

# **Green Globe International, Inc.**

Incorporating Hempacco Co., Inc. on a fully consolidated basis

*Incorporated in Delaware - November 12, 1999*



## **Condensed Consolidated Interim Financial Statements**

For the 3 Months Ended

**March 31, 2022**

Statements issued and prepared by Management

**Unaudited**

# Green Globe International, Inc.

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# Green Globe International, Inc.

Incorporating Hempacco Co., Inc. on a fully consolidated basis

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 91,282	\$ 1,521,027
Accounts receivable - related parties	316,580	137,297
Accounts receivable	391,186	144,246
<i>Less: Receivables impairment allowance</i>	(7,275)	-
Inventory at cost less obsolescence allowance	1,475,277	198,936
Deposits & prepayments	816,381	706,273
<b>Total Current Assets</b>	<b>3,083,432</b>	<b>2,707,779</b>
<b>Property and Equipment</b>		
Leasehold improvements	31,431	12,431
Furniture, fixtures & equipment	7,099,156	5,149,306
Accumulated depreciation	(730,749)	(161,441)
<b>Total Property and Equipment</b>	<b>6,399,838</b>	<b>5,000,296</b>
<b>Other Assets</b>		
Operating lease - right of use asset	6,109,130	659,319
Right of use Assets - accumulated amortization	(358,679)	(191,152)
<b>Total Other Assets</b>	<b>5,750,451</b>	<b>677,381</b>
<b>Intangible Assets</b>		
Warrant valuations - less accumulated amortization	594,047	209,214
<b>Total Assets</b>	<b>\$ 15,827,768</b>	<b>\$ 8,385,455</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

<b>Current Liabilities</b>		
Accounts payable & accrued expenses	\$ 590,124	\$ 98,457
Accounts payable - related parties	1,033,823	162,405
Customer pre-paid invoices & deferred revenue	1,961,915	2,128,393
Convertible promissory notes	900,000	900,000
Loans payable - related parties	166,146	9,600
Equipment loans	1,463,837	1,482,681
Other short term loans	168,328	168,328
Operating lease - right of use liability - short term portion	694,339	111,077
<b>Total Current Liabilities</b>	<b>6,978,510</b>	<b>5,060,941</b>
<b>Long Term Liabilities</b>		
Accrued interest on long term notes	77,884	37,592
Long term promissory notes payable	175,000	175,000
Right of use liability - straight-line rent rule - deferred rent	40,930	15,226
Right of use liability - long term portion	5,056,113	357,091
<b>Total Long Term Liabilities</b>	<b>5,349,927</b>	<b>584,909</b>
<b>Total Liabilities</b>	<b>12,328,436</b>	<b>5,645,849</b>
<b>Stockholders' Equity</b>		
<i>Preferred stock Series C, \$.0001 par value; 25,000,000,000 shares authorized as of March 31, 2022 and December 31, 2021 respectively. 20,000,003,200 and 20,000,004,200 shares outstanding as of March 31, 2022 and December 31, 2021 respectively.</i>	2,000,000	2,000,000
<i>Participating Preferred stock Series A no par value - the 100 issued and outstanding shares were cancelled on May 21, 2021</i>	-	-
<i>Common stock, \$.0001 par value; 75,000,000,000 shares authorized as of March 31, 2022 and December 31, 2021 respectively. 54,816,153,814 and 54,816,153,814 shares issued, and 54,226,653,814 and 3,700,640,356 outstanding as of March 31, 2022 and December 31, 2021 respectively.</i>	5,482,034	5,481,614
Additional paid in capital	15,841,638	13,933,731
Warrant reserves shares issued	(58,950)	(58,950)
Accumulated deficit	(20,080,652)	(19,695,905)
<b>Total Stockholders' Equity</b>	<b>3,184,070</b>	<b>1,660,491</b>
Non-Controlling interests	315,261	1,079,116
<b>Total Equity</b>	<b>3,499,332</b>	<b>2,739,606</b>
<b>Total liabilities and Equity</b>	<b>\$ 15,827,768</b>	<b>\$ 8,385,455</b>

The accompanying notes are an integral part of these Consolidated Financial Statements

## Green Globe International, Inc.

Incorporating Hempacco Co., Inc. on a fully consolidated basis

### STATEMENT OF OPERATIONS

(Unaudited)

	For the 3-Months Ended March 31, 2022	For the 3-Months Ended March 31, 2021
<b>Revenue</b>		
<i>Sale of Materials</i>	\$ 1,373,406	\$ 53,728
<i>Sale of Materials - Related Parties</i>	1,000	-
<i>White Label Production &amp; Consulting</i>	47,314	29,998
<b>Total Revenue</b>	<b>1,421,720</b>	<b>83,726</b>
<b>Cost of Goods Sold (including inventory obsolescence of \$623,375)</b>	<b>1,397,605</b>	<b>23,526</b>
<b>Gross Profit / (Loss) from Operations</b>	<b>24,116</b>	<b>60,200</b>
<b>Expenses</b>		
<b>General &amp; Administrative</b>	757,251	541,247
<b>General &amp; Administrative - Related Parties</b>	97,500	197,321
<b>Sales &amp; Marketing</b>	225,356	6,540
<b>Research &amp; Development</b>	4,055	-
<b>Total Expenses</b>	<b>1,084,162</b>	<b>745,109</b>
<b>Operating Loss</b>	<b>(1,060,046)</b>	<b>(684,909)</b>
<b>Other Income / (Expenses)</b>		
<i>Interest expense - including warrant valuations</i>	(59,096)	(126,019)
<i>Loss on Disposal of Assets</i>	(10,690)	(100,000)
<i>Other Expenses</i>	(2,770)	(143)
<b>Total Other Expenses</b>	<b>(72,556)</b>	<b>(226,162)</b>
<b>Net Loss</b>	<b>\$ (1,132,602)</b>	<b>\$ (911,071)</b>
<i>Net Loss attributable to non-controlling interests</i>	294,610	-
<i>Dividend issued to preferred stockholders</i>	-	-
<b>Net Loss attributable to common shareholders</b>	<b>\$ (837,992)</b>	<b>\$ (911,071)</b>

#### PER SHARE DATA:

<i>Basic &amp; Dilutive Income / (Loss) per common share</i>	(\$0.00)	(\$0.00)
<i>Weighted average shares basic and diluted</i>	54,226,653,814	3,700,640,356

The accompanying notes are an integral part of these financial statements

**Green Globe International, Inc.**

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(Unaudited)**

	Preferred Shares	Stock \$ Amtt @ Par	Common Shares	Stock \$ Amtt @ Par	Additional Paid in Capital GGI & HPCO	APIC Warrant Reserve Shares	Retained Deficit	Non-Controlling Interests	Stockholders' Equity
Balances - March 31, 2021	6,300	\$ 1	3,700,640,356	\$ 370,063	\$ 13,138,683	\$ -	\$ (13,680,624)	\$ -	(171,877)
Issuance of Shares for Acquisition of Hempacco - 6-9-2021	-	-	70,312,160,174	7,031,216	-	-	-	-	7,031,216
Loss of Goodwill on Consolidation with Hempacco - June 9, 2021	-	-	-	-	-	-	(4,290,216)	-	(4,290,216)
Issuance of License Fee to Old Belt Extracts - 6-21-2021	-	-	4,347,826	435	-	-	-	-	435
Cancellation of 100 Preferred Shares Series A on Merger	(100)	(0)	-	-	-	-	-	-	(0)
GGII Net Profit for 3 Month Period ended June 30, 2021:	-	-	-	-	-	-	134,377	-	134,377
Hempacco Net Losses 6-10-21 through 6-30-20	-	-	-	-	-	-	(33,669)	-	(33,669)
UST Mexico - Conversion of Common to Pref - 6-27-2021	20,000,000,000	2,000,000	(20,000,000,000)	(2,000,000)	-	-	-	-	-
Balances - June 30, 2021	20,000,006,200	2,000,001	54,017,148,356	5,401,714	13,138,683	-	(17,870,132)	-	2,670,266
Fischer Notes Settlement - August 10, 2021	-	-	200,000,000	20,000	-	-	-	-	20,000
EMC2 Capital - Loan Inducement (BCF)	-	-	1,000,000	100	-	-	-	-	100
First Fire Global - Loan Inducement (BCF)	-	-	2,000,000	200	-	-	-	-	200
GGII Warrant Reserve Issues EMC2, First Fire & JSJ	-	-	327,500,000	32,750	-	(32,750)	-	-	-
Net Loss for 3 Month Period ended September 30, 2021:	-	-	-	-	-	-	(535,383)	-	(535,383)
Balances - September 30, 2021	20,000,006,200	2,000,001	54,547,648,356	5,454,764	13,138,683	(32,750)	(18,405,515)	-	2,155,183
Proforma Consolidation AJE for Wizards & Kings Warrants	-	-	-	-	178,317	-	-	-	178,317
LGH Investments - Loan Inducement	-	-	1,000,000	100	-	-	-	-	100
Mast Hill Fund, LLC - Loan Inducement	-	-	2,000,000	200	-	-	-	-	200
GGII Warrant Reserve Issues - MacRab, LGH & Mast Hill	-	-	262,000,000	26,200	-	(26,200)	-	-	-
Hasvold Preference Share Conversion	(2,000)	-	1,005,458	101	-	-	-	-	101
Equity Based Compensation	-	-	2,500,000	250	13,750	-	-	-	14,000
Warrant Discounts to Convertible Notes	-	-	-	-	228,775	-	-	-	228,775
Valuation of Warrants Issued to Hemp Hop JV Partners	-	-	-	-	358,500	-	-	-	358,500
J.H. Darbie & Co. Warrants issued as commissions	-	-	-	-	15,706	-	-	-	15,706
Hempacco Co., Inc. pre-IPO share issuances	-	-	-	-	-	-	-	1,027,565	1,027,565
Equity Attributable to Non-Controlling Interests	-	-	-	-	-	-	(189,266)	189,266	-
Losses Attributable to Non-Controlling Interests	-	-	-	-	-	-	137,715	(137,715)	-
Net Loss for 3 Month Period ended December 31, 2021:	-	-	-	-	-	-	(1,238,839)	-	(1,238,839)
Balances - December 31, 2021	20,000,004,200	\$ 2,000,000	54,816,153,814	\$ 5,481,614	\$ 13,933,731	\$ (58,950)	\$ (19,695,905)	\$ 1,079,116	\$ 2,739,606
Hempacco non-controlling interests from 2021	-	-	-	-	-	-	\$ 14,250	\$ (14,250)	-
Equity Based Compensation	-	-	2,500,000	250	7,250	-	-	-	7,500
Conversion of Preference Shares to Common Shares	(1,000)	-	1,700,591	170	(170)	-	-	-	-
Issue of warrants to joint venture partners	-	-	-	-	-	-	-	-	-
Creation of Intangible Assets - Warrant Valuations in Hempacco	-	-	-	-	437,375	-	-	-	437,375
Hempacco Pre-IPO Equity Raise Expenses	-	-	-	-	-	-	-	(16,000)	(16,000)
Non-Controlling Interest - Additional Paid in Capital	-	-	-	-	1,463,452	-	-	-	1,463,452
Equity Adjustment - Attributable to Non-Controlling Interests	-	-	-	-	-	-	438,995	(438,995)	(0)
Losses Attributable to Non-Controlling Interests	-	-	-	-	-	-	294,610	(294,610)	-
Net Loss for 3 Month Period ended March 31, 2022:	-	-	-	-	-	-	(1,132,602)	-	(1,132,602)
Balances - March 31, 2022	20,000,003,200	\$ 2,000,000	54,820,354,405	\$ 5,482,034	\$ 15,841,638	\$ (58,950)	\$ (20,080,652)	\$ 315,261	\$ 3,499,332

Issued as Reserve for Warrants - NOT OUTSTANDING		
EMC2 Capital	65,500,000	\$ 6,550
First Fire Global	131,000,000	\$ 13,100
JSJ Investments	131,000,000	\$ 13,100
MacRab LLC	65,500,000	\$ 6,550
LGH Investments	65,500,000	\$ 6,550
Mast Hill	131,000,000	\$ 13,100
	589,500,000	\$ 58,950
<b>Issued and Outstanding:</b>	<b>54,230,854,405</b>	

## Green Globe International, Inc.

Incorporating Hempacco Co., Inc. on a fully consolidated basis

### CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the 3-Months Ended March 31, 2022	For the 3-Months Ended March 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Loss	\$ (837,992)	\$ (911,071)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	126,545	394,524
Loss on disposal of assets	10,690	100,000
Stock based compensation	7,500	-
Net Loss attributable to non-controlling Interests	(294,610)	-
<b>Changes in Operating Assets and Liabilities</b>		
Receivables	(239,665)	(29,474)
Related party receivables	(188,268)	-
Prepays	(110,109)	(2,000)
Inventories	(1,276,341)	(80,090)
Accounts payable	440,850	89,535
Related party accounts payable	886,848	-
Accrued liabilities	116,814	126,019
Deferred revenues	(166,478)	-
<b>Net Cash Used in Operating Activities:</b>	<b>(1,524,216)</b>	<b>(312,557)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(29,629)	-
Proceeds from disposal of equipment	40,000	-
<b>Net Cash Used in Investing Activities:</b>	<b>10,371</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from other short term loans	100,100	-
Advances from (repayments to) related parties	50,000	-
Installment payment against equipment loan	(50,000)	-
Proceeds from convertible notes payable	-	506,728
Offering costs paid in connection with sale of common stock	(16,000)	-
<b>Net Cash Provided by Financing Activities</b>	<b>84,100</b>	<b>506,728</b>
<b>CHANGE IN CASH &amp; CASH EQUIVALENTS:</b>	(1,429,745)	194,171
<b>CASH BALANCE AT BEGINNING OF PERIOD:</b>	1,521,027	(2,578)
<b>CASH BALANCE AT END OF PERIOD:</b>	<b>\$ 91,282</b>	<b>\$ 191,593</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	\$ 30,084	\$ -
Cash Paid for Taxes	\$ 2,770	\$ -
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Conversion of convertible notes payable and accrued interest to common stock	\$ -	\$ -
Warrants issued with convertible note	-	-
Conversion of preferred stock into common stock	170	-
Warrants issued to partners and agents	666,150	-
Acquisition of joint venture assets by creation of partner's capital account	1,463,452	-
Reduction of notes payable through products and services provided	-	-
Beneficial conversion feature on related party convertible notes payable	-	-
Initial recording of right of use asset and liability	5,449,811	-

The accompanying notes are an integral part of these financial statements

**GREEN GLOBE INTERNATIONAL, INC.**  
**Notes to the Condensed Consolidated Financial Statements**  
**March 31, 2022 and 2021**  
**(UNAUDITED)**

**NOTE 1 - ORGANIZATION, BUSINESS AND LIQUIDITY**

***Organization and Operations***

Green Globe International, Inc. the ("Company" or "GGII") was formed on November 12, 1999, as a Delaware Corporation.

Hempacco Co., Inc. ("Hempacco") was formed on April 1, 2019, as a Nevada Corporation.

Green Star Labs, Inc. ("Green Star") was formed on January 10, 2022 as a Delaware Corporation.

On April 23, 2021 Hempacco filed a second amendment to its Articles of Incorporation changing the name of the company from The Hempacco Co., Inc. to Hempacco Co., Inc.

The Company merged with GGII on May 21, 2021.

An acquisition in which the entity that issues the securities (the legal acquirer) is identified as the acquiree for accounting purposes based on the guidance in paragraph 805-10-55-11 through 55-15. The entity whose equity interests are acquired (the legal acquiree) must be the acquirer for accounting purposes for the transaction to be considered a reverse acquisition.

On May 21, 2021 (the "Effective Date"), GGII (the Legal Acquirer) completed a share exchange agreement with Hempacco Co. (the Legal Acquiree) which resulted in Hempacco Co. becoming a wholly owned subsidiary of GGII with 100% of the Company shares being owned by GGII.

In accordance with GAAP rule 810, business combinations, the operations of GGII and Hempacco have been consolidated with effect from January 1, 2021, being the beginning of the first accounting quarter that both entities were under common control.

Pursuant to the terms of the share exchange agreement, the Shareholders of Hempacco Co. delivered 18,395,531 shares of common stock to GGII in exchange for 70,312,160,174 shares of GGII common stock which represented 95% of the total issued and outstanding common shares of GGII at the time of the exchange.

Hempacco manufactures and distributes hemp smokables both under its own name and white label products for clients. Hempacco also owns high-tech CBD vending kiosks that it plans to place in retail venues throughout the US, in conjunction with a number of joint venture partners.

Green Star Labs, Inc. manufactures nutraceuticals and cosmetics under its own name brands and also as white label products for clients.

These financial statements are those of Green Globe International, Inc and its subsidiaries.

During 2021, Hempacco entered into the following Joint Ventures:

- a) On or about March 10, 2021, Hempacco entered into a joint venture partnership agreement with VZ Ventures and BX2SD Hospitality, LLC for the sale and marketing of a proprietary brand of smokables containing the D8 infused variety of hemp. Cali Vibes D8, LLC was formed as the entity's business vehicle which will be 50% owned by the Company. The Company will manage the business operations and accounting, as well as manufacturing the product.
- b) On or about June 22, 2021, the Company entered into a joint venture agreement with Hemp Hop Global, LLC, a Florida based company in the hip hop talent management business and the sale and distribution of branded snack food products. Hemp Hop Global is managed by Rick Ross, an American Rapper and record executive and his business

partner James Lindsay. Hempacco will produce a range of smokable products under the Hemp Hop brand, and Hemp Hop Smokables, LLC was formed as the business entity, of which Hempacco owns 50%.

On December 14, 2021, the Company assigned all of the membership and other equity and ownership interests in Hemp Hop Smokables LLC to Hempacco., Co., Inc.

During the three months ended March 31, 2022, Hempacco entered into the following Joint Ventures and other significant agreements:

On or about January 1, 2022, Hempacco entered into a joint venture agreement with Cheech and Chong's Cannabis Company, a Nevada corporation ("CCCC"), to form a joint venture entity in Nevada, which entity will market and sell Cheech & Chong-branded hemp smokable products. Pursuant to the agreement, the joint venture entity will be owned 50% by each of us and CCCC, we are required to fund \$10,000 to the joint venture entity. As of the date of publication of these financial statements this contribution had not been made, however Hempacco has been producing product inventory at its own expense prior to the official launch of the product in May 2022.

The joint venture agreement calls for Hempacco to manufacture joint venture product and provide accounting, inventory management, staff training, and trade show and marketing services for the joint venture entity, and CCCC is required to provide online marketing and promotion, design and branding, brand management and development, trademark receipt, and sales and distribution services. CCCC is also required to ensure that Cheech Marin and Tommy Chong attend and make appearances at joint venture entity events. As an incentive to enter into this joint venture CCCC was awarded 100,000,000 Green Globe International warrants with a Black-Scholes valuation of \$.0003 per share for a total valuation of \$34,318 on the issue date. This theoretical value was expensed to the GGII the parent company along with other similar joint venture inducement charges. Management will apportion its overhead expenses to all operating subsidiaries pro-rata with revenues contributed.

On or about January 19, 2022, Hempacco entered into a joint venture agreement with Stick-It Labs Ltd. ("Stick-It"), an Israeli corporation that manufactures cannabinoid sticks, to develop and sell hemp smokable products in the United States and Mexico utilizing each of the parties' respective expertise. Pursuant to the agreement, the Company is required to fund \$750,000 to the joint venture entity, Stick-It USA, Inc., As of March 31, 2022 no part of this contribution had yet been made. Due to the lengthy bureaucratic and compliance issues surrounding the legal hemp/CBD business space, the opening of a bank checking account for Stickit US was only completed a few days prior to the issuance of these financial statements.

("StickIt US") a newly formed Delaware corporation, and Hempacco will then receive preferred shares entitling us to 75% of distributable profits of the joint venture entity until The Company has been repaid \$750,000, after which the preferred shares will convert into 750,000 shares of common stock of StickIt US. StickIt US will also receive 750,000 shares of Stickit US common stock. Until such time as Hempacco makes its \$750,000 capital contribution, 500 shares of Stickit US, representing 100% of the issued and outstanding common shares are owned by the founders and principals of Stickit Labs Ltd.

The agreement grants the right to Stick-It to purchase 100,000,000 five-year warrants of Green Globe International, Inc. common stock at an exercise price of \$0.01 per share. The warrants are issuable in three tranches, the first 25,000,000 on signing the JV agreement, the second 25,000,000 when StickIt US achieves annual sales revenue in excess of \$5,000,000, and the third tranche will be issued upon StickIt US achieving annual sales revenue in excess of \$10,000,000.

On or about January 20, 2022, Hempacco entered into employment agreements with Sandro Piancone, the Company's CEO, Neville Pearson, the Company's CFO, and Jorge Olson, the Company's CMO. These agreements supersede and replace The Hempacco's consulting agreements with Mr. Piancone's entity, Strategic Global Partners, Inc., and Mr. Olson's entity, Cubel7, Inc. They key terms of Mr. Piancone's and Mr. Olsen's employment provide for a base salary of \$10,000 per month each, with the potential to earn a performance-based bonus of up to 110% of the annual base salary. Mr. Piancone and Mr. Olsen will also be eligible to participate in any stock or option-based incentive plans that the board of directors may approve in the future. The initial employment period is for three years, with a one-year option to extend being available to the Company. Mr. Pearson's employment agreement with Green Globe International, Inc. remains in place.



On January 3, 2022 GGII entered into a joint venture with Curated Nutra LLC, forming a new corporation, Green Star Labs, Inc. (“Green Star”) owned 50% by each party. Green Star will assume the business, operations and assets of Star Manufacturing, LLC which manufactures cbd nutritional supplements and beauty care consumer goods. Green Star is sub-leasing the 47,544-sf industrial building and cGMP certified lab, located at 4075 Ruffin Road, San Diego, CA 92123 on the same terms as the original lease which expires on July 31, 2024, with one 5-year option to extend. In addition to assuming many white label clients, Green Star will introduce its own product line in the coming months.

The Company’s joint venture partners will contribute all plant, property and equipment plus tenant improvements, in exchange for a 50% interest in the joint venture. The Company will operate and manage the business, and will assuming all operating expenses including the lease payments and the employee payroll with effect from January 3, 2022.

### ***Going Concern Matters***

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”), which contemplates the Company’s continuation as a going concern. The Company incurred a net loss of \$936,807 during the three months ended March 31, 2022 and has an accumulated deficit of \$20,179,467 as of March 31, 2022. In addition, the Company has a working capital deficit of \$3,193,464 as of March 31, 2022 .

Management intends to raise additional operating funds through equity and/or debt offerings. However, there can be no assurance management will be successful in its endeavors.

There are no assurances that the Company will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placement, public offerings and/or bank financing necessary to support its working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, the Company will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to the Company. If adequate working capital is not available to the Company, it may be required to curtail or cease its operations.

Due to uncertainties related to these matters, there exists a substantial doubt about the ability of the Company to continue as a going concern. The accompanying financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern. If we are not able to successfully execute on our future operating plans, our financial condition and results of operation may be materially adversely affected, and we may not be able to continue as a going concern.

## **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

### ***Basis of Presentation***

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“GAAP”) and are presented in US dollars.

### ***Principles of Consolidation***

The financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

Joint Venture entities where the company owns at least 51% and controls the accounting and administration of the entities will be accounted for under ASC 810-10 which will allow full consolidation of the assets and liabilities into the Company’s balance sheet, with non-controlling interests being calculated and disclosed in the balance sheet and operating statement of the Company. Joint Venture entities where the company owns less than 51% are evaluated for treatment as variable interest entities. The Company may provide accounting and administration for these entities, may have board of director control, and may provide majority of funding for these entities. Any entities not falling within this criterion will be accounted for under ASC 323-30. These condensed consolidated interim financial statements include the operating results and the assets of two joint venture entities that have been deemed variable interest entities for the period ended March 31, 2022. The non-controlling interests of these ventures have been disclosed on the consolidated balance sheet and income statement.

## 1. *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates.

### *Revenue Concentration*

Sales to one of Hempacco's customers made up approximately 41% of our revenues for the three months ended March 31, 2022, and the balance receivable from this customer at March 31, 2022 represents approximately 37% of the total accounts receivable balances of \$281,543 as of that date. We do not have a binding purchase agreement with this customer, and were we to lose this customer, our revenues would significantly decline, and our business might be harmed.

### *Basic and Diluted Net Loss per Common Share*

Pursuant to ASC 260, "Earnings Per Share," basic net income and net loss per share are computed by dividing the net income and net loss by the weighted average number of common shares outstanding. Diluted net income and net loss per share is the same as basic net income and net loss per share when their inclusion would have an anti-dilutive effect due to our continuing net losses.

For the three months ended March 31, 2022 and the three months ended March 31, 2021, the following outstanding dilutive securities were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive.

	March 31 2022 (Shares)	March 31 2021 (Shares)
<b>Series C Preferred Stock</b>	2,000,006,200	-
<b>Promissory Notes convertible to shares</b>	1,225,000	475,000
<b>Outstanding Warrants</b>	720,943,977	27,173,925
<b>TOTAL</b>	<u>2,722,175,177</u>	<u>27,648,925</u>

### *Fair Value of Financial Instruments*

FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") establishes a framework for all fair value measurements and expands disclosures related to fair value measurement and developments. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 requires that assets and liabilities measured at fair value are classified and disclosed in one of the following three categories:

- Level 1—Quoted market prices for identical assets or liabilities in active markets or observable inputs.
- Level 2—Significant other observable inputs that can be corroborated by observable market data; and
- Level 3—Significant unobservable inputs that cannot be corroborated by observable market data.

The carrying amounts of cash, accounts receivable, accounts receivable – related parties, inventory, deposits and prepayments, accounts payable and accrued liabilities, accounts payable – related parties, customer pre-paid invoices & deposits, other short-term liabilities – equipment loan, operating lease – right of use liability – short term portion approximate fair value because of the short-term nature of these items.

### ***Share-Based Compensation***

The Company accounts for share-based compensation in accordance with ASC 718, “Compensation – Stock Compensation,” which requires all such compensation to employees and non-employees, including the grant of employee stock options, to be calculated based on its fair value at the measurement date (generally the grant date), and recognized in the statement of operations over the requisite service period or as vesting occurs.

The Company recorded \$7,500 and \$0 in share-based compensation expense for the three months ended March 31, 2022 and 2021, respectively.

### ***Advertising and Marketing Costs***

Costs associated with advertising and marketing promotions are expensed as incurred. Advertising and marketing expense was \$225,356 and \$6,540 for the three months ended March 31, 2022 and 2021, respectively.

### ***Revenue Recognition***

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. The Company generally earns its revenue by supplying goods or providing services under contracts with its customers in two primary revenue streams: manufacturing and commercial product supply and white label development services. The Company measures the revenue from customers based on the consideration specified in its contracts, or the value of the amount invoiced should the initial order be a basic purchase order or emailed order.

The Company recognizes revenue from customers when control of the goods or services are transferred to the customer, generally when products are shipped, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Per Company policy, any product that doesn't meet the customer's expectations can be returned within the first 30 days of delivery in exchange for another product or for a full refund. Any product sold through a distributor or retailer must be returned to the original purchase location for any return or exchange. For the three months ended March 31, 2022 and 2021, the Company has not recorded any reserves on revenue.

The majority of the Company's revenue is derived from sales of branded products to consumers via our direct-to-consumer (DTC) ecommerce website, distributors, and retail and wholesale “white label” business-to-business (B2B) customers.

For larger orders, the Company requires the customer to make a deposit equal to 50% of the invoice or order total which is recorded as customer prepaid invoices and deferred revenue on the balance sheet. When the product is shipped the customer deposit is recorded into revenue. The Company recorded \$1,961,915 and \$2,128,393 in customer pre-paid invoices and deposits for goods ordered but not delivered, as of March 31, 2022 and December 31, 2021, respectively.

In 2019, the Company entered into an arrangement with a customer whereby the Company was provided with product from the customer for the Company's and the customer's use. Under the arrangement, 50% of the product provided by the customer was to compensate the Company for their services for processing and packaging the customers remaining 50% share. The transaction was recorded at the fair market value of the inventory received, which was similar to the cost of the services to which were to be provided with an increase of \$623,375 to inventory and customer deposits. As of March 31, 2022 and December 31, 2021, the customer deposit liability of \$623,375 remained. The Company will defer revenue on customer deposits and record as revenue once product is delivered.

### ***Non-Controlling Interests***

The Company accounts for the non-controlling interests in its subsidiaries and joint ventures in accordance with U.S. GAAP.

The Company has chosen to record the Minority interests (NCI's) in the equity section of the balance sheet, and on the income statement, the profit or loss attributable to the minority interest will be reported as a separate non-operating line item.

The Company measures its NCI's using the percentage of ownership interest held by the respective NCI's during the accounting period. For the three months ended March 31, 2022 the Company reported a minority interest in its accumulated losses and its net assets of \$137,715 and \$189,266 respectively.

In December 2021, Hempacco Co., Inc. issued 1,300,000 common shares at \$1.00 per share to the public in a pre-IPO offering managed by Boustead Investments, LLC. Net proceeds of \$1,027,565 were received by Hempacco after all commission and expenses. See Note 13 below for further details. This public offering by a subsidiary is classified as a minority interest on the balance sheet.

### ***Recent Accounting Pronouncements***

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for entities for the fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 on a prospective basis, with early adoption permitted. We adopted the new standard effective January 1, 2021 and do not expect the adoption of this guidance to have a material impact on our financial statements.

In August 2020, the FASB issued ASU 2020-06, ASC Subtopic 470-20 "Debt—Debt with "Conversion and Other Options" and ASC subtopic 815-40 "Hedging—Contracts in Entity's Own Equity". The standard reduced the number of accounting models for convertible debt instruments and convertible preferred stock. Convertible instruments that continue to be subject to separation models are (1) those with embedded conversion features that are not clearly and closely related to the host contract, that meet the definition of a derivative, and that do not qualify for a scope exception from derivative accounting; and, (2) convertible debt instruments issued with substantial premiums for which the premiums are recorded as paid-in capital. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.

The Company has reviewed all other recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on our financial statements.

### **NOTE 3 – ACCOUNTS RECEIVABLE**

As of March 31, 2022 and December 31, 2021, accounts receivable consisted of the following:

	March 31 2022	December 31 2021
<b>Accounts receivable</b>	\$ 391,186	\$ 144,246
<b>Accounts receivable - related parties*</b>	316,580	137,297
<b>Allowance for doubtful accounts</b>	-	-
<b>TOTAL</b>	<b>\$ 707,766</b>	<b>\$ 281,543</b>

\* Due from UST Mexico, Inc. for Hemp products (70%) and manufacturing services (30%)

See Note 11 for additional information on related party transactions related to receivables.

#### NOTE 4 – INVENTORY

As of March 31, 2022 and December 31, 2021, inventory, which consists primarily of the Company’s raw materials, finished products and packaging is stated at the following amounts:

	March 31 2022	December 31 2021
<b>Finished goods</b>	\$ 278,741	\$ 41,088
<b>Raw materials (Net of obsolescence allowance)</b>	<u>1,196,536</u>	<u>157,848</u>
<b>Total inventory at cost less obsolescence allowance</b> <b>TOTAL</b>	<u>\$ 1,475,277</u>	<u>\$ 198,936</u>

The Company identified a potential for obsolescence in particular raw materials and provided an allowance for this risk in full in the year ended December 31, 2020 which was recorded within cost of goods sold in the amount of \$623,375. This obsolescence allowance is continually re-evaluated and adjusted as necessary.

#### NOTE 5 - PROPERTY AND EQUIPMENT

See Note 10 for further information concerning the acquisition of kiosks.

As of March 31, 2022 and December 31, 2021, property and equipment consisted of the following:

	March 31 2022	December 31 2021
<b>Production equipment</b>	\$ 3,456,029	\$ 1,463,199
<b>Leasehold improvements</b>	31,431	12,431
<b>Kiosks plus improvements</b>	3,643,127	3,686,107
<b>Less accumulated depreciation</b>	<u>(730,749)</u>	<u>(161,441)</u>
<b>Total property and equipment</b> <b>TOTAL</b>	<u>\$ 6,399,838</u>	<u>\$ 5,000,296</u>

Depreciation expense totaled \$72,728 and \$24,243 for the three months ended March 31, 2022 and December 31, 2021, respectively.

#### NOTE 6 – INTANGIBLE ASSETS

The Company has adopted a policy of capitalizing the value of warrants offered to joint venture partners as an inducement to enter into agreements to manufacture and market branded products. The Company also capitalizes the value of warrants issued in conjunction with promissory notes. The value of the warrants is calculated using the Black-Scholes formula (see Note 10) and is amortized over the life of the warrant.

The capitalized value of the warrants (net of accumulated amortization) as of March 31, 2022 and December 31, 2021 was \$594,047 and \$209,214 respectively.

## **NOTE 7 – OPERATING LEASES – RIGHT OF USE ASSETS**

The Company entered into a 24-month lease in respect of approximately 457 square feet of office space on September 1, 2021 for a period of 2 years, in Scottsdale, Arizona. A security deposit of \$800 was paid, and the lease contains an option to extend for two further 24-month periods. Base monthly rent (inclusive of two parking spaces) commences at \$850 per month (plus AZ rent taxes) with subsequent defined annual increases. The lease is full-service gross with exception of internet services which are borne by the lessee. At inception of the lease, the Company recorded a right of use asset and liability in the amount of \$16,567. The Company used an effective borrowing rate of 9.32% within the calculation.

Lease expense on the straight-line basis of \$ 775 per month was \$2,325 for the three months ended March 31, 2022.

Hempacco entered into a 60-month lease to lease approximately 5,000 square feet of office space on January 1, 2020 for a period of 6 years with a related party, an entity controlled by the Company's CEO. Approximately 3,000 sf is used as a manufacturing facility with the balance used as corporate offices and storage. There was no security deposit paid, and the lease carries no optional extension periods. The term of the lease is for six years. At inception of the lease, the Company recorded a right of use asset and liability. The Company used an effective borrowing rate of 6.232% within the calculation.

Base monthly rent commenced at \$10,000 per month, with subsequent defined annual increases. All operating expenses are born by the lessee. Amounts payable to the related party for rent as of March 31, 2022 and December 31, 2021 were \$0 and \$116,940 respectively. On March 31, 2022 an amount of \$14,764 of prepaid rent was included in the deposits and prepayments account.

Lease expense, on the straight-line basis was \$32,341 during the three months ended March 31, 2022 and March 31, 2021, respectively.

The Company assumed a 63-month lease in respect of a 47,544-sf industrial building in San Diego, as part of the terms of the Green Star Labs, Inc. joint venture. See Note 1 above. Base rental is \$69,102 as of month 33, increasing by 3% on the anniversary date of the lease. The lease expires on July 31, 2024 and there is one 5-year option to extend for a further five years. The Company recorded a right of use asset and liability in the amount of \$5,449,811 representing the net present value of the \$7,083,533 of remaining lease payments at an incremental borrowing cost ("IBR") of 5.75%. Management is reasonably certain that the lease will be extended for a further five years.

The total lease expense, on the straight-line basis of \$77,841 per month was \$23,422 for the three months ended March 31, 2022.

## **NOTE 8 – OTHER SHORT-TERM LIABILITIES – EQUIPMENT LOAN**

On December 11, 2019, Hempacco entered into a short-term loan for equipment to use in its production. The terms of the loan were, \$1,500,000 over 18 months with zero interest, which necessitated the calculation of an imputed discount of \$109,627, which was being amortized over 18 months. During the year ended December 31, 2021, Hempacco amortized the remaining discount of \$30,465 to interest expense. The balance on the note was \$1,432,681 and \$1,482,681 as of March 31, 2022 and December 31, 2021, respectively.

The loan is secured by the equipment, and the lender recently agreed to repayments of \$50,000 per month, interest free, which would take approximately thirty months to retire the loan, assuming no additional paydowns were made by supplying smokable products. On January 6, 2022 the first payment of \$50,000 was made to the lender. Hempacco has been granted forbearance with respect to further loan payments until Hempacco's planned IPO is funded.

## **NOTE 9 – CONVERTIBLE NOTES**

During the three months ended March 31, 2022, Hempacco issued twelve convertible promissory notes totaling \$650,000 and warrants to purchase up to 750,000 shares of Hempacco common stock at \$1.00 per share were issued to two related party members of the Board of Directors. Subsequently, as a result of the merger and share exchange agreement of May 21, 2021 between Hempacco and Green Globe International, Inc. these warrants were cancelled and replaced on November 9, 2021 with equivalent warrants to purchase Green Globe common shares. See Note 9 below for additional details.

Individual note holders converted \$511,500 in principle and \$23,552 in accrued interest into 535,052 shares of Hempacco common stock. On May 21, 2021, these shares were exchanged for 2,236,213,775 of GGII's common shares.

On February 17, 2020, the Company entered into a financing arrangement with a related party (Jerry Halamuda, a Board of Directors member, to provide working capital. The Company received proceeds of \$50,000. An additional 25,000 shares were offered as an inducement which created a beneficial conversion feature of \$25,000, which was charged to interest expense over the term of the loan. The terms of this loan were three months with zero interest rate, maturing on May 17, 2020. On May 17, 2020 Hempacco issued 25,000 shares as an inducement to extend the loan for three months until August 17, 2020. The Company incurred an interest expense of \$25,000 in connection with this inducement.

On June 30, 2020, Hempacco repaid \$25,000 of the principal on the note. As of December 31, 2020, the balance on the note was \$25,000. The Note was convertible into common shares on a \$1 for \$1 basis. The Note was converted on May 21, 2021 in the total amount of \$25,000 inclusive of accrued interest for 25,000 Hempacco shares.

On February 16, 2021, Hempacco entered into a financing arrangement with a related party (Dr. Stuart Titus, a Board of Directors member, to provide working capital. Hempacco received proceeds of \$50,000. The terms of this loan were one year and annual interest rate was 8%, maturing on February 15, 2022. The Note was convertible into common shares on a \$1 for \$1 basis. The Note was converted on May 21, 2021 in the total amount of \$51,030 inclusive of accrued interest of \$1,030 for 51,030 Hempacco shares.

On July 23, 2020, Hempacco entered into a financing arrangement to provide working capital. Hempacco received proceeds of \$11,500. The terms of this loan were one year and annual interest rate was 12%, maturing on July 23, 2021. As of December 31, 2020, the balance on the note was \$11,500. In addition, \$590 of interest had been accrued as of December 31, 2020. The Note was convertible into common shares on a \$1 for \$1 basis. The Note was converted on May 21, 2021 in the total amount of \$12,623 inclusive of accrued interest of \$1,123 into 12,623 Hempacco shares.

During May and June 2021, the Company entered into financing arrangements to provide working capital. Hempacco received proceeds of \$175,000 from three private investors. The promissory notes carried interest at the rate of between 8% and 12% and mature between May 4, 2022 and October 23, 2022. The Notes automatically convert at 75% of the 30-day average bid price of the obligor common stock (or the public company common stock as the case may be), with the exception of the \$50,000 Taverna 12% Note which converts at \$1.00 per share or the current market price of Hempacco stock. The Notes cannot be converted prior to maturity. The Taverna Note matured on November 4, 2021 and has been extended to May 4, 2022 by mutual agreement.

Between August and November 2021, the Company issued six 12% promissory notes, totaling \$900,000 to the following lenders:

EFFECTIVE DATE	NAME	AMOUNT	ACCRUED INTEREST
August 18,2021	EMC 2 Capital LLC	\$ 100,000	\$ 7,398
August 25,2021	First Fire Global Opportunities	200,000	14,334
August 26,2021	JSJ Investments, Inc.	200,000	14,267
November 1,2021	LGH Investments	100,000	4,636
November 10,2021	Macrab LLC	100,000	4,965
November 11,2021	Mast Hill Fund, LLC	200,000	9,205
		\$ <u>900,000</u>	\$ <u>54,805</u>

All the notes mature 12 months from the effective date. An Original Issuer Discount of 10% was deducted from the loan proceeds, a commission of approximately 8% was paid to the broker, J.H. Darbie & Co.

A commitment fee of 1,000,000 common shares of GGII was paid to the lenders in respect of each \$100,000 subscription.

Warrant Agreements accompanied each promissory note. the terms of which can be found in Note 9 below.

All warrants are valued using the Black-Scholes formula. Warrants issued in connection with a promissory note are capitalized and amortized over the life of the loan. The value of warrants issued as commission are expensed to interest expenses.

## NOTE 10 – WARRANTS

The 750,000 Hempacco warrants issued to Jerry Halamuda and Dr. Stuart Titus in February 2021 were effectively cancelled on May 21, 2021, as a result of the merger and share exchange between Hempacco and Green Globe International, Inc. but not re-issued by Green Globe International, Inc. until November 11, 2021. The total number of replacement warrants issued was 27,173,925 at a strike price of \$.027600 which is the equivalent of 750,000 warrants exercisable at \$1.00 each.

A Black-Scholes valuation discount of \$149,831 was initially recorded. The discount was amortized over the warrant term with the balance remaining at the conversion date being expensed to interest. No further expense was incurred as a result of the modifications of the warrants to GGII warrants. The valuation discount represents the fair market value as derived by using the Black-Scholes formula, which produced an initial valuation of the Hempacco warrants of \$0.4986 per share. The Black-Scholes formula applied to the GGII warrants on June 9, 2021 produced a valuation of \$.0138 per share.

The Black-Scholes model uses the following variables to calculate the value of an option or warrant:

<u>Description</u>	<u>Input Range</u>
a) Price of the Issuer’s Security	\$.003 - \$.005
b) Exercise (strike) price of Security	\$.0075 - \$.03
c) Time to Maturity in years	1 to 5 years
d) Annual Risk-Free Rate	2-year T-Bill
e) Annualized Volatility (Beta)	25% - 75%

On August 11, 2021, Hempacco signed an agreement with Boustead Securities, LLC (the “Representative”), which was amended on or about March 18, 2022, effective as of August 11, 2021, with respect to a number of proposed financing transactions, including the initial public offering (“IPO”) of the Company’s common stock for which a listing on NASDAQ has been applied for, the private placement of Hempacco securities prior to the IPO (“pre-IPO Financings”), and other financings separate from the IPO or the pre-IPO Financings (each such other financing an “Other Financing”). See Note 13 below for further details.

In addition to the other compensation delineated in the agreement, Hempacco agreed to issue and sell to the Representative (and/or its designees) on the closing date of an IPO or Other Financing as applicable, five-year warrants to purchase shares of Hempacco common stock equal to 7% of the gross offering amount, at an initial exercise price of 150% of the offering price per share in the IPO, or 100% of the offering price in an Other Financing.

On November 23, 2021, Hempacco entered into a Broker Representation Agreement with a Third Party, whereby Broker would receive a commission of 10% on any Net sales brought to the Company by their efforts or introductions. In particular, as a bonus for introducing a major client, Broker shall be granted 100,000,000 warrants in Green Globe International, Inc. common shares exercisable at \$0.01 each for a period of three years.

The Black-Scholes valuation of the 100,000,000 warrants as of the contract date is \$0.0018 per share for a total valuation of \$178,317 which has been recorded as a one-time charge to the income statement due to there being no future performance obligations arising from this warrant award.

Between August and November 2021 warrants were issued to nine promissory note lenders (see note 9 above) as follows:



Series A warrants – 81,818,181 exercise price \$.008250  
Series B warrants - 104,347,824 exercise price \$.008625

J.H. Darbie also received 7,513,047 Series B warrants to purchase GGII common shares as additional compensation.

#### **NOTE 11 – LOAN PAYABLE**

On June 15, 2020, Hempacco entered into a loan agreement with a third party whereby Hempacco received \$85,000. The terms of the loan was for one year, with 0% interest. On January 15, 2021, the lender advanced a further \$83,328 on the same terms. In December 2021 a letter agreement and loan extension was signed by the lender in which it was confirmed that the new maturity date of the loan would be August 15, 2023. The lender also confirmed that \$41,000 of the original loan principal had not yet been extended. As of March 31, 2022 and December 31, 2021, the balance outstanding was \$168,328 and \$168,328 respectively. The same customer advanced a deposit of \$40,000 for the purchase of 10 kiosks which were delivered in February 2022.

#### **NOTE 12 - RELATED PARTY TRANSACTIONS**

As of March 31, 2022, the Company and/or Hempacco had entered into the following transactions with Related Parties:

In May 2021, Cube17, Inc., a related party sales and marketing consulting company, converted all outstanding consulting fees earned since the inception of Hempacco in the amount of \$185,000 for 185,000 shares of Hempacco common stock, for \$1 per share. On May 21, 2021, these shares were exchanged for 707,113,562 common shares of Green Globe International, Inc. Consulting expenses of \$30,000 and \$30,000 were recorded for the years ended March 31, 2022 and 2021 respectively. Consulting fee balances payable were \$63,404 and \$135,000 as of March 31, 2022 and December 31, 2021, respectively.

In addition, Cube17, Inc., as a founder of Hempacco, converted its 400,000 founders shares into 1,528,997,476 common shares of Green Globe International, Inc.

In May of 2021, Primus Logistics was issued 170,000 common shares of Hempacco as compensation for \$170,000 of accrued and unpaid rent owed at that time by Hempacco from inception. On May 21, 2021, these shares were exchanged for 649,780,985 common shares of the Company. Hempacco CEO, Sandro Piancone, is the 90% owner of Primus Logistics which is considered a related party. Rent Expenses are reported in Note 6 above.

As of March 31, 2022 and December 31, 2021, Hempacco owed Primus Logistics \$0 and \$0 respectively, for routine business transactions. As of March 31, 2022 Primus Logistics had been paid \$18,097 in advance for rent. Sandro Piancone is the 90% owner of Primus Logistics.

In May of 2021, Strategic Global Partners, Inc. was issued 170,000 Hempacco common shares as compensation for \$170,000 worth of consulting services incurred since Hempacco's inception by the CEO, Sandro Piancone, President and Owner of Strategic Global. On May 21, 2021, these shares were exchanged for 649,780,985 common shares of Green Globe International, Inc. Strategic Global Partners is a related party. Consulting expenses of \$30,000 and \$30,000 were recorded for the three months ended March 31, 2022 and 2021 respectively. Unpaid consulting fee balances of \$90,000 and \$70,000 were outstanding as of March 31, 2022 and December 31, 2021, respectively.

On February 28, 2022, the Company's Chief Financial Officer was issued 2,500,000 shares of the Company's common stock pursuant to a Restricted Stock Agreement. The shares were considered base compensation as described in the Officer's employment agreement of September 1, 2021.

As of March 31, 2022 and December 31, 2021, the Company owed \$34,000 and \$29,000 and was owed \$137,147 and \$132,147 respectively, by UST Mexico, Inc. ("UST"). Hempacco sells hemp products to UST and also provides manufacturing consulting services. The value of goods and services provided to UST Mexico, Inc was \$5,000 and \$0 for the three months ended March 31, 2022 and 2021 respectively, and the value of goods and services provided by UST Mexico, Inc. was \$46,780 and \$45,000

for the three months ended March 31, 2022 and 2021 respectively. UST Mexico, Inc. is a manufacturer of tobacco cigarettes in Mexico and provides consulting services and parts for Hempacco equipment.

UST currently owns 1,000,000,000 shares of common stock of Green Globe International, Inc., representing 1.82% of the issued and outstanding common stock of the parent company of Hempacco. UST is a related party by virtue of Sandro Piancone's approximately 25% interest in UST.

Lake Como is owned/controlled by Sandro Piancone. This entity is used primarily as a sales company, and sometimes sells products purchased from Hempacco. Hempacco had receivables of \$150 and \$150 due from Lake Como as of March 31, 2022 and December 31, 2021, respectively.

## **NOTE 13 - STOCKHOLDERS' EQUITY**

### ***Hempacco - Series A Preferred Shares***

On May 20, 2021, the Hempacco's Board of Directors declared and authorized a 6% common share dividend to Series A Preferred Shareholders. Mexico Franchise Opportunities Fund ("MFOF") received dividends of \$757,479 which, together with MFOF's 8,000,000 preferred shares were converted into 8,757,479 shares of Hempacco common shares.

On May 21, 2021 MFOF exchanged these Hempacco common shares for 33,473,197,809 shares of GGII common shares.

On September 28, 2021, Hempacco amended its Articles of Incorporation to increase its authorized Series A Preferred Shares to 50,000,000, and changed its par value to \$0.001. The holder of Hempacco's Series A Preferred Stock is entitled to a dividend of 6% payable in common shares, if and when declared by Hempacco's Board of Directors. The Series A preferred shares shall not have the right to vote on matters presented to the holders of junior stock.

### ***GGII - Series C Preferred Shares***

On June 27, 2021, the Company, at the request of MFOF converted 20,000,000,000 shares of GGII common stock to 20,000,000,000 shares of Series C Preferred Shares.

As of September 30, 2021, the Company had 20,000,000,000 shares of preferred stock issued and outstanding.

### ***Common Stock - GGII and Hempacco***

The Company has authorized 75,000,000,000 common shares with a par value of \$0.0001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the Company is sought.

On May 21, 2021, Hempacco Co. issued 100,000 shares of common stock to a consultant for services rendered. The shares were paid in exchange for software development and IT services related to Hempacco's automated CBD kiosks. The Hempacco common stock was valued at \$100,000 (based upon the contract for services and the agreed upon rates for labor and materials) and was exchanged for 382,224,109 shares of GGII's common shares.

On June 21, 2021, the Company issued 4,347,826 shares of common stock to Old Belt Extracts in partial payment of a license fee pursuant to a Patent License Agreement dated April 1, 2021 between Hempacco Co., Inc. and Old Belt Extracts, LLC.

On August 10, 2021 the Company issued 200,000,000 shares of common stock to BB Winks LLC in full settlement of an overdue promissory note that the Company assumed responsibility for as part of the terms of the merger agreement.

Subsequent to year ended December 31, 2020, Hempacco issued convertible promissory notes totaling \$650,000 and warrants to purchase up to 750,000 shares of common stock at \$1 per share. On May 21, 2021, individual note holders converted \$511,500 in principle and \$23,552 in accrued interest into 535,052 shares of Hempacco common stock. On May 21, 2021 these shares were exchanged for approximately 2,045,094,734 of the Company's common shares.

On August 11, 2021, Hempacco signed an agreement with Boustead Securities, LLC (the “Representative”), which was amended on or about March 18, 2022, effective as of August 11, 2021, with respect to a number of proposed financing transactions, including the initial public offering (“IPO”) of Hempacco’s common stock for which a listing on NASDAQ has been applied for, the private placement of Hempacco’s securities prior to the IPO (“pre-IPO Financings”), and other financings separate from the IPO or the pre-IPO Financings (each such other financing an “Other Financing”). A commission of 7% of gross offering proceeds is payable to the Representative, as well as a non-accountable expense allowance of 1% of offering proceeds. In addition, Hempacco will reimburse Boustead for the diligence, legal and road show expenses up to \$205,000.

On September 28, 2021, Hempacco amended its Articles of Incorporation to increase its authorized common shares to 200,000,000, and changed its par value to \$0.001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of Hempacco is sought.

On or about December 6, 2021, Hempacco sold 805,541 shares of Hempacco common stock at \$1.00/share to 19 investors, 17 of which were third parties. Neville Pearson, Company CFO, and Dr. Stuart Titus, Company director, purchased 50,000 of the shares for \$50,000, and 100,000 of the shares for \$100,000, respectively. Hempacco received gross proceeds of \$805,541, and net proceeds of \$724,255 after payment of commissions and expenses to Hempacco’s registered broker and the payment of expenses associated with the private offering and the Public Offering.

On or about December 14, 2021, Hempacco sold 494,459 shares of Hempacco common stock at \$1.00/share to 5 investors, 4 of which were third parties. The family trust of Jerry Halamuda, Company director, purchased 50,000 of the shares for \$50,000. Hempacco received gross proceeds of \$494,459, and net proceeds of \$333,309.98 after payment of commissions and expenses to the Hempacco’s registered broker and the payment of expenses associated with the private offering and the Public Offering.

See Notes 8, 9 and 11 for additional discussion of issuances of common stock.

#### **NOTE 14 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 20, 2022, the date of issuance of these financial statements.

On or about April 7, 2022, Hempacco sold 208,000 shares of its common stock at \$2.00 per share to nine accredited investors, eight of which were third parties. Hempacco received gross proceeds of \$416,000, and net proceeds of \$355,475 after payment of commissions and expenses to Hempacco’s registered broker, and the payment of expenses associated with the private offering and the public offering.

The \$50,000 convertible note payable which matured on May 4, 2022, (see Note 8) has been extended to November 4, 2022.