

PERPETUAL INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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ITEM 1. FINANCIAL STATEMENTS

Perpetual Industries, Inc. and Subsidiary

Financial Statements

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 411,523	\$ 384,433
Accounts receivable	14,175	18,953
Inventory	36,555	20,255
Deposits and prepaids	475,636	70,633
Total current assets	937,889	494,274
Fixed assets, net of accumulated depreciation	605,277	1,002,828
Intangible assets - net	4,562,368	4,943,968
Indefinite life asset	-	4,771
Right of use asset	463,105	677,812
Goodwill	3,243,049	3,243,049
Total assets	\$ 9,811,688	\$ 10,366,702
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 844,296	\$ 633,544
Accounts payable and accrued expenses - related party	276,436	121,959
Notes payable - related party	1,144,000	812,000
Lease liability	238,760	214,689
Total current liabilities	2,503,492	1,782,192
Lease liability, long term	224,450	463,217
Economic Injury Disaster Loan Program (EIDL) loan	150,000	150,000
Total liabilities	2,877,942	2,395,409
Commitments and contingencies (Note 19)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value, 100,000,000 shares authorized;		
Series A: 160 shares authorized; 2 and 0 shares issued and outstanding at December 31, 2023 and 2022, respectively	-	-
Series B: 2,000,000 shares authorized; 0 and 2,000,000 shares issued and outstanding at December 31, 2023 and 2022, respectively	-	200
Common stock, \$0.001 par value; 500,000,000 shares authorized; 123,848,600 and 81,471,500 issued and outstanding at December 31, 2023 and 2022, respectively	123,848	81,471
Common stock to be issued	212,070	212,070
Unearned compensation	-	(103,562)
Additional paid in capital	22,819,770	21,498,475
Other accumulated comprehensive loss	(19,974)	(10,781)
Accumulated deficit	(16,201,968)	(13,706,580)
Total stockholders' equity	\$ 6,933,746	\$ 7,971,293
Total liabilities and stockholders' equity	\$ 9,811,688	\$ 10,366,702

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

PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Years Ended	
	December 31,	December 31,
	2023	2022
	(Unaudited)	
Revenues		
Service revenues	\$ 3,268,658	\$ 5,028,997
Product sales	138,250	89,950
Cryptocurrency mining revenue	-	121,574
Total revenues	3,406,908	5,240,521
Cost of sales	1,183,699	1,865,877
Gross profit	2,223,209	3,374,644
Operating expenses		
General and administrative expenses	1,872,580	2,649,472
General and administrative expenses, related party	345,432	338,784
Depreciation and amortization	797,135	1,134,668
Outsource consulting fees	509,021	523,386
Management service, related party	213,190	197,617
Research and development	20,745	3,337
Stock-based compensation	1,039,389	-
Total operating expenses	4,797,492	4,847,264
Net operating income (loss)	(2,574,283)	(1,472,620)
Other income (expense)		
Interest expense	(140,163)	(13,962)
Interest expense, related party	-	(86,758)
Other income	1,091	5,424
Other expense	4,534	(14,251)
Loss on impairment of digital currencies	-	(67,195)
Gain on forgiveness of PPP loan	-	124,772
Gain on settlement of debt	226,793	-
Foreign currency transaction adjustments	(13,360)	484
Total other income (expense)	78,895	(51,486)
Net loss	(2,495,388)	(1,524,106)
Unrealized translation gain	(9,193)	(703)
Other comprehensive loss	\$ (2,504,581)	\$ (1,524,809)
Basic and loss per share	\$ (0.03)	\$ (0.02)
Basis and diluted weighted average common shares outstanding	99,683,522	78,222,744

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

PERPETUAL INDUSTRIES INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 (UNAUDITED) AND DECEMBER 31, 2022

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Common Stock to be Issued</u>	<u>Unearned Compensation</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Equity (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balances, December 31, 2021	2,000,000	200	78,137,800	78,138	20,437,326	217,070	-	(10,078)	(12,182,474)	8,540,182
Sale of Series A Preferred Stock	2	-	-	-	100,000	-	-	-	-	100,000
Issuance of stock for services	-	-	3,166,000	3,166	631,633	-	(630,000)	-	-	4,799
Issuance of Series B Preferred Stock for acquisition of Worldwide Group (true up)	-	-	-	-	277,000	-	-	-	-	277,000
Issuance of common stock for satisfaction of accounts payable	-	-	167,700	167	24,922	(5,000)	-	-	-	20,089
Stock based compensation	-	-	-	-	27,594	-	-	-	-	27,594
Amortization of unearned compensation	-	-	-	-	-	-	526,438	-	-	526,438
Net loss for the year ended December 31, 2022	-	-	-	-	-	-	-	(703)	(1,524,106)	(1,524,809)

Balances, December 31, 2022	2,000,002	200	81,471,500	81,471	21,498,475	212,070	(103,562)	(10,781)	(13,706,580)	7,971,293
Sale of common stock	-	-	600,000	600	39,400	-	-	-	-	40,000
Issuance of stock for services	-	-	252,000	252	24,857	-	-	-	-	25,109
Issuance of common stock for satisfaction of accounts payable	-	-	525,100	525	48,449	-	-	-	-	48,974
Conversion of Series B Preferred Stock into Common Stock	(2,000,000)	(200)	20,000,000	20,000	(19,800)	-	-	-	-	-
Amortization of unearned compensation	-	-	-	-	-	-	103,562	-	-	103,562
Exercise of warrants	-	-	21,000,000	21,000	189,000	-	-	-	-	210,000
Stock based compensation	-	-	-	-	1,039,389	-	-	-	-	1,039,389
Net loss	-	-	-	-	-	-	-	(9,193)	(2,495,388)	(2,504,581)
Balances, December 31, 2023	<u>2</u>	<u>\$ -</u>	<u>123,848,600</u>	<u>\$ 123,848</u>	<u>\$ 22,819,770</u>	<u>\$ 212,070</u>	<u>\$ -</u>	<u>\$ (19,974)</u>	<u>\$ (16,201,968)</u>	<u>\$ 6,933,746</u>

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

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended	
	December 31, 2023	December 31, 2022
	(Unaudited)	
Cash Flows from Operating Activities		
Net loss	\$ (2,495,388)	\$ (1,524,106)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization expense	797,111	1,134,668
Stock issued for services	25,109	526,438
Stock based compensation	1,039,389	27,594
Amortization of unearned compensation	103,562	-
Loss on impairment of digital currencies	4,771	67,195
Gain on sale of digital currencies	-	(12,251)
Gain on forgiveness of PPP loan	-	(124,772)
Changes in operating assets & liabilities		
Right of use activity	11	53
Accounts receivable	4,778	77,067
Inventory	(16,300)	(6,595)
Prepaid expenses	(405,003)	(14,431)
Accounts payable and accrued expenses	259,726	(205,479)
Accounts payable, related party	154,478	(134,082)
Net cash from operating activities	(527,730)	(188,701)
Cash Flows from Investing Activities		
Acquisition of fixed assets	(17,961)	(680,660)
Cash paid for software development asset	-	(6,050)
Net cash from investing activities	(17,961)	(686,710)
Cash Flows from Financing Activities		
Proceeds from the issuance of common stock	40,000	-
Proceeds from the issuance of Series A Preferred Stock	-	100,000
Proceeds from exercise of warrants	210,000	-
Proceeds from notes payable, related party	1,022,000	112,000
Proceeds from notes payable	300,000	-
Payments on notes payable, related party	(690,000)	-
Payments on notes payable	(300,000)	-
Net cash from financing activities	582,000	212,000
FX translation	(9,193)	(703)
Change in Cash	27,090	(664,114)
Cash at beginning of period	384,433	1,048,547
Cash at end of period	\$ 411,523	\$ 384,433
Supplemental Cash Flow Information		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Non-cash investing and financing activities:

Issue of common stock to satisfy accounts payable	<u>\$ 48,974</u>	<u>\$ 17,250</u>
Issuance of Series B Preferred Stock for acquisition of Worldwide Group (true up)	<u>\$ -</u>	<u>\$ 277,000</u>

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

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PERPETUAL INDUSTRIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Nature of operations

Perpetual Industries Inc. (the “Company”) was incorporated under the laws of Nevada in January 2005 and is headquartered in Auburn Indiana.

Perpetual is an emerging growth company with a diverse R&D portfolio and a wholly-owned subsidiary. The Company is an incubator of disruptive, energy-efficient technologies and commercialization of niche products. The Company’s divisions all work together to support innovation in a wide range of industries on a global scale including; renewable energy, custom software solutions, white goods, artificial intelligence, blockchain, and cryptocurrency mining.

The Company’s wholly owned subsidiary Worldwide Group, LLC (“Worldwide”), is a boutique auction company that specializes in the sale and acquisition of classic vintage motorcars at auction around the globe. They offer an extensive range of personalized services to car collectors, including private sales, appraisal, collection direction and consultancy, estate planning, and asset management. Worldwide is a leader in the Collector Car Auction industry with an impressive 20-year history and a talented team of experienced people. Worldwide provides a diversified revenue stream to the company with a physical and virtual showroom at its extensive headquarters located in Auburn, Indiana.

2. Summary of significant accounting policies

Basis of Presentation

The Company has one wholly-owned subsidiary: Worldwide. The consolidated financial statements, which include the accounts of the Company and its wholly-owned subsidiary, are prepared in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”). All significant intercompany balances and transactions have been eliminated. The consolidated financial statements, which include the accounts of the Company and its wholly-owned subsidiary, and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The financial statements have been prepared using the accrual basis of accounting and are presented in US dollars. The Company’s financial reporting year end is December 31.

Use of Estimates

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

Digital Currencies

Digital currencies are included in non-current assets in the consolidated balance sheets under indefinite life assets. Digital currencies are recorded at cost, less impairment.

An intangible asset with an indefinite useful life is not amortized but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value. In testing for impairment, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that an impairment exists. If it is determined that it is not more likely than not that an impairment exists, a quantitative impairment test is not necessary. If the Company concludes otherwise, it is required to perform a quantitative impairment test. To the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. For the years ended December 31, 2023 and 2022, the Company recorded a loss on impairment of digital currencies in the amount of \$0 and \$67,195, respectively.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “*Revenue from contracts with customers*,” (Topic 606). Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company’s main revenue stream is from services. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company’s performance obligations are transferred to customers at a point in time, typically upon delivery.

Service revenues

The Company generates the majority of its service revenue from earning auction and ancillary fees from both buyers and sellers, in each case only upon a successful auction. The auction revenue consists principally of revenue earned from facilitating auctions and arranging for the transportation of vehicles purchased in such auctions.

Product sales

Revenue from product sales is recognized upon delivery of the unit and completion / signing of the associated contract, and are recording the amount of revenue identified in the contract as the sales price of the vehicle.

Cryptocurrency mining revenues

Providing computing power in crypto asset transaction verification services is an output of the Company’s ordinary activities. The provision of computing power is the only performance obligation in the Company’s contracts with third party pool operators. The transaction consideration the Company receives, if any, is noncash consideration, which the Company measures at fair value on the date received, which is not materially different than the fair value at contract inception. The consideration is all variable. Because it is not probable that a significant reversal of cumulative revenue will not occur, the consideration is constrained until the Company successfully places a block (by being the first to solve an algorithm) and the Company receives confirmation of the consideration it will receive, at which time revenue is recognized. There is no significant financing component in these transactions.

Fair value of the digital asset award received is determined using the average U.S. dollar spot rate of the related digital currency at the time of receipt.

Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains cash balances at a financial institution that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risks related to cash.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers’ financial condition. In limited instances, the Company may require an upfront deposit and, in most cases, the Company does charge interest on past due amounts. Management estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible and how recently payments have been received. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote.

Inventories

Inventories are stated at the lower of cost (using specific identification) or net realizable value. Inventory quantities on hand are reviewed regularly and a write-down for excess and obsolete inventory is recorded based primarily on an estimated forecast of product demand, market conditions and planned design changes.

Property and Equipment

Property and equipment are initially recorded at cost and stated at cost less accumulated depreciation, using the straight-line method over their estimated useful lives of 3 to 15 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Intangible Assets

Certain intangible assets arose from the acquisition of Worldwide on January 22, 2021 and consist of the following, which have been or are being amortized on a straight-line basis over the following estimated useful lives:

Asset	Estimated Useful Life
Customer Relationships	14
Trademarks	15
Customer List	1
Below Market Lease	4

Common Stock

Shares of common stock have the following rights and privileges:

Voting – The holder of each share of common stock is entitled to one vote per share held. The holders of common stock shall be entitled to elect both members of the Board of Directors.

Dividends – Common stockholders are entitled to receive dividends, if and when declared by the Board of Directors, subject to the rights of holders of all classes of stock outstanding having priority rights as to dividends.

Stock Based Compensation Expense

The Company applies the fair value method of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 718, “*Share Based Payment*”, in accounting for its stock-based compensation. This standard states that compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. The Company values stock-based compensation at the market price for the Company’s common stock and other pertinent factors at the grant date. During the years ended December 31, 2023 and 2022, the Company recorded stock-based compensation expense in the amount of \$1,039,389 and \$27,594, respectively.

Comprehensive Income (loss)

ASC Topic 220 “*Comprehensive Income*” (SFAS No. 130) establishes standards for reporting comprehensive income and its components. Comprehensive income or loss is defined as the change in equity during a period from transactions and other events from non-owner sources. The component of comprehensive loss totaling \$9,193 and \$703 for the years ended December 31, 2023 and 2022, respectively, related to foreign currency translation adjustment.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting, under which consideration for the acquisition, including the fair value of any contingent consideration, is allocated to the assets acquired and liabilities assumed. The Company recognizes identifiable assets acquired and liabilities assumed (both specific and contingent) at the acquisition date fair values as determined by management as of the acquisition date. The excess of the consideration over the assets acquired net of liabilities assumed is recognized as goodwill and as bargain purchase where the consideration is less than the assets acquired net of liabilities assumed.

Acquisition-related costs, such as due diligence, legal and accounting fees, are expensed as incurred and not considered in determining the fair value of the acquired assets. Acquisition-related costs are reflected in selling, general and administrative expense in the consolidated statements of net and comprehensive income.

Long Lived Assets

Long-lived assets and certain identifiable intangible assets related to those assets are periodically reviewed for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. If the non-discounted future cash flows of the enterprise are less than their carrying amount, their carrying amounts are reduced to fair value and an impairment loss is recognized. The Company did not record any impairment losses during the years ended December 31, 2023 and 2022.

Fair Value of Financial Instruments

The Company has adopted the provisions of ASC Topic 820, “*Fair Value Measurements*”, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but it does provide guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include, accounts receivable, accounts payable and accrued expenses, notes payable, notes payable to related parties, related parties payable and Payroll Protection Program Loan and Economic Injury Disaster Loan Program (EIDL) loans. The Company has also applied ASC 820 for all non-financial assets and liabilities measured at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on the Company’s financial statements.

Foreign Currencies

The Company determined that its functional currency is the United States dollar since the U.S. dollar is the currency of the environment in which the Company primarily generates and expends cash. Foreign currency transaction gains and losses represent gains and losses resulting from transactions entered into in a currency other than the functional currency of the Company. These transaction gains and losses are included in results of operations. The component of comprehensive loss totaling \$9,193 and \$703 for the years ended December 31, 2023 and 2022, respectively, related to foreign currency translation adjustment. The Company had a foreign currency translation loss totaling \$13,360 for the year ended December 31, 2023 and a gain of \$484 for the year ended December 31, 2022.

Income Taxes

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. Our consolidated federal tax return and any state tax returns are not currently under examination.

The Company has adopted FASB ASC 740-10, “*Accounting for Income Taxes*”, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually from differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has filed its U.S. tax returns for 2016 through 2021 that have all resulted in taxable losses and tax losses available to offset future taxable income. The Company has not determined the amount of the potential benefits for these tax losses.

Net Income (Loss) Per Common Share

The Company computes loss per common share, in accordance with FASB ASC Topic 260, “*Earnings Per Share*”, which requires dual presentation of basic and diluted earnings per share. Basic income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period. Diluted income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding, plus the issuance of common shares, if dilutive, that could result from the exercise of outstanding stock options and warrants.

For the years ended December 31, 2023 and 2022 the following common stock equivalents were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive:

	Three and Years ended December 31,	
	2023 (Shares)	2022 (Shares)
Series A Preferred Stock	2	2
Series B Preferred Stock	-	2,000,000
Stock options	11,953,500	2,240,000
Warrants	-	21,000,000
Total	11,953,502	25,240,002

Segments

The Company determined its reporting units in accordance with ASC 280, “*Segment Reporting*” Management evaluates a reporting unit by first identifying its’ operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated.

Management has determined that the Company has two consolidated operating segments and a non operating segment. The Company’s reporting segment reflects the manner in which its chief operating decision maker reviews results and allocates resources. The Company’s reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments.

The Company’s reporting segments are automotive and cryptocurrency mining. Perpetual is included in cryptocurrency mining while Worldwide is included in the automotive segment.

Leases

The Company accounts for leases in accordance with Accounting Standards Update (“ASU”) 2016-02, “*Leases*” (Topic 842).

Recent Accounting Pronouncements

The Company has considered all recently issued accounting pronouncements and does not believe the adoption of such pronouncements will have a material impact on its unaudited condensed consolidated financial statements.

Comparative Figures

Certain comparative figures have been reclassified to conform to current period presentation.

3. Concentration of credit risks

The Company maintains accounts with financial institutions. All cash in checking accounts is non-interest bearing and is fully insured by the Federal Deposit Insurance Corporation (“FDIC”). At times, cash balances may exceed the maximum coverage provided by the FDIC on insured depositor accounts. The Company believes it mitigates its risk by depositing its cash and cash equivalents with major financial institutions. As of December 31, 2023 and 2022, the Company had \$0 and \$98,347 in excess of FDIC insurance, respectively.

4. Accounts receivable and allowance for doubtful account

The Company has a policy of providing an allowance for doubtful accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to bad debt expense and included in the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

On January 1, 2023, the Company implemented Accounting Standards Update No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326) to account for potential credit losses. It did not have a material impact.

The accounts receivable balance at December 31, 2023 and 2022 was \$14,175 and \$18,953, respectively, and the Company expects to receive the full amount. As such, the Company has elected to not record an allowance for this amount.

5. Fixed Assets

Fixed assets consisted of the following at December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Computer hardware	\$ 83,942	\$ 77,439
Mining equipment	371,740	371,740
Machinery and equipment	117,922	111,314
Furniture and fixtures	94,596	94,596
Trailer	23,244	23,244
Leasehold improvements	682,889	678,040
	<u>1,374,333</u>	<u>1,356,373</u>
Less: Accumulated depreciation	(769,056)	(353,545)
Property and equipment - net	<u>\$ 605,277</u>	<u>\$ 1,002,828</u>

Depreciation expense was \$415,511 and \$323,682 for the years ended December 31, 2023 and 2022, respectively.

6. Intangible Assets

	December 31, 2023	December 31, 2022
AutoGrafic software system	\$ 907,954	\$ 907,954
Customer relationships	3,105,000	3,105,000
Trademarks	1,380,000	1,380,000
Customer list	52,000	52,000
Below market lease	310,000	310,000
	5,754,954	5,754,954
Less: accumulated amortization	(1,192,586)	(810,986)
Intangible assets - net	\$ 4,562,368	\$ 4,943,968

The Company acquired the AutoGrafic Software System on March 31, 2021 for \$710,000 (See Note 9). Additionally, since acquisition, the Company incurred an additional \$197,954 in software development fees related to the application development stage of the software. The Company will begin amortizing the asset once it reaches the stage of intended-use.

The remaining intangible assets (i.e. customer relationships, trademarks, customer list and below market lease) arose from the acquisition of Worldwide.

Amortization expense was \$381,600 and \$810,986 for the years ended December 31, 2023 and 2022, respectively. Of the \$712,361 in amortization expense for the years ended December 31, 2022, \$416,567 relates to the period from acquisition to December 31, 2021 and is being treated as a change in accounting estimate. The remaining \$394,419 is the expense related to the years ended December 31, 2022.

7. Indefinite Life Asset - Digital Currencies

The Company has several cryptocurrency mining computers which perform mining transactions that earn commissions paid out in Ethereum (ETH) and Bitcoin. The Company is paid in ETH and Bitcoin and it is deposited into a crypto wallet located on the Blockchain. Because digital currencies do not meet the definition of cash, inventory, or financial assets in current accounting guidance, The Company has elected to treat them as indefinite-lived intangible assets. Digital currencies are included in non-current assets in the consolidated balance sheets under indefinite life assets. Digital currencies are recorded at cost less impairment. The carrying value of the digital currencies as of December 31, 2023 and December 31, 2022 is \$0 and \$4,771, respectively. For the years ended December 31, 2023 and 2022, the Company recorded a loss on impairment of digital currencies in the amount of \$0 and \$67,195, respectively.

8. Operating lease right-of-use assets and operating lease liabilities

The Company leases 22,000 square feet of office space located at 2193 Rotunda Drive, Auburn IN 46706 from a related party. The Company has a base rent of \$12,000 per month for a period of 60 months. The lease commencement date was July 1, 2021.

Worldwide leases 34,000 square feet of office space, from a related party located at 5634 Opportunity Boulevard, Suites A&E, Auburn, Indiana 46706. Worldwide has a base rent of \$8,500 per month for a period of 48 months. The lease commencement date was December 31, 2021.

Operating lease right-of-use assets and liabilities are recognized at the present value of the future lease payments at the lease commencement date. The interest rate used to determine the present value is our incremental borrowing rate, estimated to be 7%, as the interest rate implicit in most of our leases is not readily determinable. Operating lease expense is recognized on a straight-line basis over the lease term. During the years ended December 31, 2023 and 2022, the Company recorded \$246,084 as operating lease expense, respectively, which is included in general and administrative expenses on the statements of operations.

Right-of- use assets are summarized below:

	December 31, 2023	December 31, 2022
Office Lease	\$ 994,315	\$ 994,315
Less accumulated amortization	(531,210)	(316,503)
Right-of-use, net	<u>\$ 463,105</u>	<u>\$ 677,812</u>

Operating lease liabilities are summarized below:

	December 31, 2023	December 31, 2022
Office Lease	\$ 463,217	\$ 682,906
Less: current portion	(238,760)	(219,689)
Long term portion	<u>\$ 224,457</u>	<u>\$ 463,217</u>

Maturity of lease liabilities are as follows:	As of December 31
Year ending December 31, 2024	\$ 246,105
Year ending December 31, 2025	169,641
Year ending December 31, 2026	72,084
Total future minimum lease payments	<u>\$ 487,830</u>
Less imputed interest	(24,613)
PV of Payments	<u>\$ 463,217</u>

9. Economic Injury Disaster Loan Program (EIDL) loans

On July 13, 2020, the Company, through its wholly-owned subsidiary, Worldwide, received loan proceeds of \$150,000 under the Economic Injury Disaster Loans (EIDL). The loan matures in 30 years and has an interest rate of 3.75%. As of December 31, 2023, the balance is classified in non-current liabilities. As of December 31, 2023, the balance of accrued interest related to these loans is \$10,860. The Company began making monthly payments of \$731 on February 3, 2023. The monthly payments are applied against accrued interest.

Maturity of EIDL loan is as follows:	As of December 31, 2023
Year ending December 31, 2023	\$ 1,366
Year ending December 31, 2024	2,810
Year ending December 31, 2025	2,917
Year ending December 31, 2026	3,029
Year ending December 31, 2027	3,144
Thereafter	136,734
Total future minimum lease payments	<u>\$ 150,000</u>

10. Related party transactions and commitments

Notes Payable

The Company, through its wholly-owned subsidiary Worldwide has a loan with Osmium Holdings LLC (“Osmium”). Osmium owns greater than 10% of the Company’s common stock outstanding. The loans are as follows:

- On December 1, 2018, Worldwide received \$1,500,000 against a line of credit promissory note from Osmium. The interest rate was 7.5% and the maturity date was November 30, 2021. During the three months ended December 31, 2021, the Company repaid \$760,945 on the note. On December 1, 2021, the note was replaced with a new note with principal balance of \$700,000. The interest rate is 9.75% and the maturity date was November 30, 2022. As of December 31, 2023 and December 31, 2022, the outstanding balance is \$700,000. As of December 31, 2023 and December 31, 2022, there is no accrued interest on this loan as the Company makes monthly interest payments.

During the year ended December 31, 2022, the Company’s CEO, Brent Bedford, advanced the Company \$112,000. On March 3, 2023, he advanced the Company \$3,000 and on June 29, 2023, he advanced the Company \$4,000. As of December 31, 2023 and 2022, the balance owed to Mr. Bedford was \$119,000 and \$112,000, respectively. During the years ended December 31, 2023 and 2022, the Company recorded \$14,366 and \$4,292, respectively, in interest expense, related to these advances. As of December 31, 2023, the balance of accrued interest was \$18,658.

During the years ended December 31, 2023, John Kruse loaned \$300,000 to the Company, through an entity he controls. The Company owes a \$15,000 financing fee related to this loan. During the years ended December 31, 2023, the Company repaid the loan in full. As of December 31, 2023 and December 31, 2022, the balance owed is \$0.

During the year ended December 31, 2023, Rod Egan loaned \$25,000 to the Company. The interest rate on the loan is 8% compounded annually. During the year ended December 31, 2023, the Company recorded \$247 in accrued interest. As of December 31, 2023, the balance owed is \$25,000.

During the year ended December 31, 2023, Bulldawg Capital, LLC, a company controlled by Jason Bontrager loaned \$150,000 to the Company. Jason Bontrager has a beneficial ownership of 8.41% of the Company’s common stock outstanding, through his ownership of Osmium. The interest rate on the loan is 15%. The note is convertible at the holder’s option into common stock at \$0.05 per share. The Company is required to start making interest payments on January 15, 2024. During the year ended December 31, 2023, the Company recorded \$19,587 in accrued interest. As of December 31, 2023, the balance owed is \$150,000.

Management Service

During the years ended December 31, 2023 and 2022, the Company incurred management fees to Brent Bedford in the amount of \$153,190 and \$147,117, respectively. Brent Bedford has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party. As of December 31, 2023 and 2022, the Company owes \$140,342 and \$62,892 to this related party, respectively.

During the years ended December 31, 2023 and 2022, the Company incurred management fees to Trip Thomas, the Company’s CFO in the amount of \$60,000 and \$50,500, respectively. Trip Thomas has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party. As of December 31, 2023 and 2022, the Company owes \$30,483 and \$19,983 to this related party, respectively.

General and Administrative Expenses

During the years ended December 31, 2023 and 2022, a small shareholder of the Company and a relative of the Company’s CEO, provided office management and administration support through a private entity that she owns amounting to \$66,790 and \$64,909, respectively. During the years ended December 31, 2023 and 2022, the Company also obtained network and website maintenance services from this private entity for \$1,674 and \$1,594 respectively. As of December 31, 2023 and December 31, 2022, the Company owed this small shareholder \$79,735 and \$29,514 respectively.

During the years ended December 31, 2023 and 2022, Brent Bedford, Chairman and CEO, provided office space, storage, and internet services through a private entity that he owns, to the Company totaling \$8,880 and \$9,195, respectively.

The Company leases 22,000 square feet of office space located at 2193 Rotunda Drive, Auburn IN 46706, from a related party. The Company has a base rent of \$12,000 per month for a period of 60 months.

Worldwide leases 34,000 square feet of office space from a related party located at 5634 Opportunity Boulevard, Suites A&E, Auburn, Indiana 46706. Worldwide has a base rent of \$8,500 per month for a period of 48 months. The lease commencement date was December 31, 2022.

Related party operating expenses were comprised of the following:

	For the Years Ended	
	December 31, 2023	December 31, 2022
Management service – related party	\$ 213,190	\$ 197,617
General and Administrative Expense:		
Office management & administrative support	66,790	64,909
Rent - Plectrum Enterprises	8,880	9,195
Rent - Kruse Plaza	268,088	263,086
Network and website maintenance	1,674	1,594
Total general and administrative – related party	345,432	338,784
Total related party operating expenses	\$ 558,622	\$ 536,401

Accounts receivable

The related party accounts receivable is included in the accounts receivable balance on the balance sheet. The balance of accounts receivable, related party was comprised of the following:

	As of December 31, 2023	As of December 31, 2022
Kruse Plaza	\$ -	\$ 1,045
Total accounts receivable – related party	\$ -	\$ 1,045

Accounts payable and accrued expenses - related party

The balance of accounts payable and accrued expenses, related party was comprised of the following:

	As of December 31, 2023	As of December 31, 2022
Plectrum Enterprises, Inc. (owned by Brent Bedford, CEO)	\$ 140,342	\$ 62,892
Brent Bedford, CEO	5,827	3,885
Brent Bedford (Accrued Interest on Loan)	18,658	4,294
Flip Flop Studios (owned by Shelley Bedford, relative of CEO)	79,735	29,514
A-Frame Accounting & Advisory, Inc.	30,483	19,983
Kruse Plaza	1,391	1,391
Total accounts payable and accrued expenses – related party	<u>\$ 276,436</u>	<u>\$ 121,959</u>

11. Reportable segments

The Company currently has one primary reportable geographic segment - United States. The Company has two reportable operating segments – auction and cryptocurrency mining. We also have included a Non-operating Corporate segment. All inter-segment revenues are eliminated. Summary information with respect to the Company's operating segments is as follows:

	Years Ended December 31,	
	2023	2022
Revenue		
Automobile:		
Service revenues	\$ 3,268,458	\$ 5,028,997
Product sales	138,250	89,950
Cryptocurrency mining revenue	-	121,574
Total revenue	<u>\$ 3,406,908</u>	<u>\$ 5,240,521</u>

	Years Ended December 31,	
	2023	2022
Income (loss) from operations		
Auction	\$ (551,195)	\$ 709,428
Cryptocurrency mining	-	121,953
Non-operating corporate	(2,088,643)	(2,303,603)
Total income (loss) from operations	<u>\$ (2,574,283)</u>	<u>\$ (1,472,620)</u>

	Years ended December 31,	
	2023	2022
Depreciation and Amortization		
Automobile	\$ 641,159	\$ 947,085
Cryptocurrency mining	119,548	74,348
Non-operating corporate	36,428	146,532
Total	<u>\$ 797,135</u>	<u>\$ 1,167,965</u>

	December 31,	
	2023	2022
Capital Expenditures		
Automobile	\$ 17,960	\$ 629,622
Cryptocurrency mining	-	-
Non-operating corporate	-	6,050
Total	<u>\$ 17,960</u>	<u>\$ 635,672</u>

	December 31, 2023	December 31, 2022
Total Assets		
Automobile	\$ 8,215,772	\$ 8,363,929
Cryptocurrency mining	371,740	376,511
Non-operating corporate	1,224,177	1,626,262
Total	<u>\$ 9,811,689</u>	<u>\$ 10,366,702</u>

12. Equity

Unearned Compensation

On March 29, 2022, the Company entered into a platform account and media awareness agreement with a digital marketing and data technology firm called SRAX, Inc. (“Service Provider”). The agreement provides the Company with data for PR, proxy, tender offers, and prospecting services to the Company over a one year term. Services include: Sequire™ platform access, weekly downloaded NOBO and DTC lists, weekly reporting, internet advertising, paid media across multiple platforms targeting current stakeholders as well as SRAX Sequire™ proprietary investor audiences. The Company issued 3,150,000 shares of common stock at \$0.20 per share for a total consideration of \$630,000. The total cost of the agreement will be amortized over a one year term. The Common shares are restricted for a one year period (“Lock-Up”) and are bound to a leak-out restriction commencing at the end of the Lock-Up period that limits the Service Provider from selling no more than 10% of the average daily trading volume of the Company’s stock during the preceding 10 trading days. During the years ended December 31, 2023, the Company recorded \$103,562 in amortization of unearned compensation. As of December 31, 2023, the unearned compensation has been fully amortized.

On June 6, 2023, the Company notified SRAX through its legal counsel, of their breach of the platform account and media awareness agreement. The Company issued a formal demand for the return of a minimum of 3,000,000 shares issued as compensation for services that were not provided to the Company.

Preferred Stock

On October 29, 2021, the Board of Directors approved a new designation of Preferred Stock in the Company designated as “Series A Preferred Stock”. There are 160 authorized shares of Series A Preferred Stock with a par value of \$0.0001 that are eligible for conversion into 100,000 Common Shares. A Holder of Series A Preferred Shares shall be entitled to receive dividends, if available, equal to its ratable ownership of Series A Preferred Shares multiplied by 18% of the total Net Profits from the Company’s GEM Sector 450 cryptocurrency mining activities for a minimum period of 36 months. During the year ended December 31, 2022, the Company sold 2 shares of Series A Preferred Stock for \$100,000. During the years ended December 31, 2023, 2,000,000 shares of Series B Preferred Stock was converted into 20,000,000 shares of common stock.

Stock Options Issuance

On September 12, 2014, the Board of Directors adopted the Company’s “2014 Stock Option Plan” (the “Plan”) effective immediately. The maximum number of options issuable under the Plan is 15% of the Company’s issued and outstanding shares at the time of any grant. If any shares of common stock subject to an award under the Plan are forfeited, expire, are settled for cash or are tendered by the participant, or withheld by the Company to satisfy any tax withholding obligation, then, in each case, the shares subject to the award may be used again for awards under the Plan to the extent of the forfeiture, expiration, cash settlement, or withholding. The stock option awards issuable under the Plan can be made up of non-statutory stock options only; the Plan does not contemplate incentive options. The Plan dictates that stock options will be granted for terms, prices, and quantities determined at the Board’s discretion, with quantities being in multiples of 1,000 shares. Non-statutory stock options are available to independent contractors and consultants as well as to employees.

On August 17, 2023, the directors voted to amend the 2014 Stock Option Plan (the “Plan”) adopted by the Board of Directors on September 12, 2014, to extend the Plan’s original ten (10) year expiration date of September 12, 2024 for an additional ten (10) years. The Plan shall continue in effect until September 12, 2034. All other provisions of the plan will remain in full force and in effect.

Options to purchase common stock were granted to directors and consultants as follows:

Grant Date	Options Granted	Expiration Date	Vesting Criteria	Grant Date Fair Value
October 18, 2020	700,000	November 18, 2023	Immediate	\$ 119,169
April 15, 2021	1,090,000	April 15, 2024	Immediate	\$ 72,376
July 1, 2022	700,000	July 1, 2027	Immediate	\$ 16,097
August 18, 2022	500,000	August 18, 2027	Immediate	\$ 11,497
September 1, 2023	1,113,500	September 1, 2027	Immediate	\$ 116,947
September 1, 2023	1,350,000	September 1, 2028	Immediate	\$ 154,856
September 1, 2023	6,500,000	September 1, 2029	Immediate	\$ 767,586

Optionees are precluded from selling, transferring or otherwise disposing of any Optioned Shares during the twelve months immediately following the grant of the Options, and shall be limited to a resale volume not exceeding 1% of the Company’s issued and outstanding stock in any three-month period.

The Company valued these options using the Black-Scholes Model using inputs as detailed below:

Grant Date	Underlying price	Contractual strike price	Expected term	Market Volatility	Interest Rate
November 18, 2020	\$ 0.20	\$ 0.10	1.5 Years	203.73%	0.11%
April 15, 2021	\$ 0.27	\$ 0.25	1.5 Years	41.25%	0.16%
July 1, 2022	\$ 0.15	\$ 0.20	2.5 Years	36.89%	2.85%
August 18, 2022	\$ 0.16	\$ 0.20	1.5 Years	36.89%	2.85%
September 1, 2023	\$ 0.1250	\$ 0.10	2-3 Years	185.99 - 211.90%	4.57% - 4.87%

At December 31, 2023 and December 31, 2022, the Company had options outstanding to purchase a total of 11,253,500 and 2,390,000 shares of common stock under the Plan (the “Option Grant”), respectively. During the three and years ended December 31, 2023 and 2022, the Company recorded \$1,039,389 and \$27,594 in stock-based compensation, respectively.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Options Outstanding – January 1, 2022	2,240,000	\$ 0.12	1.87 Years
Issued	1,200,000		
Exercised	-		
Expired	(1,050,000)		
Options Outstanding – December 31, 2022	2,390,000	\$ 0.22	2.88 Years
Issued	8,963,500	\$ 0.10	5.3 Years
Exercised	-		
Expired	(100,000)		
Options Outstanding – December 31, 2023	11,253,500	\$ 0.13	4.60 Years
Outstanding Exercisable – December 31, 2023	11,253,500	\$ 0.13	4.60 Years

Warrants

As of December 31, 2023 and December 31, 2022, the Company had 0 and 21,000,000 warrants outstanding. The warrants, which were issued in 2018, were valued using a Black-Scholes Merton (“BSM”) model. The value of \$1,159,200 was recorded in additional paid-in capital. The warrants have an exercise price of \$0.01 per share and expire on July 31, 2023. On January 30 2023, a holder exercised 1,000,000 warrants for \$10,000 and on April 11, 2023, a holder exercised 10,000,000 warrants for \$100,000. During the three months ended December 31, 2023, holders exercised 10,000,000 warrants for \$100,000 for a total of 21,000,000 warrants exercised in year ending 2023.

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Warrants Outstanding – January 1, 2022	21,000,000	\$ 0.01	1.08 Years
Issued	-		
Exercised	-		
Expired	-		
Warrants Outstanding – December 31, 2022	21,000,000	\$ 0.01	0.08 Years
Issued	-		
Exercised	(21,000,000)		
Expired	-		
Warrants Outstanding – December 31, 2023	-	\$ -	-
Outstanding Exercisable – December 31, 2023	-	\$ -	-

13. Going Concern

The Company's financial statements are prepared using the generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. At December 31, 2023, the Company had \$411,253 in cash and \$1,565,603 in negative working capital. For the years ended December 31, 2023 and 2022, the Company had net losses of \$2,495,388 and \$1,524,106, respectively. Continued losses may adversely affect the liquidity of the Company in the future. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company has operating costs and expenses at the present time for development of its business activities. The Company, however, will be required to raise additional capital over the next twelve months to meet its current administrative expenses, and it may do so in connection with or in anticipation of possible acquisition transactions. This financing may take the form of additional sales of its equity securities loans from its directors and or convertible notes. There is no assurance that additional financing will be available, if required, or on terms favorable to the Company.

14. Commitments and Contingencies

During the normal course of business, the Company may be exposed to litigation. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with FASB ASC 450-20-50, *Contingencies*. The Company evaluates its exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If the Company determines that an unfavorable outcome is probable and can be reasonably estimated, it establishes the necessary accruals.

15. Subsequent Events

None.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Historical results may not indicate future performance. Our forward-looking statements reflect our current views about future events; are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the section titled "Risk Factors" of our December 31, 2022 annual report. We undertake no obligation to publicly update or revise any forward-looking statements, including any changes that might result from any facts, events, or circumstances after the date hereof that may bear upon forward-looking statements. Furthermore, we cannot guarantee future results, events, levels of activity, performance, or achievements.

Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Forward-Looking Statements

Some of the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," and "would" or the negatives of these terms or other comparable terminology.

You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Quarterly Report on Form 10-Q identify important factors, which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- The speculative nature of the business we intend to develop;
- Our reliance on suppliers and customers;
- Our dependence upon external sources for the financing of our operations, particularly given that there are concerns about our ability to continue as a "going concern;"
- Our ability to effectively execute our business plan; • Our ability to manage our expansion, growth and operating expenses; • Our ability to finance our businesses;
- Our ability to promote our businesses;
- Our ability to compete and succeed in highly competitive and evolving businesses;

This report should be read completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements included in this report are made as of the date of this report and should be evaluated with consideration of any changes occurring after the date of this Report. We will not update forward-looking statements even though our situation may change in the future and we assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Organization

Perpetual Industries Inc. ("Perpetual" or the "Company") is a Nevada corporation formed on January 25, 2005. The Company operates from its corporate headquarters in Auburn, Indiana. The principal business address is 2193 Rotunda Dr., Auburn, Indiana, USA, 46706.

The Company acquired a wholly owned subsidiary, Worldwide Auctioneers, a boutique collector car auction company that specializes in the sale and acquisition of classic vintage motorcars at auctions worldwide, offering collectors a variety of personalized services such as private sales, appraisals, collection direction and consultancy, estate planning, and asset management. Worldwide is a leader in the collector car auction industry, with a strong 20-year history with seasoned personnel. Worldwide operates at its headquarters in Auburn Indiana.

We maintain our corporate website at www.perpetualindustries.com, as well as a technical website at www.xyobalancer.com.

Perpetual is currently listed on the OTC MARKETS under the symbol PRPI under the PINK Current Tier with a verified profile.

Perpetual has not been involved in any bankruptcy, receivership, or similar proceeding. There has been no material reclassification, merger, consolidation, or sale of a significant amount of assets in the ordinary course of business.

Business

Perpetual Industries is an innovative, emerging growth company committed to making a positive impact on the environment and society through innovative research and development projects. Our XYO Mechanical Balancer is a proprietary technology that reduces energy consumption, increases the lifespan of mechanical equipment, and contributes to a more sustainable future. Additionally, our focus on blockchain and cryptocurrency generation showcases our commitment to the future of connectivity. Beyond our main divisions, we also have a wholly owned subsidiary in the collector car industry, which provides a steady stream of revenue and diversifies our portfolio. Our mission is to make a measurable impact on the world through our cutting-edge technology and forward-thinking approach.

The company engages in three main business segments:

1. Green Energy Efficient Technology / XYO Mechanical Balancer Products
2. The Collector Community and Software Applications for the Blockchain
3. Digital Asset Mining (Bitcoin)

Operations and Operating Plan

Perpetual operates a diverse R&D portfolio and a wholly-owned subsidiary. The Company is an incubator of energy-efficient technologies to commercialize environmentally responsible products. The divisions work together to promote innovation in a variety of sectors, such as blockchain technology, green energy power solutions, and cryptocurrency mining.

Our key specialties include:

- | | |
|--------------------------------------|---|
| - Renewable Energy Solutions | - Industrial Design |
| - Blockchain Application Development | - Manufacturing Processes & Systems |
| - Mechanical Engineering | - Supply Chain Management |
| - Product Development & Distribution | - Information Technology & Patenting Strategy |
| - Product Licensing & Patenting | - Vibration Reduction in Rotating Devices |
| - Custom Software Programming | - Custom Metal Parts |

Many of Perpetual's projects incorporate energy efficiency through the utilization of the company's proprietary XYO Mechanical Balancing Technology. A high-end niche opportunity exists for best-in-category products that can challenge the status quo by delivering superior performance. The XYO Balancing Technology ("XYO") delivers high-performance solutions for inefficiencies that commonly affect rotating equipment, machinery, and devices. XYO is designed specifically to eliminate vibration in rotating equipment to create energy efficient, environmentally responsible products. Perpetual's expertise surrounding XYO is comprised of over 25 years of specialized know-how, as well as specific design and testing procedures.

The XYO Mechanical Balancing Technology is designed to harness rotor displacement energy in order to dynamically move compensating masses and automatically correct for imbalances, effectively reducing vibration, reducing mechanical wear and tear, lowering noise emissions, and optimizing operational efficiencies in virtually everything that rotates.

The overall intellectual property associated with the XYO technology covers a wide range of sectors, including automobiles, white goods, HVAC, electric motors, generators, centrifuges, turbines, and aircraft applications, to name a few. Perpetual has successfully tested products and machinery that include: industrial and domestic washing machines, angle grinders, trolling motors, engine fans, compressors, pumps, electric motors, boat propellers, truck wheels, drive shafts, and clutch fans. The findings in these tests, demonstrate how the XYO technology can significantly reduce energy use and improve efficiency.

Our leadership team and trusted industry partners have the resources to provide essential components needed to take projects from their initial stage through to commercialization and are consistently looking for ways to accelerate the company's growth through the expansion our divisions.

Segments and Divisions

Worldwide Auctioneers Wholly Owned Subsidiary

Worldwide Auctioneers is a US-based boutique auction company that specializes in the sale and acquisition of classic vintage motorcars at auction around the globe. They also offer an extensive range of personalized services to collectors, including private sales, appraisal, collection direction and consultancy, estate planning, and asset management. Worldwide is a leader in the Collector Car Auction industry with an impressive 20 year history and a talented leadership team focused on offering an extensive range of personalized services to collectors. Worldwide houses a physical and virtual showroom, and a dedicated memorabilia division at its extensive Indiana headquarters. Worldwide is led by principals Rod Egan and John Kruse and operate independently under the Worldwide Auctioneers brand as a wholly owned subsidiary of Perpetual providing greater diversity and revenue streams for the Company.

Cryptocurrency Mining

Cryptocurrency mining means generating digital assets by verifying transactions using powerful computers that tally transactions running on the blockchain. Cryptocurrencies represent a more attractive store of value than fiat currency and offer a significant opportunity for appreciation as more widespread adoption of bitcoin as a treasury reserve alternative continues to gain strength. The underlying infrastructure of cryptocurrency mining is blockchain technology which is collectively supported by a robust, decentralized, public open-source network. Blockchain technologies are rapidly gaining credibility and are being evaluated in many areas of business, finance, information management, and governance.

The Company's plan is strategically focused on rapidly growing our blockchain division with a large-scale expansion of our data center in Indiana to take advantage of the opportunity in the bitcoin mining sector. Plans include major upgrades to our data center facility, acquisition of specialized computers called Application-specific Integrated Circuits ("ASICs"), computer processing equipment, data storage, software, and additions to electrical infrastructure. This operational shift will direct the Company's resources significantly into optimizing a high-performance digital asset mining center that aims to maximize the company's return on assets and capitalize on the fast-growing blockchain ecosystem

AutoGrafic Software

AutoGrafic is a software-as-a-service ("SaaS") and social application that utilizes cutting-edge technology to host a myriad of capabilities for automotive promotion and preservation. The App targets global collector car and automotive enthusiasts who want a unique, multifaceted, interactive automotive experience that is focused on a visual-based social community, collection management, social events, auctions, insurance, research, preservation and historical documentation. AutoGrafic serves as an additional foundational component of Perpetual Industries' rapidly expanding blockchain division. The application is expected to greatly benefit Worldwide Auctioneers by bringing new innovation and technology to its customers and the overall collector car industry.

Worldwide Auctioneers and AutoGrafic Software System form the foundation for the Company to develop a unique offering in the world of collector cars by bringing them together in a synergistic platform designed to provide auto collectors, enthusiasts, restorers and car lovers with a more interactive and connected experience.

Research and Development Portfolio

XYO Proprietary Mechanical Balancing Technology

The XYO Technology delivers energy efficient, high performance solutions by reducing vibration levels caused by unbalanced mass for rotating equipment, machinery and devices. XYO can be customized for virtually everything that rotates, creating an unlimited market potential. This is a core division and key area of focus in the Company that includes research, development, and commercialization of new and innovative energy efficient products that delivers high-performance solutions that overcome challenges and inefficiencies that commonly impact rotating equipment, machinery, and devices. The overall intellectual property associated with the XYO technology covers a wide range of sectors, including automobiles, white goods, HVAC, electric motors, generators, centrifuges, turbines, and aircraft applications, to name a few. Tested products and machinery applications include: industrial and domestic washing machines, angle grinders, trolling motors, engine fans, compressors, pumps, electric motors, boat propellers, truck wheels, drive shafts, and clutch fans. The results of these tests have shown that the XYO technology may drastically cut energy consumption and enhance efficiency.

WindSilo – Vertical Axis Wind Turbine

The Company's WindSilo turbine utilizes the Company's proprietary XYO Technology, which substantially improves balancing issues that are common in wind turbines today. Our unique design is under development to optimize spin speeds and features omni-directional capabilities with the ability to control wind source at all altitudes. The WindSilo design is being engineered to allow for much faster spin speeds and greater energy output. Through the implementation and addition of the XYO Technology into the turbine design, expensive traditional balancing methods could be eliminated while increasing performance, reliability and efficiency. Perpetual will continue collaborating with Trine University, a private post-secondary institution located in Angola, Indiana, for engineering and technical expertise to finalize the production prototype of its Windsilo product.

XYO Enhanced Domestic Washing Machine

Perpetual is in the beginning stages of its research and development work to commercialize a proprietary domestic washing machine design that utilizes XYO Mechanical Balancers to dynamically compensate for variable mass imbalance during the spin cycle. The Company expects this innovative, energy-efficient domestic washing machine to deliver a number of benefits, including; higher spin speeds, reduced energy consumption, decreased noise emissions, and less mechanical wear and tear. This proprietary domestic washing machine design dynamically solves vibration at the source. The washer has the potential to spin faster, which could result in increased water extraction and reduced spin cycle times. All R&D work is being performed at its facility in Indiana

Green Energy Mining System

Leveraging expertise and knowledge of environmentally friendly technologies, Perpetual is developing low cost, environmentally responsible energy solutions designed to power large-scale data center and blockchain mining operations. The Company's Green Energy Mining ("GEM") solution aims to be powered by Perpetual's proprietary vertical access wind turbines and other renewable, cost-effective surplus energy sources such as stranded gas, solar farms and hydro-electric dams. Powered by renewable & surplus energy sources such as wind, solar, natural gas, wind and geothermal sources that will utilize leading battery storage technology will help address the rising demand for computing power that uses green energy.

Related Party Transactions

Notes Payable

The Company, through its wholly-owned subsidiary Worldwide has a loan with Osmium Holdings LLC ("Osmium"). Osmium owns greater than 10% of the Company's common stock outstanding. The loans are as follows:

- On December 1, 2018, Worldwide received \$1,500,000 against a line of credit promissory note from Osmium. The interest rate was 7.5% and the maturity date was November 30, 2021. During the three months ended December 31, 2021, the Company repaid \$760,945 on the note. On December 1, 2021, the note was replaced with a new note with principal balance of \$700,000. The interest rate is 9.75% and the maturity date was November 30, 2022. As of December 31, 2023 and December 31, 2022, the outstanding balance is \$700,000. As of December 31, 2023 and December 31, 2022, there is no accrued interest on this loan as the Company makes monthly interest payments.

During the year ended December 31, 2022, the Company's CEO, Brent Bedford, advanced the Company \$112,000. On March 3, 2023, he advanced the Company \$3,000 and on June 29, 2023, he advanced the Company \$4,000. As of December 31, 2023 and 2022, the balance owed to Mr. Bedford was \$119,000 and \$112,000, respectively. During the years ended December 31, 2023 and 2022, the Company recorded \$14,366 and \$4,292, respectively, in interest expense, related to these advances. As of December 31, 2023, the balance of accrued interest was \$18,658.

During the year ended December 31, 2023, John Kruse loaned \$300,000 to the Company, through an entity he controls. The Company owes a \$15,000 financing fee related to this loan. During the years ended December 31, 2023, the Company repaid the loan in full. As of December 31, 2023 and December 31, 2022, the balance owed is \$0.

During the year ended December 31, 2023, Rod Egan loaned \$25,000 to the Company. The interest rate on the loan is 8% compounded annually. During the year ended December 31, 2023, the Company recorded \$247 in accrued interest. As of December 31, 2023, the balance owed is \$25,000.

During the year ended December 31, 2023, Bulldawg Capital, LLC, a company controlled by Jason Bontrager loaned \$150,000 to the Company. Jason Bontrager has a beneficial ownership of 8.41% of the Company's common stock outstanding, through his ownership of Osmium. The interest rate on the loan is 15%. The note is convertible at the holder's option into common stock at \$0.05 per share. The Company is required to start making interest payments on January 15, 2024. During the year ended December 31, 2023, the Company recorded \$19,587 in accrued interest. As of December 31, 2023, the balance owed is \$150,000.

Management Service

During the years ended December 31, 2023 and 2022, the Company incurred management fees to Brent Bedford in the amount of \$153,190 and \$147,117, respectively. Brent Bedford has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party. As of December 31, 2023 and 2022, the Company owes \$140,342 and \$62,892 to this related party, respectively.

During the years ended December 31, 2023 and 2022, the Company incurred management fees to Trip Thomas, the Company's CFO in the amount of \$60,000 and \$50,500, respectively. Trip Thomas has an oral agreement under which he provides management services through a private entity that he owns. The expenses are classified in the statement of operations as management service, related party. As of December 31, 2023 and 2022, the Company owes \$30,483 and \$19,983 to this related party, respectively.

General and Administrative Expenses

During the years ended December 31, 2023 and 2022, a small shareholder of the Company and a relative of the Company's CEO, provided office management and administration support through a private entity that she owns amounting to \$66,790 and \$64,909, respectively. During the years ended December 31, 2023 and 2022, the Company also obtained network and website maintenance services from this private entity for \$1,674 and \$1,594 respectively. As of December 31, 2023 and December 31, 2022, the Company owed this small shareholder \$79,735 and \$29,514 respectively.

During the years ended December 31, 2023 and 2022, Brent Bedford, Chairman and CEO, provided office space, storage, and internet services through a private entity that he owns, to the Company totaling \$8,880 and \$9,195, respectively.

The Company leases 22,000 square feet of office space located at 2193 Rotunda Drive, Auburn IN 46706, from a related party. The Company has a base rent of \$12,000 per month for a period of 60 months.

Worldwide leases 34,000 square feet of office space from a related party located at 5634 Opportunity Boulevard, Suites A&E, Auburn, Indiana 46706. Worldwide has a base rent of \$8,500 per month for a period of 48 months. The lease commencement date was December 31, 2022.

Related party operating expenses were comprised of the following:

	For the Years Ended	
	December 31, 2023	December 31, 2022
Management service – related party	\$ 213,190	\$ 197,617
General and Administrative Expense:		
Office management & administrative support	66,790	64,909
Rent - Plectrum Enterprises	8,880	9,195
Rent - Kruse Plaza	268,088	263,086
Network and website maintenance	1,674	1,594
Total general and administrative – related party	345,432	338,784
Total related party operating expenses	\$ 558,622	\$ 536,401

Accounts receivable

The related party accounts receivable is included in the accounts receivable balance on the balance sheet. The balance of accounts receivable, related party was comprised of the following:

	As of December 31, 2023	As of December 31, 2022
Kruse Plaza	\$ -	\$ 1,045
Total accounts receivable – related party	<u>\$ -</u>	<u>\$ 1,045</u>

Accounts payable and accrued expenses - related party

The balance of accounts payable and accrued expenses, related party was comprised of the following:

	As of December 31, 2023	As of December 31, 2022
Plectrum Enterprises, Inc. (owned by Brent Bedford, CEO)	\$ 140,342	\$ 62,892
Brent Bedford, CEO	5,827	3,885
Brent Bedford (Accrued Interest on Loan)	18,658	4,294
Flip Flop Studios (owned by Shelley Bedford, relative of CEO)	79,735	29,514
A-Frame Accounting & Advisory, Inc.	30,483	19,983
Kruse Plaza	1,391	1,391
Total accounts payable and accrued expenses – related party	<u>\$ 276,436</u>	<u>\$ 121,959</u>

RESULTS OF OPERATIONS

Year ended December 31, 2023 compared to year ended December 31, 2022

The following information represents our results of operations for the year ended December 31, 2023 versus the year ended December 31, 2022.

Revenues

Total revenues for the year ended December 31, 2023 were \$3,406,908. Of the \$3,406,908, service revenues of \$3,268,658 and product sales of \$138,250 were derived from our wholly-owned subsidiary Worldwide and \$0 was derived from our cryptocurrency mining operations. Total revenues for the year ended December 31, 2022 were \$5,240,521. Of the \$5,240,521, service revenues were \$5,028,997, product sales were \$89,950 and cryptocurrency mining revenues were \$121,574. The primary reason for the decrease in revenue during the period was due to the Company not hosting its January Auction (in Scottsdale) and also because its crypto currency mining machines were temporarily turned off due to the decrease in Bitcoin market prices.

Cost of sales

The cost of sales for the year ended December 31, 2023 of \$1,183,699 were directly related to the service and product revenues, which were derived from our wholly-owned subsidiary Worldwide. The cost of sales for the year ended December 31, 2022 of \$1,865,877 were directly related to the service revenues. The primary reason for the decrease in cost of sales was due to the Company not hosting its January Auction (in Scottsdale).

Operating Expenses

General and administrative expenses

General and administrative expenses include all costs associated with professional, legal fees, insurance, rent, dues, subscriptions. We incurred general and administrative expenses of \$1,872,580 for the year ended December 31, 2023 versus \$2,649,472 for the year ended December 31, 2022. The decrease of \$776,892 primarily relates to decreased staffing, travel and advertising expenses.

General and administrative expenses, related party

General and administrative expenses include all related party costs associated with office management and administration support, rent, internet, network and website maintenance. We incurred general and administrative expenses, related party of \$345,432 for the year ended December 31, 2023 versus \$338,784 for the year ended December 31, 2022, an increase of \$6,648.

Depreciation and amortization expenses

We incurred depreciation and amortization expense of \$797,135 for the year ended December 31, 2023 versus \$1,134,668 for the year ended December 31, 2022. The decrease of \$337,533 primarily relates to the Company recording \$416,567 in amortization expense in the prior period, which was treated as a change in accounting estimate related to purchase accounting for the Worldwide Acquisition.

Outsourced Consulting Fees

Outsourced consulting fees include fees paid to outside consultants. We incurred outsource consulting fees of \$509,021 for the for the year ended December 31, 2023 versus \$523,386 for the year ended December 31, 2022, a decrease of \$14,365. The reason for the decrease is due to the fact some of the outsourced consulting services were replaced by paid employees.

Management services, related party

We incurred management fees in the amount of \$213,190 for the year ended December 31, 2023 versus \$197,617 for the year ended December 31, 2022, an increase of \$15,573. The primary reason for the increase was a slight increase in fees to our CFO.

Stock-based compensation

We incurred stock-based compensation in the amount of \$1,039,389 for the year ended December 31, 2023 versus \$0 for the year ended December 31, 2022. The reason for the increase was due to the issuance of 8,963,500 options during the period.

Other Income (Expense)

Other income (expense) consists of interest expense, non-related and related party, interest income, related party, other income, loss on impairment of digital currencies and foreign currency adjustments. Other income (expense) for the year ended December 31, 2023 was \$78,895 versus (\$51,486) for the prior period. The variance was primarily related to settlement of old accounts payable and accrued liabilities.

Net Income (Losses)

The Company had a net loss of \$2,495,388 for the year ended December 31, 2023 versus a net loss of \$1,524,106 for the year ended December 31, 2022. The reason for the increased net loss is due to reduced sales in the current period along with non-cash stock-based compensation expense of \$1,039,389 which was not realized in the prior period.

Current Liquidity and Capital Resources for the Years ended December 31, 2023 compared to Years ended December 31, 2022

	2023	2022
Summary of Cash Flows:		
Net cash from operating activities	\$ (527,756)	\$ (188,701)
Net cash from investing activities	(17,961)	(686,710)
Net cash from financing activities	582,000	212,000
Fx translation	(9,193)	(703)
Net change in cash	27,090	(664,114)
Beginning cash	384,433	1,048,547
Ending cash	<u>\$ 411,523</u>	<u>\$ 384,433</u>

Operating Activities

Cash from operations of \$527,756 during the years ended December 31, 2023 was primarily a result of our \$2,495,388 net loss reconciled with our net non-cash expenses relating to depreciation and amortization expense, stock issued for services, amortization of unearned compensation, loss on impairment of digital currencies and our changes in operating assets and liabilities. Cash from operations of \$188,701 during the years ended December 31, 2022 was primarily a result of our \$1,524,106 net loss reconciled with our net non-cash expenses relating to depreciation and amortization expense, stock issued for services, amortization of unearned compensation, gains from digital currencies, loss from impairment of digital currencies and our changes in operating assets and liabilities.

Investing Activities

Net cash from investing activities for the years ended December 31, 2023 was (\$17,961) versus (\$686,710) for years ended December 31, 2022. During the years ended December 31, 2023, the Company purchased fixed assets in the amount of \$17,961. During the years ended December 31, 2022 the Company purchased \$686,710 in assets.

Financing Activities

Net cash from financing activities was \$582,000 for the years ended December 31, 2023 versus \$212,000 for the years ended December 31, 2022. The net cash provided by financing activities for the years ended December 31, 2023 included \$40,000 from proceeds from the sale of Common Stock, \$210,000 from the exercise of warrants, \$1,022,000 in a loan from a related party, \$300,000 in proceeds from notes payable and \$690,000 in repayments of notes payable. The net cash from financing activities for the years ended December 31, 2022 included \$100,000 from proceeds from the sale of Series A Preferred Stock and \$112,000 of proceeds from notes payable.

On February 1, 2023, Perpetual Industries launched a Reg D 506c Common Stock offering. The price of this offering is equal to Fair Market Value (FMV) or \$0.10 per Share, (whichever is greater), plus one 1:1 warrant for an aggregate offering amount of \$6,000,000. This Common Share offering is for the purpose of funding the company's wholly owned subsidiary, Worldwide Auctioneers and the development of AutoGrafic Software, project development expenses for XYO enhanced washing machine, WindSilo VAWT, and GEM green energy BTC mining system, purchasing Bitcoin ASIC mining computers, and for general working capital purposes.

Future Capital Requirements

Our capital requirements for 2024 will depend on numerous factors, including management's evaluation of the timing of projects to pursue. Subject to our ability to generate revenues and cash flow from operations and our ability to raise additional capital (including through possible joint ventures, acquisitions, and/or partnerships), we expect to incur substantial expenditures to carry out our business plan, as well as costs associated with our capital raising efforts and being a public company.

The sale of additional equity or debt securities may result in additional dilution to our shareholders. Any such required additional capital may not be available on reasonable terms, if at all. If we were unable to obtain additional financing, we may be required to reduce the scope of, delay or eliminate some or all of our planned activities and limit our operations which could have a material adverse effect on our business, financial condition and results of operations.

Inflation

The amounts presented in our consolidated financial statements do not provide for the effect of inflation on our operations or financial position. The net operating losses shown would be greater than reported if the effects of inflation were reflected either by charging operations with amounts that represent replacement costs or by using other inflation adjustments.

Off-Balance Sheet Arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive activities. For these reasons, our auditors stated in their report on our audited financial statements that they have substantial doubt that we will be able to continue as a going concern without further financing.

Future Financings

We will continue to rely on equity sales of our common shares in order to continue to expand our business operations. Issuances of additional shares will result in dilution to existing stockholders. There is no assurance that we will achieve any additional sales of the equity securities or arrange for debt or other financing to fund planned acquisitions and exploration activities.

Critical Accounting Policies

We have identified certain accounting policies, described below, that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in the notes to the audited financial statements included in this Annual Report.

Use of Estimates

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

Recently Issued Accounting Pronouncements

Refer to Note 2 - Significant Accounting Policies in the financial statements that are included in this Report.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company has established and maintains disclosure controls and procedures (as such term is defined in Rules 13a-15 and 15d-14 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company and its subsidiaries is made known to the chief executive officer and chief financial officer of the Company by others within the Company or any of its subsidiaries, and such disclosure controls and procedures are reasonably effective to perform the functions for which they were established subject to the limitations of any such control system; the Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) any significant deficiencies or material weaknesses in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data; and (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls and since December 31, 2023, the date of the most recent evaluation of such disclosure controls and procedures, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses. In addition, the Company has devised and maintains a system of internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with GAAP.

Readers should be advised that the Company qualifies as a "venture issuer" under Canadian securities laws, and therefore is not required to certify the design and evaluation of its Disclosure Controls and Procedures or Internal Controls over Financial Reporting in Canada ("DCP & ICFR"). Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DCP and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under applicable securities legislation.

Changes in Internal Controls

There have been no changes in our internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act Rule 13a-15 or Rule 15d-15 that occurred in the quarter ending December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 5. OTHER INFORMATION

Director's Disclosure:

Together, the Company's five directors possess a multitude of business experience which significantly supports the company's strategic and innovative business endeavors.

It has been determined that the Company has two board members (Rod Egan and Thomas Ristow) that qualify as "independent" according to the term used in Item 7(d)(3)(iv)(B) of Schedule 14A under the Securities Exchange Act of 1934, as amended, and as defined by Rule 4200(a)(15) of the NASDAQ Marketplace Rules. This was determined on the basis that they have no direct or indirect relationship with the Company, are not related by family, nor have they held an executive officer position within the Company within the last two years.

The Company has one director (Brent Bedford) that has been determined as "not independent" on the basis that they are active on a daily basis in the business of the Company, or hold executive officer positions currently in the Company, or have held executive officer positions within the last two years.

Director Independence:

The board of directors' exercise independent judgements in a number of ways. Besides the officers, directors are not involved in the day to day operations or management of the Company and are not compensated, which maintains their independence as directors. If a decision or vote is needed that involves a conflict of interest with one of the directors, it is immediately declared and that director excuses themselves from the vote. If an issue arises in an area that a director does not possess the necessary expertise to make a decision, then that director is required to seek out independent from an advisor or professional that can assist them with the information, advise, or opinion needed to make a good decision for the Company. This enables the director to make an informed decisions and complete appropriate due-diligence on the matters. Craig Dansereau is considered independent.

Reportable Events:

On August 4, 2023, director Marlin Stutzman was removed as director of the Company by the majority shareholders who voted in favor of his removal in accordance with Section 3 of the Company's Bylaws. This was a result of irreconcilable differences arising from actions taken by Marlin Stutzman during his directorship, which have negatively impacted the Company and were deemed inconsistent with the best interests of the Company and its stakeholders.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

See Item 8 for Financial Statements.

All other Exhibits called for by Rule 601 of Regulation SK are not applicable to this filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Perpetual Industries Inc.

Registrant

April 15, 2024

Date

/s/ Brent W. Bedford

Brent W. Bedford, Chairman of the Board, CEO, Principal Executive Officer, Principal Accounting Officer and Principal Financial Officer

April 15, 2024

Date

/s/ William Griffin Thomas, III ("Trip")

Trip Thomas, Chief Financial Officer

April 15, 2024

Date

/s/ Craig Dansereau

Craig Dansereau, Director

April 15, 2024

Date

/s/ Rod Egan

Rod Egan, Director

April 15, 2024

Date

/s/ Thomas Ristow

Thomas Ristow, Director

Registrant

**Supplemental Information to be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants
Which Have Not Registered Securities Pursuant to Section 12 of the Act**

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Perpetual Industries Inc.

A Nevada Corporation
2193 Rotunda Dr.
Auburn, IN 46706

702-707-9811

www.perpetualindustries.com
info@perpetualindustries.com
CIC Code: 3590

Annual Report

**For the period ending December 31, 2023
(the "Reporting Period")**

Outstanding Shares

The number of shares outstanding of our Common Stock was:

123,848,600 as of December 31, 2023

81,471,500 as of December 31, 2022

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 "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.

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.

Perpetual Industries Inc.

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):

January 26, 2005 – Active. Incorporated in the State of Nevada

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

none

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

none

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

2193 Rotunda Dr.
Auburn, IN 46706 USA

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

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

yes

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:

2) Security Information

Transfer Agent

Name: Securities Transfer Corporation (STC)
Phone: (469) 633-0101
Email: info@stctransfer.com
Address: 2901 N. Dallas Parkway, Suite 380, Plano Texas 75093

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:	<u>PRPI</u>	
Exact title and class of securities outstanding:	<u>PERPETUAL INDUSTRIES INC. COMMON</u>	
CUSIP:	<u>71428B100</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>500,000,000</u>	as of date: <u>December 3, 2020</u>
Total shares outstanding:	<u>123,848,600</u>	as of date: <u>December 31, 2023</u>
Total number of shareholders of record:	<u>203</u>	as of date: <u>December 31, 2022</u>

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

None

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.

Exact title and class of the security:	<u>Series A Preferred Stock</u>	
CUSIP (if applicable):	<u>N/A</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>160</u>	as of date: <u>November 15, 2021</u>
Total shares outstanding (if applicable):	<u>2</u>	as of date: <u>December 31, 2023</u>
Total number of shareholders of record (if applicable):	<u>1</u>	

Exact title and class of the security:	<u>Series B Preferred Stock</u>	
CUSIP (if applicable):	<u>N/A</u>	
Par or stated value:	<u>\$0.0001</u>	
Total shares authorized:	<u>2,000,000</u>	as of date: <u>June 30, 2021</u>
Total shares outstanding (if applicable):	<u>0</u>	as of date: <u>December 31, 2023</u>
Total number of shareholders of record (if applicable):	<u>0</u>	

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.

The Company is authorized to issue up to 500,000,000 shares of Common Stock, par value \$0.001, and 100,000,000 shares of Preferred Stock, par value \$0.0001. Each share of Common Stock is entitled to one vote and, unless otherwise set forth in the certificate of designation for another series or class of stock, is entitled to receive dividends and distributions upon the liquidation or winding up of the Company pari passu with every other series and class of the Company's stock.

Shares of common stock have the following rights and privileges:

- The holder of each share of common stock is entitled to one vote per share held.
- The holders of common stock shall be entitled to elect members of the Board of Directors.
- Common stockholders are entitled to receive dividends, if and when declared by the Board of Directors, subject to the rights of holders of all classes of stock outstanding having priority rights as to dividends.

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

Series A Preferred Shares – Non-Voting

The authorized number of Series A Preferred Shares shall be 160 shares, with a par value of \$0.0001 each. All Series A Preferred Shares shall rank senior to all shares of Common Stock of the Company and to all current and future series of Preferred Stock., Each Series A Preferred Share shall be convertible into 100,000 validly issued, fully paid and non-assessable shares of Common Stock. Pursuant to the terms in the Certificate of Designation, a holder of outstanding Series A Preferred Shares shall be entitled to receive dividends equal to its ratable ownership of Series A Preferred Shares multiplied by 18% of the total Net Profits from the Company's GEM Sector 450 cryptocurrency mining activities.

Series B Preferred Shares- Non Voting

The authorized number of Series B Preferred Shares shall be 2,000,000 shares, with a par value of \$0.0001 each. The holders shall be entitled to convert any whole number of Series B Preferred Shares into 10 (ten) validly issued, fully paid and non-assessable shares of Common Stock.

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

none

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.

none

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.
	<u>Opening Balance:</u>	
Date: <u>Dec 31, 2021</u>	Common: <u>78,137,800</u>	
	Preferred: <u>2,000,000</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 (entities must have individual with voting / investment control disclosed).	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>Jan 22, 2022</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Common</u>	<u>\$0.20</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>March 28, 2022</u>	<u>New Issuance</u>	<u>2</u>	<u>Preferred Shares Series A</u>	<u>\$50,000</u>	<u>No</u>	<u>Chuck Goodrich</u>	<u>506(c)Share subscription</u>	<u>Restricted</u>	<u>Accredited</u>
<u>March 29, 2022</u>	<u>New Issuance</u>	<u>3,150,000</u>	<u>Common</u>	<u>\$0.2</u>	<u>No</u>	<u>SRAX, Inc.</u> <u>Christopher Miglino</u> <u>Erin DeRuggiero</u>	<u>Compensation per agreement</u>	<u>Restricted</u>	<u>N/A</u>
<u>April 26, 2022</u>	<u>New Issuance</u>	<u>17,700</u>	<u>Common</u>	<u>\$0.15</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>June 8, 2022</u>	<u>New Issuance</u>	<u>16,000</u>	<u>Common</u>	<u>\$0.30</u>	<u>No</u>	<u>Gilius Blinstrubas</u>	<u>Compensation per contractor agreement</u>	<u>Restricted</u>	<u>N/A</u>
<u>Aug 3, 2022</u>	<u>New Issuance</u>	<u>20,000</u>	<u>Common</u>	<u>\$0.15</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>Aug 19, 2022</u>	<u>New Issuance</u>	<u>40,000</u>	<u>Common</u>	<u>\$0.15</u>	<u>No</u>	<u>William G Thomas III</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>Nov 17, 2022</u>	<u>New Issuance</u>	<u>40,000</u>	<u>Common</u>	<u>\$0.11</u>	<u>No</u>	<u>William G Thomas III</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>Nov 17, 2022</u>	<u>New Issuance</u>	<u>30,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>Jan 24, 2023</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Craig Dansereau</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>
<u>Mar 30, 2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>Wayne Gould</u>	<u>506(c)Share subscription</u>	<u>Restricted</u>	<u>Accredited</u>
<u>April 21, 2023</u>	<u>New Issuance</u>	<u>27,300</u>	<u>Common</u>	<u>\$0.11</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>April 21, 2023</u>	<u>New Issuance</u>	<u>25,000</u>	<u>Common</u>	<u>\$0.12</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>April 21, 2023</u>	<u>New Issuance</u>	<u>165,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>William G Thomas III</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2022</u>	<u>New Issuance</u>	<u>27,300</u>	<u>Common</u>	<u>\$0.11</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2022</u>	<u>New Issuance</u>	<u>155,000</u>	<u>Common</u>	<u>\$0.11</u>	<u>No</u>	<u>Adam Scrivener</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2022</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>Junebug Holdings, Inc.</u> <u>John Kruse</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2023</u>	<u>New Issuance</u>	<u>80,500</u>	<u>Common</u>	<u>\$0.11</u>	<u>No</u>	<u>William G Thomas III</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2023</u>	<u>New Issuance</u>	<u>200,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Wayne Gould</u>	<u>506(c)Share subscription</u>	<u>Restricted</u>	<u>Accredited</u>
<u>July 21, 2023</u>	<u>New Issuance</u>	<u>8,000,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>1045179 BC Ltd.</u> <u>Don Jensen</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2023</u>	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>Plectrum Enterprises Ltd.</u> <u>Brent Bedford</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>
<u>July 21, 2023</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common</u>	<u>\$0.10</u>	<u>No</u>	<u>Jason Bontrager</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>

<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>40,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Stuart Schaifler</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>10,000,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Twin Grille Holdings</u> <u>Rod Egan</u>	<u>Series B Conversion</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>10,000,000</u>	<u>Common</u>	<u>\$0.02</u>	<u>No</u>	<u>Junebug Holdings Inc.</u> <u>John Kruse</u>	<u>Series B Conversion</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>900,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Twin Grille Holdings</u> <u>Rod Egan</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>4,800,000</u>	<u>Common</u>	<u>\$0.01</u>	<u>No</u>	<u>1045179 BC Ltd.</u> <u>Don Jensen</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Aug 3, 2023</u>	<u>New Issuance</u>	<u>260,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Plectrum Enterprises Ltd.</u> <u>Brent Bedford</u>	<u>Warrant Exercise</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Sept 1, 2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Bradev Gerke</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Sept 1, 2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Brian Souers</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Sept 1, 2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Robert Egan</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Sept 1, 2023</u>	<u>New Issuance</u>	<u>100,000</u>	<u>Common</u>	<u>\$0.05</u>	<u>No</u>	<u>Cole Egan</u>	<u>Private Placement</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Nov 9, 2023</u>	<u>New Issuance</u>	<u>150,000</u>	<u>Common</u>	<u>\$0.06</u>	<u>No</u>	<u>William G Thomas III</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Nov 9, 2023</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$0.06</u>	<u>No</u>	<u>David Heltzel</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>	
<u>Nov 9, 2023</u>	<u>New Issuance</u>	<u>97,000</u>	<u>Common</u>	<u>\$0.078</u>	<u>No</u>	<u>Adam Scrivener</u>	<u>Compensation</u>	<u>Restricted</u>	<u>N/A</u>	
Shares Outstanding on Date of This Report:										
<u>Ending Balance</u>		<u>Ending Balance:</u>								
<u>Date Dec 31, 2023</u>		<u>Common: 123,848,600</u>								
		<u>Preferred: 1</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:
none

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: X ☐ (If yes, you must complete the table below)

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

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. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)

<u>Dec 15, 2023</u>	<u>\$150,000</u>	<u>\$150,000</u>	<u>\$0.00</u>	<u>Dec 15, 2024</u>	The note is convertible into common stock at \$0.05 per share	<u>Bulldawg Capital, LLC</u> <u>Jason Bontrager</u>	<u>Loan</u>
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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")

Perpetual Industries is an innovative, emerging growth company committed to making a positive impact on the environment and society through innovative research and development projects. Our XYO Mechanical Balancer is our proprietary technology that can reduce energy consumption, increase equipment lifespan, and contribute to a more sustainable future across a wide variety of industries. Additionally, our focus on blockchain and cryptocurrency generation showcases our commitment to the future of connectivity. Beyond our main divisions, we are also proud to have a wholly owned subsidiary in the collector car industry, which provides a steady stream of revenue and diversifies our portfolio. Our mission is to make a measurable impact on the world through our cutting-edge technology and forward-thinking approach.

The company's divisions within the segments include; blockchain development, bitcoin mining, WindSilo vertical axis wind turbine (renewable energy source), AutoGrafic custom SaaS based mobile App (artificial intelligence, graphic rendering, cloud computing), XYO Mechanical Balancing Technology, XYO enhanced OEM domestic washing machine, and the sale and acquisition of classic vintage collector motorcars at auction around the globe with wholly owned subsidiary, Worldwide Auctioneers.

Segments and Divisions:

Perpetual Industries closed two key acquisitions in 2021, which now form powerful synergistic subsidiaries and divisions of the company, increase its footprint across multiple rapidly growing markets and expand its diverse revenue streams. In addition, the company is working on the development of solutions that integrate the powerful capabilities of disruptive blockchain technology.

Worldwide Auctioneers- Wholly Owned Subsidiary - The Worldwide Group LLC, operating as Worldwide Auctioneers, is a U.S.- based boutique auction firm. Acquired in January of 2021, this segment of Perpetual specializes in the sale and acquisition of classic vintage motorcars at auction around the globe. Worldwide has a successful 20-year track record and a talented leadership team focused on an extensive range of personalized services to collectors, including private sales, appraisal, collection direction and consultancy, estate planning, and asset management.

AutoGrafic Software System - AutoGrafic is a software-as-a-service ("SaaS") and social application that utilizes cutting-edge technology to host a myriad of capabilities for automotive promotion and preservation. AutoGrafic serves as an additional foundational component of Perpetual Industries' rapidly expanding blockchain division. The application is expected to greatly benefit Worldwide Auctioneers by bringing new innovation and technology to its customers and the overall collector car industry. Perpetual Industries intends to capitalize on this growing marketplace sector through creating an immersive interactive experience as well as a central hub designed to attract the next generation of car enthusiasts.

R&D Portfolio:

Green Energy Mining Solution (GEM) - Leveraging expertise and knowledge of environmentally friendly technologies, Perpetual Industries is developing low cost, environmentally responsible energy solutions designed to power large-scale data center and blockchain mining operations. The company's Green Energy Mining ("GEM")

solution aims to be powered by Perpetual Industries' proprietary vertical access wind turbines and other renewable, cost-effective surplus energy sources such as stranded gas, solar farms and hydro-electric dams.

XYO Mechanical Balancing Technology – The XYO Technology delivers energy efficient, high performance solutions by reducing vibration levels caused by unbalanced mass for rotating equipment, machinery and devices. XYO can be customized for virtually everything that rotates, creating an unlimited market potential. This is a core division and key area of focus in the Company that includes research, development, and commercialization of new and innovative energy efficient products that delivers high-performance solutions that overcome challenges and inefficiencies that commonly impact rotating equipment, machinery, and devices.

WindSilo Vertical Axis Wind Turbine (VAWT) – The Company's WindSilo turbine utilizes the Company's proprietary XYO Technology, which substantially improves balancing issues that are common in wind turbines today. Our unique design is under development to optimize spin speeds and features omni-directional capabilities with the ability to control wind source at all altitudes. The WindSilo design is being engineered to allow for much faster spin speeds and greater energy output. Through the implementation and addition of the XYO Technology into the turbine design, expensive traditional balancing methods could be eliminated while increasing performance, reliability and efficiency.

XYO Washing Machine – Perpetual has plans to develop a proprietary domestic washing machine design implementing XYO Mechanical Balancers to dynamically compensate for variable mass imbalance during the spin cycle. The Company expects this innovative, energy-efficient domestic washing machine to deliver a number of benefits, including higher spin speeds, reduced energy consumption, decreased noise emissions and less mechanical wear & tear. This proprietary domestic washing machine design dynamically solves vibration at the source

Cryptocurrency Mining. - The Company is strategically focused on rapidly growing our blockchain division with a large-scale expansion of our data center in Indiana to take advantage of the opportunity in the bitcoin mining sector. Plans include major upgrades to our data center facility, acquisition of specialized computers called Application-specific Integrated Circuits ("ASICs"), computer processing equipment, data storage, software, and additions to electrical infrastructure.

Blockchain - Perpetual Industries is developing decentralized applications and in-house blockchain tokens to support growth, sales and loyalty across all of its divisions that include DApps, digital coins, & tokens, loyalty programs, and smart contracts.

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

The Company has one wholly owned subsidiary, the Worldwide Group, LLC. Worldwide is a boutique auction company that specializes in the sale and acquisition of classic vintage motorcars at auctions around the globe. They also offer an extensive range of personalized services to collectors, including private sales, appraisals, collection direction and consultancy, estate planning, and asset management. Worldwide is a leader in the Collector Car Auction industry with an impressive 20 year history and a talented team of experienced people. Worldwide houses a physical and virtual showroom, and a dedicated memorabilia division at its extensive headquarters located in Auburn, Indiana.

C. Describe the issuers' principal products or services.

1. Collector Car Auctions
2. Research and Development of Green Energy Efficient Technology / XYO Mechanical Balancer Products
3. The Collector Community and Software Applications for the Blockchain
4. Digital Asset Mining (Bitcoin)

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.

Perpetual leases 22,000 square feet of office space for its corporate headquarters and research and development operations at 2193 Rotunda Dr., Auburn, Indiana, USA, 46706. The lease commenced on July 1, 2021 for a period of 60 months.

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.

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Brent W. Bedford</u>	<u>Chairman & CEO</u>	<u>Calgary AB</u>	<u>13,260,000</u>	<u>Common</u>	<u>10.71 %</u>	_____
<u>William Griffin (Trip) Thomas</u>	<u>CFO</u>	<u>Tampa, FL</u>	<u>475,500</u>	<u>N/A</u>	<u>0.38%</u>	_____
<u>Craig Dansereau</u>	<u>Director</u>	<u>Airdrie, AB</u>	<u>1,510,000</u>	<u>Common</u>	<u>1.22%</u>	_____
<u>Rod Egan</u>	<u>Director</u>	<u>Kirkland, WA</u>	<u>11,400,000</u>	<u>Common</u>	<u>9.20%</u>	_____
<u>Thomas Ristow</u>	<u>Director</u>	<u>Cologne, Germany</u>	<u>300,000</u>	<u>Common</u>	<u>0.24%</u>	_____
<u>Jason Bontrager</u>	<u>Owner more than 5%</u>	<u>Bristol, IN</u>	<u>1,000,000</u>	<u>Common</u>	<u>0.81%</u>	
<u>Junebug Holdings Inc.</u> <u>John Kruse</u>	<u>Owner more than 5%</u>	<u>Auburn, IN</u>	<u>11,000,000</u>	<u>Common</u>	<u>8.88%</u>	
<u>Osmium Holdings LLC</u> <u>John Kruse</u> <u>Jason Bontrager</u> <u>Marlin Stutzman</u>	<u>Owner more than 5%</u>	<u>Howe, IN</u>	<u>17,696,000</u> <u>8,384,383</u> <u>9,217,713</u> <u>93,904</u>	<u>Common</u>	<u>14.29%</u> <u>6.77%</u> <u>7.44%</u> <u>0.08%</u>	Three Beneficial owners of Osmium Holdings LLC
<u>Bulldawg Capital LLC</u> <u>Jason Bontrager</u>	<u>Owner more than 5%</u>	<u>Bristol, IN</u>	<u>13,174,140</u>	<u>Common</u>	<u>10.64%</u>	
<u>1045170 BC Ltd.</u> <u>Don Jensen</u>	<u>Owner more than 5%</u>	<u>Sidney, BC</u>	<u>12,800,000</u>	<u>Common</u>	<u>10.34%</u>	

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);

No

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;

No

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

No

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.

No

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

Name: Gina Austin
Firm: Austin Legal Group, APC
Address 1: 3990 Old Town Ave., Suite A-112
Address 2: San Diego, California 92110
Phone: 619-924-9600
Email: gaustin@austinlegalgroup.com

Name: Mr. Ravi Latour
Firm: BLG Borden Ladner Gervais
Address 1: Centennial Place Tower, East Tower, 1900-3rd Ave SW
Address 2: Calgary, AB T2P 0R3
Phone: 403-232-9676
Email: RLatour@blg.com

Accountant or Auditor

Name: Christopher Heistand, CPA
Firm: Accell Audit and Compliance, P.A
Address 1: 3001 N. Rocky Point Dr. East, Suite 200
Address 2: Tampa, Florida, 33607
Phone: 813-367-3527
Email: chiestand@accell-ac.com

Investor Relations

Name: Adam Scrivener
Firm: N/A
Address 1: Ponte Vedra, FL
Phone: 707-702-9811
Email: adam@perpetualindustries.com

All other means of Investor Communication:

Twitter: https://twitter.com/perpetual_prpi
Discord: N/A
LinkedIn: <https://www.linkedin.com/company/1878074/admin/>
Facebook: <https://www.facebook.com/Perpetual.prpi>
Instagram: <https://www.instagram.com/perpetual.prpi/>
Website: <https://perpetualindustries.com/>

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: William (Trip) Thomas
Firm: A-Frame Accounting & Advisory Inc.
Nature of Services: Accounting and Financial Statement Preparations
Address 1: 3419 W Gray Court
Address 2: Tampa, Florida 33609
Phone: 813-928-6237
Email: triphomas@aframeaccounting.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: William (Trip) Thomas
Title: Chief Financial Officer
Relationship to Issuer: Executive Officer

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.

Describe the qualifications of the person or persons who prepared the financial statements:

William Griffin Thomas, Chief Financial Officer (CFO) of Perpetual Industries. Trip has more than 20 years of experience in the field of accounting. His experience includes private industry, public company, public accounting, and non-profit. His experience includes auditing, budget analysis, fixed assets, financial modeling, SEC financial reporting, GAAP compliance, and fair value measurements. Additionally, Trip holds a Bachelor of Science in Accounting from the University of Tampa and a Bachelor of Science in Agribusiness from the University of Florida. He is a licensed CPA in the State of Florida.

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.

Financial report filed on OTCIQ

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Brent W. Bedford certify that:

1. I have reviewed this Disclosure Statement for Perpetual Industries Inc.;
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.

April 15, 2024

/s/ Brent Bedford

BRENT W. BEDFORD, CEO

Principal Financial Officer:

I, William Griffin Thomas (Trip) certify that:

1. I have reviewed this Disclosure Statement for Perpetual Industries Inc.,
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.

April 15, 2024

/s/ William Griffin (Trip) Thomas

WILLIAM GRIFFIN THOMAS (TRIP), CFO