

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **METAVVERSE, INC.**

### **formerly Direct Equity International, Inc.**

3835 East Thousand Oaks Blvd Suite 158

Westlake Village, CA 91362

(650) 935-5405

<https://www.metaverseincorp.com>

[info@metaverseincorp.com](mailto:info@metaverseincorp.com)

SIC 7389

## **Annual Report**

**For the period ending December 31, 2022**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

1,088,450,994 as of December 31, 2022

1,088,450,994 as of December 31, 2022

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Metaverse, Inc. (the Company) was organized in the state of New York as International Telescript in 1987 and became inactive in 1988. On October 15, 1997 International Telescript was acquired by Interstate Care Systems, a Nevada Corporation, through a reverse merger. With the change of control the Company was re-domiciled in Nevada and the name was changed to Healthcare Management Resources, Inc. to better reflect the nature of its business. On March 15, 1999, the Company did a 1:9 reverse stock split and changed its name to Triad Industries, Inc. On May 4, 2006 the Company changed its name to Direct Equity International, Inc. and on October 6, 2022 the Company changed its name to Metaverse, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company is an active Nevada corporation

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

The Company acquired a 51% interest in Maharlika (Hainan) Culture & Art Domain Co., LTD on December 13, 2022 and a 49% interest in Tipestry, Inc. on the same date.

The address(es) of the issuer's principal executive office:

835 East Thousand Oaks Blvd, Suite 158, Westlake Village, CA 91362

The address(es) of the issuer's principal place of business:

*X Check if principal executive office and principal place of business are the same address:*

Same

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

## 2) Security Information

### Transfer Agent

Name: Signature Stock Transfer, LLC  
Phone: 972-612-4120  
Email: info@signaturestocktransfer.com  
Address: Midway Road, Suite 220, Addison, TX 7500

### Publicly Quoted or Traded Securities:

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

Trading symbol:	<u>DEQI</u>
Exact title and class of securities outstanding:	<u>Common Shares</u>
CUSIP:	<u>25457T101</u>
Par or stated value:	<u>\$0.001</u>
Total shares authorized:	<u>2,000,000,000</u> as of date: <u>December 31, 2022</u>
Total shares outstanding:	<u>1,088,450,994</u> as of date: <u>December 31, 2022</u>
Total number of shareholders of record:	<u>58</u> as of date: <u>December 31, 2022</u>

### Security Description:

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

#### 1. For common equity, describe any dividend, voting and preemption rights.

One vote per share.

## 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

### **A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>Dec 31, 2021</u> Common: <u>928,450,994</u> Preferred: <u>None</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>Dec 6, 2022</u>	<u>New issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.008</u>	<u>No</u>	<u>David Davies</u>	<u>Services</u>	<u>Restricted</u>	<u>144</u>
<u>Dec 6, 2022</u>	<u>New issuance</u>	<u>5,000,000</u>	<u>Common</u>	<u>\$0.008</u>	<u>No</u>	<u>Robert Milstein</u>	<u>Services</u>	<u>Restricted</u>	<u>144</u>
<u>Dec 13, 2022</u>	<u>New Issuance</u>	<u>50,000,000</u>	<u>Common</u>	<u>\$0.0087</u>	<u>No</u>	<u>Maharlika (Hainan) Culture &amp; Art Domain Co. LTD.- Dihong Dai, CEO</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>144</u>
<u>Dec 13, 2022</u>	<u>New Issuance</u>	<u>100,000,000</u>	<u>Common</u>	<u>\$0.0087</u>	<u>No</u>	<u>Tipestry, Inc. - David Davies, CEO</u>	<u>Acquisition</u>	<u>Restricted</u>	<u>144</u>
Shares Outstanding on Date of This Report: <u>Ending Balance</u> Ending Balance: Date <u>Dec 31, 2022</u> Common: <u>1,088,450,994</u> Preferred: <u>None</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcmarkets.com](http://www.otcmarkets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Company develops and markets innovative artificial intelligence, social media, Web3 and augmented reality products.

B. List any subsidiaries, parent company, or affiliated companies.

Green Touch Awareness, Inc, subsidiary, Maharlika (Hainan) Culture & Art Domain Co., LTD a China Corporation, subsidiary operating in Haikou City, Hainan Province and Tipestry, Inc. a Colorado corporation, affiliate operating in Sunnyvale, CA.

C. Describe the issuers' principal products or services.

The company provides products and services for Web3 applications and markets innovative artificial intelligence, social media and augmented reality products.

#### 5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company currently operates out of the office of one of its officers at 835 East Thousand Oaks Blvd, Suite 158, Westlake Village, CA 91362.

#### 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>David Davies</u>	<u>CEO</u>	<u>Sunnyvale, CA</u>	<u>5,000,000</u>	<u>Common</u>	<u>0.5%</u>	
<u>Robert Milstein</u>	<u>Secretary</u>	<u>Westlake Village, CA</u>	<u>5,000,000</u>	<u>Common</u>	<u>0.5%</u>	
<u>Tipestry, Inc</u>	<u>Owner of 5% plus</u>	<u>Sunnyvale, CA</u>	<u>100,000,000</u>	<u>Common</u>	<u>9.2%</u>	<u>David Davies</u>
<u>David Tobias</u>	<u>Owner of 5% plus</u>	<u>Westlake Village, CA</u>	<u>357,500,000</u>	<u>Common</u>	<u>32.8%</u>	
<u>Ovation Research, Inc</u>	<u>Owner of 5% plus</u>	<u>Westlake Village, CA</u>	<u>357,500,000</u>	<u>Common</u>	<u>32.8%</u>	<u>David Tobias, President,</u>
<u>Clair Singleton</u>	<u>Owner of 5% plus</u>	<u>Salt Lake City, UT</u>	<u>86,725,000</u>	<u>Common</u>	<u>8%</u>	
<u>CEDE &amp; Co</u>	<u>Owner of 5% plus</u>	<u>Jersey City, NJ</u>	<u>94,392,856</u>	<u>Common</u>	<u>8.7%</u>	<u>Beneficial Holder</u>

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Gary R Henrie  
Firm: Gary R Henrie, Attorney at Law  
Address 1: P.O. Box 3448  
Address 2: Alpine, WY 83128  
Phone: 307-200-9145  
Email: grhlaw@hotmail.com

Accountant or Auditor

Name: Don D. Meyers  
Firm: Don Meyers and Associates  
Address 1: 1383 S 30 E  
Address 2: Payson, UT 84651  
Phone: 801-602-8925  
Email: larenadon@gmail.com

## 9) Financial Statements

- A. The following financial statements were prepared in accordance with:

☐ IFRS  
☒ U.S. GAAP

- B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: Don D Meyers  
Title: Accountant  
Relationship to Issuer: Contract Accountant

Describe the qualifications of the person or persons who prepared the financial statements: BS degree in Accounting, 30 years auditing/accounting experience

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<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, David Davies certify that:

1. I have reviewed this annual Disclosure Statement for Metaverse, Inc, formerly Direct Equity International, Inc;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 10, 2023 [Date]

/s/ David Davies

David Davies, CEO



**METAVVERSE, INC**  
**formerly Direct Equity International, Inc**

**Consolidated Balance Sheets**

(Unaudited)

	December 31, 2022	December 31, 2021 (Revised)
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 467,679	\$ 491
Accounts receivable	356,437	
Inventory	63,856	
Advance to suppliers	50,176	
Prepaid Expenses	88,885	-
Total current assets	<u>1,027,033</u>	<u>491</u>
Long-Term Assets		
Investment in Affiliates	1,325,000	20,000
Plant, property and equipment, net	67,328	
Intangible Assets	895,305	-
Total long-term assets	<u>2,287,633</u>	<u>20,000</u>
Total Assets	<u><u>\$ 3,314,666</u></u>	<u><u>\$ 20,491</u></u>

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

Current Liabilities		
Accounts payable and accrued expenses	\$ 138,705	\$ 4,588
Inter-Company transfers	-	-
Accrued expenses	94,481	
Operational advances - related parties	45,181	34,976
Notes payable	-	-
Total current liabilities	<u>278,367</u>	<u>39,564</u>
Stockholders' Equity		
Preferred Stock, authorized 50,000,000 shares, par value \$0.001, issued and outstanding on December 31, 2022 and 2021 is zero respectively	-	-
Common Stock, authorized 2,000,000,000 shares, par value \$0.001, issued and outstanding on December 31, 2022 and 2021 is 1,088,450,994 and 928,450,994 respectively	1,088,451	928,451
Paid-in-capital	482,924	(742,076)
Non-controlling interest	1,095,831	
Retained earnings	<u>369,093</u>	<u>(205,448)</u>
Total stockholders' deficit	<u>3,036,299</u>	<u>(19,073)</u>
Total Liabilities and Stockholders' Deficit	<u><u>\$ 3,314,666</u></u>	<u><u>\$ 20,491</u></u>

*The accompanying notes are an integral part of these statements*

**METAVVERSE, INC**  
**formerly Direct Equity International, Inc**

**Consolidated Statements of Operation**

(Unaudited)

	Year Ended December 31,	
	2022	2021
Income		
Revenue	\$ 1,602,091	\$ -
Cost of Sales	960,438	-
	<u>641,653</u>	<u>-</u>
Operating Expenses:		
General and administrative	115,139	7,681
Professional fees	52,225	3,550
Total expenses	<u>167,364</u>	<u>11,231</u>
Net Profit/(Loss) from Operations	474,289	(11,231)
Other Income and (Expenses)		
Other income/(expense)	40,165	-
Interest income	2,236	-
Financial expense	(2,431)	-
Total Other Income and (Expenses)	<u>39,970</u>	<u>-</u>
Net Income/(Loss) before Income Tax	514,259	(11,231)
Income tax	(20,587)	-
Net Income/(Loss)	<u>\$ 493,672</u>	<u>\$ (11,231)</u>
Net loss per share		
Basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.00)</u>
Weighted average outstanding shares:		
Basic and diluted	<u>950,410,648</u>	<u>948,450,994</u>

*The accompanying notes are an integral part of these statements*

**METAVERSE, INC**  
**formerly Direct Equity International, Inc**

**Consolidated Statement of Stockholders' Deficit**

(Unaudited)  
From October 15, 1997 (Inception) to December 31, 2022

	<u>Common Stock</u>		<u>Paid in</u>	<u>Accumulated</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Deficit</u>	
		(Revised)	(Revised)		
<b>Balance, December 31, 2020</b>	928,450,994	\$ 928,451	\$ (742,076)	\$ (194,217)	\$ (7,842)
Net Income	-	-	-	(11,231)	(11,231)
<b>Balance, December 31, 2021</b>	928,450,994	\$ 928,451	\$ (742,076)	\$ (205,448)	\$ (19,073)
Common Stock issued for acquisition	150,000,000	150,000	1,155,000	-	1,305,000
Common Stock issued for prepaid expense	5,000,000	5,000	35,000	-	40,000
Common Stock issued for expenses	5,000,000	5,000	35,000		40,000
Retained earnings from subsidiary				\$ 80,870	
Net Income	-	-	-	493,672	493,672
<b>Balance, December 31, 2022</b>	<u>1,088,450,994</u>	<u>\$ 1,088,451</u>	<u>\$ 482,924</u>	<u>\$ 369,094</u>	<u>\$ 1,859,599</u>

*The accompanying notes are an integral part of these statements*

**METAVVERSE, INC**  
**formerly Direct Equity International, Inc**

**Consolidated Statements of Cash Flow**

(Unaudited)

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net Income / (Loss)	\$ 493,672	\$ (11,231)
Adjustments to reconcile Net (Loss) to cash:		
Depreciation	4,364	-
Allowance for doubtful accounts	(7,876)	
Changes in operating assets and liabilities:		
Accounts receivable	(356,437)	
Inventory	(63,856)	
Prepaid expenses	(38,000)	-
Advances to suppliers	(50,176)	
Other receivables	80,875	
Accounts payable	134,117	
Accrued expenses and other payables	(94,471)	-
Net cash used by operating activities	<u>102,212</u>	<u>(11,231)</u>
Cash flows from investing activities:		
Investments in subsidiaries	(1,305,000)	-
Proceeds from sale of property	56,282	
Net cash used in investing activities	<u>(1,248,718)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from paid-in-capital	61,415	
Issuance of shares for acquisitions	1,305,000	-
Issuance of shares for services	80,000	-
Operational advances-related party	10,205	8,550
Cash provided by financing activities	<u>1,456,620</u>	<u>8,550</u>
Net Increase/(Decrease) in Cash	310,114	(2,681)
Cash at Beginning of Period	157,567	3,172
Cash at End of Period	<u>\$ 467,681</u>	<u>\$ 491</u>

*The accompanying notes are an integral part of these statements*

## **METaverse, INC.**

### **Formerly Direct Equity International, Inc.**

#### Notes to Consolidated Unaudited Financial Statements

December 31, 2022 and 2021)

### **NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS**

Metaverse, Inc. (the Company) was organized in the state of New York as International Telescript in 1987 and became inactive in 1988. On October 15, 1997 International Telescript was acquired by Interstate Care Systems, a Nevada Corporation, through a reverse merger. With the change of control the Company was re-domiciled in Nevada and the name was changed to Healthcare Management Resources, Inc. to better reflect the nature of its business. On March 15, 1999, the Company did a 1:9 reverse stock split and changed its name to Triad Industries, Inc. On May 4, 2006 the Company changed its name to Direct Equity International, Inc. and on October 6, 2022 the Company changed its name to Metaverse, Inc.

On November 19, 2017 the Company acquired a Nevada corporation known as Green Touch Awareness, Inc. as a wholly-owned subsidiary and which has been domiciled as an active Florida corporation effective January 12, 2021. On December 13, 2022 the Company acquired a fifty-one percent (51%) interest in Maharlika (Hainan) Culture & Art Domain Co., LTD a China Corporation (Maharlika) and forty-nine percent (49%) interest in Tipestry, Inc. a Colorado company. The Company will operate both entities as subsidiaries.

With the name change the Company will develop and market innovative artificial intelligence, social media, Web3 and augmented reality products.

#### Going Concern

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and such losses have continued through the current period. These circumstances comprise a material uncertainty and cast significant doubt on the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing to commence profitable operations in the future, and to repay its liabilities arising from normal business operations as they become due.

The Company has attempted during the period to use its resources to commercialize its technology and develop viable commercial products and to provide for its working capital needs.

As described above, Management acquired an interest in two companies to expand its operations and expects a significant increase in its ability to produce extensive income and eliminate accumulated debt. For informational purposes the Company's new subsidiary (Maharlika) reported net comprehensive income of \$1,071,061 for the year ended December 31, 2022.

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

### **Basis of Presentation**

In the opinion of management, the accompanying balance sheets and related interim statements of income, cash flows, and stockholders' equity include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Actual results and outcomes may differ from management's estimates and assumptions.

On December 31, 2022, the company found that it had previously reported the issue of 20,000,000 common shares in the year 2017 that were not issued and made the appropriate \$20,000 (par value) corrections to its Common Stock and Additional Paid in Capital accounts by revising its 2021 financial statements.

### **Principles of Consolidation**

These consolidated financial statements include the accounts of the Company and its controlled subsidiary Maharlika (Hainan) Culture & Art Domain Co. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company has another controlled subsidiary that currently did not have transactional activities to consolidate.

### **Stock-based Compensation**

The Company has on occasion issued equity and equity linked instruments to non-employees in lieu of cash to various vendors for the receipt of goods and services and, in certain circumstances the settlement of short-term loan arrangements. The applicable GAAP establishes that share-based payment transactions with nonemployees shall be measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable.

METAVVERSE, INC.

Formerly Direct Equity International, Inc

Notes to Unaudited Financial Statements

(December 31, 2022 and December 31, 2021)

Cont'd

*Fair Value of Financial Instruments*

The Company considers the carrying amounts of cash, certificates of deposit, accounts receivable, accounts payable, notes payable, related party and other payables, customer deposits, and short term loans approximate their fair values because of the short period of time between the origination of such instruments and their expected realization. The Company considers the carrying amount of notes payable to approximate their fair values based on the interest rates of the instruments and the current market rate of interest.

*Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Net Income (Loss) Per Share*

Basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of convertible notes, stock issuable to the exercise of stock options and warrants have been excluded from the diluted loss per share calculation because their effect is anti-dilutive.

*Recent Accounting Guidance*

The Company has evaluated the recent accounting pronouncements through ASU 2022-06 and believes that none of the pronouncements will have a material effect on the company's financial statements.

*Research and Development Expenses*

Costs related to research and development is charged to research and development expense as incurred.

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Income Taxes

Deferred tax assets and liabilities are recognized for the 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 expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amounts expected to be realized, but no less than quarterly. Currently the company has not valued any NOL because of the expectation that it will not be used.

**NOTE 3 – ACQUISITION AND CONSOLIDATION OF SUBSIDIARIES**

Unconsolidated Affiliates

On December 13, 2022, the Company acquired a forty-nine percent (49%) interest in Tipestry, Inc. a Colorado corporation operating in Sunnyvale, California who provides a new kind of social media platform that automatically adds a comment section with built-in cryptocurrency tipping to any website.

Consolidated Affiliates

On December 13, 2022, the Company acquired a fifty-one percent (51%) interest in Maharlika (Hainan) Culture & Art Domain Co., LTD a China Corporation, operating in Haikou City, Hainan Province.

These consolidated financial statements include the accounts of the Company and its controlled subsidiary Maharlika (Hainan) Culture & Art Domain Co. for the year ending December 31, 2022 with the elimination of the forty-nine percent (49%) non-controlling interest and inter-company transactions. The Company did not consolidate Maharlika for the year 2021 but did for 2022. Accordingly, cash reported at the end of the period for 2021 is less than cash at the beginning of the period for 2022. Details of the consolidation follow:



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**Balance Sheet**

Year Ended December 31, 2022

			Less Adjustment for Inter-Company and Noncontrolling Interests	Total
	Metaverse	Maharlika		
<b><u>ASSETS</u></b>				
Current Assets				
Cash	\$ 127	\$ 916,769	\$ (449,217)	\$ 467,679
Accounts receivable	-	698,897	(342,460)	356,437
Inventory	-	125,208	(61,352)	63,856
Advance to suppliers	-	98,385	(48,209)	50,176
Prepaid Expenses	38,000	99,775	(48,890)	88,885
Total Current Assets	38,127	1,939,034	(950,128)	1,027,033
Long-Term Assets				
Investments in Affiliates	1,325,000	-	-	1,325,000
Stock held in parent	-	435,000	(435,000)	-
Plant, property and equipment, net	-	132,015	(64,687)	67,328
Intangible Assets	-	1,755,500	(860,195)	895,305
Total Long-Term Assets	1,325,000	2,322,515	(1,359,882)	2,287,633
Total Assets	<u>\$ 1,363,127</u>	<u>\$ 4,261,549</u>	<u>\$ (2,310,010)</u>	<u>\$ 3,314,666</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities				
Accounts Payable and accrued expenses	\$ 4,588	\$ 262,974	(128,857)	\$ 138,705
Inter-Company Transfers	-	-	-	-
Accrued Expenses	-	185,257	(90,776)	94,481
Operational advances - related parties	45,181	-	-	45,181
Notes Payable	-	-	-	-
Total Liabilities	49,769	448,231	(219,633)	278,367
Stockholders' Equity				
Common Stock	1,088,451	2,148,689	(2,148,689)	1,088,451
Paid in Capital	482,924	435,000	(435,000)	482,924
Retained earnings	(258,017)	1,229,629	(602,518)	369,094
Noncontrolling interest	-	-	1,095,830	1,095,830
Total Stockholders' Equity	1,313,358	3,813,318	(2,090,377)	3,036,299
Total Liabilities and Stockholders' Equity	<u>\$ 1,363,127</u>	<u>\$ 4,261,549</u>	<u>\$ (2,310,010)</u>	<u>\$ 3,314,666</u>

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<u>Statement of Operations</u>	Year Ended December 31, 2022			
	Metaverse	Maharlika	Less Noncontrolling Interest	Total
Revenue				
Revenue	\$ -	\$ 3,141,355	\$ (1,539,264)	\$ 1,602,091
Cost of Sales	-	1,883,212	(922,774)	960,438
Gross Income/(Loss)	-	1,258,143	(616,490)	641,653
Operating Expenses				
General and Administrative	344	225,089	(110,294)	115,139
Professional Fees	52,225	-	-	52,225
Total Expenses	52,569	225,089	(110,294)	167,364
Net income/(loss) from Operations	(52,569)	1,033,054	(506,196)	474,289
Other Income/Expenses				
Other Income/(expense)	-	78,755	(38,590)	40,165
Interest Income	-	4,385	(2,149)	2,236
Financial Expense	-	(4,767)	2,336	(2,431)
Net Loss before Income Tax	(52,569)	1,111,427	(544,599)	514,259
Income Tax	-	(40,366)	19,779	(20,587)
Net Income/(Loss)	\$ (52,569)	\$ 1,071,061	\$ (524,820)	\$ 493,672

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**Statement of Cash Flows**

	Year Ended December 31, 2022			
			Less Adjustment for Inter-Company and Noncontrolling Interests	Total
	Metaverse	Maharlika		
Cash flows from perating Activities				
Net income/(loss)	\$ (52,569)	\$ 1,071,061	\$ (524,820)	\$ 493,672
Adjustments to reconcile net (loss) to cash:				
Inter-company transfers	-	-	-	-
Depreciation	-	8,557	(4,193)	4,364
Allowance for doubtful accounts	-	(15,443)	7,567	(7,876)
Changes in operating assets and liabilities			-	
Accounts receivable	-	(698,897)	342,460	(356,437)
Inventory	-	(125,208)	61,352	(63,856)
Prepaid expenses	(38,000)	-	-	(38,000)
Advances to suppliers	-	(98,385)	48,209	(50,176)
Other receivables	-	158,578	(77,703)	80,875
Accounts payable	-	262,974	(128,857)	134,117
Accrued expenses and other payables	-	(185,237)	90,766	(94,471)
Net Cash provided/(used) by operating activities	(90,569)	378,000	(185,219)	102,212
Cash flows from investing activities:				
Purchase of plant, equipment and other assets	-	-	-	-
Investments in subsidiaries	(1,305,000)	-	-	(1,305,000)
Proceeds from sale of property	-	110,356	(54,074)	56,282
Net cash used in investing activities	(1,305,000)	110,356	(54,074)	(1,248,718)
Cash flows from financing activities:				
Proceeds from paid-in-capital	-	120,421	(59,006)	61,415
Stock issued for acquisitions	1,305,000	-	-	1,305,000
Stock issued for services	80,000	-	-	80,000
Operational advances-related party	10,205	-	-	10,205
Cash provided by financing activities	1,395,205	120,421	(59,006)	1,456,620
Net Increase in Cash	(364)	608,777	(298,299)	310,114
Cash, Beginning of Period	491	307,992	(150,916)	157,567
Cash, End of Period	\$ 127	\$ 916,769	\$ (449,215)	\$ 467,681

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**NOTE 4 - NOTES PAYABLE AND OPERATIONAL LOANS--RELATED PARTY**

A summary of operational loans and notes payable for the reported periods follows:

Description	Balance 31-Dec-2022	Balance 31-Dec-2021
<b>Operational loans - Related Parties, Zero interest</b>		
Beginning period balance	34,976	26,426
Loan increases	10,205	8,550
Less: Loan payments	-	-
Current Balance	<u>\$ 45,181</u>	<u>\$ 34,976</u>

**NOTE 5 -STOCKHOLDERS' EQUITY**

Preferred Stock

The Company is authorized to issue 50,000,000 preferred shares at a par value of \$0.001 with each preferred share having 10 votes and convertible to ten (10) common shares upon demand.

As of December 31, 2022 and December 31, 2021, the Company has zero preferred shares issued and outstanding.

Common Stock

The Company is authorized to issue 2,000,000,000 common shares at a par value of \$0.001 per share.

As of December 31, 2021, the Company has a total of 928,450,994 shares of common stock issued and outstanding.

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During the year ended December 31, 2022 the Company made the following issuances of Common stock:

- On December 6, 2022, the Company issued 5,000,000 common shares at the market rate of \$0.008 for \$40,000 in consulting services.
- On December 6, 2022, the Company issued 5,000,000 common shares at the market rate of \$0.008 for \$40,000 in prepaid consulting services.
- On December 13, 2022, the Company issued 100,000,000 common shares at the market rate of \$0.0087 per share or \$870,000 for the acquisition of (49%) of a subsidiary.
- On December 13, 2022, the Company issued 50,000,000 common shares at the market rate of \$0.0087 per share or \$435,000 for the acquisition of (51%) of a subsidiary.

**NOTE 6 - PROVISION FOR INCOME TAXES**

The Company provides for income taxes under ASC 740 "Income Taxes" which requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently.

The standard requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. In the Company's opinion, it is uncertain whether they will generate sufficient taxable income in the future to fully utilize the net deferred tax asset. Accordingly, a valuation allowance equal to the deferred tax asset has been recorded. The total deferred tax asset is \$90,306 which is calculated by multiplying a 35% estimated tax rate by the cumulative NOL of \$258,017. The total valuation allowance is a comparable \$90,306.

Details for the years ended December 31, 2022 and 2021 follows:

	December 31, 2022	December 31, 2021
Deferred Tax Asset	\$ 18,399	\$ 3,931
Valuation Allowance	(18,399)	(3,931)
Current Taxes Payable	-	-
Income Tax Expense	<u>\$ -</u>	<u>\$ -</u>

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The following chart shows the estimated federal net operation losses and the year they expire:

<u>Year</u>	<u>Amount</u>	<u>Expiration</u>
2013	\$ 76,564	2033
2014	153,658	2034
2015	14,251	2035
2016	11,903	2036
2017	14,004	2037
2018	10,099	2038
2019	6,192	2039
2020	(92,454)	2040
2021	11,231	2041
2022	52,569	2042
Total	<u>\$ 258,017</u>	

**NOTE 7 – LEASES**

The Company sub-leases its offices on a month to month basis as of December 31, 2020.

**NOTE 8 – CONTRACTED SERVICES**

On August 12, 2021 the Company disclosed a contract for a valuation of a domain name. The contract was to be completed no later than August 12, 2022. The Company committed to the issue of 666,666 common shares as payment upon completion of the services. At the market rate on August 12, 2021 the services to be rendered were valued at \$7,800. The services were not completed and accordingly the Company has not record the transaction.

The Company recorded \$40,000 for five years of prepaid consulting services which will be allocated at the rate of \$2,000 per quarter.