UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 2, 2023** (**November 10, 2022**)

Helbiz, Inc.
(Exact Name of Registrant as Specified in Charter)

Delaware	001-39136	84-3015108
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS. Employer Identification No.)**

32 Old Slip, New York, NY 10005
(Address of Principal Executive Offices, and Zip Code)

(917) 675-7157
Registrant's Telephone Number, Including Area Code

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.00001 par value	HLBZ	The Nasdaq Stock Market LLC
Redeemable warrants, each warrant exercisable for one share of Class A Common Stock	HLBZW	The Nasdaq Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

On November 25, 2022, we filed a Current Report on Form 8-K disclosing the acquisition of Wheels Labs, Inc., which qualifies as a “significant acquisition” under Rule 3-05 of Regulation S-X under the Securities Act of 1933, as amended (the “Securities Act”). We are filing this Amendment No.1 to such Current Report on Form 8-K (the “Amendment”) to disclose the financial statements required under Regulation S-X.

The information in Item 1.01, Item 2.01 and Item 3.02 is restated herein without any changes.

Item 1.01 Entry Into a Material Definitive Agreement

On November 18, 2022, we acquired all of the issued and outstanding shares of capital stock of Wheels Labs, Inc. (“Wheels”), and Wheels became our wholly-owned subsidiary when another wholly-owned subsidiary (“Merger Sub”) merged with and into Wheels (the “Merger”). In connection with the Merger, we entered into an Amended and Restated Agreement and Plan of Merger (the “Amended Merger Agreement”) with Wheels and Merger Sub and an Escrow Agreement (the “Escrow Agreement”) with Wheels, Merger Sub, an escrow agent and an authorized representative of certain security holders of Wheels (the “Authorized Representative”).

Amended and Restated Agreement and Plan of Merger

The Amended Merger Agreement amended and restated the Agreement and Plan of Merger that we entered into with Wheels and Merger Sub on October 24, 2022. We entered into the Amended Merger Agreement on November 18, 2022 and the Merger was completed immediately thereafter. Pursuant to the Amended Merger Agreement, in exchange for all of the outstanding share capital of Wheels, Merger Sub merged with and into Wheels and became our wholly-owned subsidiary. The following is a summary of the Amended Merger Agreement, and we suggest that you review the entire Agreement, which is attached as an exhibit to this Current Report, if you would like to have a deeper understanding of its terms.

Consideration

In exchange for all of the outstanding share capital of Wheels, we issued to security holders of Wheels approximately 6,751,811 Series A convertible preferred stock equal to six and ninety-nine hundredths (6.99%) of our total issued and outstanding common stock immediately prior to the Closing (as may be adjusted downwards pursuant to the terms and conditions of the Amended Merger Agreement. The Series A convertible preferred stock will automatically convert into shares of the Company’s Class A common stock upon the approval of the majority of the holders of the Company’s common stock to allow for such issuance under Nasdaq Rule 5635 (the “Stockholder Approval”). The Series A Convertible Preferred Stock will convert on a one-for-one basis, provided that if Wheels does not provide certain financial information by December 31, 2022, the holders of the Series A Convertible Preferred Stock will receive 10% less shares of Class A common stock and if such financial information is not received by January 15, 2023, they the number of shares of Class A common stock that they will receive will be reduced by a further 10%.

If the Stockholder Approval has not been received within one-year of the Merger, then the holders of the Series A convertible preferred stock may vote to have the Series A Preferred Stock redeemed by the Company at the market price (as determined by the volume-weighted average price) of the Class A common stock on the date of the Merger. The Series A convertible preferred stock has no voting rights other than as to those matters that affect the Series A convertible preferred stock as a class. Starting March 31, 2023, we are to pay an annual dividend of 7.5% of the market price (as determined by the volume-weighted average price) of the Class A common stock on the date of the Merger payable in quarterly amounts. The Certificate of Designation, Preferences and Rights for the Series A Preferred Stock is attached as an exhibit to this Current Report.

Representations and Warranties

In the Amended Merger Agreement, we made certain representations and warranties (with certain exceptions set forth in the Amended Merger Agreement’s disclosure schedules) relating to, among other things: (a) our and our subsidiaries proper corporate existence and similar corporate matters; (b) our proper corporate authorization in relation to the execution, delivery and enforceability of the Amended Merger Agreement and other transaction documents; (c) the non-contravening effect our performance under the Amended Merger Agreement will have in relation to our operations or compliance with related laws; (d) our capital structure; (e) brokers and finders fees; (f) intellectual property; (g) litigation; (h) our related party transactions; and (i) other customary representations and warranties.

In the Agreement, Wheels makes certain representations and warranties relating to, among other things: (a) proper corporate organization and similar corporate matters; (b) authorization, execution, delivery and enforceability of the Agreement and other transaction documents; (c) the non-contravening effect of Wheels' performance under the Agreement will have in relation to its operations or compliance with related laws; (d) no government authorization; (e) Wheels' capital structure; (f) required consents; (h) financial statements; (i) property and title to assets; (j) litigation; (k) contracts; (l) licenses and permits; (m) intellectual property; (n) related party transactions; and (o) other customary representations and warranties.

Escrow Agreement

The shares of Series A Convertible Preferred Stock issued pursuant to the Amended Merger Agreement were issued into escrow pursuant to the Escrow Agreement. Under the terms of the Escrow Agreement, all or a portion of the shares held in escrow may be returned to the Company in the event that certain of the representations and warranties of Wheels, primarily those concerning its indebtedness and legal proceedings, are incorrect. The term of the of the Escrow Agreement is eighteen months as may be extended in the event of ongoing legal proceedings involving Wheels.

Item 2.02 Results of Operations and Financial Condition

Wheels is a last-mile, shared electric mobility platform using vehicles with integrated helmet technology. Wheels generates revenues from a network of shared owned sit-down scooters and from sales of its vehicles. We believe that the acquisition of Wheels complements our existing network of shared vehicles by providing us licenses to operate in markets in which we were not previously present and additional vehicles that we can add to our existing markets. In addition, we believe that the acquisition of Wheels provides us with new revenue opportunities such as vehicle sales and long-term rentals and business-to-business sales and services.

Wheels Vehicle

At the heart of the operations of Wheels is its vehicle. The vehicle is a sit-down scooter with built-in storage for a helmet which is provided with the vehicle. Wheels has exclusive rights to produce the vehicle and manufacturing arrangements that have to date produced approximately 20,000 vehicles.

The Wheels vehicle was designed with sustainability in mind. The overall purpose of the vehicle is to provide last-mile options and as a result reduce trips by vehicles using internal combustion engines. To further reduce greenhouse gasses, the batteries on the vehicles are replaceable so that recharging the vehicle does not involve

Wheels Network

Wheels has its own proprietary app for the rental of its vehicles on its network, although we intend to shortly merge the Wheels App into our mobile app so that all of our transportation as a service offerings are available on one platform. Using the mobile app, Wheels customers can unlock a sit-down scooter, use it for a set period of time and lock it when their journey has concluded.

In 2022, Wheels has offered pay-per-ride offerings on its vehicles in the following municipalities:

- Austin, TX
- Culver City, CA
- Los Angeles, CA
- Miami, FL
- Miami Lakes, FL
- New York City, NY
- Orlando, FL
- San Diego, CA
- Santa Monica, CA
- Seattle, WA
- West Hollywood, CA
- Honolulu, HI
- Berlin, Germany

Business-to- Business

Wheels offers its mobility services to institutions so that employees, students or others within their campuses are able to use the Wheels mobile app to ride the Wheels vehicles on a pay-per-use basis. We are in discussion with several well-known tech companies to offer the Wheels vehicles on their campuses.

Wheels also offers these services to universities. It creates a custom program for each campus that includes geofencing, slow-zones, no-ride zones and preferred parking. This helps us keep campuses safe and clutter free while providing a unique transportation option to students, faculty and staff. In addition, Wheels has offered its vehicles on the following university campuses so far in 2022:

- East Carolina University
- St. John’s University
- UCLA
- University of Massachusetts, Boston
- Western Kentucky University
- The University of Texas at Austin

We envision expanding the b2b aspect of the Wheels operations.

Sales and Long-Term Rentals

Wheels offers its vehicles to individuals for sale or for long-term rentals. The vehicles can be purchased or can be leased for $89.99 per month. Sales and long-term rentals of the Wheels vehicles comes with a helmet and a charger.

Item 3.02 Unregistered Sales of Equity Securities

In connection with the Merger, we issued approximately 6,751,811 shares of Series A Preferred Stock on November 18, 2022. Such shares of Series A Preferred Stock are convertible into shares of our Class A common stock upon the vote or consent of our shareholders for such conversion.

From November 15, 2022 through November 25, 2022, we issued 20,064,263 shares of Class A common stock upon the conversion of approximately $3.4 million in principal of, and interest on, outstanding convertible debentures.

On November 14, 2022, our majority shareholder and Chief Executive Officer and our Chief Financial Officer converted $44,925 of debt due to him from us into 207,028 shares of our Class A common stock.

On November 22, 2022, our majority shareholder and Chief Executive Officer converted $750,000 of debt due to him by one of our wholly-owned subsidiaries into 4,019,293 shares of Class A common stock.

On November 22, 2022, we issued 1,176,471 shares of Class A common stock in exchange of services provided by a third party.

The above-described issuances have been determined to be exempt from registration under the Securities Act of 1933 in reliance on Sections 3(a)(9) and 4(a)(2) of the Securities Act.

Item 9.01 Financial Statements and Exhibits

The following exhibits are attached to this Current Report on Form 8-K.

Exhibit No.	Description
10.1	Amended and Restated Merger Agreement (incorporated by reference to exhibit 10.1 of our current report on Form 8-k filed on November 25, 2022)
10.2	Certificate of Designation (incorporated by reference to exhibit 10.2 of our current report on Form 8-k filed on November 25, 2022)
23.1	Consent of Baker Tilly US, LLP
99.1	Audited financial statements for Wheels Labs, Inc. as of, and for, the year ended December 31, 2021
99.2	Unaudited financial statements for Wheels Labs, Inc. as of, and for, the nine months ended September 30, 2022
99.3	Unaudited pro forma condensed combined financial statements and explanatory notes for Helbiz, Inc. as of September 30, 2022, for the nine months ended September 30, 2022 and for the year ended December 31, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 2, 2023

HELBIZ, INC.

By:	/s/ Salvatore Palella
Name:	Salvatore Palella
Title:	Chief Executive Officer

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-3 No. (File No. 333-267783) of Helbiz, Inc., of our report dated July 26, 2022, relating to the financial statements as of December 31, 2021 and 2020 and for each of the two years in the period ended December 31, 2021 of Wheels Labs, Inc. that appear in this Current Report on Form 8-K/A of Helbiz, Inc.

/s/ Baker Tilly US, LLP

Los Angeles, California
February 2, 2023

EXHIBIT 99.1

Wheels Labs, Inc.

Consolidated Financial Statements

December 31, 2021 and 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Wheels Labs, Inc.

Opinion

We have audited the consolidated financial statements of Wheels Labs, Inc. (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the consolidated financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations, negative cash flows from operations and has an accumulated deficit that raises substantial doubt about the Company's ability to continue as going concern. Management's evaluation of the events and conditions and management plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

BAKER TILLY US, LLP

/s/ Baker Tilly US, LLP

Los Angeles, California
July 26, 2022

WHEELS LABS, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and equivalents	$ 4,777,008	$ 3,629,271
Spare Parts Inventory	947,132	1,060,522
Prepaid expenses and other assets	1,657,223	1,140,213
Other receivables	202,401	1,195,401
Total current assets	7,583,764	7,025,407
Vehicles, net	9,179,149	13,349,340
Total assets	$ 16,762,913	$ 20,374,747
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade payables	$ 1,461,065	$ 1,596,394
Accrued expenses and other current liabilities	2,914,318	2,484,669
Sales tax payable	2,106,194	1,522,869
Deferred revenue	454,186	251,046
Notes payable - current portion	2,872,962	3,393,310
Total current liabilities	9,808,725	9,248,288
Notes payable - long term portion	1,326,438	2,809,094
Paycheck protection program loan	5,033,000	—
Total liabilities	16,168,163	12,057,382
Stockholders' Equity		
Convertible Preferred Stock, $0.00001 par value, 47,383,709 shares authorized, 44,389,805 shares issued and outstanding	445	82
Common stock, $0.00001 par value, 64,700,000 shares authorized, 4,369,235 shares issued and outstanding	43	42
Additional paid-in capital	121,815,165	97,152,246
Notes receivable	(136,181)	(136,181)
Accumulated other comprehensive income	39,066	56,870
Accumulated deficit	(121,123,788)	(88,755,694)
Total Stockholders' Equity	594,750	8,317,365
Total liabilities and Stockholders' Equity	$ 16,762,913	$ 20,374,747

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

WHEELS LABS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues:		
Shared rides	$ 8,845,284	$ 6,534,134
Long-term rentals	2,037,084	1,420,247
Discounts and allowances	(1,128,269)	(954,906)
Net Revenues	9,754,099	6,999,475
Cost of revenues, exclusive of depreciation	13,471,549	12,879,817
Depreciation on vehicles	9,854,159	9,701,557
Gross margin	(13,571,609)	(15,581,899)
Operating expenses:		
Operations and support	615,052	1,107,504
Research and development	257,636	1,578,256
Selling and marketing	353,657	342,836
General and administrative	16,715,662	18,459,769
Total operating expenses	17,942,007	21,488,365
Loss from operations	(31,513,616)	(37,070,265)
Other income (expense)		
Interest income	561	157,103
Interest expense	(941,189)	(983,646)
Customs duty reimbursement and employee retention credits	—	1,304,306
Other, net	87,314	3,679
Other income (expense), net	(853,314)	481,443
Loss before provision for income taxes	(32,366,930)	(36,588,821)
Provision for income taxes	1,164	6,094
Net loss	(32,368,094)	(36,594,915)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(17,804)	66,710
Other comprehensive income (loss)		66,710
Comprehensive loss	$ (32,385,898)	$ (36,528,205)
Net loss per share attributable to common stockholders	$ (0.75)	$ (2.95)
Shares used in computation of net loss per share attributable to common stockholders	42,778,035	12,375,444

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

WHEELS LABS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2021 and 2020

	Convertible Preferred Stock		Common Stock												
	Convertible Preferred Stock Total		Class A		Class B		Common		Common Stock Total						
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Notes receivable	Total Stockholders' Equity
Balance at January 1, 2020	8,076,494	$ 81	539,313	$ 5	3,699,490	$ 37	—	$ —	4,238,803	$ 42	$ 94,223,471	$ (52,160,779)	$ (9,840)	$ (454,387)	$ 41,598,588
Issuance of Series A Convertible Preferred Stock	137,510	1	—	—	—	—	—	—	—	—	2,499,999	—	—	—	2,500,000
Cancellation of notes receivable issued for purchase of common stock	—	—	(102,839)	(1)	—	—	—	—	(102,839)	(1)	(318,205)	—	—	318,206	—
Exercise of stock options	—	—	11,987	—	—	—	—	—	11,987	—	15,712	—	—	—	15,712
Common stock issued in exchange for services	—	—	85,610	1	—	—	—	—	85,610	1	120,397	—	—	—	120,398
Stock Compensation Expense	—	—	—	—	—	—	—	—	—	—	610,872	—	—	—	610,872
Foreign Currency Translation Adjustment	—	—	—	—	—	—	—	—	—	—	—	—	66,710	—	66,710
Net loss	—	—	—	—	—	—	—	—	—	—	—	(36,594,915)	—	—	(36,594,915)
Balance at December 31, 2020	8,214,004	82	534,071	5	3,699,490	37	—	—	4,233,561	42	97,152,246	(88,755,694)	56,870	(136,181)	8,317,365
Issuance of Series A-1 Preferred Stock, net of issuance costs of $321,247	12,799,483	128	—	—	—	—	—	—	—	—	22,277,405	—	—	—	22,277,533
Effect of conversion of shares in connection with plan of Reorganization	23,215,959	233	(534,071)	(5)	(3,699,490)	(37)	4,355,505	43	121,944	1	(234)	—	—	—	—
Issuance of warrants to lender	—	—	—	—	—	—	—	—	—	—	424,708	—	—	—	424,708
Exercise of warrants	160,359	2	—	—	—	—	—	—	—	—	14	—	—	—	16
Exercise of stock options	—	—	—	—	—	—	13,730	—	13,730	—	23,112	—	—	—	23,112
Stock Compensation Expense	—	—	—	—	—	—	—	—	—	—	1,937,914	—	—	—	1,937,914
Foreign Currency Translation Adjustment	—	—	—	—	—	—	—	—	—	—	—	—	(17,804)	—	(17,804)
Net loss	—	—	—	—	—	—	—	—	—	—	—	(32,368,094)	—	—	(32,368,094)
Balance at December 31, 2021	44,389,805	$ 445	—	$ —	—	$ —	4,369,235	$ 43	4,369,235	$ 43	$ 121,815,165	$ (121,123,788)	$ 39,066	$ (136,181)	$ 594,750

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

WHEELS LABS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Net loss	$ (32,368,094)	$ (36,594,915)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation on vehicles	9,854,159	9,701,557
Impairment of goodwill	—	581,771
Stock compensation expense	1,937,914	610,872
Fair value of common stock issued in exchange for services	—	120,398
Fair value of warrants issued to lender	424,708	—
Change in operating assets and liabilities:		
Spare parts inventory	113,390	(419,994)
Prepaid expenses and other assets	(517,010)	533,825
Other receivables	993,000	(1,161,629)
Trade payables	(135,329)	(492,571)
Accrued expenses and other current liabilities	417,494	1,065,119
Deferred revenue	203,140	172,705
Sales tax payable	583,325	712,315
Net cash used in operating activities	(18,493,303)	(25,170,547)
Cash flows from investing activities		
Purchases of vehicles	(5,683,968)	(6,062,997)
Net cash used in investing activities	(5,683,968)	(6,062,997)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program Loan	5,033,000	—
Repayment of notes payable	(2,003,004)	(2,722,917)
Proceeds from sale of convertible preferred stock	22,277,533	2,500,000
Proceeds from exercise of warrants	16	—
Proceeds from exercise of stock options	23,112	15,712
Net cash provided (used in) financing activities	25,330,657	(207,205)
Effect of rate changes on cash	(5,649)	57,965
Net increase (decrease) in cash	1,147,737	(31,382,784)
Cash and equivalents		
Beginning of year	3,629,271	35,012,055
End of year	$ 4,777,008	$ 3,629,271
Non-cash investing and financing activities:		
Cancellation of notes receivable for purchase of common stock	$ —	$ 318,206
Supplemental disclosures of cash flow information		
Interest paid	$ 760,401	$ 1,004,983
Income taxes paid	$ 800	$ 800

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

1. BUSINESS AND OPERATIONS

Wheels Labs, Inc. ("Wheels," "the Company," "our", and "we") was incorporated in Delaware in August 2018 and is headquartered in California. Wheels is a micromobility company engaged in delivered electric transportation solutions for short distances. The Company partners with cities, universities, and private parties to bring lightweight Vehicles ("battery-powered bikes/scooters") to residents and visitors in an effort to replace car trips by providing an alternative sustainable transportation option.

Risks and Uncertainties

For the years ended December 31, 2021 and 2020, the Company reported losses from operations totaling $31,513,616 and $37,070,264 respectively, and at December 31, 2021, the Company had an accumulated deficit of $121,123,788. For the years ended December 31, 2021 and 2020, net cash used in operating activities was $18,493,303 and $25,170,547, respectively, and as of December 31, 2021 the Company had cash and equivalents totaling $4,777,008 and a working capital deficit of $2,224,961.

Additionally, the COVID-19 pandemic, declared by the World Health Organization in March 2020, continues to disrupt international and U.S. economies and markets, including the Company's operations. The COVID-19 pandemic has created challenging and unprecedented conditions for the Company's businesses and has negatively impacted the global economy, disrupted global supply chains, and created significant volatility and disruption of financial markets. Further, many state and local governments have issued Stay-at-Home orders which impacted The Company's business during 2020. Such impacts included altered and reduced usage patterns for the Company's Vehicles, delays in potential new business opportunities, and disruptions in the Company's supply chain. While the Company believes it is well positioned and prepared to successfully navigate the crisis and the eventual return to a more normal operating environment, the long-term effects of the pandemic on customer demand and business operations is uncertain.

The combination of the above factors raises substantial doubt about the Company's ability to continue as a going concern under the framework of Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 205.

Subsequent to December 31, 2021, the Company completed a Series A-1 financing and a convertible notes offering (See Note 15. Subsequent Events). In addition, Management plans to seek additional sources of financing and/or to renegotiate the terms for repayment of its existing debt with its primary lender. While management believes it will have access to financing sources, including potential additional financing from new and existing investors and lending partners, no assurance can be given that such additional sources of financing will be available on acceptable terms or within the timeframe needed.

The failure to obtain additional equity or debt financing and/or renegotiate the terms of existing debt arrangements could have a material adverse effect on the Company's business, results of operations, future cash flows and financial condition.

Basis of Presentation

The accompanying financial statements have been presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The Consolidated financial statements include the accounts of Wheels Labs, Inc. and its wholly–owned US and international subsidiaries. All significant intercompany transactions and amounts have been eliminated in consolidation. The functional currency is U.S. dollars, and the consolidated financial statements are reported in U.S. dollars.

Foreign Currency Translations and Transactions

The functional currency of the Company's foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the exchange rate in effect on the balance sheet dates. Net loss and cash flows of foreign subsidiaries are translated at the average exchange rate during the period. Translation gains or losses are included as a component of accumulated other comprehensive income

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, which are subject to significant judgment including those related to: (i) revenue recognition, (ii) valuation of equity securities, (iii) income taxes, (iv) stock–based compensation, (v) useful lives associated with Vehicles and batteries, and (vi) loss contingencies. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASC 842, Leases, which requires lessees to recognize a right–of–use asset representing the lessee's right to use or control the use of the given asset assumed under the lease and a liability associated with the obligation to make payments under the terms of the agreement.

FASB ASC 842 also requires additional quantitative and qualitative disclosures to help investors and other financial statement users assess the amount and timing of cash flows arising from leases. In June of 2020, FASB issued Accounting Standards Update (ASU) No. 2020–05, which delayed the effective date of the new standard for non–public business entities for annual periods beginning after December 15, 2021. Early adoption is permitted. The Company does not believe adoption of the new accounting standard will have a material impact on its consolidated financial statements, information technology systems, processes, and internal controls.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2019, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2019–12, Income Taxes (Topic 740), which has the dual objective of simplifying the accounting for income taxes, while maintaining or improving the usefulness of the information provided to users of financial statements. This update is effective for annual periods in 2022 for non–public entities, with early adoption permitted. The Company does not believe adoption of the new ASU will have a material impact on its consolidated financial statements.

Cash and Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, on the date purchased, to be cash equivalents. In the normal course of business, the Company maintains checking and savings account balances in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limits.

Spare Parts Inventory

Spare Part Inventory are stated at cost and consist primarily of items used for the repair and maintenance of the Company's Vehicles.

Vehicles, net

Vehicles are used within the Company's shared ride and long–term rental businesses. The capitalized costs of Vehicles include the cost of bikes/scooters, batteries, integration costs, and freight from manufacturers and any customs or duties incurred. Depreciation on Vehicles is computed using the straight–line method over an estimated useful life of three years. Expenditures for repair and maintenance costs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts, and any gain or loss is reflected in the Company's Consolidated Statements of Operations.

Leases and Deferred Rent

The Company leases its facilities under operating leases. The Company's leases generally contain escalating payments over the lease term. Rent expense is recognized on a straight–line basis over the term of the lease. Accordingly, the Company records the difference between cash rent payments and the recognition of rent expenses as a deferred rent liabilities within accrued expenses and other current liabilities in the consolidated balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill results from business combinations and represents the excess of the purchase price over the fair value of net assets acquired.

In accordance with FASB issued Accounting Standards Update ("ASU") 2014–12, the Company has elected to amortize goodwill on a straight–line basis over a period of ten years. Goodwill is reviewed for impairment whenever events and circumstances indicate the carrying value may not be recoverable and exceed its fair value. The Company assesses qualitative factors to determine whether it is more likely than not that goodwill is impaired as a basis for determining whether it is necessary to perform a quantitative impairment test. If an impairment loss exists, the carrying amount of the goodwill is adjusted to a new cost basis. The new cost basis is amortized over the remaining useful life of the asset.

Tests for impairment or recoverability require significant management judgment, and future events affecting cash flows and market conditions could adversely impact the valuation of these assets and result in impairment losses. The recorded value of Goodwill in the amount of $581,771 was fully impaired and an impairment loss was recorded during the year ended December 31, 2020.

Fair Value of Financial Instruments

The carrying amounts of the Company's consolidated financial instruments, including cash and equivalents, trade payables, and accrued expenses and other current liabilities approximate fair value due to their relatively short maturities, and market interest rates, if applicable.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of ride usage on its Vehicles occurs and/or the term of the period subscription has lapsed.

<u>Shared Ride Revenue</u>

The Company allows users to participate in the Company's vehicle sharing program through its technology platform, the Wheels mobile application ("Wheels App"). To use one of the Company's Vehicles, the user contracts with the Company and pays for the ride from its preloaded wallet balance, or on a per–ride basis. Customers use the Wheels App to access and conclude a trip on the Company's Vehicles. The Company is responsible for providing access to the Vehicles over the user's desired period of use.

These transactions fall within the definition of a lease which is defined as a contract by which one party conveys land, property, or services to another for a specified time, in exchange for a payment. As such, the Company's performance obligation is met upon the completion of the use of the asset or when the ride has ended. The Company accounts for Shared Ride revenues in accordance with ASC 840, *Leases* and records revenue upon completion of each ride.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long–term Rental Revenue

The Company also allows users to lease its Vehicles and assorted equipment for extended periods of up to one year by registering via the Company website. Users accept the terms of use on the Company's website and initiate payment and, in exchange the Company processes the rental order. Similar to Shared Ride Revenue, these transaction fall within the definition of a lease. Revenue under Long–term Rental arrangements is deferred until the delivery obligation of the Vehicles is performed and the rental period has commenced, at which time revenue is recognized on a straight–line basis over the term of the underlying Long–term Rental agreement pursuant to ASC 840, *Leases*.

Deferred Revenue

Deferred revenue primarily consists of prepaid package payments made by customers which can be utilized at a later date from our Shared Ride segment. Deferred revenue also includes prepayments made by customers related to vehicle rentals for periods longer than one ride. Long–term rentals are available to customers on a period–by–period basis, e.g., month by month basis. Prepayments are initially recorded as Deferred Revenue and subsequently recognized ratably over the term of the subscription. The Company has elected to use the practical expedient that allows the Company to expense the costs incurred to obtain a contract when the amortization period is less than one year.

Discounts and allowances

The Company's discounts and allowances consist of costs associated with payments returned to individual users that arise out of disputes and discounts associated with prepaid purchases. The Company reviews these disputes and remits the proper amounts to users once it has determined that the disputed amounts have merit.

Cost of Revenue, exclusive of Depreciation

The Company's Cost of Revenue, exclusive of depreciation, consists of costs associated with getting the Company's Vehicles ready for use by its customers and deployed to our locations of operations. These costs consist of expenditures associated with warehouse crews, mechanics, transporters, data processing fees, warehouse utilities, equipment and supplies, rent and storage, and other direct operating expenses.

Research and Development

Costs incurred in connection with the research and development of the Company's products is expensed as incurred. Research and development costs, include direct and allocated expenses.

General and Administrative Expenses

General and administrative expenses represent costs incurred in managing the Company's business. Such costs include Corporate personnel salaries and benefits, legal costs, corporate facilities rent, shipping costs, digital expenses, software costs, taxes, and other miscellaneous administrative expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") Topic 740–10. Under ASC Topic 740–10, deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, the Company is required to assess differences between the tax basis of the Company's assets and liabilities and the amounts reported in the consolidated financial statements using the tax rates that are expected to be in effect when the resulting deferred tax asset or liability is expected to be settled or realized. An allowance is provided to reduce net deferred tax assets to the amount that management believes will, more likely than not, be recovered.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two–step process in which (1) the Company determines whether it is more likely than not that the tax positions would be sustained on the basis of technical merits of the position and (2) for those tax positions that meet the more–likely–than–not recognition threshold, the Company recognizes the largest amount of the tax benefit or liability that is more than 50% likely to be realized upon ultimate settlement to the related tax authority.

Stock–based Compensation

The Company recognizes all equity classified stock–based grants to employees and nonemployees based on the grant date fair value of the award. This grant date fair value is recognized as compensation cost over the period during which the employee or nonemployee is required to provide service in exchange for the award. The fair value of the common stock on grant date has been determined by the Board, assisted by an independent appraisal, at each stock option measurement date. The Company's policy is to issue shares, which have been previously authorized by the Board, upon the exercise of awards. The Company issues service–based awards, that generally vest at the rate of 25% on the one–year anniversary of the vesting commencement date and ratably thereafter over the next 36 months.

The fair value of stock options that vest solely based on a service condition is determined by the Black–Scholes–Merton Option ("BSM") pricing model on the date of the grant. This valuation model for stock–based compensation expense requires the Company to make assumptions and judgement about the variables used in the BSM model, including the deemed fair value of common stock, expected term, expected volatility, risk free interest rate, and dividend yield. As the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post–vesting employment termination behavior, the Company determines the expected term based on the remaining contractual life of the stock options are expected to remain outstanding.

The fair value of the Common Stock underlying the stock option awards was determined by the Board of Directors. Given the absence of a public trading market, the Board of Directors considered numerous objective and subjective factors to determine the fair value of our Common Stock at each meeting at which awards were approved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Loss Per Share Attributable to Common Stockholders

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

3. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following at December 31:

	2021	2020
Insurance	$ 154,830	$ 413,227
Deposits and rent	372,630	321,308
Permits and licensees	129,007	282,906
Software	64,430	27,290
Vehicle deposits	760,796	—
Legal	71,635	3,925
Other	103,895	91,557
Prepaid expenses and other assets	$ 1,657,223	$ 1,140,213

4. NOTES RECEIVABLE

The Company has accepted notes receivable of $136,181 as of December 31, 2021 and 2020 from certain employees in connection with the exercise and purchase of common stock. The notes are due seven years following the date of issuance, bear interest at an annual rate of approximate 2%. The notes are collateralized by the underlying shares of common stock and accordingly have been classified as a component of stockholders' equity.

5. VEHICLES, NET

Vehicles, net consists of the following at December 31:

	2021	2020
Battery-powered vehicles	$ 18,564,265	$ 15,425,620
Batteries	3,549,523	3,888,544
Vehicles at cost	22,113,788	19,314,164
Less: accumulated depreciation	(12,934,639)	(5,964,824)
Vehicles, net	$ 9,179,149	$ 13,349,340

Depreciation expense for the years ended December 31, 2021, and 2020, was $9,854,159 and $9,701,557, respectively.

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following at December 31:

	2021	2020
Compensation and related	$ 4,74,782	$ 416,136
Deferred rent	24,207	480,835
Insurance, permits and fees	134,725	350,000
Legal	1,927,646	1,165,000
Accrued interest	149,474	65,054
Other	203,484	7,644
Accrued expenses and other current liabilities	$ 2,914,318	$ 2,484,669

7. OTHER INCOME, NET

Customs Duties Reimbursements

The US government–imposed Section 301 tariffs (the "Customs Duties") on certain goods imported from China to the United States, including Wheels Vehicles. The Company paid the required Customs Duties for the import of its Vehicles into the United States and the amounts were capitalized as part of the associated costs of the Vehicles. Subsequently, the Company determined that its Vehicles were exempt from Custom Duties and applied for a refund in the amount of $2,600,000, which was approved by the taxing authority. Accordingly, the Company reversed a portion of the previously recorded value of the underlying assets and related depreciation expense, which resulted in the recognition of a gain in the amount of $685,000 that is included in the Company's consolidated statement of operations for the year ended December 31, 2020. At December 31, 2020, approximately $1,000,000 of the Custom Duties refund was included in other receivables and subsequently collected in January 2021.

7. OTHER INCOME, NET (continued)

Government COVID–19 Credit

In March 2020 the US government signed into law the Coronavirus Aid, Relief, and Economic Security Act, also known as CARES Act ("the Act"). The Employee Retention Credit is a refundable tax credit equal to 50% of the qualified wages paid to employees between March 12, 2020 and January 1, 2021. The Company received an Employment Retention Credit of approximately $696,000. The amount was reflected in Other Income during the year ended December 31, 2020.

8. NOTES PAYABLE

In February 2019, the Company entered into a new loan and security agreement with a new lending partner under which it borrowed $10,000,000. Under the terms of the agreement, the Company is required to make monthly interest–only payments through February 2020. Thereafter, the agreement provides for monthly payments of principal and interest of approximately $346,755 through August 2022. Borrowings are collateralized by substantially all assets of the Company and bear interest at the rate of 12.5% per annum. In connection with the new loan and security agreement, the Company issued warrants to purchase 84,670 shares of Series A-1 Preferred Stock at $11.22 per share. In connection with the Series A-1 Preferred Stock Financing (See Note 10. Stockholders' Equity), the original warrant was exchanged for a new warrant to purchase 538,688 shares of Series A-1 Preferred Stock at $1.76 per share.

In September 2021, the Company renegotiated the payment terms associated with its loan and security agreement, which had the effect of (i) temporarily deferring scheduled principal and interest payments (ii) reducing the annual interest rate from 12.5% to 12.0% per annum, and (iii) extending the term of the loan from August 2022 to June 2023. As consideration for agreeing to the new payment terms, the Company issued to its lending partner warrants to purchase 294,936 shares of Series A-1 Preferred Stock at $1.76 per share. All of the warrants are immediately vested and expire on July 31, 2031. As of December 31, 2021, none of the warrants had been exercised. The fair value of the warrants has been recorded as deferred financing costs and is being amortized over the terms of the underlying loan agreements. The fair value was calculated using the Black–Sholes Merton pricing model with the following assumptions: dividend yield of 0%, expected volatility of approximately 80%, risk–free interest rate of 2.31% and expected life of 10.0 years. At December 31, 2021, the unamortized portion of the deferred financing costs totaled $243,920. For the years ended December 31, 2021 and 2020, outstanding borrowings, net of unamortized discounts, totaled $4,199,400 and $6,202,404, respectively.

Future minimum debt service payments, by year, are as follows:

Years ended December 31:		
2022	$	2,872,962
2023		1,570,358
Total notes payable		4,443,320
Deferred financing sots		(243,920)
Less: current portion		(2,872,962
Notes payable long-term portion	$	1,326,438

9. PAYCHECK PROTECTION PROGRAM LOAN

In February 2021 and April 2021, the Company received loan proceeds in the aggregate amount of $5,033,000 under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act and is administered through the Small Business Administration ("SBA"). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The loans have five year terms, bear interest at the rate of 1% per annum, and all outstanding principal and interest is due on February 2026 and April 2026, respectively, subject to any portion of the loans which may be forgiven.

The Company submitted its forgiveness applications with the SBA in June 2022 and expects that approximately 95% of the outstanding principal, plus accrued interest, will be eligible for forgiveness.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

10. STOCKHOLDERS' EQUITY

The Company's capital stock consists of Common stock and Convertible Preferred stock. The Company's Fifth Amended and Restated Certificate of Incorporation authorizes 64,700,000 shares of Common stock and 47,383,709 shares of Preferred Stock, which may be issued in one or more series.

In March 2021, the Company's Board of Directors approved a Series A–1 Preferred Stock financing and plan of reorganization, under which the Company issued 12,799,483 shares of its Series A–1 Preferred Stock to new and existing investors in a series of closings occurring between March 2021 and October 2021. The financing yielded total proceeds to the Company of $22,277,533, net of issuance costs of $321,247.

In connection with the Series A–1 Preferred Stock financing, all previously outstanding shares of the Company's Preferred Stock and warrants to purchase Preferred Stock were converted into new series of Preferred Stock at the following conversion ratios. In addition, all shares of previously issued Class A and Class B Common Stock were converted into a single series of Common Stock at a 1.00 to 1.00 ratio.

10. STOCKHOLDERS' EQUITY (continued)

Old Series	Conversion Rate	New Series
Series A Preferred Stock	5.34	Series A-1-5
Series Seed Prime Preferred Stock	4.14	Series A-1-4
Series SAFE Preferred Stock	3.10	Series A-1-3
Series Seed Preferred Stock	2.40	Series A-1-2
Founder Preferred Stock	1.00	Series A-1-1
Common Stock	1.00	Common Stock

Shares held by the holders of Preferred Stock who chose not to exercise their full pro rata rights and participate in the Series A-1 Preferred Stock financing were converted into shares of Common Stock at a 10:1 exchange ratio

At December 31, 2021, the authorized and issued shares of the Company's capital stock was as follows:

	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference
Common Stock	64,700,000	4,369,235	$ —
Totals	64,700,000	4,369,235	$ —
Series A-1-5 Preferred Stock	18,625,185	18,625,185	63,422,554
Series A-1-4 Preferred Stock	13,000,000	10,359,938	28,066,978
Series A-1-3 Preferred Stock	1,173,269	1,129,815	2,599,912
Series A-1-2 Preferred Stock	1,485,254	1,485,254	3,099,998
Series A-1-1 Preferred Stock	1	—	—
Series A-1 Preferred Stock	13,100,000	12,789,613	22,554,969
Totals	47,383,709	44,389,805	$ 119,744,411

Common Stock

The holders of Common Stock are entitled to receive dividends when and if declared by the Board of Directors. To date, no dividends have been declared.

10. STOCKHOLDERS' EQUITY (continued)

Preferred Stock

The rights, privileges and preferences of the outstanding Preferred Stock are as follows:

Conversion Rights. Each share of Preferred Stock is convertible at the option of the holder, subject to certain anti–dilution and other adjustments, into the number of shares of Common Stock determined by dividing the original issuance price by the then–applicable conversion price. The Preferred Stock may also be converted into Common Stock upon the vote of a majority of the then–outstanding shares of Preferred Stock, voting as a single class, or in the event of a qualified initial public offering of the Company's securities, as defined. As of December 31, 2021, each share of Series A-1, A-1-2, A-1-3, A-1-4 and A-1-5 Preferred Stock was convertible into one share of Common Stock.

Dividends. The holders of Preferred Stock are entitled to receive annual, non–cumulative dividends equal to 6% of the original issue price of the respective series of Preferred Stock, when and if declared by the Board of Directors. Such dividends are payable prior and in preference to any dividends that may be declared or paid on shares of Common Stock. Additional dividends, if declared in any calendar year, are payable ratably on the Common Stock and Preferred Stock. To date, no dividends have been declared by the Board of Directors.

Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily, the holders of Preferred Stock are entitled to receive on a *pari passu* basis, prior and in preference to any distributions to the holders of Common Stock, an amount per share equal to the greater of either (i) the respective original issue price of each series of Preferred Stock, plus any declared and unpaid dividends, or (ii) the amount per share that would have been payable had all shares of the respective series of Preferred Stock been converted into Common Stock immediately prior to the liquidation event. Thereafter, the remaining available proceeds shall be distributed to the holders of Common Stock, pro rata based on the number of shares held by each such holder of Common Stock. In the event the amount to be distributed to the holders of Preferred Stock is insufficient to permit the full payment of the preferential amount, then the amount legally available for distribution shall be distributed pro rata, on a *pari passu* basis, to the holders of Preferred Stock.

Voting Rights and Board of Directors. The holders of Preferred Stock are entitled to vote on all matters in which the Common Stock is entitled to vote. The holders of each share of Preferred Stock shall have the right to the number of votes equal to the number of shares of Common Stock into which such Preferred Stock is then convertible in to.

The holders of Preferred Stock, voting as a separate class, shall be entitled to elect three directors and the holders of Common Stock and Preferred Stock, voting together as a separate class, shall be entitled to elect two directors.

10. STOCKHOLDERS' EQUITY (continued)

The holders of Preferred Stock are entitled to customary protective provisions and the Company is prevented from taking certain actions, so long as at least 1,000,000 shares of Preferred Stock are outstanding, without the affirmative vote of the holders of Preferred Stock. The approval of holders of a majority of the Preferred Stock, voting together as a single class, and the approval of holders of a majority of the Series A-1 Preferred Stock is required for approval. On substantially all matters, a majority of the then outstanding Preferred Stock and Common stock, voting together as a single class, on an as–converted basis, is required for approval.

Right of First Offer. In connection with Preferred Stock financings, the Company has granted to each major investor, as defined, a right of first offer to purchase their pro rata share of future sales by the Company of Preferred Stock or Common Stock, or securities convertible therefor.

11. STOCK OPTION PLAN

In 2018, the Company adopted the 2018 Stock Plan ("Plan") which authorizes the Company's Board of Directors to grant incentive stock options ("ISOs") or non–qualified stock options ("NQSOs") to employees, directors and consultants. Options are generally granted at fair market value, have a term of up to ten years and are exercisable at such times and under such conditions as determined by the Board of Directors. Options generally vest at the rate of 25% on the one–year anniversary of the vesting commencement date and ratably over the next 36 months. At December 31, 2021, the total number of shares authorized under the Plan was approximately 10,324,672 of which 3,730,767 shares were available for future grant.

A summary of activity under the Plans is as follows:

	Options Available	Options Outstanding	Weighted Average Exercise Price
Balance as of January 1, 2020	908,239	653,917	$ 3.12
Granted	(834,205)	834,205	1.19
Exercised	—	(96,626)	1.31
Forfeit or canceled	165,369	(165,369)	1.55
Balance as of December 31, 2020	239,403	1,226,127	$ 2.38
Additional Shares Authorized	8,368,473	—	—
Granted	(6,848,614)	6,848,614	0.59
Exercised	—	(13,730)	1.45
Forfeit or canceled	1,971,505	(1,937,130)	0.99
Balance as of December 31, 2021	3,730,767	6,123,881	$ 0.76

11. STOCK OPTION PLAN (continued)

The following table summarizes information about stock options outstanding as of December 31:

	Options Outstanding	Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
2020	1,226,127	8.874	$ 2.38
2021	6,123,881	8.593	$ 0.76

The Company has estimated the fair value of its options at the date of grant using the Black–Scholes option–pricing model using the following assumptions:

Old Series	Conversion Rate	New Series
Risk–free interest rate (1)	1.04%	0.42%
Dividend yield (2)	0%	0%
Weighted average expected life (3)	5.55%	5.87%
Expected volatility (4)	59.41%	57.04%

1. *Risk–Free Interest Rate* – the risk–free interest rate is based on the observed interest rate of the U.S. Treasury yield for a term consistent with the expected life of the underlying option awards in effect on the date of grant.

2. *Dividend Yield* – the Company does not currently pay dividends and has no plans to do so in the future; therefore, the Company has assumed a dividend yield of zero.
3. *Expected Term* – the Company estimates the expected life of options granted based on the average of the weighted average vesting term and the contractual life of the option, which the Company believes is representative of future behavior.
4. *Volatility* – the Company estimates the expected volatility of its share price based on an evaluation of share prices for a representative set of publicly traded companies that operate within its primary industry.

The weighted average fair value of options granted during the years ended December 31, 2021 and 2020, was $5,538,482 and $459,770, respectively. The total fair value of shares vested during the years ended December 31, 2021 and 2020 were $1,872,855 and $352,046, respectively.

Total compensation expense for the years ended December 31, 2021, and 2020, was $1,937,914 and $610,872, respectively. On December 31, 2021, total compensation cost related to non–vested awards granted or modified that has not been recognized totaled $2,501,997. This compensation cost will be recognized over approximately 3 years.

12. COMMITMENTS

Operating Leases

The Company leases its operating facilities throughout the U.S. and Europe under non–cancellable operating lease agreement, which expire at various dates throughout 2023. The leases include options to renew for additional one–year periods or on a month–to–month basis and generally require the Company to pay property taxes, insurance, and normal maintenance costs.

Future minimum lease payments under non–cancellable operating lease agreements for each of the years ended December 31, 2022, and 2023, are estimated to be $569,975 and $54,325, respectively.

Rent expense for the years ended December 31, 2021, and 2020 was $832,871 and $1,357,908, respectively.

13. INCOME TAXES

The Company is subject to federal and state taxes. Therefore, the consolidated financial statements reflect the income tax results for the combined group.

No provision for income taxes was required for the years ended December 31, 2021 and 2020, except for various minimum state and local income taxes, which totaled $1,164 and $6,094 for the years ended December 31, 2021 and 2020, respectively.

The components of the Company's net deferred tax assets at December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax assets (liabilities)		
Net operating loss carryforward	$ 26,246,354	$ 20,230,545
Accrual to Cash	32,564	—
Accrued legal fee	377,740	126,464
Accrued PTO	10,442	—
Charitable Contributions	10,860	—
Depreciation/Amortization expense	948,881	337,889
Stock compensation	336,846	158,290
Other	(943,037)	(691,932)
Total Deferred Tax Assets	27,020,650	20,161,256
Less: Valuation Allowance	(27,020,650)	(20,161,256)
Net deferred tax assets	$ —	$ —

13. INCOME TAXES (continued)

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets may not be realized. As of December 31, 2021 and 2020, the Company had a valuation allowance of $27,020,650 and $20,161,256, respectively. As of December 31, 2021, the Company had income taxes payable of $7,258 and had estimated net operating loss carryforwards of $103,362,629 and $89,886,124 for federal and state income tax purposes, respectively. Any federal net operating loss created on and after January 1, 2018 will be carried forward indefinitely.

There were no R&D Credit carryforwards for the years ended December 31, 2021.

The Tax Reform Act of 1986 limits the use of net operating loss carryforwards in certain situations where changes occur in the stock ownership of the Company. In the event the Company has a change of ownership, as defined, utilization of the stated amount of net operating loss carryforwards could be limited.

The Company would classify interest and penalties related to uncertain tax provisions in income tax expense, if applicable. There was no interest expense or penalties related to unrecognized tax benefits recorded through December 31, 2021.

14. LITIGATION AND OTHER CLAIMS

The Company is subject to various claims and legal proceedings that arise in the ordinary course of business and has been named in various lawsuits such as those related to use of the Company's Vehicles and in certain matters involving California Labor Code violations and the classification of individuals as independent contractors rather than employees.

Management monitors developments in claims and legal proceedings that could affect the amount of the provisions for losses and the disclosures that have been reported in the Company's financial statements and makes adjustments to the provisions for losses and/or changes to its disclosures to reflect the impact of ongoing negotiations, settlements, rulings and the advice of legal counsel. Significant judgment is required to determine both the probability and the estimated amount of any potential losses and many of the legal proceedings are early in the discovery stage and unresolved. However, based on an assessment by the Company's legal counsel, the probability the company will incur a loss is more likely than not for certain of these matters.

As of December 31, 2021 and 2020, the Company has accrued $1,500,000 and $1,000,000, respectively, for the estimated costs associated with resolving these matters. The Company and management are not currently aware of any other legal proceedings, individually or in the aggregate, that would be deemed to be material to the Company's financial condition or results of operations.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 26, 2022, which is the date that the consolidated financial statements were available to be issued.

In March 2022, the Company's Board of Directors approved a subordinated secured convertible note financing. Under the terms of the financing, the Company may issue subordinated secured convertible notes to new and existing investors for up to an aggregate of $15,000,000 in cash. Through June 22, 2022, the Company issued $7,218,577 of subordinated secured convertible notes, net of issuance costs of $144,851, to new and existing investors. The notes bear interest at the rate of 10% per annum and all outstanding principal and interest is due on the 180th day after the issuance date of each such note. The notes are convertible into shares of the Company's Series A–1 Preferred Stock or a future series of Preferred Stock in which the Company raises at least $10 million of new money for the sale thereof. Each purchaser of a note also received a warrant to purchase the number of shares equal to 40% of the note principal amount of the same security into which the note converts, at an exercise price of $0.01 per share. Warrants to purchase a total of 1,669,623 shares of Series A-1 Preferred Stock in connection with the sale of the subordinated secured convertible notes.

EXHIBIT 99.2

Wheels Labs, Inc.

Unaudited Condensed Consolidated Financial Statements

September 30, 2022, and 2021

INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

WHEELS LABS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	9/30/2022 (Unaudited)	12/31/2021 (Audited)
ASSETS		
Current assets		
Cash and equivalents	$ 204,953	$ 4,576,976
Spare parts inventory	631,660	$ 947,132
Prepaid expenses and other assets	817,462	1,657,223
Other receivables	195,029	202,401
Total current assets	1,849,104	7,383,732
Vehicles, net	4,616,574	9,179,149
Right-of-use assets	716,238	—
Total assets	***$ 7,181,916***	***$ 16,562,881***
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Trade payables	$ 4,419,029	$ 1,461,065
Accrued expenses and other current liabilities	6,896,667	2,914,318
Sales tax payable	1,447,992	2,106,194
Deferred revenue	771,855	454,186
Notes payable - current portion	3,351,788	2,872,962
Short-term operating lease liability	354,113	—
Convertible notes	7,701,534	—
Total current liabilities	24,942,978	9,808,725
Notes payable - long term portion	—	1,326,438
Long-term operating lease liability	362,125	—
Paycheck protection program loan	147,992	5,033,000
Total liabilities	25,453,095	16,168,163
Stockholders' Equity (Deficit)		
Convertible Preferred Stock, $0.00001 par value, 60,143,709 and 47,383,709 shares authorized, 44,389,805 shares issued and outstanding, respectively	445	445
Common stock, $0.00001 par value, 80,000,000 and 64,700,000 shares authorized, 4,370,483 and 4,369,235 shares issued and outstanding, respectively	43	43
Additional paid-in capital	124,599,265	121,615,133
Notes receivable	(136,181)	(136,181)
Accumulated other comprehensive (loss) income	(633,909)	39,066
Accumulated deficit	(142,100,842)	(121,123,788)
Total Stockholders' (Deficit) Equity	(18,271,179)	394,718
Total liabilities and Stockholders' Equity	***$ 7,181,916***	***$ 16,562,881***

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

WHEELS LABS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenues:				
Shared rides	$ 1,551,751	$ 3,042,626	$ 4,732,477	$ 7,191,007
Long-term rentals	338,877	600,302	934,623	1,732,877
Discounts and allowances	(233,171)	(371,986)	(597,392)	(906,306)
Net Revenues	1,657,457	3,270,942	5,069,708	8,017,578
Cost of revenues, exclusive of depreciation	2,350,099	4,159,023	8,216,057	9,895,316
Depreciation on vehicles	4,078,666	1,748,880	7,814,971	6,237,478
Gross margin	(4,771,308)	(2,636,961)	(10,961,320)	(8,115,216)
Operating expenses:				
Operations and support	45,375	201,989	443,841	414,254
Research and development	37,775	56,280	111,639	194,301
Selling and marketing	5,058	153,886	172,564	227,845
General and administrative	3,091,034	3,847,078	11,572,022	11,492,591
Total operating expenses	3,179,242	4,259,233	12,300,066	12,328,991
Loss from operations	(7,950,550)	(6,896,194)	(23,261,386)	(20,444,207)
Other income (expense)				
Interest income	1	123	57	295
Interest expense	(1,522,522)	(228,578)	(2,948,423)	(682,773)
Customs duty reimbursement and employee	—	—	—	—
retention credits	—	—	—	—
Other, net	5,022,215	23,457	5,232,698	74,766
Other income (expense), net	3,499,694	(204,998)	2,284,332	(607,712)
Loss before provision for income taxes	(4,450,856)	(7,101,192)	(20,977,054)	(21,051,919)
Provision for income taxes	—	—	—	—
Net loss	(4,450,856)	(7,101,192)	(20,977,054)	(21,051,919)
Other comprehensive loss				
Foreign currency translation adjustment	(414,869)	(22,033)	(672,975)	(374,088)
Comprehensive loss	$ (4,865,725)	$ (7,123,225)	(21,650,029)	(21,426,007)

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

WHEELS LABS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
For the three months Ended September 30, 2022 and 2021
(Unaudited)

	Convertible Preferred Stock		Common Stock						
	Shares	**Amount**	**Shares**	**Amount**	**Additional Paid in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Notes receivable**	**Total Stockholders' Equity**
Balance at June 30, 2022	44,389,805	$ 445	4,370,308	$ 43	$ 124,252,204	$ (137,649,986)	$ (219,040)	$ (136,181)	$ (13,752,513)
Issuance of warrants to lender	—	—	—	—	86,976	—	—	—	86,976
Exercise of stock options	—	—	175	—	100	—	—	—	100
Stock Compensation Expense	—	—	—	—	259,985	—	—	—	259,985
Foreign Currency Translation Adjustment	—	—	—	—	—	—	(414,869)	—	(414,869)
Net loss	—	—	—	—	—	(4,450,856)	—	—	(4,450,856)
Balance at Sept 30, 2022	44,389,805	$ 445	4,370,483	$ 43	$ 124,599,265	$ (142,100,842)	$ (633,909)	$ (136,181)	$ (18,271,179)
Balance at June 30, 2021	36,114,878	$ 361	4,378,415	$ 43	$ 105,819,326	$ (102,706,421)	$ (295,185)	$ (136,181)	$ 2,681,942
Issuance of Series A-1 Preferred Stock, net of issuance costs of $321,247	8,395,891	$ 90	—	—	11,467,768	—	—	—	11,467,858
Effect of conversion of shares in connection with plan of Reorganization	(120,964)	$ (6)	(14,797)	1		—	—	—	(5)
Issuance of warrants to lender	—	$ —	—	—	169,883	—	—	—	169,883
Exercise of warrants	—	$ —	—	—		—	—	—	—
Exercise of stock options	—	$ —	5,537	—		—	—	—	—
Stock Compensation Expense	—	$ —	—	—	479,985	—	—	—	479,985
Foreign Currency Translation Adjustment	—	$ —	—	—	—	—	(22,033)	—	(22,033)
Net loss	—	$ —	—	—	—	(7,101,192)	—	—	(7,101,192)
Balance at September 30, 2021	44,389,805	$ 445	4,369,155	$ 44	117,936,962	(109,807,613)	(317,218)	(136,181)	7,676,439

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

	Convertible Preferred Stock		Common Stock						
	Shares	**Amount**	**Shares**	**Amount**	**Additional Paid in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Notes receivable**	**Total Stockholders' Equity**
Balance at December 31, 2021	44,389,805	$ 445	4,369,235	$ 43	$ 121,615,133	$ (121,123,788)	$ 39,066	$ (136,181)	$ 394,718
Issuance of warrants to lender	—	—	—	—	2,170,394	—	—	—	2,170,394
Exercise of stock options	—	—	1,073	—	733	—	—	—	733
Stock Compensation Expense	—	—	—	—	813,006	—	—	—	813,006
Foreign Currency Translation Adjustment	—	—	—	—	—		(672,975)	—	(672,975)
Net loss	—	—	—	—	—	(20,977,054)	—	—	(20,977,054)
Balance at September 30, 2022	44,389,805	$ 445	4,370,308	$ 43	$ 124,599,265	$ (142,100,842)	$ (633,909)	$ (136,181)	$ (18,271,179)
Balance at December 31, 2020	8,214,004	$ 82	4,233,561	$ 42	$ 97,152,246	$ (88,755,694)	$ 56,870	$ (136,181)	$ 8,317,365
Issuance of Series A-1 Preferred Stock, net of issuance costs of $135,095	12,789,613	134	—	—	19,065,941		—	—	19,066,075
Effect of conversion of shares in connection with plan of Reorganization	23,225,829	227	121,944	2	(234)		—	—	(5)
Issuance of warrants to lender	—	—	—	—	424,708		—	—	424,708
Exercise of warrants	160,359	2	—	—	14		—	—	16
Exercise of stock options	—	—	13,650	—	23,112		—	—	23,112
Stock Compensation Expense	—	—	—	—	1,271,175		—	—	1,271,175
Foreign Currency Translation Adjustment	—	—	—	—			(374,088)	—	(374,088)
Net loss	—	—	—	—	—	(21,051,919)	—	—	(21,051,919)
Balances at September 30, 2021	44,389,805	$ 445	4,369,155	$ 44	$ 117,936,962	$ (109,807,613)	$ (317,218)	$ (136,181)	$ 7,676,439

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

WHEELS LABS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2022, and 2021
(Unaudited)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cash flows from operating activities		
Net loss	$ (20,977,054)	$ (21,051,920)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation on vehicles	7,814,971	6,237,478
Other Income - Forgiveness PPP Loan	(4,885,008)	
Stock compensation expense	813,006	1,271,175
Amortization of right of use asset	552,060	—
Amortization of debt discount	2,613,775	424,708
Change in operating assets and liabilities:		
Spare parts inventory	315,472	55,799
Prepaid expenses and other assets	839,761	(219,600)
Other receivables	7,372	992,827
Trade payables	2,957,964	(689,217)
Accrued expenses and other current liabilities	4,204,685	709,916
Deferred revenue	317,669	290,670
Sales tax payable	(658,202)	30,581
Operating lease liability	(552,060)	—
Net cash used in operating activities	(6,635,586)	(11,947,582)
Cash flows from investing activities		
Purchases of vehicles	(3,252,396)	(3,955,976)
Assumption of liabilities in connection with acquisition of Mygo Mobilidad	—	—
Net cash used in investing activities	(3,252,396)	(3,955,976)
Cash flows from financing activities		
Proceeds from issuance of convertible notes	7,343,733	19,266,336
Proceeds from Paycheck Protection Program Loan	—	5,033,000
Repayment of notes payable	(1,155,528)	(1,665,621)
Net cash provided by financing activities	6,188,205	22,633,715
Effect of exchange rate changes on cash and equivalents	(672,975)	(551,239)
Net increase (decrease) in cash	(4,372,752)	6,178,918
Cash and equivalents		
Beginning of period	$ 4,576,976	$ 3,629,271
End of period	$ 204,224	$ 9,808,189
Supplemental disclosures of cash flow information		
Interest paid	$ 133,498	$ 454,195
Income taxes paid	$ 800	$ 800
Non-cash investing and financing activities:		
Right of use asset and lease liabilities recorded upon adoption of ASC 842	$ 1,268,298	—
Warrants recorded as debt discount	$ 2,170,394	$ 424,708
Common stock issued for exercise of stock options	$ 732	$ 23,112

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Wheels Labs, Inc. (“Wheels,” “the Company,” “our”, and “we”) was incorporated in Delaware in August 2018 and is headquartered in California. Wheels is a micromobility company engaged in delivered electric transportation solutions for short distances. The Company partners with cities, universities, and private parties to bring lightweight Vehicles (“battery-powered bikes/scooters”) to residents and visitors in an effort to replace car trips by providing an alternative sustainable transportation option.

Basis of Presentation

These accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

Certain information and footnote disclosures normally included in consolidated financial statements have been condensed or omitted in accordance with GAAP rules and regulations. The information furnished in these interim condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect both the recorded values of assets and liabilities at the date of the condensed consolidated financial statements and the revenues recognized and expenses incurred during the reporting period. The reasonableness of these estimates and assumptions is evaluated continually based on a combination of historical and other information that comes to the Company’s attention that may vary its outlook for the future. While management believes the disclosures and information presented are adequate to make the information not misleading, the Company recommends these interim condensed consolidated financial statements be read in conjunction with its audited financial statements and notes thereto included in its audit financial statements for the year ended December 31, 2021. Operating results for the nine months ended September 30, 2022, are not necessarily indicative of the results to be expected for the year ending December 31, 2022.

2. GOING CONCERN AND RISKS AND UNCERTANTIES

Since its inception, the Company has reported recurring losses from operations and for the nine months ended September 30, 2022, the Company reported losses from operations of $23,261,386 and as of September 30, 2022, the Company had an accumulated deficit of $142,100,842. For the nine months ended September 30, 2022, net cash used in operating activities was $6,744,220 and at September 30, 2022 the Company had cash and equivalents totaling $204,953 and a working capital deficit of $23,093,874. As of September 30, 2022, the Company was in default for:

(a) non-payment under the terms of the loan and security agreement, refer to paragraph 8. Notes Payable. The loan has been subsequently amended, refer to paragraph 15. Subsequent event, for further information.
(b) non-payment under the terms of the convertible note agreement, refer to paragraph 9. Convertible Notes. The convertible notes have been subsequently converted into Common shares, refer to paragraph 15. Subsequent event, for further information.

Management continues to evaluate additional financing sources from new and existing investors and is in the process of renegotiating repayment terms with its primary vendors and lending partners; however, no assurances can be given that such negotiations will be successful or that additional sources of financing will be available on acceptable terms or within the timeframes needed to support the Company’s operations and continuing obligations. The failure to obtain additional equity or debt financing and/or renegotiate the terms of existing debt arrangements will have a material adverse effect on the Company’s business, results of operations, future cash flows and financial condition.

The combination of the above factors raises substantial doubt about the Company’s ability to continue as a going concern under the framework of Financial Accounting Standards Board (“FASB”), Accounting Standards Codification (“ASC”) 205.

The accompanying condensed 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 and, as such, the financial statements do not include any adjustments relating to the recoverability and classification of recorded amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The Consolidated financial statements include the accounts of Wheels Labs, Inc. and its wholly–owned US and international subsidiaries. All significant intercompany transactions and amounts have been eliminated in consolidation. The functional currency is U.S. dollars, and the consolidated financial statements are reported in U.S. dollars.

Foreign Currency Translations and Transactions

The functional currency of the Company's foreign operations generally is the applicable local currency for each foreign subsidiary. Assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the exchange rate in effect on the balance sheet dates. Net loss and cash flows of foreign subsidiaries are translated at the average exchange rate during the period. Translation gains or losses are included as a component of accumulated other comprehensive income (loss).

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, which are subject to significant judgment including those related to: (i) revenue recognition, (ii) valuation of equity securities, (iii) income taxes, (iv) stock–based compensation, (v) useful lives associated with Vehicles and batteries, (vi) operating lease terms, and (vii) loss contingencies. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2019–12, Income Taxes (Topic 740), which has the dual objective of simplifying the accounting for income taxes, while maintaining or improving the usefulness of the information provided to users of financial statements. This update is effective for annual periods in 2022 for non–public entities, with early adoption permitted. The Company does not believe adoption of the new ASU will have a material impact on its consolidated financial statements.

Cash and Equivalents

The Company considers all highly liquid investments with original maturities of three months or less, on the date purchased, to be cash equivalents. In the normal course of business, the Company maintains checking and savings account balances in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limits.

Spare Parts Inventory

Spare Part Inventory are valued at the lower of cost or net realizable value and consist primarily of items used for the repair and maintenance of the Company's vehicles.

Vehicles, net

Vehicles are used within the Company's shared ride and long–term rental businesses. The capitalized costs of vehicles include the cost of bikes/scooters, batteries, integration costs, and freight from manufacturers and any customs or duties incurred. Depreciation on Vehicles is computed using the straight–line method over an estimated useful life of three years. Expenditures for repair and maintenance costs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts, and any gain or loss is reflected in the Company's Consolidated Statements of Operations.

Leases

Effective January 1, 2022, the Company adopted Accounting Standards Codification Topic 842, or ASC 842, Leases, which requires recognition of Right of Use (ROU) assets and associated lease liabilities for most leases on our consolidated balance sheet. The Company adopted ASC 842 using the modified retrospective transition approach as of the effective date as permitted. As a result, the Company was not required to adjust comparative period financial information for the effects of the new accounting standard or make the new required lease disclosures for any accounting periods prior to the date of adoption. The Company also elected to use the package of practical expedients. As a result, the Company was not required to reassess (i) whether existing or expired contracts, as of the adoption date, contain leases, (ii) the lease classification for existing leases, and (iii) whether existing initial direct costs meet the new definition. The Company also elected the practical expedient to not separate the lease and non-lease components of its leases, and to not recognize ROU assets and liabilities for leases with terms of twelve months or less. Lease costs for short-term leases are recognized on a straight-line basis over the terms of the leases.

The most significant impact of adopting the new accounting standard was the recognition of ROU assets and associated lease liabilities for operating leases on the Company's consolidated balance sheet.

The amount of noncash, right-of use assets recorded for lease liabilities as of January 1, 2022, was $716,238 upon adoption of ASC 842.

Fair Value of Financial Instruments

The carrying amounts of the Company's consolidated financial instruments, including cash and equivalents, trade payables, and accrued expenses and other current liabilities approximate fair value due to their relatively short maturities, and market interest rates, if applicable.

Revenue Recognition

<u>Shared Ride Revenue</u>

The Company allows users to participate in the Company's vehicle sharing program through its technology platform, the Wheels mobile application ("Wheels App"). To use one of the Company's vehicles, the user contracts with the Company and pays for the ride from its preloaded wallet balance, or on a per–ride basis. Customers use the Wheels App to access and conclude a trip on the Company's vehicles. The Company is responsible for providing access to the vehicles over the user's desired period of use.

These transactions fall within the definition of a lease which is defined as a contract by which one party conveys land, property, or services to another for a specified time, in exchange for a payment. As such, the Company's performance obligation is met upon the completion of the use of the asset or when the ride has ended. The Company accounts for Shared Ride revenues in accordance with ASC 842, *Leases* and records revenue upon completion of each ride.

Chargebacks: The Company's third-party payment processing provider processes chargebacks that are initiated by customers. The value of those credits is recorded as reduction of revenues when the chargeback is completed. Chargebacks are not material for the nine months ended September, 2022, and 2021.

<u>*Long–term Rental Revenue*</u>

The Company also allows users to lease its vehicles and assorted equipment for extended periods of up to one year by registering via the Company website. Users accept the terms of use on the Company's website and initiate payment and, in exchange the Company processes the rental order. Similar to Shared Ride Revenue, these transactions fall within the definition of a lease. Revenue under Long–term Rental arrangements is deferred until the delivery obligation of the vehicles is performed and the rental period has commenced, at which time revenue is recognized on a straight–line basis over the term of the underlying Long–term Rental agreement pursuant to ASC 842, *Leases*.

Deferred Revenue

Deferred revenue primarily consists of prepaid package payments made by customers which can be utilized at a later date from our Shared Ride services. Deferred revenue also includes prepayments made by customers related to vehicle rentals for periods longer than one ride. Long–term rentals are available to customers on a period–by–period basis, e.g., month by month basis. Prepayments are initially recorded as Deferred Revenue and subsequently recognized ratably over the term of the subscription. The Company has elected to use the practical expedient that allows the Company to expense the costs incurred to obtain a contract when the amortization period is less than one year.

Discounts and allowances

The Company's discounts and allowances consist of costs associated with payments returned to individual users that arise out of disputes and discounts associated with prepaid purchases. The Company reviews these disputes and remits the proper amounts to users once it has determined that the disputed amounts have merit.

Cost of Revenue, exclusive of Depreciation

The Company's Cost of Revenue, exclusive of depreciation, consists of costs associated with getting the Company's Vehicles ready for use by its customers and deployed to our locations of operations. These costs consist of expenditures associated with warehouse crews, mechanics, transporters, data processing fees, warehouse utilities, equipment and supplies, rent and storage, and other direct operating expenses.

Research and Development

Costs incurred in connection with the research and development of the Company's products is expensed as incurred. Research and development costs, include direct and allocated expenses.

General and Administrative Expenses

General and administrative expenses represent costs incurred in managing the Company's business. Such costs include salaries and benefits for corporate personnel, legal costs, corporate facilities rent, shipping costs, software costs, and other administrative items.

Income Taxes

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") Topic 740–10. Under ASC Topic 740–10, deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, the Company is required to assess differences between the tax basis of the Company's assets and liabilities and the amounts reported in the consolidated financial statements using the tax rates that are expected to be in effect when the resulting deferred tax asset or liability is expected to be settled or realized. An allowance is provided to reduce net deferred tax assets to the amount that management believes will, more likely than not, be recovered.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two–step process in which (1) the Company determines whether it is more likely than not that the tax positions would be sustained on the basis of technical merits of the position and (2) for those tax positions that meet the more–likely–than–not recognition threshold, the Company recognizes the largest amount of the tax benefit or liability that is more than 50% likely to be realized upon ultimate settlement to the related tax authority.

Stock–based Compensation

The Company recognizes all equity classified stock–based grants to employees and nonemployees based on the grant date fair value of the award. This grant date fair value is recognized as compensation cost over the period during which the employee or non-employee is required to provide service in exchange for the award. The fair value of the common stock on grant date has been determined by the Board, assisted by an independent appraisal, at each stock option measurement date. The Company's policy is to issue shares, which have been previously authorized by the Board, upon the exercise of awards. The Company issues service–based awards, that generally vest at the rate of 25% on the one–year anniversary of the vesting commencement date and ratably thereafter over the next 36 months.

The fair value of stock options that vest solely based on a service condition is determined by the Black–Scholes–Merton Option ("BSM") pricing model on the date of the grant. This valuation model for stock–based compensation expense requires the Company to make assumptions and judgement about the variables used in the BSM model, including the deemed fair value of common stock, expected term, expected volatility, risk free interest rate, and dividend yield. As the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post–vesting employment termination behavior, the Company determines the expected term based on the remaining contractual life of the stock options are expected to remain outstanding.

The fair value of the Common Stock underlying the stock option awards was determined by the Board of Directors. Given the absence of a public trading market, the Board of Directors considered numerous objective and subjective factors to determine the fair value of our Common Stock at each meeting at which awards were approved.

Net Loss Per Share Attributable to Common Stockholders

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per common share for each class of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's redeemable convertible preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses.

Basic net loss per share is computed by dividing the net loss by the weighted-average number of shares of common stock outstanding during the period. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. As of September 30, 2022, and 2021, the potentially dilutive securities are as follows:

	September, 2022		September, 2021	
	Shares Issued and Outstanding	Fully Diluted Shares	Shares Issued and Outstanding	Fully Diluted Shares
Common Stock classes	$ 4,370,483	$ 4,370,483	$ 4,369,155	$ 4,369,155
Common Stock Warrants		11,422		11,422
Options and RSUs issued and outstanding		5,620,081		5,475,493
Shares available for issuance under the Equity plan		4,233,319		4,379,235
Total Common Stock	4,370,483	14,235,305	4,369,155	14,235,305
Preferred Stock classes	44,389,805	44,442,707	44,389,805	44,442,707
Preferred Series A-1 Stock Warrants		2,569,363		833,620
Total Preferred Stock	44,389,805	47,012,070	44,389,805	45,276,327

4. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of the following:

	September 30, 2022	December 31, 2021
Insurance	$ 253,552	$ 154,830
Deposits and rent	181,887	372,630
Permits and licensees	46,921	129,007
Software	19,678	64,430
Vehicle deposits	120,857	760,796
Legal	10,617	71,635
Other	183,950	103,895
Prepaid expenses and other assets	$ 817,462	$ 1,657,223

5. NOTES RECEIVABLE

The Company has accepted notes receivable of $136,181 as of September 30, 2022, and December 31, 2021 from certain employees in connection with the exercise and purchase of common stock. The notes are due seven years following the date of issuance, bear interest at an annual rate of approximately 2%. The notes are collateralized by the underlying shares of common stock and accordingly have been classified as a component of stockholders' equity (deficit).

6. VEHICLES, NET

Vehicles, net consists of the following at:

	September 30, 2022	December 31, 2021
Battery-powered vehicles	$ 23,072,244	$ 18,564,265
Batteries	2,396,694	3,549,523
Vehicles at cost	25,468,938	22,113,788
Less: accumulated depreciation	(20,852,364)	(12,934,639)
Vehicles, net	$ 4,616,574	$ 9,179,149

Depreciation expenses for the nine months ended September 30, 2022, and 2021, was $7,814,971 and $6,237,478, respectively. Depreciation expenses for the three months ended September 30, 2022, and 2021, was $4,078,666 and $2,501,173, respectively.

7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	September 30, 2022	December 31, 2021
Compensation and related	$ 788,015	$ 474,782
Legal	2,079,792	1,927,646
Accrued interest	229,515	149,474
Letter of intent	2,600,987	—
Unsecured note	1,035,883	
Other	162,475	362,416
Accrued expenses and other current liabilities	$ 6,896,667	$ 2,914,318

On May 12, 2022, the Company signed a Letter of Intent ("LOI") with Helbiz, Inc. ("Helbiz") for the selling of all of the outstanding capital stock of Wheels (refer to paragraph 15. Subsequent event, for further information). Under the terms of the LOI, and following amendments, Helbiz agreed to provide Wheels with a good faith deposit of $2,600,987. The deposit is non-refundable unless the Company fails to comply with certain performance criteria and restrictive covenants as set forth in the LOI, or in the event the Company fails to take all reasonable steps to complete the proposed transaction.

8. NOTES PAYABLE

In February 2019, the Company entered into a loan and security agreement with a new lending partner under which it borrowed $10,000,000. Under the terms of the agreement, the Company is required to make monthly interest–only payments through February 2020. Thereafter, the agreement provides for monthly payments of principal and interest of approximately $346,755 through August 2022. Borrowings are collateralized by substantially all assets of the Company and bear interest at the rate of 12.5% per annum. In connection with the new loan and security agreement, the Company issued warrants to purchase 84,670 shares of Series A-1 Preferred Stock at $11.22 per share. In connection with the Series A-1 Preferred Stock Financing (see Note 11), the original warrant was exchanged for a new warrant to purchase 538,688 shares of Series A-1 Preferred Stock at $1.76 per share.

In September 2021, the Company renegotiated the payment terms associated with the loan and security agreement, which had the effect of (i) temporarily deferring scheduled principal and interest payments (ii) reducing the annual interest rate from 12.5% to 12.0% per annum, and (iii) extending the term of the loan from August 2022 to June 2023. As consideration for agreeing to the new payment terms, the Company issued to its lending partner warrants to purchase 294,936 shares of Series A-1 Preferred Stock at $1.76 per share. All of the warrants are immediately vested and expire on July 31, 2031. As of September 30, 2022, none of the warrants had been exercised. The fair value of the warrant has been recorded as deferred financing costs and is being amortized over the terms of the underlying loan agreements. The fair value was calculated using the Black–Scholes Merton pricing model with the following assumptions: dividend yield of 0%, expected volatility of approximately 80%, risk–free interest rate of 2.31% and expected life of 10.0 years. As of September 30, 2022, the unamortized portion of the deferred financing costs totaled $69,500. For the nine months ended September 30, 2022, and year ended December 31, 2021, outstanding borrowings, net of deferred financing costs, totaled $3,351,792 and $4,199,400, respectively.

Future minimum debt service payments, by year, are as follows:

Years ended December 31:		
2022	$	1,850,930
2023		1,570,358
Total notes payable		3,421,288
Deferred financing costs		(69,500)
Notes payable - current portion	$	3,351,788

As of September 30, 2022, the Company was in default for non-payment under the terms of the loan and security agreement. On November 18, 2022 the Company signed an amendment with the lender regarding restructuring the terms of repayment (see Note 15).

9. CONVERTIBLE NOTES

In March 2022, the Company's Board of Directors approved a subordinated secured convertible note financing. Under the terms of the financing, the Company may issue subordinated secured convertible notes to new and existing investors for up to an aggregate of $15,000,000 in cash. Through June 22, 2022, the Company issued $7,343,733 of subordinated secured convertible notes, net of issuance costs of $144,851, to new and existing investors. The notes are convertible into shares of the Company's Series A–1 Preferred Stock or a future series of Preferred Stock in which the Company raises at least $10 million of new money for the sale thereof. The notes bear interest at the rate of 10% per annum and all outstanding principal and interest is due on the earlier of (i) the demand of the Majority Investors on or after the 180 day after the date of issuance date, or (ii) the acceleration of the maturity following an Event of Default. An Event of Default occurred during the three months ended September 30, 2022, as a result the Convertible Notes principal and accumulated interest were due as of September 30, 2022 and the Company was in default for non-payment under the Convertible Note agreement. On November 18, 2022, the Convertible Note holders converted the entire principal and accumulated interests into equity (refer to paragraph 15. Subsequent event, for further information).

Each purchaser of a note also received a warrant to purchase the number of shares equal to 40% of the note principal amount of the same security into which the note converts, at an exercise price of $0.01 per share. Warrants to purchase a total of 1,669,623 shares of Series A-1 Preferred Stock were issued in connection with the sale of the subordinated secured convertible notes.

The Company has estimated the fair value of the warrants at the date of grant using the Black–Scholes option–pricing model using the following assumptions: dividend yield of 0%, expected volatility of approximately 80%, risk–free interest rate of 1.72%, and an expected life of 10 years.

At inception, the value of the warrants was allocated based on the relative fair values of the convertible notes and warrants. The warrant value of $2,083,417 was recorded as debt discount which is being amortized over 180 days: the life of the convertible notes. As a result, on September 30, 2022, the remaining unamortized debt discount on the above convertible notes was zero.

The interest expenses for the three and nine months ended September 30, 2022 amounted to $185,102 and $357,801.

As September 30,2022 the total outstanding balance, inclusive of the accrued expenses, amounted to $7,701,534.

10. PAYCHECK PROTECTION PROGRAM LOAN

In February 2021 and April 2021, the Company received loan proceeds in the aggregate amount of $5,033,000 under the Paycheck Protection Program (“PPP”) which was established as part of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and is administered through the Small Business Administration (“SBA”). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The loans have five year terms, bear interest at the rate of 1% per annum, and all outstanding principal and interest is due on February 2026 and April 2026, respectively, subject to any portion of the loans which may be forgiven.

On September 14, 2022, the Company received notification from the SBA that following completion of its audit of the Company’s records that $4,885,008 (97%) of the outstanding loan balance, plus accrued but unpaid interest, was forgiven. The remaining balance of $147,992, plus interest, is due in February 2026 in accordance with the original loan terms.

11. STOCKHOLDERS’ EQUITY

The Company’s capital stock consists of Common stock and Convertible Preferred stock. The Company’s Fifth Amended and Restated Certificate of Incorporation authorizes 80,000,000 shares of Common stock and 60,143,709 shares of Preferred Stock, which may be issued in one or more series.

In March 2021, the Company’s Board of Directors approved a Series A–1 Preferred Stock financing and plan of reorganization, under which the Company issued 12,799,483 shares of its Series A–1 Preferred Stock to new and existing investors in a series of closings occurring between March 2021 and October 2021. As of June 30, 2021 the Company issued 4,393,722 shares which yielded total proceeds to the Company of $7,597,900, net of issuance costs of $135,095.

In connection with the Series A–1 Preferred Stock financing, all previously outstanding shares of the Company's Preferred Stock and warrants to purchase Preferred Stock were converted into new series of Preferred Stock at the following conversion ratios. In addition, all shares of previously issued Class A and Class B Common Stock were converted into a single series of Common Stock at a 1.00 to 1.00 ratio.

Old Series	Conversion Rate	New Series
Series A Preferred Stock	5.34	Series A-1-5
Series Seed Prime Preferred Stock	4.14	Series A-1-4
Series SAFE Preferred Stock	3.10	Series A-1-3
Series Seed Preferred Stock	2.40	Series A-1-2
Founder Preferred Stock	1.00	Series A-1-1
Common Stock	1.00	Common Stock

Shares held by the holders of Preferred Stock who decided not to exercise their full pro rata rights and participate in the Series A-1 Preferred Stock financing were converted into shares of Common Stock at a 10:1 exchange ratio.

As of September 30, 2022, the authorized and issued shares of the Company's capital stock was as follows:

	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference
Common Stock	80,000,000	4,370,483	$ —
Totals	80,000,000	4,370,483	$ —
Convertible Preferred Stock Series A-1-5 Preferred Stock	18,625,185	18,625,185	63,422,554
Convertible Preferred Stock Series A-1-4 Preferred Stock	13,000,000	10,359,938	28,066,978
Convertible Preferred Stock Series A-1-3 Preferred Stock	1,173,269	1,129,815	2,599,912
Convertible Preferred Stock Series A-1-2 Preferred Stock	1,485,254	1,485,254	3,099,998
Convertible Preferred Stock Series A-1-1 Preferred Stock	1	—	—
Convertible Preferred Stock Series A-1 Preferred Stock	25,860,000	12,789,613	22,554,969
Totals	60,143,709	44,389,805	$ 119,744,411

As of December 31, 2021, the authorized and issued shares of the Company's capital stock was as follows:

	Shares Authorized	Shares Issued and Outstanding	Liquidation Preference
Common Stock	64,700,000	4,369,235	$ —
Totals	64,700,000	4,369,235	$ —
Convertible Preferred Stock Series A-1-5 Preferred Stock	18,625,185	18,625,185	63,422,554
Convertible Preferred Stock Series A-1-4 Preferred Stock	13,000,000	10,359,938	28,066,978
Convertible Preferred Stock Series A-1-3 Preferred Stock	1,173,269	1,129,815	2,599,912
Convertible Preferred Stock Series A-1-2 Preferred Stock	1,485,254	1,485,254	3,099,998
Convertible Preferred Stock Series A-1-1 Preferred Stock	1	—	—
Convertible Preferred Stock Series A-1 Preferred Stock	13,100,000	12,789,613	22,554,969
Totals	47,383,709	44,389,805	$ 119,744,411

Common Stock

The holders of Common Stock are entitled to receive dividends when and if declared by the Board of Directors. To date, no dividends have been declared.

Preferred Stock

The rights, privileges and preferences of the outstanding Preferred Stock are as follows:

Conversion Rights. Each share of Preferred Stock is convertible at the option of the holder, subject to certain anti–dilution and other adjustments, into the number of shares of Common Stock determined by dividing the original issuance price by the then–applicable conversion price. The Preferred Stock may also be converted into Common Stock upon the vote of a majority of the then–outstanding shares of Preferred Stock, voting as a single class, or in the event of a qualified initial public offering of the Company's securities, as defined. As of September 30, 2022, each share of Series A-1, A-1-2, A-1-3, A-1-4 and A-1-5 Preferred Stock was convertible into one share of Common Stock.

Dividends. The holders of Preferred Stock are entitled to receive annual, non–cumulative dividends equal to 6% of the original issue price of the respective series of Preferred Stock, when and if declared by the Board of Directors. Such dividends are payable prior and in preference to any dividends that may be declared or paid on shares of Common Stock. Additional dividends, if declared in any calendar year, are payable ratably on the Common Stock and Preferred Stock. To date, no dividends have been declared by the Board of Directors.

Liquidation Preference. In the event of any liquidation, dissolution or winding up of the Company, whether voluntarily or involuntarily, the holders of Preferred Stock are entitled to receive on a *pari passu* basis, prior and in preference to any distributions to the holders of Common Stock, an amount per share equal to the greater of either (i) the respective original issue price of each series of Preferred Stock, plus any declared and unpaid dividends, or (ii) the amount per share that would have been payable had all shares of the respective series of Preferred Stock been converted into Common Stock immediately prior to the liquidation event. Thereafter, the remaining available proceeds shall be distributed to the holders of Common Stock, pro rata based on the number of shares held by each such holder of Common Stock. In the event the amount to be distributed to the holders of Preferred Stock is insufficient to permit the full payment of the preferential amount, then the amount legally available for distribution shall be distributed pro rata, on a *pari passu* basis, to the holders of Preferred Stock.

Voting Rights and Board of Directors. The holders of Preferred Stock are entitled to vote on all matters in which the Common Stock is entitled to vote. The holders of each share of Preferred Stock shall have the right to the number of votes equal to the number of shares of Common Stock into which such Preferred Stock is then convertible in to.

The holders of Preferred Stock, voting as a separate class, shall be entitled to elect three directors and the holders of Common Stock and Preferred Stock, voting together as a separate class, shall be entitled to elect two directors.

The holders of Preferred Stock are entitled to customary protective provisions and the Company is prevented from taking certain actions, so long as at least 1,000,000 shares of Preferred Stock are outstanding, without the affirmative vote of the holders of Preferred Stock. The approval of holders of a majority of the Preferred Stock, voting together as a single class, and the approval of holders of a majority of the Series A-1 Preferred Stock is required for approval. On substantially all matters, a majority of the then outstanding Preferred Stock and Common stock, voting together as a single class, on an as–converted basis, is required for approval.

Right of First Offer. In connection with Preferred Stock financings, the Company has granted to each major investor, as defined, a right of first offer to purchase their pro rata share of future sales by the Company of Preferred Stock or Common Stock, or securities convertible therefor.

Warrants

As of September 30, 2022, the Company has 2,580,785 outstanding warrants classified as equity component.

The tables below show the equity warrant roll-forward from December 31, 2021, to September 30, 2022.

	Options Outstanding, number of shares		Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)
As of December 31, 2021	**845,042**	**$**	**1.76**	**9.5**
Issued	1,735,743	$	0.01	—
Exercised	—		—	—
Forfeit or canceled	—		—	—
As of September 30, 2022	**2,580,785**	**$**	**0.58**	**9.7**

As of December 31, 2021, 833,624 Warrants were held by Note Payable holder allowing to purchase 833,624 shares of Series A-1 Preferred Stock, the remaining 11,422 were held by a bank allowing to purchase 11,422 Common Shares.

During the nine-month ended September 30, 2022, the Company issued 1,735,743 warrants allowing to purchase 1,735,743 shares of Series A-1 Preferred Stock at 0.01$. In detail, 1,669,623 warrants have been issued to the Convertible Note holders while the remaining 66,120 warrants have been issued to an investor.

12. STOCK OPTION PLAN

In 2018, the Company adopted the 2018 Stock Plan ("Plan") which authorizes the Company's Board of Directors to grant incentive stock options ("ISOs") or non–qualified stock options ("NQSOs") to employees, directors and consultants. Options are generally granted at fair market value, have a term of up to ten years and are exercisable at such times and under such conditions as determined by the Board of Directors. Options generally vest at the rate of 25% on the one–year anniversary of the vesting commencement date and ratably over the next 36 months.
As of September 30, 2022, the shares reserved for future issuance under the Plan amounted to 4,233,319.

A summary of activity under the Plans is as follows:

	Number of Shares		Weighted Average Exercise Price
Balance as of December 31, 2021	6,123,881	$	0.76
Granted	115,865		0.59
Exercised	(1,248)		0.59
Forfeit or canceled	(618,417)		0.73
Balance as of September 30, 2022	5,620,081	$	0.75

The weighted average remaining contractual life of outstanding options at September 30, 2022 was 8.246 years.

The Company has estimated the fair value of its options at the date of grant using the Black–Scholes option–pricing model using the following assumptions:

	Nine-months ended September 30, 2022	Nine-months ended September 30, 2021
Risk–free interest rate (1)	1.62%	1.02%
Dividend yield (2)	0%	0%
Weighted average expected life (3)	5.822	5.764
Expected volatility (4)	61.57%	59.78%

1. *Risk–Free Interest Rate* – the risk–free interest rate is based on the observed interest rate of the U.S. Treasury yield for a term consistent with the expected life of the underlying option awards in effect on the date of grant.
2. *Dividend Yield* – the Company does not currently pay dividends and has no plans to do so in the future; therefore, the Company has assumed a dividend yield of zero.
3. *Expected Term* – the Company estimates the expected life of options granted based on the average of the weighted average vesting term and the contractual life of the option, which the Company believes is representative of future behavior.
4. *Volatility* – the Company estimates the expected volatility of its share price based on an evaluation of share prices for a representative set of publicly traded companies that operate within its primary industry.

The weighted average fair value of options granted during the nine months ended September 30, 2022 and 2021, was $98,006 and $4,057,655, respectively. The total fair value of shares vested during the nine months ended September 30, 2022 and 2021 were $803,0534 and $1,207,978, respectively.

Total compensation expense for the nine months ended September 30, 2022, and 2021 was $813,006 and $1,271,175 respectively. Total compensation expense for the three months ended September 30, 2022, and 2021 was $259,985 and $479,985, respectively. As of September 30, 2022, total compensation cost related to non–vested awards granted or modified that has not been recognized totaled $2,152,441. This compensation cost will be recognized over approximately 3 years.

13. COMMITMENTS

Operating Leases

The Company determines if an arrangement is a lease at inception, and, if a lease, what type of lease it is. The Company leases its office, warehouse and operating facilities throughout the U.S. and Europe under non–cancellable operating lease agreements, which generally have terms of 1 to 3 years and expire at various dates throughout 2023. The leases generally include options to renew for additional one–year periods or on a month–to–month basis and generally require the Company to pay property taxes, insurance, and normal maintenance costs. Operating lease ROU assets and operating lease liabilities are recognized based upon the present value of the future lease payments over the lease term at the commencement date. Most of the Company's leases do not provide an implicit borrowing rate. Therefore, the Company uses an estimated incremental borrowing rate based upon its interest rate from a comparable secured loan. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. The Company does not have finance leases and its short-term leases are immaterial. As of September 30, 2022, current liabilities related to operating leases were $354,113.

Future minimum obligations under operating leases in effect as of December 31, 2021, having a noncancelable term in excess of one year as determined prior to the adoption of ASU 842 for each of the years ended December 31, 2022, and 2023, are estimated to be $197,350 and $68,700, respectively.

As of September 30, 2022 the components of the Company's leases are as follows:

		September 30, 2022
Operating cash flows for leases	$	428,564
Operating lease right-of-use assets	$	716,238
Operating lease liabilities		354,113
Operating lease liabilities, long term		362,125
Total operating lease liabilities	$	716,238

As of September 30, 2022, the weighted average remaining lease term was 1.50 years and the average discount rate was 11%. Operating lease costs for the nine months and three months ended September 30, 2022 was $529,500 and $110,300, respectively.

The maturities of lease liabilities were as follows:

Years ended December 31:	
2022 (remaining months)	$ 122,195
2023	491,860
Thereafter	102,182
Total	716,237
Less: current portion	(354,113)
Lease liabilities long-term portion	362,125

Rent expenses for the nine months ended September 30, 2022, and 2021 were $756,268 and $622,237, respectively. Rent expenses for the three months ended September 30, 2022, and 2021 were $306,263 and $171,509, respectively.

14. LITIGATION AND OTHER CLAIMS

The Company is subject to various claims and legal proceedings that arise in the ordinary course of business and has been named in various lawsuits related to use of the Company's vehicles and in certain matters involving California Labor Code violations and the classification of individuals as independent contractors rather than employees.

Management monitors developments in claims and legal proceedings that could affect the amount of the provisions for losses and the disclosures that have been reported in the Company's financial statements and makes adjustments to the provisions for losses and/or changes to its disclosures to reflect the impact of ongoing negotiations, settlements, rulings and the advice of legal counsel. Significant judgment is required to determine both the probability and the estimated amount of any potential losses and many of the legal proceedings are early in the discovery stage and unresolved. However, based on an assessment by the Company's legal counsel, the probability the Company will incur a loss is more likely than not for certain of these matters, and as of September 30, 2022 and December 31, 2021, the Company has accrued $2,000,000 and $1,500,000, respectively, for the estimated costs associated with resolving these matters.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 28, 2022, which is the date that the consolidated financial statements were available to be issued.

Termination of Stock Option Plan

On November 16, 2022, the Board of the Company approved to terminate the Option Plan and all the vested or unvested options shall be cancelled for no consideration.

Noteholder consent to Merger Agreement and Security agreement termination letter

On November 16, 2022, the Holders of the Convertible Note agreement dated March 2022 accepted to convert the outstanding balance of the note and warrants into Preferred Stock and warrants of Helbiz, Inc subjected to the closing of the Merger Agreement.

Merger Agreement

On November 18, 2022, all the issued and outstanding shares of capital stock of the Company has been acquired by Helbiz Inc and Wheels became a Helbiz wholly-owned subsidiary when another wholly-owned subsidiary merged with and into Wheels. In exchange for all of the outstanding share capital of Wheels, Helbiz, Inc issued to security holders of Wheels approximately 6,751,811 Series A convertible preferred stock equal to six and ninety-nine hundredths (6.99%) of Helbiz' s total issued and outstanding common stock immediately prior to the Closing.

The Series A Convertible Preferred Stock will convert on a one for-one basis. Considering that Wheels did not provide certain financial information by January 15, 2023, the holders of the Series A Convertible Preferred Stock will receive 20% less shares of Class A common stock.

Note Payable - Amendment

On November 18, 2022 the Company signed an amendment of the loan and security agreement signed in 2019, regarding the restructuring of the terms of repayment of the outstanding balance.

The outstanding balance amounted to $3,439,030 and the parties agreed as follows:

- The conversion of $1,439,030 in shares of Helbiz, Inc as owner of Wheels
- The repayment of the remaining $2,000,000 in monthly tranches with yearly interest rate of 12% and maturity date at May, 1st 2025.

On November 18, 2022, Helbiz, Inc. (“Helbiz” or the “Company”), Helbiz Merger Sub, Inc. a wholly owned subsidiary of Helbiz (“Merger Sub”) and Wheels Labs, Inc. (“Wheels”), entered into an Amended and Restated Agreement and Plan of Merger (the “Merger Agreement”) for the sale and purchase (the “Business Combination”) of the entire issued corporate capital of Wheels pursuant to which the equity holders of Wheels sold their capital stock in Wheels to Helbiz. The Business Combination closed on November 18, 2022. Wheels is an international group operating in the micro-mobility business by sharing e-vehicles through an IT platform. Helbiz settled the Business Combination with the issuance of 6,751,811 Helbiz’s Series A Convertible Preferred Stock; equal to 6.99% of Helbiz’s total issued and outstanding Class A common stock immediately prior to the Closing. The Series A Convertible Preferred Stock will automatically convert into shares of the Helbiz’s Class A common stock upon the approval of the majority of the holders of Helbiz’s common stock.

The following unaudited pro forma condensed combined financial statements present the combination of the financial information of Helbiz and Wheels, adjusted to give effect to the Business Combination. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

The following unaudited pro forma condensed combined financial statement are based on Helbiz’s historical consolidated financial statement and Wheels’s historical consolidated financial statements as adjusted to give effect to the Business Combination.

The following unaudited pro forma condensed combined balance sheet as of September 30, 2022, combines the historical balance sheet of Helbiz and Wheels, on a pro forma basis as if the Business Combination had been consummated on September 30, 2022. The following unaudited pro forma condensed combined statements of operations combine Helbiz’s historical statement of operations for the year ended December 31, 2021, and the nine months ended September 30, 2022, with Wheels’s historical statement of operations, for the year ended December 31, 2021, and the nine months ended September 30, 2022, as if the Business Combination had occurred on January 1, 2021.

The pro forma adjustments reflect the transaction accounting adjustments, in accordance with U.S. GAAP. No autonomous entity adjustments have been identified and recorded as pro forma adjustments. Additionally, the pro forma adjustments do not reflect management’s adjustments for potential synergies and dis-synergies.

The unaudited pro forma condensed combined financial statements described above have been developed from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- Helbiz’s historical audited financial statements as of and for the fiscal year ended December 31, 2021 and the related notes;
- Helbiz’s historical unaudited condensed financial statements as of and for the nine months ended September 30, 2022, and the related notes;
- Wheels’s historical audited financial statements as of and for the year ended December 31, 2021 and the related notes;
- Wheels’s historical unaudited condensed financial statements as of and for the nine months ended September 30, 2022 and the related notes;

The pro forma combined financial statements do not necessarily reflect what the combined company’s financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2022
(in thousands)

	September 30, 2022				
	Helbiz, Inc.	**Wheels (Target)**	**Pro Forma Adjustments**	**Notes**	**Pro Forma Combined**
	(dollar amounts in thousands)				
Cash and cash Equivalents	$ 3,334	$ 205	$ 13,900	A	$ 17,439
Account receivables	1,378	195	—		1,573
VAT Receivables	2,222	—	—		2,222
Prepaid and other current assets	7,110	1,449	—		8,559
Total Current Assets	**14,044**	**1,849**	**13,900**		**29,793**
Property, Equipment and Deposits	9,140	5,333	—		14,473
IP – Intellectual Property	—	—	12,714	B	12,714
Other non-current assets	3,441	—	(2,600)	C	811
Total Assets	**26,595**	**7,182**	**24,014**		**57,791**
Short term financial liabilities	29,678	11,407	(25,116)	D	15,969
Accounts Payables	11,683	4,419	—		16,102
Accrued expenses and other current liabilities	7,385	9,117	(3,350)	E	13,152
Total Current liabilities	**48,746**	**24,943**	**(28,466)**		**45,223**
Non-Current financial liabilities	19,439	510	—		19,949
Total Liabilities	**68,185**	**25,453**	**(28,466)**		**65,172**
Convertible Preferred Stock	—	—	2,145	F	2,145
Total Stockholders' Deficit	(41,590)	(18,271)	50,335	G	(9,526)
Total liabilities, Convertible Preferred Stock and Stockholder's Deficit	**26,595**	**7,182**	**24,014**		**57,791**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(in thousands, except share and per share data)

	Twelve months ended December 31, 2021				
	Helbiz, Inc.	Wheels (Target)	Pro Forma Adjustments	Notes	Pro Forma Combined
	(dollar amounts in thousands)				
Net revenue	**$ 12,834**	**$ 9,754**	**—**		**$ 22,588**
Operating expenses:					
Cost of Revenue	33,846	23,940	4,238	B	62,024
Research and Development	2,826	258	—		3,084
Sales and marketing	10,875	354	—		11,229
General and administrative	24,411	16,716	—		41,127
Total operating expenses	71,958	41,268	4,238		117,464
Loss from operations	**(59,124)**	**(31,514)**	**(4,238)**		**(94,876)**
Other income (expenses):	(8,706)	87	—		(8,619)
Interest expense	(4,291)	(940)	—		(5,231)
Total other non-operating income (expense)	(12,997)	(853)	—		(13,850)
Income Taxes	150	(1)	—		149
Net Loss	**$ (71,971)**	**$ (32,368)**	**$ (4,238)**		**$ (108,577)**
Deemed Dividends and Deemed Dividends equivalent	(490)	—	—		(490)
Net Loss per share attributable to common stockholders	**$ (72,461)**	**$ (32,368)**	**$ (4,238)**		**$ (109,067)**
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	24,862,600	4,369,235	—		24,862,600
Net loss per share attributable to common stockholders, basic and diluted	**$ (2.91)**	**$ (7.41)**	$ —		**$ (4.39)**

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(in thousands, except share and per share data)

	Nine months ended September 30, 2022				
	Helbiz, Inc.	**Wheels (Target)**	**Pro Forma Adjustments**	**Notes**	**Pro Forma Combined**
	(dollar amounts in thousands)				
Net revenue	**$ 11,345**	**$ 5,070**	**—**		**$ 16,415**
Operating expenses:					
Cost of Revenue	29,952	16,474	3,179	B	49,605
Impairment of Assets	10,390	—	—		10,390
Research and Development	2,033	112	—		2,145
Sales and marketing	7,560	173	—		7,733
General and administrative	18,402	11,572	—		29,974
Total operating expenses	68,337	28,331	3,179		99,847
Loss from operations	**(56,992)**	**(23,261)**	**(3,179)**		**(83,432)**
Other income (expenses):	(1,716)	5,232	—		3,516
Interest expense	(4,974)	(2,948)	—		(7,922)
Total other non-operating income (expense)	(6,690)	2,284	—		(4,406)
Income Taxes	(18)	—	—		(18)
Net Loss	**$ (63,700)**	**$ (20,997)**	**$ (3,179)**		**$ (87,856)**
Deemed Dividends and Deemed Dividends equivalent	—	—	—		—
Net Loss per share attributable to common stockholders	**$ (63,700)**	**$ (20,997)**	**$ (3,179)**		**$ (87,856)**
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	40,116,825	4,370,483	—		40,116,825
Net loss per share attributable to common stockholders, basic and diluted	**$ (1.59)**	**$ (4.80)**	$ —		**$ (2.19)**

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of presentation

The Business Combination was accounted for under the acquisition method of accounting, in accordance with ASC 805 (*Business Combination*). Helbiz has estimated the fair value of Wheels assets and liabilities and conformed the accounting policies of Wheels to the Company's accounting policies.

The pro forma combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the Business Combination occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors. The combined pro forma financial information does not reflect the realization of any expected cost savings or other synergies from the Business Combination as a result of restructuring activities and other planned cost savings initiatives.

All references to dollar amounts (except per share amounts) are in thousands (000s) unless otherwise indicated.

2. Purchase Price Consideration

Helbiz preliminary estimated the fair value of the 6,751,811 shares of Helbiz Series A Convertible Preferred Stock issued — in conjunction with closing of the Business Combination — to the Wheels shareholders based on the September 30, 2022 market closing price of the Class A common stock of $0.35 with a 10% discount based on the absence of marketability. As a result, the purchase price is $2,145.

3. Preliminary purchase price allocation

Helbiz performed a preliminary valuation analysis of the fair market value of Wheels assets to be acquired and liabilities to be assumed. Helbiz estimated the allocations to such assets and liabilities, using the total consideration for the Business Combination. The following table shows the allocation of the purchase price as of the transaction's assumed closing date, September 30, 2022.

Total purchase price	***$***	***2,145***
Cash and cash equivalents	$	205
Account Receivables		195
Other current Assets		1,449
Property and Equipment		5,333
Total identified Assets		*7,182*
Account Payable	$	(4,419)
Accrued expenses and other current liabilities		(9,117)
Other non-current liabilities		(510)
Financial Liabilities		(11,407)
Removing the Convertible Notes converted on the Business Combination date from Financial Liabilities		*7,702*
Total liabilities assumed		*(17,751)*
Total pro forma IP – Intellectual Property		***12,714***

This preliminary purchase price allocation has been estimated for the pro forma adjustments in the pro forma condensed combined financial statement. The final purchase price allocation will be determined when Helbiz will complete the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation presented in the pro forma adjustments. The final allocation of the purchase price may include: (i) changes in fair values of property, plant, and equipment, (ii) allocations to other intangible assets, such as trade names and customer relationship, (iii) change in allocation to goodwill, and (iv) other changes to assets and liabilities.

4 Pro forma adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments are reflected in the unaudited pro forma condensed combined financial statements:

(A *Cash and cash equivalent*: the adjustment in the condensed combined balance sheet for $13,900 reflects the gross proceeds received from one investor under the Standby Equity Purchase Agreement ("SEPA") dated October 31, 2022. In detail, during November and December 2022 and January 2023, Helbiz issued multiple advances under the SEPA for a cumulative amount of $13,900, in exchange of the issuance of 82,925,000 shares of Helbiz Class A Common Stock.

(B) *IP — Intellectual Property and Cost of Revenues*: the adjustment in the condensed combined balance sheet of $12,714 represents the result of the preliminary purchase price allocation. The adjustments in the condensed combined statements of operations for the year ended December 31, 2021 and for the nine months ended September 30, 2022 amounted to $4,238 and $3,179, respectively, represent the preliminary amortization of intellectual property ("IP"), 3 years of useful life. The 3 years useful life of the IP is only a preliminary estimate, subject to changes based on the actual allocation of the purchase price. Refer to *Note 3* for the purchase price allocation.

(C) *Other non-current assets*: the adjustment in the condensed combined balance sheet for $2,600 reflects the elimination of intercompany transaction between Helbiz and Wheels. In detail, during the first nine months of 2022, Helbiz deposited $2,600 to Wheels in accordance with a Letter of Intent and related amendments. Wheels recorded the transaction as *Accrued Expenses and other current liabilities*.

(D) *Short term financial liabilities*: the adjustment in the condensed combined balance sheet of $25,116 reflects the following adjustments.

2022/2023 Helbiz Convertible Notes converted into shares of Helbiz Class A common stock	1	$	15,975
Wheels Convertible Notes converted into Wheels Shares	2		7,702
Financial liabilities converted into shares of Helbiz Class A common stock	3		1,439
Total Pro-forma Adjustment to Short term financial liabilities			***25,116***

(1) *2022/2023 Helbiz Convertible Notes converted into shares of Helbiz Class A common stock*: from October 1, 2022 to January 30, 2023 the holder of the 2022 and 2023 Convertible Notes converted $15,975 (including $340 of interests) of the 2022 and 2023 Convertible Notes into 80,620,555 shares of Class A Common Stock.

(2) *Wheels Convertible Notes converted into Wheels Common Shares*: on November 16, 2022 Wheels Convertible Note holders converted $7,702 into Wheels Shares.

(3) *Financial liabilities converted into shares of Helbiz Class A Common Stocks*: on November 18, 2022 after the completion of the Business Combination, Helbiz entered into an amendment of the Wheels Loan and Security Agreement for the restructuring of the outstanding debts, amounted to $3,439. In detail, Helbiz and the investors agreed to amend the agreement as follow: a) conversion of $1,439 into 6,256,652 shares of Helbiz Class A Common Stock, and b) new repayment plan for the remaining $2,000; monthly payment, with interest rate of 12% and May 1, 2025 as maturity date.

(E) *Accrued expenses and other current liabilities*: the adjustment in the condensed combined balance sheet for $3,350 reflects two adjustments: a) $2,600 are related to the intercompany transactions described in the adjustment *C - Other non-current assets,* and b) $750 are related to a Wheels Unsecured Note converted into 4,019,293 shares of Helbiz Class A Common Stock, on November 22, 2022.

(F) *Convertible Preferred Stock*: the adjustment in the condensed combined balance sheet for $2,145 reflects the issuance of 6,751,811 shares of Helbiz Series A Convertible Preferred Stock to Wheels stockholders as Purchase Price for the Business Combination.

(G) *Stockholder Deficit*: the adjustment reflects the elimination of the historical equity of Wheels, elimination of the 2022 transaction between Helbiz and Wheels, and the issuance of shares of Common Stock to various shareholders.

Issuance of 80,620,555 shares of Helbiz Class A Common Stock for 2022/2023 Helbiz Convertible Notes conversion	$	15,975
Issuance of 82,925,000 shares of Helbiz Class A Common Stock for Advance and Settlement Notices under the SEPA		13,900
Issuance of 6,256,652 shares of Helbiz Class A Common Stock for conversion of Financial liabilities		1,439
Issuance of 4,019,293 shares of Helbiz Class A Common Stock for conversion of Other current liabilities		750
Elimination of historical Wheels shareholders' Deficit as of September 30, 2022		18,271
Total Pro-forma Adjustments to Stockholders' Deficit		**50,335**

5. Net Loss Per Share

Helbiz estimated the weighted-average number of shares outstanding for the Net loss per share attributable to common stockholders, basic and diluted, - in the column Pro Forma Combined – giving effect to the Business Combination as if it had occurred on January 1, 2021. In detail, Helbiz did not considered the 6,751,811 Series A Convertible Preferred Stock issued to Wheels shareholders, as equity consideration of the transaction as outstanding because those Securities are considered Temporary Equity and including them would have had an anti-dilutive effect.

As a result, the *Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted* in the condensed combined statements of operations for the year ended December 31, 2021 and nine months ended September 30, 2022, are 24,862,600 and 40,116,825, respectively.

The potentially dilutive outstanding shares were excluded from the computation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect, or issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the periods. In detail, Helbiz excluded from the Net Loss per share for the year ended December 31, 2021 and for the nine months ended September 30, 2022, the impact of the following potentially dilutive outstanding shares: Series A Convertible Preferred Stock, 2020 Stock Option Plan, 2020 CEO Performance Awards, 2021 Omnibus Plan, 2022 and 2023 Convertible Notes, Public Warrants, GRNV Sponsor Private Warrants and other shares of Common Stock to be issued outside equity incentive Plans.