

Protext Mobility, Inc.
(aka Protext Pharma, Inc.)
OTCPK: TXTM
Financial Statements
March 31, 2022
(Unaudited)

(Unaudited)

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
ASSETS		
Cash	\$ -	\$ -
Total Current Assets	-	-
Fixed Assets		
License Agreement	170,000	170,000
Capitalized Software Development	<u>33,395</u>	<u>33,395</u>
Total Fixed Assets	<u>203,395</u>	<u>203,395</u>
TOTAL ASSETS	<u>\$ 203,395</u>	<u>\$ 203,395</u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 634,414	\$ 632,414
Accrued Interest	-	63,205
Derivative Liability	-	108,192
Accrued Salary	478,604	458,604
Convertible Notes Payable	<u>39,052</u>	<u>70,303</u>
Total Current Liabilities	<u>1,152,070</u>	<u>1,332,718</u>
Total Liabilities	1,152,070	1,332,718
Equity		
Common Stock, 10,000,000,000 shares par value \$0.00001 authorized	79,816	78,316
Common Stock Issuable	60,750	60,750
Additional Paid-in Capital	2,711,690	2,480,636
Preferred Stock-Series A 100,000 par value \$0.001 shares authorized	50	50
Preferred Stock-Series B 1,000,000 par value \$0.0001 shares authorized	-	-
Preferred Stock - Series C 9,000,000 par value \$0.001 shares authorized	2,675	2,675
Preferred Stock - Series D 100,000 par value \$0.001 shares authorized, -0- shares issued and outstanding	-	-
Retained Deficit	<u>(3,803,656)</u>	<u>(3,751,750)</u>
Total Equity	<u>(948,675)</u>	<u>(1,129,323)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 203,395</u>	<u>\$ 203,395</u>

PROTEXT MOBILITY, INC.
(aka Protext Pharma, Inc.)
Statements of Income
(Unaudited)

	For the Three Months Ended	
	March 31,	
	<u>2022</u>	<u>2021</u>
Expenses		
Payroll	\$ 20,000	\$ 20,000
General and Administrative	<u>2,000</u>	<u>-</u>
Total Expense	22,000	20,000
Net Operating Loss	<u>(22,000)</u>	<u>(20,000)</u>
Gain on debt forgiveness	93,493	-
Derivative Expense	(109,327)	-
Interest Expense	<u>(14,072)</u>	<u>(14,072)</u>
Net Loss	<u>\$ (51,906)</u>	<u>\$ (34,072)</u>

PROTEXT MOBILITY, INC.

Statements of Equity

(Unaudited)

	Shares Outstanding	Common Stock	Series A Preferred	Series B Preferred	Series C Preferred	Series D Preferred	Paid In Capital	Stock Issuable	Retained Earnings	Total
Balance at December 31, 2019	4,574,316,008	45,744	72	1	2,675	100	1,818,794	116,750	(3,103,430)	(1,119,294)
Shares issued on conversion of debt	300,000,000	3,000					33,000			36,000
Stock cancelled						(100)		(56,000)	-	(56,100)
Net Loss of the Period									(506,032)	(506,032)
Balance at December 31, 2020	4,874,316,008	48,744	72	1	2,675	-	1,851,794	60,750	(3,609,462)	(1,645,426)
Common stock issued on conversion of preferred stock	750,548,960	7,505	(22)	(1)			(7,482)			-
Shares issued on conversion of debt and interest	2,206,600,538	22,066					636,324			658,390
Net Loss of the Period									(142,288)	(142,288)
Balance at December 31, 2021	7,831,465,506	\$ 78,316	\$ 50	\$ -	\$ 2,675	\$ -	\$ 2,480,636	\$ 60,750	\$(3,751,750)	\$ (1,129,324)
Shares issued on conversion of debt and interest	150,035,000	1,500					231,054			232,554
Net Loss of the Period									(51,906)	(51,906)
Balance at March 31, 2022	7,981,500,506	\$ 79,816	\$ 50	\$ -	\$ 2,675	\$ -	\$ 2,711,690	\$ 60,750	\$(3,803,656)	\$ (948,675)

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

PROTEXT MOBILITY, INC.
(aka Protext Pharma, Inc)
Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	March 31,	
	2022	2021
	<u> </u>	<u> </u>
Cash Used in Operations:		
Net loss	\$ (51,906)	\$ (34,072)
Gain on debt forgiveness	(93,493)	
Derivative Expense	109,327	
Non-cash Adjustments to operating accounts		
Increase in accounts payable and accrued expenses	2,000	
Increase in accrued interest	14,072	14,072
Increase in accrued salaries	20,000	20,000
Net cash from operating activities	<u> -</u>	<u> -</u>
Net Change in Cash Flow	-	-
Cash at beginning of period	<u> -</u>	<u> -</u>
Cash at end of period	<u>\$ -</u>	<u>\$ -</u>
Supplemental Cash Flow Information:		
Cash Paid for -		
Interst	\$ -	\$ -
Taxes	\$ -	\$ -
Shares issued on conversion of debt and interest	\$ 232,554	\$ -

PROTEXT MOBILITY, INC.
(aka Protext Pharma, Inc.)
Notes to Unaudited Consolidated Financial Statements
March 31, 2022

NOTE 1 - DESCRIPTION OF BUSINESS AND GOING CONCERN

ProText Mobility Inc. (the “Company”) was incorporated in the State of Delaware on September 5, 2001 under the name SearchHelp, Inc. and completed its initial public offering on July 23, 2003. During the fiscal year ended December 31, 2008, the Company acquired 100% of the stock of EchoMetrix, Inc, which then became a wholly owned subsidiary, and in May of 2009 the Company filed a Certificate of Ownership and Merger with the State of Delaware pursuant to which EchoMetrix was merged with and into the Company, and the Company’s corporate name was changed to EchoMetrix, Inc. In December 2010, filed a Certificate of Ownership and Merger with the state of Delaware pursuant to which the Company’s then wholly owned subsidiary, ProText Mobility, Inc., was merged with and into the Company, and the Company’s corporate name was changed to Protext Mobility, Inc.

On December 31, 2016, the Company acquired Plandaí Biotechnology South Africa (Pty) Ltd. (Plandaí), a South African company headquartered in the Mpumalanga province of South Africa through a share exchange agreement, and changed the corporate name to Protext Pharma, Inc. Plandaí was formed in 2014 and focuses on the development of pharmaceutical applications for botanical drugs and has the worldwide exclusive license to develop Phytofare® in botanical drug applications. Phytofare® is a highly bioavailable extract produced from live green tea leaves that has been clinically proven in double-blind human trials to have ten-times greater bioavailability over generic extract. The Company plans to commence human clinical trials to determine the effectiveness of using Phytofare® catechin complex in regulating insulin levels in Type II Diabetes patients. Under the terms of acquisition, the Company issued 100,000 shares of Series D Preferred Stock in exchange for all of the issued and outstanding shares of Plandaí. The Series D Preferred have the right to convert into 75% of the post-conversion issued and outstanding common stock of the Company. The Series D Preferred have voting rights equal to the number of shares issuable on conversion on all shareholder matters. On May 1, 2020, Plandaí Biotechnology, Inc., the entity from which Plandaí Biotechnology South Africa was acquired, agreed to return and cancel all Series D share due to breach of contract.

As a result of the acquisition of Plandaí, the former shareholders of Plandaí became the control entity, having voting and conversion rights equal to 75%. Plandaí elected to become the successor issuer to the Company for accounting and reporting purposes. Accordingly, the accompanying financial statements represent the results of operations of Plandaí Biotechnology South Africa exclusive of those of ProText Mobility. The balance sheet contains the consolidated assets and liabilities of both entities for all periods presented while the retained deficit is that of Plandaí exclusively. The shares of common stock of ProText Mobility outstanding as of the acquisition date are shown as issued as of the acquisition date while the shares issued to acquire Plandaí are shown as outstanding for all periods presented.

On March 14, 2017, the Company acquired 100% of the capital stock of Cannabis Biosciences, Inc., in exchange for 50,000,000 shares of the Company’s restricted common stock. Cannabis Biosciences is engaged in the development of a non-psychoactive, full-profile cannabis extract using the Phytofare® technology for pharmaceutical applications. The operations of Cannabis Biosciences from the date of the acquisition forward have been consolidated in these financial statements. On May 1, 2020, Plandaí Biotechnologies agreed to cancel 40,000,000 shares which were issuance due to breach of contract.

The consolidated financial statements presented have been prepared pursuant to U.S. Generally Accepted Accounting Principles (USGAAP). Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been omitted pursuant to accepted rules and regulations for smaller reporting companies, but we believe that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting of normal, recurring adjustments and disclosures necessary for a fair presentation of these statements have been included. All intercompany transactions have been eliminated in consolidation.

Going Concern

The accompanying unaudited consolidated financial statements have been prepared assuming that the Company will continue as a going concern. To date, the Company has generated minimal revenue and has a history of net losses. These circumstances raise substantial doubt about the Company’s ability to continue as a going concern. The unaudited consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management’s efforts have been directed towards the development and implementation of a plan to generate sufficient revenues to cover all of its present and future costs and expenses.

If the Company does not generate sufficient revenues from the sales of its products in an amount necessary to meet its cash needs, the Company will need additional financing to continue to operate. There are no assurances that the Company can continue to successfully

raise additional financing. If the Company fails to raise additional financing, it might have to file for reorganization under bankruptcy laws to satisfy its outstanding liabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments consisting of a normal and recurring nature considered necessary for a fair presentation have been included.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses in the reporting period. We regularly evaluate our estimates and assumptions related to the useful life and recoverability of long-lived assets, stock-based compensation and deferred income tax asset valuation allowances. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by us may differ materially and adversely from our estimates. To the extent there are material differences between our estimates and the actual results, our future results of operations will be affected.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with original maturities of three months or less when acquired, to be cash equivalents.

Income Taxes

The Company accounts for income taxes under the provisions issued by the FASB which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company computes tax asset benefits for net operating losses carried forward. The potential benefit of net operating losses has not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Fair Value of Financial Instruments

Pursuant to ASC No. 820, "Fair Value Measurements and Disclosures", the Company is required to estimate the fair value of all financial instruments included on its balance sheet as of December 30, 2021 and December 31, 2020. The Company's financial instruments consist of cash and derivative liabilities. The Company considers the carrying value of such amounts in the financial statements to approximate their fair value due to the short-term nature of these financial instruments.

The Company adopted ASC No. 820-10 (ASC 820-10), Fair Value Measurements. ASC 820-10 relates to financial assets and financial liabilities. ASC 820-10 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (GAAP), and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements and are to be applied prospectively with limited exceptions.

ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is now the single source in GAAP for the definition of fair value, except for the fair value of leased property as defined in SFAS 13. ASC 820-10 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions, about market participant assumptions, that are developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to

unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820-10 are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs that are both significant to the fair value measurement and unobservable. These inputs rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and July include the Company's own data.)

The following presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a non-recurring basis as of March 31, 2022 and December 30, 2021:

March 31, 2022:

	Level 1	Level 2	Level 3	Total
	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

December 31, 2021:

	Level 1	Level 2	Level 3	Total
	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

As of March 31, 2022, the fair value of the embedded derivative instruments was not considered material as all convertible instruments had previously been modified to have fixed-floor conversion features. The derivative liability previously recorded and associated with the convertible notes has not been modified and will be written off as notes are converted or repaid. During the three months ended March 31, 2022, the Company wrote off \$108,192 in derivative liability on the conversion of \$15,035 of convertible debt and associated accrued interest.

Research and Development Costs

Costs incurred in the research and development during the preliminary project stage are expensed as incurred. Costs specifically attributable to clinical trials are capitalized and amortized over the expected life of the product. Prior to 2015, the Company capitalized a total of \$433,395 associated with software development by ProText Mobility. The Company continually evaluates

capitalized costs for potential impairment and determined as of December 31, 2020 that the software was materially and permanently impaired. As a result, the Company reduced the value of the asset by \$400,000, which was recorded as a loss in the year ended December 31, 2020.

NOTE 3 - CONVERTIBLE NOTES PAYABLE

In prior years, the Company issued convertible notes payable to various individuals and funds, of which \$155,500 remained issued and outstanding as of December 31, 2020. As of December 31, 2016, the Company had negotiated with most of the convertible debt holders to eliminate all accrued interest and penalties and place a moratorium on future interest payments and conversions for a period of at least six months. Future conversions will not involve any discount off the then-trading price of the common stock. As a result, the derivative liability associated with these notes was deemed immaterial and all discounts and derivative liabilities were eliminated.

During the year ended December 31, 2018, the Company issued new convertible note in the amount of \$45,000 to an unrelated party. The note bears interest at 8% and is convertible at a 50% discount based on the average of the lowest three closing bid prices over the previous 10 days, with a floor of \$0.000065 per share. In the year ended December 31, 2020, an additional \$3,700 was loaned from the same party under identical terms.

During the year ended December 31, 2021, the Company issued a total of 2,206,600,538 shares of common stock on the conversion of \$267,120 in principal, and \$210,813 in interest and penalties associated with its debt obligations. An additional \$180,458 was recorded as a reduction in derivative liability related to the difference between the value of the shares issued and the amount of principal, interest and penalties recorded based on the value of the common stock on the date of conversion. During the three months ended March 31, 2022, a total of \$15,035, including accrued interest of \$4,864, was converted into 150,035,000 shares of common stock. At the time of conversion, the shares issued were valued at \$232,554, which resulted in a write off of \$108,192 in derivative liability and an additional derivative expense of \$109,327.

As of March 31, 2022, a total of \$30,052 in convertible notes payable was outstanding with associated accrued interest of \$72,413.

NOTE 4 - EQUITY TRANSACTIONS

Common Stock

The Company has authorized 10 billion shares of common stock, par value \$0.00001, of which 7,831,465,500 shares were issued and outstanding as of December 31, 2021.

During the quarter ended March 31, 2021, the Company issued the following:

- 461,330,466 shares were issued to Union Capital on the conversion of \$36,600 in principal and \$55,666 in interest associated with a convertible note payable.
- 468,030,000 shares were issued to BB Winks on the conversion of \$30,500 in principal and \$16,303 in interest associated with a convertible note payable.

During the quarter ended June 30, 2021, the Company issued the following:

- 271,867,306 shares were issued to Union Capital on the conversion of \$63,400 in principal and \$99,720 in interest associated with a convertible note payable.
- 460,000,000 shares were issued to Bruce Lewis on the conversion of \$23,000 in principal and \$23,000 in interest associated with notes payable.
- 400,000,000 shares were issued to Gel Properties, LLC on the conversion of \$45,420 in principal and \$177,561 in interest and penalties associated with a convertible note payable.

During the quarter ended September 30, 2021, the Company issued the following:

- 145,370,766 shares to Lance Quartieri on the conversion of \$25,000 in principal and \$18,611 of interest associated with a convertible note previously issued to CDN Associates.
- 307,258,460 shares issued to Richard Grossfeld on the conversion of 22,151 shares of Series A Preferred Stock.

During the quarter ended December 31, 2021, the Company issued the following:

- 443,290,500 shares to Jaime Safier on the conversion of 30,000 shares of Series A Preferred stock.

During the quarter ended March 31, 2022, the Company issued the following:

- 150,035,00 shares to Walter Deal on the conversion of \$10,171 in principle and \$4,864 of accrued interest, on a note acquired from BB Winks.

Series A Preferred

The Company has 100,000 shares of Series A Preferred stock, par value \$0.001, authorized of which 79,450 shares were issued on December 31st, 2016 in exchange of 504,300 shares of Series B Preferred, previously issued. Of this amount, 10,000, 19,950 and 49,500 Series A were issued to Rock Island, Richard Grossfeld and David Lewis respectively, in exchange for 411,899, 46,052 and 46,052 Series B previously issued and held by each party respectively. The Series A Preferred has conversion rights equal to 20% of the post-conversion issued and outstanding shares of common stock and voting rights equivalent to the total shares issuable on conversion. In the quarter ended September 30, 2021, Richard Grossfeld converted 22,151 shares of Series A Preferred into 307,258,460 shares of common stock. During the quarter ended December 31, 2021, Jaime Safier converted 46,052 shares of Series B Preferred into 30,000 shares of Series A Preferred. He then converted the 30,000 shares of Series A into 443,290,500 shares of common stock. As of March 31, 2022 there were 49,500 shares of Series A issued and outstanding.

Series B Preferred

The Company previously issued 550,055 shares of Series B Preferred stock for cash consideration of \$4,825,000. On December 31, 2016, the Company exchanged 504,003 shares of Series B Preferred stock into 79,450 shares of Series A Preferred, leaving 46,052 shares of Series B Preferred stock outstanding as of December 31, 2020. During the quarter ended December 31, 2021, Jaimer Safier converted 46,052 shares of Series B Preferred into 30,000 shares of Series A Preferred. He then converted the 30,000 shares of Series A into 443,290,500 shares of common stock. As of March 31, 2022, there were no shares of Series B Preferred issued and outstanding. The Series B Preferred has voting rights equal to two votes per share on all shareholder matters and has a preference on dividend payments.

Series C Preferred

The Company has authorized 9,000,000 shares of Series C Preferred stock, par value \$0.001, of which 9,000,000 were previously issued. On December 31, 2016, the holder of 6,325,000 shares of Series C Preferred returned the shares for cancellation in connection with the share exchange with Plandai. The Series C have voting rights equal to 200 votes per share on all shareholder matters. There are no shares of Series C Preferred outstanding as of March 31, 2022.

Series D Preferred

On December 31, 2016, the Company issued 100,000 shares of Series D Preferred stock to acquire 100% of the issued and outstanding capital stock of Plandai Biotechnology South Africa (Pty) Ltd. There are 100,000 shares of Series D Preferred stock, par value \$0.001 authorized, of which 100,000 were outstanding as of December 31, 2019. On May 1, 2020, Plandai cancelled all 100,000 due to breach of contract. The Series D Preferred stock has conversion rights equal to 75% of the post-conversion common stock and voting rights equivalent to the number of shares issuable on conversion. There are no shares of Series S Preferred outstanding as of March 31, 2022.

NOTE 5 – LOSS ON THE WRITE DOWN OF LICENSE

During the year ended December 31, 2019, the Company determined that the license acquired from Plandai Biotechnology to market and sell pharmaceutical products incorporating Plandai's proprietary Phytofare™ extract was materially and permanently impaired due to the failure on the part of Plandai to maintain a sufficient supply of Phytofare™ to enable the Company to conduct the necessary clinical trials and commercialize the product. As a result of this determination, the Company recorded a loss of \$2,000,000 which is recorded in other income and expense in the year ended December 31, 2019. As consideration for Plandai's breach of contract, the Company was entitled to, and received, detailed schematics, technology and know-how enabling the Company to continue the development of products involving the hydrodynamic sheering process of phytonutrient extraction. The Company values this intellectual property at \$170,000, which is recorded as a fixed asset in the accompanying financial statements. On May 1, 2020, Plandai Biotechnology agreed to return 100,000 shares of Series D Preferred stock and reduce the number of shares of common stock owing from the acquisition of Cannabis Biosciences from 50,000,000 to 10,000,000 shares. These transactions resulted from the failure on the part of Plandai to honor certain provisions of the license transfer agreements, including maintaining a sufficient supply of inventory for sales and research, which resulted in the aforementioned impairment. The Company recorded \$56,100 in the year ended December 31, 2020 to offset the previous impairment expense.

NOTE 8 - SUBSEQUENT EVENTS

The Company reviewed transactions subsequent to March 31, 2022 and noted no material events.