Green Globe International, Inc.

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

Incorporated in Delaware - November 12, 1999

HEMPACCO

DISRUPTING TOBACCO

Consolidated Financial Statements

For the 12 Months Ended

December 31, 2021

Statements issued and prepared by Management

Green Globe International, Inc.

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Green Globe International, Inc.

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

CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash	$ 1,521,027	$ 500
Accounts Receivable - Related Parties	137,297	5,587
Accounts Receivable	144,246	10,390
Less: Receivables Impairment Allowance	-	(10,290)
Inventory at Cost Less Obsolescence Allowance	198,936	92,699
Investment - Best n' Pet	-	100,000
Deposits & Prepayments	706,273	2,576
Total Current Assets	**2,707,780**	201,462
Property and Equipment		
Leasehold Improvements	12,431	12,431
Furniture, Fixtures & Equipment	5,149,306	5,067,730
Accumulated Depreciation	(161,441)	(74,852)
Total Property and Equipment	**5,000,295**	5,005,309
Other Assets		
Operating Lease - Right of Use Asset	659,319	642,752
Right of Use Assets - Accumulated Amortization	(191,152)	(91,629)
Warrant Valuation Asset - Less Amortization	209,214	-
Total Other Assets	**677,380**	551,123
Total Assets	**$ 8,385,455**	$ 5,757,894
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable & Accrued Expenses	**$ 98,457**	$ 154,517
Accounts Payable - Related Parties	**162,405**	425,817
Customer Pre-paid Invoices & Deferred Revenue	**2,128,393**	756,971
Convertible Promissory Notes	**900,000**	-
Loans Payable - Related Parties	**9,600**	26,600
Equipment Loan	**1,482,681**	1,469,535
Other Short Term Loans	**168,328**	167,500
Operating Lease - Right of Use Liability - Short Term Portion	**111,077**	97,010
Total Current Liabilities	**5,060,941**	3,097,950
Long Term Liabilities		
Accrued Interest on Long Term Notes	**37,592**	3,590
Long Term Promissory Notes Payable	**175,000**	25,000
Long Term Promissory Notes Payable - Related Parties	**-**	11,500
Right of Use Liability - Straight-Line Rent Rule - Deferred Rent	**15,226**	9,362
Right of Use Liability - Long Term Portion	**357,091**	454,113
Total Long Term Liabilities	**584,909**	503,565
Total Liabilities	**5,645,849**	3,601,515
Stockholders' Equity		
Preferred stock Series C, $.0001 par value; 25,000,000,000 and 5,000,000,000 shares authorized as of December 31, 2021 and 2020 respectively. 20,000,006,200 and 6,200 shares outstanding as of December 31, 2021 and December 31, 2020.	2,000,000	1
Participating Preferred stock Series A no par value - the 100 issued and outstanding shares were cancelled on May 21, 2021	-	-
Common stock, $.0001 par value; 75,000,000,000 and 5,000,000,000 shares authorized as of December 31, 2021 and 2020 respectively. 54,816,153,814 and 3,700,640,356 shares issued, and 54,226,653,814 and 3,700,640,356 outstanding as of December 31, 2021 and December 31, 2020.	5,481,614	370,063
Additional Paid in Capital	13,933,731	16,964,040
Warrant Reserves Shares Issued	(58,950)	-
Accumulated Deficit	(19,695,905)	(15,177,725)
Total Stockholders' Equity	**1,660,490**	2,156,379
Non-Controlling Interests	1,079,116	-
Total Equity	**2,739,606**	2,156,379
Total liabilities and Equity	**$ 8,385,455**	$ 5,757,894

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

Green Globe International, Inc.

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

STATEMENT OF OPERATIONS

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenue		
Sale of Materials	$ 805,969	$ 135,867
Sale of Materials - Related Parties	139,114	64,290
White Label Production & Consulting	242,190	145,832
Total Revenue	1,187,273	345,989
Cost of Goods Sold (including inventory obsolescense of $623,375)	850,901	899,699
Gross Profit / (Loss) from Operations	336,372	(553,710)
Expenses		
General & Administrative	1,211,581	303,682
General & Administrative - Related Parties	399,259	420,000
Sales & Marketing	878,596	27,597
Research & Development	2,090	-
Total Expenses	2,491,526	751,279
Operating Loss	(2,155,154)	(1,304,989)
Other Income / (Expenses)		
Interest expense - including warrant discounts	(313,834)	(175,273)
Loss on Disposal of Investment	(100,000)	
Other Expenses	(1,944)	(32)
Total Other Expenses	(415,778)	(175,305)
Net Loss	$ (2,570,932)	$ (1,480,294)
Net Loss attributable to non-controlling interests	137,715	-
Dividend issued to preferred stockholders	(757,479)	-
Net Loss attributable to common shareholders	$ (3,190,696)	$ (1,480,294)
PER SHARE DATA:		
Basic & Dilutive Income / (Loss) per common share	($0.00)	($0.00)
Weighted average shares basic and diluted	54,226,653,814	3,700,640,396

The accompanying notes are an integral part of these financial statements

Green Globe International, Inc.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Shares	Stock $ Amnt @ Par	Common Shares	Stock $ Amnt @ Par	Additional Paid in Capital GGII & HPCO	APIC Warrant Reserve Shares	Retained Deficit	Non-Controlling Interests	Stockholders' Equity
Balances - December 31, 2020	6,300	$ 1	24,906,890,000	$ 2,592,909	$ 13,138,683	$ -	$ (13,574,937)		$ 2,156,656
Eliminate 12-31-2020 Equity from Proforma Consolidation			(21,206,249,644)	(2,222,846)	-	-	-	-	(2,222,846)
GGII Net Loss for 3 Month Period ended March 31, 2021:	-	-	-	-	-	-	(105,687)		(105,687)
Balances - March 31, 2021	6,300	1	3,700,640,356	370,063	13,138,683	-	(13,680,624)	-	(171,877)
Issuance of Shares for Acquisition of Hempacco - 6-9-2021	-	-	70,312,160,174	7,031,216	-	-	-		7,031,216
Loss of Goodwill on Consolidation with Hempacco - June 9, 2021	-	-	-	-	-	-	(4,290,216)		(4,290,216)
Issuance of License Fee to Old Belt Extracts - 6-21-2021	-	-	4,347,826	435	-	-	-		435
Cancellation of 100 Preferred Shares Series A on Merger	(100)	(0)	-	-		-			(0)
GGII Net Profit for 3 Month Period ended June 30, 2021:	-	-	-	-	-	-	134,377		134,377
Hempacco Net Losses 6-10-21 through 6-30-20	-	-		-	-	-	(33,669)		(33,669)
UST Mexico - Conversion of Common to Pref - 6-27-2021	20,000,000,000	2,000,000	(20,000,000,000)	(2,000,000)	-	-			-
Balances - June 30, 2021	20,000,006,200	2,000,001	54,017,148,356	5,401,714	13,138,683	-	(17,870,132)	-	2,670,266
Fischer Notes Settlement - August 10, 2021			200,000,000	20,000					20,000
EMC2 Capital - Loan Inducement (BCF)			1,000,000	100		-			100
First Fire Global - Loan Inducement (BCF)			2,000,000	200		-			200
GGII Warrant Reserve Issues EMC2, First Fire & JSJ			327,500,000	32,750		(32,750)			-
Net Loss for 3 Month Period ended September 30, 2021:							(535,383)		(535,383)
Balances - September 30, 2021	20,000,006,200	$ 2,000,001	54,547,648,356	$ 5,454,764	$ 13,138,683	$ (32,750)	$ (18,405,515)	$ -	$ 2,155,183
Proforma Consolidation AJE for Wizards & Kings Warrants	-	-	-	-	178,317	-	-	-	178,317
LGH Investments - Loan Inducement			1,000,000	100					100
Mast Hill Fund, LLC - Loan Inducement			2,000,000	200					200
GGII Warrant Reserve Isssues - MacRab, LGH & Mast Hill			262,000,000	26,200		(26,200)			-
Hasvold Preference Share Conversion	(2,000)	-	1,005,458	101	-				101
Equity Based Compensation	-	-	2,500,000	250	13,750				14,000
Warrant Discounts to Convertible Notes					228,775				228,775
Valuation of Warrants Issued to Hemp Hop JV Partners					358,500				358,500
J.H. Darbie & Co. Warrants issued as commissions					15,706				15,706
Hempacco Co., Inc. pre-IPO share issuances								1,027,565	1,027,565
Equity Attributable to Non-Controlling Interests							(189,266)	189,266	-
Losses Attributable to Non-Controlling Interests							137,715	(137,715)	-
Net Loss for 3 Month Period ended December 31, 2021:	-	-	-	-	-	-	(1,238,839)	-	(1,238,839)
Balances - December 31, 2021	20,000,004,200	$ 2,000,000	54,816,153,814	$ 5,481,614	$ 13,933,731	$ (58,950)	$ (19,695,905)	$ 1,079,116	$ 2,739,606

Issued as Reserve for Warrants - NOT OUTSTANDING		
EMC2 Capital	65,500,000	$ 6,550
First Fire Global	131,000,000	$ 13,100
JSJ Investments	131,000,000	$ 13,100
MacRab LLC	65,500,000	$ 6,550
LGH Investments	65,500,000	$ 6,550
Mast Hill	131,000,000	$ 13,100
	589,500,000	$ 58,950
Issued and Outstanding:	54,226,653,814	

The accompanying notes are an integral part of these financial statements

Green Globe International, Inc.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES	*For the Year Ended December 31, 2021*	*For the Year Ended December 31, 2020*
Net Loss	**$ (2,570,932)**	$ (1,465,444)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	106,150	69,519
Amortization of discount and shares issued with related party convertible notes	180,296	-
Stock issued for debt settlement	20,000	154,162
Profit from write off of promissory note and accrued interest	(174,698)	-
Loss on Disposal of Investment	100,000	-
Black Scholes warrant valuation expense	374,906	-
Stock based compensation	114,435	-
Net Loss attributable to non-controlling Interests	-	-
Changes in Operating Assets and Liabilities		-
Receivables	(155,878)	(5,687)
Related party receivables	(137,297)	
Prepaids	(703,697)	30
Inventory	(106,237)	546,969
Accounts payable	27,629	471,645
Related party accounts payable	261,588	9,900
Accrued liabilities	72,206	15,624
Deferred revenues	1,371,422	133,596
Net Cash Used in Operating Activities:	**(1,220,107)**	(69,686)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(81,575)	(51,431)
Net Cash Used in Investing Activities:	**(81,575)**	(51,431)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from other short term loans	83,328	85,000
Advances from (repayments to) related parties	(17,000)	(25,000)
Proceeds from convertible notes payable	1,550,000	11,500
Proceeds from the sale of common stock	1,478,317	-
Offering costs paid in connection with sale of common stock	(272,435)	50,000
Net Cash Provided by Financing Activities	**2,822,210**	121,500
CHANGE IN CASH & CASH EQUIVALENTS:	1,520,527	383
CASH BALANCE AT BEGINNING OF PERIOD:	500	117
CASH BALANCE AT END OF PERIOD:	**$ 1,521,027**	$ 500
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid for Interest		*$ -*
Cash Paid for Taxes		*$ 38*
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Conversion of convertible notes payable and accrued interest to common stock	**$ 709,752**	*$* -
Warrants issued with convertible note	**378,606**	-
Conversion of preferred stock into common stock	**2,395,836**	-
Warrants issued to partners and agents	**374,906**	-
Dividend on preferred stock recorded against additional paid-in capital	**757,479**	-
Related party convertion of common stock to preferred stock	**525,000**	-
Reduction of notes payable through products and services provided	**17,319**	-
Beneficial conversion feature on related party convertible notes payable	**-**	*25,000*
Initial recording of right of use asset and liability	**14,053**	*642,745*
		-

The accompanying notes are an integral part of these financial statements

GREEN GLOBE INTERNATIONAL, INC.
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

NOTE 1 - ORGANIZATION, BUSINESS AND LIQUIDITY

Organization and Operations

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

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

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

The Company merged with GGII on May 21, 2021.

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

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

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

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

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

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

During 2021, Hempacco entered into the following Joint Ventures:

a) On or about March 10, 2021, Hempacco entered into a joint venture partnership agreement with VZ Ventures and BX2SD Hospitality, LLC for the sale and marketing of a proprietary brand of smokables containing the D8 infused variety of hemp. Cali Vibes D8, LLC was formed as the entity's business vehicle which will be 50% owned by the Company. The Company will manage the business operations and accounting, as well as manufacturing the product.

b) On or about June 22, 2021, the Company entered into a joint venture agreement with Hemp Hop Global, LLC, a Florida based company in the hip hop talent management business and the sale and distribution of branded snack food products. Hemp Hop Global is managed by Rick Ross, an American Rapper and record executive and his business partner James Lindsay. Hempacco will produce a range of smokable products under the Hemp Hop brand, and Hemp Hop Smokables, LLC was formed as the business entity, of which Hempacco owns 50%.

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

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

Going Concern Matters

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("GAAP"), which contemplates the Company's continuation as a going concern. The Company incurred a net loss of $2,432,939 (exclusive of a $757,479 dividend distribution to preference shareholders – see Note 13) during the year ended December 31, 2021 and has an accumulated deficit of $19,695,905 as of December 31, 2021. In addition, the Company has a working capital deficit of $2,242,084 as of December 31, 2021 exclusive of a $111,077 "Right of Use Asset" liability which is offset by a Right of Use Asset in the Other Assets section of the Balance Sheet.

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

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

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

COVID-19

A novel strain of coronavirus (COVID-19) was first identified in December 2019, and subsequently declared a global pandemic by the World Health Organization on March 11, 2020. As a result of the outbreak, many companies have experienced disruptions in their operations and in markets served. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there were no material adverse impacts on the Company's results of operations and financial position at December 31, 2021.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Principles of Consolidation

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

Joint Venture entities where the company owns at least 50% and controls the accounting and administration of the entities will be accounted for under ASC 810-10 which will allow full consolidation of the assets and liabilities into the Company's balance sheet, with non-controlling interests being calculated and disclosed in the balance sheet and operating statement of the Company. These consolidated financial statements include the operating results and the assets of two joint venture entities for the period ended December 31, 2021. The non-controlling interests of these ventures have been disclosed on the consolidated balance sheet and income statement.

Use of Estimates

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

Concentration of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash. Our cash balances are maintained in accounts held by major banks and financial institutions located in the United States. The Company occasionally maintains amounts on deposit with a financial institution that are in excess of the federally insured limit of $250,000. The risk is managed by maintaining all deposits in high quality financial institutions.

Revenue Concentration

Sales to one of Hempacco's customers made up approximately 41% of our revenues for the twelve months ended December 31, 2021, and the balance receivable from this customer at December 31, 2021 represents approximately 37% of the total accounts receivable balances of $281,543 as of that date. We do not have a binding purchase agreement with this customer, and were we to lose this customer, our revenues would significantly decline, and our business might be harmed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with remaining maturities of less than ninety days at the date of purchase. We have not experienced any losses related to these balances, and we believe credit risk to be minimal. The Company does not have any cash equivalents.

Accounts Receivable

Accounts receivables are recorded in accordance with ASC 310, "Receivables." Accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. As of December 31, 2021, the Company reported no allowance for doubtful accounts, however a credit of $4,230 for previous doubtful accounts written off was booked during the year ended December 31, 2021. Based on the foregoing, and management's estimate and based on all accounts being current, the Company has deemed it unnecessary to reserve for doubtful accounts at this time. The Company had a reserve of $0 and $10,290 as of December 31, 2021 and 2020, respectively.

Inventory

Inventory is stated at the lower of cost and net realizable value on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions, including forecasted demand compared to quantities on hand, as well as other factors such as potential excess or aged inventories based on product shelf life, and other factors that affect inventory obsolescence.

Basic and Diluted Net Loss per Common Share

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

For the year ended December 31, 2021 and 2020, the following outstanding dilutive securities were excluded from the computation of diluted net loss per share as the result of the computation was anti-dilutive.

	December 31	
	2021 (Shares)	2020 (Shares)
Series C Preferred Stock	2,000,006,200	6,200
Promissory Notes convertible to shares	1,075,000	82,500
Outstanding Warrants	420,943,977	-
TOTAL	2,422,025,177	88,700

Leases

We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities - current, and operating lease liabilities - noncurrent on the balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our balance sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As our single lease does not provide an implicit rate, we have used our incremental borrowing rate ("IBR") based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date.

The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the undiscounted future cash flows to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value. The Company incurred no impairment of long-lived assets as of December 31, 2021 and 2020, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method. The depreciation and amortization methods are designed to amortize the cost of the assets over their estimated useful lives, in years, of the respective assets as follows:

Kiosks	5 years
Leasehold improvements	6 years or shorter of lease life
Production Equipment	20 years

Maintenance and repairs are charged to expense as incurred. Improvements of a major nature are capitalized. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in income.

The kiosks that the Company acquired have not been placed into service as of December 31, 2021, thus depreciation has yet to commence. However, Kiosks used for demonstration and marketing purposes have been depreciated since January 1, 2021.

Fair Value of Financial Instruments

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

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

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

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

Share-Based Compensation

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

The Company recorded $114,000 and $0 in share-based compensation expense for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Accounting for Income Taxes". The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

As of December 31, 2021 and 2020, the Company did not have any amounts recorded pertaining to uncertain tax positions.

Advertising and Marketing Costs

Costs associated with advertising and marketing promotions are expensed as incurred. Advertising and marketing expense was $878,596 and $27,597 for the years ended December 31, 2021 and 2020, respectively.

Revenue Recognition

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

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

Per Company policy, any product that doesn't meet the customer's expectations can be returned within the first 30 days of delivery in exchange for another product or for a full refund. Any product sold through a distributor or retailer must be returned to the original purchase location for any return or exchange. For the years ended December 31, 2021 and 2020, the Company has not recorded any reserves on revenue.

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

For larger orders, the Company requires the customer to make a deposit equal to 50% of the invoice or order total which is recorded as customer prepaid invoices and deferred revenue on the balance sheet. When the product is shipped the customer deposit is recorded into revenue. The Company recorded $1,505,018 and $133,596 in customer pre-paid invoices and deposits for goods ordered but not delivered, as of December 31, 2021 and 2020, respectively.

In 2019, the Company entered into an arrangement with a customer whereby the Company was provided with product from the customer for the Company's and the customer's use. Under the arrangement, 50% of the product provided by the customer was to compensate the Company for their services for processing and packaging the customers remaining 50% share. The transaction was recorded at the fair market value of the inventory received, which was similar to the cost of the services to which were to be provided with an increase of $623,375 to inventory and customer deposits. As of December 31, 2021 and 2020, the customer deposit liability of $623,375 remained. The Company will defer revenue on customer deposits and record as revenue once product is delivered.

Non-Controlling Interests

The Company accounts for the non-controlling interests in its subsidiaries and joint ventures in accordance with U.S. GAAP. The Company has chosen to record the Minority interests (NCI's) in the equity section of the balance sheet, and on the income statement, the profit or loss attributable to the minority interest will be reported as a separate non-operating line item.

The Company measures its NCI's using the percentage of ownership interest held by the respective NCI's during the accounting period. For the year ended December 31, 2021 the Company reported a minority interest in its accumulated losses and its net assets of $137,715 and $189,266 respectively.

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

Recent Accounting Pronouncements

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

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

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

NOTE 3 – ACCOUNTS RECEIVABLE

As of December 31, 2021 and 2020, accounts receivable consisted of the following:

	December 31, 2021	December 31, 2020
Accounts receivable	$ 144,246	$ 10,390
Accounts receivable – related parties*	137,297	5,587
Allowance for doubtful accounts	-	(10,290)
Total accounts receivable	$ 281,543	$ 5,687

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

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

NOTE 4 – INVENTORY

As of December 31, 2021 and 2020, inventory, which consists primarily of the Company's raw materials, finished products and packaging is stated at the following amounts:

	December 31, 2021	December 31, 2020
Finished goods	$ 41,088	$ 11,111
Raw materials (Net of obsolescence allowance)	157,848	81,588
Total inventory at cost less obsolescence allowance	$ 198,936	$ 92,699

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

NOTE 5 - PROPERTY AND EQUIPMENT

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

As of December 31, 2021 and 2020, property and equipment consisted of the following:

	December 31, 2021	December 31, 2020
Production equipment	$ 1,463,198	$ 1,390,373
Leasehold improvements	12,431	12,431
Kiosks plus Improvements	3,686,107	3,677,357
Less accumulated depreciation	(161,441)	(74,852)
Total property and equipment	$ 5,000,295	$ 5,005,309

Depreciation expense totaled $86,589 and $69,519 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 – OPERATING LEASES – RIGHT OF USE ASSETS

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

Lease expense on the straight-line basis was $ 775 from September 1, 2021 through September 30, 2021.

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

Base monthly rent commenced at $10,000 per month, with subsequent defined annual increases. All operating expenses are born by the lessee. Amounts payable to the related party for rent as of December 31, 2021 and 2020 were $0 and $116,940 respectively. On December 31, 2021 an amount of $14,764 of prepaid rent was included in the deposits and prepayments account.

Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest in arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. Hempacco's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Our variable lease payments primarily consist of maintenance and other operating expenses from our real estate leases. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

The following are the expected lease payments as of December 31, 2021. The lease is considered an "operating lease" and consequently lease payments are calculated on a straight-line basis, including the total amount of interest related.

Year Ending December 31	Operating Leases	
2022	$	129,362
2023		129,362
2024		129,362
2025		129,362
Total lease payments		517,448
Less: Imputed interest/present value discount		(63,334)
Total	$	454,114

Lease expense, on the straight-line basis was $129,362 during the years ended December 31, 2021 and 2020.

NOTE 7 – OTHER SHORT-TERM LIABILITIES – EQUIPMENT LOAN

On December 11, 2019, Hempacco entered into a short-term loan for equipment to use in its production. The terms of the loan were, $1,500,000 over 18 months with zero interest, which necessitated the calculation of an imputed discount of $109,627, which was being amortized over 18 months. During the year ended December 31, 2021, the Company amortized the remaining discount of $30,465 to interest expense. The balance on the note was $1,482,681 as of December 31, 2021, having been reduced by the application of $17,319 of accounts receivable due from, and with the agreement of, the lender.

The loan is secured by the equipment, and the lender recently agreed to repayments of $50,000 per month, interest free, which would take approximately thirty months to retire the loan, assuming no additional paydowns were made by supplying smokable products. As of December 31, 2021 and 2020, the principle balance of the loan was $1,482,681 and $1,500,000, respectively.

As of December 31, 2020, a balance of $30,465 of unamortized loan discount was deducted from the loan balance.

Please refer to Note 14 for additional information.

NOTE 8 – CONVERTIBLE NOTES

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

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

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

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

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

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

During May and June 2021, the Company entered into financing arrangements to provide working capital. Hempacco received proceeds of $175,000 from three private investors. The promissory notes carried interest at the rate of between 8% and 12% and mature between May 4, 2022 and October 23, 2022. The Notes automatically convert at 75% of the 30-day average bid price of the obligor common stock (or the public company common stock as the case may be), with the exception of the $50,000

Taverna 12% Note which converts at $1.00 per share or the current market price of Hempacco stock. The Notes cannot be converted prior to maturity. The Taverna Note matured on November 4, 2021 and has been extended to May 4, 2022 by mutual agreement.

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

EFFECTIVE DATE	NAME:	AMOUNT:	ACCRUED INTEREST 12-31-2021
August 18, 2021	EMC 2 Capital LLC	$100,000	$4,439
August 25, 2021	First Fire Global Opportunities	200,000	8,416
August 26, 2021	JSJ Investments, Inc.	200,000	8,350
November 10, 2021	LGH Investments	100,000	1,677
November 1, 2021	Macrab LLC	100,000	2,006
November 11, 2021	Mast Hill Fund LLC	200,000	3,287
		900,000	$28,175

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

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

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

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

NOTE 9 – WARRANTS

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

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

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

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

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

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

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

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

Between August and November 2021warrants were issued to nine promissory note lenders (see note 8 above) as follows:

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

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

See Note 14 for additional issuances of warrants.

NOTE 10 – LOAN PAYABLE

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

NOTE 11 - RELATED PARTY TRANSACTIONS

As of December 31, 2021, the Company and/or Hempacco had entered into the following transactions with Related Parties:

On October 22, 2019, Hempacco entered in to a Kiosk Acquisition Agreement with Mexico Franchise Opportunities Fund LP ("MFOF") to purchase 600 Vending Kiosks for total consideration of $3,638,357 payable by the issuance of 8,000,000 Series A Preferred Shares. Due to the related party status of MFOF, whereby the entities were under common control, Hempacco used the carryover basis of accounting. Thus the 600 Kiosks were recorded at net book value of $3,638,357 upon acquisition.

With the exception of kiosks that are used for marketing and demonstration purposes, no depreciation expense is charged until the kiosks are placed in service. As of December 31, 2021 no kiosks, other than placed for marketing purposes, had yet been placed in service.

In May 2021, Cube17, Inc., a related party sales and marketing consulting company, converted all outstanding consulting fees earned since the inception of Hempacco in the amount of $185,000 for 185,000 shares of Hempacco common stock, for $1 per share. On May 21, 2021, these shares were exchanged for 707,113,562 common shares of Green Globe International, Inc. Consulting expenses of $120,000 and $120,000 were recorded for the years ended December 31, 2021 and 2020. Consulting fee balances payable were $63,404 and $135,000 as of December 31, 2021, and 2020.

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

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

As of December 31, 2021 and 2020, Hempacco owed Primus Logistics $0 and $116,940 respectively, for routine business transactions. As of December 31, 2021 Primus Logistics had been paid $14,764 in advance for rent. Sandro Piancone is the 90% owner of Primus Logistics.

In May of 2021, Strategic Global Partners, Inc. was issued 170,000 Hempacco common shares as compensation for $170,000 worth of consulting services incurred since Hempacco's inception by the CEO, Sandro Piancone, President and Owner of Strategic Global. On May 21, 2021, these shares were exchanged for 649,780,985 common shares of Green Globe International, Inc. Strategic Global Partners is a related party. Consulting expenses of $120,000 and $120,000 were recorded for the years ended December 31, 2021 and 2020. Unpaid consulting fee balances of $70,000 and $120,000 were outstanding as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and December 31, 2020, the Company owed $29,000 and $53,877 and was owed $132,147 and $0, respectively, by UST Mexico, Inc. ("UST"). Hempacco sells hemp products to UST and also provides manufacturing consulting services. The value of goods and services provided to UST Mexico, Inc was $152,147 and $62,174 for the years ended December 31, 2021 and 2020 respectively, and the value of goods and services provided by UST Mexico, Inc. was $251,000 and $205,127 for the years ended December 31, 2021 and 2020 respectively. UST Mexico, Inc.is a manufacturer of tobacco cigarettes in Mexico and provides consulting services and parts for Hempacco equipment.

UST currently owns 30,577,928,723 shares of common stock of Green Globe International, Inc., representing 56.4% of the issued and outstanding common stock of the parent company of Hempacco. UST is a related party by virtue of Sandro Piancone's 29.38% interest in UST.

Lake Como is owned/controlled by Sandro Piancone. This entity is used primarily as a sales company, and sometimes sells products purchased from Hempacco. Hempacco had receivables of $150 and $5,586 due from Lake Como as of December 31, 2021 and 2020 respectively.

NOTE 12 - INCOME TAXES

The Company provides for income taxes under ASC 740, "*Income Taxes.*" Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

The following is a reconciliation of income tax expense for the year ended December 31, 2021 and 2020.

	2021	2020
Current:		
Federal	$ -	$ -
State	-	-
Foreign	-	-
	-	-
Deferred:		
Federal	(489,704)	(264,815)
State	(136,054)	(73,573)
	(625,758)	(338,388)
Valuation allowance	625,758	338,388
Total provision for income taxes	$ -	$ -

The Company's net deferred tax assets at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Depreciation & Amortization	$ -	-
Reserves and Accruals	171,364	169,791
Research & Development Credits	-	-
Net Operating Loss Carryforwards	807,096	182,911
Gross Deferred Tax Assets	978,460	352,702
Valuation Allowance	(978,460)	(352,702)
Net Deferred Tax Assets	$ -	$ -

The Company has provided for a full valuation allowance against the deferred tax assets, on the expected future tax benefits from the net operating loss carryforwards, as the management believes it is more likely than not that these assets will not be realized in the future.

The difference between the effective tax rate and the stated tax rate is primarily due to a full valuation allowance on the deferred tax assets and permanent differences due to non-cash related charges.

As of December 31, 2021, the Company's net operating losses (NOL's) on a gross basis were $3,007,691, which can be carried forward indefinitely to offset future taxable income. The losses carried forward are limited to 80% of future taxable income.

In California, the FTB allows NOL's to be carried back to the prior two years, and/or carried forward in accordance with IRS rules

For taxable years 2020. 2021 and 2022, California has suspended the NOL carryover deduction. Corporations may continue to compute and carryover an NOL during the suspension period.

The Company's tax returns are subject to examination by United States Internal Revenue Service authorities as well as the California Franchise Tax Board, beginning with the period ended December 31, 2019. There are no current tax examinations.

NOTE 13 - STOCKHOLDERS' EQUITY

Hempacco - Series A Preferred Shares

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

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

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

GGII - Series C Preferred Shares

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

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

Common Stock - GGII and Hempacco

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

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

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

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

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

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

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

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

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

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

NOTE 14 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 31, 2022, the date of issuance of these financial statements.

The following events and transactions occurred subsequent to December 31, 2021:

On or about January 1, 2022, Hempacco entered into a joint venture agreement with Cheech and Chong's Cannabis Company, a Nevada corporation ("CCCC"), to form a joint venture entity in Nevada, which entity will market and sell Cheech & Chong-branded hemp smokable products. Pursuant to the agreement, the joint venture entity will be owned 50% by each of us and CCCC, we are required to fund $10,000 to the joint venture entity, we are required to manufacture joint venture product and provide accounting, inventory management, staff training, and trade show and marketing services for the joint venture entity, and CCCC is required to provide online marketing and promotion, design and branding, brand management and development, trademark receipt, and sales and distribution services. CCCC is also required to ensure that Cheech Marin and Tommy Chong attend and make appearances at joint venture entity events. As an incentive to enter into this joint venture CCCC was awarded 100,000,000 Green Globe International warrants with a Black-Scholes valuation of $.0003 per share for a total valuation of $34,318 on the issue date.

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

On or about January 19, 2022, Hempacco entered into a joint venture agreement with Stick-It Labs Ltd. ("Stick-It"), an Israeli corporation that manufactures cannabinoid sticks, to develop and sell hemp smokables products in the United States and Mexico utilizing each of the parties' respective expertise. Pursuant to the agreement, Hempacco is required to fund $750,000 to the joint venture entity, Stick-It USA, Inc., ("StickIt US") a newly formed Delaware corporation, and Hempacco will then receive preferred shares entitling us to 75% of distributable profits of the joint venture entity until Hempacco has been repaid $750,000, after which the preferred shares will convert into 750,000 shares of common stock of StickIt US. StickIt will also receive 750,000 shares of common stock.

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

On January 6, 2022 the first payment of $50,000 was made to Titan Agency Management against the outstanding balance of the equipment loan Refer to Note 8 for further information.

On or about January 20, 2022, Hempacco entered into employment agreements with Sandro Piancone, Hempacco's CEO, Neville Pearson, Hempacco's CFO, and Jorge Olson, Hempacco's CMO. These agreements supersede and replace the Hempacco consulting agreements with Mr. Piancone's entity, Strategic Global Partners, Inc., and Mr. Olson's entity, Cube17, Inc. Mr. Pearson's employment agreement with Green Globe International, Inc. remains in place.

On or about February 9, 2022, Hempacco, through its Investment Banker offered a second pre-IPO round of 500,000 Hempacco common shares to accredited investors at a price of $2.00 per share. The offer will remain open until the maximum subscription is reached or March 31, 2022, whichever occurs first. However, the offering can be extended at the discretion of Boustead and Hempacco.