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**PAPUMBA INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022 AND 2021**  
*(Unaudited)*

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Papumba Inc.  
Miami, Florida

We have reviewed the accompanying consolidated financial statements of Papumba Inc. (the "Company,"), which comprise the consolidated balance sheet as of December 31, 2022 and December 31, 2021, and the related consolidated statement of operations, statement of shareholders' equity (deficit), and cash flows for the year ending December 31, 2022 and December 31, 2021, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Set Apart FS*

June 2, 2023  
Los Angeles, California

**PAPUMBA INC.**  
**CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

<b>As of December 31,</b>	<b>2022</b>	<b>2021</b>
(USD \$ in Dollars)		
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 225,560	\$ 512,866
Accounts Receivable, net	152,340	124,201
Prepays and Other Current Assets	155,921	173,226
<b>Total Current Assets</b>	<b>533,821</b>	<b>810,292</b>
Property and Equipment, net	3,912	7,244
Intangible Assets	201,143	109,062
<b>Total Assets</b>	<b>\$ 738,876</b>	<b>\$ 926,598</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 466	\$ 1,835
Credit Cards	9,730	4,341
Other Current Liabilities	31,903	41,269
<b>Total Current Liabilities</b>	<b>42,099</b>	<b>47,445</b>
Convertible Note	764,644	764,644
Accrued Interest on Convertible Notes	129,631	83,752
<b>Total Liabilities</b>	<b>936,374</b>	<b>895,841</b>
<b>STOCKHOLDERS EQUITY</b>		
Common Stock	68	68
Noncontrolling interests	17,365	14,465
Additional Paid in Capital	1,266,924	1,266,924
Retained Earnings/(Accumulated Deficit)	(1,481,856)	(1,250,701)
<b>Total Stockholders' Equity</b>	<b>(197,498)</b>	<b>30,757</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 738,876</b>	<b>\$ 926,598</b>

*See accompanying notes to financial statements.*



**PAPUMBA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

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<b>For Fiscal Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
(USD \$ in Dollars)		
Net Revenue	\$ 1,520,372	\$ 1,319,420
Cost of Goods Sold	326,854	279,099
Gross profit	1,193,517	1,040,321
Operating expenses		
General and Administrative	1,204,214	946,889
Sales and Marketing	338,343	220,284
Total operating expenses	1,542,557	1,167,172
Operating Income/(Loss)	(349,039)	(126,851)
Interest Expense	45,879	45,879
Other Loss/(Income)	(163,763)	(149,962)
Income/(Loss) before provision for income taxes	(231,155)	(22,768)
Provision/(Benefit) for income taxes	-	-
<b>Net Income/(Net Loss)</b>	<b>\$ (231,155)</b>	<b>\$ (22,768)</b>

*See accompanying notes to financial statements.*

**PAPUMBA INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

(in, \$US)	Common Stock		Additional Paid In Capital	Noncontrolling interests	Retained earnings/ (Accumulated Deficit)	Total Shareholder Equity
	Shares	Amount				
Balance—December 31, 2020	6,830,400	\$ 68	\$ 1,267,344	\$ -	\$ (1,227,933)	\$ 39,479
Noncontrolling interest				14,465		14,465
Capital contribution			(420)			(420)
Net income/(loss)					(22,768)	(22,768)
Balance—December 31, 2021	6,830,400	68	1,266,924	14,465	\$ (1,250,701)	\$ 30,757
Noncontrolling interest	-	-	-	2,900		2,900
Net income/(loss)					(231,155)	(231,155)
Balance—December 31, 2022	6,830,400	\$ 68	\$ 1,266,924	\$ 17,365	\$ (1,481,856)	\$ (197,498)

See accompanying notes to financial statements.

**PAPUMBA INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

For Fiscal Year Ended December 31,	2022	2021
(USD \$ in Dollars)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$ (231,155)	\$ (22,768)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Depreciation of Property	1,346	2,971
Amortization of Intangibles	59,176	29,005
Changes in operating assets and liabilities:		
Accounts receivable, net	(28,139)	(124,201)
Prepays and Other Current Assets	17,305	113,090
Accounts Payable	(1,369)	1,835
Credit Cards	5,389	4,341
Other Current Liabilities	(9,366)	41,269
Accrued Interest on Convertible Notes	45,879	45,879
<b>Net cash provided/(used) by operating activities</b>	<b>(140,935)</b>	<b>91,421</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	-	(10,214)
Disposal/sale of Property and Equipment	1,986	
Purchases of Intangible Assets	(151,256)	(138,067)
<b>Net cash provided/(used) in investing activities</b>	<b>(149,270)</b>	<b>(148,282)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Capital Contribution	-	(420)
Borrowing on Convertible Notes	-	173,644
Noncontrolling interest	2,900	14,465
<b>Net cash provided/(used) by financing activities</b>	<b>2,900</b>	<b>187,689</b>
Change in Cash	(287,305)	130,829
Cash—beginning of year	512,866	382,036
<b>Cash—end of year</b>	<b>\$ 225,560</b>	<b>\$ 512,866</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
<b>OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES</b>		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Issuance of equity in return for note	-	
Issuance of equity in return for accrued payroll and other liabilities		

See accompanying notes to financial statements.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**1. NATURE OF OPERATIONS**

Papumba Inc. was incorporated on March 25, 2020 in the state of Delaware. On July 1, 2020, the company merged with Papumba Inc from The British Virgin Islands and the surviving company is the Corporation from Delaware. On November 23, 2015, the company Papumba S.R.L. was incorporated in Argentina, and this company is 88.78% owned by Papumba Inc. incorporated in the state of Delaware. Papumba S.R.L. was established to cover operational expenses in Buenos Aires. The financial statements of Papumba Inc. (which may be referred to as the “Company”, “we”, “us”, or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Miami, Florida.

Papumba offers the first all-in-one app for families, including educational games, books, audiostories, videos, and yoga classes. With quality and secure options for children's digital experiences, we're committed to making screen time a positive and enriching experience for families and help parents take an active role in their education.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Consolidation**

The Company’s consolidated financial statements include the accounts of subsidiaries over which the Company exercises control. Intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Presentation**

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

**Use of Estimates**

The preparation of consolidation financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2022 and December 31, 2021, the Company’s cash and cash equivalents exceeded FDIC insured limits by \$0 and \$258,065, respectively.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are recorded at net realizable value or the amount that the Company expects to collect on gross customer trade receivables. We estimate losses on receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As of December 31, 2022 and 2021, the Company determined that no reserve was necessary.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**Property and Equipment**

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise disposed of and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

Depreciation is computed over the estimated useful lives of the related asset type or term of the operating lease using the straight-line method for financial statement purposes. The estimated service lives for property and equipment is as follows:

<b>Category</b>	<b>Useful Life</b>
Office equipment	5 years
Computers & other equipment	5 years

**Impairment of Long-lived Assets**

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

**Intangible Assets**

The Company capitalizes its copyrights and internally developed application. The intangible will be amortized over the expected period to be benefitted, which may be as long as 5 years.

**Income Taxes**

Papumba Inc. is a C corporation for income tax purposes. The Company accounts for income taxes under the liability method, and deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided on deferred tax assets if it is determined that it is more likely than not that the deferred tax asset will not be realized. The Company records interest, net of any applicable related income tax benefit, on potential income tax contingencies as a component of income tax expense. The Company records tax positions taken or expected to be taken in a tax return based upon the amount that is more likely than not to be realized or paid, including in connection with the resolution of any related appeals or other legal processes. Accordingly, the Company recognizes liabilities for certain unrecognized tax benefits based on the amounts that are more likely than not to be settled with the relevant taxing authority. The Company recognizes interest and/or penalties related to unrecognized tax benefits as a component of income tax expense.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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*Concentration of Credit Risk*

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

**Revenue Recognition**

The Company recognizes revenues in accordance with FASB ASC 606, Revenue From Contracts with Customers, when delivery of services is the sole performance obligation in its contracts with customers. The Company typically collects payment upon sale and recognizes the revenue when the service has been performed and has fulfilled its sole performance obligation.

Revenue recognition, according to Topic 606, is determined using the following steps:

- 1) Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay, and the contract has commercial substance.
- 2) Identification of performance obligations in the contract: performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- 3) Recognition of revenue when, or how, a performance obligation is met: revenues are recognized when or as control of the promised goods or services is transferred to customers.

The Company earns revenues from monthly and yearly in-app subscription.

**Advertising and Promotion**

Advertising and promotional costs are expensed as incurred. Advertising and promotional expense for the years ended December 31, 2022 and December 31, 2021 amounted to \$338,343 and \$220,284, which is included in sales and marketing expense.

**Stock-Based Compensation**

The Company accounts for stock-based compensation to both employee and non-employees in accordance with ASC 718, Compensation - Stock Compensation. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the option vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of stock options.

**Fair Value of Financial Instruments**

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

**Level 1**—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

**Level 2**—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

**Level 3**—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

**COVID-19**

In March 2021, the outbreak and spread of the COVID-19 virus was classified as a global pandemic by the World Health Organization. This widespread disease impacted the Company's business operations, including its employees, customers, vendors, and communities. The COVID-19 pandemic may continue to impact the Company's business operations and financial operating results, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the pandemic impacts the business going forward will depend on numerous evolving factors management cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending on products as well as customers' ability to pay for products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

**Subsequent Events**

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through June 2, 2023, which is the date the financial statements were issued.

**Recently Issued and Adopted Accounting Pronouncements**

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

**3. DETAILS OF CERTAIN ASSETS AND LIABILITIES**

Account receivables consist primarily of trade receivables, accounts payable consist primarily of trade payables. Prepaid and other current assets consist of the following items:



**PAPUMBA INC.****CONSOLIDATED NOTES TO FINANCIAL STATEMENTS****FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Cryptocurrencies	2,500	-
Withholding taxes	150,105	163,137
Advances to suppliers	629	64
Prepaid Expenses	900	10,025
Other Current Asset	1,787	-
<b>Total Prepays and Other Current Assets</b>	<b>\$ 155,921</b>	<b>\$ 173,226</b>

Other current liabilities consist of the following items:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Payroll payable	11,674	13,195
Tax Payable	20,229	27,851
Other current liabilities	-	223
<b>Total Other Current Liabilities</b>	<b>\$ 31,903</b>	<b>\$ 41,269</b>

**4. PROPERTY AND EQUIPMENT**

As of December 31, 2022 and December 31, 2021, property and equipment consists of:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Office equipment	\$ 4,849	\$ 4,849
Computers & other equipment	3,380	5,366
<b>Property and Equipment, at Cost</b>	<b>8,229</b>	<b>10,214</b>
Accumulated depreciation	(4,317)	(2,971)
<b>Property and Equipment, Net</b>	<b>\$ 3,912</b>	<b>\$ 7,244</b>

Depreciation expense for property and equipment for the fiscal year ended December 31, 2022 and 2021 was in the amount of \$1,346 and \$2,971, respectively.

**5. INTANGIBLE ASSETS**

As of December 31, 2022 and December 31, 2021, intangible asset consist of:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Copyrights	\$ 6,000	\$ 6,732
Papumba App	283,324	131,335
<b>Intangible assets, at cost</b>	<b>289,324</b>	<b>138,067</b>
Accumulated amortization	(88,181)	(29,005)
<b>Intangible assets, Net</b>	<b>\$ 201,143</b>	<b>\$ 109,062</b>

Entire intangible assets have been amortized. Amortization expense for intangible assets for the fiscal year ended December 31, 2022 and 2021 was in the amount of \$59,176 and \$29,005, respectively.



**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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The following table summarizes the estimated amortization expense relating to the Company's intangible assets as of December 31, 2022:

<b>Period</b>	<b>Expense</b>
2023	\$ (59,176)
2024	(59,176)
2025	(59,176)
2026	(23,615)
Thereafter	-
<b>Total</b>	<b>\$ (201,143)</b>

## **6. CAPITALIZATION AND EQUITY TRANSACTIONS**

### **Common Stock**

The Company is authorized to issue 10,000,000 shares of common stock with par value of \$0.00001. As of December 31, 2022, and December 31, 2021, 6,830,400 shares have been issued and are outstanding.

## **7. SHAREBASED COMPENSATION**

During 2022, the Company authorized the Stock Option Plan (which may be referred to as the "Plan"). The Company reserved 403,000 shares of its Common Stock pursuant to the Plan, which provides for the grant of shares of stock options, stock appreciation rights, and stock awards (performance shares) to employees, non-employee directors, and non-employee consultants. The option exercise price generally may not be less than the underlying stock's fair market value at the date of the grant and generally have a term of four years. The amounts granted each calendar year to an employee or nonemployee is limited depending on the type of award.

### *Stock Options*

The Company granted stock options. The stock options were valued using the Black-Scholes pricing model with a range of inputs indicated below:

<b>As of Year Ended December 31,</b>	<b>2022</b>
Expected life (years)	10.00
Risk-free interest rate	4.41%
Expected volatility	75%
Annual dividend yield	0%

The risk-free interest rate assumption for options granted is based upon observed interest rates on the United States government securities appropriate for the expected term of the Company's employee stock options.

The expected term of employee stock options is calculated using the simplified method which takes into consideration the contractual life and vesting terms of the options.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

The Company determined the expected volatility assumption for options granted using the historical volatility of comparable public company's common stock. The Company will continue to monitor peer companies and other relevant factors used to measure expected volatility for future stock option grants, until such time that the Company's common stock has enough market history to use historical volatility.

The dividend yield assumption for options granted is based on the Company's history and expectation of dividend payouts. The Company has never declared or paid any cash dividends on its common stock, and the Company does not anticipate paying any cash dividends in the foreseeable future.

Management estimated the fair value of common stock based on recent sales to third parties. Forfeitures are recognized as incurred.

A summary of the Company's stock options activity and related information is as follows:

	Number of Awards	Weighted Average Exercise	Weighted Average Contract Term
Outstanding at December 31, 2020	-	\$ -	-
Granted	-	-	-
Exercised	-	-	-
Expired/Cancelled	-	-	-
Outstanding at December 31, 2021	-	\$ -	-
Exercisable Options at December 31, 2021	-	\$ -	-
Granted	18,571	\$ 0.35	-
Exercised	-	\$ -	-
Expired/Cancelled	-	\$ -	-
Outstanding at December 31, 2022	18,571	\$ 0.35	9.79
Exercisable Options at December 31, 2022	-	\$ -	-

Stock option expense for the years ended December 31, 2022 was \$0.

## 8. DEBT

### Convertible Note(s)

Below are the details of the convertible notes:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	For the Year Ended December 2022					For the Year Ended December 2021				
				Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness	Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness
Win Win Ventures	\$ 200,000	6.00%	5/15/2019	12,000	43,595	-	200,000	243,595	12,000	31,595	-	\$ 200,000	231,595
Puerto Asis	\$ 150,000	6.00%	5/15/2019	9,000	32,696	-	150,000	182,696	9,000	23,696	-	\$ 150,000	173,696
WAYRA INVESTIGACIÓN Y DESARROLLO, S.L.U.	\$ 100,000	6.00%	6/7/2020	6,000	15,403	-	100,000	115,403	6,000	9,403	-	\$ 100,000	109,403
Angel.co Syndicate	\$ 141,000	6.00%	12/1/2020	8,460	17,615	-	141,000	158,615	8,460	9,155	-	\$ 141,000	150,155
Space 29 Limited	\$ 75,000	6.00%	1/11/2021	4,500	8,864	-	75,000	83,864	4,500	4,364	-	\$ 75,000	79,364
La Fontaine S.A.	\$ 21,000	6.00%	1/11/2021	1,260	2,482	-	21,000	23,482	1,260	1,222	-	\$ 21,000	22,222
William Jude McGrath	\$ 13,144	6.00%	1/20/2021	789	1,534	-	13,144	14,678	789	745	-	\$ 13,144	13,889
Ying, Tak Wai Maureen	\$ 50,000	6.00%	1/27/2021	3,000	5,778	-	50,000	55,778	3,000	2,778	-	\$ 50,000	52,778
David Youssef El Etter	\$ 14,500	6.00%	2/1/2021	870	1,664	-	14,500	16,164	870	794	-	\$ 14,500	15,294
<b>Total</b>	<b>\$ 764,644</b>			<b>\$ 45,879</b>	<b>\$ 129,631</b>	<b>\$ -</b>	<b>\$ 764,644</b>	<b>\$ 894,275</b>	<b>\$ 45,879</b>	<b>\$ 83,752</b>	<b>\$ -</b>	<b>\$ 764,644</b>	<b>\$ 848,396</b>

The convertible notes are convertible into common shares at a conversion price. The conversion price shall mean a price per share equal to the lower of (i) a price per share to 80% of the price per share paid by the investors in the Conversion Financing or (ii) the amount obtained by dividing (x) \$7,500,000 by (y) the number of any and all issued shares of the company outstanding immediately prior Conversion financing. Since the conversion feature is convertible into variable number of shares and does not have fixed-for-fixed features, the conversion feature was not bifurcated and recorded separately.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**9. INCOME TAXES**

The provision for income taxes for the year ended December 31, 2022 and December 31, 2021 consists of the following:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Net Operating Loss	\$ (68,977)	\$ (32,863)
Valuation Allowance	68,977	32,863
<b>Net Provision for income tax</b>	<b>\$ -</b>	<b>\$ -</b>

Significant components of the Company's deferred tax assets and liabilities at December 31, 2022, and December 31, 2021 are as follows:

<b>As of Year Ended December 31,</b>	<b>2022</b>	<b>2021</b>
Net Operating Loss	\$ (125,432)	\$ (56,455)
Valuation Allowance	125,432	56,455
<b>Total Deferred Tax Asset</b>	<b>\$ -</b>	<b>\$ -</b>

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. On the basis of this evaluation, the Company has determined that it is more likely than not that the Company will not recognize the benefits of the federal and state net deferred tax assets, and, as a result, full valuation allowance has been set against its net deferred tax assets as of December 31, 2022 and December 31, 2021. The amount of the deferred tax asset to be realized could be adjusted if estimates of future taxable income during the carryforward period are reduced or increased.

For the fiscal year ending December 31, 2022, the Company had federal cumulative net operating loss ("NOL") carryforwards of \$420,349, and the Company had state net operating loss ("NOL") carryforwards of approximately \$420,349. Utilization of some of the federal and state NOL carryforwards to reduce future income taxes will depend on the Company's ability to generate sufficient taxable income prior to the expiration of the carryforwards. The federal net operating loss carryforward is subject to an 80% limitation on taxable income, does not expire, and will carry on indefinitely.

The Company recognizes the impact of a tax position in the consolidated financial statements if that position is more likely than not to be sustained on a tax return upon examination by the relevant taxing authority, based on the technical merits of the position. As of December 31, 2022, and December 31, 2021, the Company had no unrecognized tax benefits.

The Company recognizes interest and penalties related to income tax matters in income tax expense. As of December 31, 2022, and December 31, 2021, the Company had no accrued interest and penalties related to uncertain tax positions.

**10. RELATED PARTY**

There are no related party transactions.

**PAPUMBA INC.**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**FOR YEAR ENDED TO DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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**11. COMMITMENTS AND CONTINGENCIES**

**Contingencies**

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

**Litigation and Claims**

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

**12. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events for the period from December 31, 2022 through June 2, 2023, which is the date the consolidated financial statements were available to be issued.

In 2023, the Company extend the maturity date of Convertible Notes to February 4, 2023, and it is in the final phase to be converted into Common Stock.

There have been no other events or transactions during this time which would have a material effect on these consolidated financial statements.