
OSENA BEVERAGE, LLC

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021 AND 2020
(Unaudited)

INDEX TO FINANCIAL STATEMENTS

(UNAUDITED)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Members
Osen Beverages LLC
New York, New York

We have reviewed the accompanying financial statements of Osen Beverages LLC (the "Company,"), which comprise the balance sheet as of December 31, 2021 and December 31, 2020, and the related statement of operations, statement of members' equity (deficit), and cash flows for the year ending December 31, 2021 and December 31, 2020, 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 financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

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 10, 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.

Set Apart FS

July 22, 2022
Los Angeles, California

OSENA BEVERAGE LLC**BALANCE SHEET****(UNAUDITED)**

As of December 31,	2021	2020
(USD \$ in Dollars)		
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 34,900	\$ 138,214
Accounts Receivable, net	8,969	-
Inventory	111,130	100,289
Total current assets	154,999	238,503
Total assets	\$ 154,999	\$ 238,503
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Credit Cards	\$ 4,498	\$ 5,777
Line of Credit	115,000	-
Other Current Liabilities	410	-
Total current liabilities	119,909	5,777
Total liabilities	119,909	5,777
MEMBERS' EQUITY		
Members' Equity	35,091	232,726
Total Members' Equity	35,091	232,726
Total Liabilities and Members' Equity	\$ 154,999	\$ 238,503

See accompanying notes to financial statements.

OSENA BEVERAGE LLC
STATEMENTS OF OPERATIONS
(UNAUDITED)

For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
Net Revenue	\$ 273,443	\$ 999
Cost of Goods Sold	230,221	3,217
Gross profit	43,223	(2,218)
Operating expenses		
General and Administrative	152,913	7,963
Research and Development	36,950	60,104
Sales and Marketing	49,919	-
Total operating expenses	239,782	68,067
Operating Income/(Loss)	(196,560)	(70,284)
Interest Expense	410	-
Other Loss/(Income)	128,415	-
Income/(Loss) before provision for income taxes	(325,385)	(70,284)
Provision/(Benefit) for income taxes	-	-
Net Income/(Net Loss)	\$ (325,385)	\$ (70,284)

See accompanying notes to financial statements.

OSENA BEVERAGE LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
(UNAUDITED)

<u>(in , \$US)</u>	<u>Members' Equity</u>
Balance—December 31, 2019	\$ -
Capital Contribution	303,010
Net income/(loss)	(70,284)
Balance—December 31, 2020	\$ 232,726
Capital Contribution	127,750
Net income/(loss)	(325,385)
Balance—December 31, 2021	\$ 35,091

See accompanying notes to financial statements.

OSENA BEVERAGE LLC
STATEMENTS OF CASH FLOWS
(UNAUDITED)

For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ (325,385)	\$ (70,284)
<i>Adjustments to reconcile net income to net cash provided/(used) by operating activities:</i>		
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,969)	-
Inventory	(10,841)	(100,289)
Credit Cards	(1,279)	5,777
Other Current Liabilities	410	-
Net cash provided/(used) by operating activities	(346,064)	(164,796)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	-
Net cash provided/(used) in investing activities	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Capital Contribution	127,750	303,010
Borrowing on Line of Credit	115,000	-
Net cash provided/(used) by financing activities	242,750	303,010
Change in cash	(103,314)	138,214
Cash—beginning of year	138,214	-
Cash—end of year	\$ 34,900	\$ 138,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES AND SUPPLEMENTAL DISCLOSURES		
Purchase of property and equipment not yet paid for	\$ -	\$ -
Issuance of equity in return for note	\$ -	\$ -
Issuance of equity in return for accrued payroll and other liabilities	\$ -	\$ -

See accompanying notes to financial statements.

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

1. NATURE OF OPERATIONS

Osen Beverage LLC was formed on January 26, 2021, in the state of Delaware. The Company took over the business activities from the previous legal entity, CV Brewing LLC, which was formed on January 21, 2020 in the state of New Jersey. The financial statements of Osen Beverage LLC (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 New York, New York.

Osen Beverage LLC is a supplier of alcoholic beverages. Products are manufactured by a copacker and distributed through state beer wholesalers. Osen currently has one product in three SKUs: Osen Spiked Coconut Water, Pure Original, and Exotic Pineapple four-packs, and an eight-pack variety pack called “Islands Collection.”

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2021, and December 31, 2020, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at net realizable value or the amount that the Company expects to collect on gross customer trade receivables. We estimate losses on receivables based on known troubled accounts and historical experience of losses incurred. Receivables are considered impaired and written-off when it is probable that all contractual payments due will not be collected in accordance with the terms of the agreement. As of December 31, 2021, and 2020, the Company determined that no reserve was necessary.

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs related to raw materials and finished goods which are determined using an average method.

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

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 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.

Income Taxes

The Company is an S corporation for income tax purposes. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the members are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. The Company has filed tax returns from inception through 2021 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.

Revenue Recognition

The Company recognizes revenues in accordance with FASB ASC 606, Revenue from Contracts with Customers, when delivery of goods is the sole performance obligation in its contracts with customers. The Company typically collects payment upon sale and recognizes the revenue when the item has shipped and has fulfilled its sole performance obligation. Revenue recognition, according to Topic 606, is determined using the following steps:

- 1) Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay and the contract has commercial substance.
- 2) Identification of performance obligations in the contract: performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- 3) Recognition of revenue when, or how, a performance obligation is met: revenues are recognized when or as control of the promised goods or services is transferred to customers.

The Company earns revenues from the sale of alcoholic beverages.

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
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Cost of sales

Costs of goods sold include the cost of retail product and merchandise.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses for the years ended December 31, 2021, and December 31, 2020 amounted to \$49,919 and \$0, which is included in sales and marketing expenses.

Other Loss/ (Income)

Other Loss/ (Income) related to one-off expenses related to transitioning to a new contract manufacturer. Other loss for the years ended December 31, 2021, and December 31, 2020 amounted to \$128,415 and \$0.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments included in current assets and current liabilities (such as cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of such instruments).

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

COVID-19

In March 2020, the outbreak and spread of the COVID-19 virus was classified as a global pandemic by the World Health Organization. This widespread disease impacted the Company's business operations, including its employees, customers, vendors, and communities. The COVID-19 pandemic may continue to impact the Company's business operations and financial operating results, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the pandemic impacts the business going forward will depend on numerous evolving factors management cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending on products as well as customers' ability to pay for products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through July 25, 2022, which is the date the financial statements were issued.

Recently Issued and Adopted Accounting Pronouncements

FASB issued ASU No. 2019-02, leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than twelve months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, and early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

3. INVENTORY

Inventory consists of the following items:

As of December 31,	2021	2020
Raw materials	\$ 16,992	\$ 100,289
Semi-finished goods	94,138	
Total Inventory	\$ 111,130	\$ 100,289

4. DETAILS OF CERTAIN ASSETS AND LIABILITIES

Other current liabilities consist of the following items:

As of December 31,	2021	2020
Accrued Interest	\$ 410	\$ -
Total Other Current Liabilities	\$ 410	\$ -

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

5. MEMBERS' EQUITY

The ownership percentages of the members are as follows:

As of Year Ended December 31, 2021

Member's name	Ownership percentage
Vicente Surraco	45.0%
Christopher Allen	25.0%
Catherine Albright	12.0%
Catherine Allen	7.0%
Lisa Surraco	5.0%
Ryan Allen	4.0%
Others	2.0%
TOTAL	100.0%

6. DEBT

Line of Credit

During the years presented, the Company entered into Line of Credit agreements. The details of the Company's line of credit and the terms are as follows:

Debt Instrument Name	Principal Amount	Interest Rate	Borrowing Period	Maturity Date	For the Year Ended December 2021				
					Interest Expense	Accrued Interest	Current Portion	Non-Current Portion	Total Indebtedness
Line of Credit Agreement- Vicente Surraco	\$ 150,000	0.50%	3/23/2021	On demand	\$ 338	\$ 338	\$ 90,000	\$ -	\$ 90,000
Line of Credit Agreement- Catherine Allen	\$ 150,000	0.50%	3/23/2021	On demand	\$ 73	\$ 73	\$ 25,000	\$ -	\$ 25,000
Line of Credit Agreement- Christopher Allen	\$ 150,000	0.50%	3/23/2021	On demand	\$ -	\$ -	\$ -	\$ -	\$ -
Total					\$ 410	\$ 410	\$ 115,000	\$ -	\$ 115,000

The summary of the future maturities is as follows:

As of Year Ended December 31, 2021

2022	\$ 115,000
2023	-
2024	-
2025	-
Thereafter	-
Total	\$ 115,000

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

7. RELATED PARTY

On March 23, 2021, the Company entered into a line agreement with one of the members, Vicente Surraco, in the amount of \$150,000. The line of credit bears an interest rate of 0.5%. As of December 31, 2021, the outstanding the line of credit is in the amount of \$90,000.

On March 23, 2021, the Company entered into a line agreement with one of the members, Catherine Allen, in the amount of \$150,000. The line of credit bears an interest rate of 0.5%. As of December 31, 2021, the outstanding the line of credit is in the amount of \$25,000.

On March 23, 2021, the Company entered into a line agreement with one of the members, Christopher Allen, in the amount of \$150,000. The line of credit bears an interest rate of 0.5%. As of December 31, 2021, the outstanding the line of credit is in the amount of \$0.

8. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from December 31, 2021, through July 25, 2022, which is the date the financial statements were available to be issued.

On July 1, 2022, the Company was converted from a LLC into a Corporation in the state of Delaware. The converted entity, Osen Beverage Co. is authorized to issue 10,000,000 Common Stock. As of July 25, 2022, 5,000,000 Common Stock have been issued and are outstanding.

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

OSENA BEVERAGE LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

10. 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 net operating income of \$196,560, an operating cash flow loss of \$346,064, and liquid assets in cash of \$34,900, which less than a year's worth of cash reserves as of December 31, 2021. These factors normally raise doubt about the Company's ability to continue as a going concern.

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. During the next twelve months, the Company intends to fund its operations through debt and/or equity financing.

There are no assurances that management will be able to raise capital on terms acceptable to the Company. If it is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm its business, financial condition, and operating results. The accompanying financial statements do not include any adjustments that might result from these uncertainties.