



BOSECO, INC.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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Belle Business Services

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Boseco, Inc.
Dover, Delaware

We have reviewed the accompanying consolidated financial statements of Boseco, Inc., which comprise of the consolidated balance sheets as of December 31, 2020, and 2019, and the related consolidated statements of income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement 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 consolidated 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 modification that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

Belle Business Services, LLC

October 29, 2021

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BOSECO, INC.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(unaudited)

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 244	\$ 10,754
Accounts receivable, net	1,839	-
Inventory	74,440	27,000
Prepaid expenses and other current assets	<u>17,175</u>	<u>1,230</u>
 TOTAL CURRENT ASSETS	 <u>93,698</u>	 <u>38,984</u>
 PROPERTY AND EQUIPMENT		
Property and equipment, net	<u>32,850</u>	<u>3,740</u>
 TOTAL ASSETS	 <u><u>\$ 126,548</u></u>	 <u><u>\$ 42,724</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 56,450	\$ 25,315
 TOTAL CURRENT LIABILITIES	 <u>56,450</u>	 <u>25,315</u>
 TOTAL LIABILITIES	 <u>56,450</u>	 <u>25,315</u>
 SHAREHOLDERS' EQUITY		
Common stock, see note 4	-	-
Contributions/(Distributions)	623,591	160,000
Accumulated deficit	<u>(553,493)</u>	<u>(142,591)</u>
 TOTAL SHAREHOLDERS' EQUITY	 <u>70,098</u>	 <u>17,409</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u><u>\$ 126,548</u></u>	 <u><u>\$ 42,724</u></u>

See independent accountant's review report and accompanying notes to financial statements.

BOSECO, INC.
CONSOLIDATED STATEMENTS OF INCOME
DECEMBER 31, 2020 AND 2019
(unaudited)

	<u>2020</u>	<u>2019</u>
REVENUES	\$ 150,916	\$ 51,269
COST OF GOODS SOLD	<u>43,960</u>	<u>14,890</u>
GROSS PROFIT	106,956	36,379
OPERATING EXPENSES		
Amortization and depreciation expense	150	-
General and administrative	51,191	21,511
Product development	280,000	100,000
Salaries and wages	115,735	53,903
Sales and marketing	<u>70,782</u>	<u>3,556</u>
TOTAL OPERATING EXPENSES	517,858	178,970
NET OPERATING LOSS	<u>(410,902)</u>	<u>(142,591)</u>
NET LOSS	<u><u>\$ (410,902)</u></u>	<u><u>\$ (142,591)</u></u>

See independent accountant's review report and accompanying notes to financial statements.

BOSECO, INC.
CONSOLIDATED STATEMENTS OF EQUITY
DECEMBER 31, 2020 AND 2019
(unaudited)

	<u>Common Stock</u>		<u>Members'</u> <u>Equity</u>	<u>Retained Earnings</u> <u>(Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
BEGINNING BALANCE, JANUARY 1, 2019	-	\$ -	-	\$ -	\$ -
Contributions	-	-	160,000	-	\$ 160,000
Net loss	-	-	-	(142,591)	\$ (142,591)
ENDING BALANCE, DECEMBER 31, 2019	-	\$ -	\$ 160,000	\$ (142,591)	\$ 17,409
Contributions	-	-	463,591	-	\$ 463,591
Net loss	-	-	-	(410,902)	\$ (410,902)
ENDING BALANCE, DECEMBER 31, 2020	-	<u>\$ -</u>	<u>\$ 623,591</u>	<u>\$ (553,493)</u>	<u>\$ 70,098</u>

See independent accountant's review report and accompanying notes to financial statements.

BOSECO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2020 AND 2019
(unaudited)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (410,902)	\$ (142,591)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and depreciation expense	150	-
(Increase) decrease in assets:		
Accounts receivable	(1,839)	-
Inventory	(47,440)	(27,000)
Prepaid expenses and other current assets	(15,945)	(1,230)
Increase (decrease) in liabilities:		
Accounts payable	<u>31,135</u>	<u>25,315</u>
CASH USED FOR OPERATING ACTIVITIES	(444,841)	(145,506)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash used for fixed assets	<u>(29,260)</u>	<u>(3,740)</u>
CASH USED FOR INVESTING ACTIVITIES	(29,260)	(3,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	<u>463,591</u>	<u>160,000</u>
CASH PROVIDED BY FINANCING ACTIVITIES	<u>463,591</u>	<u>160,000</u>
NET INCREASE (DECREASE) IN CASH	(10,510)	10,754
CASH AT BEGINNING OF YEAR	<u>10,754</u>	<u>-</u>
CASH AT END OF YEAR	<u><u>\$ 244</u></u>	<u><u>\$ 10,754</u></u>
 CASH PAID DURING THE YEAR FOR:		
INTEREST	\$ -	\$ -
INCOME TAXES	\$ -	\$ -

See independent accountant's review report and accompanying notes to financial statements.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(unaudited)

1. Summary of Significant Accounting Policies

The Company

The consolidated financial statements have been prepared to present the financial position and results of operations of the following related entities (collectively, the “Company”).

Boseco, Inc. was incorporated in the State of Delaware on July 16, 2021. The Company specializes in the production of coffee capsules under their own trademark and in the self-developed, totally electric, fully-equipped mobile Coffee Shop. The Company’s Coffee Shop allows for delivery of hot or cold beverages and snacks, at any location with ample foot traffic.

LLC Bosco Ukraine was organized in Odessa Oblast, Ukraine on November 14, 2018. LLC Bosco Ukraine is 100% owned and operated by Boseco, Inc.

Due to the nature of the subsequent event, the financial statements presented herein give a retroactive effect to the organization as a corporation and consolidation.

Going Concern

Since Inception, the Company has relied on funds from shareholders to fund its operations. As of December 31, 2020, the Company will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company’s ability to continue as a going concern. As of December 31, 2020, the Company is still mostly in the developmental process, with very limited revenue. The Company’s ability to continue as a going concern is dependent on the Company’s ability to raise short term capital, as well as the Company’s ability to finish the development of the coffee products.

Fiscal Year

The Company operates on a December 31st year-end.

Basis of Presentation and Consolidation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

The financial statements include the consolidated results of Boseco, Inc., and LLC Bosco Ukraine. As a result, the commonly controlled entities are consolidated, with accounts being combined from the earliest period presented and intercompany balances and transactions eliminated.

Use of Estimates

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States of America requires the use of management’s estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at fiscal year-end. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. As of December 31, 2020, and 2019, the Company held no cash equivalents.

See independent accountant’s review report.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(unaudited)

1. Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions.

The Coronavirus Disease of 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Company, COVID-19 may impact various parts of its 2021 operations and financial results including shelter in place orders, material supply chain interruption, economic hardships affecting funding for the Company's operations, and affects the Company's workforce. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

Accounts Receivable

The Company's trade receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value.

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2020, and 2019, the Company believed all amounts in accounts receivable are collectable.

Inventory

Inventories are stated at the lower of standard cost (which approximates cost determined on a first-in, first-out basis) or market. At December 31, 2020, and 2019, the balance of inventory related to finished goods was \$74,440 and \$27,000.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Production equipment is depreciated over three to seven years. Repair and maintenance costs are charged to operations as incurred and major improvements are capitalized. The Company reviews the carrying amount of fixed assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Foreign Currency Translation

The functional currencies of the Company and its subsidiary were determined as the US dollar, which is the currency of their primary economic environment. Amounts incurred in Ukrainian hryvnias are translated into the functional currency as follows:

1. Monetary assets and liabilities at the rate of exchange in effect as at the balance sheet date;
2. Non-monetary assets and liabilities at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
3. Revenues and expenditures at rates approximating the average rate of exchange for the year.

See independent accountant's review report.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Company complies with FASB ASC 740 for accounting for uncertainty in income taxes recognized in a company's financial statements, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FASB ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Based on the Company's evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

Effective 2021, The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States.

The Company is subject to franchise and income tax filing requirements in the State of Delaware.

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 Inception. Fair values were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

See independent accountant's review report.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)

1. Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk

From time-to-time cash balances, held at a major financial institution may exceed federally insured limits of \$250,000. Management believes that the financial institution is financially sound, and the risk of loss is low.

Revenue Recognition

Effective January 1, 2019, the Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. Prior to the adoption of ASC 606, the Company recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. The Company generates revenue from selling coffee capsules, selling coffee products and snacks and selling of mobile coffee shops (coffee-bikes). The Company's payments are generally collected upfront. For years ending December 31, 2020 and 2019 the Company recognized \$150,916 and \$51,269 in revenue, respectively.

Advertising Expenses

The Company expenses advertising costs as they are incurred.

Organizational Costs

In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fee, and costs of incorporation, are expensed as incurred.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, or ASU 2016-02, which supersedes the guidance in ASC 840, *Leases*. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. This guidance is effective for annual reporting periods beginning after December 15, 2021 for non-public entities. The adoption of ASU 2016-02 had no material impact on the Company's financial statements and related disclosures.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract.

See independent accountant's review report.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(unaudited)

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The adoption of ASU 2018-15 had no material impact on the Company's financial statements and related disclosures.

2. Commitments and Contingencies

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

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2020, and 2019:

Property and equipment at cost:	<u>2020</u>	<u>2019</u>
Production equipment	\$ 33,000	\$ 3,740
	<u>33,000</u>	<u>3,740</u>
Less: Accumulated depreciation	<u>150</u>	<u>-</u>
Total	<u>\$ 32,850</u>	<u>\$ 3,740</u>

4. Equity

Common Stock

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 10,000,000 shares, at \$0.0001 par value per share. As of December 31, 2020, and 2019, no shares have been issued and none are outstanding.

5. Going Concern

These financial statements are prepared on a going concern basis. The Company registered on July 16, 2021, and has established a presence and operations in the United States. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

6. Subsequent Events

Shares Issued

In 2021, the Company issued a total of 4,100,000 shares of common stock to founders and the subsidiary of the Company.

See independent accountant's review report.

BOSECO, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(unaudited)

6. Subsequent Events (continued)

Equity Incentive

The Company's 2021 Equity Plan (the Plan), which is shareholder approved, permits the grant of share options and shares to its employees, advisors and subcontractors for up to 2,000,000 shares of common stock. The Company believes that such awards better align the interests of its employees, advisors and subcontractors with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on four years of continuous service and have 10-year contractual terms. Share awards generally vest over four years. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Plan. No shares have been issued under the Plan.

Managements Evaluation

The Company has evaluated subsequent events through October 29, 2021, the date through which the financial statement was available to be issued. It has been determined that no events require additional disclosure.

See independent accountant's review report.