

Offering Memorandum: Part II of Offering Document (Exhibit A to Form C)

Grady's Cold Brew, Inc.
819 Garrison Ave
Bronx, NY 10474
gradyscoldbrew.com

Up to \$1,069,999.22 in Class B Common Stock at \$1.18
Minimum Target Amount: \$9,999.32

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.

The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature.

These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

Company:

Company: Grady's Cold Brew, Inc.
Address: 819 Garrison Ave, Bronx, NY 10474
State of Incorporation: NY
Date Incorporated: October 11, 2019

Terms:

Equity

Offering Minimum: \$9,999.32 | 8,474 shares of Class B Common Stock
Offering Maximum: \$1,069,999.22 | 906,779 shares of Class B Common Stock
Type of Security Offered: Class B Common Stock
Purchase Price of Security Offered: \$1.18
Minimum Investment Amount (per investor): \$299.72

**Maximum Number of Shares Offered subject to adjustment for bonus shares. See Bonus info below*

Time-Based Perks

Invest within the first 48 hours and receive 10% bonus shares.

Invest within the first week of the campaign and receive 5% bonus shares.

Amount Based Perks*

\$350 or more Level 1: (1) Grady's Cold Brew Kit (30-day supply)

\$750: (1) Grady's Cold Brew Kit (30-day supply) and 10% off site for 1-year

\$1,500: (3) Month Grady's Cold Brew Kit Subscription, Grady's Hat, 10% off for 1-year

\$5,000: 1-year Grady's Cold Brew Kit Subscription, Grady's Hat, 10% Lifetime Discount

\$10,000: 1-year Grady's Cold Brew Kit Subscription, 10% Lifetime Discount and 10% Bonus Shares

**All perks occur after the offering is completed. Any purchase discounts, can be used in addition to existing online sales.*

The 10% Bonus for StartEngine Shareholders

Grady's Cold Brew, Inc. will offer 10% additional bonus shares for all investments that are committed by StartEngine Crowdfunding Inc. shareholders who invested over \$1,000 or made at least two investments in StartEngine's own offerings.

This means eligible StartEngine shareholders will receive a 10% bonus for any shares they purchase in this offering. For example, if you buy 100 shares of Class B Common Stock at \$1.18 / share, you will receive 10 shares of Class B Common Stock, meaning you'll own 110 shares for \$118. Fractional shares will not be distributed and share bonuses will be determined by rounding down to the nearest whole share.

This 10% Bonus is only valid during the investors eligibility period. Investors eligible for this bonus will also have priority if they are on a waitlist to invest and the company surpasses its maximum funding goal. They will have the first opportunity to invest should room in the offering become available if prior investments are cancelled or fail.

Investors will only receive a single bonus, which will be the highest bonus rate they are eligible for.

The Company and its Business

Company Overview

Grady's Cold Brew, Inc is a privately held coffee company that produces award winning cold brew products (both liquid and dry) under the Grady's Cold Brew trademark. The company was founded in 2011 by Grayson Laird, David Sands, and Kyle Buckley. The company's business model centers on wholesale through the Natural and Conventional Retail Channels, wholesale through the Food Service and Office Channels, and a direct-to-consumer business model that allows consumers home/office delivery and subscription options. All liquid products are currently produced in-house at our brewery in the South Bronx.

Grady's Cold Brew relies on a close partnership with their longtime Brooklyn-based coffee roaster and their specialized local co-packer based in NJ. Grady's also uses a highly efficient network of trusted wholesale distributors (including national distributors Unfi and KeHE), retailers (Whole Foods, Publix, Walmart, Target, etc) and 3rd party online stores such as Amazon, Walmart, and Fresh Direct.

Grady's Cold Brew was previously formed as a New York limited liability company under the name of Kebapolis LLC, but converted to a C-Corporation (Grady's Cold Brew, Inc.) in October 2019 through a statutory merger for the purpose of the StartEngine campaign. Kebapolis LLC has been completely merged into Grady's Cold Brew, Inc. and no longer survives as a separate entity.

Competitors and Industry

Grady's Cold Brew operates in the premium segment of the liquid cold brew coffee market. Inside this segment are brands such as Chameleon Cold Brew, Blue Bottle, Stumptown, Califia Farms, Lucky Jack, Wandering Bear, and others delivered via "cold chain" distribution. In grocery stores, Grady's primarily focusses on the large-format dairy section with their multi-serving bottles of concentrate. Grady's also competes with coffee shop chains like Starbucks, Dunkin', and Peet's Coffee that serve by-the-cup cold brew from brick and mortar locations. And finally, Grady's is one of the very

few premium brands in the dry cold brew coffee market with their line of Bean Bag products. Competitors in the dry cold brew aisle are more mass-market like Dunkin', Starbucks, McCafe, and Walmart's Great Brands.

Current Stage and Roadmap

Grady's Cold Brew has been on store shelves and available online since 2011, with the bulk of our sales being generated from the Tri-State area. Grady's goal is to continue to branch out from the Northeast with a strong focus on three channels: Grocery Retail, E-commerce, and Food Service/Corporate Accounts. In Grocery, Grady's aims to keep saturating the northeast with our local DSD distributor and by utilizing our NYC/NJ-based in-house sales team. Grady's plans to do this by increasing the number of doors we are in, merchandizing our products on the shelf, and increasing skus/facings in existing accounts. Grady's also plans to continue their expansion to the South and West by using national distributors UNFI and KeHE, and by making a push to include more Mass and Conventional accounts in addition to the Natural Channel. For E-commerce, Grady's goal is to fuel growth by continuing to work closely with our third party online broker that specializes in growing revenue through Amazon. In addition, we plan increase our budget for paid search/social for overall brand awareness and geo-targeting to drive online sales and in-store purchases. For Food Service/Corporate Accounts, Grady's goal is to continue to expand keg and bulk concentrate sales nationally in offices and restaurants with our network of specialty food distributors. Grady's is also at the start of a 9-week Operational Test with one of the largest quick-service chains in the country to potentially launch nationally in 2020 with over 3,000+ doors.

The Team

Officers and Directors

Name: Grayson M. Laird

Grayson M. Laird's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Co-Founder, President and CEO
Dates of Service: June 01, 2011 - Present
Responsibilities: Grady sets the vision for the company, leads strategy, R&D, and ensures project execution and alignment with the company's goals. Grady's salary is \$100,000/year.

Other business experience in the past three years:

- **Employer:** Evergreen
Title: Board Member
Dates of Service: July 07, 2016 - Present

Responsibilities: Evergreen is a membership organization that champions manufacturing, creative production, and industrial service businesses in North Brooklyn and beyond. We connect businesses with resources and opportunities to help create and maintain high quality jobs at all skill levels.

Name: David J. Sands

David J. Sands's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Co-founder/Director of Sales
Dates of Service: September 15, 2011 - Present
Responsibilities: Dave leads our sales strategy, is the liaison on key retail accounts, is in charge of social media, and is the Grady's brand ambassador for outside collaborations/media. Dave's salary is \$100,000/year.
- **Position:** Secretary
Dates of Service: October 11, 2019 - Present
Responsibilities: Dave ensures all rules and bylaws of the organization are adhered to by the board during meetings and the implementation of board decisions. He is also in charge of all of the records and documentation for the organization.

Name: Kyle Buckley

Kyle Buckley's current primary role is with Pack Labs. Kyle Buckley currently services 1-5 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Director/Co-founder
Dates of Service: December 01, 2011 - Present
Responsibilities: Kyle's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.

Other business experience in the past three years:

- **Employer:** Pack Labs
Title: Cofounder/CEO
Dates of Service: July 01, 2019 - Present
Responsibilities: Communicating with shareholders, government entities, and the public. Leading the development of the company's short- and long-term strategy. Creating and implementing the company or organization's vision and mission.

Other business experience in the past three years:

- **Employer:** Canopy Foods
Title: Co-founder/Board Member
Dates of Service: July 01, 2017 - July 01, 2019
Responsibilities: Communicating with shareholders, government entities, and the public. Leading the development of the company's short- and long-term strategy. Creating and implementing the company or organization's vision and mission.

Name: Michael McNamara

Michael McNamara's current primary role is with Lancium. Michael McNamara currently services 1-5 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Director
Dates of Service: July 17, 2013 - Present
Responsibilities: Michael's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.

Other business experience in the past three years:

- **Employer:** Lancium
Title: Co-founder/CEO
Dates of Service: October 01, 2017 - Present
Responsibilities: Communicating with shareholders, government entities, and the public. Leading the development of the company's short- and long-term strategy. Creating and implementing the company or organization's vision and mission.

Other business experience in the past three years:

- **Employer:** Certified Holdings, LLC
Title: Chairman
Dates of Service: April 01, 2016 - Present
Responsibilities: To ensure that the board is effective in its task of setting and implementing the company's direction and strategy.

Name: Tim Boggs

Tim Boggs's current primary role is with Cadian Capital Management. Tim Boggs currently services 1-5 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Director
Dates of Service: June 15, 2017 - Present
Responsibilities: Tim's key purpose is to ensure the company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders.

Other business experience in the past three years:

- **Employer:** Cadian Capital Management
Title: Head of Business Development & Investor Relations
Dates of Service: September 01, 2015 - Present
Responsibilities: In charge of Business Development and communicating, on behalf of the company, with investors.

Risk Factors

The SEC requires the company to identify risks that are specific to its business and its financial condition. The company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.

These are the risks that relate to the Company:

Uncertain Risk

An investment in Grady's Cold Brew, Inc (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 Class B 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 early stage companies, is difficult to assess and you may risk overpaying for your investment.

The transferability of the Securities you are buying is limited

Any Class B 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.

If the Company cannot raise sufficient funds it will not succeed

The Company, is offering Class B Common Stock in the amount of up to \$1.07M in this offering, and may close on any investments that are made. Even if the maximum amount is raised, the Company is likely to need additional funds in the future in order to grow, and if it cannot raise those funds for whatever reason, including reasons relating to the Company itself or the broader economy, it may not survive. If the Company manages to raise only the minimum amount of funds, sought, it will have to find other sources of funding for some of the plans outlined in "Use of Proceeds."

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 Class B 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.

Minority Holder; Securities with Voting Rights

The Class B Common Stock that an investor is buying has voting rights attached to them. However, you will be part of the minority shareholders of the Company and therefore will have a limited ability to influence management's decisions on how to run the business. 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.

Insufficient Funds

The company might not sell enough securities in this offering to meet its operating needs and fulfill its plans, in which case it will cease operating and you will get nothing. Even if we sell all the common stock we are offering now, the Company will (possibly) need to raise more funds in the future, and if it can't get them, we will fail. Even if we do make a successful offering in the future, the terms of that offering might result in your investment in the company being worth less, because later investors might get better terms.

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

We expect to generate a significant amount of growth from the investments we will make into marketing our product following this offering. However, it is possible that an increased marketing spend by competing brands will diminish our efforts. As a result, for that, or some other reason, our marketing efforts may not generate a significant increase in sales volume. If this is the case, we may be forced to cease this additional marketing spend and reduce our growth rate. A slower growth rate will lengthen the time it takes for us to achieve our revenue goals and reduce the value of the Company, thereby reducing the value of your investment.

We face significant market competition

We will compete with larger, established CPG 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 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 an early stage company and have not yet generated any profits

Grady's Cold Brew, Inc was formed on 10/11/2019. Accordingly, the Company has a limited history upon which an evaluation of its performance and future prospects can be made. Our current and proposed operations are subject to all business risks associated with new enterprises. These include likely fluctuations in operating results as the Company reacts to developments in its market, managing its growth and the entry of competitors into the market. We will only be able to pay dividends on any shares once our directors determine that we are financially able to do so. Grady's Cold Brew, Inc has incurred a net loss and has had limited revenues generated since inception. There is no assurance that we will be profitable in the next 3 years or generate sufficient revenues to pay dividends to the holders of the shares.

Our trademarks, copyrights and other intellectual property could be unenforceable or ineffective

Intellectual property is a complex field of law in which few things are certain. It is possible that competitors will be able to design around our intellectual property, find prior art to invalidate it, or render the patents unenforceable through some other mechanism. If competitors are able to bypass our trademark and copyright protection

without obtaining a sublicense, it is likely that the Company's value will be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace. Moreover, if our trademarks and copyrights are deemed unenforceable, the Company will almost certainly lose any potential revenue it might be able to raise by entering into sub licenses. This would cut off a significant potential revenue stream for the Company.

The cost of enforcing our trademarks and copyrights could prevent us from enforcing them

Trademark and copyright litigation has become extremely expensive. Even if we believe that a competitor is infringing on one or more of our trademarks or copyrights, we might choose not to file suit because we lack the cash to successfully prosecute a multi-year litigation with an uncertain outcome; or because we believe that the cost of enforcing our trademark(s) or copyright(s) outweighs the value of winning the suit in light of the risks and consequences of losing it; or for some other reason. Choosing not to enforce our trademark(s) or copyright(s) could have adverse consequences for the Company, including undermining the credibility of our intellectual property, reducing our ability to enter into sublicenses, and weakening our attempts to prevent competitors from entering the market. As a result, if we are unable to enforce our trademark(s) or copyright(s) because of the cost of enforcement, your investment in the Company could be significantly and adversely affected.

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.

The Company is vulnerable to hackers and cyber-attacks

As an internet-based business, we may be vulnerable to hackers who may access the data of our investors and the issuer companies that utilize our platform. Further, any significant disruption in service on Grady's Cold Brew, Inc or in its computer systems could reduce the attractiveness of the platform and result in a loss of investors and companies interested in using our platform. Further, we rely on a third-party technology provider to provide some of our back-up technology. Any disruptions of services or cyber-attacks either on our technology provider or on Grady's Cold Brew, Inc could harm our reputation and materially negatively impact our financial condition and business.

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 shareholders. 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 shareholder) and will have no such right.

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 Company contains senior debt

In case of a dissolution or liquidation, senior debt holders get distribution prior to investors.

Incidents involving food or beverage-borne illnesses, tampering, adulteration, contamination or mislabeling, whether or not accurate, as well as adverse public or medical opinions about the health effects of consuming our products, could harm our business.

Instances or reports, whether true or not, of unclean water supply or food-safety issues, such as food or beverage-borne illnesses, tampering, adulteration, contamination or mislabeling, either during growing, manufacturing, packaging, storing or preparation, have in the past severely injured the reputations of companies in the food and beverage processing, grocery and quick-service restaurant sectors and could affect us as well. Any report linking us to the use of unclean water, food or beverage-borne illnesses, tampering, adulteration, contamination, mislabeling or other food or beverage-safety issues could damage our brand value and severely hurt sales of our food and beverage products and possibly lead to product liability claims, litigation (including class actions) or damages. We are also continuing to incorporate more products in our beverage lineup that require refrigeration including non-dairy alternative products (such as almond milk). We also face risk by relying on third-party food suppliers to provide and transport ingredients and finished products to our stores. We monitor the operations of certain of these business partners, but the product quality and service they deliver may be diminished by any number of factors beyond our control, which make it more difficult to detect contamination or other defect in these products. If customers become ill from food or beverage-borne illnesses, tampering, adulteration, contamination, mislabeling or other food or beverage-safety issues, we could be forced to recall products. In addition, instances of food or beverage-safety issues, even those involving solely the restaurants or stores of competitors or of suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), could, by resulting in negative publicity about us or the foodservice industry in general, adversely affect our sales. A decrease in customer traffic as a result of food-safety concerns or negative publicity, or as a result of a temporary closure of any of our stores, product recalls or food or beverage-safety claims or litigation, could materially harm our business and results of operations. Some of our products contain caffeine, non-dairy products, and other compounds and allergens, the health effects of which are the subject of public and regulatory scrutiny, including the suggestion that excessive consumption of caffeine, dairy products, sugar and other compounds can lead to a variety of adverse health effects. Particularly in the U.S., there is increasing consumer awareness of health risks, including obesity, due in part to increased publicity and attention from health organizations, as well as increased consumer litigation based on alleged adverse health impacts of consumption of various food and beverage products. An unfavorable report on the

health effects of caffeine or other compounds present in our products, whether accurate or not, imposition of additional taxes on certain types of beverages, or negative publicity or litigation arising from certain health risks could significantly reduce the demand for our beverages and food products and could materially harm our business and results of operations.

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.

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.

Ownership and Capital Structure; Rights of the Securities

Ownership

The following table sets forth information regarding beneficial ownership of the company's holders of 20% or more of any class of voting securities as of the date of this Offering Statement filing.

Stockholder Name	Number of Securities Owned	Type of Security Owned	Percentage
Grayson Laird	4,240,800	Class A Common Stock	56.18

The Company's Securities

The Company has authorized Class A Common Stock, Class B Common Stock, and Convertible Note. As part of the Regulation Crowdfunding raise, the Company will be offering up to 906,779 of Class B Common Stock.

Class A Common Stock

The amount of security authorized is 5,000,000 with a total of 4,240,800 outstanding.

Voting Rights

2 votes per share

Material Rights

There are no material rights associated with Class A Common Stock.

Class B Common Stock

The amount of security authorized is 9,000,000 with a total of 6,614,268 outstanding.

Voting Rights

1 vote per share

Material Rights

The 6,614,268 Class B shares currently listed as outstanding, is calculated on a fully diluted basis, and includes 535,068 Class B shares which are not yet issued, based on outstanding convertible notes, if they were to convert prior to this offering, at a price per share of \$0.50, based on the principal amount outstanding of \$250,000 plus accrued interest of \$17,534.

Convertible Note

The security will convert into Class b common stock and the terms of the Convertible Note are outlined below:

Amount outstanding: \$250,000.00

Maturity Date: August 31, 2020

Interest Rate: 10.0%

Discount Rate: 20.0%

Valuation Cap: None

Conversion Trigger: THE NOTES WILL CONVERT AUTOMATICALLY UPON FINANCING OF \$1,000,000 OR MORE. THE NOTES WILL ALSO CONVERT AUTOMATICALLY ON THE MATURITY DATE. THE HOLDERS HAVE THE OPTION TO CONVERT THE NOTES AT ANYTIME.

Material Rights

- The outstanding principal and accrued interest on the Notes are convertible into Class B Shares at \$0.50 per share.
- Upon an event of Acquisition, the holder of the Note shall receive the greater of (i) the amount equal to the outstanding principal and accrued interest, or (ii) the amount the holder would have received if the Note was converted immediately prior to the Acquisition.
- Acquisition: An "Acquisition" shall mean the closing of: (w) a firm underwritten initial public offering of the Company's securities; (x) the sale, license, conveyance or disposition of all or substantially all of the assets of the Company; (y) the effectuation by the Company of a transaction or series of related transactions in which any Person (as defined below) becomes the beneficial owner of a majority of the voting power of the Company's shareholders, or (z) the consolidation, merger or other business combination of the Company with or into any other Person or Persons where shareholders of the Company immediately prior to the merger or consolidation do not hold a majority of the voting power of the survivor of the merger or consolidation, provided, however, an Acquisition shall not include any transaction where the Company's capital stock are sold or otherwise issued as part of an equity financing of the Company.
- The Notes are senior to any new debt.

What it means to be a minority holder

As a minority holder of Class B Common Stock of the company, you will have limited rights in regards to the corporate actions of the company, including additional issuances of securities, company repurchases of securities, a sale of the company or its significant assets, or company transactions with related parties. Further, investors in this offering may have rights less than those of other investors, and will have limited influence on the corporate actions of the company.

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 go down, even though the value of the company may go up. 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, angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible bonds, preferred shares or warrants) into stock. If the company decides 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 the company offers dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

Transferability of securities

For a year, the securities can only be resold:

- In an IPO;
- To the company;
- To an accredited investor; and
- 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.

Recent Offerings of Securities

We have made the following issuances of securities within the last three years:

- **Name:** Class B Membership Units
Type of security sold: Equity
Final amount sold: \$1,350,000.00
Number of Securities Sold: 1,350,000
Use of proceeds: Trade Spend (in-store demos, merchandizing, slotting fees); Key Hires (Director of Sales, Regional Sales Reps, Brand Strategist); Working Capital (new product development, production, inventory)
Date: September 26, 2017
Offering exemption relied upon: Section 4(a)(2)
- **Type of security sold:** Convertible Note
Final amount sold: \$250,000.00
Use of proceeds: Working Capital
Date: March 19, 2019
Offering exemption relied upon: Section 4(a)(2)

Financial Condition and Results of Operations

Financial Condition

You should read the following discussion and analysis of our financial condition and results of our operations together with our financial statements and related notes appearing at the end of this Offering Memorandum. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" and elsewhere in this Offering Memorandum.

Results of Operations

Circumstances which led to the performance of financial statements:

Net revenues increased 22% from \$2,991,419 in 2016 to \$3,647,718 in 2017 and increased 7% to \$3,896,701 in 2018. The increase in revenues from year to year was mainly due to the company spending more in advertising and marketing from year to year and gaining more market shares. However, though revenues went up 7% from 2017 to 2018, the gross margin went down about 1% from 2017 to 2018 because of a 12% increase in cost of goods sold that was greater than the 7% increase in net revenues (after discounts and returns) from 2017 to 2018. The company's total expenses increase in correlation with the increase in sales from year to year, going up 65% from 2016 to 2017 and 10% from 2017 to 2018, as the company needed more resources to meet the growing demand. The company's bottom line also went down 3% from a net loss of \$543,443 in 2016 to a net loss of \$558,039 in 2017 and down 72% to a net loss of \$957,618 in 2018. The bigger loss in 2018 was mainly due to an inventory clean up that created a loss of inventory in the amount of \$156,659.

The company is on a positive path with gross revenues as of August 31, 2019 close to \$4 million in the amount of \$3,899,153.

Historical results and cash flows:

The company's cash balance went up 229% from \$126,539 in 2016 to \$416,366 in 2017 and down 68% to \$132,574 in 2018. Though the company incur losses in 2017, it had a positive working capital in the amount of \$806,565. However, the 2018 working capital was a negative amount of \$116,790 in 2018 because the company took more credit card loans to cover the growing operating expenses as the company due to the company increasing its resources to meet the demand.

Management is hopeful and confident that the company will perform better in the future as the company has several opportunities it is exploring to expand and increase our sales while reducing overhead costs. Grady's will be meeting with Target in November to increase the store count and is expected to expand into a new Whole

Foods region in March 2020. Additionally, we are testing with one of the largest Quick-Service chains in the country that could turn into a national rollout (3,000-15,000 stores) in 2020.

Operationally, we are improving efficiencies by increasing our inventory turn, improving our cash conversion cycle, and introducing new equipment for labor efficiency and production cost-savings. Management estimates this could reduce costs by more than \$200,000 in a calendar year.

Liquidity and Capital Resources

What capital resources are currently available to the Company? (Cash on hand, existing lines of credit, shareholder loans, etc...)

As of August 31, 2019, the company has \$70,051 Cash in bank.

The company also carries several credit cards:

-Bank of America credit card (1793) that has an interest rate of 13.24% and an outstanding balance in the amount of \$29,514.

-Bank of America credit card (8984) that has an interest rate of 13.24% and an outstanding balance in the amount of \$40,062.

-AMEX credit card (Platinum) that has an interest rate of 1.5% and an outstanding balance of \$49,804.

-AMEX credit card (Gold) that has an interest rate of 29.99% and an outstanding balance in the amount of \$49,001.

-Chase Ink credit card (6570) that has a 0% interest for 6 months and an outstanding balance of \$22,047.

-Revolving Line of Credit As of December 7, 2016, the company entered a revolving line of credit agreement with Dwight Funding LLC for inventory financing. The credit line has a limit of \$1,000,000. The interest rate changes periodically and is calculated periodically as the greater of 13.5% or 9% above US Prime Rate as published by the Wall Street Journal. As of December 31, 2018, and 2017 the outstanding balances are \$215,060 and \$63,672 respectively.

-AMEX Merchant Financing Loan that has an interest rate of 5% and an outstanding balance of \$244,750 as of November 14, 2019.

The company received several loans from the U.S Small Business Administration (SBA).

On November 26, 2013, the company received a loan in the amount of \$415,000 from the SBA's New York Business Development Corporation. The loan carries an interest rate of 2.75% and matures on March 26, 2024. As of October 11, 2019 the loan has an

outstanding balance of \$197,299.55.

On March 3, 2015, the company received a second loan from the SBA's New York Business Development Corporation in the amount of \$200,000. The loan carries an interest rate of 2.25% and matures on July 3, 2025. As of October 11, 2019 the loan has an outstanding balance of \$121,520.37.

On March 29, 2016, the company received a third loan from the SBA's New York Business Development Corporation in the amount of \$250,000. The loan carries an interest rate of 2.75% and matures on July 29, 2026. As of October 11, 2019 the loan has an outstanding balance of \$191,687.39.

On March 29, 2016, the company received a loan from the SBA's Empire State Certified Development Corporation in the amount of \$250,000. The loan carries an interest rate of 2.75% and matures on July 29, 2026. As of October 11, 2019 the loan has an outstanding balance of \$188,077.31.

Convertible Promissory Notes

On December 19, 2018, the Company received \$30,000 one of its founding members' Grady Laird, as advance for Convertible Note that was issued on March 9, 2019. All outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of today, October 11, 2019, the outstanding balance of this loan is \$30,000 and \$1,724.31 in accrued interest.

On March 19, 2019, the Company issued a convertible promissory note to a certain lender in the amount of \$220,000. The loan has a 10% rate and all outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of today, October 11, 2019, the outstanding balance of this loan is \$220,000 and \$12,649.77 in accrued interest.

How do the funds of this campaign factor into your financial resources? (Are these funds critical to your company operations? Or do you have other funds or capital resources available?)

We have other sources of capital available, but this raise is critical to grow the business, cover losses, and fund operations long term.

Are the funds from this campaign necessary to the viability of the company? (Of the total funds that your company has, how much of that will be made up of funds raised from the crowdfunding campaign?)

The company's crowdfunding efforts through StartEngine will be used as the primary source of funds for growth efforts and to cover operating losses in 2020 Q1. Raising the maximum amount will represent 90% of the cash-on-hand the business has without taking on any additional funds outside of the current sources available to the company.

How long will you be able to operate the company if you raise your minimum? What expenses is this estimate based on?

At the current burn rate the company expects to have sufficient runway to operate for 2 months while it seeks other means of capital. The burn rate is based on current and projected AP including inventory and services, payroll, as well as fixed overhead expenses. Based on its proven revenues and track record, the company has high confidence it will raise funds through other avenues if this campaign only raises the minimum.

How long will you be able to operate the company if you raise your maximum funding goal?

If Grady's was able to raise the maximum amount, we feel that \$1.07mm would give us 24 months of runway. That is based off our model and historical data from our last raise.

Are there any additional future sources of capital available to your company? (Required capital contributions, lines of credit, contemplated future capital raises, etc...)

If necessary, we would look to raise between \$500k-1mm at a different valuation.

Indebtedness

- **Creditor:** New York Business Development Corporation
Amount Owed: \$190,875.13
Interest Rate: 2.75%
Maturity Date: March 26, 2024
- **Creditor:** New York Business Development Corporation
Amount Owed: \$118,621.05
Interest Rate: 2.25%
Maturity Date: July 03, 2025
- **Creditor:** New York Business Development Corporation
Amount Owed: \$188,007.95
Interest Rate: 2.75%
Maturity Date: July 29, 2026
- **Creditor:** Empire State Certified Development Corporation
Amount Owed: \$184,467.17
Interest Rate: 2.75%

Maturity Date: July 29, 2026

- **Creditor:** American Express
Amount Owed: \$243,600.00
Interest Rate: 5.0%
Maturity Date: November 05, 2020
- **Creditor:** Current Investor
Amount Owed: \$220,000.00
Interest Rate: 10.0%
Maturity Date: August 31, 2020
Convertible Note
- **Creditor:** Grayson Laird
Amount Owed: \$30,000.00
Interest Rate: 10.0%
Maturity Date: August 31, 2020
Convertible Note
- **Creditor:** Bank of America
Amount Owed: \$30,778.00
Interest Rate: 13.24%
Maturity Date: January 01, 2050
- **Creditor:** Bank of America
Amount Owed: \$35,234.00
Interest Rate: 13.24%
Maturity Date: January 01, 2050
- **Creditor:** American Express
Amount Owed: \$73,653.00
Interest Rate: 1.5%
Maturity Date: January 01, 2050
- **Creditor:** American Express
Amount Owed: \$57,925.00
Interest Rate: 29.99%
Maturity Date: January 01, 2050
- **Creditor:** Chase Bank
Amount Owed: \$22,047.00
Interest Rate: 0.0%
Maturity Date: January 01, 2050
Chase Ink credit card has a 0% interest for 6 months with an outstanding balance of \$22,047.

- **Creditor:** Dwight Funding
Amount Owed: \$254,675.08
Interest Rate: 13.5%
Maturity Date: December 04, 2020
 Revolving Line of Credit As of December 7, 2016, the company entered a revolving line of credit agreement with Dwight Funding LLC for inventory financing. The credit line has a limit of \$1,000,000. The interest rate changes periodically and is calculated periodically as the greater of 13.5% or 9% above US Prime Rate as published by the Wall Street Journal.

Related Party Transactions

- **Name of Entity:** Grayson Laird
Relationship to Company: Officer
Nature / amount of interest in the transaction: On December 19, 2018, the Company received \$30,000 one of its founding members' Grayson Laird, as advance for Convertible Note that was issued on March 9, 2019. All outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of October 11, 2019 the outstanding balance of this loan is \$30,000 and \$1,724.31 in accrued interest.
Material Terms: · 10% interest rate · 20% discount rate · 8/31/2020 maturity date · The outstanding principal and accrued interest on the Notes are convertible into Class B Shares at \$0.50 per share. · Upon an event of Acquisition, the holder of the Note shall receive the greater of (i) the amount equal to the outstanding principal and accrued interest, or (ii) the amount the holder would have received if the Note was converted immediately prior to the Acquisition. · Acquisition: An "Acquisition" shall mean the closing of: (w) a firm underwritten initial public offering of the Company's securities; (x) the sale, license, conveyance or disposition of all or substantially all of the assets of the Company; (y) the effectuation by the Company of a transaction or series of related transactions in which any Person (as defined below) becomes the beneficial owner of a majority of the voting power of the Company's shareholders, or (z) the consolidation, merger or other business combination of the Company with or into any other Person or Persons where shareholders of the Company immediately prior to the merger or consolidation do not hold a majority of the voting power of the survivor of the merger or consolidation, provided, however, an Acquisition shall not include any transaction where the Company's capital stock are sold or otherwise issued as part of an equity financing of the Company. · The Notes are senior to any new debt.

Valuation

Pre-Money Valuation: \$12,808,980.24

Valuation Details:

The pre-money valuation was based on Trailing 12 Months (TTM) Gross Revenue through September 2019 at a 2.4x multiple.

We researched multiples for coffee and RTD businesses that had been recently sold (Data from Pitchbook, where available; otherwise estimated by sources familiar with the transaction). We found that Chameleon Cold Brew was sold in 2017 for \$100 million with \$18 million in revenue which results in a multiple of 5.6x. Stumptown was sold in 2017 for \$125 million with \$55 million in revenue which results in a multiple of 2.3x. We found that Kicking Horse Coffee was sold in 2016 for \$172 million with \$25 million in revenue which results in a multiple of 6.9x. We found that Kevita was sold in 2016 for \$260 million with \$60 million in revenue which results in a multiple of 4.3x. We found that Intelligentsia was sold in 2015 for \$100 million with \$37 million in revenue which results in a multiple of 2.7x. The average of these five transactions is 4.3x revenue. However, these are control transactions for larger companies than ours. Therefore we adjusted the average multiple to make it comparable. We assumed a 20% discount for lack of control and derived a multiple of 3.5x for a minority position in a large company. We then assumed a 20% small company discount which resulted in a 2.8 multiple for a minority position in a small company, which we feel is the most comparable multiple for us. As a further incentive for this group of investors, we also applied a 15% specific company discount to arrive at our offering multiple of 2.4x revenue.

Use of Proceeds

If we raise the Target Offering Amount of \$9,999.32 we plan to use these proceeds as follows:

- *StartEngine Platform Fees*
3.5%
- *StartEngine Service Fees*
96.5%
Per our posting agreement with StartEngine, we will be paying our first \$10,000 to StartEngine for their services

If we raise the over allotment amount of \$1,069,999.22, we plan to use these proceeds as follows:

- *StartEngine Platform Fees*
3.5%
- *Company Employment*
17.76%
Hire an experienced Director of Retail Sales, summer merchandising interns, and salary increases for key employees.
- *Marketing*
14.2%

Engage with third-party sales, merchandising, and demo teams to support and grow new and existing accounts outside of the Northeast. Increase spend for online channel with new content and an increased budget for paid search/social to acquire new customers and build brand awareness.

- *Research & Development*

4.67%

New packaging innovations and pilot runs for product line extensions.

- *Operations*

1.4%

Warehouse equipment purchases, manufacturing equipment leases, and sales/distribution vehicle leases.

- *Working Capital*

35.11%

Manage working capital needs to fund business throughout the year.

- *Inventory*

23.36%

Fund inventory needs as we continue to scale and take advantage of supplier discounts.

The Company may change the intended use of proceeds if our officers believe it is in the best interests of the company.

Regulatory Information

Disqualification

No disqualifying event has been recorded in respect to the company or its officers or directors.

Compliance Failure

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

Ongoing Reporting

The Company will file a report electronically with the SEC annually and post the report on its website no later than April 29 (120 days after Fiscal Year End). Once posted, the annual report may be found on the Company's website at gradyscoldbrew.com (gradyscoldbrew.com/annualreport).

The Company must continue to comply with the ongoing reporting requirements until:

- (1) it is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) it has filed at least one (1) annual report pursuant to Regulation Crowdfunding and has fewer than three hundred (300) holders of record and has total assets that do not exceed \$10,000,000;
- (3) it has filed at least three (3) annual reports pursuant to Regulation Crowdfunding;
- (4) it or another party repurchases all of the securities issued in reliance on Section 4(a)(6) of the Securities Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) it liquidates or dissolves its business in accordance with state law.

Updates

Updates on the status of this Offering may be found at:
www.startengine.com/gradyscoldbrew

Investing Process

See Exhibit E to the Offering Statement of which this Offering Memorandum forms a part.

EXHIBIT B TO FORM C

**FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW FOR Grady's Cold
Brew, Inc.**

[See attached]

KEBAPOLIS LLC DBA GRADY'S COLD BREW
Financial Statements (Unaudited) and Independent Accountant's Review Report
December 31, 2018 And 2017

Kebapolis LLC dba Grady's Cold Brew
Index to Financial Statements
(unaudited)

	<u>Pages</u>
Balance Sheets as of December 31, 2018 and December 31, 2017	3-4
Statements of Operations for the Periods ended December 31, 2018 and December 31, 2017	5
Statements of Members' Equity for the Periods ended December 31, 2018 and December 31, 2017	6
Statements of Cash Flows for the Periods ended December 31, 2018 and December 31, 2017	7-8
Notes to the Financial Statements	9-16

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

SetApart Financial Services
10586 W Pico Blvd, Suite 224
Los Angeles, CA 90065
P: (213) 814 – 2809
W: www.setapartfs.com

To the Board of Directors of
Kebapolis LLC dba Grady's Cold Brew
The Bronx, New York

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of Kebapolis LLC dba Grady's Cold Brew (the "Company,"), which comprise the balance sheets as of December 31, 2018 and December 31, 2017, and the related statement of operations, statement of shareholders' equity (deficit), and cash flows for the years ending December 31, 2018 and December 31, 2017, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Combined Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

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

Going Concern

As discussed in Note 3, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Marko Glisic, CPA
Los Angeles, California
10/14/2019

Marko Glisic, CPA

KEBAPOLIS LLC DBA GRADY'S COLD BREW
BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017
(unaudited)

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and Cash Equivalents	132,574	416,366
Account Receivables, net	292,841	318,153
Inventories	252,015	418,523
Prepaid Expenses	31,709	25,548
Total Current Assets	709,139	1,178,591
Non Current Assets		
Property, plant & equipment, net	483,523	573,286
Intangible assets, net	9,053	10,514
Other Assets	44,570	44,570
Total Non Current Assets	537,146	628,370
TOTAL ASSETS	\$ 1,246,284	\$ 1,806,961
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	236,970	143,683
Credit Cards	315,655	131,123
Accrued Liabilities	273,303	96,220
Other Current Liabilities	-	1,000
Total Current Liabilities	825,929	372,026
Long Term Liabilities		
Notes payable, net	718,237	806,198

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

Convertible note	30,000	-
Total Non Current Liabilities	748,237	806,198
Total Liabilities	1,574,165	1,178,224
Members Equity		
Equity	1,421,278	1,420,278
Retained Earnings	(791,541)	(233,502)
Net Income	(957,618)	(558,039)
Total Equity	(327,881)	628,737
TOTAL LIABILITIES & EQUITY	\$ 1,246,284	\$ 1,806,961

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

KEBAPOLIS LLC DBA GRADY'S COLD BREW
STATEMENTS OF OPERATIONS
FOR THE PERIODS DECEMBER 31, 2018 AND DECEMBER 31, 2017
(unaudited)

	December 31, 2018	December 31, 2017
Net Revenue	\$ 3,896,701	\$ 3,647,718
Cost of Goods Sold	<u>2,422,988</u>	<u>2,014,995</u>
Gross Margin	1,473,713	1,632,723
Operating Expenses		
Advertising and Marketing	295,806	250,398
General and Administrative		
Expenses	1,932,309	1,780,821
Total Operating Expenses	<u>2,228,115</u>	<u>2,031,219</u>
Operating Income (Loss)	(754,402)	(398,496)
Depreciation	(95,828)	(90,523)
Amortization	(1,460)	(1,120)
Other (Expenses)/Income		
Other Income	14,227	4,193
Interest expense	(120,155)	(71,507)
Other Loss	-	(587)
Net income (Loss)	<u>\$ (957,618)</u>	<u>\$ (558,039)</u>

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

KEBAPOLIS LLC DBA GRADY'S COLD BREW
STATEMENTS OF MEMBERS' EQUITY
FOR THE PERIODS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017
(unaudited)

	Members' Equity		Additional Paid-in Capital	Accumulated Earnings	Total Members' Equity
	Units	Amount			
December 31, 2016	-	\$ -	\$ 95,277	\$ (233,502)	\$ (138,224)
Contribution	-	-	1,325,000	-	1,325,000
Distribution	-	-	-	-	-
Net income (loss)	-	-	-	(558,039)	(558,039)
Balance at December 31, 2017	-	-	1,420,278	(791,541)	628,737
Contribution	-	-	1,000	-	1,000
Distribution	-	-	-	-	-
Net income (loss)	-	-	-	(957,618)	(957,618)
Balance at December 31, 2018	-	\$ -	\$ 1,421,278	\$ (1,749,159)	\$ (327,881)

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

KEBAPOLIS LLC DBA GRADY'S COLD BREW
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED DECEMBER 31, 2018 AND DECEMBER 31, 2017
(unaudited)

	December 31, 2018	December 31, 2017
Cash flows from operating activities		
Net income	\$ (957,618)	\$ (558,039)
Depreciation	95,828	90,523
Amortization		-
Total Adjustments to reconcile Net Cash Provided		
By Operations:		
Accounts Receivable	25,313	(37,751)
Inventory	166,508	(276,230)
Prepaid Assets	(6,161)	15,299
Accounts Payable	93,287	47,141
Credit Cards	184,533	(60,684)
Other Current Liabilities	(1,000)	1,000
Accrued Liabilities	177,083	(132,722)
Net Cash Provided By Operating Activities:	<u>(222,227)</u>	<u>(911,463)</u>
Cash flows from Investing Activities		
Property, Plant and Equipment	(6,065)	(45,884)
Intangible Assets	1,461	1,119
Other Assets	-	12,000
Net Cash used in investing activities	<u>(4,604)</u>	<u>(32,765)</u>
Cash flows from Financing activities		
Notes Payable	(87,961)	(89,945)
Convertible Notes	30,000	(1,000)

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

Contribution/(Distribution)	1,000	1,325,000
Net cash received from financing activities	(56,961)	1,234,055
Net (decrease) increase in cash and cash equivalents	(283,792)	289,827
Cash and cash equivalents at beginning of period	416,366	126,539
Cash and cash equivalents at end of period	\$ 132,574	\$ 416,366

See Independent Accountant's Review Report and accompanying notes, which are an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Kebapolis LLC dba Grady's Cold Brew was formed on June 7, 2011 ("Inception") in the State of New York. The financial statements of Kebapolis LLC dba Grady's Cold Brew (which may be referred to as the "Company", "we," "us," or "our") are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company's headquarters are located in The Bronx, New York.

We are a New Orleans-style cold brew that started as a Bottled Concentrate back in 2011, now available in Ready to Drink, and Brew-it-Yourself interpretations. Roasted, blended, and brewed in NYC. We cold brew a special blend of coffee, chicory, and spices for 20 hours, resulting in a velvety-smooth cup with every pour.

The company started like any great food and beverage company - in a kitchen somewhere in Brooklyn. Working in production at GQ, Grady began to sling his signature brew in the elevator banks at Conde Nast. Word spread quickly and soon people were hounding him for their fix. It wasn't long before Grady's Cold Brew received the highly covetable GQ feature and Grady quit his day job. Partnering with co-founders Dave and Kyle, the three hustled to brew and distribute all week and gain exposure selling iced coffee by the cup at Smorgasburg on weekends.

Fast-forward to 2017, and we're all moved into our new 15,000 sq. ft. brewery in the Bronx. It's a wonderland of stainless-steel tanks and machinery that will allow the company to maintain premium quality, while growing in volume.

We sell our products nationwide from our websites, wholesale, retail, and via brand stores like Amazon, Wholefoods Market, Sprouts, Walmart, Wegmans, Publix, Target...etc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of expenses during the reporting periods. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Fair Value of Financial Instruments

Fair value is defined 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 as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when

available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2018 and December 31, 2017. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Account Receivables

Accounts receivable are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on past credit history with clients and other factors. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance, and current economic conditions. As of December 31, 2018, and 2017, the company had \$295,961 and 321,273 respectively, and against such \$3,120 and \$3,120 in allowance for doubtful accounts for both years.

Inventory

Inventories consist primarily of consist primarily of raw materials, finished goods inventory and packaging. Inventories are recorded using the average cost method. As of December 31, 2018, and December 31, 2017, the company carries total inventory in the amount of \$252,015 and \$418,523 respectively.

Inventories	2018	2017
Raw Materials	13,552	155,039
Finished Goods Inventory	125,408	185,443
Packaging	96,773	120,423

Property and Equipment

Property and equipment are stated at cost. Normal repairs and maintenance costs are charged to earnings as incurred and additions and major improvements are capitalized. The cost of assets retired or otherwise

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disposed of and the related depreciation are eliminated from the accounts in the period of disposal and the resulting gain or loss is credited or charged to earnings.

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

<u>Category</u>	<u>Useful Life</u>
Computer Equipment	3 years
Machinery and equipment	7 years
Vehicles	3 years
Leasehold Improvements	3 years
Furnitures and Fixtures	5 years
Construction in Progress	15 years
Software	3 years

	<u>2018</u>	<u>2017</u>
Computer Equipment	25,510	25,510
Machinery and equipment	10,537	9,123
Vehicles	15,500	15,500
Leasehold Improvements	131,567	127,652
Furnitures and Fixtures	25,545	25,545
Construction In Progress	520,690	519,955
Software	<u>75,185</u>	<u>75,185</u>
Total	804,535	798,471
Accumulated Depreciation	<u>(325,977)</u>	<u>(228,688)</u>
PPE, net	478,559	569,783

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and identifiable intangibles with finite useful lives, are periodically evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We look for indicators of a trigger event for asset impairment and pay special attention to any adverse change in the extent or manner in which the asset is being used or in its physical condition. Assets are grouped and evaluated for impairment at the lowest level

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of which there are identifiable cash flows, which is generally at a location level. Assets are reviewed using factors including, but not limited to, our future operating plans and projected cash flows. The determination of whether impairment has occurred is based on an estimate of undiscounted future cash flows directly related to the assets, compared to the carrying value of the assets. If the sum of the undiscounted future cash flows of the assets does not exceed the carrying value of the assets, full or partial impairment may exist. If the asset carrying amount exceeds its fair value, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset. Fair value is determined using an income approach, which requires discounting the estimated future cash flows associated with the asset.

Revenue Recognition

The Company recognizes revenues from the sale of our products when (a) persuasive evidence that an agreement exists; (b) the service has been performed; (c) the prices are fixed and determinable and not subject to refund or adjustment; and (d) collection of the amounts due is reasonably assured.

Revenues are recognized when the risk of ownership and title passes to the Company's customers, which is generally at the time of shipment in the wholesale channel and at the point of purchase in the retail and e-commerce channels, net of returns.

Shipping and Handling

Costs incurred for shipping and handling are included in cost of revenue at the time the related revenue is recognized. Amounts billed to a customer for shipping and handling are reported as revenues.

Costs of Goods Sold

Costs of goods sold include product cost, direct labor, inventory spoilage and freight in.

Income Taxes

The Company is taxed as a Limited Liability Company (LLC). Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the shareholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. The Company will pay state income taxes at reduced rates. The Company has filed tax returns from inception in 2011 through 2018 and is not subject to tax examination by the Internal Revenue Service or state regulatory agencies.

Concentration of Credit Risk

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

NOTE 3: GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a member's deficit of \$327,881 as of December 31, 2018, has current liabilities in excess of current assets by \$116,790 as of December 31, 2018.

The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs. No assurance can be given that the

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Company will be successful in these efforts.

These factors, among others, raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 4 – DEBT

Revolving Line of Credit

As of December 7, 2016, the company entered a revolving line of credit agreement with Dwight Funding LLC for inventory financing. The credit line has a limit of \$1,000,000. The interest rate changes periodically and is calculated periodically as the greater of 13.5% or 9% above US Prime Rate as published by the Wall Street Journal. As of December 31, 2018, and 2017 the outstanding balances are \$215,060 and \$63,672 respectively.

SBA Loans

The company received several loans from the U.S Small Business Administration (SBA).

On November 26, 2013, the company received a loan in the amount of \$415,000 from the SBA's New York Business Development Corporation. The loan carries an interest rate of 2.75% and matures on March 26, 2024. As of December 31, 2018, and December 31, 2017, the loan has an outstanding balance of \$220,055 and \$250,880 respectively.

On March 3, 2015, the company received a second loan from the SBA's New York Business Development Corporation in the amount of \$200,000. The loan carries an interest rate of 2.25% and matures on July 3, 2025. As of December 31, 2018, and December 31, 2017, the loan has an outstanding balance of \$129,754 and \$145,923 respectively.

On March 29, 2016, the company received a third loan from the SBA's New York Business Development Corporation in the amount of \$250,000. The loan carries an interest rate of 2.75% and matures on July 29, 2026. As of December 31, 2018, and December 31, 2017, the loan has an outstanding balance of \$170,125 and \$190,884 respectively.

On March 29, 2016, the company received a loan from the SBA's Empire State Certified Development Corporation in the amount of \$250,000. The loan carries an interest rate of 2.75% and matures on July 29, 2026. As of December 31, 2018, and December 31, 2017, the loan has an outstanding balance of \$198,302 and \$218,512 respectively.

Convertible Promissory Notes

On December 19, 2018, the Company received \$30,000 one of its founding members' Grady Lair, as advance for Convertible Note that was issued on March 9, 2019. All outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of December 31, 2018, the outstanding balance of this loan is \$30,000 and 0 interest were accrued.

NOTE 5: RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). This ASU supersedes the previous revenue recognition requirements in ASC Topic 605—Revenue Recognition

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and most industry-specific guidance throughout the ASC. The core principle within this ASU is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services.

In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers", which deferred the effective date for ASU 2014-09 by one year to fiscal years beginning after December 15, 2017, while providing the option to early adopt for fiscal years beginning after December 15, 2016. Transition methods under ASU 2014-09 must be through either (i) retrospective application to each prior reporting period presented, or (ii) retrospective application with a cumulative effect adjustment at the date of initial application. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures, including but not limited to a review of accounting policies, internal controls and processes. We have adopted the new standard effective January 1, 2018.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows" (Topic 230). This ASU is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2017. We do not believe the adoption of ASU 2016-15 will have a material impact on our financial position, results of operations or cash flows.

Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the accompanying balance sheet. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Rental Leases Agreements

On September 1, 2015, the company entered a store rental lease agreement with MST Hunts Point, LLC (Owner) for a building all land situated at the property's address. The lease commences on September 1, 2015 and ends on August 31, 2020 with options to extend through August 31, 2025 and through September 1, 2029. The monthly rents covering calendar years 2017 through 2020 are as follow:

\$10,815 per month for the period commencing September 1, 2016 and ending August 31, 2017 and \$11,139 per month for the period commencing September 1, 2017 and ending August 31, 2018 and \$11,473 per month for the period commencing September 1, 2018 and ending August 31, 2019 and \$11,817 per month for the period commencing September 1, 2019 and ending August 31, 2020.

On January 1, 2017, the company entered a lease agreement with Abe's Realty Corp for a commercial space in the amount of \$5,678 per month. The lease commences on January 1, 2017 and ends on December 31, 2021. The company subleases this space to Porto Rico Coffee Importing Co for \$2,500 per month.

As of December 31, 2018, and December 31, 2017 rent expense was \$172,225 and \$186,530 respectively.

Auto Leases

On June 30, 2017, the company entered a lease agreement with Koppel Nissan Inc. for a 2017 Nissan Rogue in the total amount of \$14,067. The down payment on the lease was in the amount of \$2,017 and then 35 payments of \$333 is due on the 30th day of each month starting 07/30/2017. The minimum lease payment remaining as of December 31, 2018 is \$6,056.

On July 17, 2017, the company entered a lease agreement with Koppel Mazda for a 2017 Mazda CX3 in the total amount of \$13,881. The down payment on the lease was in the amount of \$2,710 and then 35 payments of \$310.60 is due on the 18th day of each month starting 07/18/2017. The minimum lease payment remaining as of December 31, 2018 is \$5,577.

On July 17, 2017, the company entered another lease agreement with Koppel Mazda for a second 2017 Mazda CX3 in the total amount of \$13,881. The down payment on the lease was in the amount of \$2,710

See accompanying Independent Accountant's Review Report

and then 35 payments of \$310.60 is due on the 18th day of each month starting 07/18/2017. The minimum lease payment remaining as of December 31, 2018 is \$5,577.

Equipment Lease

On March 2, 2018, the company entered an equipment lease agreement with Peak Capital Leasing Inc. for espresso systems. The lease ends after 24 monthly payments in the amount of \$1,169.88.

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its members.

NOTE 7 – MEMBERS’ EQUITY

The current ownership percentages of members are as follows:

Class A Membership Interest

<u>Member’s Name</u>	<u>Ownership Percentage</u>
Grayson Morrow Laird	41.09%

Class B Manager Membership Interest

<u>Member’s Name</u>	<u>Ownership Percentage</u>
David John Sands	15.19%
Kyle Buckley	8.21%
GJH, LLC	9.00%
MFIH, LLC	7.25%
Breakwater LLC	1.96%
Donald Laird	0.37%
James Keller	0.61%
Jo Lynn Laird	1.22%
Amy Keller Laird	0.25%
Tom Alberty	1.85%
Danny Randerson	0.39%
Jesse N. Anderson & Steven Holland	0.24%
John K. Burns and Theresa O’Rourke	0.24%
Andrew L. Greene	0.24%
Michael D. Williams	0.48%
McNameirav LLC	0.24%
Justin Gardell Powell	1.94%
Timothy and Amanda Boggs	0.24%
Joe Lacy	0.48%
Sean Fletcher	1.94%
Chris Fletcher	1.94%
Jesse Fan	0.24%
Jeffery J. Yokuty	1.94%
Robert Feinblatt	0.97%
Piermont Ventures LLC	0.97%
Christian Opalinski	0.50%

NOTE 7 – RELATED PARTY TRANSACTIONS

See accompanying Independent Accountant’s Review Report

On December 19, 2018, the Company received \$30,000 one of its founding members' Grady Lair, for a Convertible Note that was issued on March 9, 2019. The loan has a 10% rate and all outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of December 31, 2018, the outstanding balance of this loan is \$30,000 and 0 interest were accrued.

NOTE 8 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events that occurred after December 31, 2018 through October 10, 2019, the issuance date of these financial statements.

On March 19, 2019, the company signed a convertible promissory note agreement for the \$30,000 received from Grady Lair as discussed in note 4. As of October 9, 2019, the loan has accrued interest in the amount of \$1,724.

On March 19, 2019, the Company issued a convertible promissory note to a certain lender in the amount of \$220,000. The loan has a 10% rate and all outstanding and unpaid principal and accrued interest shall be due on August 31, 2020. As of October 9, 2019, the loan has accrued interest in the amount of \$12,650.

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

EXHIBIT C TO FORM C
PROFILE SCREENSHOTS
[See attached]

This offering is not live or open to the public at this moment.



Grady's Cold Brew

New Orleans–Style Cold Brew



[Website](#) [Bronx, NY](#)

FOOD & BEVERAGE

Grady's Cold Brew brings gourmet, coffee-shop quality cold brew to your fridge with an affordable, convenient, and highly-customizable concentrate that will satisfy coffee snobs and novices alike.

\$0.00 raised

0 Days Left
Investors

\$1.18 Price per Share
\$12.8M Valuation

Equity Offering Type
\$299.72 Min. Investment

INVEST NOW



This Offering is eligible for the [StartEngine Owner's 10% Bonus](#)

This Reg CF offering is made available through StartEngine Capital, LLC.

[Overview](#) [Team](#) [Terms](#) [Updates](#) [Comments](#)

Follow

Reasons to Invest

- \$21.5 million in lifetime sales with consistent YoY revenue growth since 2011
- The cold brew market is expected to reach a valuation of \$1.63 billion by 2025 and Grady's is perfectly positioned to grow their share of the market by expanding nationally in leading retail accounts and continued online growth. [1]
- Founders Grady Laird (he's a real person!) and Dave Sands have been featured in Forbes Magazine, Bon Appetite, Runner's World, Wired, Bloomberg among many others, and are considered industry experts and innovators.

“Ready-to-drink, custom cold brew that puts the power of the barista in your hands.”



Grady's Cold Brew is a Brooklyn born cold brew company that revolutionized the early days of the cold brew industry and has continued to innovate its way into becoming a national brand while never compromising their exceptional reputation for quality and flavor.

THE PROBLEM

Most cold brew is expensive, inconsistent and forgettable

When you walk into a coffee shop for a cold brew, you're served (after a 10-minute wait in line) a five-dollar beverage produced with the lowest common denominator in mind. There is little room for customization, and the strength of the coffee is out of your hands.



THE SOLUTION

Grady's Cold Brew is in your fridge and customizable to suit your personal taste.

Consumers can tailor Grady's Cold Brew to fit their palette. Grady's is an affordable, convenient alternative to placing your caffeine needs at the whim of your local barista.

With Grady's you can quench your cold brew craving in a fraction of the time it would take at your local coffee shop. All you have to do is open your fridge to pour yourself the perfect cup.



THE MARKET

Ready-to-drink artisan coffee is on the upswing

The coffee world is being turned on its head. [Regular ground coffee home brewing has stagnated over the last ten years, while the ready-to-drink \(RTD\) cold brew market has seen steady growth.](#) This means that in the \$100 billion coffee industry - [a commodity only outpaced by crude oil](#) - the RTD segment is overtaking the more traditional nooks of the market and has a massive ceiling for growth. The RTD market segment is a major disruptor in the coffee world.

Consumers Tastes are Changing

- Iced beverage sales in coffee shops continue to surge amounting to over **\$10.4B in sales, outpacing hot beverage growth**
- Consumers are moving to coffee as they **steer away from soda and sugary drinks**

Market Poised for Innovation

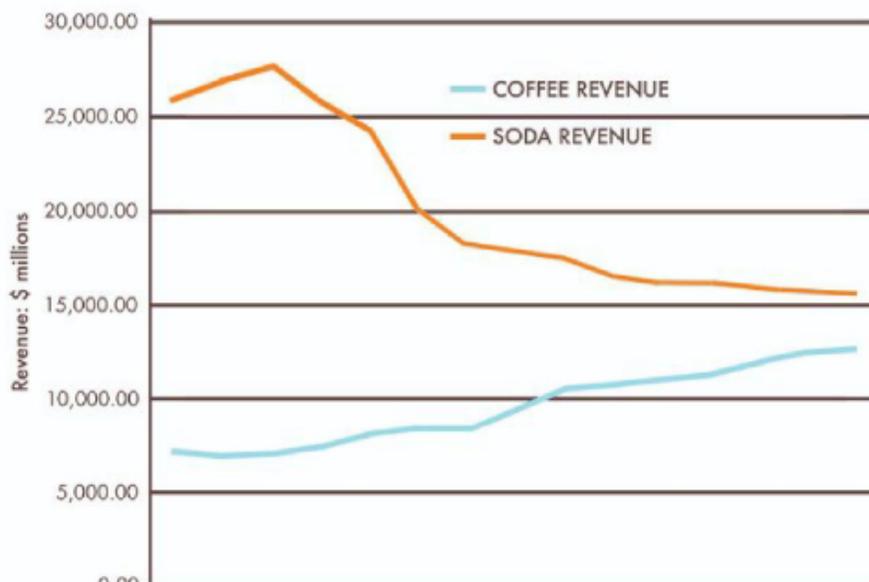
- From convenience to club stores, the **\$2.8B+ cappuccino/ iced coffee market** is poised for new entrants with better-for-you, innovative products
- Quality cold brew will continue its strong growth as consumers search for alternatives to the redundant offerings of BigCo beverages

A Decade of Potent M&A in Coffee

- Companies continue to search for opportunities to grow their enterprise value with innovative brands
- **Notable Acquisitions:**
 1. Peet's Coffee: Acquired by JAB Holding Company in 2012 for \$974M
 2. Blue Bottle: Acquired by Nestle in 2017 for \$425M
 3. Stumptown: Acquired by JAB Holding Company in 2015 for \$75M
 4. Chameleon Cold Brew: Acquired by Nestle in 2017 for \$100M



The Soda-Coffee Convergence
U.S. Revenue: Soft Drinks vs. Coffee (\$ millions)



OUR TRACTION

From grassroots to national channel distribution

Grady's began less than ten years ago slinging their first product, a 32 oz cold brew concentrate out of a basement in Brooklyn, to offices and local markets, including [Smorgasburg](#) in Williamsburg, Brooklyn.

Since then Grady's has made huge strides, nailing down key accounts and partnerships including:

- Whole Foods
- Walmart
- National distributors: UNFI and KeHE
- Amazon

Grady's has also expanded their range of offerings to include:

- Bean bag products which launched in 2014 and created a new dry category within the cold brew segment.
- Kegs
- Home brew kits
- Multi-serve bag-in-boxes
- Single-serve bottles

Grady's has increased annual revenue each year since 2011 and will break \$5,000,000 in 2019. The revenue channel breakdown is as follows:

- Retail: 57%
- Ecommerce: 29%
- Food service/corporate: 14%

Currently, Grady's is in the midst of an operational test-run with one of the largest quick-service chains in the country. If successful, we believe, a national roll-out will begin in 2020.



\$2M

\$1M

*YEAR-TO-DATE NOVEMBER 30, 2019

WHAT WE DO

Grady's provides a bold concentrate that allows consumers to choose their own adventure

Grady's is all about customizability. From how customers drink their cold brew, personalize the taste, and choose where they buy it. The entire experience is unique and form-fitted to each and every individual.



At the end of the day, we make great coffee that our customers love!

★★★★★ LOVE LOVE LOVE!!

August 19, 2019

Style: Ice Cold Brew Kit | [Verified Purchase](#)

I used to be a Starbucks addict...until I tried this coffee! It's so smooth and delicious. Now I make my own lattes! I do not follow the instructions-I use one bag with two cups water, and let it brew for 24-hours. I also heat my 4 ounces of coffee and then add 2 ounces steam almond milk. It's perfect. My wallet loves it too.

★★★★★ The best!!!

April 28, 2018

Style: Ice Cold Brew Kit | [Verified Purchase](#)

Bought this for my 90 year old mother who loves cold brew coffee and she says that it's the best coffee she has ever had-just wanted to say thanks for such a quality product!

★★★★★ Perfect cup of iced coffee

April 27, 2018

Style: Ice Cold Brew Kit | [Verified Purchase](#)

This coffee is the best! Great flavor and easy to use. I used to refill growlers at my local coffee shop but this saves me time and money. I also brought it along for my destination wedding and it was great to have iced coffee every morning. I even brought one for a potluck at work, travels well and was very popular.

★★★★★ **Have been hooked for years**

January 19, 2019

Style: Ice Cold Brew Kit | [Verified Purchase](#)

Got hooked on Grady's a few years ago and never looked back. So easy to throw one of these bags in a pitcher of water and have iced coffee for the week. Works if you make it extra concentrated (and add extra milk/water when you drink it) or add more water to start with. Also great for travel -- easy to throw a bag or two in your luggage and make iced coffee in your hotel or Airbnb (I've even packed an empty brew bag in case my Airbnb doesn't have a pitcher).

★★★★★ **Best Cold Brew Coffee!**

June 4, 2018

Style: Bean Bags | [Verified Purchase](#)

Best cold brew coffee ever! I bought this as a gift for my husband and then as a gift for my mother and then we re-ordered a whole slew of them to have in our pantry so we wouldn't run out. It isn't overly strong and never bitter, the instructions are clear and the concentrate lasts a week in the fridge. The tin is definitely perfect for a gift. I love the flavor of this coffee and we are now customers for life!

★★★★★ **The best you can get at home**

February 25, 2019

Style: Ice Cold Brew Kit | [Verified Purchase](#)

I've been brewing cold brew at home for years and years with all kinds of different gadgets and setups, but Grady's is the most consistent, easy, best-tasting cold brew you can get. It's awesome to have at home and it's a must have at the office.

★★★★★ **THE BEST COFFEE!!**

September 19, 2018

Style: Ice Cold Brew Kit | [Verified Purchase](#)

I drink coffee all day every day, and BY FAR, Grady's is the best coffee I have ever found. It's only made me even more of a coffee snob, because now I think nothing else compares. It is important to note that you will need a relatively large drink jug of some kind to make this in.

Instagram

Facebook

Twitter

THE BUSINESS MODEL

Responsibly sourced, locally brewed, ready to enjoy

Roasting

Grady's long-time partner, Porto Rico Importing Co, sources their single-origin coffees and ingredients. Porto Rico Importing was established in 1907 and has been under current ownership since 1958. [They sell 130 varieties of coffee from 28 countries, retail and online, and wholesale to 350 restaurants primarily in NYC.](#)

Blending, Brewing, and Packaging

After receiving the freshly roasted coffee from Porto Rico Importing, Grady's blends and brews their product in-house at a state-of-the-art facility in the South Bronx built specifically to make craft batches of ready-to-drink cold brew.

For the dry coffee line, Grady's works closely with their friends in the Tri-state area to blend and package their signature Bean Bag products. Their partner does

to brand and package their signature bean bag products. Their partner does business with Fortune 500 companies and recently opened up a brand new facility with plenty of manufacturing capacity to continue scaling the Grady's brand.

Distribution

Once packaged, Grady's works with wholesale distributors including local partners Rainforest, Baldor, Fresh Direct and Joyride Coffee, as well as nationally through UNFI and KeHE, to put their products on retail shelves making Grady's easily accessible to new and existing customers.

In conjunction with the wholesale operation, Grady's also has a strong direct-to-consumer operation through their website (gradyscoldbrew.com) and on Amazon to reach many returning customers where the average order is over \$50.



HOW WE ARE DIFFERENT

Grady's has led the way on every evolution of the industry

Grady's was one of the first cold brew companies to come to market at the onset of the cold brew craze. They built out a brewery to maintain exacting standards when many competitors were outsourcing production. Since then Grady's has continually innovated and adapted to lean into the market curves and stay ahead of the competition while maintaining their commitment to quality.

Grady's saw the market turning toward self brewing, and were the first to market with their Bean Bags, a DIY system that allows customers to freshly brew from their home with ease.

Grady's has also solved a pain point for many restaurants and coffee shops who struggled with the agony of the cold brew brewing process by giving them an on-site cold brewing solution.



THE VISION

Grady's Cold Brew will continue to bolster its national profile

Grady's Cold Brew will continue to build partnerships with major national accounts, distributors and restaurants to become the premier nationally sold craft cold brew brand. Using some of this round of funding, Grady's will beef up their marketing and advertising budgets, establish new partnerships for E-commerce, and grow the sales team. As the company positions itself to scale sustainably, Grady's sees what we believe to be a clear path for consistent growth with increased operational efficiencies.



OUR TEAM

Showdown

Awarded best new beverage by BevNET and Coke's VEB



Smorgasburg

Grady's started vending at the first year of Smorgasburg, an outdoor food market in Williamsburg

Rainforest

Signed on with Rainforest Distribution, a natural food DSD distributor in the Northeast.



Bronx Facility

GCB moves into 15,000 sqft production facility in the South Bronx

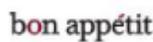


Publix

Launched Bean Bags in 1,000+ Publix locations in the Southeastern US.



In the Press



































SHOW MORE

Meet Our Team





Grady Laird

President/Co-founder

Grady is a cook, editor, writer, entrepreneur, and Co-founder of Grady's Cold Brew, one of the nation's first companies to bottle cold-brewed iced coffee. He wrote a grooming column for GQ.com called "Beauty Tested, Beast Approved" and has 10 years of experience as a production editor for magazines, including GQ, Men's Vogue, Details, Harper's Bazaar, and Condé Nast Traveler. He is a sought-after expert for iced-coffee stories: He has been filmed for NY1 and Vice, and has appeared in Bon Appétit, New York Magazine, and Women's Health, among other publications. Grady holds a BA in Journalism with an emphasis in Advertising from the University of Missouri-Columbia. As a serial entrepreneur, nothing infuriates Laird more than a good idea that dies before it's ever attempted. He lives with his two sons in Pelham, NY.



Dave Sands

Co-founder/Director of Sales

Dave is the Co-founder of Grady's Cold Brew, and was the person tasked with convincing buyers and consumers that not only was Grady's not beer, but, in fact, it was the next big thing in beverages. Before devoting his full attention to being a jack-of-all-trades at Grady's (sales director, brewery builder, truck driver, etc), Dave spent 5 years at Xerox Corporation, beginning in entry level sales and eventually managing their new Office Services Division for all IPG & WPP accounts, worldwide. Dave has been named to the Forbes 30-under-30 list, was featured in a national Wired Magazine & Jack Daniels advertising campaign, and has made appearances in Bustle, Bloomberg, Entrepreneur, and Runner's World.



Kyle Buckley

Director

Kyle is the Chief Executive Officer at Pack Labs. He co-founded Grady's Cold Brew in 2011 and helped build the business nationally as COO. He has experience developing Grady's through natural and conventional sales channels, overseeing operations and building out two cold-brew facilities in Brooklyn, and the Bronx. Before establishing the cold brew category and growing a multi-million dollar brand, Kyle worked at the Finance Alliance for Sustainable Trade.



Michael McNamara

Director

Michael is a Founding Board Member of Grady's Cold Brew and the Co-founder and CEO of Lancium, a renewable energy and distributed computing company. He also serves as Co-chairman of Certified Holdings, a privately-held industrial automation and technology firm. Previously, Michael co-founded ROR Capital, a merchant bank focused on natural resources. Over several years, ROR partnered with leading Private Equity firms to successfully restructure a number of multi-billion dollar natural resource companies. Michael spent 10 years on Wall Street at several multi-billion hedge funds focused on natural resources and event-driven investments ultimately part of



Tim Boggs

Director

Tim has been a Director at Grady's since 2017. He is the Head of Business Development & Investor Relations at Cadian Capital Management and has 15+ years' experience in the field.

- *Joined Cadian from Serengeti Asset Management where he was Director of Marketing and Investor Relations*

- *Previously, he worked at Sandell Asset Management, Tremont Capital, and Deutsche Bank in business development and strategic equity allocation capacities*

- *BA, International Studies, Colby College and MBA, Columbia Business School*



Propeller Industries

Finance and Accounting Firm

Propeller's food & beverage team has earned the trust of some of the hottest emerging brands in the US. Over the course of nearly a decade we've taken companies like Krave Jerky and Sir Kensington's from their first institutional capital raises all the way through exit and beyond. In the process, we've built relationships with the top investors in the industry — many of whom rely on Propeller to handle the finances for multiple portfolio companies. Whether it's navigating the tactical challenges of distributor bill-backs and inventory controls or the strategic considerations of pricing and financial modeling, you won't find a more experienced team.

investments ultimately part of teams overseeing \$1bn+ of investments in the space. Michael began his career at PriceWaterhouseCoopers with roles in the consulting and accounting divisions. Michael graduated Magna Cum Laude from Georgetown University with degrees in Accounting and Finance and is a member of the New York Society of Security Analysts and the CFA Institute.



Anchin, Block & Anchin LLP

Accounting Firm

For over 90 years, Anchin has helped privately held food and beverage clients develop successful strategies that directly impact their growth and profitability. From assisting them with cash flow analysis to helping them strategize how to win more supermarket shelf space, we collaborate with our clients to give them the support they need to make smart business decisions. We work with management to analyze key performance indicators, review industry benchmarks, develop key employee retention and incentive plans, and help them drive business growth.



Offering Summary

Company : Grady's Cold Brew, Inc.

Corporate Address : 819 Garrison Ave, Bronx, NY 10474

Offering Minimum : \$9,999.32

Offering Maximum : \$1,069,999.22

Minimum Investment Amount : \$200.70

Minimum Investment Amount : \$299.12
(per investor)

Terms

Offering Type : Equity

Security Name : Class B Common Stock

Minimum Number of Shares Offered : 8,474

Maximum Number of Shares Offered : 906,779

Price per Share : \$1.18

Pre-Money Valuation : \$12,808,980.24

**Maximum Number of Shares Offered subject to adjustment for bonus shares. See Bonus info below*

Time-Based Perks

Invest within the first 48 hours and receive 10% bonus shares.

Invest within the first week of the campaign and receive 5% bonus shares.

Amount Based Perks*

\$350 or more Level 1: (1) Grady's Cold Brew Kit (30-day supply)

\$750: (1) Grady's Cold Brew Kit (30-day supply) and 10% off site for 1-year

\$1,500: (3) Month Grady's Cold Brew Kit Subscription, Grady's Hat, 10% off for 1-year

\$5,000: 1-year Grady's Cold Brew Kit Subscription, Grady's Hat, 10% Lifetime Discount

\$10,000: 1-year Grady's Cold Brew Kit Subscription, 10% Lifetime Discount and 10% Bonus Shares

**All perks occur after the offering is completed. Any purchase discounts, can be used in addition to existing online sales.*

The 10% Bonus for StartEngine Shareholders

Eight Bridges Brewing, Inc. will offer 10% additional bonus shares for all investments that are committed by StartEngine Crowdfunding Inc. shareholders who invested over \$1,000 or made at least two investments in StartEngine's own offerings.

This means eligible StartEngine shareholders will receive a 10% bonus for any shares they purchase in this offering. For example, if you buy 100 shares of Class B Common Stock at \$1.18 / share, you will receive 10 shares of Class B Common Stock, meaning you'll own 110 shares for \$118. Fractional shares will not be distributed and share bonuses will be determined by rounding down to the nearest whole share.

This 10% Bonus is only valid during the investors eligibility period. Investors eligible for this bonus will also have priority if they are on a waitlist to invest and the company surpasses its maximum funding goal. They will have the first opportunity to invest should room in the offering become available if prior investments are cancelled or fail.

Investors will only receive a single bonus, which will be the highest bonus rate they are eligible for.

Irregular Use of Proceeds

The Company might incur Irregular Use of Proceeds that may include but are not limited to the following over \$10,000: Vendor payments.

[Offering Details](#)

[Form C Filings](#)

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Risks

A crowdfunding investment involves risk. You should not invest any funds in this offering unless you can afford to lose your entire investment. In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the merits of any securities offered or the terms of the offering, nor does it pass upon the accuracy or completeness of any offering document or literature. These securities are offered under an exemption from registration; however, the U.S. Securities and Exchange Commission has not made an independent determination that these securities are exempt from registration.

Updates

Follow Grady's Cold Brew to get notified of future updates!

Comments (0 total)

Add a public comment...

0/2500



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Investment opportunities posted and accessible through the site are of three types:

1) Regulation A offerings (JOBS Act Title IV, known as Regulation A+), which are offered to non-accredited and accredited investors alike. These offerings are made through StartEngine Primary, LLC (unless otherwise indicated). 2) Regulation D offerings (Rule 506(c)), which are offered only to accredited investors. These offerings are made through StartEngine Primary, LLC. 3) Regulation Crowdfunding offerings (JOBS Act Title III), which are offered to non-accredited and accredited investors alike. These offerings are made through StartEngine Capital, LLC. Some of these offerings are open to the general public, however there are important differences and risks.

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EXHIBIT D TO FORM C

VIDEO TRANSCRIPT

Grady's Cold Brew

New Orleans–Style Cold Brew

00:00:00 [Beginning of Recorded Material]

Male Voice: Anything worth doing is worth doing right, even if it takes a little longer. Each batch of Grady's is carefully cold-brewed for 24 hours, and bottled right then and there, so you get a perfect cup of iced coffee every single time. Sip it straight, water it down, or milk it for all its worth. No trial and error, no morning rush, no bad batches, just lighting in a bottle. That ideal glass of iced coffee is already in your kitchen and you can tweak it however you please, Grady's makes it bold and you make it yours.

00:00:58

Dave Sands: One of the things that we say in our company is that you want to be tuxedo ready we really try and be sure that we are buttoned up and ready to go, so that when these opportunities do come you can jump on them and I think that one of the ways that you can do that is by challenging yourself and putting yourself in frankly, uncomfortable positions and if you can find out that you can respond favorably then you don't get nervous when you get thrust into those kinds of situations because you trust yourself to be able to respond. Grady's Cold Brew is a New-Orleans style coffee concentrate, whenever you want a cup of coffee, it is as simple as opening up a cap and pouring into your cup. One of the pivotal moments in our company was figuring out that we needed to scale and we needed to scale fast. And there is no blueprint for building a brewery for a cold brew so we went out to people who worked in different industries and we just picked their brain on what kind of equipment that they used. For the new brewery we're opening in The Bronx it's a hodgepodge of beer brewing equipment with some wine equipment, it's a one of a kind place. As we scale maintaining quality is the first thing we think about, it's the only thing that we think about it. That's why we took the great lengths to build our own brewery, it would have been easier to have someone else do it for us. It would have been easier to distill it into a syrup and send it somewhere where they add water and ship it out plastic bottles, but that is not what we do. The focus now is getting our winning product out to as many people as humanly possible.

00:02:15

Grady Laird: 10 more days and we will be brewing.

00:02:26

[End of Recorded Material]

STARTENGINE SUBSCRIPTION PROCESS (Exhibit E)

Platform Compensation

- As compensation for the services provided by StartEngine Capital, the issuer is required to pay to StartEngine Capital a fee consisting of a 6-8% (six to eight percent) commission based on the dollar amount of securities sold in the Offering and paid upon disbursement of funds from escrow at the time of a closing. The commission is paid in cash and in securities of the Issuer identical to those offered to the public in the Offering at the sole discretion of StartEngine Capital. Additionally, the issuer must reimburse certain expenses related to the Offering. The securities issued to StartEngine Capital, if any, will be of the same class and have the same terms, conditions and rights as the securities being offered and sold by the issuer on StartEngine Capital's website.

Information Regarding Length of Time of Offering

- Investment Cancellations: Investors will have up to 48 hours prior to the end of the offering period to change their minds and cancel their investment commitments for any reason. Once within 48 hours of ending, investors will not be able to cancel for any reason, even if they make a commitment during this period.
- Material Changes: Material changes to an offering include but are not limited to: A change in minimum offering amount, change in security price, change in management, material change to financial information, etc. If an issuer makes a material change to the offering terms or other information disclosed, including a change to the offering deadline, investors will be given five business days to reconfirm their investment commitment. If investors do not reconfirm, their investment will be cancelled and the funds will be returned.

Hitting The Target Goal Early & Oversubscriptions

- StartEngine Capital will notify investors by email when the target offering amount has hit 25%, 50% and 100% of the funding goal. If the issuer hits its goal early, and the minimum offering period of 21 days has been met, the issuer can create a new target deadline at least 5 business days out. Investors will be notified of the new target deadline via email and will then have the opportunity to cancel up to 48 hours before new deadline.
- Oversubscriptions: We require all issuers to accept oversubscriptions. This may not be possible if: 1) it vaults an issuer into a different category for financial statement requirements (and they do not have the requisite financial statements); or 2) they reach \$1.07M in investments. In the event of an oversubscription, shares will be allocated at the discretion of the issuer.
- If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.
- If a StartEngine issuer reaches its target offering amount prior to the deadline, it may conduct an initial closing of the offering early if they provide notice of the new offering deadline at least five business days prior to the new offering deadline (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment). StartEngine will notify investors when the issuer meets its

target offering amount. Thereafter, the issuer may conduct additional closings until the offering deadline.

Minimum and Maximum Investment Amounts

- In order to invest, to commit to an investment or to communicate on our platform, users must open an account on StartEngine Capital and provide certain personal and non-personal information including information related to income, net worth, and other investments.
- Investor Limitations: Investors are limited in how much they can invest on all crowdfunding offerings during any 12-month period. The limitation on how much they can invest depends on their net worth (excluding the value of their primary residence) and annual income. If either their annual income or net worth is less than \$107,000, then during any 12-month period, they can invest up to the greater of either \$2,200 or 5% of the lesser of their annual income or net worth. If both their annual income and net worth are equal to or more than \$107,000, then during any 12-month period, they can invest up to 10% of annual income or net worth, whichever is less, but their investments cannot exceed \$107,000.

EXHIBIT F TO FORM C

ADDITIONAL CORPORATE DOCUMENTS

[See attached]

191011000

507

CSC 45
Drawdown

CERTIFICATE OF INCORPORATION
OF
GRADY'S COLD BREW, INC.

Under Section 402 of the Business Corporation Law

FIRST: The name of the corporation is:

GRADY'S COLD BREW, INC.

SECOND: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the Business Corporation Law. The corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The county, within this state, in which the office of the corporation is to be located is: Bronx

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Fourteen Million (14,000,000) shares, no par value, of which Five Million (5,000,000) shares of the no par value per share shall be a separate class designated as Class A Common Stock, and Nine Million (9,000,000) shares of the no par value per share shall be a separate class designated as Class B Common Stock.

Except as set forth in this paragraph FOURTH, the Class A Common Stock and the Class B Common Stock (together, the "Common Shares") shall have the same rights and privileges and shall rank equally, share ratably and be identical in all respects as to all matters.

(i) Voting. Except as may be provided in this Certificate of Incorporation or required by law, the Class A Common Stock shall have voting rights in the election of directors and on all other matters presented to stockholders, with each holder of Class A Common Stock being entitled to two (2) votes for each share of Class A Common Stock held of record by such holder on such matters. The Class B Common Stock shall have voting rights in the election of directors and on all other matters presented to stockholders, with each holder of Class B Common Stock being entitled to one (1) vote for each share of Class B Common Stock held of record by such holder on such matters.

(ii) Dividends. The holders of Class A Common Stock and the Class B Common Stock shall be entitled to receive such dividends and distributions (whether payable in cash or otherwise) as may be declared on the Common Shares by the board of directors of the Corporation from time to time out of assets or funds of the Corporation legally available

therefor; provided that the board of directors of the Corporation shall declare no dividend, and no dividend shall be paid, with respect to any outstanding share of Class A Common Stock and the Class B Common Stock, whether in cash or otherwise (including any dividend in shares of Class A Common Stock on or with respect to shares of Class A Common Stock or any dividend in shares of Class B Common Stock on or with respect to shares of Class B Common Stock (collectively, "Stock Dividends")), unless, simultaneously, the same dividend is declared or paid with respect to each share of Class A Common Stock and the Class B Common Stock.

(iii) Subdivisions, Combinations and Mergers. If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or the outstanding shares of Class B Common Stock, the outstanding shares of the other class of the Common Shares shall likewise be split, subdivided or combined in the same manner proportionately and on the same basis per share. In the event of any merger, statutory share exchange, consolidation or similar form of corporate transaction involving the Corporation (whether or not the Corporation is the surviving entity), the holders of Class A Common Stock and the holders of Class B Common Stock shall be entitled to receive the same per share consideration, if any, except that any securities received by holders of Class A Common Stock in consideration of such stock shall have two (2) voting rights per share and any securities received by holders of Class B Common Stock in consideration of such stock shall have single voting rights per share.

(iv) Rights on Liquidation. In the event of any liquidation, dissolution or winding-up of the Corporation (whether voluntary or involuntary), the assets of the Corporation available for distribution to stockholders shall be distributed in equal amounts per share to the holders of Class A Common Stock and the holders of Class B Common Stock, as if such classes constituted a single class. For purposes of this paragraph, a merger, statutory share exchange, consolidation or similar corporate transaction involving the Corporation (whether or not the Corporation is the surviving entity), or the sale, transfer or lease by the Corporation of all or substantially all its assets, shall not constitute or be deemed a liquidation, dissolution or winding-up of the Corporation.

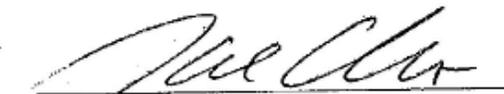
FIFTH: The Secretary of State is designated as agent of the corporation upon whom process against the corporation may be served. The address to which the Secretary of State shall mail a copy of any process accepted on behalf of the corporation is:

Tae Y. Cho, Esq.
Dunn Lambert, L.L.C.
East 80 Route 4 - Suite 170
Paramus, NJ 07652

SIXTH: The corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, as to any action taken or not taken in any capacity in which such person served at the request of the Corporation. The indemnification provided for herein shall not be deemed

exclusive of any other rights to which any person may be entitled under any By-Law, resolution of shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article 7.

SEVENTH: To the fullest extent permitted by Section 402(b) of the Business Corporation Law of the State of New York, the directors of the Corporation shall have no personal liability to the Corporation or its shareholders for damages for any breach of duty in such capacity, provided that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.


Tae Y. Cho, INCORPORATOR
Dunn Lambert, L.L.C.
East 80 Route 4 - Suite 170
Paramus, NJ 07652

