

CANNLABS, INC. BALANCE SHEET As of June 30th , 2022

ASSETS

Current Assets

Cash		327,495.00
Accounts Receivable Net		785,651.00
Inventories		892,415.00
Total Current Assets		2,005,561 00

Fixed Assets- at cost

Office Furniture & Fixtures	371,781.00	
Computer equipment	11,023.00	
Less accumulated depreciation	(59,765.00)	
		323,039 00

Other Assets

Undeposited Funds	97,059.00	
Owners Loan Agreement	621,936.00	
		718,995 00
		3,047,595.00

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts payable		41,255.00
Taxes payable		0.00
Total current liabilities		41,255.00

Long term liabilities

		0.00
Purchasing Agrrement		750,000.00
Total Long term liabilities		750,000 00

Total Liabilities

791,255.00

Stockholder's equity

Capital stock	420,446.00	
Additional paid in capital	(339,840.00)	
Retained Earnings	1,773,191.00	
Net Income	402,543.00	
Total Stockholder's Equity		2,256,340.00

Total Liabilities & Stockholder's Equity

3,047,595.00

CANNLABS, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
For Six-Months Period Ended June 30, 2022

REVENUE

Gross Sales	2,058,652.00
Less: Sales Returns and Allowances	0.00
NET SALES	2,058,652.00

Cost of Goods Sold:

Beginning Inventory	802,154.00	
Purchases	1,126,385.00	
Ending Inventory	(892,415.00)	
Cost of Goods Sold		1,036,124.00

Gross Profit (Loss)	1,022,528.00
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GENERAL AND ADMINISTRATIVE EXPENSES:

Accounting Fees	15,200.00
Advertising	6,529.00
Automobile expenses	30,216.00
Bank Fees	1,248.00
Compensation to Officer	195,000.00
Depreciation Expense	4,210.00
Insurance	21,036.00
Janitorial expenses	705.00
Office expenses	1,985.00
Postage & Delivery	2,869.00
Rent	19,523.00
Repairs	1,020.00
Salaries and Wages	215,478.00
Supplies	19,203.00
Taxes & Licenses	53,269.00
Telephone	29,984.00
Utilities	2,510.00

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES:	619,985.00
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Net Income Before Income Taxes	402,543.00
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Provision for Federal Income Taxes:

Current	0.00	
Deferred	0.00	
		0.00

Net Income After Taxes	402,543.00
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Statement of Retained Earnings
(Statement of Changes in
Stockholders' Equity)

As of June 30, 2022

	Common Stock		Additional	Accumulated	
	Shares	Amount	Paid In Capital	Equity	Total
Balance, December 31, 2020	420,466,000	\$ 420,466	\$ -	\$ 1,744,619	\$1,744,619
Common stock issued for cash	--	-	-	-	1,744,619
Net Gain	-	-	-	712,797	2,487,416
Balance Dec. 31, 2020	420,466,000	420,466	-	2,487,416	2,487,416
Common stock issued for cash	42,698,704	42,698	--	--	2,487,416
Net Gain	--	--	--	291,111	2,778,527
Constructive distribution of "S" corporation earnings and contribution of capital	0	0	0	0	
Conversion of note payable stockholder into common stock	0	0	0	0	
Common stock issued upon merger	0	0	0	0	
Common stock issued for services	0	0	0	0	
Forfeited common Stock	0	0	0	0	
Sale of convertible preferred stock	0	0	0	0	
Deferred Compensation	0	0	0	0	
Issuance of options for services	0	0	0	0	
Accrued preferred dividends	0	0	0	0	
Balance December 31, 2021	463,164,704	463,164	-	2,778,527	2,778,527
Common stock issued for cash	0	0	--	--	-
Net Gain	--	--	--	402,543	3,181,070
Constructive distribution of "S" corporation					

earnings and contribution of capital	0	0	0	0	
Conversion of note payable stockholder into common stock	0	0	0	0	
Common stock issued upon merger	0	0	0	0	
Common stock issued for services	0	0	0	0	
Forfeited common Stock	0	0	0	0	
Sale of convertible preferred stock	0	0	0	0	
Deferred Compensation	0	0	0	0	
Issuance of options for services	0	0	0	0	
Accrued preferred dividends	0	0	0	0	
Balance June 30, 2022	463,164,704	463,164	0	3,181,070	3,181,070

CANNLABS, INC.
STATEMENT OF CASH FLOW
AS OF JUNE 30, 2022

Cash Flow from Operating Activities:

Net Income	
Non-Cash Items Included in Net Income:	402,543
Depreciation & Amortization	4,210
Deferred Federal Income Tax	
Net (increase) decrease in receivables	(100,516)
Net (increase) decrease in inventory	(179,618)
Net (increase) decrease in prepaid	0
Net (Decrease) increase in payables	2,298

Net cash provided by (used for) operating Activities **128,917**

Cash Flow from Investing Activities:

Purchase of Fixed Assets	0
Increase (Decrease) in other Assts	0

Net cash provided by (used for) investing activities **0**

Cash Flow from Financing Activities:

Additonal paid in capital	(339,840)
Purchase of Treasury Stock	0

Net cash provided by (used for) investing activities **(339,840)**

Net increase (decrease) in cash **(210,923)**

Cash beginning of period 538,418

Cash end of period **327,495**

Notes to Financial Statements

June 30, 2022

Note 1 - Nature of Business

Cannlabs, Inc. (the Company) was incorporated under the laws of the State of Nevada on January 6, 2006.

The Company has elected a fiscal year end of Dec. 31.

Note 2 - Significant Accounting Policies

Basis of Presentation

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles, generally accepted in the United States of America, and have been consistently applied in the preparation of the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company accounts for income taxes under the asset and liability method, where deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. No deferred tax assets or liabilities were recognized at June 30, 2022.

Fair Value Measurements

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including payables to related parties, and accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that be used to measure fair value:

Notes to Financial Statements

June 30, 2022

Note 2 - Significant Accounting Policies (continued)

Level 1 - quoted prices in active markets for identical assets or

Level 2 - quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 - inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

The Company's financial liabilities are measured at fair value and include its notes payable. These liabilities are subject to the measurement and disclosure requirements of ASC 820 and are considered to be Level 3 inputs.

Related Parties

The Company follows ASC 850, *Related Party Disclosures*, for the identification of related parties and disclosure of related party transactions.

Share-based Expense

ASC 718, *"Compensation – Stock Compensation"*, prescribes accounting and reporting standards for all share-based payment transactions in which employee services are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options, and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period).

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of ASC 505-50, *"Equity – Based Payments to Non-Employees."* Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction is determined at the earlier of performance commitment date or performance completion date.

The Company had no stock-based compensation plans as of June 30, 2022.

Cash

For the Statements of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of June 30, 2022.

Notes to Financial Statements

June 30, 2022

Note 2 - Significant Accounting Policies (continued)

Earnings Per Share Information

FASB ASC 260, "Earnings Per Share" provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Basic and diluted loss per share were the same, at the reporting dates, as there were no common stock equivalents outstanding.

Recent Accounting Pronouncements

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

Note 3 -

Subsequent Events

The Company has evaluated subsequent events from the balance sheet through August 18th, 2022 which is through the date of this filing, and determined there are were the following events to disclose.