

**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023**  
**(In United States Dollars)**

**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash	\$ 27,320	\$ 17,137
Accounts receivable, net	111,047	94,182
VAT taxes receivable	2,307	8,157
Inventory	45,208	73,621
Total current assets	<u>185,882</u>	<u>193,097</u>
Property and equipment, net	10,213	13,667
Operating lease right-of-use asset	<u>17,270</u>	<u>23,438</u>
Total assets	<u><u>\$ 213,365</u></u>	<u><u>\$ 230,202</u></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 400,493	\$ 555,220
Due to related party	649,742	185,473
Notes payable	110,748	13,443
Line of credit	550,907	—
Deferred revenue	—	22,107
Current portion of operating lease right-of-use liability	8,465	8,230
Total current liabilities	<u>1,720,355</u>	<u>784,473</u>
Long-term liabilities		
Line of credit	—	293,298
Promissory notes	243,195	229,194
Promissory note - related party	—	84,377
Non-redeemable convertible notes, net	477,856	517,621
Operating lease right-of-use liability, net of current portion	8,805	15,208
Total long-term liabilities	<u>729,856</u>	<u>1,139,698</u>
Total liabilities	<u>2,450,211</u>	<u>1,924,171</u>
Commitments and Contingencies	—	—
Temporary equity		
Series A convertible preferred stock; \$0.01 par value; 200,000 shares designated, 0 shares and 25,000 shares issued and outstanding, respectively	—	249,505
Series B convertible preferred stock; \$0.01 par value; 100,000 shares designated, 0 and 11,000 shares issued and outstanding, respectively	—	109,783
Series C convertible preferred stock; \$0.001 par value; 150,000 shares designated, 80,000 shares and 90,000 shares issued and outstanding, respectively	76,116	2,584,951
Series D convertible preferred stock; \$0.001 par value; 200,000 shares designated, 0 shares issued and outstanding, respectively	—	—
Series E convertible preferred stock; \$0.0001 par value; 300,000 shares designated, 0 shares issued and outstanding	—	—
Total temporary equity	<u>76,116</u>	<u>2,944,239</u>
Stockholder's deficit		
Preferred stock; \$0.001 par value; 1,000,000 shares authorized, 0 issued and outstanding	—	—
Common stock; \$0.0001 par value; 12,000,000,000 shares authorized, 27,580,447 and 137,403 shares issued and outstanding, respectively	2,758	14
Additional paid-in capital	83,168,824	78,909,153
Common stock to be issued	—	336,000
Accumulated other comprehensive income	38,371	39,141
Accumulated deficit	(85,522,915)	(83,922,516)
Total stockholders' deficit	<u>(2,312,962)</u>	<u>(4,638,208)</u>

Total liabilities and stockholders' deficit

\$ 213,365

\$ 230,202

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

**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Sales	\$ 212,453	\$ 172,783	\$ 585,222	\$ 562,513
Cost of goods sold	<u>157,191</u>	<u>159,124</u>	<u>502,295</u>	<u>534,618</u>
Gross profit	<u>55,262</u>	<u>13,659</u>	<u>82,927</u>	<u>27,895</u>
Operating expenses				
General and administrative	<u>307,223</u>	<u>304,452</u>	<u>950,345</u>	<u>15,085,628</u>
Total operating expenses	<u>307,223</u>	<u>304,452</u>	<u>950,345</u>	<u>15,085,628</u>
Loss from operations	<u>(251,961)</u>	<u>(290,793)</u>	<u>(867,418)</u>	<u>(15,057,733)</u>
Other income (expense)				
Amortization of debt discount and interest expense	(41,064)	(33,287)	(117,515)	(96,055)
Gain on disposition	—	—	50,839	—
Loss on settlement of debt	<u>(272,805)</u>	<u>(735,300)</u>	<u>(666,305)</u>	<u>(3,606,750)</u>
Total other income (expense)	<u>(313,869)</u>	<u>(768,587)</u>	<u>(732,981)</u>	<u>(3,702,805)</u>
Net loss attributed to Two Hands Corporation	(565,830)	(1,059,380)	(1,600,399)	(18,760,538)
Add: deemed contribution - Series A Stock modification	190,040	—	190,040	—
Less: deemed dividend - Series A Stock modification	—	—	—	(1,396,721)
Add: deemed contribution - Series B Stock modification	—	—	—	1,354,515
Add: deemed contribution - Series C Stock modification	2,211,884	—	2,211,884	834,001
Add: deemed contribution - Series D Stock modification	—	—	—	749,085
Net income (loss) attributable to Two Hands Corporation common shareholders	<u>\$ 1,836,094</u>	<u>\$ (1,059,380)</u>	<u>\$ 801,525</u>	<u>\$ (17,219,658)</u>
Other comprehensive income (loss)				
Foreign exchange income	<u>26,766</u>	<u>36,227</u>	<u>(770)</u>	<u>37,928</u>
Total other comprehensive income	<u>26,766</u>	<u>36,227</u>	<u>(770)</u>	<u>37,928</u>
Comprehensive income (loss)	<u>\$ 1,862,860</u>	<u>\$ (1,023,153)</u>	<u>\$ 800,755</u>	<u>\$ (17,181,730)</u>
Net income (loss) per common share - basic	<u>\$ 1.33</u>	<u>\$ (8.46)</u>	<u>\$ 1.29</u>	<u>\$ (239.82)</u>
Net loss per common share - diluted	<u>\$ (0.01)</u>	<u>\$ (8.46)</u>	<u>\$ (0.04)</u>	<u>\$ (239.82)</u>
Weighted average number of common shares outstanding - basic	<u>1,375,748</u>	<u>125,175</u>	<u>620,585</u>	<u>71,803</u>
Weighted average number of common shares outstanding - diluted	<u>33,375,748</u>	<u>125,175</u>	<u>32,620,597</u>	<u>71,803</u>

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

**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
For the three and nine months ended September 30, 2023  
(Unaudited)

	<u>Common Stock</u>		<u>Common Stock to be Issued</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
<b>Balance, June 30, 2023</b>	618,947	\$ 62	\$ —	\$ 80,366,051	\$ 11,605	\$ (84,957,085)	\$ (4,579,367)
Stock issued for conversion of non-redeemable convertible notes	1,961,500	196	—	343,884	—	—	344,080
Stock issued for the conversion of Series A convertible preferred stock	25,000,000	2,500	—	56,965	—	—	59,465
Deemed contribution - Series A Stock modification	—	—	—	190,040	—	—	190,040
Deemed contribution - Series C Stock modification	—	—	—	2,211,884	—	—	2,211,884
Foreign exchange loss	—	—	—	—	26,766	—	26,766
Net loss	—	—	—	—	—	(565,830)	(565,830)
<b>Balance, September 30, 2023</b>	<b><u>27,580,447</u></b>	<b><u>\$ 2,758</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 83,168,824</u></b>	<b><u>\$ 38,371</u></b>	<b><u>\$ (85,522,915)</u></b>	<b><u>\$ (2,312,962)</u></b>

	<u>Common Stock</u>		<u>Common Stock to be Issued</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
<b>Balance, December 31, 2022</b>	137,403	\$ 14	\$ 336,000	\$ 78,909,153	\$ 39,141	\$ (83,922,516)	\$ (4,638,208)
Rounding on reverse stock split	(12)	—	—	—	—	—	—
Stock issued for conversion of non-redeemable convertible notes	2,420,700	242	—	783,258	—	—	783,500
Stock issued for settlement of debt - related party	7,324	1	—	274,792	—	—	274,793
Stock issued for the conversion of Series A convertible preferred stock	25,000,000	2,500	—	56,965	—	—	59,465
Stock issued for the conversion of Series B convertible preferred stock	11,000	1	—	109,781	—	—	109,782
Stock issued for the conversion of Series C convertible	4,000	—	—	296,951	—	—	296,951

preferred stock							
Stock issued to settle							
stock to be issued	32	—	(336,000)	336,000	—	—	—
Deemed contribution							
- Series A Stock							
modification	—	—	—	190,040	—	—	190,040
Deemed contribution							
- Series C Stock							
modification	—	—	—	2,211,884	—	—	2,211,884
Foreign exchange							
loss	—	—	—	—	(770)	—	(770)
Net loss	—	—	—	—	—	(1,600,399)	(1,600,399)
<b>Balance, September</b>							
<b>30, 2023</b>	<b><u>27,580,447</u></b>	<b><u>\$ 2,758</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 83,168,824</u></b>	<b><u>\$ 38,371</u></b>	<b><u>\$ (85,522,915)</u></b>	<b><u>\$ (2,312,962)</u></b>

**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**  
For the three and nine months ended September 30, 2022  
(Unaudited)

	<u>Common Stock</u>		<u>Common Stock to be Issued</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
		<u>t</u>					
<b>Balance, June 30, 2022</b>	123,416	\$ 12	\$ 336,000	\$ 76,247,418	\$ 6,571	\$ (79,930,563)	\$ (3,340,562)
Stock issued for conversion of non-redeemable convertible notes	3,000	—	—	735,600	—	—	735,600
Stock issued for the conversion of Series B Stock	6,000	1	—	59,880	—	—	59,881
Cancellation of Series A Stock	—	—	—	1,746,538	—	—	1,746,538
Cancellation of common stock	(13)	—	—	—	—	—	—
Foreign exchange loss	—	—	—	—	36,227	—	36,227
Net loss	—	—	—	—	—	(1,059,380)	(1,059,380)
<b>Balance, September 30, 2022</b>	<b><u>132,403</u></b>	<b><u>\$ 13</u></b>	<b><u>\$ 336,000</u></b>	<b><u>\$ 78,789,436</u></b>	<b><u>\$ 42,798</u></b>	<b><u>\$ (80,989,943)</u></b>	<b><u>\$ (1,821,696)</u></b>

	<u>Common Stock</u>		<u>Common Stock to be Issued</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>					
		<u>t</u>					
<b>Balance, December 31, 2021</b>	6,000	\$ 1	\$ 336,000	\$ 58,152,416	\$ 4,870	\$ (62,229,405)	\$ (3,736,118)
Rounding on reverse split	6	—	—	1	—	—	1
Stock issued for conversion of non-redeemable convertible notes	22,410	2	—	3,709,888	—	—	3,709,890
Stock issued for officer and director compensation	90,000	9	—	13,499,991	—	—	13,500,000
Stock issued for the conversion of Series B Stock	10,000	1	—	99,801	—	—	99,802
Stock issued for the conversion of Series D Stock	4,000	—	—	39,921	—	—	39,921
Cancellation of Series A Stock	—	—	—	1,746,538	—	—	1,746,538
Cancellation of common stock	(13)	—	—	—	—	—	—
Deemed dividend - Series A Stock modification	—	—	—	(1,396,721)	—	—	(1,396,721)
Deemed contribution - Series B Stock modification	—	—	—	1,354,515	—	—	1,354,515
Deemed contribution - Series C Stock modification	—	—	—	834,001	—	—	834,001

Deemed contribution - Series D Stock modification	—	—	—	749,085	—	—	749,085
Foreign exchange loss	—	—	—	—	37,928	—	37,928
Net loss	—	—	—	—	—	(18,760,538)	(18,760,538)
<b>Balance, September 30, 2022</b>	<b><u>132,403</u></b>	<b><u>\$ 13</u></b>	<b><u>\$ 336,000</u></b>	<b><u>\$ 78,789,436</u></b>	<b><u>\$ 42,798</u></b>	<b><u>\$ (80,989,943)</u></b>	<b><u>\$ (1,821,696)</u></b>

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



**TWO HANDS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the nine months ended September 30,	
	2023	2022
Cash flows from operating activities		
Net loss	\$ (1,600,399)	\$ (18,760,538)
Adjustments to reconcile net loss to cash used in operating activities		
Depreciation and amortization	9,657	8,603
Bad debt	(25,844)	17,949
Stock-based compensation	—	13,504,200
Gain on disposition	(50,839)	—
Amortization of debt discount	117,515	96,055
Loss on settlement of non-redeemable convertible notes	666,305	3,606,750
Change in operating assets and liabilities		
Accounts and taxes receivable	(48,953)	(38,267)
Prepaid expense	—	576,745
Inventory	14,979	68,239
Deferred revenue	(22,284)	23,388
Accounts payable and accrued liabilities	573,590	290,300
Operating lease right-of-use liability	(6,191)	(6,246)
Net cash used in operating activities	(372,464)	(612,822)
Cash flows from investing activities		
Purchase of property and equipment	—	(9,784)
Net cash used in investing activities	—	(9,784)
Cash flow from financing activities		
Advances from related party	77,490	133,156
Repayment of advances to related party	(27,379)	(92,325)
Proceeds from notes payable	105,299	—
Repayment of notes payable	(7,057)	—
Proceeds from promissory notes	234,417	77,960
Net cash provided by financing activities	382,770	118,791
Change in foreign exchange	(123)	(8,634)
Net change in cash	10,183	(512,449)
Cash, beginning of the period	17,137	533,295
Cash, end of the period	\$ 27,320	\$ 20,846
Cash paid during the year		
Interest paid	\$ —	\$ —
Income taxes paid	\$ —	\$ —
Supplemental disclosure of non-cash investing and financing activities		
Stock issued to settle due to related party	\$ 188,871	\$ —
Stock issued to settle promissory note - related party	\$ 85,922	\$ —
Stock issued to settle non-redeemable convertible notes	\$ 783,500	\$ 3,709,890
Stock issued for prepaid expense	\$ —	\$ 2,288,000
Transfer of accounts payable and accrued liabilities to promissory notes	\$ —	\$ 85,285
Deemed contribution - Series A Stock modification	\$ 190,040	\$ 1,354,515
Deemed dividend - Series A Stock modification	\$ —	\$ 1,396,721

Deemed contribution - Series B Stock modification	\$ <u>          —</u>	\$ <u>          1,354,515</u>
Deemed contribution - Series C Stock modification	\$ <u>          2,211,884</u>	\$ <u>          834,001</u>
Deemed contribution - Series D Stock modification	\$ <u>          —</u>	\$ <u>          749,085</u>

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

**TWO HANDS CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Two Hands Corporation (the "Company") was incorporated in the state of Delaware on April 3, 2009 and on July 26, 2016, changed its name from Innovative Product Opportunities Inc. to Two Hands Corporation.

The Two Hands co-parenting application launched on July 2018 and the Two Hands Gone application launched In February 2019. The Company ceased work on these applications in 2021.

The gocart.city online consumer grocery delivery application was released in early June 2020 and Cuore Food Services commenced sale of dry goods and produce to other businesses in July 2020.

In July 2021, the Company made the strategic decision to focus exclusively on the grocery market through three on-demand branches of its grocery businesses: gocart.city, Grocery Originals, and Cuore Food Services.

- i) gocart.city is the Company's online delivery marketplace, allowing consumers to shop online and have their groceries delivered.
- ii) Grocery Originals is the Company's brick-and-mortar grocery store located in Mississauga Ontario at the site of the Company's warehouse.
- iii) Cuore Food Services is the Company's wholesale food distribution branch.

On May 1, 2023, the Company entered into an asset sale agreement with a non-related private corporation ("Purchaser") whereby the Company sold the assets of gocart.city. The sale included the e-commerce site, branding, supporting components of the Grocery Originals store and inventory. The ongoing sales and client base gocart.city and Grocery Originals was transferred as part of the asset sale. The Company received net proceeds from the sale of gocart.city assets of \$64,319 (CAD \$86,742). The net proceeds comprise of the settlement \$127,731 (CAD \$172,261) of accounts payable and \$63,412 (CAD \$85,519) of account receivable with the Purchaser resulting in a gain of \$50,750 (CAD \$68,442). After the asset sale was completed, the Company owed the Purchaser an additional \$37,099 (CAD \$49,099) in accounts payable which was not settled in the asset sale agreement. The Company and the Purchase agreed the \$37,099 amount was due in twelve equal monthly installments commencing July 1, 2023 without interest. After May 1, 2023, the Company continued the business of Cuore Food Services.

The operations of the business are carried on by Two Hands Canada Corporation, a wholly-owned subsidiary of the Company, incorporated under the laws of Canada on February 7, 2014.

The Company received approval from the Canadian Securities Exchange (the "CSE") to list its common shares (the "Common Shares") on the CSE. Trading of the Common Shares in the capital of the Company commenced on August 5, 2022, under the symbol "TWOH".

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying condensed consolidated financial statements of Two Hands Corporation have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission requirements for interim financial statements. Therefore, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022 of Two Hands Corporation in our Form 10-K filed on April 3, 2023.

The interim financial statements present the balance sheets, statements of operations, stockholders' deficit and cash flows of Two Hands Corporation. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States.

The interim financial information is unaudited. In the opinion of management, all adjustments necessary to present fairly the financial position as of September 30, 2023 and the results of operations and cash flows presented herein have been included in the financial statements. All such adjustments are of a normal and recurring nature. Interim results are not necessarily indicative of results of operations for the full year.

## GOING CONCERN

The Company's financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern. This contemplates the realization of assets and the liquidation of liabilities in the normal course of business. During the nine months ended September 30, 2023, the Company incurred a net loss of \$1,600,399 and used cash in operating activities of \$372,464, and on September 30, 2023, had stockholders' deficit of \$2,312,962 and an accumulated deficit of \$85,522,915. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the date that the financial statements are issued. The Company will be dependent upon the raising of additional capital through placement of its common stock in order to implement its business plan. There can be no assurance that the Company will be successful in this situation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might result from this uncertainty. We are currently funding our operations by way of cash advances from our Chief Executive Officer, note holders, shareholders and others; however, we do not have any oral or written agreements with them or others to loan or advance funds to us. There can be no assurances that we will be able to receive loans or advances from them or other persons in the future.

## PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Two Hands Canada Corporation. All intercompany transactions and balances have been eliminated in consolidation.

## USE OF ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## CONCENTRATIONS

The following table summarizes accounts receivable and revenue concentrations:

	Accounts receivable at September 30, 2023	Revenue for the nine months ended September 30, 2023
Customer #1	12%	—
Total concentration	12%	--%

The following table summarizes accounts payable and purchases concentrations:

	Accounts payable at September 30, 2023	Purchases for the nine months ended September 30, 2023
Supplier #1	13%	—
Supplier #2	13%	22%
Supplier #3	11%	—
Supplier #4	—	18%
Supplier #5	—	12%
Total concentration	37%	52%

## CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Company considers highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

## ACCOUNTS RECEIVABLE

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Accounts receivable are reduced by an allowance for doubtful accounts, which is the Company's best estimate of the amount of credit losses inherent in its existing accounts receivable. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company writes off accounts receivable against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance for doubtful accounts at September 30, 2023 and December 31, 2022 is \$101,652 and \$156,693, respectively.

## INVENTORY

Inventory consisting of groceries and dry goods are measured at the lower of cost and net realizable value. Cost is determined pursuant to the first-in first out ("FIFO") method. The cost of inventory includes the purchase price, shipping and handling costs incurred to bring the inventories to their present location and condition. Inventory with a short shelf life that is not utilized within the planned period are immediately expensed in the statement of operations. Estimated gross profit rates are used to determine the cost of goods sold in the interim periods. Any significant adjustment that results from the reconciliation with annual physical inventory is disclosed. At September 30, 2023 and December 31, 2022, the inventory valuation allowance was \$0.

## PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense when incurred, while renewals and betterments that materially extend the life of an asset are capitalized.

The costs of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized in the results from operations. Depreciation is provided over the estimated useful lives of the assets, which are as follows:

Computer equipment 50% declining balance over a three year useful life

In the year of acquisition, one half the normal rate of depreciation is provided.

## REVENUE RECOGNITION

In accordance with ASC 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which we expect to be entitled to receive in exchange for these goods or services. The provisions of ASC 606 include a five-step process by which we determine revenue recognition, depicting the transfer of goods or services to customers in amounts reflecting the payment to which we expect to be entitled in exchange for those goods or services. ASC 606 requires us to apply the following steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, we satisfy the performance obligation. We recognize revenue for the sale of our products upon delivery to a customer.

During the nine months ended September 30, 2023 and 2022, the Company had revenue of \$585,222 and \$562,513 respectively. In 2023, the Company recognized revenue of \$28,715 from the sale of groceries to consumers via the gocart.city online grocery delivery application and \$556,507 from the sale of dry goods and produce to other businesses. In 2022 the Company recognized revenue of \$130,990 from the sale of groceries to consumers via the gocart.city online grocery delivery application and \$431,523 from the sale of dry goods and produce to other businesses.

## LEASES

Under ASC 842, a right-of-use asset and lease liability is recorded for all leases and the statement of operations reflects the lease expense for operating leases and amortization/interest expense for financing leases.

The Company does not apply the recognition requirements in the standard to a lease that at commencement date has a lease term of twelve months or less and does not contain a purchase option that it is reasonably certain to exercise and to not separate lease and related non-lease components. Options to extend the leases are not included in the minimum lease terms unless they are reasonably certain to be exercised.

The Company leases an automobile under a non-cancelable operating lease. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments.

#### DEBT DISCOUNT AND DEBT ISSUANCE COSTS

Debt discounts and debt issuance costs incurred in connection with the issuance of convertible notes are capitalized and amortized to interest expense based on the related debt agreements using the effective interest rate method. Unamortized discounts are netted against convertible notes.

#### INCOME TAXES

The Company accounts for income taxes in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("FASB ASC") 740, Income Taxes. Under the assets and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value.

#### NET LOSS PER SHARE

Basic net income (loss) per share includes no dilution and is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of common shares outstanding for the period increased to include the number of additional common shares that would have been outstanding if potentially dilutive securities had been issued. Dilutive net loss per share for common stock is calculated utilizing the if-converted method which assumes the conversion of all Series C Stock to common stock. On September 30, 2023 and December 31, 2022, we excluded the common stock issuable upon conversion of non-redeemable convertible notes, convertible notes, Series A Stock, Series B Stock and common stock to be issued of 5,039,499,100 shares and 5,248,242,000 shares, respectively, as their effect would have been anti-dilutive.

#### FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in United States dollars. The functional currency of the consolidated entities are determined by evaluating the economic environment of each entity. The functional currency of Two Hands Corporation is the United States dollar. Foreign exchange translation adjustments are reported as gains or losses resulting from foreign currency transactions and are included in the results of operations.

Effective October 1, 2021, the Company changed the functional currency of its Company's Canadian subsidiary, Two Hands Canada Corporation, to the Canadian dollar from United States dollar. The change in functional currency is due to the increase of Canadian dollar dominated activities over time including sales, operating costs and share subscriptions. The change in functional currency is accounted for prospectively. Two Hands Canada Corporation maintains its accounts in the Canadian dollar. Assets and liabilities are translated to United States dollars at year-end exchange rates. Income and expenses are transaction at averages exchange rate during the year. Foreign currency transaction adjustments are reported as other comprehensive income, a component of equity in the consolidated balance sheet.

#### STOCK-BASED COMPENSATION

The Company accounts for stock incentive awards issued to employees and non-employees in accordance with FASB ASC 718, Stock Compensation. Accordingly, stock-based compensation is measured at the grant date, based on the fair value of the award. Stock-based awards to employees are recognized as an expense over the requisite service period, or upon the occurrence of certain vesting events. Additionally, stock-based awards to non-employees are expensed over the period in which the related services are rendered.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

Included in the ASC Topic 820 framework is a three level valuation inputs hierarchy with Level 1 being inputs and transactions that can be effectively fully observed by market participants spanning to Level 3 where estimates are unobservable by market participants outside of the Company and must be estimated using assumptions developed by the Company. The Company discloses the lowest level input significant to each category of asset or liability valued within the scope of ASC Topic 820 and the valuation method as exchange, income or use. The Company uses inputs which are as observable as possible and the methods most applicable to the specific situation of each company or valued item.

The Company's financial instruments such as cash, accounts payable and accrued liabilities, non-redeemable convertible notes, notes payable and due to related parties are reported at cost, which approximates fair value due to the short-term nature of these financial instruments.

#### RECENT ACCOUNTING PRONOUNCEMENTS

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. This update amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related EPS guidance for both Subtopics. This standard is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2023, which means it will be effective for our fiscal year beginning January 1, 2024. Early adoption is permitted but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. We are currently evaluating the impact of ASU 2020-06 on our consolidated financial statements.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

#### NOTE 3 – NON-REDEEMABLE CONVERTIBLE NOTES

On January 8, 2018, the Company entered into a Side Letter Agreement (“Note”) with a non-related investor, Stuart Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$244,065 issued by the Company during the period of July 2014 and December 2017. The issue price of the Note is \$244,065 with a face value of \$292,878 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Stuart Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company's common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. During the nine months ended September 30, 2023 (prior to the reverse split on September 29, 2023), the Company elected to convert \$108,970 of principal and interest into 1,089,700 shares of common stock of the Company at a conversion price of \$0.10 per share. These conversions resulted in a loss on debt settlement of \$367,430 due to the requirement to record the share issuance at fair value on the date the shares were issued. During nine months ended September 30, 2023 (after the reverse stock split on September 29, 2023), the Company elected to convert \$125 of principal and interest into 1,250,000 shares of common stock of the Company at a conversion price of \$0.0001 per share. These conversions resulted in a loss on debt settlement of \$199,875 due to the requirement to record the share issuance at fair value on the date the shares were issued. The condensed consolidated statement of operations includes interest expense of \$28,094 and \$32,529 for the nine months ended September 30, 2023 and 2022, respectively, and \$9,468 and \$10,962 for the three months ended September 30, 2023 and 2022, respectively. On September 30, 2023 and December 31, 2022, the carrying amount of the Note is \$106,807 (face value of \$116,274 less \$9,467 unamortized discount) and \$187,808 (face value of \$187,808 less \$0 unamortized discount), respectively.

On May 10, 2018, the Company entered into a Side Letter Agreement (“Note”) with a non-related investor, Jordan Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$35,000 issued by the Company on May 9, 2018. The issue price of the Note is \$35,000 with a face value of \$42,000 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Jordan Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company's common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. During the nine months ended September 30, 2023 (prior to the reverse split on September 29, 2023), the Company elected to convert \$8,100 of principal and interest into 81,000 shares of common stock of the Company at a conversion price of \$0.10 per share. These conversions resulted in a loss on debt settlement of \$99,000 due to the requirement to record the share issuance at fair value on the date the shares were issued. The condensed consolidated statement of operations includes interest expense of \$1,267 and \$4,858 for the nine months ended September 30, 2023 and 2022, respectively, and \$427 and \$1,637 for the three months ended September 30, 2022 and 2021, respectively. On September 30, 2023 and December 31, 2022, the carrying amount of the Note is \$1,638 (face value of \$2,065 less \$427 unamortized discount) and \$8,471 (face value of \$8,471 less \$0 unamortized discount), respectively.

On September 13, 2018, the Company entered into a Side Letter Agreement (“Note”) with a non-related investor, Jordan Turk, to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$40,000 issued by the Company during the period of July 10 to September 13, 2018. The issue price of the Note is \$40,000 with a face value of \$48,000 and the Note has an original maturity date of December 31, 2018 which is subject to automatic annual renewal. On June 29, 2021, the Company and Jordan Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company’s common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. The condensed consolidated statement of operations includes interest expense of \$14,889 and \$12,408 for the nine months ended September 30, 2023 and 2022 respectively, and \$5,018 and \$4,181 for the three months ended September 30, 2023 and 2022 respectively. On September 30, 2023 and December 31, 2022, the carrying amount of the Note is \$114,422 (face value of \$119,440 less \$5,018 unamortized discount) and \$99,533 (face value of \$99,533 less \$0 unamortized discount), respectively.

On January 31, 2019, the Company entered into a Side Letter Agreement (“Note”) with Stuart Turk to amend and add certain terms to unsecured, non-interest bearing, due on demand notes payable totaling \$106,968 issued by the Company during the period of January 3, 2018 to December 28, 2018. The issue price of the Note is \$106,968 with a face value of \$128,362 and the Note has an original maturity date of December 31, 2019 which is subject to automatic annual renewal. On June 29, 2021, the Company and Stuart Turk entered into an Agreement to change the original maturity date of the Note to December 31, 2025. At the option of the Company, the Company may convert principal and interest at a fixed conversion price of \$0.0001 per share of the Company’s common stock. The Note allows the lender to secure a portion of the Company assets up to 200% of the face value of the Note. If the Note is not paid on December 31 each year, the outstanding face amount of the Note increases by 20% on January 1 the following year. The condensed consolidated statement of operations includes interest expense of \$33,180 and \$27,650 for the nine months ended September 30, 2023 and 2022, respectively, and \$11,182 and \$9,318 for the three months ended September 30, 2023 and 2022, respectively. On September 30, 2023 and December 31, 2022, the carrying amount of the Note is \$254,989 (face value of \$266,171 less \$11,182 unamortized discount) and \$221,809 (face value of \$221,809 less \$0 unamortized discount), respectively.

**NOTE 4 – LEASES**

The Company entered into an operating lease agreement on October 14, 2021 for an automobile, resulting in the recording of an initial liability and corresponding right-of-use asset of \$35,906. The weighted-average remaining non-cancelable lease term for the Company’s operating lease was 2.00 years at September 30, 2023. The weighted-average discount rate was 3.96% at September 30, 2023.

The Company’s operating lease expires in 2025. The following shows future lease payments for the remaining periods under operating lease at September 30, 2023:

<b>Periods ending December 31,</b>	<b>Operating Lease Commitments</b>	
2023	\$	2,549
2024		10,197
2025		7,648
Total operating lease commitments		20,394
Less: imputed interest		(3,124)
Total right-of-use liability	\$	17,270

The Company’s discounted current right-of-use lease liability and discounted non-current right-of-use lease liability at September 30, 2023 is \$8,465 and \$8,805, respectively.



## **NOTE 5 – LINE OF CREDIT**

On April 14, 2022, the Company entered into a binding Grid Promissory Note and Credit Facility Agreement (the “Line of Credit”) with The Cellular Connection Ltd. (the “Lender”) Pursuant to the Line of Credit, the Company can borrow from the Lender up to CAD \$750,000 in principal in increments of at least CAD \$50,000 upon five business days’ notice. The line of credit is due on May 1, 2024 and the outstanding principal bears interest at 8% per annum, payable monthly. Any indebtedness under the Line of Credit are secured against accounts receivable and inventory of the Company, and is convertible into shares of common stock of the Company at the Company’s option any time after twelve months from the first advance at a conversion price of \$0.10 per share, subject to a restriction on the Lender holding more than 4.99% of the Company’s Common Shares. As of September 30, 2023 and December 31, 2022, the Line of Credit of \$550,907 (principal \$521,745 (CAD \$709,085) and interest of \$29,162) and \$293,298 (principal \$289,970 (CAD \$393,500) and interest of \$3,328), respectively, was outstanding. The consolidated statement of operations includes interest expense of \$13,382 and \$0 for the three months ended September 30, 2023 and 2022, respectively, and \$29,162 and \$426 for the nine months ended September 30, 2023 and 2022, respectively.

## **NOTE 6 – NOTES PAYABLE**

As of September 30, 2023 and December 31, 2022, notes payable due to Piero Manzini, and The Cellular Connection Limited, a corporation controlled by Stuart Turk, totaling \$110,748 and \$13,443, respectively, were outstanding. The balances are non-interest bearing, unsecured and have no specified terms of repayment.

## **NOTE 7 – PROMISSORY NOTES**

### **Promissory Notes**

As of September 30, 2023 and December 31, 2022, promissory notes of \$243,195 (principal \$186,672 and interest of \$56,523) and \$229,194 (principal \$186,672 and interest of \$42,522), respectively, were outstanding. The promissory notes bears interest of 10% per annum, are unsecured and mature on December 31, 2025.

### **Promissory Notes – Related Party**

As of September 30, 2023 and December 31, 2022, promissory note – related party of \$0 and \$84,377 (principal \$78,490 and interest of \$5,887), respectively, were outstanding. The promissory notes – related party bear interest of 10% per annum, are unsecured, mature on December 31, 2025 and are due to 2130555 Ontario Limited, a Company controlled by Nadav Elituv, the Company’s Chief Executive Officer. On February 2, 2023, the Company issued common stock to settle promissory note – related party and interest with a carrying value of \$85,922 (Note 10).

## **NOTE 8 – RELATED PARTY TRANSACTIONS**

As of September 30, 2023 and December 31, 2022, advances and accrued salary of \$649,742 and \$185,473, respectively, were due to Nadav Elituv, the Company’s Chief Executive Officer. The balance is non-interest bearing, unsecured and have no specified terms of repayment.

During the nine months ended September 30, 2023, the Company issued advances due to related party for \$77,490 for expenses paid on behalf of the Company and advances due to related party were repaid by the Company with \$27,379 in cash. In addition, the Company accrued salary of \$600,103 due to Nadav Elituv for the nine months ended September 30, 2023. On February 2, 2023, the Company issued common stock to settle due to related party with a carrying value of \$188,871 (Note 10).

During the nine months ended September 30, 2022, the Company issued advances due to related party for \$133,156 of expenses paid on behalf of the Company and advances due to related party were repaid by the Company with \$92,325 in cash. In addition, the Company accrued salary of \$146,916 due to Nadav Elituv for the nine months ended September 30, 2022 and issued a promissory note for \$77,308 to settle due to related party.

During the nine months ended September 30, 2023 and 2022, the Company paid Linus Creative Services, a business controlled by Bradley Southam, a director of the Company, \$2,649 and \$25,259, respectively, for advertising services.

### **Employment Agreements**

On July 1, 2021, the Company executed an employment agreement for the period from July 1, 2021 to June 30, 2022 with Nadav Elituv, the Chief Executive Officer of the Company whereby the Company shall pay 30,000 shares of Series A Convertible Preferred Stock of the Company, 60,000 shares of Common Stock of the Company and an annual salary of \$216,000 payable monthly on the first day of each month from available funds, commencing on July 1, 2021. On October 1, 2021, the Company and Nadav Elituv amended the employment agreement to (i) cancel annual salary of \$216,000 payable monthly and (ii) enter in to a consulting agreement to pay 2130555 Ontario Limited, a Company controlled by Nadav Elituv, a monthly consulting fee of \$17,400 (CAD \$22,000 per month) for services for the period from October 1, 2021 to June 30, 2022.

On March 26, 2022, the Company and Nadav Elituv further amended the employment agreement to (i) change the termination date from June 30, 2022 to December 31, 2022; (ii) pay an additional 10,500 shares of Series A Convertible Preferred Stock of the Company and (iii) pay an additional 50,000 shares of Common Stock of the Company.

On July 1, 2022, the term of the consulting contract with 2130555 Ontario Limited was extended to June 30, 2023.

On January 15, 2023, the Company executed an employment agreement for the period from January 1, 2023 to December 31, 2023 with Nadav Elituv, the Chief Executive Officer of the Company whereby the Company shall pay an annual salary of \$600,000 from available funds.

On July 1, 2023, entered in to a consulting agreement to pay 2130555 Ontario Limited, a Company controlled by Nadav Elituv, a monthly consulting fee of \$18,100 (CAD \$24,000 per month) for services for the period from July 1, 2023 to December 31, 2023.

Stock-based compensation – salaries expense related to these employment agreements for the nine months ended September 30, 2023 and 2022 is \$0 and \$13,504,200, respectively. Stock-based compensation – salaries expense was recognized ratably over the requisite service period. (See Note 10).

#### **NOTE 9 – PREFERRED STOCK**

On August 6, 2013, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating two hundred thousand (200,000) shares as Series A Convertible Preferred Stock (“Series A Stock”). Each share of Series A Stock is convertible into one thousand (1,000) shares of common stock of the Company. On April 21, 2022, the Company amended its articles to amend the terms of its Series A Convertible Preferred Stock to become non-voting shares. Previously Series A Stock were entitled to the number of votes equal to the aggregate number of shares of common stock into which the Holder’s share of Series A Stock is convertible, multiplied by one hundred (100).

On December 12, 2019, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating one hundred thousand (100,000) shares as Series B Convertible Preferred Stock (“Series B Stock”). After a one year holding period, each share of Series B Stock is convertible into one thousand (1,000) shares of common stock of the Company. Series B Stock is non-voting.

On October 7, 2020, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating thirty thousand (30,000) shares as Series C Convertible Preferred Stock, par value \$0.001 per share (“Series C Stock”). Each share of Series C Stock (i) has a liquidation value of \$100, subject to various anti-dilution protections (ii) is convertible into shares of common stock of the Company six months after the date of issuance at a price of \$0.25 per share effective June 30, 2022, subject to various anti-dilution protections (iii) on conversion will receive an aggregate number of shares of common stock as is determined by dividing the liquidation value by the conversion price. Series C Stock are non-voting. On June 24, 2021, the board of directors approved the increase in the number of designated shares of Series C Convertible Preferred Stock from 5,000 to 30,000 and reduction of the conversion price from \$0.0035 per share to \$0.002 per share. On April 27, 2022, a 1 for 1,000 reverse stock split of the Company’s common stock took effect which increased the conversion rate from \$0.002 per share to \$2.00 per share. On June 30, 2022, the Company made an amendment to the Certificate of Designation of its Series C Stock which lowered the fixed conversion price from \$2.00 per share to \$0.25 per share.

On September 1, 2021, the Company filed a Certificate of Designation with the Delaware Secretary of State thereby designating two hundred thousand (200,000) shares as Series D Convertible Preferred Stock, par value \$0.001 per share (“Series D Stock”). Each share of Series D Stock is convertible into one hundred (100) shares of common stock of the Company six months after the date of issuance. Series D Stock are non-voting.

On June 30, 2022, the Company made an amendment to the Certificate of Designation of its Series C Stock which lowered the fixed conversion price from \$2.00 per share to \$0.25 per share. The Company accounted for the amendment as an extinguishment and recorded a deemed dividend in accordance with ASC 260-10-599-2. As such, on June 30, 2022, the shares of Series C Stock recorded at fair value of 296,951 resulting in a deemed contribution of \$834,001.

On October 4, 2022, the Company filed a Certificate of Designation with the Delaware Secretary of State that had the effect of designating 300,000 shares of preferred stock as Series E Convertible Preferred Stock ("Series E Stock"). Series E Stock are non-voting, have a par value of \$0.0001 per share and have a stated value of \$1.00 per share. Each share of Series E Stock carries an annual cumulative dividend of 10% of the stated value. The Company may redeem Series E Stock in cash, if redeemed within 60 days of issuance date, at 110% of the stated value plus accrued unpaid dividends and between 61 days and 180 days at 115% of the stated value plus unpaid accrued dividends. After 180 days of the issuance date, the Company does not have the right to redeem Series E Stock. After 180 days after the issue date, Series E Stock at the stated value together with any unpaid accrued dividends are convertible into shares of common stock of the Company at the Holder's option at a variable conversion price calculated at 75% of the market price defined as the lowest three average trading price during the ten trading day period ending on the latest trading day prior to the conversion date. After 18 months following the issuance date, the Company must redeem for cash Series E Stock at its stated value plus any accrued unpaid dividends and the default adjustment, if any.

On March 26, 2022, the Company issued 10,500 shares of Series A Convertible Preferred Stock with a fair value of \$4,200 (\$2.50 per share) for compensation due to Nadav Elituv, the Chief Executive Officer of the Company.

On April 27, 2022, a 1 for 1,000 reverse stock split of the Company's common stock took effect which increased the conversion rate of (i) Series A Stock from 1 (one) share of Series A Stock for 1 (one) share of common stock (pre-reverse stock-split) to 1 (one) share of Series A Stock for 1,000 (one thousand) shares of common stock (post-reverse stock-split) (ii) Series B Stock from 1 (one) share of Series B Stock for 1 (one) share of common stock (pre-reverse stock-split) to 1 (one) share of Series B Stock for 1,000 (one thousand) shares of common stock (post-reverse stock-split) and (iii) Series D Stock from 1 (one) share of Series D Stock for 1 (one) share of common stock (pre-reverse stock-split) to 1 (one) share of Series D Stock for 100 (one hundred) shares of common stock (post-reverse stock-split). The Company accounted for the increase in the conversion rates as an extinguishment and recorded a deemed dividend (contribution) in accordance with ASC 260-10-599-2. As such, on April 27, 2022, the shares of Series A Stock, Series B Stock and Series D Stock were recorded at fair value of \$1,966,043, \$209,585 and \$39,921, respectively, and resulting in a deemed dividend (contribution) of \$1,396,721, (\$1,354,515) and (\$749,085), respectively.

On September 29, 2023, a 1 for 1,000 reverse stock split of the Company's common stock took effect which increased the conversion rate of (i) Series A Stock from 1 (one) share of Series A Stock for 1 (one) share of common stock (pre-reverse stock-split) to 1 (one) share of Series A Stock for 1,000 (one thousand) shares of common stock (post-reverse stock-split) and (ii) Series C Stock from 1 (one) share of Series C Stock for 1 (one) share of common stock (pre-reverse stock-split) to 1 (one) share of Series C Stock for 400 (one hundred) shares of common stock (post-reverse stock-split). The Company accounted for the increase in the conversion rates as an extinguishment and recorded a deemed dividend (contribution) in accordance with ASC 260-10-599-2. As such, on September 29, 2023, the shares of Series A Stock and Series C Stock were recorded at fair value \$56,965 and \$72,916, respectively, and resulting in a deemed dividend (contribution) of (\$190,040) and (\$2,211,884), respectively.

Series A Stock, Series B Stock, Series C Stock, Series D Stock and Series E Stock has been classified as temporary equity (outside of permanent equity) on the consolidated balance sheet on September 30, 2023 and December 31, 2022, since share settlement is not within the control of the Company.

#### **NOTE 10 - STOCKHOLDERS' EQUITY**

The Company is authorized to issue an aggregate of 12,000,000,000 common shares with a par value of \$0.0001 per share and 1,000,000 shares of preferred stock with a par value of \$0.0001 per share.

On March 21, 2022, pursuant to stockholder consent, our Board of Directors authorized an amendment (the "Amendment") to our Certificate of Incorporation, as amended, to affect a reverse stock split of the issued and outstanding shares of our common stock, par value \$0.0001, on a 1 for 1,000 basis. We filed the Amendment with the Delaware Secretary of State on March 21, 2022. On April 25, 2022 the Financial Industry Regulatory Authority, Inc. notified us that the reverse stock split would take effect on April 27, 2022. All common stock share and per-share amounts for all periods presented in these consolidated financial statements have been adjusted retroactively to reflect the reverse stock split.

On August 22, 2023, pursuant to stockholder consent, our Board of Directors authorized an amendment (the "Amendment") to our Certificate of Incorporation, as amended, to effect a reverse stock split of the issued and outstanding shares of our common stock, par value \$0.0001, on a 1 for 1,000 basis. We filed the Amendment with the Delaware Secretary of State on August 22, 2023. On September 21, 2023 the Financial Industry Regulatory Authority, Inc. notified us that the reverse stock split would take effect on September 29, 2023. All common stock share and per-share amounts for all periods presented in these consolidated financial statements have been adjusted retroactively to reflect the reverse stock split.

For the nine months ended September 30, 2023, the Company elected to convert \$117,195 of principal and interest of non-redeemable convertible notes into 2,420,700 shares of common stock of the Company with a fair value of \$783,500 resulting in a loss of extinguishment of debt of \$666,305.

On February 2, 2023, the Company agreed to issue 978 shares of common stock with a fair value of \$3,912 to settle advances with a carrying value of \$36,690 (CAD \$48,894) due to Nadav Elituv, the Chief Executive Officer of the Company resulting an increase in additional paid-in capital of \$32,778.

On February 2, 2023, the Company agreed to issue 6,346 shares of common stock with a fair value of \$25,384 to settle consulting fees with a carrying value of \$238,103 (CAD \$317,302) due to 2130555 Ontario Limited resulting an increase in additional paid-in capital of \$212,720. 2130555 Ontario Limited is controlled by Nadav Elituv, the Chief Executive Officer of the Company.

On March 3, 2023, the Holder of Series B Stock elected to convert 7,000 shares of Series B Stock into 7,000 shares of common stock resulting in a \$69,162 reduction in the carrying value of Series B Stock.

On May 12, 2023, the Company issued 32 shares of common stock to satisfy an obligation for common stock to be issued with a carrying value of \$336,000.

On May 16, 2023, the Holder of Series B Stock elected to convert 4,000 shares of Series B Stock into 4,000 shares of common stock resulting in a \$39,921 reduction in the carrying value of Series B Stock.

On June 30, 2023, 10,000 shares of Series C Stock automatically converted into 4,000 shares of common stock in accordance with the Certificate of Designation resulting in a \$296,951 reduction in the carrying value of Series C Stock.

On September 29, 2023, the holder of Series A Stock elected to convert 25,000 shares of Series A Stock into 25,000,000 shares of common stock.

#### **Common stock to be issued**

On September 30, 2023 and December 31, 2022, the Company had an obligation to issue 0 shares of common stock valued at \$0 and 32 shares of common stock valued at \$336,000, respectively, for stock-based compensation – consulting services. These shares relate to an agreement dated August 1, 2020 for services to be provided from August 1, 2020 to July 31, 2022 whereby the Company shall pay 50 shares of Common Stock of the Company with a fair value of \$525,000 for consulting. The shares are expensed the earlier of (i) the date of issue of shares or (ii) on a straight line over the life of the contract. On May 12, 2023, the Company issued 32 shares of common stock to satisfy the obligation.

#### **NOTE 11 - SUBSEQUENT EVENTS**

From October 1, 2023 to November 13, 2023, the Company elected to convert \$1,450 of principal and interest of non-redeemable convertible notes into 14,500,000 shares of common stock of the Company with a fair value of \$6,110,980 resulting in a loss of extinguishment of debt of \$6,109,530.