Winners, Inc. and Subsidiaries
Consolidated Balance Sheets
(unaudited)

	September 30, 2022	December 31, 2021
Assets:		
Current assets		
Cash	$ 16,546	$ 871,048
Accounts receivable	-	24,788
Prepaid expenses	-	48,666
Note receivable and accrued interest - Clickstream Corp. - related party	150,405	-
Total current assets	166,951	944,502
Investment in subsidiary	334,000	-
Total assets	$ 500,951	$ 944,502
Liabilities and Stockholders' Equity:		
Current liabilities		
Accounts payable and accrued expenses	282,293	4,662
Note payable - acquisition of subsidiary	100,000	-
Notes payable, net of discount	82,987	-
Notes payable and accrued interest - Clickstream Corp. - related party	-	151,919
Total current liabilities	465,280	156,581
Series A Convertible Preferred stock, par value $0.001, 10,000,000 shares authorized 8,208,338 and 9,000,000 shares issued and outstanding, respectively	8,206	9,000
	8,206	9,000
Stockholders' Equity		
Common stock, par value $0.001, 4,000,000,000 shares authorized, 326,989,856 and 280,090,934 shares issued and outstanding, respectively	326,990	280,091
Additional paid-in capital	5,603,896	5,240,674
Non-controlling interest in subsidiary	(3,138)	(2,629)
Accumulated deficit	(5,900,283)	(4,739,215)
Total stockholders' equity	27,465	778,921
Total liabilities and stockholders' equity	$ 500,951	$ 944,502

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

Winners, Inc. and Subsidiaries
Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenues				
Gambling service revenues	$ 32,741	$ 11	$ 54,233	$ 2,687
Other revenue	-	-	5,000	-
Total revenues	32,741	11	59,233	2,687
Operating Expenses:				
Selling, general and administrative	311,634	841,897	1,144,775	2,409,240
Total operating expenses	311,634	841,897	1,144,775	2,409,240
Loss from operations	(278,893)	(841,886)	(1,085,542)	(2,406,553)
Other (Income) Expense				
Amortization expense	-	-	-	415,489
Interest income	(3,789)	-	(5,719)	-
Interest expense	2,987	-	3,380	31,999
Total Other (Income) Expense, net	(802)	-	(2,339)	447,488
Loss before non-controlling interest	(278,091)	(841,886)	(1,083,203)	(2,854,041)
Non-controlling interest	(56)	(881)	(509)	(1,496)
Net loss	(278,035)	(841,005)	(1,082,694)	(2,852,545)
Deemed dividend resulting from redemption of Series A shares	(12,375)	-	(78,372)	-
Net loss attributed to common stockholders	$ (290,410)	$ (841,005)	$ (1,161,066)	$ (2,852,545)
Net loss per share				
Basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)
Weighted average common shares outstanding				
Basic and diluted	312,610,735	278,424,267	295,916,483	237,021,127

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

Winners, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		Common Stock Issuable		Additional Paid in Capital	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2021	280,090,934	$ 280,091	-	$ -	$ 5,240,674	$ (4,739,215)	$ (2,629)	$ 778,921
Issuance of common stock for services	4,648,922	4,649	-	-	72,472	-	-	77,121
Redemption of Series A preferred shares	-	-	-	-	-	(78,374)	-	(78,374)
Issuance of common shares for cash	22,250,000	22,250	-	-	126,750	-	-	149,000
Issuance of common shares for acquisition of subsidiary	20,000,000	20,000	-	-	164,000	-	-	184,000
Non-controlling interest	-	-	-	-	-	-	(509)	(509)
Net loss	-	-	-	-	-	(1,082,694)	-	(1,082,694)
Balance, September 30, 2022	326,989,856	$ 326,990	-	$ -	$ 5,603,896	$ (5,900,283)	$ (3,138)	$ 27,465
Balance, June 30, 2022	293,739,856	$ 293,740	-	$ -	$ 5,400,346	$ (5,609,873)	$ (3,082)	$ 81,131
Issuance of common stock for services	1,000,000	1,000	-	-	2,800	-	-	3,800
Redemption of Series A preferred shares	-	-	-	-	-	(12,375)	-	(12,375)
Issuance of common shares for cash	12,250,000	12,250	-	-	36,750	-	-	49,000
Issuance of common shares for acquisition of subsidiary	20,000,000	20,000	-	-	164,000	-	-	184,000
Non-controlling interest	-	-	-	-	-	-	(56)	(56)
Net loss	-	-	-	-	-	(278,035)	-	(278,035)
Balance, September 30, 2022	326,989,856	$ 326,990	-	$ -	$ 5,603,896	$ (5,900,283)	$ (3,138)	$ 27,465

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

Winners, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

(unaudited)

	Common Stock		Common Stock Issuable		Additional Paid in Capital	Accumulated Deficit	Non-Controlling Interest	Total
	Shares	Amount	Shares	Amount				
Balance, December 31, 2020	184,579,250	$ 184,579	961,550	$ 962	$ 541,466	$ (1,448,419)	$ (935)	$ (722,347)
Issuance of common stock for services	4,050,134	4,050			316,708			320,758
Conversion of debt into common stock	15,500,000	15,500			759,500			775,000
Issuance of common shares for cash	75,000,000	75,000			3,674,066			3,749,066
Issuance of common stock issuable	961,550	962	(961,550)	(962)				-
Cash paid as direct offering costs					(52,000)			(52,000)
Non-controlling interest							(1,496)	(1,496)
Net loss						(2,852,545)		(2,852,545)
Balance, September 30, 2021	280,090,934	$ 280,091	-	$ -	$ 5,239,740	$ (4,300,964)	$ (2,431)	$ 1,216,436
Balance, June 30, 2021	275,090,934	$ 275,091	-	$ -	$ 4,995,674	$ (3,459,959)	$ (1,550)	$ 1,809,256
Issuance of common shares for cash	5,000,000	5,000			244,066			249,066
Non-controlling interest							(881)	(881)
Net loss						(841,005)		(841,005)
Balance, September 30, 2021	280,090,934	$ 280,091	-	$ -	$ 5,239,740	$ (4,300,964)	$ (2,431)	$ 1,216,436

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

Winners, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,083,203)	$ (2,854,041)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discount		415,489
Stock based compensation	77,121	320,758
Loss on sale of marketable securities		
Effect of changes in:		
Accounts receivable	24,788	-
Accrued interest receivable - Clickstream Corp. - related party	(5,719)	-
Prepaid expenses	48,666	9,000
Accounts payable and accrued expenses	310,616	(48,565)
Net Cash Used in Operating Activities	(627,731)	(2,157,359)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Advances to Clickstream Corp. - related party	(144,686)	-
Net Cash Used in Investing Activities	(144,686)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	995,000
Proceeds from sale of common shares	149,000	3,750,000
Cash paid as direct offering costs	-	(52,000)
Proceeds from subscription receivable	-	10,412
Repayments on note payable - Clickstream Corp. - related party	(151,919)	-
Redemption of Series A preferred shares	(79,166)	-
Repayments on notes payable	-	(1,087,684)
Net Cash Provided by (Used in) Financing Activities	(82,085)	3,615,728
Net Increase (Decrease) in Cash	(854,502)	1,458,369
Cash at Beginning of Year	871,048	218,356
Cash at End of Year	$ 16,546	$ 1,676,725
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ 61,919	$ 6,083
Income taxes paid	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Deemed dividend related to redemption of Series A preferred shares	$ 78,374	$ -

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

WINNERS, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(unaudited)

NOTE 1 – NATURE OF OPERATIONS

Overview

Winners, Inc. ("Winners") and its operating subsidiary (collectively, "we", "us", "our" or the "Company") provides mobile and online sports advisory services within the sports wagering industry including analysis, research, data, guidance, and handicapping advice to sports bettors.

Winners, Inc. acquired approximately 97% of VegasWinners, Inc. ("VWI") on August 11, 2020 in a reverse recapitalization. On August 2, 2022 the Company acquired 100% of Golf Longshots, LLC.

COVID-19 Update

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company's supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly. To date, the Company has not experienced any significant economic impact due to COVID-19.

Reverse Recapitalization

On August 11, 2020, the Company merged with GoooGreen, Inc. ("GGI") (now known as Winners, Inc.), a then public shell corporation, with VWI becoming the surviving corporation, in a transaction treated as a reverse recapitalization. At the time of the transaction, Winners had insignificant operations relative to the VWI operations acquired and is considered the successor to substantially all of the operations of VWI.

In the reverse recapitalization, Winners issued 4,250,000 shares of Series A convertible and mandatorily redeemable preferred stock in exchange for 4,250,000 shares of VWI common stock, which resulted in a change in control of Winners. Due to the recapitalization, these shares are considered issued and outstanding as of the earliest period presented.

The transaction also required a recapitalization of Winners. Since VWI acquired a controlling voting interest, it was deemed the accounting acquirer, while Winners was deemed the legal acquirer. The historical financial statements of the Company are those of VWI and of the consolidated entities from the date of recapitalization and subsequent.

The Company did not recognize goodwill or any intangible assets in connection with the transaction. Additionally, since the transaction is considered a reverse recapitalization with a public shell corporation, the presentation of pro-forma financial information was not required.

Basis of Presentation

The interim unaudited condensed financial statements included herein reflect all material adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) which, in the opinion of the Company's management, are ordinary and necessary for a fair presentation of results for the interim periods. Certain information and footnote disclosures required under generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted. The Company's management believes the disclosures are adequate to make the information presented not misleading.

The condensed balance sheet information as of December 31, 2021, was derived from the Company's annual financial statements for the year ended December 31, 2021 ("2021 Annual Report"), filed on March 31, 2022. These interim unaudited condensed financial statements should be read in conjunction with the 2021 Annual Report. The results of operations for the three and nine months ended September 30, 2022, are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

NOTE 2 — GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As shown in the accompanying financial statements, as of September 30, 2022, the Company had cash on hand of $16,546. During the nine months ended September 30, 2022, the net loss attributed to common stockholders was $1,161,066 and net cash used in operating activities was $627,731.

The Company has incurred significant losses since its inception and has not demonstrated an ability to generate sufficient revenues from the sales of its products or services to achieve profitable operations. There can be no assurance that profitable operations will ever be achieved, or if achieved, could be sustained on a continuing basis. In making this assessment we performed a comprehensive analysis of our current circumstances including: our financial position, our cash flows and cash usage forecasts for the twelve months ended June 30, 2023, and our current capital structure including equity-based instruments and our obligations and debts.

The Company expects to continue to incur significant losses from operations and have negative cash flows from operating activities for the near-term. These losses could be significant as the Company has not yet generated significant revenues relative to its continuing operating expenses including, but not limited to, compensation costs, professional fees, brand marketing, website improvement costs and regulatory fees.

Management's current business plan is primarily to: (i) pursue additional capital raising opportunities, (ii) continue to develop core operations that will generate revenues; (iii) explore and execute prospective partnering opportunities; and (iv) identify unique market opportunities that represent potential positive short-term cashflow.

The Company's primary source of operating funds has been from cash proceeds from the sale of common stock and the issuances of convertible promissory notes and other debt. During the nine months ended September 30, 2022, the Company raised $149,000 from the issuance of common shares for cash. There can be no assurance that the Company's financing efforts will result in profitable operations or the resolution of the Company's liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

The Company's existence is dependent upon management's ability to develop profitable operations and to obtain additional funding sources. If the Company does not obtain additional capital, the Company will be required to reduce the scope of its business development activities or cease operations. The Company continues to explore obtaining additional capital financing and the Company is closely monitoring its cash balances, cash needs, and expense levels.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these consolidated financial statements are issued. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Significant estimates include the valuation of stock-based compensation, uncertain tax positions, and the valuation allowance on deferred tax assets. Actual results could differ from those estimates, and those estimates may be material.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Golf Longshots, LLC and majority owned (approximately 97%) subsidiary VegasWinners, Inc. All significant intercompany transactions and balances have been eliminated in consolidation.

The non-controlling interest in VWI is reported as non-controlling interest in subsidiary, which is included in stockholders' equity in the accompanying unaudited consolidated balance sheet. This non-controlling interest represents stockholders who acquired shares of VWI prior to the reverse recapitalization, but whose shares were not exchanged in the reverse recapitalization in August 2020.

Segments

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. Management has determined that the Company has one operating segment.

Cash

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

At September 30, 2022 and December 31, 2021, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is $250,000. At September 30, 2022 and December 31, 2021, the Company had cash in banks exceeding the insured FDIC limit of $0 and $0, respectively.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of amounts held back by our credit card processing company. The Company monitors outstanding receivables based on factors surrounding the credit risk of specific customers, historical trends, and other information. The allowance for doubtful accounts is estimated based on an assessment of the Company's ability to collect on customer accounts receivable. There is judgment involved with estimating the allowance for doubtful accounts, and if the financial condition of the Company's customers were to deteriorate, resulting in their inability to make the required payments, the Company may be required to record additional allowances or charges against revenues. The Company has not historically experienced significant credit or collection problems with its customers. At September 30, 2022 and December 31, 2021, no allowance for doubtful accounts relating to the Company's accounts receivable was deemed necessary.

Financial Instruments

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of accounts payable and accrued expenses, and short-term borrowings, as reflected in the consolidated balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Fair Value Measurements

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair valueis defined as the price that would be received to sell an asset or paid to transfer a liability inan orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specificasset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1 —Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;

- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and

- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

<u>Revenue Recognition</u>

The Company follows Accounting Standards Codification 606 ("ASC 606"). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Our revenue is recognized by applying the following five steps: 1) identify the contracts with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) we satisfy a performance obligation. ASC 606 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenues consist primarily of nonrefundable fees derived from sports advisory services. Other revenues include fees derived from endorsements. All revenue is recognized at the time of transfer of goods or services.

<u>Income Taxes</u>

The Company accounts for income tax using the asset and liability method prescribed by ASC740, *"Income Taxes".* Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expectedto reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to berecognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of September 30, 2022 and December 31, 2021, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are included as a component of selling, general and administrative expense in the consolidated statements of operations.

The Company recognized $2,707 and $257,505 in marketing and advertising costs during the three months ended September 30, 2022 and 2021, respectively.

The Company recognized $50,898 and $289,998 in marketing and advertising costs during the nine months ended September 30, 2022 and 2021, respectively.

Stock-Based Compensation

We account for our stock-based compensation to employees and non-employees under ASC 718 *"Compensation – Stock Compensation"* using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the requisite service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges it equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

Net Loss per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "if converted" method.

The computation of basic and diluted income (loss) per share excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net loss per share are as follows:

	September 30,	
	2022	**2021**
Series A preferred shares	820,833,800	900,000,000
Total potential dilutive shares	820,833,800	900,000,000

Recent Accounting Standards

In August 2020, the FASB issued ASU 2020-06, which simplifies the guidance on accounting for convertible debt instruments by removing the separation models for: (1) convertible debt with a cash conversion feature; and (2) convertible instruments with a beneficial conversion feature. As a result, the Company will not separately present in equity an embedded conversion feature in such debt. Instead, we will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for convertible instruments falling under the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The Company adopted ASU 2020-06 in the first quarter of fiscal 2022 utilizing the modified retrospective method. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. On November 15, 2019, the FASB delayed the effective date of Topic 326 for certain small public companies and other private companies until fiscal years beginning after December 15, 2022 for SEC filers that are eligible to be smaller reporting companies under the SEC's definition, as well as private companies and not-for-profit entities. The Company does not expect the new guidance will have a material impact on its financial statements.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 4 — LOAN RECEIVABLE

In August 2019, the Company loaned $70,000 to a third party with a due date of December 1, 2019. The loan is unsecured and non-interest bearing. On December 4, 2020, the loan was extended to June 30, 2021. On July 12, 2021, the loan was extended to February 28, 2022. During the year ended December 31, 2021, the Company recorded an allowance for doubtful accounts of $70,000. The loan become past due on February 28, 2022.

NOTE 5 — NOTE RECEIVABLE – RELATED PARTY

During March 30, 2022 through September 30, 2022, the Company loaned an aggregate of $144,688 to Clickstream Corp. in exchange for promissory notes bearing interest at 10% per annum and due on demand, but no later than one year from the respective date of issuance. As of September 30, 2022, the note receivable had a principal balance of $144,688 and accrued interest receivable of $5,717, or an aggregate of $150,405, which is included in current assets on the accompanying consolidated balance sheet. This transaction is considered a related party transaction since certain officers and members of the Company's Board of Directors are also members of Clickstream Corp.'s Board of Directors (See Note 7).

NOTE 6 — NOTES PAYABLE – RELATED PARTY

On August 11, 2020, the Company borrowed from Clickstream Corp. $350,000, of which $150,000 was repaid to Clickstream Corp. by the Company in that same year. On November 6, 2020, the Company borrowed from Clickstream Corp. an additional $200,000. On December 30, 2020, the Company borrowed from Clickstream Corp. an additional $115,000. The notes were secured by all tangible and intangible assets of the Company, bore interest at a rate of 10% per annum, matured one year from the respective date of issuance and were past due as of December 31, 2021.

During the nine months ended September 30, 2022, the Company recorded interest expense of $393 on the notes payable. During the nine months ended September 30, 2022, the remaining principal balance of $90,000 as well as accrued interest of $62,312 was repaid to Clickstream Corp. The balance of the notes payable as of September 30, 2022 is $0. This transaction is considered a related party transaction since certain officers and members of the Company's Board of Directors are also members of Clickstream Corp.'s Board of Directors (See Note 7).

NOTE 7 – RELATED PARTY TRANSACTIONS

Consulting Agreements

The Company has outstanding various consulting agreements with shareholders and/or officers of the Company ranging from 12 months to 60 months.

During the nine months ended September 30, 2022 and 2021, the Company recognized consulting expense – related parties of $561,000 and $317,500, respectively, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Clickstream Corp.

During March 30, 2022 through June 16, 2022, the Company loaned an aggregate of $144,688 to Clickstream Corp. in exchange for promissory notes receivable (See Note 5).

During the nine months ended September 30, 2022, the Company repaid $90,000 in principal and $62,312 of accrued interest payable in regards to the promissory notes payable to Clickstream Corp. (See Note 6).

NOTE 8 – NOTES PAYABLE, NET OF DISCOUNT

During the nine months ended September 30, 2022, the Company issued five notes payable to related parties with a face value of $100,000 in exchange for cash proceeds of $80,000, representing an original issue discount ("OID") of $20,000. The notes are non-interest bearing and the principal is due and payable on maturity one year from date of the note. The OID shall be accounted for as debt discount and will be amortized to interest expense using the effective interest method over the term of the notes payable. During the nine months ended, amortization of debt discount was $2,987.At September 30, 2022, the balance of the notes payable were $100,000 net of debt discount of $17,013.

NOTE 9 – INVESTMENT IN SUBSIDIARY

On August 2, 2022, Winners, Inc. entered into a Reorganization and Membership Interest Purchase Agreement with Golf Longshots, LLC, a Florida limited liability corporation ("GLSI"), and Daniel B. Foy, the sole member of GLSI (the "Shareholder"), to acquire GLSI. Under the Purchase Agreement, the Company agreed to pay $150,000 to the Shareholder and issue 20,000,000 shares of the Company's common stock (having an aggregate fair value of $184,000) as consideration for the purchase of the GLSI Shares. On the Closing Date, the Company issued a total of 20,000,000 shares of the Company's common stock and wired $50,000 to the Escrow Agent. The remaining $100,000 is to be paid as follows: (i) $50,000 due thirty days after the Closing Date; and (ii) $50,000 due 60 days after the Closing Date. These amounts remain unpaid as of September 30, 2022.

Under the Purchase Agreement, GLSI shall enter into an Employment Agreement with the Shareholder. Accordingly, on August 5, 2022, GLSI retained Daniel B. Foy as CEO of GLSI pursuant to a 2-year employment agreement whereby Mr. Foy shall be compensated: (i) the greater of: (a) $10,000 or; (b) 5% of aggregate net revenues of GLSI and VegasWinners, Inc.; and (ii) $5,000 in shares of Winners, Inc. common stock per month for the first year of employment, increasing to: (i) the greater of: (a) $12,500; or (b) 5% of aggregate net revenues of GLSI and VegasWinners, Inc.; and (ii) $5,000 in shares of Winners, Inc. common stock per month for the second year of employment. The shares shall be subject to the restrictions imposed by Rule 144 of the Securities Act of 1933. The number of shares shall be based upon dividing $5,000 by the trailing 30-day volume weighted average price per share ("VWAP"). The employment agreement was amended to a base salary of 1,000,000 shares of Winners, Inc each month of year one of the agreement and the greater of: (a) $10,000; or (b) 5% of aggregate net revenues of GLSI and VegasWinners, Inc. Year two of the agreement calls for a monthly compensation of $12,500 or 5% of aggregate net revenues of GLSI and VegasWinners, Inc., whichever is greater.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

<u>Legal Matters</u>

We are involved in certain legal proceedings that arise from time to time in the ordinary course of our business. Except for income tax contingencies, we record accruals for contingencies to the extent that our management concludes that the occurrence is probable and that the related amounts of loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. There are no legal proceeding currently pending.

<u>Consulting Agreements</u>

The Company has consulting agreements with various consultants and related party consultants with a service term ranging from 12 months up to 60 months. The following table summarizes the Company's future payments/commitments as of September 30, 2022:

2022	$	199,500
2023		540,500
2024		180,000
2025		105,000
Total minimum payments	$	1,025,000

Effective August 11, 2020, the Company entered into an employment agreement with Wayne Allyn Root to serve as the Chief Executive Officer and President of VWI for an initial term of five years. Under the agreement, Mr. Root is to receive a base salary of $150,000 per year with annual increase of 10% compounded annual on each prior annual salary (included in the above table). Additionally, Mr. Root is to receive 10% of the annual pre-tax profits of VWI and 15% of paid advertising revenues directly introduced by Mr. Root. Mr. Root will also receive standard sports handicapping commission consistent with VWI policy. Mr. Root's employment may be terminated by either VWI or Mr. Root at any time and for any reason upon at least 60 days' advanced notice. Compensation for such termination will be as set forth in the Employment Agreement.

On March 1, 2022, the Company entered into an employment agreement with Todd Kobrin to become the President of VegasWinners, Inc. The term of the agreement is for one year with a monthly compensation of $1,000.

On March 1, 2022, the Company entered into an employment agreement with Andy Scott to become the Chief Marketing Officer of VegasWinners, Inc. The term of the agreement is for one year with a monthly compensation of $1,000.

On March 7, 2022, the Company entered into consulting agreement with Next Play Digital, LLC to provide digital marketing management to VegasWinners, Inc. The term of the agreement is three months with a monthly management fee of $18,000.

On July 1, 2022, the Company entered into addendums to four employment and consulting agreements whereby the aggregate commitment amount due was decreased from $57,500 per month to $31,250 per month.

NOTE 11 –SERIES A CONVERTIBLE PREFERRED STOCK

<u>Series A Convertible Preferred Stock Designation</u>

The Company is authorized to issue 10,000,000 shares of preferred stock and has designated 9,000,000 preferred shares as Series A convertible preferred stock (the "Series A").

The Series A has the following rights and privileges as amended:

- have a Conversion Rate of 100 shares of Common Stock for each share of Series A;
- shall be treated pari passu with Common Stock except that the dividend on each share of Series A shall be the amount of dividend declared and paid on each share of common stock multiplied by the Conversion Rate;
- shall be treated pari passu with Common Stock except that the liquidation payment on each share of Series A shall be equal to the amount of the payment on each share of Common Stock multiplied by the Conversion Rate;
- shall vote on all matters as a class with the holders of Common Stock and each share of Series A shall be entitled to the number of votes per share equal to the Conversion Rate;
- shall automatically be converted into shares of common stock at its then effective Conversion Rate upon the later of:

  a. The written consent of the holders of at least a majority of the then outstanding Series A; and

b. January 1, 2023.

- shall have anti-dilution rights (the "Anti-Dilution Rights") until the earlier of the one-year period after the Series A converted into shares of Common Stock at its then effective Conversion Rate or January 1, 2024. The Anti-Dilution Rights shall be pro-rata to the holder's ownership of the Series A. The Company agrees to assure that the holders of the Series A shall have and maintain at all times, full ratchet anti-dilution protection rights as to the total number of issued and outstanding shares of common stock and preferred stock of the Company from time to time, at the rate of 90%, calculated on a fully diluted basis. In the event that the Company issues any shares of common stock, preferred stock or any security convertible into or exchangeable for common stock or preferred stock to any person or entity, the Company agrees to undertake all necessary measures as may be necessary or expedient to accommodate its performance under this Series A Designation, including, without limitation, the amendment of its articles of incorporation to the extent necessary to provide for a sufficient number of shares of authorized common stock or preferred stock to be issued to Series A holders so as to maintain in Series A holders, a 90% interest in the common stock and preferred stock of the Company, calculated on a fully diluted basis.

The Company considered accounting guidance to determine the appropriate treatment of the Series A shares. Accordingly, based on a deemed liquidation provision which causes potential cash redemption of the Series A shares, the Company recorded the issuance of its Series A as temporary equity.

Redemption of Series A Shares

On January 28, 2022, the Company entered into a Stock Purchase Agreement (the "Agreement") whereby the Company agreed to repurchase 1,000,000 Series A shares owned by the Panza Family Trust ("Panza") for the aggregate sum of $100,000 payable as follows: (i) $50,000 within one day of execution of the Agreement; and (ii) 12 equal monthly installments of $4,166.66 commencing March 1, 2022. Upon execution of the Agreement, Panza returned 500,000 Series A shares to the Company. Subsequently, each time Panza receives a monthly installment, it shall return an additional 41,666.66 shares to the Company. Whatever fraction of shares is left to accomplish the transfer of all 1,000,000 Series A shares shall be transferred in the last month.

During the nine months ended September 30, 2022, an aggregate of 791,662 Series A preferred shares were redeemed for $79,166 in cash, resulting in a deemed dividend of $78,374. Accordingly, the Series A convertible preferred stock was reduced by $792 and a $78,374 deemed dividend was recorded to the accumulated deficit. As of September 30, 2022, the remaining amount owed under the Agreement was $20,832.

NOTE 12 - STOCKHOLDERS' EQUITY

Issuance of Common Shares for Services

During the nine months ended September 30, 2022, the Company issued a total of 4,648,932 shares of common stock to consultants with a fair value of $77,121 for services rendered. The common shares issued were valued at the trading price at the respective date of issuances.

During the nine months ended September 30, 2021, the Company issued a total of 4,050,134 shares of common stock to consultants with a fair value of $320,758 for services rendered. The common shares issued were valued at the trading price at the respective date of issuances.

Issuance of Common Shares for Cash

During the nine months ended September 30, 2022, the Company issued a total of 22,250,000 shares of common stock in a private placement offering for cash proceeds of $149,000.

During the nine months ended September 30, 2021, the Company issued a total of 75,000,000 shares of common stock in a private placement offering for cash proceeds of $3,749,066, net of direct offering costs of $52,000.

Issuance of Common Shares Upon Conversion of Convertible Notes

During the nine months ended September 30, 2021, the Company issued 15,500,000 shares of common stock in connection with the conversion of $775,000 of convertible notes payable into common shares.

NOTE 13 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to the unaudited consolidated balance sheet date, but before the unaudited consolidated financial statements are issued.

During the period subsequent to September 30, 2022, the Company issued two notes payable to related parties with a face value of $15,512 in exchange for cash proceeds of $12,410, representing an original issue discount (“OID”) of $3,102. The notes bear interest at 8% and the principal is due and payable on maturity one year from date of the note. The OID shall be accounted for as debt discount and will be amortized to interest expense using the effective interest method over the term of the notes payable.

During the period subsequent to September 30, 2022, the Company entered into a consulting agreement with Next Play Digital, LLC to provide digital marketing management to VegasWinners, Inc. The term of the agreement is eighteen months with a monthly management fee of 45% of monthly affiliate commissions generated.

During the period subsequent to September 30, 2022, the Company issued 2,426,587 shares of common stock as settlement for $31,745 of services provided.