
ANNUAL REPORT
for the Period Ended
December 31, 2021

COMMISSION FILE NUMBER: 000-33231

CARBONMETA
TECHNOLOGIES,
INC.

(EXACT NAME OF THE COMPANY AS
SPECIFIED IN ITS CHARTER)

Delaware

(State or Other Jurisdiction
of Incorporation)

95-4868120

(I.R.S. Employer
Identification No.)

13110 NE 177th Place, #145
Woodinville, WA 98072

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(833) 304-7336

(ISSUER REGISTRANT TELEPHONE NUMBER)

COMMON STOCK, PAR VALUE \$0.0001
(TITLE OF CLASS)

Number of shares of common stock (\$0.0001 par value) outstanding as of April 20, 2022 was 18,843,858,479 shares.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this Annual Report, references to “CarbonMeta,” “the Company,” “we,” “us,” and “our” refer to CarbonMeta Technologies, Inc.

This Annual Report contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this Annual Report. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the heading "Risks Related to Our Business" below, as well as those discussed elsewhere in this Annual Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report.

CarbonMeta undertakes no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Annual Report, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout this Annual Report, which are designed to advise interested parties of the risk factors that may affect our business, financial condition, results of operations and prospects.

PART I

ITEM 1. BUSINESS

Overview

As used herein, the terms the “Company,” “CarbonMeta” “we,” “us,” “our” and similar refer to CarbonMeta Technologies, Inc. (f/k/a Edison Nation, Inc.), a Nevada corporation incorporated on July 8, 2001 under the laws of the State of Nevada as SRM Networks, Inc. In connection with the acquisition of Hy-Tech Computer Systems, Inc. on January 31, 2003, the Company changed its name to Hy-Tech Technology Group, Inc. In connection with the Agreement and Plan of Merger Robotics Workspace Technology, Inc., Innova Holdings, Inc. and the Company’s wholly owned subsidiary, RWT Acquisition, Inc., dated July 21, 2004, the Company’s named changed to Innova Holdings, Inc. Subsequently, on November 20, 2006, the Company changed its name to Innova Robotics and Automation, Inc. and then on April 23, 2008, the Company changed its name to CoroWare, Inc. On or about July 28, 2021, the Company filed Articles of Amendment to its Amended and Restated Certificate of Incorporation with the State of Delaware to reflect a name change from CoroWare, Inc. to CarbonMeta Technologies, Inc.

The Company has six wholly-owned subsidiaries: CoroWare Technologies, Inc. (“CTI”), CoroWare Robotics Solutions, Inc. (“CRS”), RWT Acquisition, Inc. (“RWT”), Carbon Sources, Inc. (“CS”), Coroware Treasury, Inc. (“CWT”), CarbonMeta Research Ltd. (“CMR”) and a 51% interest in AriCon, LLC (“AriCon”).

CoroWare Technologies (“CTI”) was incorporated in the State of Florida on May 16, 2006 and its principal business was a software professional services company with a strong focus on information technology integration and robotics integration, business automation solutions, and unmanned systems solutions to its customers in North America and Europe. CTI’s business operations were discontinued in October 2016 when the Company’s gross margins and financing costs became unsustainable.

CoroWare Robotics Solutions, Inc. (“CRS”) was incorporated in the State of Texas on February 27, 2015, and its principal business was as a technology incubation company whose focus was on the delivery of mobile robotics and IOT products, solutions and services for university, government and corporate researchers, and enterprise customers. CRS’s business operations were discontinued in October 2016 when the Company’s gross margins and financing costs became unsustainable.

Robotic Workspace Technologies, Inc. (“RWT”) was incorporated in the State of Florida on July 1, 1994, and its principal business was developing and marketing open-architecture PC controls and related products that could improve the performance, applicability, and productivity of robots and other automated equipment. RWT’s business operations were discontinued in September 2007 when the Company’s losses became unsustainable.

Carbon Source, Inc. (“CS”) was incorporated in the State of Wyoming on June 14, 2021 and its principal business is waste reclamation technologies and processing. Carbon Source is researching the use of post-consumer plastic waste that can be upcycled into 3D printing filaments.

CoroWare Treasury, Inc. (“CWT”) was incorporated in the State of Wyoming on July 6, 2021 and its principal business is acquisitions related to acquiring technologies and subsidiary businesses related to waste processing.

CarbonMeta Research Ltd. (“CMR”) was incorporated in England and Wales on August 12, 2021 and its principal business will focus on the development of technologies and solutions for processing organic wastes and generating economically sustainable hydrogen and high-value carbon products. Using proprietary and patented technologies, it plans to implement new industrial methods using inexpensive, environmentally friendly catalysts that process collected plastic waste material into high value products such as hydrogen gas, graphene and carbon nanotubes. CarbonMeta Research is also researching the use of construction waste that can be upcycled into building products that mitigate climate change by capturing carbon dioxide (CO₂) for renewable energy projects.

AriCon, LLC (“AriCon”) was a joint venture that was intended to develop mobile robot platforms, applications, and solutions for the construction industry. In October 2016, AriCon ceased operations of all subsidiary business operations when the Company’s losses became unsustainable, and the Company was not able to obtain investment financing.

In 2021, the Company began investigating emerging technologies, strategic intellectual property partnerships, and sustainable growth business opportunities related to the production of hydrogen and high value carbon products from organic waste streams. Working cooperatively with Oxford University Innovation, CarbonMeta plans to implement proven and patented technologies to add value to organic waste streams. By utilizing these proven proprietary technologies, collected and captured plastic waste material can be upcycled to high value products such as carbon nanotubes (“CNTs”) and hydrogen gas.

CNTs can be used for improved electrical conduction and reinforcing materials that are used in a wide variety of industries including the automotive industry, aviation industry, medical industry, and construction. The number one growth driver is the increasing need for high performance batteries for the electric vehicle market.

The global hydrogen market is expected to more than double by the end of the decade. Plastic waste is a cheap and abundant feedstock that will allow the Company to scale quickly and produce hydrogen gas for a competitive price.

License Agreement

On June 2, 2021, the Company (the “Licensee”) entered into a License Agreement (the “Agreement”) with Oxford University Innovation Limited (the “Licensor”). Under the terms of the Agreement, the Licensee will license the licensed technology (OUI Project- Hydrogen from plastics via microwave-initiated catalytic dehydrogenation). The Agreement is non-exclusive and includes the United States and European Union. Signing fees for the Agreement are £54,807 and are due on August 2, 2021. The Royalty Rate is 5% of gross sales. The Agreement comprises milestone fees as: (i) £20,000 upon the first commercial sale of a licensed product; (ii) £50,000 upon generating \$1,000,000 in sales; (iii) £10,000 upon the successful grant of the US patent; and (iv) £10,000 upon the successful grant of the EU patent.

In order to further grow its business, the Company plans to:

- expand its service offerings to provide additional sustainable waste management solutions that further minimize costs based on volume and content of waste streams, and methods of disposal, including landfills, transfer stations and recycling centers;
- Acquire profitable waste and recycling services companies with similar or compatible and synergistic business models, that can help the Company achieve these objectives;
- Offer innovative recycling services that significantly reduce the disposal of plastics, electronic wastes, food wastes, and hazardous wastes in the commercial property universe;
- Establish partnerships with innovative universities, municipalities and companies; and
- Attract investment funds who will actively work with the Company to achieve these goals and help the Company grow into a leading waste and recycling services supplier in North America.

Some potential merger/acquisition candidates have been identified and discussions initiated. These candidates are within the Company’s core business model, serving commercial properties, accretive to cash flow, and geographically favorable. While seeking to identify acquisition candidates, the Company seeks to identify target entities with a similar core business model or a model which naturally integrates with its own, and which are situated in opportunistic geographic locations.

We have unrestricted discretion in seeking and participating in a business opportunity, subject to the availability of such opportunities, economic conditions, and other factors.

The selection of a business opportunity in which to participate is complex and risky. Additionally, we have only limited resources and may find it difficult to locate good opportunities. There can be no assurance that we will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to us and our shareholders. We will select any potential business opportunity based on our management’s best business judgment.

Our activities are subject to several significant risks, which arise primarily as a result of the fact that we have no specific business and may acquire or participate in a business opportunity based on the decision of management,

which potentially could act without the consent, vote, or approval of our shareholders. The risks faced by us are further increased as a result of its lack of resources and our inability to provide a prospective business opportunity with significant capital.

Employees

As of December 31, 2021, we had one (1) part time employee that served as the Company's sole officer and director, and one full-time employee working as a research and development engineer. Our employees are not represented by a union. We consider relations with our employees to be positive and productive.

Regulation

Our services and products are not uniquely subject to governmental or industry regulations.

Research & Development

Our research and development activities have primarily been focused on the development of technologies and solutions for processing organic wastes and generating economically sustainable hydrogen and high-value carbon products.

CarbonMeta Research is researching the use of proprietary and patented technologies to implement new industrial methods that can use inexpensive, environmentally friendly catalysts to process collected plastic waste material into high value products such as hydrogen gas, graphene and carbon nanotubes.

Carbon Source is researching the use of post-consumer plastic waste that can be upcycled into 3D printing filaments.

CarbonMeta Research is also researching the use of construction waste that can be upcycled into building products that mitigate climate change by capturing carbon dioxide (CO₂) for renewable energy projects.

ITEM 2. PROPERTIES

Corporate Offices

The Company currently shares office space at 20205 144th Ave NE, Woodinville, WA 98072. The Company has a one-year lease that renews annually.

Our main corporate mailing address is 13110 NE 177th Place, #145, Woodinville, WA 98072.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. When the Company is aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company will record a liability for the loss. In addition to the estimated loss, the liability includes probable and estimable legal cost associated with the claim or potential claim. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm the Company business. There is no pending litigation involving the Company at this time.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Recent Sales of Unregistered Securities

None

Use of Proceeds from Registered Securities

None

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None

Prices of Common Stock

Beginning in February 2002, CarbonMeta's common stock was eligible for listing in the OTC Bulletin Board. Our trading symbol was "SRMW" until such time as our acquisition of Hy-Tech Technology Group, Inc. on January 31, 2003, when our symbol became "HYTT". In November 2006, our name was changed to Innova Robotics & Automation, Inc., and the trading symbol was changed to INRA. In April 2008, we became CoroWare, Inc. and our trading symbol was changed to CROE. In April 2009, in conjunction with a 1-for-300 reverse stock split, our trading symbol was changed to COWI. In January 2012, we revised the par value of our Common Stock from \$0.001 to \$0.0001. In July 2013, we effected a reverse split of 1-for-200. In January 2014, we effected a reverse split of 1-for-200.

Our common stock is quoted on the OTC Markets "PINK" exchange under the symbol "COWI." Accordingly, there can be no assurance as to the liquidity of any markets that may develop for our common stock, the ability of holders of our common stock to sell our common stock, or the prices at which holders may be able to sell our common stock.

The following table sets forth the quarterly high and low sales prices as reported during the last two fiscal years ended December 31, 2021, and December 31, 2020.

COMMON STOCK

Year Ended December 31, 2021	High	Low
First Quarter	\$ 0.0051	\$ 0.0001
Second Quarter	\$ 0.0023	\$ 0.0006
Third Quarter	\$ 0.0022	\$ 0.0005
Fourth Quarter	\$ 0.0010	\$ 0.0003

Year Ended December 31, 2020	High	Low
First Quarter	\$ 0.0001	\$ 0.0001
Second Quarter	\$ 0.0001	\$ 0.0001
Third Quarter	\$ 0.0001	\$ 0.0001
Fourth Quarter	\$ 0.0030	\$ 0.0001

These quotations represent interdealer prices, without retail markup, markdown, or commission, and may not reflect actual transactions. As of April 20, 2022, there were approximately 366 record holders of the Company's common stock.

Dividend Policy

The Company has never declared or paid any cash dividends on its common stock. The Company anticipates that any earnings will be retained for development and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Additionally, as of December 31, 2021 and 2020, the Company has issued and has outstanding shares of Series B Preferred Stock, which are entitled, prior to the declaration of any dividends on common stock, to earn a 5 percent dividend, payable in either cash or common stock of the Company. The Board of Directors has sole discretion to declare dividends based on the Company's financial condition, results of operations, capital requirements, contractual obligations and other relevant factors. At December 31, 2021 and 2020, there were cumulative undeclared dividends to Preferred Series B shareholders of \$15,969 and \$15,969, respectively, the obligation for which is contingent on declaration by the board of directors. At December 31, 2021 and 2020, there were accrued unpaid dividends of \$15,969 and \$15,969, respectively. These balances have been recorded as part of accounts payable and accrued expenses.

Securities Authorized for Issuance under Equity Compensation Plans

The Company does not currently maintain any Equity Compensation Plans (the "Plans"). Any Plans previously approved by the Company and its Board of Directors have been terminated.

ITEM 6. SELECTED FINANCIAL DATA

We are not required to provide the information required by this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAN OF OPERATION

The Company signed a licensing agreement with Oxford University Innovation and has established a research and development effort to "scale up" the patented waste plastics microwave processes that the Company licensed from Oxford University Innovation.

As well, the Company is partnering with a microwave reactor manufacturer in the United States to "scale up" the patented waste plastics microwave processes that the Company licensed from Oxford University Innovation, and with a university partner in the United States to separate, purify and characterize carbon nanotubes that the UK and US developers shall produce.

The company plans to seek out government programs in the United Kingdom, European Union and United States that encourage the development of high value production of hydrogen and high value carbon products from organic waste streams.

The Company also has a research and development initiative in Everett, Washington for the development of 3D printing filaments that are made from recycled PET (polyethylene phthalate) and PLA (poly lactic acid) waste plastics.

Finally, the company plans to establish operational centres and waste stream conversion plants wherever the company can have consistent quantity of organic waste streams.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021 COMPARED TO YEAR ENDED DECEMBER 31, 2020

During the year ended December 31, 2021 (the "2021 Period"), revenues were \$- compared to revenues of \$- during the year ended December 31, 2020 (the "2020 Period"). For the 2020 Period, the Company had no operations. For the 2021 Period, the Company established operations and initiated business development and R&D activities for (a) processing waste plastic into hydrogen and carbon nanotubes, (b) processing waste plastics

into 3D printer filament, and (c) processing select construction and industrial waste materials into building products that can capture carbon dioxide (CO₂) and help mitigate climate change.

Cost of revenues was \$458 and \$- for the 2021 Period and the 2020 Period, respectively. Cost of revenues primarily represents labor and labor-related costs in addition to overhead costs.

Gross profits were (\$458) during the 2021 Period compared to \$- during the 2020 Period.

Operating expenses were \$65,982 for the 2021 Period compared to \$150,000 for the 2020 Period. General and administrative expenses amounted to \$62,612 during the 2021 Period compared to \$150,000 for the 2020 period.

Income (loss) from operations was \$(66,440) for the 2021 Period compared to \$(150,000) for the 2020 period.

Other income (expenses) was \$8,898,418 during the 2021 Period compared to (\$11,579,741) in the 2020 Period, an increase of \$20,478,159 or 176.84%. Other expenses is comprised primarily of gain/loss on derivative, and interest expense. The change in derivative liabilities for the 2021 Period was \$9,713,116 compared to (\$10,401,881) for the 2020 Period, an increase of \$20,114,997 or 193.38%. The embedded conversion features associated with our convertible debentures are valued based on the number of shares that are indexed to that liability. Keeping the number of shares constant, the liability associated with the embedded conversion features increases as our share price increases and, likewise, decreases when our share price decreases. Derivative income (expense) displays the inverse relationship. Interest expense, net for the 2021 Period was (\$923,274) compared to (\$1,177,860) for the 2020 Period, a decrease of \$254,586 or 21.61%.

Net income (loss) for the 2021 Period was \$8,831,978 compared to net loss of (\$11,729,741) for the 2020 Period, an increase of \$20,561,719 or 175.30%.

LIQUIDITY AND CAPITAL RESOURCES

During the 2021 Period net cash used in operating activities was (\$508,647), compared to net cash used in operating activities of (\$4,803) for the 2020 Period. This increase for the 2021 Period was primarily due to the Company's net income offset by an increase in derivative liability income and a decrease in accounts payable.

During the 2021 Period, we used (\$47,124) net cash from investing activities compared to \$- for the 2020.

During the 2021 Period, the Company provided \$566,344 in cash from financing activities compared to net cash provided by financing activities of \$4,803 for the 2020 Period. The increase in cash from financing activities was primarily due to proceeds from the sale of common stock through the Company's Regulation A offering.

At December 31, 2021, we had current assets of \$40,573, current liabilities of \$25,828,132, a working capital deficit of (\$25,787,559) and an accumulated deficit of (\$64,352,598).

At December 31, 2020, we had current assets of \$-, current liabilities of \$40,196,559, a working capital deficit of (\$40,196,559) and an accumulated deficit of (\$40,196,559).

We presently do not have any available credit, bank financing or other external sources of liquidity. We will need to obtain additional capital in order to expand operations and become profitable. In order to obtain capital, we may need to sell additional shares of our common stock or borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding. We will still need additional capital in order to continue operations until we are able to achieve positive operating cash flow. Additional capital is being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements and notes included in our quarterly and annual financial statements contain information that is pertinent to this management's discussion and analysis. The preparation of financial statements

in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of our assets and liabilities and affect the disclosure of any contingent assets and liabilities. We believe these accounting policies involve judgment due to the

sensitivity of the methods, assumptions, and estimates necessary in determining the related asset and liability amounts. The significant accounting policies are described in the notes to our financial statements and notes included elsewhere in this Form 10-K.

Revenue Recognition

We derive our software system integration services revenue from short-duration, time and material contracts. Generally, such contracts provide for an hourly-rate and a stipulated maximum fee. Revenue is recorded only on executed arrangements as time is incurred on the project and as materials, which are insignificant to the total contract value, are expended. Revenue is not recognized in cases where customer acceptance of the work product is necessary, unless sufficient work has been performed to ascertain that the performance specifications are being met and the customer acknowledges that such performance specifications are being met. We periodically review contractual performance and estimate future performance requirements. Losses on contracts are recorded when estimable. No contractual losses were identified during the periods presented.

We recognize revenue for our software and software professional services when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is probable. Product sales are recognized by us generally at the time product is shipped. Shipping and handling costs are included in cost of goods sold.

We account for arrangements that contain multiple elements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605-25, *Revenue Recognition, Multiple Element Arrangements*. When elements such as hardware, software and consulting services are contained in a single arrangement, or in related arrangements with the same customer, we allocate revenue to each element based on its relative fair value, provided that such element meets the criteria for treatment as a separate unit of accounting. The price charged when the element is sold separately generally determines fair value. In the absence of fair value for a delivered element, we allocate revenue first to the fair value of the underlying elements and allocate the residual revenue to the delivered elements. In the absence of fair value for an undelivered element, the arrangement is accounted for as a single unit of accounting, resulting in a delay of revenue recognition for the delivered elements until the undelivered elements are fulfilled. We limit the amount of revenue recognition for delivered elements to the amount that is not contingent on future delivery of products or services or subject to customer-specified return or refund privileges.

We recognize revenue from the sale of manufacturer's maintenance and extended warranty contracts in accordance with FASB ASC 605-45, *Revenue Recognition, Principal Agent Considerations*, net of its costs of purchasing the related contracts.

Share-based payment

Stock based compensation expense is recorded in accordance with FASB ASC 718, *Compensation – Stock Compensation*, for stock and stock options awarded in return for services rendered. The expense is measured at the grant-date fair value of the award and recognized as compensation expense on a straight-line basis over the service period, which is the vesting period. We estimate forfeitures that we expect will occur and record expense based upon the number of awards expected to vest.

For the years ended December 31, 2021 and 2020, the Company issued no common or preferred shares for employee incentive payments or vendor payments.

Derivative Financial Instruments

Derivative financial instruments, as defined in FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), consist of financial instruments or other contracts that contain a notional amount and one or more underlying variables

(e.g. interest rate, security price or other variable), require no initial net investment and permit net settlement. The caption Derivative Liability consists of (i) the fair values associated with derivative features embedded in various

convertible note financings and (ii) the fair values of the detachable warrants that were issued in connection with those financing arrangements.

We generally do not use derivative financial instruments to hedge exposures to cash-flow, market or foreign-currency risks. However, we have entered into certain other financial instruments and contracts, such as debt

financing arrangements and freestanding warrants with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by ASC 815, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements.

We estimate fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered to be consistent with the objective of measuring fair values. In selecting the appropriate technique, we consider, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as free-standing warrants, we generally use the Black-Scholes-Merton option valuation technique because it embodies all of the requisite assumptions (including trading volatility, estimated terms and risk free rates) necessary to value these instruments. For complex derivative instruments, such as embedded conversion options, we generally use the Flexible Monte Carlo valuation technique because it embodies all of the requisite assumptions (including credit risk, interest-rate risk and exercise/conversion behaviors) that are necessary to value these more complex instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques are highly volatile and sensitive to changes in the trading market price of our common stock, which has a high-historical volatility. Since derivative financial instruments are initially and subsequently carried at fair values, our income will reflect the volatility in these estimate and assumption changes.

Recent Financing Transactions

Notes Payable

As of December 31, 2021 and 2020 the Company had an aggregate total of \$124,873 and \$136,123, respectively, in notes payable. These notes bear interest at rates ranging from 5% per annum to 41.6% per annum. As of December 31, 2021, all notes payable were in default. Accrued interest on notes payable totaled \$491,363 and \$408,7017 at December 31, 2021 and 2020, respectively. Please see **NOTE J – NOTES PAYABLE** for further information.

Notes Payable – related parties

As of December 31, 2021 and 2020, the Company had an aggregate total of \$199,415 and \$157,854, respectively, in related party notes payable. These notes bear simple interest at 10%-18% per annum, with default simple interest of 10%-24% per annum. Accrued interest on related party notes payable totaled \$426,110 and \$390,342 at December 31, 2021 and 2020, respectively. Please see **NOTE K – NOTES PAYABLE, RELATED PARTIES** for further information.

Convertible Notes Payable

As of December 31, 2021 and 2020 the Company had an aggregate principal balance total of \$1,987,425 and \$4,549,479, respectively, in convertible notes payable. These notes bear interest at rates ranging from 0% per annum to 36% per annum. Accrued interest on convertible notes payable totaled \$5,680,103 and \$5,476,722 at December 31, 2021 and 2020, respectively. Please see **NOTE I – CONVERTIBLE NOTES PAYABLE, NET** for further information.

Obligations Collateralized by Receivables

On July 16, 2015, the Company entered into an accounts receivable financing arrangement with Knight Capital for a principal amount received in cash of \$173,500. The terms of the arrangement require the Company to repay

the principal balance plus an additional \$52,050 in debt discounts for total remittance of \$225,550. The terms of repayment require the Company to remit to the lender approximately 30% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. The additional

\$52,050 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The Company and Knight Capital entered into a Debt Settlement Agreement (the "Agreement"), whereby the Company would make payment in the amount of \$15,000 with \$500 due July 1,

2021, \$2,000 on or before July 15, 2021 and \$12,500 due on or before August 15, 2021. The Company made all payments as per the terms of the Agreement. The ending principal balance of this borrowing at December 31, 2021 was \$0.

On August 17, 2015, the Company entered into an accounts receivable financing arrangement with QuickFix Capital for a principal amount received in cash of \$70,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$32,200 in debt discounts for total remittance of \$102,200. The terms of repayment require the Company to remit to the lender approximately 46% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$32,200 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$48,907.

On January 8, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$120,000, of which the remaining balance of \$46,224 on the prior arrangement was paid off. The terms of the current arrangement are similar to the prior arrangement, whereby this arrangement requires the Company to repay the principal balance plus an additional \$48,000 in debt discounts for total remittance of \$168,000. The ending principal balance of this borrowing at December 31, 2021 was \$14,232.

On April 12, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$75,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$30,000 in debt discounts for total remittance of \$105,000. The terms of repayment require the Company to remit to the lender approximately 12% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$30,000 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$67,645.

On April 28, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$55,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$19,250 in debt discounts for total remittance of \$74,250. The terms of repayment require the Company to remit to the lender approximately 10% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$19,250 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$29,696.

On June 2, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$35,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$14,700 in debt discounts for total remittance of \$49,700. The terms of repayment require the Company to remit to the lender approximately 11% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$14,700 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$45,756.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity, or capital expenditures.

CONTRACTUAL OBLIGATIONS

The following table sets forth the contractual obligations of the Company as of December 31, 2021 (debt discounts are not included):

Contractual Obligations	Payments due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Obligations collateralized by receivables	\$ 206,236	\$ 206,236	\$ -	\$ -	\$ -
Convertible debt	1,987,425	1,987,425	-	-	-
Notes payable	124,873	124,873	-	-	-
Notes payable, related parties	199,415	199,415	-	-	-
Small Business Administration loan	979,950	979,950	-	-	-
	<u>\$ 3,497,899</u>	<u>\$ 3,497,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are not required to provide the information required by this item.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

All financial information required by this Item is attached hereto at the end of this report beginning on page F-1 and is hereby incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, management performed, with the participation of our Chief Executive Officer/Principal Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation and the identification of the material weaknesses in internal control over financial reporting described below our Chief Executive Officer/Principal Financial Officer concluded that, as of December 31, 2021, our disclosure controls and procedures were not effective in ensuring that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act.) Internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive officer and principal financial officer and effected by an entity's board of directors, management and other personnel, to

provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the entity's assets that could have a material effect on its consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our Chief Executive Officer/Principal Financial Officer, the Company's management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Based upon this assessment, as of December 31, 2021, the Company's management concluded that there are material weaknesses affecting our internal control over financial reporting and have concluded that our internal control over financial reporting was not effective as of the end of the period covered by this report.

The matters involving internal controls and procedures that our management considers to be material weaknesses under COSO and Commission rules are: (1) lack of a functioning audit committee and lack of independent directors on our board of directors, resulting in potentially ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; (3) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes. The aforementioned potential material weaknesses were identified by our interim Chief Financial Officer in connection with the preparation of our financial statements as of December 31, 2021, who communicated the matters to our management and board of directors.

Management believes that the material weaknesses set forth in items (2), (3) and (4) above did not have an effect on our financial results. However, the lack of a functioning audit committee and lack of a majority of independent directors on our board of directors, resulting in potentially ineffective oversight in the establishment and monitoring of required internal controls and procedures, can impact our financial statements.

Attestation Report of Independent Registered Public Accounting Firm

This Annual Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to an exemption for non-accelerated filers set forth in Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Management's Remediation Initiatives

Although we are unable to meet the standards under COSO because of the limited resources available to a company of our size, we are committed to improving our financial organization. As funds become available, we will undertake to: (1) create a position to segregate duties consistent with control objectives, (2) increase our personnel resources and technical accounting expertise within the accounting function (3) appoint one or more outside directors to our board of directors who shall be appointed to a Company audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of

required internal controls and procedures; and (4) prepare and implement sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow. However, because of

the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks.

The implementation of these and other initiatives will be largely contingent on our ability to expand our board of directors and create audit and compensation committees. As we build an independent board-majority, comprised of a number of financial professionals, we anticipate the planning and implementation of internal controls to be expedited and improved.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our directors, principal executive officers and significant employees as of December 31, 2021 are as specified on the following table:

Name	Age	Position
Lloyd Spencer	66	Chief Executive Officer, Principal Financial Officer, Director, Treasurer, Secretary

The principal occupations for each of our current executive officers and directors are as follows:

LLOYD T. SPENCER became our Chief Executive Office on January 28, 2008, interim Chief Financial Officer on November 17, 2008, and a member of the board of directors and Vice President since September 20, 2007. Beginning in May 2006, Mr. Spencer has served as President and CEO of our subsidiary, CoroWare Technologies, Inc. Beginning in October 2004, Mr. Spencer was co-founder and President of CoroWare, Inc., a Washington State private company that was acquired by Innova Holdings, Inc., which is now known as CoroWare, Inc. From June 2002 to September 2004, Mr. Spencer was Vice President of Sales at Planet Technologies, a systems integration company based in Germantown, MD. From November 1996 to August 2001, Mr. Spencer was Solutions Unit Manager and Group Product Manager at Microsoft in Redmond, Washington. Prior to Microsoft, Mr. Spencer served as Assistant Vice-President and Business Unit Manager at Newbridge Networks; and Product Line Manager at Sun Microsystems. He is an active contributor to the robotics community in the Seattle area through his participation in the Seattle Robotics Society. He is also instrumental in initiating and fostering 4H robotics clubs and programs in Washington State. Mr. Spencer received his Bachelor's degree from Cornell University in 1980 with a major in Biology and Animal Science and with an emphasis in Immunogenetics.

On February 14, 2014, Mr. Lloyd Spencer, Chairman of the Board of Directors, was appointed as Interim Corporate Secretary. Mr. Spencer continues to serve as President and Chief Executive Officer.

Our director will serve until the next annual meeting of stockholders. Our executive officers are appointed by our Board of Directors and serve at the discretion of the Board of Directors.

Family Relationships

There are no family relationships among the directors and executive officers.

Conflicts of Interest- General

Our directors and officers are, or may become, in their individual capacities, officers, directors, controlling shareholder and/or partners of other entities engaged in a variety of businesses. Thus, there exist potential conflicts of interest including, among other things, time, efforts and corporation opportunity, involved in participation with such other business entities. While our sole officer and director of our business is engaged in business activities outside of our business, he devotes to our business such time as he believes to be necessary.

Conflicts of Interest- Corporate Opportunities

Presently no requirement contained in our Articles of Incorporation, Bylaws, or minutes which requires officers and directors of our business to disclose to us business opportunities which come to their attention. Our officers and directors do, however, have a fiduciary duty of loyalty to us to disclose to us any business opportunities which come to their attention, in their capacity as an officer and/or director or otherwise. Excluded from this duty would be opportunities which the person learns about through his involvement as an officer and director of another company. We have no intention of merging with or acquiring an affiliate, associate person or business opportunity from any affiliate or any client of any such person.

CODE OF ETHICS DISCLOSURE COMPLIANCE

CarbonMeta Technologies, Inc. has adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and other employees performing similar functions. The Code of Ethics was revised and updated in 2007 and approved by the board on December 6, 2007. The Code of Ethics is in the investor section of our website at www.carbonmetatech.com.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth the cash compensation (including cash bonuses) paid or accrued, and equity awards granted, by CarbonMeta for the years ended December 31, 2021 and 2020, to our Chief Executive Officer, the Company's sole officer and director.

Name and Principal Position	Year	Salary-Paid or accrued (\$)	Bonu s (\$)	Stock Award (\$)	Option Award (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value & Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)

Lloyd Spencer- President, Chief Executive Officer, Secretary , Director	202	110,00							110,00
(1)(2)	1	0	0	0	0	0	0	0	0
	202	110,00							110,00
	0	0	0	0	0	0	0	0	0

Notes:

- (1) Lloyd Spencer has served as CEO since January 28, 2008, and interim CFO since November 17, 2008. Prior to that, he was Vice President of Business Development and Director. Mr. Spencer is President of our subsidiary, CoroWare Technologies, Inc. with an annual salary of \$110,000. The values shown in this column represent the aggregate grant date fair value of equity-based awards granted during the fiscal year, in accordance with ASC 718, "Share Based-Payment".
- (2) The fair value of the stock options at the date of grant was estimated using the Black-Scholes option-pricing model, based on the assumptions described in the Notes to Financial Statements included in this Registration Statement filed on Form S-1.
 - (a) Accrued salary and salary paid.
 - (b) Accrued bonus to employee for execution of employment agreement.
 - (c) Delivery of common stock to employee for execution of employment agreements.
 - (d) Options issued to employee for execution of employment agreement. More details on Options noted under Employment Agreements section below.
 - (e) Equity compensation received as a Director of the Company.

Director's Compensation

CarbonMeta Technologies, Inc. has not paid and does not presently propose to pay cash compensation to any director for acting in such capacity. No restricted shares were awarded for 2021 or 2020 services.

Employment Agreements

The Company does not have any written agreements with any of its executive officers.

Stock Option Plan and other Employee Benefits Plans

The Company does not maintain a Stock Option Plan or other Employee Benefit Plans.

Overview of Compensation Program

We currently do not maintain a Compensation Committee of the Board of Directors. Until a formal committee is established, our entire Board of Directors has responsibility for establishing, implementing and continually monitoring adherence with the Company's compensation philosophy. The Board of Directors ensures that the total compensation paid to the executives is fair, reasonable, and competitive.

Role of Executive Officers in Compensation Decisions

The Board of Directors makes all compensation decisions for, and approves recommendations regarding equity awards to, the executive officers and directors of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth the beneficial ownership of our Common Stock as of April 20, 2022 by:

- each shareholder known by us to beneficially own more than 5% of our outstanding Common Stock;
- each of our directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting of securities, or to dispose or direct the disposition of securities. A security holder is also deemed to be, as of any date, the beneficial owner of all securities that such security holder has the right to acquire within 60 days after such date through (i) the exercise of any option or warrant, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement, or (iv) the automatic termination of a trust, discretionary account or similar arrangement. Except as disclosed in the footnotes to this table and subject to applicable community property laws, we believe that each person identified in the table has sole voting and investment power over all of the shares shown opposite such person’s name.

Percentage ownership in the following table is based on 18,843,858,479 shares of common stock outstanding as of April 20, 2022 and excludes:

- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s outstanding convertible notes payable and notes payable to related parties;
- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s Series B Preferred Stock;
- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s Series D Preferred Stock;
- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s Series E Preferred Stock;
- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s Series F Preferred Stock; and
- An indeterminate number of shares of common stock to be issued upon the conversion of the Company’s Series G Preferred Stock.

Name of Beneficial Owner (1)	Common Stock Beneficially Owned	Percentage of Common Stock (2)
Lloyd Spencer (3)(4)	552,177,763	2.93%
Officers and Directors as a Group	552,177,763	2.93%

(1) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, or convertible debt currently exercisable or convertible, or exercisable or convertible within 60 days of April 20, 2022 are deemed outstanding for computing percentage of the person holding such option or warrant but are not deemed outstanding for computing the percentage of any person. Percentages are based on a total of shares of Class A common stock outstanding on April 20, 2022, and the shares issuable upon exercise of options, warrants exercisable, and debt convertible on or within 60 days of April 20, 2022.

- (2) The number of common shares outstanding used in computing the percentages is 18,843,858,479.
- (3) Included within Mr. Spencer's beneficial ownership includes 552,177,763 shares of common stock issued to Mr. Spencer for services rendered on behalf of the Company.
- (4) The address for Mr. Spencer is 13110 NE 177th Place, Woodinville, WA 98072.

Preferred Stock:

Series B Preferred Stock

Name of Beneficial Owner	Series B Preferred Stock Beneficially Owned	Percentage of Series B Preferred Stock
Multiple shareholders. No beneficial owners.	159,666	100.00%
Total	159,666	100.00%

Series D Preferred Stock

Name of Beneficial Owner	Series D Preferred Stock Beneficially Owned	Percentage of Series D Preferred Stock
Lloyd Spencer	60,000	60.00%
Shanna Gerrard	20,000	20.00%
Jared Robert	20,000	20.00%
Total	100,000	100.00%

Series E Preferred Stock

Name of Beneficial Owner	Series E Preferred Stock Beneficially Owned	Percentage of Series E Preferred Stock
Multiple shareholders. No beneficial owners.	791,567	100.00%
Total	791,567	100.00%

Series F Preferred Stock

Name of Beneficial Owner	Series F Preferred Stock Beneficially Owned	Percentage of Series F Preferred Stock
John Kroon	40,000	21.05%
Cape First Funding, LLC	110,000	57.90%
Martin Nielsen	40,000	21.05%
Total	190,000	100.00%

Series G Preferred Stock

Name of Beneficial Owner	Series G Preferred Stock Beneficially Owned	Percentage of Series G Preferred Stock
Lloyd Spencer	25,000	100.00%
Total	25,000	100.00%

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

No director, executive officer or nominee for election as a director of our company, and no owner of five percent or more of our outstanding shares or any member of their immediate family has entered into or proposed any transaction in which the amount involved exceeds \$60,000 except as set forth below.

We also entered into short-term debt obligations other than in the ordinary course of business. The following sets forth the pertinent information relating to the obligations:

As of December 31, 2021 and 2020, the Company had an aggregate total of \$199,415 and \$157,854, respectively, in related party notes payable. These notes bear simple interest at 10%-18% per annum, with default simple interest of 10%-24% per annum. Accrued interest on related party notes payable totaled \$426,110 and \$390,342 at December 31, 2021 and 2020, respectively.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Not Applicable

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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**CARBONMETA TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 10,573	\$ -
Other current assets	30,000	-
Total Current Assets	<u>40,573</u>	<u>-</u>
Property and equipment, net	44,420	-
TOTAL ASSETS	<u>\$ 84,993</u>	<u>\$ -</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 10,095,940	\$ 12,132,364
Accrued expenses - related parties	233,423	230,993
Obligations collateralized by receivables, net	206,236	295,811
Convertible debt, net	1,987,425	4,549,479
Notes payable	124,873	136,123
Notes payable - related parties	199,415	157,854
Small business administration loan	979,950	979,950
Derivative liability	12,000,870	21,713,986
Total Current Liabilities	<u>25,828,132</u>	<u>40,196,559</u>
TOTAL LIABILITIES	<u>\$ 25,828,132</u>	<u>\$ 40,196,560</u>
Commitments and contingencies	-	-
STOCKHOLDERS' DEFICIT:		
Redeemable convertible preferred stock, Series A, \$0.001 par value, 125,000 shares authorized, 0 shares issued and outstanding	-	-
Redeemable convertible preferred stock, Series B, \$0.001 par value, 525,000 shares authorized, 159,666 shares issued and outstanding	160	160
Redeemable convertible preferred stock, Series C, \$0.001 par value, 500,000 shares authorized, 0 shares issued and outstanding	-	-
Redeemable convertible preferred stock, Series D, \$0.001 par value, 500,000 shares authorized, 100,000 shares issued and outstanding	100	100
Redeemable convertible preferred stock, Series E, \$0.001 par value, 1,000,000 shares authorized, 791,567 and 791,567 shares issued and outstanding, respectively	791	791

Redeemable convertible preferred stock, Series F, \$0.001 par value, 500,000 shares authorized, 190,000 and 0 shares issued and outstanding	190	190
Redeemable convertible preferred stock, Series G, \$0.001 par value, 500,000 shares authorized, 25,000 shares issued and outstanding	25	25
Common stock; 35,000,000,000 and 35,000,000,000 shares authorized at \$0.0001 par value, 17,592,057,163 and 13,701,742,065 shares issued and outstanding, respectively	1,759,206	1,370,174
Additional paid-in capital	36,775,726	31,543,315
Non-controlling interest	92,258	92,258
Treasury stock	(18,997)	(18,997)
Accumulated deficit	(64,352,598)	(73,184,574)
TOTAL STOCKHOLDERS' DEFICIT	(25,743,139)	(40,196,560)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 84,993	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

CARBONMETA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended December 31, 2021 and 2020

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Continuing operations:		
Revenues	\$ -	\$ -
Total revenues	-	-
Cost of revenues	458	-
Gross profit	(458)	-
Operating expenses:		
General and administrative	62,612	150,000
Sales and marketing	666	-
Depreciation and amortization	2,704	-
Total operating expenses	65,982	150,000
Operating (loss)	(66,440)	(150,000)
Other income/(expense):		
Change in derivative liabilities	9,713,116	(10,401,881)
Interest expense, net	(923,274)	(1,177,860)
Gain on extinguishment of debt	108,576	-
Total other income/(expense)	8,898,418	(11,579,741)
Income (loss) before income taxes	8,831,978	(11,729,741)
Income tax provision	-	-
Net income (loss)	<u>\$ 8,831,978</u>	<u>\$ (11,729,741)</u>
Net loss per common share:		
Basic and diluted net loss per common share:		
Continuing operations	\$ (0.00)	\$ (0.01)
Discontinued operations	-	(0.01)

Total		\$	(0.00)	\$	(0.02)
Basic and diluted weighted-average common shares outstanding			10,730,896,775		10,730,896,775

The accompanying notes are an integral part of these consolidated financial statements.

CARBONMETA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIENCY)
For the years ended December 31, 2021 and 2020

	Preferred Stock					Amount	Common Stock		Addition al Paid-In Capital	Non Controlli ng Interest	Treasu ry Stock	Accumula ted Deficit	Total
	Series B	Series D	Series E	Series F	Series G		Shares	Amount					
Balances, December 31, 2019	159,666	100,000	791,567	190,000	25,000	1,266	13,701,742,065	1,370,174	31,543,315	92,258	(18,997)	(61,454,835)	(28,466,819)
Preferred shares issued for services rendered	-	-	-	-	-	-	-	-	-	-	-	-	-
Preferred shares issued for settlement of debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock issued for convertible debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Common shares issued in conversion of Series E preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Net loss for year	-	-	-	-	-	-	-	-	-	-	-	(11,729,741)	(11,729,741)
Balances, December 31, 2020	159,666	100,000	791,567	190,000	25,000	1,266	13,701,742,065	1,370,174	31,543,315	92,258	(18,997)	(73,184,576)	(40,196,560)
Preferred shares issued for services rendered	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	-	-	-	-	-	-	3,150,315,098	315,032	4,942,492	-	-	-	5,257,524

CARBONMETA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
OPERATING ACTIVITIES:		
Net income (loss) for the period	\$ 8,831,978	\$ (11,729,741)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,526	-
Gain on settlement of liabilities	(108,576)	-
Change in derivative liability	(9,713,116)	10,401,881
Changes in operating assets and liabilities:		
Accounts payable	502,112	1,323,057
Accrued expenses- related parties	2,429	-
Other current assets	(30,000)	-
Net cash used in operating activities	<u>(508,647)</u>	<u>(4,803)</u>
INVESTING ACTIVITIES:		
Purchase of property and equipment	(47,124)	-
Net cash used in investing activities	<u>(47,124)</u>	<u>-</u>
FINANCING ACTIVITIES:		
Proceeds from obligations collateralized by receivables	-	4,803
Payments towards obligations collateralized by receivables	(15,000)	-
Proceeds from convertible debt financings	200,000	-
Payments towards convertible debt	(17,886)	-
Proceeds from sales of common stock	363,919	-
Payments towards notes payable	(6,250)	-
Proceeds from related party loans	112,061	-
Payments towards related party loans	(70,500)	-
Net cash provided by financing activities	<u>566,344</u>	<u>4,803</u>
NET INCREASE (DECREASE) IN CASH	10,573	-
CASH, BEGINNING OF PERIOD	<u>-</u>	<u>-</u>
CASH, END OF PERIOD	<u>\$ 10,573</u>	<u>\$ -</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-Cash investing and financing activities:		

Conversion of convertible notes and accrued interest through the issuance of common stock	\$	5,257,524	\$	-
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The accompanying notes are an integral part of these consolidated financial statements.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE A – ORGANIZATION

CarbonMeta Technologies, Inc. (f/k/a CoroWare, Inc.) (“CarbonMeta”, the “Company”, “we”, “us”, or “our”) is a publicly quoted company seeking to create value for its shareholders by seeking to acquire other operating entities for growth in return for shares of our common stock.

The Company was incorporated on July 8, 2001 under the laws of the State of Delaware as SRM Networks, Inc. In connection with the acquisition of Hy-Tech Computer Systems, Inc. on January 31, 2003, the Company changed its name to Hy-Tech Technology Group, Inc. In connection with the Agreement and Plan of Merger Robotics Workspace Technology, Inc., Innova Holdings, Inc. and the Company’s wholly owned subsidiary, RWT Acquisition, Inc., dated July 21, 2004, the Company’s named changed to Innova Holdings, Inc. Subsequently, on November 20, 2006, the Company changed its name to Innova Robotics and Automation, Inc. and then on April 23, 2008, the Company changed its name to CoroWare, Inc. On or about July 28, 2021, the Company filed Articles of Amendment to its Amended and Restated Certificate of Incorporation with the State of Delaware to reflect a name change from CoroWare, Inc. to CarbonMeta Technologies, Inc.

The Company has six wholly-owned subsidiaries: CoroWare Technologies, Inc. (“CTI”), CoroWare Robotics Solutions, Inc. (“CRS”), RWT Acquisition, Inc. (“RWT”), Carbon Sources, Inc. (“CS”), Coroware Treasury, Inc. (“CWT”), CarbonMeta Research Ltd. (“CMR”) and a 51% interest in AriCon, LLC (“AriCon”).

CoroWare Technologies (“CTI”) was incorporated in the State of Florida on May 16, 2006 and its principal business was a software professional services company with a strong focus on information technology integration and robotics integration, business automation solutions, and unmanned systems solutions to its customers in North America and Europe.

CoroWare Robotics Solutions, Inc. (“CRS”) was incorporated in the State of Texas on February 27, 2015, and its principal business was as a technology incubation company whose focus was on the delivery of mobile robotics and IOT products, solutions and services for university, government and corporate researchers, and enterprise customers. CRS’s business operations were discontinued in October 2016 when the Company’s gross margins and financing costs became unsustainable.

Robotic Workspace Technologies, Inc. (“RWT”) was incorporated in the State of Florida on July 1, 1994, and its principal business was developing and marketing open-architecture PC controls and related products that could improve the performance, applicability, and productivity of robots and other automated equipment. RWT’s business operations were discontinued in September 2007 when the Company’s losses became unsustainable.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE A – ORGANIZATION (continued)

Carbon Source, Inc. (“CS”) was incorporated in the State of Wyoming on June 14, 2021 and its principal business is waste reclamation technologies and processing.

CoroWare Treasury, Inc. (“CWT”) was incorporated in the State of Wyoming on July 6, 2021 and its principal business is acquisitions related to acquiring technologies and subsidiary businesses related to waste processing.

CarbonMeta Research Ltd. (“CMR”) was incorporated in England and Wales on August 12, 2021 and its principal business will focus on the development of technologies and solutions for processing organic wastes and generating economically sustainable hydrogen and high-value carbon products. Using proprietary and patented technologies, it plans to implement new industrial methods using inexpensive, environmentally friendly catalysts that process collected plastic waste material into high value products such as hydrogen gas, graphene and carbon nanotubes.

AriCon, LLC (“AriCon”) was a joint venture that was intended to develop mobile robot platforms, applications, and solutions for the construction industry. In October 2016, AriCon ceased operations of all subsidiary business operations when the Company’s losses became unsustainable, and the Company was not able to obtain investment financing.

In 2021, the Company began investigating emerging technologies, strategic intellectual property partnerships, and sustainable growth business opportunities related to the production of hydrogen and high value carbon products from organic waste streams. Working cooperatively with Oxford University Innovation, CarbonMeta plans to implement proven and patented technologies to add value to organic waste streams. By utilizing these proven proprietary technologies, collected and captured plastic waste material can be upcycled to high value products such as carbon nanotubes (“CNTs”) and hydrogen gas.

CNTs can be used for improved electrical conduction and reinforcing materials that are used in a wide variety of industries including the automotive industry, aviation industry, medical industry, and construction. The number one growth driver is the increasing need for high performance batteries for the electric vehicle market.

The global hydrogen market is expected to more than double by the end of the decade. Plastic waste is a cheap and abundant feedstock that will allow the Company to scale quickly and produce hydrogen gas for a competitive price.

License Agreement

On June 2, 2021, the Company (the “Licensee”) entered into a License Agreement (the “Agreement”) with Oxford University Innovation Limited (the “Licensor”). Under the terms of the Agreement, the Licensee will license the licensed technology (OUI Project- Hydrogen from plastics via microwave-initiated catalytic dehydrogenation). The Agreement is non-exclusive and includes the United States and European Union. Signing fees for the Agreement are £54,807 and are due on August 2, 2021. The Royalty Rate is 5% of gross sales. The Agreement comprises milestone fees as: (i) £20,000 upon the first commercial sale of a licensed product; (ii) £50,000 upon generating \$1,000,000 in sales; (iii) £10,000 upon the successful grant of the US patent; and (iv) £10,000 upon the successful grant of the EU patent.

In order to further grow its business, the Company plans to:

- expand its service offerings to provide additional sustainable waste management solutions that further minimize costs based on volume and content of waste streams, and methods of disposal, including landfills, transfer stations and recycling centers;
- Acquire profitable waste and recycling services companies with similar or compatible and synergistic business models, that can help the Company achieve these objectives;
- Offer innovative recycling services that significantly reduce the disposal of plastics, electronic wastes, food wastes, and hazardous wastes in the commercial property universe;

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE A – ORGANIZATION (continued)

- Establish partnerships with innovative universities, municipalities and companies; and
- Attract investment funds who will actively work with the Company to achieve these goals and help the Company grow into a leading waste and recycling services supplier in North America.

Some potential merger/acquisition candidate have been identified and discussions initiated. These candidates are within the Company's core business model, serving commercial properties, accretive to cash flow, and geographically favorable. While seeking to identify acquisition candidates, the Company seeks to identify target entities with a similar core business model or a model which naturally integrates with its own, and which are situated in opportunistic geographic locations.

We have unrestricted discretion in seeking and participating in a business opportunity, subject to the availability of such opportunities, economic conditions, and other factors.

The selection of a business opportunity in which to participate is complex and risky. Additionally, we have only limited resources and may find it difficult to locate good opportunities. There can be no assurance that we will be able to identify and acquire any business opportunity which will ultimately prove to be beneficial to us and our shareholders. We will select any potential business opportunity based on our management's best business judgment.

Our activities are subject to several significant risks, which arise primarily as a result of the fact that we have no specific business and may acquire or participate in a business opportunity based on the decision of management, which potentially could act without the consent, vote, or approval of our shareholders. The risks faced by us are further increased as a result of its lack of resources and our inability to provide a prospective business opportunity with significant capital.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of CarbonMeta Technologies, Inc. and its wholly-owned subsidiaries, CoroWare Technologies, Inc., CoroWare Robotics Solutions, Inc., Robotic Workspace Technologies, Inc., Carbon Source, Inc., CoroWare Treasury, Inc., CarbonMeta Research Ltd. as well as its 51% interest in ARiCON, LLC (collectively, the "Company"). All significant inter-company balances and transactions have been eliminated in the unaudited condensed consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. The Company uses all available information and appropriate techniques to develop its estimates. However, actual results could differ from its estimates.

Cash and Cash Equivalents

The Company considers highly liquid investments with original maturities of three months or less when purchased as cash equivalents. The Company had no cash equivalents as of December 31, 2021 and 2020. At times throughout the year, the Company might maintain bank balances that may exceed Federal Deposit Insurance Corporation (“FDIC”) insured limits. Periodically, the Company evaluates the credit worthiness of the financial institutions and has not experienced any losses in such accounts. As of December 31, 2021 and 2020, the Company did not have bank balances that exceeded the FDIC insured limits.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

The Company’s accounts receivable is exposed to credit risk. During the normal course of business, the Company extends unsecured credit to its customers with normal and traditional trade terms. Typically credit terms require payments to be made by the thirtieth day following the sale. The Company regularly evaluates and monitors the creditworthiness of each customer. The Company provides an allowance for doubtful accounts based on our continuing evaluation of its customers’ credit risk and its overall collection history. The Company had an allowance for doubtful accounts of \$- and \$- at December 31, 2021 and 2020, respectively.

Inventory

Inventories, which are comprised solely of finished goods, are stated at the lower of cost (based on the first-in, first-out method) or market. The Company provides for estimated losses from obsolete or slow-moving inventories and writes down the cost of inventory at the time such determinations are made. Reserves are estimated based upon inventory on hand, historical sales activity, industry trends, the business environment and the expected net realizable value. The net realizable value is determined based upon current awareness of market prices.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major renewals and improvements are capitalized while expenditures for minor replacements, maintenance and repairs are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Upon retirement or disposal of assets, the accounts are relieved of cost and accumulated depreciation and the related gain or loss, if any, is reflected in loss on disposal of assets in the unaudited condensed consolidated statement of income and comprehensive income.

At least annually, the Company evaluates, and adjusts when necessary, the estimated useful lives. The changes in estimated useful lives did not have a material impact on depreciation in any period. The estimated useful lives are:

Leasehold improvements	Remaining term of lease
Furniture and fixtures	5-7 years
Computer equipment and software	3-5 years

Impairment of Long-lived Assets

The Company evaluates the carrying value and recoverability of its long-lived assets when circumstances warrant such evaluation by applying the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-35, *Property, Plant and Equipment, Subsequent Measurement* (“ASC 360-35”). ASC 360-35 requires that long-lived assets be reviewed for impairment whenever events or changes in

circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of the assets. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value.

Income Taxes

Income taxes are computed using the asset and liability method. Under the asset and liability method, deferred income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the currently enacted tax rates and laws. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized. Additionally, taxes are calculated and expensed in accordance with applicable tax code.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment Reporting

FASB ASC 280-10, *Segment Reporting*, defines operating segments as components of a company about which separate financial information is available that is evaluated regularly by the chief decision maker in deciding how to allocate resources and in assessing performance. The Company reports according to one main segment.

Fair Value of Financial Instruments

The Company follows FASB ASC 820-10-35-37 (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments and paragraph 825-10-50-10 of the FASB ASC for disclosures about fair value of its financial instruments.

Paragraph 820-10-35-37 establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3 Pricing inputs that are generally unobservable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts reported in the Company’s unaudited condensed consolidated financial statements for accounts receivable, accounts payable and accrued expenses, and related party accrued expenses approximate their fair value because of the immediate or short-term nature of these financial instruments. The carrying amounts reported in the balance sheet for its notes payable approximates fair value as the contractual interest rate and features are consistent with similar instruments of similar risk in the marketplace.

Transactions involving related parties cannot be presumed to be carried out on an arm’s-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm’s-length transactions unless such representations can be substantiated.

It is not, however, practical to determine the fair value of advances from stockholders, if any, due to their related party nature.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2021 and 2020, on a recurring basis:

Assets and liabilities measured at fair value on a recurring basis at December 31, 2021	Level 1	Level 2	Level 3	Total Carrying Value
Derivative liabilities	\$ -	\$ (12,000,870)	\$ -	\$ (12,000,870)

Assets and liabilities measured at fair value on a recurring basis at December 31, 2020	Level 1	Level 2	Level 3	Total Carrying Value
Derivative liabilities	\$ -	\$ (21,713,986)	\$ -	\$ (21,713,986)

Convertible Instruments:

The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with professional standards for FASB ASC 815, *Derivatives and Hedging* (“ASC 815”).

Professional standards generally provide three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. Professional standards also provide an exception to this rule when the host instrument is deemed to be conventional as defined under professional standards as “The Meaning of Conventional Convertible Debt Instrument.”

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with professional standards when “Accounting for Convertible Securities with Beneficial Conversion Features,” as those professional standards pertain to “Certain Convertible Instruments.” Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

ASC 815 provides that, among other things, generally, if an event is not within the entity's control could or require net cash settlement, then the contract shall be classified as an asset or a liability.

Stock Based Compensation

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

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

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Through newly issued restricted common stock, the Company pays qualified contractors and advisors common shares in lieu of compensation for services provided including business development, management, technology development, consulting, legal services and accounting services.

Revenue Recognition

The Company derives its software system integration services revenue from short-duration, time and material contracts. Generally, such contracts provide for an hourly-rate and a stipulated maximum fee. Revenue is recorded only on executed arrangements as time is incurred on the project and as materials, which are insignificant to the total contract value, are expended. Revenue is not recognized in cases where customer acceptance of the work product is

necessary, unless sufficient work has been performed to ascertain that the performance specifications are being met and the customer acknowledges that such performance specifications are being met. The Company periodically review contractual performance and estimate future performance requirements. Losses on contracts are recorded when estimable. No contractual losses were identified during the periods presented.

The Company recognizes revenue for its software and software professional services when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability is probable. Product sales are recognized by us generally at the time product is shipped. Shipping and handling costs are included in cost of goods sold.

The Company accounts for arrangements that contain multiple elements in accordance with FASB ASC 605-25, *Revenue Recognition, Multiple Element Arrangements*. When elements such as hardware, software and consulting services are contained in a single arrangement, or in related arrangements with the same customer, the Company allocates revenue to each element based on its relative fair value, provided that such element meets the criteria for treatment as a separate unit of accounting. The price charged when the element is sold separately generally determines fair value. In the absence of fair value for a delivered element, the Company allocates revenue first to the fair value of the underlying elements and allocate the residual revenue to the delivered elements. In the absence of fair value for an undelivered element, the arrangement is accounted for as a single unit of accounting, resulting in a delay of revenue recognition for the delivered elements until the undelivered elements are fulfilled.

The Company limits the amount of revenue recognition for delivered elements to the amount that is not contingent on future delivery of products or services or subject to customer-specified return of refund privileges. The Company recognizes revenue from the sale of manufacturer's maintenance and extended warranty contracts in accordance with FASB ASC 605-45, *Revenue Recognition, Principal Agent Considerations*, net of its costs of purchasing the related contracts.

The Company's collaboration service revenues are generated through the sale of CoroCall™, a managed collaboration service. Our contracts provide for usage pricing or when paid for pre-paid service. The Company recognizes this revenue in the period that the services or minutes are used and prepaid.

Research and Development

Research and development costs relate to the development of new products, including significant improvements and refinements to existing products, and are expensed as incurred. Research and development expenses for the years ended December 31, 2021 and 2020 were \$- and \$-, respectively.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Expense

The Company expenses advertising costs as they are incurred. Advertising expense for the three and nine months ended December 31, 2021 and 2020 were \$-, \$-, \$- and \$-, respectively.

Concentration of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk are cash and cash equivalents and trade accounts receivable. The Company maintains its cash and cash equivalents in deposit accounts with high quality, credit-worthy financial institutions.

Basic and Diluted Loss per Share

The Company computes basic and diluted earnings per share amounts in accordance with FASB ASC 260, *Earnings per Share*. Basic earnings per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised or equity awards vest resulting in the issuance of common stock that could share in the earnings of the Company.

For the nine months ended December 31, 2021 and 2020, the effect of common stock equivalents has been excluded from the calculation of diluted earnings per share as their effect would be anti-dilutive.

The Company currently has convertible debt and preferred stock, which, if converted, as of December 31, 2021 and 2020, would have caused the Company to issue diluted shares totaling 25,250,956,247 and 106,376,994,454, respectively.

Dividend Policy

The Company has never declared or paid any cash dividends on its common stock. The Company anticipates that any earnings will be retained for development and expansion of its business and does not anticipate paying any cash dividends in the foreseeable future. Additionally, as of December 31, 2021 and 2020, the Company has issued, and has outstanding, shares of Series B Preferred Stock which are entitled, prior to the declaration of any dividends on common stock, to earn a 5% dividend, payable in either cash or common stock of the Company. The Board of Directors has sole discretion to declare dividends based on the Company's financial condition, results of operations, capital requirements, contractual obligations and other relevant factors. At December 31, 2021 and 2020, there were cumulative undeclared dividends to Preferred Series B shareholders of \$15,969 and \$15,969,

respectively, the obligation for which is contingent on declaration by the board of directors. These balances have been recorded as part of accounts payable and accrued expenses.

Recent Accounting Pronouncements

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

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE C – GOING CONCERN

The Company realized net income in the amount of \$8,831,978 during the year ended December 31, 2021 compared to a net loss of \$11,729,741 for the year ended December 31, 2020. The Company has a working capital deficit of \$25,787,559 and \$40,196,559 as of December 31, 2021 and 2020, respectively. The Company has accumulated deficits of \$64,352,598 and \$73,184,575 as of December 31, 2021 and 2020, respectively. Because of these and other factors, the Company will require additional working capital to develop its business operations. The Company intends to raise additional working capital through the use of private placements, public offerings and/or bank financing.

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 placements, public offerings and/or bank financing necessary to support the Company's working capital requirements. To the extent that funds generated from operations, 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.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE D – INVENTORY

As of December 31, 2021 and 2020, inventories consist of the following:

	December 31, 2021	December 31, 2020
Raw materials	\$ -	\$ -
Work in process	-	-
Finished goods	-	-
Subtotal	-	-
Less: inventory reserve	-	-
Inventory, net	<u>\$ -</u>	<u>\$ -</u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2021 and December 31, 2020:

	December 31, 2021	December 31, 2020
Computer equipment and software	\$ 1,325	\$ -
Equipment	45,799	-

Subtotal	47,124	-
Less: accumulated depreciation	(2,704)	-
Property and equipment, net	<u>\$ 44,420</u>	<u>\$ -</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$2,704 and \$-, respectively.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE F – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consists of the following at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Accounts payable	\$ 1,344,631	\$ 1,328,393
Accrued expenses	10,040	30,078
Dividends payable	15,969	15,969
Credit cards payable	-	81,048
Accrued interest	5,422,526	7,012,529
Accrued payroll	1,023,368	861,368
Accrued PTO	-	134,861
Commissions payable	221,188	221,188
Payroll taxes payable	1,998,735	2,393,287
Garnishment liens payable	35,502	35,502
Pension plan payable	23,981	23,981
Flex spending payable	-	(507)
Total	<u>\$ 10,095,940</u>	<u>\$ 12,132,363</u>

NOTE G – RELATED PARTY TRANSACTIONS

As of December 31, 2021 and 2020, related party accrued expenses were \$233,423 and \$230,993, respectively, which consisted entirely of deferred salaries to employees. Please *see* **NOTE K – NOTES PAYABLE, RELATED PARTIES** for further information.

NOTE H – OBLIGATIONS COLLATERALIZED BY RECEIVABLES, NET

On July 16, 2015, the Company entered into an accounts receivable financing arrangement with Knight Capital for a principal amount received in cash of \$173,500. The terms of the arrangement require the Company to repay the principal balance plus an additional \$52,050 in debt discounts for total remittance of \$225,550. The terms of repayment require the Company to remit to the lender approximately 30% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. The additional \$52,050 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The Company and Knight Capital entered into a Debt Settlement Agreement (the “Agreement”), whereby the Company would make payment in the amount of \$15,000 with \$500 due July 1, 2021, \$2,000 on or before July 15, 2021 and \$12,500 due on or before August 15, 2021. The Company made all payments as per the terms of the Agreement. The ending principal balance of this borrowing at December 31, 2021 was \$0.

On August 17, 2015, the Company entered into an accounts receivable financing arrangement with QuickFix Capital for a principal amount received in cash of \$70,000. The terms of the arrangement require the Company to

repay the principal balance plus an additional \$32,200 in debt discounts for total remittance of \$102,200. The terms of repayment require the Company to remit to the lender approximately 46% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$32,200 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$48,907.

On January 8, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$120,000, of which the remaining balance of \$46,224 on the prior arrangement was paid off. The terms of the current arrangement are similar to the prior arrangement, whereby this arrangement requires the Company to repay the principal balance plus an additional \$48,000 in debt discounts for total remittance of \$168,000. The ending principal balance of this borrowing at December 31, 2021 was \$14,232.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE H – OBLIGATIONS COLLATERALIZED BY RECEIVABLES, NET (continued)

On April 12, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$75,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$30,000 in debt discounts for total remittance of \$105,000. The terms of repayment require the Company to remit to the lender approximately 12% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$30,000 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$67,645.

On April 28, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$55,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$19,250 in debt discounts for total remittance of \$74,250. The terms of repayment require the Company to remit to the lender approximately 10% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$19,250 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$29,696.

On June 2, 2016, the Company entered into an accounts receivable financing arrangement with PowerUp for a principal amount received in cash of \$35,000. The terms of the arrangement require the Company to repay the principal balance plus an additional \$14,700 in debt discounts for total remittance of \$49,700. The terms of repayment require the Company to remit to the lender approximately 11% of all future receivables arising from credit card, debit card and prepaid transactions until such time as the total remittance is paid in full. This borrowing is secured by the assets of the Company. The additional \$14,700 will be recognized as interest expense over the estimated term of the agreement. The term is not fixed due to the variable repayment terms; however, management currently estimates such terms to be between approximately two and eight months. The ending principal balance of this borrowing at December 31, 2021 was \$45,756.

NOTE I – CONVERTIBLE NOTES PAYABLE, NET

In February 2003, the Company issued \$230,000 of notes payable which matured in June 2003. The notes earn simple interest at 8% per annum unless they are in default, in which case they earn default simple interest at a rate of 15%. In July 2003, the terms of the note were changed such that the notes became convertible debentures, whereby at the option of the Holder, all outstanding principal and interest can be converted into shares of the Company's common stock at \$1.00 per share. As of December 31, 2021, \$100,000 of principal and \$273,828 of accrued interest remain outstanding from these notes. These notes are currently in default.

On July 22, 2005, the Company issued a convertible promissory note to Richard Wynns (“Wynns”)(the “Holder”) for \$30,000. The note accrues simple interest at a rate of 5% per annum and matured on December 31, 2006. At the option of the Holder, all outstanding principal and interest can be converted into shares of the Company’s common stock at \$0.15 per share. Through December 31, 2021, the Holder converted \$22,500 of principal into shares of the Company’s common stock. As of December 31, 2021, there is \$7,500 of principal and \$7,127 of accrued interest remaining on this note. This note is currently in default.

On October 3, 2005, the Company issued a convertible promissory note to Wynns for \$30,000. The note accrues simple interest at a rate of 10% per annum and matured on November 2, 2005. On July 26, 2010, this note was amended whereby accrued interest through this date was added to the principal balance, making the total principal balance of the note \$47,509. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 75% of the average of the three lowest closing prices during the 10-day trading period prior to conversion. As of December 31, 2021, there is \$47,509 of principal and \$54,622 of accrued interest remaining on this note. This note is currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On October 14, 2005, the Company issued a convertible promissory note to Wynns for \$30,000. The note accrues simple interest at a rate of 10% per annum and matured on December 31, 2006. On July 26, 2010, this note was amended whereby accrued interest through this date was added to the principal balance, making the total principal balance of the note \$46,489. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 75% of the average of the three lowest closing prices during the 10-day trading period prior to conversion. As of December 31, 2021, there is \$46,489 of principal and \$53,450 of accrued interest remaining on this note. This note is currently in default.

On July 20, 2006, the Company issued a convertible promissory note to YA Global Investments, L.P. (“YA Global”) (the “Holder”) for \$1,250,000, with a maturity date of July 20, 2009. On August 22, 2006, the Company issued a convertible promissory note to YA Global for \$575,000, with a maturity date of August 22, 2009. The notes accrued simple interest at a rate of 10% per annum, with a default simple interest rate of 14% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 85% of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. Through December 31, 2015, a total of \$82,630 in principal and \$373,323 in accrued interest were converted into shares of the Company’s common stock. Additionally, through December 31, 2015, \$1,671,742 of principal from these notes were assigned to other parties in the form of convertible promissory notes. On February 5, 2016, all outstanding principal and accrued interest on these notes were consolidated into a new convertible promissory note along with all other outstanding notes due to YA Global.

On November 2, 2007, the Company issued a convertible promissory note to YA Global for \$600,000, with a maturity date of November 2, 2010. On March 17, 2008, the Company issued a convertible promissory note to YA Global for \$300,000, with a maturity date of March 17, 2010. The notes accrued simple interest at a rate of 14% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 85% of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. On February 5, 2016, all outstanding principal and accrued interest on these notes were consolidated into a new convertible promissory note along with all other outstanding notes due to YA Global.

On January 12, 2010, the Company issued an amended convertible promissory note to Westmount Holdings International, Ltd. (“Westmount”)(the “Holder”), with a principal balance of \$567,200 and accrued interest of \$317,510, which was assigned from YA Global. The note accrues simple interest at a rate of 14% per annum and is due on demand. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at

the option of the note Holder into shares of the Company's common stock at a rate of 85% of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. Through December 31, 2021, the Holder converted \$29,883 of principal and \$261,259 of accrued interest into shares of the Company's common stock. As of December 31, 2021, there is \$537,317 of principal and \$893,044 of accrued interest remaining on this note. This note is currently in default.

On January 28, 2011, the Company issued a convertible promissory note to Barclay Lyons, LLC ("Barclay")(the "Holder") for \$10,750. The note accrues simple interest at a rate of 21% per annum and matured on July 28, 2011, with a default simple interest rate of 36%. Pursuant to the terms of the note, the principal balance is convertible at the option of the note Holder into shares of the Company's common stock at a rate of 50% of the lesser of (i) the closing price on the day prior to conversion, or (ii) the volume-weighted-average closing price of the five-day trading period prior to conversion, though in no instance shall the conversion price be less than \$0.0001. There is a ceiling on the conversion rate of \$0.05 per share, but this rate is to be discounted based on forward splits. As of December 31, 2021, there is \$10,750 of principal and \$41,484 of accrued interest remaining on this note. This note is currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On March 21, 2011, the Company issued a convertible promissory note to Redwood Management, LLC ("Redwood") (the "Holder") for \$284,132. The note accrues interest at a rate of 14% per annum and matured on March 18, 2013. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the note Holder into shares of the Company's common stock at a rate of 85% of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. As of December 31, 2021, there is \$123,936 of principal and \$153,329 of accrued interest remaining on this note. This note is currently in default.

On April 2, 2011, the Company issued a convertible promissory note to Martin Harvey for \$67,042, which was assigned to Blackbridge Capital, LLC ("Blackbridge")(the "Holder"). The note accrues compounded interest at a rate of 10% per annum and matured on May 2, 2011, with a default compounded interest rate of 15% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company's common stock at a conversion rate of the average of the five trading days prior to the applicable conversion date, with the number of conversion shares multiplied by 115%. Through December 31, 2021, a total of \$42,557 outstanding principal was converted into shares of the Company's common stock, and a total of \$17,500 cash principal payments have been made. As of December 31, 2021, there is \$6,985 of principal and \$106,920 of accrued interest remaining on this note. This note is currently in default.

On June 2, 2011, the Company issued a convertible promissory note to Panache Capital, LLC ("Panache")(the "Holder") for \$65,000. The note accrues simple interest at a rate of 8% per annum and matured on June 1, 2012, with a default simple interest rate of 15% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the note holder into shares of the Company's common stock at a rate of 50% of the of the average of the three lowest closing prices during the 20-day trading period prior to conversion. Through April 1, 2014, the Holder converted \$47,315 of principal into shares of the Company's common stock. On April 1, 2014, the note was assigned to RBB Capital, LLC ("RBB"). On October 25, 2021, the Company and RBB entered into a Debt Settlement Agreement, whereby RBB agreed to accept \$20,000 as a one-time settlement payment for all outstanding principal and interest due on the notes dated June 2, 2011 and June 29, 2011. As of December 31, 2021, there is \$0 of principal and \$0 of accrued interest remaining on this note.

On June 29, 2011, the Company issued a convertible promissory note to Panache for \$15,000. The note accrues simple interest at a rate of 8% per annum and matured on June 29, 2012. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company's common stock at a rate of 85% of the of the average of the three lowest closing prices during the 20-day trading period prior to conversion. Through April 1, 2014, the Holder converted \$14,798 of principal into shares of the Company's common stock. On April 1, 2014, the note was assigned to RBB. On October 25, 2021, the Company and RBB entered into a Debt Settlement Agreement, whereby RBB agreed to accept \$20,000 as a one-time

settlement payment for all outstanding principal and interest due on the notes dated June 2, 2011 and June 29, 2011. As of December 31, 2021, there is \$0 of principal and \$0 of accrued interest remaining on this note.

On October 5, 2011, the Company issued a convertible promissory note to Premier IT Solutions (“Premier”)(the “Holder”) for \$21,962. The note accrues compounded interest at a rate of 10% per annum and matured on March 5, 2012, with a default compounded interest rate of 15% per annum. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a conversion rate of the average of the five trading days prior to the applicable conversion date, with the number of conversion shares multiplied by 115%. As of December 31 2021, there is \$21,962 of principal and \$77,073 of accrued interest remaining on this note. This note is currently in default.

On February 21, 2012, the Company issued a convertible promissory note to Kelburgh, Ltd. (“Kelhurgh”)(the “Holder”) for \$13,000. The note accrues compounded interest at a rate of 10% per annum and matured on March 5, 2012, with a default compounded interest rate of 15% per annum. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a conversion rate of 85% of the average of the five trading days prior to the applicable conversion date. As of December 31, 2021, there is \$13,000 of principal and \$43,311 of accrued interest remaining on this note. This note is currently in default.

On August 3, 2012, the Company issued a convertible promissory note to Raphael Cariou (“Cariou”)(the “Holder”) for \$7,000. The note accrues compounded interest at a rate of 10% per annum and matured on February 3, 2013, with a default compounded interest rate of 15% per annum. Pursuant to the terms of the note, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a conversion rate of the average of the five trading days prior to the applicable conversion date, with the number of conversion shares multiplied by 115%. As of December 31, 2021, there is \$7,000 of principal and \$20,763 of accrued interest remaining on this note. This note is currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On February 25, 2013, the Company issued two convertible promissory notes to AGS Capital Group, LLC (“AGS”) (the “Holder”) for \$131,377 and \$42,000. The notes accrue compounded interest at a rate of 14% per annum and matured on February 25, 2014. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a conversion rate of 35% of the lowest closing price during the 20-day trading period prior to conversion. Through December 31, 2021, \$122,738 of principal has been converted into shares of the Company’s common stock. As of December 31, 2021, there is a total of \$50,640 of principal and \$203,425 of accrued interest remaining on these notes. These notes are currently in default.

On March 7, 2013, the Company issued a convertible promissory note to YA Global (the “Holder”) for \$25,000. The note accrues simple interest at a rate of 14% per annum and matured on March 7, 2014. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 80% of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. On February 5, 2016, all outstanding principal and accrued interest on this note were consolidated into a new convertible promissory note along with all other outstanding notes due to YA Global.

On August 23, 2013, the Company issued a convertible promissory note to Zoom Marketing (“Zoom”)(the “Holder”) for \$140,000. The note accrues simple interest at a rate of 5% per annum and matured on January 23, 2014, with a default simple interest rate of 10% per annum. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 85% of the of the average of the three lowest closing prices during the five-day trading period prior to conversion. On March 27, 2014, Zoom assigned \$75,000 of principal to Tangiers Investment Group, LLC (“Tangiers”). As of December 31, 2021, there is \$65,000 of principal and \$55,819 of accrued interest remaining on this note. This note is currently in default.

On November 13, 2013, the Company issued a convertible promissory note to Tangiers for \$17,000 (the “Holder”). The note accrues simple interest at a rate of 10% per annum and matured on November 13, 2014, with a default simple interest rate of 20% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest is convertible at the option of the note Holder into shares of the Company’s common stock at a rate of 50% of the lowest closing price during the 20-day trading period prior to conversion, with the conversion rate being rounded to \$0.0001 or whole share. On May 28, 2021, the Company issued 400,315,100 shares of common stock to Tangiers in satisfaction of \$17,000 principal and \$23,032 principal. As of December 31, 2021, the note is paid in full

On February 21, 2014, the Company issued a convertible promissory note to Blackbridge (the “Holder”) for \$5,000. The note accrues simple interest at a rate of 8% per annum and matured on September 21, 2014. Pursuant to the terms of the notes, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 60% of the lowest closing price during the 30-day trading period prior to conversion. As of December 31, 2021, there is \$5,000 of principal and \$4,152 of accrued interest remaining on this note. This note is currently in default.

On March 11, 2014, the Company issued two convertible promissory notes to LG Capital Funding, LLC (“LG”)(the “Holder”) for \$32,000 and \$24,000. The notes accrue simple interest at a rate of 12% per annum and matured on March 11, 2015, with default simple interest rates of 24% per annum. Pursuant to the terms of the notes, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 50% of the lowest closing price during the 10-day trading period prior to, and including the date of, conversion. As of December 31, 2021, there is a total of \$56,000 of principal and \$98,241 of accrued interest remaining on these notes. These notes are currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On March 27, 2014, the Company issued a convertible promissory note to Tangiers (the “Holder”) for \$75,000, which was assigned from Zoom. The note accrues simple interest at a rate of 10% per annum and matured on March 27, 2015, with a default simple interest rate of 20% per annum. On March 27, 2014, the Company issued a separate convertible promissory note to Tangiers, whereby the Company could borrow up to \$600,000, of which \$100,000 would be treated as an original issue discount on a pro rata basis. The note accrues simple interest at a rate of 0% per annum and is due on demand, with a default simple interest rate of 20% per annum. During the year ended December 31, 2014, the Company borrowed \$72,000, of which \$12,000 was original issue discount. Pursuant to the terms of the notes, the principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a 50% discount of the lowest closing price during the 20-day trading period prior to the date of conversion. As of December 31, 2021, there is a total of \$122,000 of principal and \$170,111 of accrued interest remaining on these notes. These notes are currently in default.

On April 1, 2014, YA Global sold \$40,000 of their original note in the amount \$1,250,000 to an unrelated third party, Patrick Tuohy (“Tuohy”)(the “Holder”). The Company then issued a convertible promissory note to Tuohy for that debt. The note calls for 14% simple interest through the maturity date of December 31, 2014. Pursuant to the terms of the notes the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 60% of the lowest closing price during the 20-day trading period prior to conversion, or \$0.01, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. Through December 31, 2021, Tuohy converted \$40,000 of principal into shares of the Company’s common stock. The principal balance of this note has been paid in full, yet \$153 of accrued interest remains unpaid.

On April 2, 2014, the Company issued a convertible promissory note to Burrington Capital, LLC (“Burrington”)(the “Holder”) for \$25,000. The note calls for 10% compounded interest through the maturity date of October 1, 2014, with a default compounded interest rate of 15% per annum. Pursuant to the terms of the note the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 60% of the lowest closing price during the 20-day trading period prior to conversion, or \$0.01, whichever is lower. As of December 31, 2021, there is \$25,000 of principal and \$52,447 of accrued interest remaining on this note. This note is currently in default.

On April 3, 2014, YA Global sold a portion of their note in the amount of \$50,000 to an unrelated third party, Patrick Fero (“Ferro”)(the “Holder”). The Company then issued a convertible promissory note to Ferro for that debt. The note calls for 14% simple interest through the maturity date December 31, 2014. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 50% of the average of the three lowest closing prices during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. Through December 31, 2021, \$22,175 of principal has been converted into shares of the Company’s common stock, and the Company has made \$1,000 in principal payments. As of December 31, 2021, there is \$26,825 of principal and \$34,948 of accrued interest remaining on this note. This note is currently in default.

On April 8, 2014, a note holder, YA Global, sold a portion of their note in the amount of \$200,000 to Dakota Capital Pty Ltd. (“Dakota”)(the “Holder”). The Company then issued a convertible promissory note to Dakota for that debt. The note calls for 14% simple interest through the maturity date December 31, 2014. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a 50% discount of the lowest closing price during the 30-day trading period prior to conversion, or \$0.02, whichever is lower. As of December 31, 2021, there is \$200,000 of principal and \$216,482 of accrued interest remaining on this note. This note is currently in default.

On April 14, 2014, YA Global assigned \$100,000 of their convertible note to Barry Liben (“Liben”)(the “Holder”). The note accrues interest at a rate of 0% per annum and matured on December 31, 2014. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 50% of the average of the three lowest closing prices during the 30-day trading period prior to conversion, or \$0.02, whichever is lower, with the conversion rate being rounded to \$0.0001 or whole share. Through December 31, 2021, Mr. Liben converted \$47,200 of outstanding principal into shares of the Company’s common stock. As of December 31, 2021, there is \$52,800 of principal remaining on this note. This note is currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On December 10, 2014, the Company issued a convertible promissory note to Jared Robert (“Robert”)(the “Holder”) for \$20,000. The note accrues compounded interest at a rate of 10% per annum and matured on June 10, 2015, with a default compounded interest rate of 15%. Pursuant to the terms of the note the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 60% of the lowest closing price during the 20-day trading period prior to conversion, or \$0.01, whichever is lower. As of December 31, 2021, there is \$20,000 of principal and \$35,883 of accrued interest remaining on this note. This note is currently in default.

On January 7, 2015, the Company issued a convertible promissory note to LG (the “Holder”) for \$20,625, of which \$4,125 was an original issue discount. The note accrues simple interest at a rate of 12% per annum and matured on January 7, 2016, with a default simple interest rate of 24%. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the Holder into shares of the Company’s common stock at a rate of 45% of the lowest closing price during the 20-day trading period prior to, and including the date of, conversion. As of December 31 2021, there is \$20,625 of principal and \$32,094 of accrued interest remaining on this note. This note is currently in default.

On March 12, 2015, the Company issued two convertible promissory notes to Cariou (the “Holder”) totaling \$188,356 (\$94,178 each) for settlement of compensation owed as well as penalties and interest. The note calls for 24% compounded interest through the maturity date of September 12, 2015, with a default compounded interest rate of 29%. The principal balance and accrued interest are convertible at the option of the Holder into shares of the Company’s common stock at a conversion rate of the average of the five trading days prior the applicable conversion date, with the number of conversion shares multiplied by 115%. Through December 31, 2021, the Company made \$12,000 in principal payments towards these notes. As of December 31, 2021, there is a total of

\$176,356 of principal and \$1,045,409 of accrued interest remaining on these notes. These notes are currently in default.

On February 5, 2016, the Company issued an amended convertible promissory note to YA Global Investments, LP (“YA Global”) (the “Holder”) for \$2,829,690, which consolidated all the outstanding principal and interest due to YA Global from various notes outstanding through January 7, 2016. The note accrues simple interest at a rate of 6% per annum and matured on April 30, 2016, with a default simple interest rate of 18%. Pursuant to the terms of the note, the principal balance and accrued interest is convertible at the option of the note holder into shares of the Company’s common stock at a rate of the lesser of (a) \$0.0003 or (b) 50% of the lowest closing price during the 20-day trading period prior to conversion, with the conversion rate being rounded to \$0.0001 or whole share. In relation to the note, the Company issued warrants to purchase 2,000,000,000 shares of the Company’s common stock at an exercise price of \$0.0006 per share, with an expiration date of December 31, 2020. The warrants are also subject to a cashless exercise, should there be an event of default or the warrants are not subject to an effective registration statement. The Company valued these warrants on the date of issuance at \$400,000 using the Black-Scholes method. Pursuant to FASB ASC 470-50, *Debt, Modifications and Extinguishments*, this consolidation of debt and the issuance of warrants has been determined to be an extinguishment of debt, and as a result, the Company has recognized a loss on extinguishment of debt of \$3,299,717. Through June 30, 2016, \$113,700 of principal has been converted into shares of the Company’s common stock. On July 19, 2021, Corware, Inc., CoroWare Technologies, Inc. (hereinafter “CoroWare”), Robotic Workspace Technologies, Inc. (collectively, the (Obligors”) and YA Global entered into a Settlement Agreement (the “Agreement”). As of July 19, 2021, the Obligors are indebted to YA Global in the amount of \$5,192,492. Under the terms of the Agreement, CoroWare agreed to issue to YA Global on one or more occasions an aggregate of 2,250,000,000 shares of common stock in full in final settlement of all claims YA may have against CoroWare and its subsidiaries. As of December 31, 2021, the Company has issued YA Global all 2,250,000,000 shares of the Company’s stock in full satisfaction of its obligation

On July 19, 2021, the Company issued Tangiers (the “Holder”) a Fixed Convertible Promissory Note (the “Note”) in the amount of One Hundred Five Thousand and NO/100 Dollars (\$105,000)(\$100,000 Funded and \$5,000 Original Issuer Discount). The Note has a term of one (1) year (Maturity Date of July 19, 2022) and bears interest at 10% annually. The Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the Holder at the fixed conversion price of \$0.001. Upon the event of default, the Note shall accrue interest at the rate equal to the lower of 20% per annum or the highest rate permitted by law. The transaction closed on July 19, 2021. As of December 31, 2021, there is \$105,000 of principal and \$4,775 of accrued interest remaining on this note.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE I – CONVERTIBLE NOTES PAYABLE, NET (continued)

On September 8, 2021, the Company issued Tangiers a Fixed Convertible Promissory Note (the “Note”) in the amount of One Hundred Five Thousand and NO/100 Dollars (\$105,000)(\$100,000 Funded and \$5,000 Original Issuer Discount). The Note has a term of one (1) year (Maturity date of September 8, 2022) and bears interest at 10% annually. The Note is convertible, in whole or in part, at any time and from time to time before maturity at the option of the Holder at the Fixed Conversion Price of \$0.001. Upon the event of default, the Note shall accrue interest at the rate equal to the lower of 20% per annum or the highest rate permitted by law. The transaction closed on September 8, 2021. As of December 31, 2021, there is \$105,000 of principal and \$3,279 of accrued interest remaining on this note.

In the Company’s evaluation of each convertible debt instrument in accordance with FASB ASC 815, *Derivatives and Hedging* (pre-codification FAS 133 “Accounting for Derivative Financial Instruments and Hedging Activities”) (“ASC 815”), based on the variable conversion price, it was determined that the conversion features were not afforded the exemption as a conventional convertible instrument and did not otherwise meet the conditions for equity classification. As such, the conversion and other features were compounded into one instrument, bifurcated from the debt instrument and carried as a derivative liability, at fair value (Please see **NOTE M – DERIVATIVE LIABILITY** for further information). As of December 31, 2021 and December 31, 2020, debt discounts related to convertible notes payable totaled \$8,699 and \$0, respectively.

NOTE J – NOTES PAYABLE

On June 29, 2007, the Company issued a promissory note to Gary Sumner for \$45,000. The note accrues compounded interest of 5% per annum and matures on March 31, 2008, with a default simple interest rate of 18%. As of December 31, 2021, there is \$45,000 of principal and \$106,155 of accrued interest remaining on this note. This note is currently in default.

On July 3, 2008, the Company issued a promissory note to LTC International Corp. for \$25,000. The note accrues simple interest of 20.80% per annum and matures on December 17, 2008, with a default simple interest rate of 41.60%. Through December 31, 2015, the Company made principal payments totaling \$20,268. As of December 31, 2021, there is \$4,732 of principal and \$28,739 of accrued interest remaining on this note. This note is currently in default.

On March 17, 2010, the Company issued a promissory note to John Kroon for \$10,000. The note accrues compounded interest of 18% per annum and matures on September 13, 2010, with a default compounded interest rate of 21%. As of December 31, 2021, there is \$10,000 of principal and \$104,704 of accrued interest remaining on this note. This note is currently in default.

On July 27, 2010, the Company issued a promissory note to Richard Wynns for \$25,000. The note accrues compounded interest of 18% per annum and matures on January 23, 2011, with a default compounded interest rate of 21%. As of December 31, 2021, there is \$25,000 of principal and \$240,877 of accrued interest remaining on this note. This note is currently in default.

On March 15, 2011, the Company issued a promissory note to Barclay Lyons for \$15,000. The note accrues simple interest of 18.99% per annum and matures on March 25, 2011, with a default simple interest rate of 28.99%. As of December 31, 2021, there is \$15,000 of principal and \$46,922 of accrued interest remaining on this note. This note is currently in default.

On March 29, 2011, the Company issued a promissory note to George Ferch for \$5,000. The note accrues interest of 0% per annum and matures on June 27, 2011, with a default compounded interest rate of 21%. As of December 31, 2021, there is \$5,000 of principal and \$39,572 of accrued interest remaining on this note. This note is currently in default.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE J – NOTES PAYABLE (continued)

On April 11, 2012, the Company issued a promissory note to Blackbridge for \$6,000. The note accrues simple interest of 5% per annum and matures on May 25, 2012, with a default simple interest rate of 5%. Through June 30, 2016, the Company made principal payments totaling \$4,500. As of December 31, 2021, there is \$1,500 of principal and \$952 of accrued interest remaining on this note. This note is currently in default.

On October 18, 2013, the Company issued a promissory note to Walter Jay Bell (“Bell”) for \$10,000. The note accrues simple interest of 10% per annum and matures on November 29, 2013. As of December 31, 2021, there is \$10,000 of principal and \$8,257 of accrued interest remaining on this note. This note is currently in default.

On April 24, 2016, the Company issued a promissory note to Bell for \$8,642. The note accrues simple interest of 10% per annum and matures on June 30, 2016. As of December 31, 2021, there is \$8,642 of principal and \$2,483 of accrued interest remaining on this note. This note is currently in default.

On May 10, 2016, the Company issued a promissory note to William Rittman for \$20,000. The note accrues compounded interest of 16% per annum and matures on August 29, 2016. Effective May 16, 2016, the Company was to make weekly payments of \$1,250 plus interest for sixteen consecutive weeks. (Insert language on Settlement) As of December 31, 2021, there is \$0 of principal and \$0 of accrued interest remaining on this note.

NOTE K – NOTES PAYABLE, RELATED PARTIES

As of December 31, 2021 and 2020, the Company had an aggregate total of \$199,415 and \$157,854, respectively, in related party notes payable. These notes bear simple interest at 10%-18% per annum, with default simple interest of 10%-24% per annum. Accrued interest on related party notes payable totaled \$426,110 and \$390,342 at December 31, 2021 and 2020, respectively.

NOTE L – SMALL BUSINESS ADMINISTRATION LOAN

On April 17, 2002, the Company borrowed \$989,100 under a note agreement with the Small Business Administration. The note bears interest at 4% and is secured by the equipment and machinery assets of the Company. The balance outstanding at December 31, 2021 and 2020 was \$979,950 and \$979,950, respectively. The note calls for monthly installments of principal and interest of \$4,813 beginning September 17, 2002 and continuing until April 17, 2032.

The Company and the Small Business Administration reached an agreement in November 2010, whereby the Small Business Administration would accept \$500 per month for 12 months with payment reverting back to \$4,813 in November 2011. The Company only made four payments under the modification agreement. The Company continues to carry the loan as a current term liability because current payments are not being made, resulting in a default. Accrued interest payable on the note totaled \$693,299 and \$654,101 as of December 31, 2021 and 2020, respectively.

NOTE M – DERIVATIVE LIABILITY

Effective July 31, 2009, the Company adopted ASC 815, which defines determining whether an instrument (or embedded feature) is solely indexed to an entity's own stock. The conversion price of certain convertible notes, convertible preferred stock and exercise price of certain warrants are variable and subject to the fair value of the Company's units on the date of conversion or exercise. As a result, the Company has determined that the conversion and exercise features are not considered to be solely indexed to the Company's own stock and is therefore not afforded equity treatment. In accordance with ASC 815, the Company has bifurcated the conversion and exercise features of the instruments to be recorded as a derivative liability.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE M – DERIVATIVE LIABILITY (continued)

ASC 815 requires Company management to assess the fair market value of certain derivatives at each reporting period and recognize any change in the fair market value as items of other income or expense. The Company's only asset or liability measured at fair value on a recurring basis is its derivative liability associated with convertible notes payable and warrants.

At origination and subsequent revaluations, the Company valued the derivative liabilities using the Black-Scholes options pricing model under the following assumptions as of December 31, 2021 and 2020:

	<u>Year Ended December 31, 2021</u>	<u>Year Ended December 31, 2020</u>
Risk-free interest rate	0.73%	0.13-0.36%
Expected options life	1 - 2 yrs	1-3 yrs
Expected dividend yield	-	-
Expected price volatility	341%	693%

During the year ended December 31, 2021, the Company's derivative liability decreased from \$21,713,986 to \$12,000,870, and the Company recognized a gain (loss) on derivative liabilities of \$9,713,116.

NOTE N – PREFERRED STOCK

a) Series A Preferred Stock

The Company has authorized 125,000 shares of Series A Preferred Stock. Each share of Series A Preferred Stock (i) pays a dividend of 5%, payable at the discretion of the Company in cash or common stock, (ii) is convertible immediately after issuance into the Company's common stock at the lesser of \$0.005 per share or 75% of the average closing bid prices over the 20 trading days immediately preceding the date of conversion, (iii) has a liquidation preference of \$1.00 per share, (iv) may be redeemed by the Company at any time up to five years after the issuance date for \$1.30 per share plus accrued and unpaid dividends, and (v) has no voting rights except when mandated by Delaware law.

There were no issuances, conversions or redemptions of Series A Preferred Stock during the periods ended September 30, 2021 and December 31, 2020. At December 31, 2021 and 2020, the Company had 0 and 0 shares of Series A Preferred Stock issued and outstanding, respectively.

b) Series B Preferred Stock

The Company has authorized 525,000 shares of Series B Preferred Stock. Each share of Series B Preferred Stock (i) pays a dividend of 5%, payable at the discretion of the Company in cash or common stock, (ii) is convertible immediately after issuance into the Company's common stock at the lesser of \$15 per share or 75% of the average closing bid prices over the 20 trading days immediately preceding the date of conversion, (iii) has a liquidation preference of \$1.00 per share, and (iv) may be redeemed by the Company at any time up to five years.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

NOTE N – PREFERRED STOCK (continued)

There were no issuances, conversions or redemptions of Series B Preferred Stock during the periods ended September 30, 2021 and December 31, 2020. At December 31, 2021 and 2020, the Company had 159,666 and 159,666 shares of Series B Preferred Stock issued and outstanding, respectively.

Based upon the Company's evaluation of the terms and conditions of the Series B Preferred Stock, the embedded conversion feature related to the Series B Preferred Stock was afforded the exemption as a conventional convertible instrument due to certain variabilities in the conversion price and met the conditions for equity classification. However, the Company is required to bifurcate the embedded conversion feature and carry it as a derivative liability.

The Company estimated the fair value of the compound derivative using a common stock equivalent and the current share price of the Company's common stock. As a result of this estimate, the Company's valuation model resulted in a compound derivative balance associated with the Series B Preferred Stock of \$177,743 and \$425,776 as of December 31, 2021 and 2020, respectively. This amount is included as a derivative liability on the Company's unaudited condensed consolidated balance sheet. Fair value adjustments of \$248,033 and (\$212,888) were charged to derivative income (expense) for the years ended December 31, 2021 and 2020, respectively.

c) Series C Preferred Stock

The Company has authorized 500,000 shares of Series C Preferred Stock. During 2007, the Company initiated a private offering under Regulation D of the Securities Act of 1933 (the "Private Offering"), of an aggregate 500,000 units (collectively referred to as the "Units") at a price of \$1.00 per Unit, with each Unit consisting of one share of

Series C Preferred Stock at the lesser of 85% of the average closing bid price of the common stock over the 20 trading days immediately preceding the date of conversion, or \$0.04 and stock purchase warrants equal to the number of shares of common stock converted from the Series C Preferred Stock, exercisable at \$0.06 per share and which expire five years from the conversion date.

There were no issuances, conversions or redemptions of Series C Preferred Stock during the periods ended December 31 2021 and 2020. At December 31, 2021 and 2020, the Company had 0 and 0 shares of Series C Preferred Stock issued and outstanding, respectively.

d) Series D Preferred Stock

On November 10, 2011 the Board approved by unanimous written consent an amendment to the Company's Certificate of Incorporation to designate the rights and preferences of Series D Preferred Stock. There are 500,000 shares of Series D Preferred Stock authorized with a par value of \$0.001. Each share of Series D Preferred Stock has a stated value equal to \$1.00. These preferred shares rank higher than all other securities. Each outstanding share of Series D Preferred Stock shall be convertible into the number of shares of the Company's common stock determined by dividing the stated value by the conversion price which is defined as 85% of the average closing bid price of the common stock over the twenty trading days immediately preceding the date of conversion, but no less than par value of the common stock. Mandatory conversion can be demanded by the Company prior to October 1, 2013. Each share of the Series D Preferred Stock shall have voting rights equal to 100,000 votes of common stock.

There were no issuances, conversions or redemptions of Series D Preferred Stock during the periods ended December 31, 2021 and 2020. At December 31, 2021 and 2020, there were 100,000 and 100,000 shares of Series D Preferred Stock issued and outstanding, respectively.

CARBONMETA TECHNOLOGIES, INC.
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NOTE N – PREFERRED STOCK (continued)

Based upon the Company's evaluation of the terms and conditions of the Series D Preferred Stock, the embedded conversion feature related to the Series D Preferred Stock was afforded the exemption as a conventional convertible instrument due to certain variabilities in the conversion price and met the conditions for equity classification. However, the Company is required to bifurcate the embedded conversion feature and carry it as a derivative liability.

The Company estimated the fair value of the compound derivative using a common stock equivalent and the current share price of the Company's common stock. As a result of this estimate, the Company's valuation model resulted in a compound derivative balance associated with the Series D Preferred Stock of \$396,956 and \$200,000 as of December 31, 2021 and 2020, respectively. This amount is included as a derivative liability on the Company's unaudited condensed consolidated balance sheet. Fair value adjustments of (\$196,956) and (\$100,000) were charged to derivative income (expense) for the years ended December 31, 2021 and 2020, respectively.

e) Series E Preferred Stock

On March 9, 2012, the Company filed the Certificate of Designation of the Rights and Preferences of Series E Preferred Stock of the Company with the Delaware Secretary of the State pursuant to which the Company set forth the designation, powers, rights, privileges, preferences and restrictions of 1,000,000 authorized shares of Series E Preferred Stock, par value \$0.001 per share. The Series E Preferred Stock is convertible into common stock at 50% of the lowest closing bid price of the common stock over the 20 days immediately prior the date of conversion, but no less than the par value of the common stock.

There were no issuances, conversions or redemptions of Series E Preferred Stock during the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, there were 640,156 and 712,496 shares of Series E Preferred Stock issued and outstanding, respectively.

Based upon the Company's evaluation of the terms and conditions of the Series E Preferred Stock, the embedded conversion feature related to the Series E Preferred Stock was afforded the exemption as a conventional convertible instrument due to certain variabilities in the conversion price and met the conditions for equity classification. However, the Company is required to bifurcate the embedded conversion feature and carry it as a derivative liability.

The Company estimated the fair value of the compound derivative using a common stock equivalent and the current share price of the Company's common stock. As a result of this estimate, the Company's valuation model

resulted in a compound derivative balance associated with the Series E Preferred Stock of \$2,469,349 and \$1,388,822 as of December 31, 2021 and 2020, respectively. This amount is included as a derivative liability on the Company's unaudited condensed consolidated balance sheet. Fair value adjustments of (\$1,080,527), and (\$622,071) were charged to derivative income (expense) for the years ended December 31, 2021 and 2020, respectively.

f) Series F Preferred Stock

On October 4, 2013, the Company filed the certificate of designation pursuant to which the Company set forth the designation, powers, rights, privileges, preferences and restrictions of 500,000 authorized shares of Series F Preferred Stock, par value \$0.001 per share.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE N – PREFERRED STOCK (continued)

The shares of Series F Preferred Stock have a stated value of \$1.00, have no voting rights, are entitled to no dividends due or payable and are convertible into the number of shares of the Company's common stock determined by dividing the stated value by the conversion price, which is defined as 85% of the average closing bid price of the common stock over the five trading days immediately preceding the date of conversion, but no less than the par value of the common stock. At any time after the issuance date through the fifth anniversary of the issuance of the Series F Preferred Stock, the Company shall have the option to redeem any unconverted shares at an amount equal to 130% of the stated value of the Series F Preferred Stock plus accrued and unpaid dividends, if any. Redemption shall be established by the Company in its sole and absolute discretion and no holder of Series F Preferred Stock may demand that the Series F Preferred Stock be redeemed.

There were no issuances, conversions or redemptions of Series F Preferred Stock during the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, the Company had 190,000 and 190,000 shares of Series F Preferred Stock issued and outstanding, respectively.

Based upon the Company's evaluation of the terms and conditions of the Series F Preferred Stock, the embedded conversion feature related to the Series F Preferred Stock was afforded the exemption as a conventional convertible instrument due to certain variabilities in the conversion price and met the conditions for equity classification. However, the Company is required to bifurcate the embedded conversion feature and carry it as a derivative liability

The Company estimated the fair value of the compound derivative using a common stock equivalent and the current share price of the Company's common stock. As a result of this estimate, the Company's valuation model resulted in a compound derivative balance associated with the Series F Preferred Stock of \$754,217 and \$380,000 as of December 31, 2021 and 2020, respectively. This amount is included as a derivative liability on the Company's unaudited condensed consolidated balance sheet. Fair value adjustments of (\$374,217), and (\$190,000) were charged to derivative income (expense) for the years ended December 31, 2021 and 2020, respectively.

g) Series G Preferred Stock

On April 17, 2014, the Company filed the certificate of designation pursuant to which the Company set forth the designation, powers, rights, privileges, preferences and restrictions of 500,000 authorized shares of Series G Preferred Stock, par value \$0.001 per share.

The shares of Series G Preferred Stock have a stated value of \$1.00, have voting rights equal to 5,000,000 votes of common stock, are entitled to no dividends due or payable, are non-redeemable, and are convertible into the number of shares of the Company's common stock determined by dividing the stated value by the conversion price, which is defined as 85% of the average closing bid price of the common stock over the twenty trading days immediately preceding the date of conversion, but no less than par value of the common stock.

There were no issuances, conversions or redemptions of Series G Preferred Stock during the periods ended December 31, 2021 and 2020. At December 31, 2021 and 2020, the Company had 25,000 and 25,000 shares of Series G Preferred Stock issued and outstanding, respectively.

Based upon the Company's evaluation of the terms and conditions of the Series G Preferred Stock, the embedded conversion feature related to the Series G Preferred Stock was afforded the exemption as a conventional convertible instrument due to certain variabilities in the conversion price and met the conditions for equity classification. However, the Company is required to bifurcate the embedded conversion feature and carry it as a derivative liability.

CARBONMETA TECHNOLOGIES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE N – PREFERRED STOCK (continued)

The Company estimated the fair value of the compound derivative using a common stock equivalent and the current share price of the Company's common stock. As a result of this estimate, the Company's valuation model resulted in a compound derivative balance associated with the Series G Preferred Stock of \$99,239 and \$50,000 as of December 31, 2021 and 2020, respectively. This amount is included as a derivative liability on the Company's unaudited condensed consolidated balance sheet. Fair value adjustments of (\$49,239) and (\$25,000) were charged to derivative income (expense) for the years ended December 31, 2021 and 2020, respectively.

NOTE O – COMMON STOCK AND TREASURY STOCK

Common Stock

The Company is authorized to issue up to 35,000,000,000 shares of \$0.0001 par value common stock, of which 17,592,057,163 and 13,701,742,065 shares were issued and outstanding as of December 31, 2021 and 2020, respectively.

Issuances during the year ended December 31, 2021:

On March 9, 2021, the Company issued 7,500,000,000 shares of its common stock to its sole officer and director, Lloyd Spencer, as compensation for accrued wages for fiscal years 2016, 2017, 2018, 2019 and 2020.

On May 28, 2021, the Company issued 400,315,100 shares of common stock to a noteholder in satisfaction of \$17,000 principal and \$23,032 principal.

On June 4, 2021, the Company's sole officer and director, Lloyd Spencer, returned 7,500,000,000 shares of common stock previously to Mr. Spencer for accrued compensation so that the shares may be used for future business transactions. The accrued wages due Mr. Spencer were for fiscal years 2016, 2017, 2018, 2019 and 2020 were reinstated to the Company's financials.

On August 10, 2021, the Company issued 250,00,000 shares of common stock to a noteholder in satisfaction of \$25,000 principal against a convertible note.

On September 14, 2021, the Company issued 250,000,000 shares of common stock to a noteholder in satisfaction of \$75,000 interest against a convertible note.

On September 24, 2021, the Company issued 666,666,666 shares of common stock to a noteholder in satisfaction of \$200,000 principal against a convertible note.

On September 27, 2021, the Company issued 666,666,666 shares of common stock to a noteholder in satisfaction of \$200,000 principal against a convertible note.

On October 7, 2021, the Company issued 458,333,333 shares of common stock to a noteholder in satisfaction of \$137,500 principal against a convertible note.

On October 13, 2021, the Company issued 458,333,335 shares of common stock to a noteholder in satisfaction of \$137,500 principal against a convertible note.

On October 21, 2021, the Company issued 200,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On October 22, 2021, the Company issued 120,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On October 22, 2021, the Company issued 20,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On November 4, 2021, the Company issued 200,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On November 10, 2021, the Company issued 100,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On November 12, 2021, the Company issued 100,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

On November 24, 2021, the Company issued 200,000,000 shares of common stock to a shareholder for shares purchased through the Company's Regulation 1-A offering.

Issuances during the year ended December 31, 2020:

None

Treasury Stock

As of December 31, 2021 and 2020, the Company held 189,966,000 and 189,966,000 shares of common stock in treasury, respectively.

NOTE P – STOCK OPTIONS AND WARRANTS

Employee Stock Options

None

Non-employee Stock Options

None

Stock Purchase Warrants

As of December 31, 2021 and 2020, the Company had 0 and 0 outstanding warrants, respectively. Please see **NOTE Q – SUBSEQUENT EVENTS** for further information.

NOTE Q – SUBSEQUENT EVENTS

On January 11, 2022, the Company entered into an Interim Joint Product Development and Sales Representation Agreement (the "Agreement") with Salvum Corporation. Under the terms of the Agreement, the parties agree to work together to develop both CarbonMeta's proprietary cementless paver products known as "Cementless Paver" and Salvum's proprietary concrete alternative products known as "Earthcrete. During the Term, Salvum agrees to manufacture CarbonMeta's proprietary cementless paver products known as "Cementless Paver". CarbonMeta reserves the right to appoint other manufacturers of the products and/or to engage other sales representatives for

CarbonMeta's proprietary cementless paver products known as "Cementless Paver" outside the United States of America.

On January 21, 2022, the Company issued 206,896,552 shares of common stock to a Consultant for negotiating and arranging for the entry by the Company into a Mutual Release and Settlement Agreement.

On January 21, 2022, the Company issued its sole officer and director, Lloyd Spencer, 428,571,428 shares of common stock for past due wages in the amount of \$150,000.

On February 14, 2022, the Company issued 83,333,334 shares of common stock as per the terms of the Memorandum of Understanding to an Interim Joint Product Development and Sales Representation Agreement.

On February 14, 2022, the Company issued its sole officer and director, Lloyd Spencer, 30,000,000 shares of common stock as compensation for serving on the Board of Directors of CarbonMeta Research Ltd.

On February 14, 2022, the Company issued 90,000,000 shares (30,000,000 shares each) of common stock to three individuals as compensation for serving on the Board of Directors of CarbonMeta Research Ltd.

On March 7, 2022, the Company issued to Lloyd T. Spencer (the "Holder") a Promissory Note (the "Note") in the principal amount of \$66,000. The Note has a term of one (1) year (Maturity Date of March 7, 2023) and bears interest at 12% annually. The Holder shall have the right, on any calendar day, at any time on or following the Issue Date, to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The per share conversion price into which Principal Amount and interest (including any Default Interest) under this Note shall be convertible into shares of Common Stock hereunder (the "Conversion Price") shall equal \$0.0002. If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price. In conjunction with the financing transaction, the Company issued the Holder a five-year Common Stock Purchase Warrant granting the Holder the right to purchase 165,000,000 shares of common stock at an exercise price of \$0.0002 per share. The transaction closed on March 7, 2022.

On March 21, 2022, the Company issued to Tangiers Investment Group, LLC (the "Holder") a Promissory Note (the "Note") in the principal amount of \$55,000. The Note has a term of one (1) year (Maturity Date of March 21, 2023) and bears interest at 12% annually. The Holder shall have the right, on any calendar day, at any time on or following the Issue Date, to convert all or any portion of the then outstanding and unpaid Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The per share conversion price into which Principal Amount and interest (including any Default Interest) under this Note shall be convertible into shares of Common Stock hereunder (the "Conversion Price") shall equal \$0.0002. If at any time the Conversion Price as determined hereunder for any conversion would be less than the par value of the Common Stock, then at the sole discretion of the Holder, the Conversion Price hereunder may equal such par value for such conversion and the Conversion Amount for such conversion may be increased to include Additional Principal, where "Additional Principal" means such additional amount to be added to the Conversion Amount to the extent necessary to cause the number of conversion shares issuable upon such conversion to equal the same number of conversion shares as would have been issued had the Conversion Price not been adjusted by the Holder to the par value price. In conjunction with the financing transaction, the Company issued the Holder a five-year Common Stock Purchase Warrant granting the Holder the right to purchase 125,000,000 shares of common stock at an exercise price of \$0.0004 per share and 27,500,000 shares of common stock as commitment shares. The transaction closed on March 21, 2022.

SIGNATURES:

Dated: April 21, 2021

**CARBONMETA TECHNOLOGIES,
INC.**

By: /s/ Lloyd T. Spencer

*Lloyd T. Spencer
Chief Executive Officer and
Interim Chief Financial Officer
(Principal Executive Officer and
Principal
Accounting and Financial Officer)*

In accordance with the Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Lloyd T. Spencer</u> Lloyd T. Spencer	Chief Executive Officer and Interim Chief Financial Officer, Chairman of the Board of Directors <i>(Principal Executive Officer and Principal Accounting and Financial Officer),</i>	April 21, 2021