. The Company commenced operations in the dental lab business effective September 1, 2022.

B. List any subsidiaries, parent company, or affiliated companies.

The issuer has no subsidiaries, parents or affiliated companies.

C. Describe the issuers' principal products or services.

The Issuer is operating in the dental lab industry, is currently manufacturing dental prosthetics for dentists and dental clinics via its first operational lab facility. The company plans to acquire small to mid-sized dental labs, which will be consolidated regionally to achieve scale and efficiencies. Our existing dental lab supplies dentists and dental clinics with dental prosthetics such as crowns, bridges, and implants, including other prosthetics.

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The issuer currently has an office located at 424 E Central Blvd, Suite 308, Orlando, Florida 32801. This office is a shared space of approximately 1,500 square feet, leased and provided for use by our sole officer and director, Mr. James Brooks, at a cost of \$3,256 per month for a term of not more than 12 months. Our dental lab facility uses lab space under a subcontractor agreement with Prime Dental Labs, LLC located at 1008 N Pine Hills Road, Orlando, FL 32808.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

The information below is supplied as of December 31, 2022:

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
James Brooks	CEO, President, Secretary, Treasurer, and Director	Orlando, FL	331,663,760	Common	74.4%	Includes 31,663,760 shares issued to Standard Dental Labs Inc., a company of which Mr. Brooks is the controlling shareholder.
Rosa Shimonov	Over 5% holder	Lod, Israel	25,000,000	Common	5.6%	

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Allen Tucci
Firm: Archer & Greiner, P.C
Address 1: 1717 Arch Street, Suite 3500
Address 2: Philadelphia, PA 19103-2739
Phone: 215-963-3300
Email: atucci@archerlaw.com (legal opinion)

Name: Sharon D Mitchell
Firm: SD Mitchell and Associates, PLC
Address 1: 829 Harcourt Rd
Address 2: Grosse Pointe Park, MI
Phone: (248) 515-6035
Email: sharondmac2013@gmail.com (Legal services – client trust account)

Name: William (Bill) Macdonald Esq.
Firm: Macdonald Tuskey
Address 1: 641 Lexington Avenue, 13th Floor
Address 2: New York, NY 10022
Phone: (212) 271-4272
Email: WMacdonald@wmlaw.ca (Legal Services – Registration Statement)

Accountant or Auditor

Name: Li Shen, CPA
Firm: The Accounting Connection
Address 1: 145-251 Midpark Blvd SE
Address 2: Calgary, Alberta T2X1S3 Canada
Phone: (403) 693-8004
Email: support@theaccountingconnection.com

Investor Relations

Name: n/a
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: n/a
Discord: _____
LinkedIn: _____
Facebook: _____
[Other]: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: Jacqueline Danforth
Firm: The Ideal Connection
Nature of Services: Compliance consultant
Address 1: 30 North Gould Street, Suite 5953
Address 2: Sheridan WY 82801
Phone: (646) 831-6244
Email: jd@theidealconnection.com

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: Li Shen
Title: CPA
Relationship to Issuer: Outside Accountant

Describe the qualifications of the person or persons who prepared the financial statements: Chartered Professional Accountant (CPA)

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

Audited financial statements for the fiscal years ended December 31, 2022 and 2021 are appended hereto and include:

- a. Balance sheets;
- b. Statement of income;
- c. Statement of cash flows;
- d. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity); and,
- e. Financial notes.

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

10) Issuer Certification

Principal Executive Officer and Principal Financial Officer

I, James Brooks certify that:

1. I have reviewed this Disclosure Statement for the fiscal year ended December 31, 2022;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 28, 2023

/s/ James Brooks

James Brooks, Principal Executive Officer
and Principal Financial Officer

COSTAS, INC.

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FINANCIAL STATEMENTS**

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Report of Independent Public Accounting Firm
To the shareholders and the board of directors of Costas Inc

Opinion on the Financial Statements

We have audited the accompanying balance sheets of **Costas Inc** (the "Company") as of December 31, 2022, and 2021 and the related statements of operations, changes in shareholders' equity and cash flows, for the years ended December 31, 2022, and 2021, and the related notes collectively referred to as the "financial statements". In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and 2021 and the results of its operations and its cash flows for the years ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

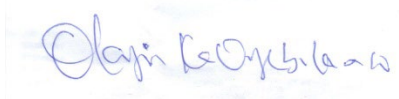
Going Concern

The accompanying financial statements have been prepared assuming the company will continue as a going concern as disclosed in Note 2 to the financial statement, the Company incurred a net loss of \$(1,651,897) for the year ended December 31, 2022 and working capital deficiency of \$(1,685,506) and accumulated deficit of \$(16,531,420). The continuation of the Company as a going concern through December 31, 2021, is dependent upon improving the profitability and the continuing financial support from its stockholders. Management believes the existing shareholders or external financing will provide additional cash to meet the Company's obligations as they become due.

These factors raise substantial doubt about the company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of the uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.



OLAYINKA OYEBOLA & CO.

(Chartered Accountants)

We have served as the Company's auditor since August 2022.

March 27th, 2023.

Lagos Nigeria

**Costas, Inc.
Balance Sheets**

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,123	\$ -
Total current assets	<u>13,123</u>	<u>-</u>
Property and equipment, net	70,786	-
Intangible assets	<u>104,103</u>	<u>-</u>
Total assets	<u>\$ 188,012</u>	<u>\$ -</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 204,741	\$ 73,755
Accounts payable – related party	89,915	17,054
Advances Payable – related party	-	16,532
Convertible notes	92,246	-
Convertible note – shareholder, net	1,171,727	25,682
Other current liability	<u>140,000</u>	<u>-</u>
Total current liabilities	<u>1,698,629</u>	<u>133,023</u>
Total liabilities	<u>1,698,629</u>	<u>133,023</u>
Commitments and contingencies		
Stockholders' (deficit):		
Common stock, 2,000,000,000 shares authorized, \$0.001 par value, 445,728,363 and 413,314,603 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	445,728	413,315
Additional Paid in Capital	14,545,075	14,333,185
Accumulated deficit	<u>(16,531,420)</u>	<u>(14,879,523)</u>
Stockholders' (deficit)	<u>(1,510,617)</u>	<u>(133,023)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 188,012</u>	<u>\$ -</u>

The accompanying notes are an integral part of these audited financial statements.

Costas, Inc.
Statements of Operations

	For the Years Ended	
	December 31,	
	2022	2021
Revenue	\$ 173,329	\$ -
Costs of goods sold	101,054	-
Gross profit	<u>72,275</u>	<u>-</u>
Operating expenses:		
Selling and marketing expenses	74,393	-
General and administrative expenses	132,416	20,053
Professional Fees	177,564	56,674
Depreciation	7,274	-
Total Operating Expenses	<u>391,647</u>	<u>76,727</u>
Loss from Operations	<u>(319,372)</u>	<u>(76,727)</u>
Other Income (Expense)		
Gain (Loss) on Settlement of Debt	6,884	(10,025,000)
Interest Expense	(1,339,409)	(152,400)
Total Other (expense)	<u>(1,332,525)</u>	<u>(10,177,400)</u>
Net (Loss)	<u>\$ (1,651,897)</u>	<u>\$ (10,254,127)</u>
Net loss per share attributable to common shareholders:		
Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.21)</u>
Weighted average shares outstanding		
Basic and diluted	<u>434,296,490</u>	<u>49,177,617</u>

The accompanying notes are an integral part of these audited financial statements.

Costas, Inc.
Statements of Stockholders' Equity

	Common Stock		Additional	Accumulated	Stockholders'
	Shares	Amount (\$)	Paid-in Capital (\$)	(Deficit) (\$)	(Deficit) (\$)
Balance, December 31, 2020	43,314,603	43,315	3,191,458	(4,625,396)	(1,390,623)
Beneficial conversion feature associated with convertible notes	-	-	1,241,727	-	1,241,727
Shares issued for debt	370,000,000	370,000	9,900,000	-	10,270,000
Net loss for the year	-	-	-	(10,254,127)	(10,254,127)
Balance, December 31, 2021	413,314,603	413,315	14,333,185	(14,879,523)	(133,023)
Beneficial conversion feature associated with Convertible notes	-	-	232,140	-	232,140
Shares issued under acquisition agreements	32,413,760	32,413	9,750	-	42,163
Net loss for the year	-	-	-	(1,651,897)	(1,651,897)
Balance, December 31, 2022	445,728,363	445,728	14,575,075	(16,531,420)	(1,510,617)

The accompanying notes are an integral part of these audited financial statements.

Costas, Inc.
Statements of Cash Flows

	For the Years ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (1,651,897)	\$ (10,254,127)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7,274	-
(Gain) Loss on extinguishment of debt	(6,884)	10,025,000
Amortization of debt discount	1,238,291	-
Non-cash interest	-	95,682
Changes in certain assets and liabilities:		
Accounts payable – related party	72,861	15,329
Accounts payable and other liabilities	137,870	101,584
Net cash used in operating activities	<u>(202,485)</u>	<u>(16,532)</u>
Cash flows from investing activities:		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from convertible notes	232,140	
Advances payable – related party	-	16,532
Repayments to related party	(16,532)	-
Net cash provided by financing activities	<u>215,608</u>	<u>16,532</u>
Net decrease in cash and cash equivalents	13,123	-
Cash and cash equivalents, beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 13,123</u>	<u>\$ -</u>
Supplemental Disclosure of Cash Flows Information:		
Shares issued to settle shareholder loans	\$ -	\$ 245,000
Accounts payable classified to convertible note	\$ -	\$ 302,227
Shareholder loan classified to convertible note	\$ -	\$ 869,500
Beneficial conversion feature associated with convertible notes	\$ 232,140	\$ 1,241,727
Property and equipment acquired under asset purchase agreement	\$ 78,060	\$ -
Intangible assets acquired under acquisition agreement	\$ 31,664	\$ -
Other current liability acquired under asset purchase agreement	\$ 140,000	\$ -
Common stock issued under asset purchase agreement	\$ 10,500	\$ -

The accompanying notes are an integral part of these audited financial statements.

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 1 - NATURE OF OPERATIONS

Historical Information

The Company was originally organized as Costas, Inc. under the corporate laws of the State of Nevada on December 10, 1998. On July 1, 2010, the Company purchased the technology assets of eJob Resource, Inc. The purchase included eJob Resources' online job search and posting site to provide a virtual bridge between the Indian and U.S. technology job markets; all job search technology, which aggregates job posting from many sites, and make them available via XML, API.

On July 17, 2014, the Company amended its Articles of Incorporation by approving a 25 for 1 reverse split.

On January 21, 2015, the Company entered into an agreement with Mr. James Brooks to provide certain services to the Company in exchange for a salary of \$10,000 per month and 2,550,000 common shares of the Company.

In January 2016 the Company purchased 48% of AuthentiaTradeLtd, a Seychelles based corporation, with operations in Cyprus whose function was building a digital currency exchange platform. The remaining 52% was purchased in January 2018.

On September 20, 2017, Mr. James Brooks, a creditor of the Company was granted a Judgment against the Issuer in the principal amount of \$1,114,500 with respect to unpaid salary and non-issuance of common shares as required under the original 2015 agreement.

In November 2018, the Company changed its business model to participate in on-line gaming, which operations ceased during the three months period ended March 31, 2019.

On May 20, 2019, the Company announced the completion of the acquisition of Nano Creaciones Sapi de C.V., a Mexican company. The Company issued a total of 25,000,000 shares as consideration for the acquisition. The Company has not received sufficient support from the vendors to confirm ownership of this Mexican entity, and therefore has not included its operations in these condensed financial statements.

On October 21, 2020, Mr. James Brooks, the creditor of the Company holding a judgment in the principal amount of \$1,114,500 filed a motion requesting the appointment of a Receiver over the Company. By order filed on November 7, 2020, the Eighth Judicial District Court for Clark County, Nevada appointed Frederick P. Waid as Receiver for the Company in Case No. A-17-749977-B. Notice of entry of that order was filed on November 9, 2020. Mr. Waid became the sole officer and director of the Company. The Receiver was not provided any historical accounting documents from former management as part of the proceedings. As a result of the aforementioned actions, the Court approved an amended opening balance sheet for the Company as of December 31, 2019 which reflects the debt owing to Mr. Brooks, previously omitted, including accrued interest as well as any other approved amounts while eliminating any outstanding debts not approved during the receivership.

On March 25, 2021, the Receiver filed a motion with the Court requesting approval to appoint Mr. Brooks as an officer and director of the Company and to increase the authorized capital of the Company and subsequently to issue sufficient common and preferred shares on terms to be finalized between the Receiver and Mr. Brooks, to settle a total of \$175,000 of outstanding debt. Further, subsequent to the March 25, 2021, order, the Receiver sought and received approval from the Court to eliminate certain unsupported assets, outstanding payables and convertible loans on the financial statements of the Company as at December 31, 2019. The Receiver further placed an administrative hold on a total of 26,500,000 shares issued in 2019 for the acquisition of Nano Creaciones Sapi de C.V., a Mexican company, and as consideration for services purported to be rendered, due to the fact that there was no verifiable support for the completion of the acquisition or the provision of services.

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 1 - NATURE OF OPERATIONS (Continued)

Current Information (cont'd)

On January 26, 2022, with an effective date of December 23, 2021, three hundred million (300,000,000) shares of the Company's common stock were issued to Mr. James Brooks pursuant to a Court Order entered in the Eighth District Judicial Court, Clark County, Nevada, Case No. A-17-749977-B, resulting in a change of control of the Company. The issuance of 300,000,000 shares to Mr. Brooks was issued in partial settlement of debt owed to Mr. Brooks. On December 30, 2021, Mr. Brooks was named the sole officer and director of the Company. On February 9, 2022, an Order was entered in the Eighth Judicial District Judicial Court, Clark County, Nevada, Case No. A-17-749977D by the Appointed Receiver of the Company, Frederick Waid, terminating the receivership for the Company. Concurrently, the Company changed its operating address to 424 E Central Blvd, Suite 308, Orlando, Florida 32801.

On May 6, 2022, the Company entered into a formal acquisition agreement with Standard Dental Labs Inc. ("SDL"), a Wyoming corporation controlled by the Company's CEO, James Brooks, in order to acquire certain assets including: (i) a ready to implement business model and platform for the identification and acquisition of small to medium sized dental labs in the United States, and (ii) a fully developed branding package created under SDL, including logo, website, presentation materials and corporate name. Under the terms of the acquisition agreement, assets valued at \$75,900 was acquired through the issuance of a total of 31,663,760 shares of the Company's unregistered, restricted common stock to SDL. With the conclusion of this acquisition, the Company intends to operate in the dental lab industry, paving the way for future acquisitions and consolidations in the industry. The assets acquired from SDL will allow the Company to immediately facilitate the acquisition of small to medium sized dental labs, of which there are thousands in the United States.

On August 15, 2022 the Company completed of a definitive agreement to acquire the assets of Prime Dental Lab, LLC. ("Prime Dental"), an Orlando-based dental lab in operation since 2012. Total consideration was paid to the shareholders of Prime Dental in a combination of cash and registered shares for the assets, which includes all equipment, customer relationships, and associated revenue. The Company commenced operations in the dental lab business effective September 1, 2022.

On August 17, 2022 the Company's board of directors and majority shareholder increased the Company's authorized share capital from 1.25bn to 2bn shares of common stock.

NOTE 2 – GOING CONCERN

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. The Company has recently acquired assets including branding and a detailed business plan to facilitate the acquisition of small to medium sized dental labs, as well as its first dental lab operation. Presently the Company does not have a source of revenue sufficient to cover all of its operating costs. While we have recently commenced revenue generating operations, the Company's sole officer and director is currently providing capital for operational shortfalls as needed by the Company, and we continue to raise proceeds from the sale of convertible notes having received gross proceeds of \$232,140 through December 31, 2022, there remains substantial doubt about our ability to continue as a going concern. As at December 31, 2022, the Company has \$13,123 cash on hand, and substantial debt. As we continue to implement our business plan, the Company may continue to be dependent upon financing from our sole officer and director, and the raising of additional capital through placement of our common stock or debt financing. There can be no assurance that the Company will be successful in either situation in order to continue as a going concern.

The ability of the Company to continue as a going concern is dependent on attaining profitable operations. There are no assurances that the Company will be able to meet its obligations, raise funds or conclude additional acquisitions of identified businesses. Further upon acquisition of any target businesses there is no guarantee these operations will reach profitability. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amount and classification of liabilities that might cause results from this uncertainty.

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 2 – GOING CONCERN (continued)

COVID-19 and other factors

While the COVID-19 pandemic has subsided, COVID-19 could continue to have an adverse impact on the Company going forward. COVID-19 caused significant disruptions to the global financial markets, which could impact the Company's ability to obtain materials necessary for its dental lab operations, result in staffing shortfalls or create difficulty raising capital to fund future acquisitions as the global economy continues to recover. Additional factors which may impact the Company's ongoing operations include inflation, the recent war in the Ukraine, climate change and others. These events may have serious adverse impact on domestic and foreign economies which may impact the Company's operations as a result of a variety of factors including the potential for reduced consumer spending. The Company is unable to predict the ongoing impact of these factors on the Company's financial operations.

NOTE 3 - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) 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 these financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year End

The Company has selected December 31 as its fiscal year end.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles (US GAAP). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records any "beneficial conversion feature" ("BCF") intrinsic value as additional paid in capital and related debt discount. When the Company records a BCF, the relative fair value of the BCF is recorded as a debt discount against the face amount of the respective debt instrument. The discount is amortized over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Property and Equipment

Property and equipment are recorded at cost. Depreciation on property and equipment are determined using the straight-line method over the one to eight year estimated useful lives of the assets.

Intangible Assets

During the year ended December 31, 2022, the Company has acquired (i) a ready to implement business model and platform for the identification and acquisition of small to medium sized dental labs in the United States, and (ii) a fully developed branding package including logo, website, presentation materials and corporate name. A total of \$31,663 has been capitalized in respect to these assets. The Company has also recognized assets for customer relationships in the amount of \$72,440 in respect to a recent asset purchase agreement with Prime Dental Labs, whereunder we acquired assets to commence operation of our first dental lab. The Company will review these intangible assets for impairment at a minimum of once per year or whenever events or changes in circumstances suggest a need for evaluation. There is no impairment expense for the intangible assets in the period ended December 31, 2022.

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 4 – SUMMARY OF ACCOUNTING POLICIES (continued)

Impairment

Our long-lived assets are subject to an impairment test if there is an indicator of impairment. The carrying value and ultimate realization of these assets is dependent upon our estimates of future earnings and benefits that we expect to generate from their use. If our expectations of future results and cash flows are significantly diminished, other long-lived assets may be impaired and the resulting charge to operations may be material. When we determine that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, we use the projected undiscounted cash flow method or realizable value to determine whether an impairment exists, and then measure the impairment using discounted cash flows.

Revenue Recognition

The Company applies ASC 606 — Revenue from Contracts with Customers. Under ASC 606, the Company recognizes revenue from the sales of products by applying the following steps: (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 each performance obligation in the contract; and (5) recognize revenue when each performance obligation is satisfied.

The Company recognizes revenue when the earnings process is complete and persuasive evidence of an arrangement exists. This generally occurs when a purchased product has been delivered to a customer from our lab facility, at which time both title and the risks and rewards of ownership are transferred to and accepted by the customer, and the selling price has been collected.

Inventory

Inventories, if maintained, consist of work-in-progress inventory or replacement parts on hand in order to complete customer orders.

Warranty

We do not record warranty liabilities at the time of sale for the estimated costs that may be incurred under the terms of the applicable limited warranty as all component parts are covered by our respective industry suppliers. Our products are custom created for the individual client, and therefore we have no formal return policy or money back guarantee, however, if a product is determined to be defective, we will deliver a replacement unit to meet expected customer service terms. We assess the need for warranty and return liabilities at each report date.

Cost of Sales

Cost of sales includes actual product cost, labor, and allocated overhead, which is applied on a per unit basis.

Accounts Receivable

Accounts receivable is trade related. The Company's management has established an allowance for bad debt based upon accounts receivable that are more than one year past due. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the necessary for reserves for bad debt. Reserves, if required, are recorded on management's best estimate of collection. At December 31, 2022 there were no outstanding accounts receivable.

Basic and Diluted Loss Per Share

The Company computed basic and diluted loss per share amounts pursuant to the ASC 260 "Earnings per Share." There are no potentially dilutive shares outstanding and, accordingly, dilutive per share amounts have not been presented in the accompanying statements of operations.

Potential common stock consists of the incremental common stock issuable upon the exercise of convertible notes (using the if-converted method). The table below reflects the potentially dilutive securities at each reporting period, which have not been included in the computation of diluted net loss per share due to their anti-dilutive effect:

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 4 – SUMMARY OF ACCOUNTING POLICIES (continued)

Basic and Diluted Loss Per Share (cont'd)

	December 31, 2022	December 31, 2021
Convertible notes (principal balance) at \$0.001 per share	1,403,867,310	1,171,727,310

Income Taxes

Income taxes are recognized in accordance with ASC 740, “Income Taxes”, whereby deferred income tax liabilities or assets at the end of each period are determined using the tax rate expected to be in effect when the taxes are actually paid or recovered. A valuation allowance is recognized on deferred tax assets when it is more likely than not that some or all of these deferred tax assets will not be realized.

Recent Accounting Pronouncements

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 Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity. The new guidance, among other things, simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments, and amends existing earnings-per-share (“EPS”) guidance by requiring that an entity use the if-converted method when calculating diluted EPS for convertible instruments. ASU 2020-06 is effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company plans to adopt the new guidance effective January 1, 2024.

NOTE 5 – ASSET PURCHASE AGREEMENTS

- (1) On May 6, 2022, the Company entered into a formal acquisition agreement with Standard Dental Labs Inc. (“SDL”), a Wyoming corporation controlled by the Company’s CEO, James Brooks, to acquire certain assets including: (i) a ready to implement business model and platform for the identification and acquisition of small to medium sized dental labs in the United States, and (ii) a fully developed branding package created under SDL, including logo, website, presentation materials and corporate name. Under the terms of the acquisition agreement, assets valued at \$75,900 were acquired through the issuance of a total of 31,663,760 shares of the Company’s unregistered, restricted common stock to SDL. The transaction occurred under common control and as a result, the issued shares were valued at par value, or \$0.001 per share, and a total of \$31,663 was recorded as intangible assets on the Company’s balance sheet.
- (2) On August 15, 2022 the Company (the “Acquiror”) announced the completion of a definitive agreement to acquire the assets of Prime Dental Lab, LLC. (“PDL”), an Orlando-based dental lab in operation since 2012. The Purchased Assets consisted of: all client contracts for existing PDL clients; certain physical assets of PDL including all dental lab equipment, furniture, computers and other office equipment; the assumption of certain contracts, equipment leases and office leases (if any); certain employees and management of PDL as determined by the Acquiror to be retained and/or contracted by the Acquiror; and specifically the right to continue to use the name “Prime Dental Lab LLC” along with certain other rights, trademarks, intellectual property and intangible assets of the Seller. The Purchase Price consisted of 750,000 unregistered, restricted Common Shares (the “Consideration Shares”) of the Acquiror (the “Share Consideration”) plus additional cash consideration in the amount of \$140,000.00 (the “Cash Consideration”) payable in two (2) equal instalments of seventy thousand (\$70,000.00) dollars (each a “Cash Instalment”). The first Cash Instalment shall be paid by the Acquiror to PDL no later than fifteen (15) calendar days after receipt by the Acquiror of a Notice of Effect from the Securities and Exchange Commission of a Form S-1 Registration Statement (the “First Cash Instalment”). The second Cash Instalment of seventy thousand (\$70,000.00) dollars shall be paid by the Acquiror to PDL on the date that is no later than ninety (90) calendar days subsequent to the payment of the First Cash Instalment (the “Second Cash Instalment”).

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 5 – ASSET PURCHASE AGREEMENTS (continued)

The Share Consideration is subject to a lock-up agreement for a term of twenty-four months from the issuance date, whereunder PDL shall be entitled to a release of 12.5% of the total Consideration Shares each quarter (93,750 shares) provided certain minimum quarterly revenue targets are achieved. Further, the Company has agreed to include such Consideration Shares in any registration statement filed, and in the event that the Company decides to approve and complete a share consolidation or share rollback within twelve (12) months after the date of the issuance of the Consideration Shares, such shares shall be protected from such share consolidation action (on a one-time basis).

The Company allocated the acquired assets on the Company's balance sheets as of the date of closing as Property and Equipment and Intangible Assets at fair market value. Assets acquired were as follows:

750,000 shares of common stock	\$ 10,500
Cash consideration – other current liability	140,000
Total consideration purchase cost	<u>\$ 150,500</u>
Allocation:	
Property and equipment	\$ 78,060
Customer relationships	72,440
Total purchased assets	<u>\$ 150,500</u>

The purchase accounting for the acquisition of assets from PDL includes an analysis of all available information as at the acquisition date. Management may continue to evaluate information about circumstances that existed as of the acquisition date and recognize measurement period adjustments prospectively. The measurement period is not to exceed 12 months from the respective date of acquisition.

NOTE 6 – SUBCONTRACTOR AGREEMENT

Concurrent with the closing of the acquisition of certain assets from Prime Dental Lab, LLC ("PDL") (see Note 5(2)) on August 31, 2022, the Company entered into a subcontractor agreement with PDL for the provision of certain services including labor, materials, supplies and manufacturing expertise with respect to the servicing of the Company's client list for dental prosthetics and orthotics. PDL shall have available for its exclusive use certain acquired assets in order to facilitate the provision of finished products. As consideration under the terms of the agreement, PDL shall be entitled to retain all gross profits from the sale of such finished goods, net the cost of use of the production equipment, as management fees.

NOTE 7 – JUDGMENT PAYABLE AND CONVERTIBLE NOTE

During fiscal 2017, Mr. James Brooks ("Brooks"), a creditor of the Company, obtained a judgment in the principal amount of \$1,114,500. Previously, on January 21, 2015, the Company entered into an agreement with Mr. Brooks whereunder he would provide certain services to the Company in exchange for a salary of \$10,000 per month and 2,550,000 common shares of the Company. Under the terms of this contract, Mr. Brooks was owed \$120,000 in salary and 2,550,000 shares, which consideration was not provided by the Company in accordance with the contract terms. On January 23, 2017 Mr. Brooks filed a complaint in respect to amounts payable and applicable damages. The Company failed to respond to the action, and on August 2, 2017, Mr. Brooks filed a motion for entry of default judgment. On September 6, 2017, the court determined the unpaid 2,550,000 common shares had a market value of \$994,500 at the time they were originally deliverable to Mr. Brooks. In addition to the value of the unpaid shares, unpaid salary of \$120,000 resulted in a judgment of \$1,114,500. Concurrently, the court granted post-judgment interest pursuant to Nevada Revised Statute 17.130 which provides that when there is no express contract in writing, interest must be allowed at a rate equal to the prime rate at the largest bank in Nevada, as ascertained by the Commissioner of Financial Institution on January 1 or July 1 as the case may be, immediately preceding the date of

Costas, Inc.
Notes to Financial Statements
For Years Ended December 31, 2022 and 2021

NOTE 7 – JUDGMENT PAYABLE AND CONVERTIBLE NOTE (continued)

the transaction, plus 2 percent. The rate must be adjusted accordingly on each January 1 and July 1 thereafter until the judgment is satisfied.

As a result, interest applied on the judgment over the applicable periods was as follows:

January 1, 2021	5.25%	July 1, 2020	5.25%	January 1, 2020	6.75%
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On March 25, 2021, the Court approved the first proposed settlement of a portion of Brooks' debt, in the amount of One Hundred Seventy-Five Thousand Dollars (\$175,000) (the "Settlement Debt") to be paid via the issuance of certain common shares of the Company. On December 6, 2021, Brooks entered into certain Debt Assignment and Purchase Agreements with several third parties in the accumulated amount of \$70,000. (See Note 9). On December 23, 2021, the Company entered into an 8% Convertible Promissory Note with Brooks, our then sole officer and director, in the amount of \$1,171,727. Concurrently, three hundred million (300,000,000) shares of the Company's common stock were issued to Brooks pursuant to a Court Order entered in the Eighth District Judicial Court, Clark County, Nevada, Case No. A-17-749977-B. The Company valued the 300,000,000 shares at the closing price of the Company's stock as traded on the OTCMarkets on the date of issuance and recorded a loss on the extinguishment of debt of \$10,025,000.

The convertible promissory note bears interest rate at 8% per annum for a period of 12 months. The holder has the right to convert any or all of the outstanding principal into shares of the Company's common stock at a conversion price of \$0.001 per share. The beneficial conversion feature associated with the note and realized on issuance date totaled \$1,171,727, which amount is being amortized over the term of the note, or 12 months. Prior to maturity, Mr. Brooks agreed to extend the repayment date of the note to December 31, 2023.

Interest payable included in accounts payable and the principal outstanding balance of the debt as at each period-end are as follows:

	Interest Payable	Shareholder Loan	Convertible Note	Total
Balance, December 31, 2020	247,564	1,114,500	-	1,362,064
Interest expense on shareholder loan	54,663	-	-	54,663
Interest expense on convertible note	2,054	-	-	2,054
Debt assignment and purchase agreements	-	(70,000)	-	(70,000)
Issuance of 300,000,000 shares	-	(175,000)	-	(175,000)
Debt reclassification	(302,227)	(869,500)	1,171,727	-
Subtotal	2,054	-	1,171,727	1,173,781
Unamortized debt discount	-	-	(1,146,045)	(1,146,045)
Balance December 31, 2021	2,054	-	25,682	27,736
Interest expense on convertible note	93,738	-	-	93,738
(Repayments to interest expense)	(5,877)	-	-	(5,877)
Amortized Debt Discount	-	-	1,146,045	1,146,045
Balance, December 31, 2022	\$ 89,915	\$ -	\$ 1,171,727	\$ 1,261,642

NOTE 8 – CONVERTIBLE NOTES

During the fiscal year ended December 31, 2022, the company issued convertible promissory notes in the principal amount of \$232,140 to several investors bearing interest at 8% per annum for a period of 12 months. The holders have the right to convert any or all of the outstanding principal into shares of the Company's common stock at a conversion price of \$0.001 per share. The beneficial conversion feature associated with the note and realized on issuance date totaled \$232,140, which amount is being amortized over the term of the note, or 12 months.

Costas, Inc.
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NOTE 8 – CONVERTIBLE NOTES (continued)

	Interest Payable	Convertible Note	Total
Balance, December 31, 2021	\$ -	\$ -	\$ -
Proceeds	-	232,140	232,140
Unamortized debt discount	-	(232,140)	(232,140)
Subtotal	-	-	-
Interest expense on convertible note	7,380	-	7,380
Amortized Debt Discount	-	92,246	92,246
Balance, December 31, 2022	\$ 7,380	\$ 92,246	\$ 99,626

NOTE 9 – DEBT ASSIGNMENTS AND PURCHASE AGREEMENT

On December 6, 2021, Mr. James Brooks, a creditor of the Company entered into certain Debt Assignment and Purchase Agreements with third parties in the accumulated amount of \$70,000. Subsequent to the Debt Assignment and Purchase Agreements, these third parties entered into non-interest-bearing convertible notes with the Company whereunder the debt may be converted into shares of the Company’s common stock at par value or, \$0.001 per share. The total discount recognized as a result of the beneficial conversion feature realized on the date of the notes was \$70,000, which amount was fully amortized on issuance date, and recorded as interest expenses.

On December 13 and December 14, 2021, the Company received Notices of Conversion from the aforementioned third parties, and debt in the amount of \$70,000 was converted into 70,000,000 shares of common stock.

NOTE 10 – RELATED PARTY TRANSACTIONS

Fred Waid, former sole officer and director

During the year ended December 31, 2020, Intermountain Fiduciary Services Inc., a company of which Fred Waid, the former Receiver and our former sole officer and director, is also director and officer (“IFSI”), advanced a total of \$1,725 for legal and professional which remained unpaid at December 31, 2020.

During the fiscal year ended December 31, 2021, IFSI incurred an additional \$13,275 in legal and professional fees, respectively. The Company made cash payment in the amount of \$15,000 to Intermountain and no additional invoices were received during the year ended December 31, 2022. At December 31, 2022 and December 31, 2021, \$0 and \$15,000, respectively, is reflected on the balance sheet as accounts payable – related party.

James Brooks, sole officer and director, controlling shareholder

On December 30, 2021, Mr. James Brooks was appointed the Company’s sole officer and director in place of Mr. Fred Waid. Immediately prior Mr. Brooks became the Company’s controlling shareholder upon issuance of 300,000,000 shares of common stock for certain debt in the amount of \$175,000. Concurrently the Company and Mr. Brooks entered into a convertible note with respect to amounts payable totaling an accumulated \$1,171,727 (Note 7 above).

During the year ended December 31, 2021, Mr., Brooks and companies controlled by him advanced a total of \$16,532 for operating expenses.

During the year ended December 31, 2022, Mr. Brooks and companies controlled by him advanced a further \$162,220 for operating expenses and the Company made cash payments to reduce the total balance payable in the amount of \$178,752. As at December 31, 2022, the amount owing to Mr. Brooks for advances for operations is \$0 (December 31, 2021 - \$16,532) which amount is reflected on the balance sheets as advances payable – related party.

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NOTE 10 – RELATED PARTY TRANSACTIONS (continued)

James Brooks, sole officer and director, controlling shareholder (continued)

During the year ended December 31, 2022 the Company also recorded interest expenses of \$93,738 (2021 - \$2,054) for Mr. Brooks on his convertible note (see Note 7 above). Mr. Brooks received payments against interest of \$5,887 in the year ended December 31, 2022 (2021 - \$0) leaving a balance owing of \$89,915 which is reflected on the balance sheets as accounts payable – related party.

During the year ended December 31, 2022, the Company acquired certain assets by way of issuance of 31,663,760 common shares of the Company's restricted, unregistered common stock to a company controlled by Mr. Brooks. (see Note 5 (1)).

During the year ended December 31, 2022 the Company paid \$30,000 to Mr. Brooks in respect to a monthly expense allowance of \$2,500.

NOTE 11 – COMMON STOCK

The Company has authorized a total of 2,000,000,000 shares of common stock, \$0.001 par value.

During the year ended December 31, 2021, 70,000,000 shares were issued upon conversion of certain convertible notes. (see Note 9).

During the year ended December 31, 2021, 300,000,000 shares were issued pursuant to a court order in settlement of \$175,000 payable to our sole officer and director, Mr. James Brooks. (see Note 7)

On May 6, 2022, 31,663,760 shares were issued in respect to an asset purchase agreement. (see Note 5 (1)).

On August 31, 2022, 750,000 shares were issued in respect to an asset purchase agreement. (see Note 5(2)).

At December 31, 2022 and December 31, 2021, there was a total of 445,728,363 and 413,314,603 shares issued and outstanding, respectively.

NOTE 12 – PURCHASE AGREEMENT WORLD AMBER CORP.

On November 22, 2022, we entered into a purchase agreement (the "*Purchase Agreement*"), and a registration rights agreement (the "*Registration Rights Agreement*") with World Amber Corp. ("*World Amber*"), a Nevada corporation, pursuant to which World Amber committed to purchase up to \$2,500,000 of our common stock. Under the terms and subject to the conditions of the Purchase Agreement, we have the obligation, to sell to World Amber, and World Amber is obligated to purchase up to \$2,500,000 of shares of our common stock. Future sales of common stock under the Purchase Agreement, if any, will be subject to certain limitations, and may occur from time to time, over the 24-month period commencing on the date that a registration statement is filed with the Securities and Exchange Commission (the "*SEC*") pursuant to the Registration Rights Agreement, and is declared effective by the SEC and a final prospectus in connection therewith is filed and the other conditions set forth in the Purchase Agreement are satisfied (such date on which all of such conditions are satisfied, the "*Commencement Date*").

After the Commencement Date, for every month over the term of the Purchase Agreement, the Company has the right, in its sole discretion, to direct World Amber to purchase up to 346,667 shares of common stock per business day, at \$0.30 per share (each, a "*Regular Purchase*"). In each case, World Amber's maximum commitment in any single Regular Purchase may not exceed \$104,000.

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NOTE 12 – PURCHASE AGREEMENT WORLD AMBER CORP. (continued)

Pursuant to the terms of the Purchase Agreement, in no event may the Company issue or sell to World Amber any shares of our common stock under the Purchase Agreement which, when aggregated with all other shares of common stock then beneficially owned by the World Amber and its affiliates, would result in the beneficial ownership by World Amber and its affiliates of more than 9.99% of the then issued and outstanding shares of common stock (the “*Beneficial Ownership Limitation*”).

The Purchase Agreement and the Registration Rights Agreement contain customary representations, warranties, agreements, conditions and indemnification obligations of the parties. The Company has the right to terminate the Purchase Agreement at any time, at no cost or penalty.

The Company filed its initial registration statement on December 30, 2022 and has not yet received Notice of Effect.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to December 31, 2022, the Company entered into certain 8% interest convertible note agreements (the “CPNs” with various individual investors for total gross proceeds of \$50,000. Under the terms of the agreements holders of the CPNs may convert the principal balance of the notes to unregistered, restricted shares of the Company’s common stock at \$0.001 at any time with three (3) days written notice.

Subsequent to December 31, 2022, the Company entered into certain zero interest convertible note agreements (the “CPNs” with various individual investors for total gross proceeds of \$136,000. Under the terms of the agreements holders of the CPNs may convert the principal balance of the notes to unregistered, restricted shares of the Company’s common stock at \$0.004 at any time with three (3) days written notice.

Subsequent to December 31, 2022 the Company and John Kim executed an addendum to the definitive agreement with PDL (Ref: Note 5(2)) (the “PDL Amendment”) whereunder the Cash Consideration as part of Purchase Price was revised so that the first instalment shall be released immediately upon execution of the PDL Amendment, or March 24, 2023, and the second Cash Instalment shall be payable on the date that is no later than seven (7) calendar days subsequent to the receipt of proceeds from the first payment under the Purchase Agreement with World Amber (Ref: Note 12).

The Company has evaluated subsequent events from the balance sheet date through the date that the financial statements were issued and determined that there are no additional subsequent events to disclose.