

Greenberry's Coffee Roasters Inc.



ANNUAL REPORT

1610 Quail Run

Charlottesville, VA 22911

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<https://greenberrys.com/>

This Annual Report is dated April 25, 2022.

BUSINESS

Greenberry's Coffee Roasters, Inc. ("Greenberry's" or the "Company") is divided into four lines of business: Coffee Roasting and Packaging, Nitro Coffee Beverage Production, Wholesale Distribution, and Online Sales Channels. The fifth line of business will be added in 2022 to include cafe operations.

We roast and sell dark roast gourmet coffees in 28 varieties and brew 12 flavors of Nitro Cold Brew Coffee in non-alcohol and alcohol varieties. We sell our products at wholesale, retail, online, and thru third-party distributors. Our sales reach is national in the USA as well as Asia and the Middle East global regions. Our new nitro beverages are regional in the Mid Atlantic and moving to Phase Two expansion towards the South.

We are a standalone C corporation with two stand-alone affiliates: Greenberry's Franchising Corp. and Greenberry's Coffee & Tea Co. Greenberry's Franchising Corp handles all our domestic and international store franchise relationships. Greenberry's Coffee & Tea Co. is our original founding company and currently operates three company-owned stores domestically.

Previous Offerings

Name: Common Stock
Type of security sold: Equity
Final amount sold: \$199,203.98
Number of Securities Sold: 18,938
Use of proceeds: Operations, Increased management team, Production enhancements
Date: November 24, 2021
Offering exemption relied upon: Regulation CF

REGULATORY INFORMATION

The company has not previously failed to comply with the requirements of Regulation Crowdfunding;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATION

Operating Results – 2021 Compared to 2020

Circumstances which led to the performance of financial statements:

Company operations from 2019 to 2021 were impacted by the Covid-19 pandemic. Our customer base is comprised of online retailers, fulfillment of our website, restaurants, and large wholesalers. The restaurant sector was down significantly and caused the overall decline in top-line revenue. Our wholesaler revenues and our own website revenues were up significantly but not enough to overcome the restaurant sectors. Our own cafe network both domestic and international was also down earlier in the year but have recovered by about 70% and continue to improve. We expect continued improvement, especially in the second quarter of 2022 in all sectors. The restaurant sector will be most impacted long term as many small restaurants may not survive.

We expect growth in our other sectors to ultimately overcome this decline and return us to growth. Our new nitro cold brew products were just launched late in the 4th quarter of 2020 and do not have a significant impact on revenues yet. We expect significant growth in this sector in 2022 beginning in the second quarter as well. We also expect new revenue from cafe openings which will begin in the 4th quarter of 2022.

Revenue

Revenue for fiscal year 2021 was \$2,041,640, significant improvement as compared to fiscal year 2020 revenue of \$1,785,849. First-quarter of 2020 sales were quite strong as we introduced new Nitro RTD products into the domestic marketplace. Then COVID hit in late March and all of our business lines suffered substantial declines. Consumers stopped most retail and restaurant visits. We immediately pivoted our focus to online sales and our key customers that were experiencing sales gains due to COVID. This included our Costco account. Sales to Costco increased by 30%. Sales in 2021 have rebounded strongly across all our business lines. We

expect to see continued recovery and return to normal operations in 2022, as long as Covid 19 does not return.

Cost of sales

The cost of sales in 2021 was \$1,368,165, a slight increase of approximately \$35,149, from costs of \$1,333,016 in fiscal year 2020. The increase was largely due to an increase in overall revenues due to recovery from COVID. Company was able to keep cost in line and overall cost to revenues were significantly improved.

Gross margins

2021 gross profit increased by \$220,642 over 2020 gross profit and gross margins as a percentage of revenues increased from 25% in 2020 to 33% in 2021. This improved performance was caused by an increase in overall revenues and lower operating cost. We maintained our staffing levels to qualify for PPP Round 2 funding from the Government.

Expenses

The Company's expenses consist of, among other things, compensation and benefits, marketing and sales expenses, fees for professional services, utilities, supplies research and development expenses. Expenses in 2021 increased by \$475,312 from 2019. This was due our increases in wage cost as we begin to ramp up our sales and distribution efforts.

Historical results and cash flows:

Forward-looking company results show growth in our coffee roasting sector thru the wholesaler, web sales, and other online relationships. We expect a leveling out of the restaurant sector with a slower recovery. We believe 2020 is an anomaly year due to Covid-19, and while 2021 will continue to show impacts, we expect to see improvements by the second quarter.

Cash flows were impacted in 2020 by reduced overall revenues and higher fixed costs when compared to revenues. We also made significant investments in the Nitro Cold Brew plant equipment as the decision to produce in the company instead of a co-packer relationship was made by management. This decision was made due to Covid-19 impacts but will ultimately yield better product margins in exchange for the Cap-Ex expenditures. Cash expenditures have historically been funded thru past retained earnings and contributions by the founders. Future cash requirements will be supplemented by crowdfunding.

Liquidity and Capital Resources

At December 31, 2021, the Company had cash of \$1,752,907.00. [*The Company intends to raise additional funds through an equity financing.*]

Debt

Creditor: Inventory Credit

Amount Owed: \$200,000.00

Interest Rate: 2.594%

The Company has a line of credit secured by its inventory that has an interest rate of 2.594 percent per annum and does not have a fixed maturity date.

Creditor: SBA Loan

Amount Owed: \$1,735,600.00

Interest Rate: 3.75%

Economic Injury Disaster Loan

DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES

Our directors and executive officers as of the date hereof, are as follows:

Name: Michael Sean Simmons

Michael Sean Simmons's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

Position: Director & CEO

Dates of Service: December 29, 2000 - Present

Responsibilities: Highest level management of the company activities. Simmons receives an annual salary of \$100K and owns 2.5M shares of Preferred Stock.

Other business experience in the past three years:

Employer: Greenberry's Franchising Corp.

Title: Director & CEO

Dates of Service: November 01, 2000 - Present

Responsibilities: Highest level management and strategy development

Other business experience in the past three years:

Employer: Greenberry's Coffee & Tea Co.

Title: Director & CEO

Dates of Service: July 01, 1992 - Present

Responsibilities: Highest level management & strategic vision

Name: Oksana Simmons

Oksana Simmons's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

Position: Director and CFO

Dates of Service: December 29, 2000 - Present

Responsibilities: Management & operations. Simmons receives an annual salary of \$100K and owns 2.5M shares of Preferred Stock.

Other business experience in the past three years:

Employer: Greenberry's Franchising Corp.

Title: Director and CFO

Dates of Service: November 01, 2000 - Present

Responsibilities: Management & operations

Other business experience in the past three years:

Employer: Greenberry's Coffee & Tea Co.

Title: Director and CFO

Dates of Service: July 01, 1992 - Present

Responsibilities: Management & operations

PRINCIPAL SECURITY HOLDERS

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2021, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

Title of class: Preferred Stock

Stockholder Name: Oksana (Roxanne) Simmons

Amount and nature of Beneficial ownership: 2,500,000

Percent of class: 50.0

Title of class: Preferred Stock

Stockholder Name: Michael Sean Simmons

Amount and nature of Beneficial ownership: 2,500,000

Percent of class: 50.0

RELATED PARTY TRANSACTIONS

Name of Entity: Management and Founders

Relationship to Company: Related party

Nature / amount of interest in the transaction: Compensation

Material Terms: The Company compensates management, including its founders, according to their stated compensation plan.

Name of Entity: Greenberry's Franchising Corp, Greenberry's Coffee & Tea Co.
Names of 20% owners: Michael Sean Simmons, Oksana Anna Simmons
Relationship to Company: Both affiliates do not have any interest in the Company.
Nature / amount of interest in the transaction: Both affiliates do not have any interest in the Company.
Material Terms: The Company has received certain funds from affiliates totaling \$14,956.

OUR SECURITIES

The company has authorized Series I Common Stock, and Preferred Stock. As part of the Regulation Crowdfunding raise, the Company will be offering up to 30,526 of Series I Common Stock.

Series I Common Stock

The amount of security authorized is 10,000,000 with a total of 18,938 outstanding.

Voting Rights

There are no voting rights associated with Series I Common Stock.

Material Rights

The total number of shares outstanding on a fully diluted basis, 5,018,938 shares, includes 18,938 shares of Series I Common Stock and 5,000,000 shares of Preferred Stock. The Company does not have outstanding options, warrants, and other securities with a right to acquire shares, and no shares are reserved for issuance.

Preferred Stock

The amount of security authorized is 5,000,000 with a total of 5,000,000 outstanding.

Voting Rights

1 vote per 1 share

Material Rights

Liquidation rights. Holders of Preferred Stock are entitled to preferential liquidation dividends.

Dividend rights. Holders of Preferred Stock are entitled to preferential dividend payments.

Conversion rights. Each share of Preferred Stock is convertible into 1 share of Series II Common Stock.

What it means to be a minority holder

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company's governance documents, additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

Dilution

Investors should understand the potential for dilution. The investor's stake in a company could be diluted due to the company issuing additional shares. In other words, when the company issues more shares, the percentage of the company that you own will decrease, even though the value of the company may increase. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible notes, preferred shares or warrants) into stock.

If we decide to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

RISK FACTORS

Uncertain Risk

An investment in the Company (also referred to as "we", "us", "our", or "Company") involves a high degree of risk and should only be considered by those who can afford the loss of their entire investment. Furthermore, the purchase of any of the Common Stock should only be undertaken by persons whose financial resources are sufficient to enable them to indefinitely retain an illiquid investment. Each investor in the Company should consider all of the information provided to such potential investor regarding the Company as well as the following risk factors, in addition to the other information listed in the Company's Form C. The following risk factors are not intended, and shall not be deemed to be, a complete description of the commercial and other risks inherent in the investment in the Company.

Our business projections are only projections

There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our product, that people

think it's a better option than a competing product, or that we will be able to provide the service at a level that allows the Company to make a profit and still attract business.

Any valuation at this stage is difficult to assess

The valuation for the offering was established by the Company. Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk overpaying for your investment.

The transferability of the Securities you are buying is limited

Any Common Stock purchased through this crowdfunding campaign is subject to SEC limitations of transfer. This means that the stock/note that you purchase cannot be resold for a period of one year. The exception to this rule is if you are transferring the stock back to the Company, to an "accredited investor," as part of an offering registered with the Commission, to a member of your family, trust created for the benefit of your family, or in connection with your death or divorce.

Your investment could be illiquid for a long time

You should be prepared to hold this investment for several years or longer. For the 12 months following your investment there will be restrictions on how you can resell the securities you receive. More importantly, there is no established market for these securities and there may never be one. As a result, if you decide to sell these securities in the future, you may not be able to find a buyer. The Company may be acquired by an existing player in the educational software development industry. However, that may never happen or it may happen at a price that results in you losing money on this investment.

We may not have enough capital as needed and may be required to raise more capital.

We anticipate needing access to credit in order to support our working capital requirements as we grow. Although interest rates are low, it is still a difficult environment for obtaining credit on favorable terms. If we cannot obtain credit when we need it, we could be forced to raise additional equity capital, modify our growth plans, or take some other action. Issuing more equity may require bringing on additional investors. Securing these additional investors could require pricing our equity below its current price. If so, your investment could lose value as a result of this additional dilution. In addition, even if the equity is not priced lower, your ownership percentage would be decreased with the addition of more investors. If we are unable to find additional investors willing to provide capital, then it is possible that we will choose to cease our sales activity. In that case, the only asset remaining to generate a return on your investment could be our intellectual property. Even if we are not forced to cease our sales activity, the unavailability of credit could result in the Company performing below expectations, which could adversely impact the value of your investment.

Terms of subsequent financings may adversely impact your investment

We will likely need to engage in common equity, debt, or preferred stock financings in the future, which may reduce the value of your investment in the Common Stock. Interest on debt securities could increase costs and negatively impact operating results. Preferred stock could be issued in series from time to time with such designation, rights, preferences, and limitations as needed to raise capital. The terms of preferred stock could be more advantageous to those

investors than to the holders of Common Stock. In addition, if we need to raise more equity capital from the sale of Common Stock, institutional or other investors may negotiate terms that are likely to be more favorable than the terms of your investment, and possibly a lower purchase price per share.

Management Discretion as to Use of Proceeds

Our success will be substantially dependent upon the discretion and judgment of our management team with respect to the application and allocation of the proceeds of this Offering. The use of proceeds described below is an estimate based on our current business plan. We, however, may find it necessary or advisable to re-allocate portions of the net proceeds reserved for one category to another, and we will have broad discretion in doing so.

Projections: Forward Looking Information

Any projections or forward looking statements regarding our anticipated financial or operational performance are hypothetical and are based on management's best estimate of the probable results of our operations and will not have been reviewed by our independent accountants. These projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed.

Developing new products and technologies entails significant risks and uncertainties

We are currently in the research and development stage and have only manufactured a prototype for our product. Delays or cost overruns in the development of our products and failure of the product to meet our performance estimates may be caused by, among other things, unanticipated technological hurdles, difficulties in manufacturing, changes to design and regulatory hurdles. Any of these events could materially and adversely affect our operating performance and results of operations.

Minority Holder; Securities with No Voting Rights

The Common Stock that an investor is buying has no voting rights attached to them. This means that you will have no rights in dictating on how the Company will be run. You are trusting in management discretion in making good business decisions that will grow your investments. Furthermore, in the event of a liquidation of our company, you will only be paid out if there is any cash remaining after all of the creditors of our company have been paid out.

You are trusting that management will make the best decision for the company

You are trusting in management discretion. You are buying securities as a minority holder, and therefore must trust the management of the Company to make good business decisions that grow your investment.

This offering involves "rolling closings," which may mean that earlier investors may not have the benefit of information that later investors have.

Once we meet our target amount for this offering, we may request that StartEngine instruct the escrow agent to disburse offering funds to us. At that point, investors whose subscription

agreements have been accepted will become our investors. All early-stage companies are subject to a number of risks and uncertainties, and it is not uncommon for material changes to be made to the offering terms, or to companies' businesses, plans or prospects, sometimes on short notice. When such changes happen during the course of an offering, we must file an amended to our Form C with the SEC, and investors whose subscriptions have not yet been accepted will have the right to withdraw their subscriptions and get their money back. Investors whose subscriptions have already been accepted, however, will already be our investors and will have no such right.

Our new product could fail to achieve the sales projections we expected

Our growth projections are based on an assumption that with an increased advertising and marketing budget our products will be able to gain traction in the marketplace at a faster rate than our current products have. It is possible that our new products will fail to gain market acceptance for any number of reasons. If the new products fail to achieve significant sales and acceptance in the marketplace, this could materially and adversely impact the value of your investment.

We face significant market competition

We will compete with larger, established companies who currently have products on the market and/or various respective product development programs. They may have much better financial means and marketing/sales and human resources than us. They may succeed in developing and marketing competing equivalent products earlier than us, or superior products than those developed by us. There can be no assurance that competitors will render our technology or products obsolete or that the products developed by us will be preferred to any existing or newly developed technologies. It should further be assumed that competition will intensify.

We are competing against other recreational activities

Although we are a unique company that caters to a select market, we do compete against other recreational activities. Our business growth depends on the market interest in the Company over other activities.

The loss of one or more of our key personnel, or our failure to attract and retain other highly qualified personnel in the future, could harm our business

To be successful, the Company requires capable people to run its day to day operations. As the Company grows, it will need to attract and hire additional employees in sales, marketing, design, development, operations, finance, legal, human resources and other areas. Depending on the economic environment and the Company's performance, we may not be able to locate or attract qualified individuals for such positions when we need them. We may also make hiring mistakes, which can be costly in terms of resources spent in recruiting, hiring and investing in the incorrect individual and in the time delay in locating the right employee fit. If we are unable to attract, hire and retain the right talent or make too many hiring mistakes, it is likely our business will suffer from not having the right employees in the right positions at the right time. This would likely adversely impact the value of your investment.

Our ability to sell our product or service is dependent on outside government regulation which can be subject to change at any time

Our ability to sell product is dependent on the outside government regulation such as the FDA (Food and Drug Administration), FTC (Federal Trade Commission) and other relevant government laws and regulations. The laws and regulations concerning the selling of product may be subject to change and if they do then the selling of product may no longer be in the best interest of the Company. At such point the Company may no longer want to sell product and therefore your investment in the Company may be affected.

We rely on third parties to provide services essential to the success of our business

We rely on third parties to provide a variety of essential business functions for us, including manufacturing, shipping, accounting, legal work, public relations, advertising, retailing, and distribution. It is possible that some of these third parties will fail to perform their services or will perform them in an unacceptable manner. It is possible that we will experience delays, defects, errors, or other problems with their work that will materially impact our operations and we may have little or no recourse to recover damages for these losses. A disruption in these key or other suppliers' operations could materially and adversely affect our business. As a result, your investment could be adversely impacted by our reliance on third parties and their performance.

Interruption of our supply chain could affect our ability to produce or deliver our products and could negatively impact our business and profitability.

Any material interruption in our supply chain, such as material interruption of roasted coffee supply due to the casualty loss of our third party roaster, interruptions in service by our third party logistic service providers or common carriers that ship goods within our distribution channels, trade restrictions, such as increased tariffs or quotas, embargoes or customs restrictions, natural disasters or political disputes and military conflicts that cause a material disruption in our supply chain could have a negative material impact on our business and our profitability. Additionally, our food, beverage and other products are sourced from a wide variety of domestic and international business partners in our supply chain operations. We rely on these suppliers to provide high quality products and to comply with applicable laws. Our ability to find qualified suppliers who meet our standards and supply products in a timely and efficient manner is a significant challenge, especially with respect to goods sourced from outside the U.S., especially countries or regions with diminished infrastructure, developing or failing economies or experiencing political instability or social unrest, and as we increase our fresh and prepared food offerings. For certain products, we may rely on one or very few suppliers. A supplier's failure to meet our standards, provide products in a timely and efficient manner, or comply with applicable laws is beyond our control. These issues, especially for those products for which we rely on one or few suppliers, could have a material negative impact on our business and profitability.

Increases in the cost of high-quality arabica coffee beans or other commodities or decreases in the availability of high-quality arabica coffee beans or other commodities could have an adverse impact on our business and financial results.

We purchase high-quality whole bean arabica coffee and related coffee products. The price of coffee is subject to significant volatility and has and may again increase significantly due to one or more of the factors described below. The high-quality arabica coffee of the quality we seek tends to trade on a negotiated basis at a premium above the "C" price. This premium depends upon the supply and demand at the time of purchase and the amount of the premium can vary significantly. Increases in the "C" coffee commodity price do increase the price of high-quality arabica coffee and also impact our ability to enter into fixed-price purchase commitments. We

frequently enter into supply contracts whereby the quality, quantity, delivery period, and other negotiated terms are agreed upon, but the date, and therefore price, at which the base “C” coffee commodity price component will be fixed has not yet been established. These are known as price-to-be-fixed contracts. The supply and price of coffee we purchase can also be affected by multiple factors in the producing countries, such as weather (including the potential effects of climate change), natural disasters, crop disease, general increase in farm inputs and costs of production, inventory levels and political and economic conditions, as well as the actions of certain organizations and associations that have historically attempted to influence prices of green coffee through agreements establishing export quotas or by restricting coffee supplies. Speculative trading in coffee commodities can also influence coffee prices. Because of the significance of coffee beans to our operations, combined with our ability to only partially mitigate future price risk through purchasing practices and hedging activities, increases in the cost of high-quality arabica coffee beans could have a material adverse impact on our profitability. In addition, if we are not able to purchase sufficient quantities of green coffee due to any of the above factors or to a worldwide or regional shortage, we may not be able to fulfill the demand for our coffee, which could have a material adverse impact on our profitability.

Changes in consumer preferences or public attitudes about caffeine could decrease demand for the Company's products.

If consumers are unwilling to accept the Company's products or if general consumer trends cause a decrease in the demand for caffeinated beverages, including cold brew, it would adversely impact the Company's sales and results of operations. There is no assurance that the RTD Coffee segment will experience growth in future periods. The possibility exists that advertising by caffeinated beverage producers could be restricted, that additional cautionary labeling or packaging requirements may be imposed or that there may be renewed efforts to impose, at either the federal or state level, increased excise or other taxes on caffeinated beverages sold in the United States. If caffeinated beverages in general were to fall out of favor among domestic consumers, or if the domestic RTD Coffee industry were subjected to significant additional governmental regulation, it would likely have a significant adverse impact on the Company's financial condition, operating results, and cash flows.

The amount raised in this offering may include investments from company insiders or immediate family members.

Officers, directors, executives, and existing owners with a controlling stake in the company (or their immediate family members) may make investments in this offering. Any such investments will be included in the raised amount reflected on the campaign page.

RESTRICTIONS ON TRANSFER

The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or

(4) to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance.

SIGNATURES

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on April 25, 2022.

Greenberry's Coffee Roasters Inc.

By /s/ *Michael Sean Simmons*

Name: Greenberry's Coffee Roasters Inc.

Title: President

Exhibit A

FINANCIAL STATEMENTS

GREENBERRY'S COFFEE ROASTERS, INC.

(a Delaware corporation)

Financial Statements

For the calendar years ended December 31, 2021 and 2020



INDEPENDENT AUDITOR'S REPORT

April 20, 2022

To: Board of Directors, GREENBERRY'S COFFEE ROASTERS, INC.

Re: 2021-2020 Financial Statement Audit

We have audited the accompanying financial statements of GREENBERRY'S COFFEE ROASTERS, INC. (a corporation organized in Delaware) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, shareholders' equity, and cash flows for the fiscal years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations, shareholders' equity and its cash flows for the fiscal year periods ended December 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the Notes to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Sincerely,



IndigoSpire CPA Group

IndigoSpire CPA Group, LLC
Aurora, Colorado

April 20, 2022

GREENBERRY'S COFFEE ROASTERS, INC.**BALANCE SHEETS****See accompanying Auditor's Report and Notes to the Financial Statements****As of December 31, 2021 and 2020**

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,752,907	\$ 25,162
Inventory	257,952	194,049
Accounts receivable, net	87,395	80,824
Due from affiliates	47,000	0
Other current assets	0	635
Total current assets	2,145,254	300,669
Fixed assets, net of accumulated depreciation	565,698	46,355
Other assets	41,768	30,670
Total Assets	<u>\$ 2,752,719</u>	<u>\$ 377,694</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts and credit cards payable	\$ 16,643	\$ 30,868
Due to affiliates	14,956	11,609
Inventory line of credit	201,287	196,775
PPP loan	0	99,800
Other accrued liabilities	89,140	36,901
Total Current Liabilities	322,026	375,953
EIDL loan	1,735,600	159,900
Total Liabilities	2,057,626	535,853
SHAREHOLDERS' EQUITY		
Preferred stock (5,000,000 shares authorized, issued and outstanding as of December 31, 2021)	128,808	10,000
Series I common stock (5,000,000 shares authorized, 18,938 shares issued and outstanding as of December 31, 2021), net of offering costs	157,281	0
Retained earnings, net of shareholder distributions	409,004	(168,159)
Total Shareholders' Equity	695,093	(158,159)
Total Liabilities and Shareholders' Equity	<u>\$ 2,752,719</u>	<u>\$ 377,694</u>

GREENBERRY'S COFFEE ROASTERS, INC.

STATEMENT OF OPERATIONS

See accompanying Auditor's Report and Notes to the Financial Statements

For calendar years ended December 31, 2021 and 2020

	2021	2020
Revenues, net	\$ 2,041,640	\$ 1,785,849
Less: cost of goods sold	1,368,165	1,333,016
Gross profit	673,475	452,833
Operating expenses		
General and administrative	639,074	271,790
Freight	142,352	160,279
Professional fees	90,171	51,496
Marketing and advertising	100,037	12,757
Total operating expenses	971,634	496,322
Net Operating Income (Loss)	(298,159)	(43,489)
Depreciation and amortization (expense)	(64,100)	(60,281)
Interest (expense)	(6,536)	0
Grant, PPP forgiveness income	939,125	53,000
Other income (expense), net	6,833	11,227
Income tax (provision) benefit	—	—
Net Income (Loss)	\$ 577,163	\$ (39,543)

GREENBERRY'S COFFEE ROASTERS, INC.
STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
See accompanying Auditor's Report and Notes to the Financial Statements
For calendar years ended December 31, 2021 and 2020

	Preferred stock	Series I common stock	Retained Earnings/(Deficit)	Total Shareholders' Equity (Deficit)
Balance as of January 1, 2020	\$ 10,000	\$ 0	\$ 20,835	\$ 30,835
Distributions to shareholder			(149,451)	(149,451)
Net income			(39,543)	(39,543)
Balance as of December 31, 2020	\$ 10,000	\$ 0	\$ (168,159)	\$ (158,159)
Contributions by preferred shareholder	118,808			118,808
Issuance of securities		193,204		193,204
Costs of offering		(35,923)		(35,923)
Net income			577,163	149,828
Balance as of December 31, 2021	\$ 128,808	\$ 157,281	\$ 409,004	\$ 695,093

GREENBERRY'S COFFEE ROASTERS, INC.**STATEMENT OF CASH FLOWS****See accompanying Auditor's Report and Notes to the Financial Statements****For calendar years ended December 31, 2021 and 2020**

	2021	2020
Operating Activities		
Net Income (Loss)	\$ 577,163	\$ (39,543)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Add: Depreciation and amortization	64,100	60,281
Less: non-cash PPP loan forgiveness	(99,800)	0
Changes in operating asset and liabilities:		
Decrease (Increase) in inventory	(63,903)	(75,382)
Decrease (Increase) in accounts receivable	(6,571)	53,481
Decrease (Increase) in receivables from affiliates, net	(43,653)	0
Decrease (Increase) in other current assets	635	1,526
Increase (Decrease) in accounts and credit cards payable	(14,225)	101,889
Increase (Decrease) in accrued liabilities	52,239	36,836
Net cash provided by (used in) operating activities	465,985	139,088
Investing Activities		
Purchases of fixed assets net of any proceeds from disposals	(583,443)	(25,383)
Purchase of other assets	(11,098)	(23,107)
Net cash used in investing activities	(594,541)	(48,490)
Financing Activities		
Proceeds from government-backed loans	1,575,700	53,000
(Distributions) to shareholder	0	(149,451)
Draws/(repayment) of inventory line of credit	4,512	0
Proceeds from issuance of Series I common stock, net of costs	157,281	0
Preferred stockholders contributions	118,808	0
Net cash provided by financing activities	1,856,301	(96,451)
Net change in cash and cash equivalents	1,727,745	(5,853)
Cash and cash equivalents at beginning of period	25,162	31,015
Cash and cash equivalents at end of period	\$ 1,752,907	\$ 25,162

GREENBERRY'S COFFEE ROASTERS, INC.
NOTES TO FINANCIAL STATEMENTS
See accompanying Auditor's Report
As of and for calendar years ended 2021 and 2020

NOTE 1 – NATURE OF OPERATIONS

GREENBERRY'S COFFEE ROASTERS, INC. (the "Company"), was originally organized in Virginia on December 29, 2000. On February 4, 2021, the Company re-domiciled under the laws of Delaware. The Company operates and distributes roasted coffee products and Nitro Cold Brew RTD beverages in 12 unique flavors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In the opinion of management, these financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to present fairly the Company's financial position as of December 31, 2021 and 2020, and the results of the Company's operations and cash flows for the twelve months ended December 31, 2021 and 2020. The Company has no items of other comprehensive income (loss); therefore, net income (loss) is equal to comprehensive income (loss).

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Company's business and operations are sensitive to general business and economic conditions in the United States and other countries that the Company operates in. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations.

Concentration of Credit and Customer Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, short term investments and accounts receivable. Cash and cash equivalents are deposited in demand with two financial institution in the United States. Cash and cash equivalents deposited at time may be in excess of the federally insured limits. Management believes that the Company's investments in cash and cash equivalents have minimal risk. The Company has not experienced any losses on its deposits of cash and cash equivalents.

The Company does not require collateral from its customers. Revenue from form its many customers are not concentrated with any one customer.

Cash and Cash Equivalents

The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of funds held in the Company's checking account. As of December 31, 2021 and 2020, the Company had \$1,752,907 and \$25,162 of cash on hand, respectively.

Accounts Receivable

Customers of the Company pay at the time of ordering or purchasing so there are generally no accounts receivable. If the Company ever sells on account, trade receivables due from customers would be uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date.

The Company would estimate an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change.

As of December 31, 2021 and 2020, the Company had \$87,395 and \$80,824, respectively, of accounts receivable.

Inventory

Inventories are stated at the lower of cost (weighted average method) or market. Provisions, when required, are made to reduce excess and obsolete inventories to their estimated net realizable values. If actual future demand or market conditions are less favorable than those projected by management, inventory write-downs may be required. As of December 31, 2021, there is no material provision for obsolete inventory.

Fixed Assets

Fixed assets, such as restaurant equipment, computer equipment and capitalized software, are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally between three and five years, or the lease term of the respective assets whichever is shorter. Maintenance and repairs are charged to expense as incurred, and improvements and betterments with a life expectancy greater than a year and costing at least \$1,500 are capitalized.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors.

Fair Value Measurements

Generally accepted accounting principles define fair value as the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price) and such principles also establish a fair value hierarchy that prioritizes the inputs used to measure fair value using the following definitions (from highest to lowest priority):

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 – Observable 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 and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets

that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

- Level 3 – Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 when it has satisfied the performance obligations under an arrangement with the customer reflecting the terms and conditions under which products or services will be provided, the fee is fixed or determinable, and collection of any related receivable is probable. ASC Topic 606, “Revenue from Contracts with Customers” establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

The Company earns revenue from the sale of its prepared food and drink items to customers and records revenue at the time of sale.

Advertising

The Company expenses advertising costs as they are incurred and such amounts totaled \$100,037 and 12,757 for the calendar years ending 2021 and 2020, respectively.

Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, cryptocurrency valuation and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. 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 the deferred tax assets will not be realized.

The Company is taxed as a C corporation for federal and state income tax purposes.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2021 and 2020, the unrecognized tax benefits accrual was zero.

The Company is current with its foreign, US federal and state income tax filing obligations and is not currently under examination from any taxing authority.

Recent Accounting Pronouncements

In June 2019, FASB amended ASU No. 2019-07, Compensation – Stock Compensation, to expand the scope of Topic 718, Compensation – Stock Compensation, to include share-based payment transactions for acquiring goods and services from nonemployees. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after

December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In August 2019, amendments to existing accounting guidance were issued through Accounting Standards Update 2019-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Update 2016-02, Leases (“Topic 842”). This guidance requires the recognition of liabilities for lease obligations and corresponding right-of-use assets on the balance sheet and disclosure of key information about leasing arrangements. This guidance is effective for fiscal years of private companies beginning after December 15, 2021, and interim reporting periods within fiscal years beginning after December 15, 2022 using a modified retrospective adoption method. Early adoption is permitted. The Company expects to adopt this guidance beginning with its first quarter of fiscal year 2022. We expect adoption of Topic 842 will result in a significant increase in the assets and liabilities on our balance sheets.

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.

NOTE 3 – FIXED ASSETS

The balances of inventory and estimated useful lives held by the Company as of December 31 consists of a food truck, furniture and equipment, leasehold improvements, software, vehicles and other long-lived tangible assets:

	2020	2020
Beginning balance, net	\$ 46,355	\$ 81,253
Add: asset additions	583,443	25,383
Less: depreciation expense	(64,100)	(60,281)
Ending balance of Property and equipment, net	\$ 565,698	\$ 46,355

NOTE 4 – INCOME TAX PROVISION

The Company will be treated as a C corporation for US and state income tax purposes. Because the Company does not have a strong history of recognizing taxable income, the Company has placed a full valuation allowance on the net operating losses that the Company has incurred since the inception of the Company.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Contingencies

The Company is not currently involved with and does not know of any pending or threatening litigation.

NOTE 6 – EQUITY AND DEBT

Equity

Upon redomiciling to Delaware in February 2021, the Company grew its authorized share capital from 25,000 shares to 10,000,000 shares (5,000,000 shares of preferred stock and 5,000,000 shares of Series I Common Stock) and the ownership between the only two shareholders of Preferred Stock was rebalanced such that each owned 2,500,000 shares.

In 2021, the Company issued 18,938 shares of Series I Common Stock in a Regulation CF securities offering. The Company received \$157,281 in cash proceeds net of \$35,923 offering costs retained by the funding portal that hosted the Company's Regulation CF offering, StartEngine.

Debt

The Company has a line of credit secured by its inventory that has an interest rate of 2.494 percent per annum and does not have a fixed maturity date.

In 2020 the Company procured a \$99,800 Small Business Administration Loan under the Paycheck Protection Program ("PPP") as authorized by the CARES Act of 2020. This law was passed in response to the COVID-19 pandemic. The loan is forgivable if the proceeds are used within 24 weeks for payroll costs and certain other allowable uses. The Company has had that loan forgiven in 2021.

Additionally, the Company borrowed \$1,735,600 from the Small Business Administration as an Economic Injury Disaster Loan ("EIDL"). The loan matures in 30 years and bears interest at a rate of 3.75 percent.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Company compensates management, including its founders, according to their stated compensation plan.

Additionally, the Company has received certain funds from affiliates totaling \$14,956 and has loaned \$47,000 of funds to related parties.

As these transactions are between related parties, there is no guarantee that the terms, pricing and conditions of the transactions are comparable to market rates.

NOTE 8 – SUBSEQUENT EVENTS

Anticipated Crowdfunded Offering

The Company plans to offer up to \$5,000,000 in a securities offering exempt from registration under Regulation CF (the "Crowdfunded Offering"). The Company intends to offer non-voting common stock in this issuance as discussed below. The securities offering is anticipated to be listed with StartEngine.

Management's Evaluation

Management has evaluated subsequent events through April 20, 2022, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.

CERTIFICATION

I, Michael Sean Simmons, Principal Executive Officer of Greenberry's Coffee Roasters Inc., hereby certify that the financial statements of Greenberry's Coffee Roasters Inc. included in this Report are true and complete in all material respects.

Michael Sean Simmons

President