

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

## **SMC Entertainment, Inc.**

**9170 Glades Road, Suite 150**

**Boca Raton, FL 33434**

**1-360-820-5973**

**www.smceinc.com**

**Ron.Hughes.operations@gmail.com**

**SIC Code - 6289**

## **Annual Report**

**For the period ending December 31, 2022 (the "Reporting Period")**

### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

962,535,830 as of December 31, 2022

962,535,830 as of December 31, 2022

### **Shell Status**

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

### **Change in Control**

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

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

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

Yes: ☐

No: ☒

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

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

SMC Entertainment, Inc. – November 2017

Fenix Media Venture, Inc – June 16, 2016

Re-domiciled from Nevada to Wyoming – June 16, 2016

SMC Entertainment, Inc - May 6, 2011

SMC Recordings, Inc - July 7, 2009

Action Energy Corp - April 2, 2009

Professional Recovery Systems Ltd. (Nevada) - January 23, 1998. Texas company merged with Nevada company

Professional Recovery Systems, Inc. (Texas) - August 24, 1995

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

Nevada - January 23, 1998. Active

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

None

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

None

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

9170 Glades Road, Suite 150, Boca Raton, FL 33434

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

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

\_\_\_\_\_

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

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

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

## 2) Security Information

### **Transfer Agent**

Name: Pacific Stock Transfer Co.  
Phone: (800) 785-7782  
Email: joslyn@pacificstocktransfer.com  
Address: 6725 Via Austi Pkwy, Suite 300, Las Vegas, NV 89119

### **Publicly Quoted or Traded Securities:**

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

Trading symbol:	<u>SMCE</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>78446R108</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,450,000,000</u>	<u>as of date: December 31, 2022</u>
Total shares outstanding:	<u>962,535,830</u>	<u>as of date: December 31, 2022</u>
Total number of shareholders of record:	<u>191</u>	<u>as of date: December 31, 2022</u>

*All additional class(es) of publicly quoted or traded securities (if any):*

Trading symbol:	_____	
Exact title and class of securities outstanding:	_____	
CUSIP:	_____	
Par or stated value:	_____	
Total shares authorized:	_____	<u>as of date: _____</u>
Total shares outstanding:	_____	<u>as of date: _____</u>
Total number of shareholders of record:	_____	<u>as of date: _____</u>

### **Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

Exact title and class of the security:	<u>The Series B preferred stock</u>
CUSIP (if applicable):	_____

Par or stated value:	<u>\$10.00</u>	
Total shares authorized:	<u>4,500,000</u>	<u>as of date: December 31, 2022</u>
Total shares outstanding (if applicable):	<u>0</u>	<u>as of date: December 31, 2022</u>
Total number of shareholders of record (if applicable):	<u>          </u>	<u>as of date:           </u>
Exact title and class of the security:	<u>Series A Preferred stock</u>	
CUSIP (if applicable):	<u>          </u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,000,000</u>	<u>as of date: December 31, 2022</u>
Total shares outstanding (if applicable):	<u>990,346</u>	<u>as of date: December 31, 2022</u>
Total number of shareholders of record (if applicable):	<u>3</u>	<u>as of date: December 31, 2022</u>

**Security Description:**

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

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

One vote per share, no other rights or privileges.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

The Series A preferred stock, par value \$0.001, are entitled to dividends, if declared, and are convertible into common stock by dividing the issue price of \$1.00 by a 20% discount to the current market price.

The Series B preferred stock are entitled to dividends, if declared, and are convertible into common stock at a rate of 10% to the preceding ten day weighted average price.

**3. Describe any other material rights of common or preferred stockholders.**

          

**4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.**

### 3) Issuance History

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

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

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

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End:  Date <u>January 1, 2020</u> <u>Opening Balance</u> Common: <u>346,626,974</u> Series A Preferred: <u>990,346</u> Series B Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/9/2021	New Issuance	32,000,000	Common	\$0.00099	Yes	Kanno Group Holdings II Ltd.- Naiei Kanno.	Debt Conversion	Unrestricted	§ 4(a)(1) Exemption
1/28/2021	New Issuance	5,000,000	Common	\$0.01	No	Rachel Boulds	Services	Restricted	Rule 144
1/28/2021	New Issuance	20,000,000	Common	\$0.01	No	Rick Bjorklund	Services	Restricted	Rule 144
1/28/2021	New Issuance	25,000,000	Common	\$0.01	No	Ronald Hughes	Services	Restricted	Rule 144
3/29/2021	New Issuance	18,500,000	Common	\$0.0017	Yes	Christopher Whitcomb	Debt Conversion	Unrestricted	§ 4(a)(1) Exemption
4/14/2021	New Issuance	40,000,000	Common	\$0.0057	No	MICRME, LLC – Daniel Barbacovi	Acquisition	Restricted	Rule 144
4/14/2021	New Issuance	1,500,000	Common	\$0.0057	No	Grant Cheeseman	Services	Restricted	Rule 144

4/14/2021	<u>New Issuance</u>	<u>1,500,000</u>	<u>Common</u>	<u>\$0.0057</u>	<u>No</u>	<u>Scott Maclellan</u>	<u>Services</u>	<u>Restricted</u>	<u>Rule 144</u>
4/14/2021	<u>New Issuance</u>	<u>2,000,000</u>	<u>Common</u>	<u>\$0.0057</u>	<u>No</u>	<u>Amerivet Ventures – Ted Lasser</u>	<u>Services</u>	<u>Restricted</u>	<u>Rule 144</u>
5/3/2021	<u>New Issuance</u>	<u>100,000,000</u>	<u>Common</u>	<u>\$0.0059</u>	<u>No</u>	<u>Rick Bjorklund</u>	<u>Services</u>	<u>Restricted</u>	<u>Rule 144</u>
5/3/2021	<u>New Issuance</u>	<u>100,000,000</u>	<u>Common</u>	<u>\$0.0059</u>	<u>No</u>	<u>Ronald Hughes</u>	<u>Services</u>	<u>Restricted</u>	<u>Rule 144</u>
12/14/2021	<u>New Issuance</u>	<u>30,000,000</u>	<u>Common</u>	<u>\$0.00168</u>	<u>Yes</u>	<u>Kanno Group Holdings II Ltd.- Naiei Kanno.</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>\$ 4(a)(1) Exemption</u>
1/1/2022	<u>New Issuance</u>	<u>862,069</u>	<u>Common</u>	<u>0.0087</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
1/13/2022	<u>New Issuance</u>	<u>72,000,000</u>	<u>Common</u>	<u>0.00182</u>	<u>No</u>	<u>Mammoth Corporation – Brad Hare</u>	<u>Debt Conversion</u>	<u>Restricted</u>	<u>Rule 144</u>
1/18/2022	<u>New Issuance</u>	<u>100,000,000</u>	<u>Common</u>	<u>0.0135</u>	<u>No</u>	<u>JW Price LLC – Erik Blum</u>	<u>Management Consulting Services</u>	<u>Restricted</u>	<u>Rule 144</u>
1/18/2022	<u>New Issuance</u>	<u>75,000,000</u>	<u>Common</u>	<u>0.0135</u>	<u>No</u>	<u>Ron Hughes</u>	<u>Management Consulting Services</u>	<u>Restricted</u>	<u>Rule 144</u>
1/20/2022	<u>Cancellation</u>	<u>(40,000,000)</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>MICRME, LLC - Daniel Barbacovi</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
1/20/2022	<u>Cancellation</u>	<u>(3,000,000)</u>	<u>Common</u>	<u>N/A</u>	<u>N/A</u>	<u>Brian Kramer</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
2/1/2022	<u>New Issuance</u>	<u>568,182</u>	<u>Common</u>	<u>0.0132</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
2/3/2022	<u>New Issuance</u>	<u>348,485</u>	<u>Common</u>	<u>0.0132</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
3/14/2022	<u>New Issuance</u>	<u>1,415,094</u>	<u>Common</u>	<u>0.0053</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
4/5/2022	<u>New Issuance</u>	<u>2,083,333</u>	<u>Common</u>	<u>0.0036</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
5/6//2022	<u>New Issuance</u>	<u>1,415,094</u>	<u>Common</u>	<u>0.003</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
6/14/2022	<u>New Issuance</u>	<u>2,027,027</u>	<u>Common</u>	<u>0.003</u>	<u>No</u>	<u>Buckman, Buckman &amp; Reid - Thomas Buchman</u>	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>

7/11/2022	<u>New Issuance</u>	<u>2,343,750</u>	<u>Common</u>	0.0032	<u>No</u>	Buckman, Buckman & Reid - Thomas Buchman	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
8/4/2022	<u>New Issuance</u>	<u>2,586,207</u>	<u>Common</u>	.0032	<u>No</u>	Buckman, Buckman & Reid - Thomas Buchman	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
8/11/2022	<u>New Issuance</u>	<u>10,000,000</u>	<u>Common</u>	0.00625	<u>No</u>	JW Price LLC – Erik Blum	<u>Management Consulting Services</u>	<u>Restricted</u>	<u>Rule 144</u>
8/11/2022	<u>New Issuance</u>	<u>5,000,000</u>	<u>Common</u>	0.00625	<u>No</u>	Ron Hughes	<u>Management Consulting Services</u>	<u>Restricted</u>	<u>Rule 144</u>
9/1/2022	<u>New Issuance</u>	<u>1,875,000</u>	<u>Common</u>	0.004	<u>No</u>	Buckman, Buckman & Reid - Thomas Buchman	<u>Investor Advisory Services</u>	<u>Restricted</u>	<u>Rule 144</u>
10/1/2022	New Issuance	<u>2,884,615</u>	Common	0.003	No	Buckman, Buckman & Reid - Thomas Buchman	Investor Advisory Services	Restricted	Rule 144
11/1/2022	New Issuance	<u>3,000,000</u>	Common	0.0026	No	Buckman, Buckman & Reid - Thomas Buchman	Investor Advisory Services	Restricted	<u>Rule 144</u>
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date <u>December 31, 2022</u>									
Common: <u>962,535,830</u>									
Series A Preferred: <u>990,346</u>									
Series B Preferred: <u>0</u>									

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

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

## B. Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
7/7/2016	\$2,393	\$37,475	\$1,959	7/7/2017	75% discount to the lowest closing price within the 60 previous trading sessions.	Christopher Whitcomb	Loans
1/25/17	\$29,050	\$29,050	\$33,523	1/25/18	75% discount to the lowest closing price within the 60 previous trading sessions.	Christopher Whitcomb	Loans
3/14/2017	\$31,596	\$31,596	\$38,528	3/14/2018	\$0.001	FV Investments -Kenneth Whitcomb	Loans
5/30/2017	\$32,640	\$32,640	\$36,093	5/30/2018	75% discount to the lowest closing price within the 60 previous trading sessions.	Christopher Whitcomb	Loans
2/3/2018	\$-	\$1,087,500	\$338,079	2/4/2019	65% discount to the lowest closing price within 90 previous trading days	Kanno Group Holdings II Ltd - Naiel Kanno	Debt assumption
10/1/2019	\$42,601	\$42,601	—	10/1/2020	\$0.00466 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
1/6/2020	\$14,977.00	\$14,977	—	1/6/2021	\$0.00615 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
6/30/2020	\$7,731.98	\$7,731.98	—	6/30/2021	\$0.00615 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
12/31/2020	\$9,526.10	\$9,526.10	—	12/31/2021	\$0.00185 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
3/31/2021	\$5,112.06	\$5,112.06	—	3/31/2022	\$0.00628 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
7/24/2021	\$5,406.30	\$5,406.30	—	7/24/2022	\$0.00603 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
11/1/2021	\$2,828	\$2,828	—	11/1/2022	\$0.00544 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
12/31/2021	\$37,391	\$37,391	—	12/31/2022	\$0.00509 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
1/12/2022	\$383,006	\$514,046	—	1/12/2023	Variable	Mammoth Corporation – Brad Hare	Loans
3/31/2022	\$7,606	\$7,606	—	3/31/2023	\$0.00222 per share	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
4/25/2022	\$50,000	\$50,000	—	4/25/2023	\$0.00206	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
7/12/2022	\$2,388	\$2,388	—	7/12/2023	\$0.00163	Kanno Group Holdings II Ltd - Naiel Kanno	Loans



11/3/2022	\$11,357	\$11,357	—	11/3/2023	\$0.00167	Kanno Group Holdings II Ltd - Naiel Kanno	Loans
12/31/2022	\$6,407	\$6,407	—	12/31/2023	\$0.00096	Kanno Group Holdings II Ltd - Naiel Kanno	Loans

Use the space below to provide any additional details, including footnotes to the table above:

\_\_\_\_\_

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

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

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

The Company recently announced its intent to acquire AI-enabled wealth management technology platform provider, Fyniti Global Equities EBT Inc. ("Fyniti"). Fyniti ([www.fyniti.com](http://www.fyniti.com), [www.fynitiq.com](http://www.fynitiq.com)) is a Fintech developer and provider of technology that combines Artificial Intelligence/Machine Learning (AI/ML) driven Quantitative investing (IQ Engine) with AI-enabled wealth management Electronic Block Trading ("EBT") technology.

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

None

- C. Describe the issuers' principal products or services.

See A above

#### 5) Issuer's Facilities

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

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

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

None

## 6) Officers, Directors, and Control Persons

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

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

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

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Rick Bjorklund</u>	<u>5% owner</u>	<u>Merrill, WI</u>	<u>200,000,000</u>	<u>Common</u>	<u>20.8%</u>	_____
<u>Ronald Hughes</u>	<u>CEO, CFO, Director</u>	<u>Point Roberts, WA</u>	<u>205,000,000</u>	<u>Common</u>	<u>21.3%</u>	
<u>JW Price LLC - Erik Blum</u>	<u>President</u>	<u>Boca Raton, FL</u>	<u>100,000,000</u>	<u>Common</u>	<u>10.4%</u>	<u>Appointed November 15, 2021</u>

## 7) Legal/Disciplinary History

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

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

None

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

None

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

None

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

None

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

None

## **8) Third Party Service Providers**

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

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: William B. Barnett  
Firm: Barnett & Linn  
Address 1: 60 Kavenish Drive  
Address 2: Rancho Mirage, CA 92270  
Phone: (442) 599-1299  
Email: wbarnett@wbarnettlaw.com

Accountant or Auditor

Name: Dolapo Idowu  
Firm: OLAYINKA OYEBOLA & CO  
Address 1: 10333 Harwin Drive, Suite 677  
Address 2: Houston, TX 77036  
Phone: 234 8117947982  
Email: dolapo@olayinkaoyebolaandco.com

Investor Relations

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_

Email: \_\_\_\_\_

*All other means of Investor Communication:*

Twitter: \_\_\_\_\_

Discord: \_\_\_\_\_

LinkedIn: \_\_\_\_\_

Facebook: \_\_\_\_\_

[Other ] \_\_\_\_\_

#### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: \_\_\_\_\_

Firm: \_\_\_\_\_

Nature of Services: \_\_\_\_\_

Address 1: \_\_\_\_\_

Address 2: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## **9) Financial Statements**

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

☐ IFRS

☒ U.S. GAAP

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

Name: **Rachel Boulds**

Title: **CPA**

Relationship to Issuer: **Service Provider**

Describe the qualifications of the person or persons who prepared the financial statements: **Licensed CPA in the State of Utah.**

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

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;

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

- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

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

The certifications shall follow the format below:

I, Ronald E Hughes certify that:

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

March 31, 2023

/s/ Ronald E Hughes

*Principal Financial Officer:*

I, Ronald E Hughes certify that:

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

March 31, 2023

/s/ Ronald E Hughes

**SMC ENTERTAINMENT, INC.**  
**BALANCE SHEETS**  
**(Unaudited)**

	December 31, 2022	December 31, 2021
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 2,350	\$ 3,445
Receivable	300,000	—
Prepays and other current assets	6,000	—
Total Current Assets	<u>308,350</u>	<u>3,445</u>
Total Assets	<u>\$ 308,350</u>	<u>\$ 3,445</u>
<u>LIABILITIES &amp; STOCKHOLDERS' DEFICIT</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 40,544	\$ 14,000
Accrued compensation	926,835	499,375
Due to related parties	15,625	15,625
Convertible notes and accrued interest	1,154,805	1,033,542
Derivative liability	536,399	2,215,981
Total Current Liabilities	<u>2,674,208</u>	<u>3,778,523</u>
Total Liabilities	<u>2,674,208</u>	<u>3,778,523</u>
Shareholders' Deficit:		
Series A Preferred stock, \$0.001 par value, 1,000,000 shares authorized; 990,346 shares issued and outstanding	990	990
Series B Preferred stock, \$10.00 par value, 4,500,000 shares authorized; 0 shares issued and outstanding	—	—
Common stock \$0.001 par value, 1,450,000,000 shares authorized; 962,535,830 and 722,126,974 shares issued and outstanding, respectively	962,536	722,127
Common stock to be issued	23,500	68,450
Additional paid-in capital	12,657,620	10,203,064
Accumulated deficit	(16,010,504)	(14,769,709)
Total Stockholders' Deficit	<u>(2,365,858)</u>	<u>(3,775,078)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 308,350</u>	<u>\$ 3,445</u>

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

**SMC ENTERTAINMENT, INC.**  
**STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	For the Years Ended December 31,	
	2022	2021
Operating Expenses:		
General and administrative	\$ 239,758	\$ 242,930
Compensation expense – related party	2,936,475	1,865,950
Total operating expenses	<u>3,176,233</u>	<u>2,108,880</u>
Loss from operations	<u>(3,176,233)</u>	<u>(2,108,880)</u>
Other income (expense):		
Interest expense	(64,144)	(107,708)
Change in fair value of derivative	1,679,582	1,343,636
Loss on issuance of derivative	—	(65,658)
Gain on extinguishment of debt	—	600,000
Other income	320,000	101,980
Total Other Income	<u>1,935,438</u>	<u>1,872,250</u>
Net Loss	<u>\$ (1,240,795)</u>	<u>\$ (236,630)</u>
Net loss per share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding, basic and diluted	<u>933,446,931</u>	<u>604,220,125</u>

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

**SMC ENTERTAINMENT, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**For the Years Ended December 31, 2022 and 2021**  
**(Unaudited)**

	Series A Preferred Stock		Common Stock		Additional	Common	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Stock to	Deficit	Stockholders'
						Be Issued		Deficit
Balance, December 31, 2020	990,346	\$ 990	346,626,974	\$ 346,627	\$ 8,157,328	\$ —	\$ (14,533,079)	(6,028,134)
Common stock issued for conversion of debt	—	—	80,500,000	80,500	625,236	—	—	705,736
Common stock issued for services – related party	—	—	245,000,000	245,000	1,385,000	68,450	—	1,698,450
Common stock issued for services	—	—	10,000,000	10,000	75,500	—	—	85,500
Common stock issued for acquisition	—	—	40,000,000	40,000	(40,000)	—	—	—
Net loss	—	—	—	—	—	—	(236,630)	(236,630)
Balance, December 31, 2021	990,346	990	722,126,974	722,127	10,203,064	68,450	(14,769,709)	(3,775,078)
Common stock issued for conversion of debt	—	—	72,000,000	72,000	59,040	—	—	131,040
Common stock issued for services – related party	—	—	190,000,000	190,000	2,283,925	(59,950)	—	2,413,975
Common stock issued for services	—	—	21,408,856	21,409	68,591	15,000	—	105,000
Common stock cancelled	—	—	(43,000,000)	(43,000)	43,000	—	—	—
Net loss	—	—	—	—	—	—	(1,240,795)	(1,240,795)
Balance, December 31, 2022	990,346	\$ 990	962,535,830	\$ 962,536	\$ 12,657,620	\$ 23,500	\$ (16,010,504)	\$ (2,365,858)

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



**SMC ENTERTAINMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	For the Years Ended December 31,	
	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (1,240,795)	\$ (236,630)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued for services – related party	2,413,975	1,698,450
Common stock issued for services	105,000	85,500
Gain on debt assumption	—	(600,000)
Change in fair value of derivative	(1,679,582)	(1,343,636)
Loss on issuance of derivative	—	65,658
Debt discount	4,600	—
Other income from agreement rescission fee	(300,000)	—
Changes in operating assets and liabilities:		
Other receivables and prepaids	(6,000)	—
Accounts payable and accrued liabilities	26,544	(2,671)
Accrued interest	59,545	107,708
Accrued compensation – related party	427,460	167,500
Net cash used in operating activities	(189,253)	(58,121)
<b>Cash Flows from Investing Activities:</b>	—	—
<b>Cash Flows from Financing Activities:</b>		
Proceeds from loans	188,158	50,737
Advances from a related party	—	10,510
Net cash provided by financing activities	188,158	61,247
Net change in cash	(1,095)	3,126
Cash at beginning of period	3,445	319
Cash at end of period	\$ 2,350	\$ 3,445
<b>Supplemental schedule of cash flow information:</b>		
Cash paid for interest	\$ —	\$ —
Cash paid for taxes	\$ —	\$ —

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

**SMC ENTERTAINMENT, INC.**  
**Notes to Unaudited Financial Statements**  
**December 31, 2022**

**NOTE 1 - DESCRIPTION OF BUSINESS AND HISTORY**

SMC Entertainment, Inc. (the “Company” or “SMC”) was incorporated in the State of Nevada on January 23, 1998, under the name of Professional Recovery Systems, Ltd.

**NOTE 2 - SUMMARY OF SIGNIFICANT POLICIES**

*Basis of presentation*

The Company’s financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Significant estimates include the fair value for derivatives. Actual results could differ from those estimates.

*Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Significant estimates include the fair value for derivatives. Actual results could differ from those estimates.

*Concentrations of Credit Risk*

We maintain our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. We continually monitor our banking relationships and consequently have not experienced any losses in our accounts. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation insurable amount (“FDIC”).

*Cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents for the years ended December 31, 2022 or 2021.

*Basic and Diluted Earnings Per Share*

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented. There were no potentially dilutive securities outstanding at December 31, 2022 and 2021. Additionally, diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

*Stock-based Compensation*

We account for equity-based transactions with employees and non-employees under the provisions of *FASB ASC Topic 718, “Compensation – Stock Compensation” (Topic 718)*, which establishes that equity-based payments to employees and non-employees are recorded at the grant date the fair value of the equity instruments the entity is obligated to issue when the employees and non-employees have rendered the requisite service and satisfied any other conditions necessary to earn the right to benefit from the instruments. Topic 718 also states that observable market prices of identical or similar equity or liability instruments in active markets are the best evidence of fair value and, if available, should be used as the basis for the measurement for equity and liability instruments awarded in these share-based payment transactions. However, if observable market prices of identical or similar equity or liability

instruments are not available, the fair value shall be estimated by using a valuation technique or model that complies with the measurement objective, as described in FASB ASC Topic 718.

#### Income Taxes

Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to tax net operating loss carryforwards. The deferred tax assets and liabilities represent the future tax return consequences of these differences, which will either be taxable or deductible when assets and liabilities are recovered or settled, as well as operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established against deferred tax assets when in the judgment of management, it is more likely than not that such deferred tax assets will not become available. Because the judgment about the level of future taxable income is dependent to a great extent on matters that may, at least in part, be beyond the Company's control, it is at least reasonably possible that management's judgment about the need for a valuation allowance for deferred taxes could change in the near term.

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for "unrecognized tax benefits" is recorded for any tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. As of December 31, 2022 and 2021, no liability for unrecognized tax benefits was required to be reported.

#### Derivative Financial Instruments

The Company evaluates its convertible notes to determine if such instruments have derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a weighted-average Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

#### Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. 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 (3) broad levels. 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. The three (3) 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.

The carrying amount of the Company's financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company's notes payable amates the fair value of such instruments as the notes bear interest rates that are consistent with current market rates.

The following table classifies the Company's asset measured at fair value on a recurring basis into the fair value hierarchy as of December 31, 2022:

Description	Level 1	Level 2	Level 3
Derivative	\$ —	\$ —	\$ 536,399
Total	\$ —	\$ —	\$ 536,399

The following table classifies the Company's liabilities measured at fair value on a recurring basis into the fair value hierarchy as of December 31, 2021:

Description	Level 1	Level 2	Level 3
Derivative	\$ —	\$ —	\$ 2,215,981
Total	\$ —	\$ —	\$ 2,215,981

#### Recently issued accounting pronouncements

The Company has implemented all new applicable accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **NOTE 3 - GOING CONCERN**

The accompanying unaudited financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has suffered recurring losses since inception and has no assurance of future profitability. The Company will continue to require financing from external sources to finance its operating and investing activities until sufficient positive cash flows from operations can be generated. There is no assurance that financing or profitability will be achieved, accordingly, there is substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these uncertainties.

### **NOTE 4 – MATERIAL TRANSACTIONS**

On March 1, 2021, the Company rescinded its agreement with FiberSKY Networks, Inc. ("FiberSKY"). The Company issued 2,000,000 shares of common stock to Ted Lasser, a controlling person of FiberSKY, for consideration of the cancellation.

On March 25, 2021, the Company terminated its agreement with WiMundo. The Company received a waiver of share issuance for the 20,000,000 shares of common stock never issued to WiMundo. The Company issued 1,500,000 shares each to two individuals related to the WiMundo.

On March 30, 2021, the Company sold, transferred and assigned all rights and ownership to SMC's wholly owned subsidiary iPTerra Technologies, Inc. ("iPTerra"), iPMine software intellectual property ("iPMine-IP"), and Aktiv-Trak software intellectual property (Aktiv-Trak-IP") to Wyoming-based privately held Aktiv-Trak, Inc. ("Aktiv-Trak").

On October 12, 2021, the Company announced it entered in discussion with the former members of Spectrum Entertainment LLC ("Spectrum") to rescind SMC's acquisition of Spectrum. As part of the rescission agreement, SMC is seeking (i) the repayment of \$145,274.93 which includes payments made to Spectrum's lenders, legal and accounting fees paid by the Company; and (ii) the return and cancellation of 40,000,000 common shares issued to Spectrum members as consideration for acquiring Spectrum. The Company's acquisition of Spectrum was initiated, lead, and concluded by the Company's former Chief Executive Officer.

On November 2, 2021, the Company filed a Uniform Commercial Code (UCC) filing in the states of Michigan and Wisconsin against Spectrum to secure its rightful ownership until Spectrum repays amounts owed and the return of 40,000,000 shares for cancellation. The Company took these extra measures to secure its ownership title, protect and preserve shareholders equity. The Company's attorney is drafting a demand letter to Spectrum seeking an amicable resolution to unwind the acquisition of Spectrum by the Company. In the event Spectrum decides to be uncooperative, the Company will explore other options including but not limited to seizing and selling off Spectrum's equipment to recover what's owed to the Company plus additional costs.

On December 12, 2022, the Company entered into a Rescission and Release Agreement with Genesis Financial, Inc ("GFL"), that effectively terminated its Stock Purchase Agreement, that was executed on November 18, 2021. Per the terms of the Agreement GFL agreed to pay a rescission fee of \$300,000, \$50,000 of which was to be paid within 21 days and the balance within 60 days. As certain

requirements to complete the acquisition were never completed, there was never a formal closing and the financial statements of the Company were never consolidated, the transaction has been unwound and is not reflected in the financial statements of the Company.

## NOTE 5 – CONVERTIBLE NOTES PAYABLE

On January 12, 2022, Kanno entered into a Debt Purchases and Assignment Agreement with Mammoth Corporation, whereby Kanno assigned the remaining principal balance of \$399,046, from its note originally issued on February 3, 2018, to Mammoth. No accrued interest was assigned.

On January 21, 2022, the Company issued a Convertible Promissory Note to Mammoth Corporation in the amount of \$550,000. The Note will be funded in tranches, with the initial tranche of \$110,400, net of \$4,600 OID and fees, paid on February 1, 2022. Interest will not accrue on the note, unless an uncured default occurs.

A summary of all the Company's convertible loans is as follows.

	Date Issued	Maturity Date	Rate	Balance 12/31/2021	Additions	Conversions/ Payments	Balance 12/31/2022	Conv Terms
FV Investments	5/27/2016	5/27/2017	12%	\$ 16,596	\$ —	\$ —	\$ 16,596	\$0.001
FV Investments	3/14/2017	3/14/2018	12%	\$ 15,000	\$ —	\$ —	\$ 15,000	\$0.001
Christopher Whitcomb	7/7/2016	7/7/2017	18%	\$ 2,393	\$ —	\$ —	\$ 2,393	(1)
Christopher Whitcomb	1/25/2017	1/25/2018	18%	\$ 29,050	\$ —	\$ —	\$ 29,050	(1)
Christopher Whitcomb	5/30/2017	5/30/2018	18%	\$ 32,640	\$ —	\$ —	\$ 32,640	(1)
Kanno Group Holdings II Ltd	2/3/2018	2/3/2019	12%	\$ 399,046	\$ —	\$ (399,046)	\$ —	(2)
Kanno Group Holdings II Ltd	10/1/2019	10/1/2020	n/a	\$ 42,601	\$ —	\$ —	\$ 42,601	\$0.00466
Kanno Group Holdings II Ltd	1/6/2020	1/6/2021	n/a	\$ 14,977	\$ —	\$ —	\$ 14,977	\$0.00615
Kanno Group Holdings II Ltd	6/30/2020	6/30/2021	n/a	\$ 7,732	\$ —	\$ —	\$ 7,732	\$0.00615
Kanno Group Holdings II Ltd	12/31/2020	12/31/2021	n/a	\$ 9,527	\$ —	\$ —	\$ 9,527	\$0.00185
Kanno Group Holdings II Ltd	3/31/2021	3/31/2022	n/a	\$ 5,112	\$ —	\$ —	\$ 5,112	\$0.00628
Kanno Group Holdings II Ltd	7/24/2021	7/24/2022	n/a	\$ 5,406	\$ —	\$ —	\$ 5,406	\$0.00603
Kanno Group Holdings II Ltd	11/1/2021	11/1/2022	n/a	\$ 2,828	\$ —	\$ —	\$ 2,828	\$0.00544
Kanno Group Holdings II Ltd	12/31/2021	12/31/2022	n/a	\$ 37,391	\$ —	\$ —	\$ 37,391	\$0.00509
Mammoth Corporation	1/12/2022	1/12/2023	n/a	\$ —	\$ 399,406	\$ (131,040)	\$ 268,366	(3)
Kanno Group Holdings II Ltd	3/31/2022	3/31/2023	n/a	\$ —	\$ 7,606	\$ —	\$ 7,606	\$0.00222
Kanno Group Holdings II Ltd	4/25/2022	4/25/2023	n/a	\$ —	\$ 50,000	\$ —	\$ 50,000	\$0.00206
Kanno Group Holdings II Ltd	7/12/2022	7/12/2023	n/a	\$ —	\$ 2,388	\$ —	\$ 2,388	\$0.00163
Kanno Group Holdings II Ltd -	11/3/2022	11/3/2023	n/a	\$ —	\$ 11,357	\$ —	\$ 11,357	\$0.00167
Kanno Group Holdings II Ltd -	12/31/2022	12/31/2023	n/a	\$ —	\$ 6,407	\$ —	\$ 6,407	\$0.00096
				<u>\$ 620,299</u>	<u>\$ 477,164</u>	<u>\$ (530,086)</u>	<u>\$ 567,377</u>	

(1) 75% discount to the lowest closing price within the 60 previous trading sessions.

(2) Note was assigned to Mammoth Corporation

(3) Conversion rate depends on what part of the loan and when the conversion occurs.

A summary of the activity of the derivative liability for the notes above and for amounts due under the consulting agreements with Mr. Hughes and Mr. Blum (Note 8) is as follows:

Balance at December 31, 2020	\$	4,085,966
Increase to derivative due to new issuances		65,658
Decrease to derivative due to conversion		(592,006)
Derivative (gain) due to mark to market adjustment		(1,343,636)
Balance at December 31, 2021	\$	2,215,981
Derivative (gain) due to mark to market adjustment		(1,679,582)
Balance at December 31, 2022	\$	536,399

A summary of quantitative information about significant unobservable inputs (Level 3 inputs) used in measuring the Company's derivative liability that are categorized within Level 3 of the fair value hierarchy as of December 31, 2022 is as follows:

Inputs	December 31, 2022	Initial Valuation
Stock price	\$ 0.0017	\$ 0.006 – 0.0115
Conversion price	\$ 0.001 - 0.0016	\$ 0.0016 – 0.0098
Volatility (annual)	148.84%	163.53% - 214.94%
Risk-free rate	442%	.39% - 1.55%
Dividend rate	—	—
Years to maturity	.25	1

The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's management.

#### NOTE 6 - COMMON STOCK

On January 9, 2021, Kanno Group Holdings II converted \$31,880 of debt into 32,000,000 shares of common stock.

On January 28, 2021, the Company granted 5,000,000 shares of common stock to a service provider for services. The shares were valued at \$0.01 for total non-cash stock compensation expense of \$50,000.

On January 29, 2021, the board adopted and ratified a resolution to increase the Company's authorized common shares to 1,450,000,000 from 500,000,000. The increase was approved by the Nevada Secretary of State on February 5, 2021.

On March 1, 2021, the Company granted 2,000,000 shares of common stock to Ted Lasser per the terms of the cancellation agreement with FiberSKY (Note 4). The shares were valued at \$0.0092 for total non-cash stock compensation expense of \$18,400.

On March 3, 2021, Christopher Whitcomb converted \$18,870 and \$12,580 of principal and interest, respectively, into 18,500,000 shares of common stock.

On April 14, 2021, the Company granted 3,000,000 shares of common stock for services. The shares were valued at \$0.0057, the closing stock price on the date of grant, for total non-cash stock compensation expense of \$17,100.

On December 14, 2021, Kanno Group Holdings II converted \$50,400 of debt into 30,000,000 shares of common stock.

On January 20, 2022, 3,000,000 shares of common stock previously issued were cancelled and returned to the Company.

On January 20, 2022, the 40,000,000 shares of common stock originally issued to Spectrum were cancelled and returned to the Company.

During the year ended December 31, 2022, the Company granted 28,158,856 shares of common stock to a service provider for services. The shares were valued at the closing stock price on the date of grant for total non-cash stock compensation expense of \$105,000. As of December 31, 2022, 6,750,000 shares have not yet been issued by the transfer agent and are presented as \$15,000 of common stock to be issued.

Refer to Note 8 for shares issued to related parties.

## NOTE 7 – PREFERRED STOCK

### Series A Preferred Stock

The Company has 1,000,000 shares of preferred stock designated as Series A. The Series A preferred stock, par value \$0.001, are entitled to dividends, if declared, and are convertible into common stock by dividing the issue price of \$1.00 by a 20% discount to the current market price.

### Series B Preferred Stock

On December 16, 2021, the Company amended its Articles of Incorporation, creating a series of Preferred Stock designating 4,500,000 shares of Series B Convertible Preferred Stock, par value \$10.00 per share. The Series B preferred stock, are entitled to dividends, if declared, and are convertible into common stock at a rate of 10% to the preceding ten day weighted average price.

## NOTE 8 - RELATED PARTY TRANSACTIONS

On January 28, 2021, the Company granted 20,000,000 shares of common stock to Rick Bjorklund, former CEO for services. The shares were valued at \$0.01 for total non-cash stock compensation expense of \$200,000.

On January 28, 2021, the Company granted 25,000,000 shares of common stock to Ronald Hughes, COO for services. The shares were valued at \$0.01 for total non-cash stock compensation expense of \$250,000.

On May 3, 2021, the Company granted 100,000,000 shares of common stock to Rick Bjorklund, former CEO, for service. The shares were valued at \$0.0059, the closing stock price on the date of grant, for total non-cash stock compensation expense of \$590,000.

On May 3, 2021, the Company granted 100,000,000 shares of common stock to Ronald Hughes, COO for service. The shares were valued at \$0.0059, the closing stock price on the date of grant, for total non-cash stock compensation expense of \$590,000.

On October 1, 2021, the Company entered into a consulting agreement with Ronald Hughes and North Arm Capital LLC, in which Mr. Hughes was appointed CEO and Chairman of the Company. Per the terms of the agreement Mr. Hughes is to be compensated \$17,500 per month through October 1, 2022. In addition to his consulting fee Mr. Hughes will be granted 500,000 shares of common stock per month. During the fourth quarter of 2021, Mr. Hughes was granted 1,500,000 shares of common stock. The shares were valued at the closing stock price on the date of grant, for total non-cash compensation expense of \$14,000. As of December 31, 2021, the shares have not yet been issued, and have been recorded as common stock to be issued. The shares were issued in 2022. During the year ended December 31, 2022, the Company granted Mr. Hughes 6,000,000 shares of common stock per the terms of the consulting agreement. The shares were valued on the date of grant for total non-cash compensation expense of \$23,600.

Per the terms of the agreement Mr. Hughes has the right to convert all or a portion of any accrued amount of compensation into shares of common stock at a 10% discount to the VWAP of the average of the last five trading days before conversion. As of December 31, 2022 and 2021, there is \$221,000 and \$52,500 due under this agreement, respectively. There is an additional \$56,000 of accrued compensation due to Mr. Hughes under his prior agreement and \$11,810 due for cash advances to the Company.

On November 15, 2021, the Company entered into a consulting agreement with Erik Blum and J W Price LLC, in which Mr. Blum was appointed President of the Company. Per the terms of the agreement Mr. Blum is to be compensated \$20,000 per month through November 15, 2022, increasing to \$25,000 per month through November 15, 2023. In addition to his consulting fee Mr. Blum was granted 5,000,000 shares of common stock for a sign-up bonus. The shares were valued at the closing stock price on the date of grant, for total non-cash compensation expense of \$49,500. As of December 31, 2021, the shares have not yet been issued, and have been recorded as common stock to be issued. The shares were issued in 2022. During the year ended December 31, 2022, the Company granted Mr. Blum 6,000,000 shares of common stock per the terms of the consulting agreement. The shares were valued on the date of grant for total non-cash compensation expense of \$27,875.

Per the terms of the agreement Mr. Blum has the right to convert all or a portion of any accrued amount of compensation into shares of common stock at a 10% discount to the VWAP of the average of the last five trading days before conversion. As of December 31, 2022 and 2021, there is \$288,960 and \$30,000 due under this agreement, respectively.

On January 18, 2022, the Company issued 100,000,000 shares of common stock to JW Price LL for services. The shares were valued at \$0.0135, the closing price of on the date of grant, for total non-cash compensation expense of \$1,350,000.

On January 18, 2022, the Company issued 75,000,000 shares of common stock to Rony Hughes for services. The shares were valued at \$0.0135, the closing price of on the date of grant, for total non-cash compensation expense of \$1,012,500.

#### **NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, *Subsequent Events*, from the balance sheet date through the date the financial statements were issued and has determined that the following material subsequent events exist.

On February 15, 2023, Kanno Group Holdings converted \$24,255 into 63,000,000 shares of common stock.

The Company recently announced its intent to acquire AI-enabled wealth management technology platform provider, Fyniti Global Equities EBT Inc. ("Fyniti"). Fyniti ([www.fyniti.com](http://www.fyniti.com), [www.fynitiq.com](http://www.fynitiq.com)) is a Fintech developer and provider of technology that combines Artificial Intelligence/Machine Learning (AI/ML) driven Quantitative investing (IQ Engine) with AI-enabled wealth management Electronic Block Trading ("EBT") technology.