Financial Statements

HPIL Holding

For the years ended December 31, 2021 and 2020
(Unaudited – Prepared by Management)

(Expressed in US dollars)

NOTICE OF NO AUDIT/REVIEW OF THE MANAGEMENT'S PREPARED FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company as at and for the years ended December 31, 2021 and 2020 have been prepared by and are the responsibility of the Company's management, and these financial statements are neither audited nor reviewed by an independent auditor.

HPIL Holding

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(Unaudited – Prepared by Management)

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HPIL Holding

BALANCE SHEETS
(Unaudited – Prepared by Management)
(Expressed in US dollars)

	Note	December 31, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Due from related parties	5	721,895	—
Total current assets		721,895	—
Non-current assets			
Property and equipment	6	44,934	—
Security deposits	.	72,957	—
Total assets		839,786	—
LIABILITIES AND STOCKHOLDERS' DEFICIENCY			
Current liabilities			
Bank overdraft		271,405	—
Accounts payables and accrued liabilities		102,698	—
Due to shareholder	5	78,413	—
Promissory notes payable	7	1,184,833	—
Convertible notes payable	8	381,011	566,566
Total current liabilities		2,018,360	566,566
Stockholders' deficiency			
Common stock, $0.0001 par value, 60,000,000,000 shares authorized as at December 31, 2021: 200,000,000,000 shares authorised as at December 31, 2020			
Common stock, 15,768,343,622 common shares outstanding as at December 31, 2021, and 7,505,908,628 common shares outstanding as at December 31, 2020	9	1,576,834	750,591
Additional paid-in capital		1,144,298	933,812
Other comprehensive income		8,716	—
Warrant reserve		599,515	—
Accumulated deficit		(4,507,937)	(2,250,969)
Total stockholders' deficiency		(1,178,574)	(566,566)
Total liabilities and stockholders' deficiency		839,786	—

See accompanying notes

Going concern *[Note 3]*

Contingencies and commitments *[Note10]*

Related party transactions and balnces*[Note 11]*

Subsequent events *[Note 13]*

HPIL Holding

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in US dollars)

	Note	For the year ended December 31, 2021 $	For the year ended December 31, 2020 $
EXPENSES			
Stock-based compensation	8 and 9	949,353	—
Legal and professional fees		416,484	—
Consulting fees		132,452	—
Salary and wages		127,643	—
Interest expenses and penalties		436,335	274,380
Rent and lease expense	11	149,134	—
Advertising and promotion		24,094	—
Accretion expenses		10,275	11,614
Office and general		116,980	—
Depreciation		4,020	—
Change in fair value of derivative liabilties		—	(101,588)
Total operating expenses		2,366,770	184,406
Net loss from operations		(2,366,770)	(184,406)
Net loss from operations before other income and income taxes		(2,366,770)	(184,406)
Other income			
Foreign exchange loss (gain)		(79,802)	—
Income taxes	12	—	—
Net loss for the year		(2,286,968)	(184,406)
Translation adjustment		(8,716)	—
Comprehensive loss		(2,278,252)	(184,406)
Loss per share, basic and diluted		(0.0)	(0.0)
Weighted average number of common shares outstanding		8,430,138,654	4,360,484,988

See accompanying notes

HPIL Holding

STATEMENTS OF STOCKHOLDERS' DEFICIENCY
(Unaudited – Prepared by Management)
(Expressed in US dollars)

	Common stock		Additional paid-in capital	Other comprehensive loss	Warrant reserve	Accumulated deficit	Total shareholder's equity (deficiency)
	Shares	Amount					
		$	$	$	$	$	$
December 31, 2020	**7,505,908,628**	**750,591**	**933,812**	—	—	**(2,250,969)**	**(566,566)**
Shares for conversion of debts *[Note 9]*	6,962,434,994	696,243	15,648	—	—	30,000	741,891
Shares for services *[Note 9]*	1,550,000,000	155,000	—	—	—	—	155,000
Shares cancelled *[Note 9]*	(300,000,000)	(30,000)	—	—	—	—	(30,000)
Fair value of warrants issued *[Note 9]*	—	—	—	—	799,353	—	799,353
Shares issued on exercise of warrants *[Note 9]*	50,000,000	5,000	194,838	—	(199,838)	—	—
Translation adjustment	—	—	—	8,716	—	—	8,716
Net loss	—	—	—	—	—	(2,286,968)	(2,286,968)
December 31, 2021	**15,768,343,622**	**1,576,834**	**1,144,298**	**8,716**	**599,515**	**(4,507,937)**	**(1,178,574)**

	Common stock		Additional paid-in capital	Other Comprehensive Loss	Warrant reserve	Accumulated deficit	Total shareholder's equity (deficiency)
	Shares	Amount					
		$	$	$	$	$	$
December 31, 2019	**4,265,484,988**	**426,549**	**933,812**	—	—	**(2,066,563)**	(706,202)
Shares for conversion of debts *[Note 9]*	3,240,423,640	324,042	—	—	—	—	324,042
Shares for services *[Note 9]*	—	—	—	—	—	—	—
Shares cancelled *[Note 9]*	—	—	—	—	—	—	—
Fair value of warrants issued *[Note 9]*	—	—	—	—	—	—	—
Shares issued on exercise of warrants *[Note 9]*	—	—	—	—	—	—	—
Translation adjustment	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	(184,406)	(184,406)
December 31, 2020	**7,505,908,628**	**750,591**	**933,812**	—	—	**(2,250,969)**	**(566,566)**

HPIL Holding
STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in US dollars)

	For the year ended December 31, 2021	For the year ended December 31, 2020
	$	$
OPERATING ACTIVITIES		
Net loss for the year	(2,286,968)	(184,406)
Items not affecting cash		
Depreciaton	4,020	—
Stock-based compensation	949,353	—
Legal and professional fees	120,000	—
Miscellaneous expenses	1,192	—
Interest expense and penalties	430,717	274,380
Accretion expenses	10,275	11,614
Foreign exchange loss (gain)	(79,802)	—
Change in fair value of derivative liabilities	—	(101,588)
Change in advances	—	—
Change in accounts payable and accrued liabilities	102,698	—
Net cash used in operating activities	(748,515)	—
INVESTING ACTIVITIES		
Security Deposits	(72,957)	—
Purchase of property, plant and equipment	—	—
Net cash used in investing activities	(72,957)	—
FINANCING ACTIVITIES		
Proceeds from issuance of promissory note payable	1,184,833	—
Due from related parties	(721,895)	—
Due from shareholder	78,413	—
Net cash provided by financing activities	541,351	—
Net decrease in cash during the year	(280,121)	—
Effect of translation adjustment	8,716	—
Cash, beginning of the year	—	—
Cash (overdraft), end of the year	(271,405)	—

1. NATURE OF OPERATIONS

HPIL Holding ("HPIL" or the "Company") is a worldwide diversified company developing projects with cutting edge technology. The Company is mainly involved in the business of producing a revolutionary batteryless power train that will make charging optional and NFT procurement and auctioning. HPIL has entered into world of artificial intelligence and is in the process of completion of building a unique multi-gaming global platform for gamers i.e. "ZIPPA".

The Company was originally incorporated under the laws of Nevada on May 5, 2009. On March 22, 2019, the Company renounced its state of incorporation in Nevada, and was incorporated in the State of Wyoming.

On April 21, 2021, the name of the Company was changed from HPIL Holding to Cybernetic Technologies Ltd. However, effective from August 2021, the name of Company was changed to HPIL Holding.

The Company operates under the web-site address www.hpilholding.ca.

2. BASIS OF PRESENTATION AND MEASUREMENT

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and are expressed in United States dollars ("USD").

3. GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue on going concern basis. As disclosed in the balance sheet, the Company has accumulated losses at each reporting period. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. The Company is in the process of launching meta data analytics, tournament platforms for gaming and live auction of 3 NFTs. These activities will result into raising of additional funds required to meet future liabilities and expenses. The Company believes it can satisfy minimum cash requirements for the next twelve months with an equity financing or if needed, loans from shareholders.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant estimates and assumptions include: deferred income tax assets and related valuation allowance and accruals. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Property and equipment – 3 to 5 years
- Furniture and equipment – 5 to 7 years
- Computers – 3- 5 years

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statements of loss and comprehensive loss.

Assets in process are transferred to the appropriate asset class when available for use and depreciation of the assets commences at that point of time.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Loss Per Share

The Company has adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 260-10 which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. Diluted earnings per share exclude all potentially dilutive shares if their effect is anti-dilutive. There were no potentially dilutive shares outstanding as at each period end.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value and expands required disclosure about fair value measurements of assets and liabilities. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation based on quoted market prices for similar assets and liabilities in active markets.
- Level 3 – Valuation based on unobservable inputs that are supported by little or no market activity, therefore requiring management's best estimate of what market participants would use as fair value.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments or interest rates that are comparable to market rates. These financial instruments include cash and accounts payable. The Company's cash, which is carried at fair value, is classified as a Level 1 financial instrument. The Company's bank accounts are maintained with financial institutions of reputable credit, therefore, bear minimal credit risk.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of loss and comprehensive loss.

The results and financial position of an entity that has a functional currency different from the presentation currency is translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position; and
- income and expenses for each statement of loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated as the rate on the dates of the transactions).

Effect of translation differences are accumulated and presented as a component of equity under accumulated other comprehensive (loss) income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Stock-based Compensation

The Company accounts for share-based payments in accordance with the provision of ASC 718, which requires that all share-based payments issued to acquire goods or services, including grants of employee stock options, be recognized in the statement of operations based on their fair values, net of estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Compensation expense related to share-based awards is recognized over the requisite service period, which is generally the vesting period.

The Company accounts for stock-based compensation awards issued to non-employees for services, as prescribed by ASC 718-10, at either the fair value of the services rendered or the instruments issued in exchange for such services, whichever is more readily determinable, using the guidelines in ASC 505-50. The Company issues compensatory shares for services including, but not limited to, executive, management, accounting, operations, corporate communication, financial and administrative consulting services.

Debts and Derivative Instruments

The Company accounts for conversion options embedded in convertible notes in accordance with ASC 815. ASC 815 generally requires companies to bifurcate conversion options embedded in convertible notes from their host instruments and to account for them as free-standing derivative financial instruments. ASC 815 provides for an exception to this rule when convertible notes, as host instruments, are deemed to be conventional, as defined by ASC 815-40.

The Company accounts for convertible promissory notes deemed conventional and conversion options embedded in non-conventional convertible notes which qualify as equity under ASC 815, in accordance with the provisions of ASC 470-20, which provides guidance on accounting for convertible securities with beneficial conversion features. Accordingly, the Company records, as a discount to convertible notes, the intrinsic value of such conversion options based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt. All debts are recorded at fair value at inception.

Income Taxes

Under ASC 740, “Income Taxes,” deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized. As of period end, there were no deferred taxes due to the uncertainty of the realization of net operating loss or carry forward prior to expiration.

Operating Leases

The Company leases office space under operating lease agreements on month-to-month basis. The lease term begins on the date of initial possession of the leased property for purposes of recognizing lease expense on a straight-line basis over the term of the lease. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease term.

(Expressed in US dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Pronouncements

The Company qualifies as an "emerging growth company" (EGC) under the 2012 JOBS Act. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As an emerging growth company, management can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The management has elected to take advantage of the benefits of this extended transition period.

In August 2018, the FASB issued ASU 2018-13, "Changes to Disclosure Requirements for Fair Value Measurements", which will improve the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The standard removes, modifies, and adds certain disclosure requirements, and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 (for "emerging growth company" beginning after December 15, 2020). The Company has adopted this standard effective from January 1, 2021 and the adoption of this standard did not have any significant impact on the unaudited interim financial statements.

5. DUE FROM RELATED PARTIES AND DUE TO A SHAREHOLDER

The due from related parties relates to advances provided. The amount is non-interest bearing, unsecured and due on demand. The carrying value of the advances approximates the market value due to the short-term maturity of the financial instruments.

The amount being due to a shareholder is interest bearing, unsecured and due on demand. The carrying value of the advances approximates the market value due to the short-term maturity of the financial instruments.

6. PROPERTY AND EQUIPMENT

	Plant and Machinery	Furniture and Equipment	Computers	Total
	$	$	$	$
Cost				
As at December 31, 2020	—	—	—	—
Additions	10,267	4,038	34,976	49,282
Disposals	—	—	—	—
Foreign exchange	(68)	(27)	(232)	(327)
As at December 31, 2021	**10,199**	**4,011**	**34,744**	**48,955**
Depreciation				
As at December 31, 2020	—	—	—	—
Depreciation	683	119	3,218	4,020
Depreciation on assets disposed off	—	—	—	—
As at December 31, 2021	**683**	**119**	**3,218**	**4,020**
Net book value				
As at December 31, 2020	—	—	—	—
As at December 31, 2021	**9,516**	**3,892**	**31,526**	**44,934**

7. PROMISSORY NOTES PAYABLE

In September 2021, the Company issued a secured promissory note to a third party in connection with an advance $ 650,000. The promissory note carries interest at 12% per annum with the maturity date being 12 months from the date of issuance.

In October 2021, the Company issued a secured promissory note to a third party in connection with an advance $ 500,000. The promissory note carries interest at 12% per annum with the maturity date being 12 months from the date of issuance.

During the years ended December 31, 2021, and 2020, interest accrued relating to above promissory notes amounting to $ 34,833 and $Nil were recorded in the statements of operations under interest and other charges with corresponding credit to promissory notes.

8. CONVERTIBLE NOTES PAYABLE

The details of the convertible notes are as follows:

Activity relating to issuances of convertible notes during the year ended December 31, 2021

During the year ended December 31, 2021, the Company issued three convertible notes to certain debtors of the Company amounting to $ 120,000 in consideration of the past services. The Company recorded $ 120,000 in the statements of operations as professional fees with a corresponding credit to convertible notes. These convertible notes carried interest rate of 10%, with a maturity date of one year from the date of issuance. These notes were convertible into common shares at a fixed conversion price.

The Company evaluated the terms of these convertible notes in the light of requirements of ASC Topic 470 and 815 and concluded that these convertible notes meet fixed to fixed criteria due to fix conversion price. The Company fair valued the debt component at $ 104,648 using a discount rate of 25% (representing peer industry rate using these instruments without conversion feature), and accordingly reduced $ 15,648 from the debt with corresponding credit to additional paid in capital under equity.

During the year ended December 31, 2021, interest accrued (including other penalty charges) relating to convertible notes issued during 2021, amounting to $ 7,879 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes.

As at December 31, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was $ 122,507 (December 31, 2020: Nil).

Activity relating to issuances of convertible notes during the year ended December 31, 2020

There was no issuance of convertible notes during the year ended December 31, 2020.

Activity relating to issuances of convertible notes during the year ended December 31, 2019

During the year ended December 31, 2019, the Company issued three convertible notes to certain debtors of the Company amounting to $ 73,000 in consideration of the past services. The Company recorded $ 73,000 in the statements of operations as professional fees with a corresponding credit to convertible notes. These convertible notes carried interest rates ranging from 5% to 24% (including default rate) and were with a maturity date of one year from the date of issuance. These notes were convertible into common shares at a variable conversion price.

8. CONVERTIBLE NOTES PAYABLE (continued)

Activity relating to issuances of convertible notes during the year ended December 31, 2019 (continued)

The Company evaluated the terms of these convertible notes in the light of requirements of ASC Topic 815 and concluded that these convertible notes contain embedded derivatives due to the variability of the conversion price. The Company fair valued the embedded derivatives amounting to $ 273,574 (as further explained in Note 6 – Derivative Liabilities) on the issuance dates of the above convertible notes. The fair value of embedded derivates at the inception was reduced from the convertible notes, and accordingly recorded $ 200,574 as day-one derivative loss with corresponding credit to derivative liabilities. These derivative liabilities were remeasured at year ended December 31, 2019, and the related fair value change was recorded in the statements of operations amounting to $ 171,986 for the year ended December 31, 2019.

During the year ended December 31, 2019, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $ 6,235 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

The above-mentioned derivative liabilities were remeasured at year ended December 31, 2020, and the related fair value change was recorded in the statements of operations amounting to $ 101,588.

During the year ended December 31, 2020, interest accrued (including other penalty charges) relating to these convertible notes issued during 2019 amounting to $ 8,123 were recorded in the statements of operations under interest and other charges with corresponding credit to convertible notes.

During the year ended December 31, 2021, interest accrued (including other penalty charges) relating to convertible notes issued during 2019, amounting to $ 2,320 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2021, the convertible notes issued during 2019 amounting to $90,520 were converted into common stock of the Company, and accordingly, the Company issued 3,138,055,726 of common shares.

As at December 31, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was Nil (December 31, 2020: $ 87,323).

Activity relating to issuances of convertible notes prior to December 31, 2018

As at December 31, 2018, the total amount of convertible notes outstanding including accrued interest and other charges amounting to $503,781. These convertible notes were issued during previous years with a maturity date of one year from the date of issuance, carried interest rates ranging from 5% to 24% (including default rate). The maturity of the aforementioned notes expired during fiscal 2018. These notes were convertible into common shares at a variable conversion price, and were at default as at December 31, 2018.

During the year ended December 31, 2019, interest accrued (including other penalty charges) relating to convertible notes issued prior to December 31, 2018, amounting to $50,270 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2019, these convertible notes issued prior to December 31, 2018 amounting to $27,490 were converted into common stock of the Company, and accordingly, the Company issued 1,669,668,900 of common shares.

8. CONVERTIBLE NOTES PAYABLE (continued)

Activity relating to issuances of convertible notes prior to December 31, 2018 (continued)

During the year ended December 31, 2019, the Company issued 710,000,000 common shares to previous debtors in connection with certain settlement agreements. These common shares were fair valued based on the market price on the date of issuance, and accordingly recognized $ 168,300 in the statements of operations as stock-based compensation with corresponding credit to equity.

During the year ended December 31, 2020, interest accrued (including other penalty charges) relating to convertible notes issued prior to December 31, 2018, amounting to $ 41,241 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2020, the convertible notes issued prior to December 31, 2018 amounting to $130,046 were converted into common stock of the Company, and accordingly, the Company issued 3,240,423,640 of common shares.

During the year ended December 31, 2021, interest accrued (including other penalty charges) relating to convertible notes issued prior to December 31, 2018, amounting to $ 25,232 were recorded in the statements of operation under interest and other charges with corresponding credit to convertible notes. In addition, during the year ended December 31, 2021, the convertible notes issued prior to December 31, 2018 amounting to $ 782,524 and conversion fees amounting to $ 1,000 were converted into common stock of the Company, and accordingly, the Company issued 3,874,379,268 of common shares.

As at December 31, 2021, the remaining outstanding balance of convertible notes (including interest and other charges) was $ 258,504 (December 31, 2020: $ 479,243).

9. STOCKHOLDERS' DEFICIENCY

Authorized stock

Common stock

On May 24, 2021, the Company through a board resolution decreased the authorized capital to 60,000,000,000 shares of common stock with a par value of $ 0.0001. Prior to the amendment, the authorized capital was 200,000,000,000 shares of common stock with a par value of $ 0.0001.

Issued and Outstanding stock

As at December 31, 2021, the Company has 15,768,343,622 common shares outstanding (As at December 31, 2020: 7,505,908,628 common shares outstanding).

During the year ended December 31, 2021, the Company issued 8,512,434,994 number of common shares wherein 6,962,434,994 common shares were issued in connection with the conversion of convertible notes as detailed in Note 8 above. The remaining 1,550,000,000 number of shares were issued to a third party in consideration of their past services to the Company. The Company has fair valued these shares amounting to $ 155,000 based on the market price on the date of issuance and has classified these issuances as share-based compensation in the statement of operations with corresponding credit to equity.

During the year ended December 31, 2021, the Company cancelled 300,000,000 shares issued to a consultant in prior years.

During the year ended December 31, 2020, the Company issued 3,240,423,640 number of common shares in connection with the conversion of convertible notes as detailed in Note 8.

9. STOCKHOLDERS' DEFICIENCY (continued)

Warrants

a) On October 18, 2021, the Company issued 200,000,000 warrants to Triton Funds LO in connection with past services. These warrants have maturity of two years after the date of issuance. The exercise price per warrant share is $ 0.01.

These warrants have been fair valued using the Black Scholes valuation model using the following assumptions:

- Stock price is $ 0.004;
- Expected maturity in 2 years;
- Dividends is $ Nil;
- Volatility is 491.28%;
- Risk-free interest rate is 0.44%; and
- Exercise price is $ 0.01.

Volatility was determined based on fluctuation in trading prices of comparable companies over similar term.

The fair value of 200,000,000 warrants amounting to $ 799,560 debited to stock-based compensation corresponding credit to warrant reserve.

During the year ended December 31, 2021, 50,000,000 warrants were exercised and proportionate initial fair value were transferred to share capital ($ 5,000) and additional paid-in capital ($ 194,980).

As at December 31, 2021, the Company has 150,000,000 outstanding warrants with a remaining maturity terms of 1.8 years.

10. CONTINGENCIES AND COMMITMENTS

Contingencies
As at December 31, 2021, there are certain lawsuits against the Company and its directors, officers or affiliates that could have a material effect on the results of the Company's operations. The financial impact cannot be estimated at this time, as the Company believes that the claim is without merit and intends to vigorously defend the matter.

The Company filed Notice of Material Event (NOME) disclosures on April 20, 2022, and details of the same are mentioned in Appendix I attached hereto.

Commitments
The Company has a month-to-month arrangement of $ 4,066 per month in connection with the use of leased premises of the office building.

(Expressed in US dollars)

11. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's transactions with related parties were carried out on normal commercial terms and in the course of the Company's business.

Other than those disclosed elsewhere in the financial statements, the related party transactions and balances are as follows:

The Company expenses $ 48,792 towards rent (month to month basis) for usage of office space leased by a related company. Also, during the year ended December 31, 2021, the Company incurred $ 127,643 (December 31, 2020 – NIL) in connection with the remuneration of the Chief Executive Officer which was included in salaries and wages in the statement of operation.

During the year ended December 31, 2021, the Company provided a loan of $ 647,593 to a related party as per the agreement dated November 1, 2021, repayable with interest at the rate of 5% per annum effective from May 1, 2022. The loan will be paid on or before May 1, 2022. The whole amount outstanding as at December 31, 2021 is $ 647,593.

12. INCOME TAXES

Income taxes

The Tax Cuts and Jobs Act (the "Act") enacted on December 22, 2017 reduces the US federal corporate tax rate from 35% to 21% and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. As of period end, the Company has not completed the accounting for the tax effects of enactment of the Act; however, as described below, it has made a reasonable estimate of the effects on existing deferred tax balances. These amounts are provisional and subject to change.

The provision for income taxes is calculated at US corporate tax rate of approximately 21% (2020: 21%) as follows:

	Year ended December 31, 2021	**Year ended December 31, 2020**
	$	$
Net loss from operations before other income and income taxes	(2,366,770)	(184,406)
US tax rate	21%	21%
Expected income tax recovery from net loss	(497,022)	(38,725)
Tax effect of expenses not deductible for income tax		
Change in valuation allowance	497,022	38,725
	—	—

12. INCOME TAXES (continued)

Deferred tax assets

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company had net operating loss carry forwards of approximately $ 4,507,937 (2020: $ 2,250,969) that may be offset against future taxable income from the year by 2040. No tax benefit has been reported in the consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. The Company is taxed in the United States at the Federal level.

13. SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to April 27, 2022, the financial statements were issued, pursuant to the requirements of ASC Topic 855 and has determined following significant event to report:

Subsequent to the year ended December 31, 2021, the Company has issued 17,775,000,000 common shares until April 11, 2022, to various parties in connection with the services provided by them.

APPENDIX I

NOTICE OF MATERIAL EVENT

HPIL HOLDING

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Company Telephone: +1 778-819-1956
Company Website: www.hpilholding.com
Company Email: info@hpilholding.ca

HPIL Holding (HPIL)

NOTICE TO SHAREHOLDERS

20 April 2022: HPIL Holding (OTC PINK: HPIL) ("HPIL" or the "Company"), would like to give notice to Shareholders that it is in the process of revising its disclosure statements and to give shareholders transparency as to the Company's current state while it is finishing the revisions to the disclosures.

In the Company's previous disclosures, the Company inadvertently marked that it had not been under receivership. That is incorrect and the following information is what we know about the receivership:

On April 13, 2020, a shareholder, Haining Zhang, filed a Complaint in the 42nd Circuit Court, Case No. 20-06979-CB-C, Midland County, Michigan, against HPIL Holding for Declaratory Judgment and the Appointment of a Receiver. On October 6, 2020, in the Court of the Honorable Stephen P Carras, a Notice of Receivership was filed, appointing Angela Collette as Receiver; an acceptance of appointment was filed on September 30, 2020.

On April 21, 2021, Angela Collette appointed Stephen Brown as CEO and David Postula as President of the Company.

On September 17, 2021, an Order on the Hearing was filed with the Court, whereby the Honarable Stephen P Carras granted Plaintiff's Ray Wong, Chris Phibrick and Frank Doughtery's Motion to Set Aside the Default Judgment and to Intervene as Shareholders on behalf of HPIL Holding.

With regard to previous and current events that were reported in disclosures, please find the following:

On August 22, 2018, the Company Signed an Asset Purchase Agreement with Ray Wong and My Boca Holdings Inc. to acquire all of the assets and business, including the Proximity Marketing Technology/Software, of MyFlyWiFi, referred to herein as "MFWF". HPIL Holding will deliver to the Seller Three Hundred and Fifty Million (350,000,000) restricted shares, $0.0001 par value, of its Common Stock. (Agreement attached in Form 8-K filed on August 30,, 2018)

As far as the Company can tell, although the Shares were issued to My Boca Holdings, Inc., the Company does not have access to MyFlyWiFi and it is an inactive, administratively dissolved in 2019 (Delinquent Taxes) Wyoming incorporated company.

On October 15, 2018, the Company signed an Asset Purchase Agreement with RodDoc, LLC, Frank Dougherty and Christopher Philbrick to acquire all of the assets and business, including the intellectual property for "spiral banding" of RodDoc, Inc. horizontal directional drilling rod resurfacing business, referred to herein as "RODDOC". HPIL Holding will deliver to the Seller Three Hundred and Fifty Million (350,000,000) restricted shares, $0.0001 par value, of its Common Stock. (Agreement attached in Form 8-K filed on October 15, 2018)

As far as the Company can tell, the patent is still in Mr. Dougherty's name and the company ROD DOC is an active and registered company in the state of Florida.

On March 15, 2019, an 8-K was filed with the SEC stating that the following wholly-owned companies of HPIL were incorporated in the state of Wyoming: MyFlyWiFi, Inc.; RodDoc, Inc.; Crypto Currency Engine, Inc.; Karate Games Company, Inc.; Global Live Streaming, Inc.; HPIL Real Estate LLC; and nuUnlimited North America, Inc.

All of the aforementioned “wholly owned subsidiaries” were administratively dissolved by the state of Wyoming on May 5, 2020, due to delinquent taxes, with the exception of ROD DOC, which was administratively dissolved on 6/23/2020 due to delinquent taxes.

On April 17, 2019, the Company filed an 8K regarding the purchase of 278 E Saginaw Rd., Sanford, MI 48657 APN: 110-033-100-420-00. This transaction was never completed, and the property remains titled in the Seller’s name, Mike Rudy.

On April 7, 2021, the Company entered into an Agreement and Plan of Reorganization with Cybernetic Technologies, Ltd., a British Colombia corporation which had not yet been registered. The transaction never executed and no shares were issued or exchanged under this agreement.

On May 14, 2021, an application was filed with FINRA regarding changing the name of the Company to Cybernetic Technologies, Ltd. Subsequently, a Press Release was issued on that same day saying FINRA had approved the name change. This news release was incorrect; FINRA had not finished processing the application at that time, and in fact, requested documents that the Company was unable to produce. The FINRA application was withdrawn as to the name change of the Company. Additionally, the Company had filed an amendment with the state of Wyoming changing the name of the Company; pursuant to the withdrawal of the FINRA application, the Company filed an amendment with the state of Wyoming changing the name back to HPIL Holding, Inc.

On September 27, 2021, the Company filed a News Release regarding the acquisition of valuable business assets, IP, technology & technologists, acquiring World Gaming Group; Apogee Dynamics (Apogee D7 EV) NFT Procurement; Medusa Intelligence and ZIPPA.

These were miscategorized and were not acquisitions; they were assets that Stephen Brown brought into the Company, that he designated as divisions. They were never, and are not now, separate incorporated companies, nor subsidiaries of the Company.

On September 28, 2021, the Company filed a News Release regarding the acquisition of NFT Procurement. Again, this was miscategorized and this was actually an asset brought into the Company by Stephen Brown. It is not now, nor has it been, a separate incorporated company, nor a subsidiary of the Company.

On October 4, 2021, the Company filed an 8-K, and on October 5, 2021, the Company published a press release, stating that the Company had entered into a Letter of Intent with Auctus Fund, LLC, whereby Auctus would provide Ten Million Dollars ($10,000,000) to the Company pursuant to an S-1 Registration Statement with an Equity Line of Credit. In fact, the Company had entered into a term sheet, that although fully executed, the Company and Auctus Fund LLC never entered into definitive agreements and thus, the Company does not have access to an equity line of credit of $10,000,000.

On October 7, 2021, the Company published a News Release regarding a Letter of Intent with the representatives of the Michael Czysz estate to develop a proof-of-concept Electric Motorcycle under the Apogee Dynamics Power Management System. The Letter of Intent is attached herein to this Disclosure Statement. Definitive Agreements have not yet been executed as the Estate is still going through various processes. Additionally, the news release misstated that Apogee Dynamics is the parent company of HPIL Holding. Apogee Dynamics is a division of HPIL Holding.

On October 8, 2021, the Company published a News Release stating that its division World Gaming Group had almost finished its ZIPPA platform. The Company decided to expand the platform to make it more robust and is getting closer to finishing the platform. The Company still plans to sponsor a tournament through its World Gaming Group division.

On October 18, 2021, the Company published a News Release regarding the sale of its NFT Procurement, stating it had entered into a Letter of Intent with Stargaze Entertainment, of which Stephen Brown was an officer (until January 5, 2021). On January 5, 2022, the Agreement, which was between Stephen Brown and Stargaze Entertainment, was rescinded and currently the NFT Procurement, has been categorized as a division of HPIL Holding.

On November 30, 2021, the Company published a News Release stating that Apogee Dynamics, a division of HPIL Holding that it had been selected as a Finalist by Mitsubishi Chemical Advanced Materials for its High-Temperature Carbon-Fiber 3D Printing Challenge from amongst many high-quality submissions from all over the world. Apogee Dynamics did not win the challenge; however, it was an honor to be selected.

On February 22, 2022, the Board of Directors resolved to issue the following shares, pursuant to employment/management agreements: Stephen Brown (Brown Family Investments, Ltd) – 8,000,000,000 shares; David Postula – 6,000,000,000 shares; Lord Ferrox D Tutinean – 2,000,000,000 shares; and Michael Torrey – 1,000,000,000 shares.

On February 22, 2022, the Board of Directors resolved to issue the following shares to satisfy debt owed to the following pursuant to loans by same: Gurvinder Singh Butter – 985,000,000 shares; and Ravdeep Singh Basanti – 335,000,000 shares.

With regard to Lawsuits filed by and against HPIL Holding and/or Stephen Brown, please see the following:

On August 5, 2021, Sylvia Meadows filed a civil claim in the Supreme Court of British Colombia, No. VLC S-S-217169 against Crank Media, a publicly trading company, and Stephen Brown, CEO of Crank Media, with regard to failure to pay a debt and issue shares. On 11/12/2021, a Default Judgment was entered with the Court in favor of Sylvia Meadows for damages and costs.

On April 13, 2020, a shareholder, Haining Zhang, filed a Complaint in the 42nd Circuit Court, Case No. 20-06979-CB-C, Midland County, Michigan, against HPIL Holding for Declaratory Judgment and the Appointment of a Receiver. On October 6, 2020, in the Court of the Honorable Stephen P Carras, a Notice of Receivership was filed, appointing Angela Collette as Receiver; an acceptance of appointment was filed on September 30, 2020.

On October 17, 2021, an Order on a Hearing to Set Aside the Default Judgment (granted to Haining Zhang) and to Intervene as Shareholders on behalf of HPIL Holding was filed with the Midland County Circuit Court, Michigan whereby the Honorable Stephen P Carras granted Plaintiff’s Ray Wong, Chris Philbrick and Frank Doughtery’s Motion to Set Aside the Default Judgment and to Intervene as Shareholders on behalf of HPIL Holding was granted.

On December 10, 2021, Sandor Miklos and HPIL Holding entered into a Settlement Agreement with regard to Case Number CV-21-00001866-0000 filed in Ontario Superior Court of Justice, under Case Number CV-21-00000135-000, wherein Miklos filed an Application against HPIL Holding to recover on a contract. The Settlement Agreement called for the issuance of 500,000,000 shares of HPIL to Miklos, along with the filing of a registration statement. The 500,000,000 shares were issued on January 6, 2022, to Sandor Miklos. The Company has been unable to file a registration statement to date, as the Company continues to work at getting the Company current.

On January 13, 2022, Roots Properties filed a civil claim in the Supreme Court of British Colombia, No. 220186 against Crank Media and Stephen Brown, CEO of Crank Media, with regard to failure to pay a debt and issue shares.

On January 13, 2022, Roots Properties filed a civil claim in the Supreme Court of British Colombia, No. 2110873 against HPIL Holding and Stephen Brown, CEO of HPIL Holding, with regard to the sale of convertible debt to Plaintiff.

On January 31, 2022, Arthur Brown and Cyrus Driver filed a claim in the Supreme Court of British Colombia, No. S-220698 against Stephen Brown with regard to failure to pay a debt.

On February 7, 2022, A Complaint on Convertible Debt was filed by Roots Properties, Inc. in the Circuit Court of the Twelfth Judicial Circuit Court in Sarasota County, Florida, against HPIL Holdings (f/k/a Cybernetic Technologies, Ltd) and for monies owed to Roots Properties in the amount of $400,000 by HPIL and Crank Media.

On February 25, 2022, Defendant's Motion to Set Aside Receiver's Actions was filed with the 42nd Circuit Court, Case No. 20-06979-CB-C, Midland County, Michigan.

On March 29, 2022, An Opposition to Counter Defendants Joint Motion to Dismiss Counter Complaint and for Sanctions was filed with the 42nd Circuit Court, Case No. 20-06979-CB-C, Midland County, Michigan. This case is ongoing between the Court Appointed Receiver and the representative shareholders of HPIL, Wong, Philbrick and Dougherty.

On March 30, 2022, A Motion to Approve Amended Settlement Agreement was filed in the Sarasota County Circuit Court, Case No: 2022-CA-000580-NC regarding the Claim filed on 2/7/2022 with debts remaining in the principal amounts of $44,000 and $20,000. HPIL acknowledges debt; however, the Company does not have sufficient funds to pay the debt and as agreed to issue 2,800,000,000 shares under section 3(a)(10) of the Securities Act of 1933. Roots shall not own more than 9.99% of the issued and outstanding shares at any one time. The Company is waiting for the Court to approve the Amended Settlement Agreement. The Settlement Agreement, if approved, will discharge the lawsuits filed against HPIL, Stephen Brown and Crank Media filed in British Colombia. The shares to be issued to Roots Properties will be issued from shares owned by Stephen Brown and will not be issued from treasury.

On April 11, 2022, the Company filed a Complaint in the United States District Court Southern District New York, Case Number 1:22-cv-02959 against GPL Ventures, LLC, Alexander Dillon and Cosmin Panait, seeking $16,000,000 for multiple alleged violations of Federal Securities and RICO Laws. (Link found in News Release published on April 11, 2022).

Further, in the event the Company has failed to list any lawsuit here, it is because neither the Company, nor its management is aware of them.

The following documents (not necessarily in this order) can be found on this link: https://indd.adobe.com/view/e7f5fe5e-b1ef-4d25-9453-afeb21f307d7

1. Complaint filed by Haining Zhang to appoint Receiver for the Company
2. Appointment of Stephen Brown as CEO made by Court Appointed Receiver, Angele Collette
3. Order regarding Ray Wong, Chris Philbrick and Frank Dougherty's Motion to Set Aside Default Judgment and to Intervene as Shareholders on behalf of HPIL
4. Letter of Intent with Representatives of the Estate of Michael Czysc
5. Employment Agreements of Stephen Brown, David Postula, Lord Ferrox D Tutinean, and Michael Torrey
6. Loan Agreements with Gurvinder Singh Butter and Ravdeep Singh Basanti
7. Lawsuit filed by Sylvia Meadows (British Colombia)
8. Settlement Agreement with Sandor Miklos (Ontario)
9. Lawsuit filed by Roots Properties (British Colombia)
10. Lawsuit filed by Arthur Brown and Cyrus Driver (British Colombia)
11. Roots Properties (Florida)
12. Roots Properties Settlement Agreement (Florida).