

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Ecoark Holdings, Inc.

**Form: 8-K/A**

**Date Filed: 2020-03-04**

Corporate Issuer CIK: 1437491

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 20, 2020 (May 31, 2019)

Ecoark Holdings, Inc.

(Exact name of registrant as specified in its charter)

Nevada	000-53361	30-0680177
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
5899 Preston Road #505, Frisco, TX		75034
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code 479-259-2977

1010 NW J Street, Suite I, Bentonville, AR 72712

(Former name or former address, if changed since last report)

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 communications 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 communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ZEST	OTCQB

## EXPLANATORY NOTE

As previously reported in a Current Report on Form 8-K filed on June 6, 2019, on May 31, 2019, Ecoark Holdings, Inc. (the "Company") entered into an Agreement and Plan of Merger (the "Merger Agreement") with Trend Discovery Holdings Inc., a Delaware corporation ("Trend Holdings") for the Company to acquire 100% of Trend Holdings pursuant to a merger of Trend Holdings with and into the Company (the "Merger") on the Closing Date. The Merger was completed on the Closing Date and as agreed in the Merger Agreement, the Company is the surviving entity in the Merger and the separate corporate existence of Trend Holdings has ceased to exist. Pursuant to the Merger, the holders of the common stock of Trend Holdings received 5,500,000 shares of the Company's common stock.

### Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Business Acquired.

The audited consolidated financial statements of Trend Discovery Holdings, LLC as of and for the years ended December 31, 2019 and 2018, together with the reports of RBSM LLP with respect thereto, are included as Exhibit 99.1 and are incorporated by reference herein.

The unaudited consolidated financial statements of Trend Discovery Holdings, LLC as of and for the periods ended March 31, 2019 and 2018 are included as Exhibit 99.2 and are incorporated by reference herein.

- (b) Pro Forma Financial Information.

The unaudited pro forma consolidated financial statements of the Company are included as Exhibit 99.3 hereto and are incorporated by reference herein.

- (d) Exhibits.

### Exhibit No. Description

99.1	<a href="#"><u>Audited consolidated financial statements of Trend Discovery Holdings, LLC as of and for the years ended December 31, 2018 and 2017. (Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 6, 2019)</u></a>
99.2	<a href="#"><u>Unaudited consolidated financial statements of Trend Discovery Holdings, LLC as of and for the periods ended March 31, 2019 and 2018. (Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 6, 2019)</u></a>
99.3	<a href="#"><u>Unaudited pro forma consolidated financial statements of Ecoark Holdings, Inc. (Incorporated by reference to our Current Report on Form 8-K filed with the SEC on June 6, 2019)</u></a>

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**SIGNATURES**

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.

March 4, 2020

**Ecoark Holdings, Inc.**

By: /s/ Randy S. May

Randy S. May  
Chief Executive Officer

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## Trend Discovery Holdings, LLC

## Consolidated Financial Statements

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To the Members of  
Trend Discovery Holdings, LLC

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Trend Discovery Holdings, LLC (the "Company") as of December 31, 2018 and 2017, and the related statements of operations, member's equity, and cash flows for the period in the two years ended December 31, 2018 and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RBSM LLP

We have served as the Company's auditor since 2017.

New York, NY

March 3, 2020

**Trend Discovery Holdings, LLC**  
**Consolidated Balance Sheets**  
**December 31, 2018 and 2017**

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 30,442	\$ 11,055
Other receivable	21,614	20,284
Other current assets	659	284
Total current assets	52,715	31,623
Total assets	\$ 52,715	\$ 31,623
<b>Liabilities and Member's Equity</b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 2,215	\$ -
Related party payable	7,141	980
Total current liabilities	9,356	980
Total liabilities	9,356	980
Commitments and contingencies		
Member's equity:		
Total member's equity	43,359	30,643
Total liabilities and member's equity	\$ 52,715	\$ 31,623

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

**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Income**  
**For the Years Ended December 31, 2018 and 2017**

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Fees earned	\$ 404,614	\$ 65,900
Operating expenses:		
General and administrative	<u>21,898</u>	<u>40,203</u>
Total operating expenses	<u>21,898</u>	<u>40,203</u>
Net income	<u>\$ 382,716</u>	<u>\$ 25,697</u>

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



**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Changes in Member's Equity**  
**For the Years Ended December 31, 2018 and 2017**

	<b>Total Member's Equity</b>
Balance at December 31, 2016	\$ 105,082
Contributions by Members	-
Distributions to Members agreements	(100,136)
Net income	25,697
Balance at December 31, 2017	<u>30,643</u>
Contributions by Members	-
Distributions to Members agreements	(370,000)
Net income	382,716
Balance at December 31, 2018	<u>\$ 43,359</u>

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

**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2018 and 2017**

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 382,716	\$ 25,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Other receivable	(1,330)	19,246
Other current assets	(375)	(284)
Related party payable	6,161	(3,454)
Accounts payable and other current liabilities	2,215	-
Net cash provided by operating activities	389,387	41,205
<b>Cash flows from financing activities</b>		
Distributions to Members	(370,000)	(100,136)
Net cash used in financing activities	(370,000)	(100,136)
Net increase (decrease) in cash and cash equivalents	19,387	(58,931)
Cash – beginning of year	11,055	69,986
Cash – end of year	\$ 30,442	\$ 11,055
<b>Supplemental schedule of cash flow information</b>		
Cash paid for interest	\$ –	\$ –
Cash paid for income taxes	\$ –	\$ –

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

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018 and 2017**

**1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

Trend Discovery Holdings, LLC (“Trend Holdings” or the “Company”) is a financial services holding company with two primary subsidiaries: Trend Discovery Capital Management; and, Barrier Crest.

Trend Holding’s primary asset is Trend Discovery Capital Management. Trend Discovery Capital Management provides services and collects fees from entities including Trend Discovery LP and Trend Discovery SPV I. Trend Discovery LP and Trend Discovery SPV I invest in securities. Neither Trend Holdings nor Trend Discovery Capital Management invest in securities or have any role in the purchase of securities by Trend Discovery LP and Trend Discovery SPV I. In the near-term, Trend Discovery LP’s performance will be driven by its investment in Volans-i, a fully autonomous vertical takeoff and landing (“VTOL”) drone delivery platform. Trend Discovery LP currently owns approximately 1% of Volans-i and has participation rights to future financings to maintain its ownership at 1% indefinitely. More information can be found at flyvoly.com.

In late 2016, Trend Holdings created a new subsidiary named Trend Discovery Connection LLC. The mission of Trend Discovery Connection LLC was to provide a full range of management consulting services to early-stage companies. In 2019, Trend Discovery Connection LLC was renamed Barrier Crest. Barrier Crest provides fund administration and fund formation services to institutional investors. Barrier Crest provides fund administration services to Trend Discovery LP and Trend Discovery SPV I.

***Basis of Presentation***

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB). All adjustments considered necessary for a fair presentation have been included. These adjustments consist of normal and recurring accruals, as well as non-recurring charges.

***Use of Estimates***

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. This process may result in actual results differing materially from those estimated amounts used in the preparation of the consolidated financial statements if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates under different assumptions or conditions.

***Concentrations of Credit Risk and Other Risks and Uncertainties***

The Company’s cash and cash equivalents are invested in federally uninsured readily available money market accounts and deposited with one financial institution in the U.S. with maturities of three months or less. At times, deposits in this institution may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which these deposits are held and of the money market funds and other entities in which these investments are made.

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements (Continued)**  
**December 31, 2018 and 2017**

***Accrued Expenses***

To prepare its consolidated financial statements, the Company estimates accrued expenses. The accrual process involves reviewing open contracts, communicating with personnel to identify services that have been performed on behalf of the Company and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual cost. The Company makes estimates of accrued expenses as of each balance sheet date based on the facts and circumstances known to the Company at that time. Although the Company does not expect the estimates to be materially different from amounts actually incurred, if the estimates of the status and timing of services performed differs from the actual status and timing of services performed, the Company may report amounts that are too high or too low in any particular period. Historically, the estimated accrued liabilities have approximated actual expenses incurred. Subsequent changes in estimates may result in a material change in the accruals.

***Fair Value Measurements***

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying values of the Company's financial instruments such as cash, accounts payable, and accrued expenses approximate their respective fair values because of the short-term nature of those financial instruments.

***Revenue Recognition***

The Company recognizes revenue when: (i) evidence of an arrangement exists; (ii) fees are fixed or determinable, (iii) services have been delivered, and (iv) collectability is reasonably assured. The Company's revenue is generated from management fees and success fees related to closing of transactions.

***Income Taxes***

The Company is a limited liability company with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying consolidated financial statements. Any uncertain tax position taken by the members are not an uncertain position of the Company.

***Recently Issued Accounting Pronouncements***

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. This ASU is not applicable to the Company as of December 31, 2018 as its only lease is on a month-to-month basis with an expected termination date of less than one year.

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements (Continued)**  
**December 31, 2018 and 2017**

**2. RELATED PARTY TRANSACTIONS**

As of December 31, 2018 and 2017, the Company had outstanding \$7,141 and \$980 to members. These amounts represent reimbursements for Company expenditures.

**3. COMMITMENTS AND CONTINGENCIES**

***Management Agreement***

The Company entered into a management agreement with Trend Discovery LP. Under the terms of the management agreement, the Company will charge Trend Discovery LP a management fee of  $\frac{1}{4}$  of 3% of assets under management per quarter to perform management services for Trend Discovery LP.

For the years ended December 31, 2018 and 2017, the Company charged \$69,614 and \$65,900 in management fees, respectively. As of December 31, 2018 and 2017, the Company has \$21,614 and \$19,947 in management fees receivable from Trend Discovery LP.

**4. MEMBER'S EQUITY**

The Company during the years ended December 31, 2018 and 2017 received no contributions into the partnership and distributed \$370,000 and \$100,136, respectively. Included in the 2017 distributions was the full withdrawal of cash to one of the former members of the partnership.

**5. SUBSEQUENT EVENTS**

On May 31, 2019, the Company through a newly formed company, Trend Discovery Holdings, Inc. entered into an Agreement and Plan of Merger (the "Merger Agreement") with Ecoark Holdings, Inc. to acquire 100% of Trend Holdings pursuant to a merger of Trend Holdings with and into the Company (the "Merger"). The Merger was completed on May 31, 2019 and as agreed in the Merger Agreement, Ecoark Holdings, Inc. is the surviving entity in the Merger and the separate corporate existence of Trend Holdings has ceased to exist. Pursuant to the terms of the Merger, Trend Discovery Holdings, Inc. exchanged their shares into 5,500,000 shares of Ecoark Holdings, Inc. valued at \$3,236,000.

## Trend Discovery Holdings, LLC

## Consolidated Financial Statements (Unaudited)

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**Trend Discovery Holdings, LLC**  
**Consolidated Balance Sheets**  
**March 31, 2019 (Unaudited) and December 31, 2018**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets</b>	<b>(Unaudited)</b>	
Current assets:		
Cash	\$ 12,485	\$ 30,442
Other receivable	30,335	21,614
Other current assets	669	659
Total current assets	<u>43,489</u>	<u>52,715</u>
Total assets	<u>\$ 43,489</u>	<u>\$ 52,715</u>
<b>Liabilities and Member's Equity</b>		
Current liabilities:		
Related party payable	\$ 579	\$ 7,141
Accounts payable and other current liabilities	2,215	2,215
Total current liabilities	<u>2,794</u>	<u>9,356</u>
Total liabilities	2,794	9,356
Commitments and contingencies		
Member's equity:		
Total member's equity	40,695	43,359
Total liabilities and member's equity	<u>\$ 43,489</u>	<u>\$ 52,715</u>

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

**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Income (Unaudited)**  
**For the Three Months Ended March 31, 2019 and 2018**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
Fees earned	\$ 52,893	\$ 14,364
Operating expenses:		
General and administrative	25,557	5,195
Total operating expenses	<u>25,557</u>	<u>5,195</u>
Net income	<u>\$ 27,336</u>	<u>\$ 9,169</u>

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



**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Changes in Member's Equity (Unaudited)**  
**For the Three Months Ended March 31, 2019 and Years Ended December 31, 2018 and 2017**

	<b>Total Member's Equity</b>
Balance at December 31, 2016	\$ 105,082
Contributions by Members	-
Distributions to Members agreements	(100,136)
Net income	25,697
Balance at December 31, 2017	<u>30,643</u>
Contributions by Members	-
Distributions to Members agreements	(370,000)
Net income	382,716
Balance at December 31, 2018	<u>43,359</u>
Contributions by Members	-
Distributions to Members agreements	(30,000)
Net income	27,336
Balance at March 31, 2019	<u>\$ 40,695</u>

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

**Trend Discovery Holdings, LLC**  
**Consolidated Statements of Cash Flows (Unaudited)**  
**For the Three Months Ended March 31, 2019 and 2018**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 27,336	\$ 9,169
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Other receivable	(8,721)	5,583
Other current assets	(10)	-
Related party payable	(6,562)	1,714
Net cash provided by operating activities	12,043	16,466
<b>Cash flows from financing activities</b>		
Distributions to Members	(30,000)	(27,000)
Net cash used in financing activities	(30,000)	(27,000)
Net decrease in cash and cash equivalents	(17,957)	(10,534)
Cash – beginning of year	30,442	11,055
Cash – end of year	\$ 12,485	\$ 521
<b>Supplemental schedule of cash flow information</b>		
Cash paid for interest	\$ –	\$ –
Cash paid for income taxes	\$ –	\$ –

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

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements (Unaudited)**  
**March 31, 2019 and 2018**

**1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Business***

Trend Discovery Holdings, LLC (“Trend Holdings” or the “Company”) is a financial services holding company with two primary subsidiaries: Trend Discovery Capital Management; and, Barrier Crest.

Trend Holding’s primary asset is Trend Discovery Capital Management. Trend Discovery Capital Management provides services and collects fees from entities including Trend Discovery LP and Trend Discovery SPV I. Trend Discovery LP and Trend Discovery SPV I invest in securities. Neither Trend Holdings nor Trend Discovery Capital Management invest in securities or have any role in the purchase of securities by Trend Discovery LP and Trend Discovery SPV I. In the near-term, Trend Discovery LP’s performance will be driven by its investment in Volans-i, a fully autonomous vertical takeoff and landing (“VTOL”) drone delivery platform. Trend Discovery LP currently owns approximately 1% of Volans-i and has participation rights to future financings to maintain its ownership at 1% indefinitely. More information can be found at flyvoly.com.

In late 2016, Trend Holdings created a new subsidiary named Trend Discovery Connection LLC. The mission of Trend Discovery Connection LLC was to provide a full range of management consulting services to early-stage companies. In 2019, Trend Discovery Connection LLC was renamed Barrier Crest. Barrier Crest provides fund administration and fund formation services to institutional investors. Barrier Crest provides fund administration services to Trend Discovery LP and Trend Discovery SPV I.

***Basis of Presentation***

The Company’s consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB). All adjustments considered necessary for a fair presentation have been included. These adjustments consist of normal and recurring accruals, as well as non-recurring charges.

***Use of Estimates***

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. This process may result in actual results differing materially from those estimated amounts used in the preparation of the consolidated financial statements if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates under different assumptions or conditions.

***Concentrations of Credit Risk and Other Risks and Uncertainties***

The Company’s cash and cash equivalents are invested in federally uninsured readily available money market accounts and deposited with one financial institution in the U.S. with maturities of three months or less. At times, deposits in this institution may exceed the Federal Deposit Insurance Corporation (FDIC) or Securities Investors Protection Corporation (SIPC) limits. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which these deposits are held and of the money market funds and other entities in which these investments are made.

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements (Unaudited)**  
**March 31, 2019 and 2018**

***Accrued Expenses***

To prepare its consolidated financial statements, the Company estimates accrued expenses. The accrual process involves reviewing open contracts, communicating with personnel to identify services that have been performed on behalf of the Company and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual cost. The Company makes estimates of accrued expenses as of each balance sheet date based on the facts and circumstances known to the Company at that time. Although the Company does not expect the estimates to be materially different from amounts actually incurred, if the estimates of the status and timing of services performed differs from the actual status and timing of services performed, the Company may report amounts that are too high or too low in any particular period. Historically, the estimated accrued liabilities have approximated actual expenses incurred. Subsequent changes in estimates may result in a material change in the accruals.

***Fair Value Measurements***

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or non-recurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets.

Level 2: Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying values of the Company's financial instruments such as cash, accounts payable, and accrued expenses approximate their respective fair values because of the short-term nature of those financial instruments.

***Revenue Recognition***

The Company recognizes revenue when: (i) evidence of an arrangement exists; (ii) fees are fixed or determinable, (iii) services have been delivered, and (iv) collectability is reasonably assured. The Company's revenue is generated from management fees and success fees related to closing of transactions.

***Income Taxes***

The Company is a limited liability company with all income tax liabilities and/or benefits of the Company being passed through to the members. As such, no recognition of federal or state income taxes for the Company has been provided for in the accompanying consolidated financial statements. Any uncertain tax position taken by the members are not an uncertain position of the Company.

***Recently Issued Accounting Pronouncements***

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. This ASU is not applicable to the Company as of December 31, 2018 as its only lease is on a month-to-month basis with an expected termination date of less than one year.

**Trend Discovery Holdings, LLC**  
**Notes to Consolidated Financial Statements (Unaudited)**  
**March 31, 2019 and 2018**

**2. RELATED PARTY TRANSACTIONS**

As of March 31, 2019 and 2018, the Company had outstanding \$579 and \$2,695 to members. These amounts represent reimbursements for Company expenditures.

**3. COMMITMENTS AND CONTINGENCIES**

***Management Agreement***

The Company entered into a management agreement with Trend Discovery LP. Under the terms of the management agreement, the Company will charge Trend Discovery LP a management fee of  $\frac{1}{4}$  of 3% of assets under management per quarter to perform management services for Trend Discovery LP.

For the three months ended March 31, 2019 and 2018, the Company charged \$20,643 and \$14,364 in management fees, respectively. As of March 31, 2019 and December 31, 2018, the Company has \$27,257 and \$21,614 in management fees receivable from Trend Discovery LP.

**4. MEMBER'S EQUITY**

The Company during the three months ended March 31, 2019 and 2018 received no contributions into the partnership and distributed \$30,000 and \$27,000, respectively.

**5. SUBSEQUENT EVENTS**

On May 31, 2019, the Company through a newly formed company, Trend Discovery Holdings, Inc. entered into an Agreement and Plan of Merger (the "Merger Agreement") with Ecoark Holdings, Inc. to acquire 100% of Trend Holdings pursuant to a merger of Trend Holdings with and into the Company (the "Merger"). The Merger was completed on May 31, 2019 and as agreed in the Merger Agreement, Ecoark Holdings, Inc. is the surviving entity in the Merger and the separate corporate existence of Trend Holdings has ceased to exist. Pursuant to the terms of the Merger, Trend Discovery Holdings, Inc. exchanged their shares into 5,500,000 shares of Ecoark Holdings, Inc. valued at \$3,236,000.

ECOARK HOLDINGS, INC.  
PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated financial statements give effect to the acquisition of Trend Discovery Holdings, LLC, ("Trend Discovery") as of March 31, 2019 by Ecoark Holdings, Inc. ("Ecoark" and the "Company") and are based on estimates and assumptions set forth herein and in the notes to such pro forma statements.

On May 31, 2019, the Trend Discovery through a newly formed company, Trend Discovery Holdings, Inc. entered into an Agreement and Plan of Merger (the "Merger Agreement") with Ecoark to acquire 100% of Trend Discovery pursuant to a merger of Trend Discovery with and into Ecoark (the "Merger"). The Merger was completed on May 31, 2019 and as agreed in the Merger Agreement, Ecoark is the surviving entity in the Merger and the separate corporate existence of Trend Discovery has ceased to exist. Pursuant to the terms of the Merger, Trend Discovery Holdings, Inc. exchanged their shares into 5,500,000 shares of Ecoark valued at \$3,236,000.

The transaction is being accounted for as an acquisition of Trend Discovery. No cash was paid relating to the acquisition.

As a result of the transaction effected by the Merger Agreement, at closing Trend Discovery Holdings, Inc. became a wholly-owned subsidiary of Ecoark. Trend Discovery had a year end of December 31, and Ecoark has a year end of March 31. As a result, the unaudited pro forma information that follows reflects respective year-end information for the two companies as described herein, December 31, 2018 for Trend Discovery and March 31, 2019 for Ecoark.

The following unaudited pro forma consolidated statements of operations for the year ended December 31, 2018 (Trend Discovery) and March 31, 2019 (Ecoark) of the Company and Trend Discovery gives effect to the above as if the transactions had occurred at the beginning of the period. The unaudited pro forma consolidated balance sheet at March 31, 2019 assumes the effects of the above as if this transaction had occurred as of January 1, 2018 (Trend Discovery) and April 1, 2018 (Ecoark).

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ECOARK HOLDINGS, INC.  
PRO FORMA UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited pro forma consolidated financial statements are based upon, and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended March 31, 2019 and audited consolidated financial statements of Trend Discovery as of and for the year ended December 31, 2018.

The unaudited pro forma consolidated financial statements and notes thereto contained forward-looking statements that involve risks and uncertainties. Therefore, our actual results may vary materially from those discussed herein. The unaudited pro forma consolidated financial statements do not purport to be indicative of the results that would have been reported had such events actually occurred on the dates specified, nor is it indicative our future results.

ECOARK HOLDINGS, INC.  
NOTES TO UNAUDITED PRO FORMA  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2019

**NOTE A – ACCOUNTING TREATMENT APPLIED AS A RESULT OF THIS TRANSACTION**

The acquisition of Trend Discovery is being accounted for as a business combination, whereby Ecoark is the acquirer.

**NOTE B – ADJUSTMENT**

- (a) To record the acquisition of Trend Discovery which includes the adjustment of certain amounts to their respective fair values for changes in those amounts for the current fiscal year. Ecoark acquired Trend Discovery for \$3,236,000 which is the value of the 5,500,000 shares issued to acquire them.

**NOTE C – PRO FORMA WEIGHTED AVERAGES SHARES OUTSTANDING (in thousands)**

Pro forma shares outstanding assuming the transaction occurred as of March 31, 2019:

EARK Weighted Average Shares Outstanding	51,010
Acquisition of Trend Discovery	<u>5,500</u>
Pro forma shares outstanding	<u><u>56,510</u></u>



ECOARK HOLDINGS, INC. AND SUBSIDIARIES  
PROFORMA CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2019  
(Dollars and number of shares in thousands, except per share)

	<u>ECOARK</u>	<u>TREND DISCOVERY (1)</u>	<u>ADJUSTMENTS</u>		<u>CONSOLIDATED</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 244	\$ 30	(a)	\$ 27	\$ 247
Accounts receivable, net of allowance	520	22	(a)	12	530
Prepaid expenses	900	-			900
Current assets held for sale	23	1			24
<b>Total current assets</b>	<b>1,687</b>	<b>53</b>	<b>-</b>	<b>39</b>	<b>1,701</b>
Property and equipment, net	824	-			824
Goodwill	-	-	3,222(a)		3,222
Other assets	27	-			27
<b>Total non-current assets</b>	<b>851</b>	<b>-</b>	<b>3,222</b>	<b>-</b>	<b>4,073</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,538</b>	<b>\$ 53</b>	<b>\$ 3,222</b>	<b>\$ 39</b>	<b>\$ 5,774</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>					
<b>CURRENT LIABILITIES</b>					
Note payable	\$ 1,350	\$ -			\$ 1,350
Accounts payable	1,416	9	9(a)		1,416
Accrued expenses	828	-			828
Current liabilities held for sale	34	-			34
Derivative liabilities	3,104	-			3,104
<b>Total current liabilities</b>	<b>6,732</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>6,732</b>
<b>COMMITMENTS AND CONTINGENCIES</b>					
<b>Total liabilities</b>	<b>6,732</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>6,732</b>
<b>STOCKHOLDERS' EQUITY (DEFICIT) (Numbers of shares rounded to thousands)</b>					
Common Stock	53	-	(a)	5	58
Additional paid-in-capital	113,310	-	(a)	3,231	116,541
Member's equity (deficit)	-	44	44(a)		-
Accumulated deficit	(115,886)	-			(115,886)
Treasury stock	(1,671)	-			(1,671)
<b>Total stockholders' equity (deficit)</b>	<b>(4,194)</b>	<b>44</b>	<b>44</b>	<b>3,236</b>	<b>(958)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 2,538</b>	<b>\$ 53</b>	<b>\$ 53</b>	<b>\$ 3,236</b>	<b>\$ 5,774</b>

Notes

(1) For Trend Discovery the figures are as of December 31, 2018 as they have a different year end than Ecoark.

ECOARK HOLDINGS, INC. AND SUBSIDIARIES  
PROFORMA CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31, 2019  
(Dollars in thousands, except per share)

	<u>ECOARK</u>	<u>TREND DISCOVERY (1)</u>	<u>ADJUSTMENTS</u>	<u>CONSOLIDATED</u>
REVENUES	\$ 1,062	\$ 405		\$ 1,467
COST OF REVENUES	<u>699</u>	<u>-</u>		<u>699</u>
GROSS PROFIT	<u>363</u>	<u>405</u>		<u>768</u>
<b>OPERATING EXPENSES:</b>				
Salaries and salary related costs, including stock based compensation	4,848	-		4,848
Professional fees and consulting	1,315	-		1,315
General and administrative	1,671	22		1,693
Depreciation, amortization and impairment	3,357	-		3,357
Research and development	<u>3,320</u>	<u>-</u>		<u>3,320</u>
Total operating expenses	<u>14,511</u>	<u>22</u>		<u>14,533</u>
Income (loss) from operations	(14,148)	383		(13,765)
<b>OTHER INCOME (EXPENSE):</b>				
Change in fair value of derivative liabilities	3,160	-		3,160
Interest expense, net of interest income	<u>(417)</u>	<u>-</u>		<u>(417)</u>
Other income (expense), net	2,743	-		2,743
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	(11,405)	383		(11,022)
DISCONTINUED OPERATIONS	(2,243)	-		(2,243)
PROVISION FOR INCOME TAXES	<u>(2)</u>	<u>-</u>		<u>(2)</u>
NET LOSS ATTRIBUTABLE TO CONTROLLING INTEREST	<u>\$ (13,650)</u>	<u>\$ 383</u>		<u>\$ (13,267)</u>
<b>NET LOSS PER SHARE</b>				
Basic and diluted - Continuing Operations	\$ (0.23)	\$ -		\$ (0.19)
Basic and diluted - Discontinued Operations	<u>\$ (0.04)</u>	<u>\$ -</u>		<u>\$ (0.03)</u>
	\$ (0.27)	\$ -		\$ (0.22)
<b>SHARES USED IN CALCULATION OF NET LOSS PER SHARE</b>				
	(Number of shares in thousands)			
Basic	51,010			56,510

Notes

(1) For Trend Discovery the figures are as of December 31, 2018 as they have a different year end than Ecoark.