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

Kettlebread Franchising Corporation
491 College Highway
Southwick, MA 01077
https://www.kettlebread.com/

Up to $1,070,000.00 in Common Stock at $1.25
Minimum Target Amount: $10,000.00

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:** Kettlebread Franchising Corporation
**Address:** 491 College Highway, Southwick, MA 01077
**State of Incorporation:** DE
**Date Incorporated:** March 10, 2022

## Terms:

**Equity**

**Offering Minimum:** $10,000.00 | 8,000 shares of Common Stock
**Offering Maximum:** $1,070,000.00 | 856,000 shares of Common Stock
**Type of Security Offered:** Common Stock
**Purchase Price of Security Offered:** $1.25
**Minimum Investment Amount (per investor):** $250.00

**Maximum number of shares offered subject to adjustment for bonus shares. See Bonus info below.*

**Voting Rights of Securities Sold in this Offering**

Voting Proxy. Each Subscriber shall appoint the Chief Executive Officer of the Company (the "CEO"), or his or her successor, as the Subscriber's true and lawful proxy and attorney, with the power to act alone and with full power of substitution, to, consistent with this instrument and on behalf of the Subscriber, (i) vote all Securities, (ii) give and receive notices and communications, (iii) execute any instrument or document that the CEO determines is necessary or appropriate in the exercise of its authority under this instrument, and (iv) take all actions necessary or appropriate in the judgment of the CEO for the accomplishment of the foregoing. The proxy and power granted by the Subscriber pursuant to this Section are coupled with an interest. Such proxy and power will be irrevocable. The proxy and power, so long as the Subscriber is an individual, will survive the death, incompetency and disability of the Subscriber and, so long as the Subscriber is an entity, will survive the merger or reorganization of the Subscriber or any other entity holding the Securities. However, the Proxy will terminate upon the closing of a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 covering the offer and sale of Common Stock or the effectiveness of a registration statement under the Securities Exchange Act of 1934 covering the Common Stock.

**Investment Incentives***

**Time-Based:**

**Friends and Family Early Birds**

Invest within the first 3 days and receive an additional 20% bonus shares.

**Super Early Bird Bonus**

Invest within days 4-10 and receive an additional 15% bonus shares.

**Early Bird Bonus**

Invest within days 11-24 and receive an additional 10% bonus shares.

**Amount-Based:**

**$250 | Bronze Kettle Investor**

Invest $250 or more and receive a $25 Kettlebread Gift Card + access to special discount codes and promotions.

**$500 | Silver Kettle Investor**

Invest $500 or more and receive 5% bonus shares + $75 Kettlebread Gift Card + **"Suspiciously Awesome"** sports tee + special discount codes and promotions.

**$1,000 | Gold Kettle Investor**

Invest $1,000 or more and receive 7% bonus shares + $100 Kettlebread Gift Card + **"Suspiciously Awesome"** hoodie + access to special discount codes and promotions.

**$2,500 | Platinum Kettle Investor**

Invest $2,500 or more and receive 10% bonus shares + $150 Kettlebread Gift Card + **"Suspiciously Awesome"** limited edition track jacket + access to special discount codes and promotions.

**$5,000 | Diamond Kettle Investor**

Invest $5,000 or more and receive 12% bonus shares + $150 Kettlebread Gift Card + **"Suspiciously Awesome"** limited edition track jacket + one year (non transferable) 25% discount (up to $1,000 net) + access to special discount codes and promotions.

**$10,000 | Black Kettle Investor**

Invest $10,000 or more and receive 15% bonus shares + $150 Kettlebread Gift Card + **"Suspiciously Awesome"** limited edition track jacket + one year (non transferable) 50% discount (up to $1,000 net) + access to special discount codes and promotions.

**All perks occur when the offering is completed.*

**The 10% StartEngine Owners' Bonus**

Kettlebread Franchising Corp. will offer 10% additional bonus shares for all investments that are committed by investors that are eligible for the StartEngine Crowdfunding Inc. Owner's bonus.

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 Common Stock at $1.25 / share, you will receive 110 shares of Common Stock, meaning you'll own 110 shares for $125. 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 investor's 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 canceled or fail.

Investors will receive the highest single bonus they are eligible for among the bonuses based on the amount invested and the time of offering elapsed. Eligible investors will also receive the Owner's Bonus in addition to the aforementioned bonus.

## The Company and its Business

*Company Overview*

Kettlebread Franchising Corporation was formed to acquire the assets and IP of Kettlebread Enterprises, Inc. as a wholly-owned subsidiary and to franchise the business model of a Kettlebread Deli Restaurant in the state of Massachusetts, Connecticut, and beyond. The Kettlebread Deli business model is an upscale fast-casual premium sandwich shop featuring its novel sourdough/ciabatta sandwich loaves.

The intellectual property included in the acquisition of Kettlebread Enterprises included, but may not be limited to the following:

~The Kettlebread name, design, logos, and any registered trademarks associated with the same.

~Recipes, processes, and any patents associated with the same used in creating our product.

~Our IT ecosystem, which includes menu engineering and product price analysis, vendor bid acquisition and tracking to ensure the most competitive pricing on ingredients and supplies, inventory management, time and attendance system, human resources and scheduling, kitchen display system, point of sale system, digital interior menus, dynamically generated website, employee portal app, web app for online ordering

Kettlebread Enterprises operates one Kettlebread Deli location at 491 College Highway, Southwick, MA 01077. Kettlebread Enterprises does not operate any other Kettlebread Deli locations at this time.

Funds will flow between Kettlebread Enterprises and Kettlebread Franchising Corporation via a standard debit/credit account, reconciled at the end of each month, to facilitate various transactions such as royalties due to KFC, proceeds of Gift Card

Sales to KFC, remittance of redeemed gift cards to KE, improvement loans made to KE and the interest and payments of the principled of any such loans to KFC. At the end of every month, this DR/CR account will net to a balance due to or from KFC to be satisfied by check payment.

Part of our goal is to expand the kitchen of Kettlebread Enterprises, which the parent company will fund in the form of an interest-bearing loan.

Kettlebread Enterprises may, from time to time, pay Kettlebread Franchising Corporation a royalty fee equal to 6% of gross sales.

Our mission is to open multiple locations in our region to create and leverage economies of scale with a centralized bakery, prep operation, and administrative services. In addition, Kettlebread seeks to offer its system as a franchise and grow a franchise network of brick and mortar stores and cloud kitchens across Massachusetts, Connecticut, and beyond.

*Competitors and Industry*

Kettlebread competes with moderately-priced to higher-priced fast-casual restaurant models. Examples of dominant players in this space would include Panera Bread, Chipotle, or Au Bon Pain. Less direct competitors would be comprised of lower-end lunch destinations such as Subway, Quiznos, Blimby, and Jersey Mikes.

According to Allied Market Research, in 2019, the fast-casual market was valued at $125.6 billion and expected to expand with a CAGR of 10.6% between 2021 and 2027 reaching up to $209 billion. The leading segment within the fast-casual space has been sandwiches and burgers, and that segment is expected to maintain that dominance.

*Current Stage and Roadmap*

CURRENT STAGE

Kettlebread opened a pilot store in May of 2020. Since then, it has expanded its staff from the original 6 to over 30 employees, both full and part-time, and honed its processes earning nearly $1.3MM in its first 22 months.

NEXT PHASE

Kettlebread has been met with limitations due to the small size of its pilot store and plans to relocate its bakery and prep operations, as well as its administrative and training space in order to free up a footprint for an expanded kitchen. Simply put, with an expanded kitchen, Kettlebread will be capable of making more food simultaneously. This will dramatically reduce food production wait times allowing it to meet the demand of customers we lose that are discouraged by longer wait times.

In order to take advantage of the economies of scale achieved with a centralized bakery, prep operation, and training facility, Kettlebread seeks to open a second

location of adequate capacity to meet demand. Doing so will create efficiencies in having all locations share a bakery, prep kitchen, and administrative services.

ROAD MAP

Kettlebread was planned as a franchise offering from the onset. With the funds raised through StartEngine, in addition to the expansion described above, Kettlebread will consider a nationwide search for an experienced Director of Franchise Development, after which we may begin franchising in Massachusetts and Connecticut. Neither Massachusetts nor Connecticut are considered "registration states," which means there fewer regulatory obstacles than other states for a new franchisor to overcome.

## The Team

### Officers and Directors

**Name:** Edward J. Grimaldi

Edward J. Grimaldi's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** President / CEO & Executive Chef
  **Dates of Service:** September 11, 2019 - Present
  **Responsibilities:** Recruiting, financial management, marketing & social media manager. Currently does not receive a salary. Edward plans on taking a salary of $750 per week in the next few months. The salary will then increase according to benchmarks associated with annual top line sales levels on a 6-month rolling average.

- **Position:** Secretary
  **Dates of Service:** March 09, 2022 - Present
  **Responsibilities:** Responsible for making sure that the board members have the proper advice and resources for discharging their fiduciary duties to shareholders under state law as well as recording minutes of the board's actions during board meetings and making sure that they are documented properly. In addition, the secretary shall create agendas for board meetings.

- **Position:** Board Director
  **Dates of Service:** September 20, 2020 - Present
  **Responsibilities:** Aiding and advising as a fiduciary of the company.

Other business experience in the past three years:

- **Employer:** Samuels Tavern, LLC d/b/a Samuels Tap & Table at the Basketball Hall of Fame
  **Title:** Managing Member

**Dates of Service:** December 16, 2003 - March 16, 2020
**Responsibilities:** Managed all aspects of overseeing and operating a wholly-owned subsidiary, Samuels Tavern, LLC d/b/a Samuels Tap & Table at the Basketball Hall of Fame

**Name:** Melissa Veino

Melissa Veino's current primary role is with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Vice President of Training and Compliance & Sous Chef
  **Dates of Service:** April 01, 2020 - Present
  **Responsibilities:** Responsible for recruiting, training, and managing all Kettlebread staff. In addition to staff-related responsibilities, Melissa is also in charge of inventory, ordering, and compliance with local health regulatory agencies. Currently does not receive a salary.

- **Position:** Board Director
  **Dates of Service:** May 01, 2020 - Present
  **Responsibilities:** Aiding and advising as a fiduciary of the company.

Other business experience in the past three years:

- **Employer:** Samuels Tavern, LLC d/b/a Samuels Tap & Table at the Basketball Hall of Fame
  **Title:** General Manager / Liquor Manager of Record
  **Dates of Service:** August 11, 2012 - March 16, 2020
  **Responsibilities:** At Samuel's, Melissa was in charge of recruiting and training staff, supervisors, and shift managers. She oversaw a team of managers and would also manage the floor herself when necessary. Melissa was also the Liquor License Manager of Record, liaison to the city liquor commission, and primary buyer.

**Name:** Joseph Rondoletto

Joseph Rondoletto's current primary role is with Northern Logics, Inc.. Joseph Rondoletto currently services 20 hours per week in their role with the Issuer.

Positions and offices currently held with the issuer:

- **Position:** Director of Design & Marketing
  **Dates of Service:** September 20, 2020 - Present
  **Responsibilities:** Joseph is responsible for the design, creation, and management of the company's web presence while also contributing to other design aspects of the business including interior design, computer graphics, and photography.

Currently does not receive a salary.

- **Position:** Board Director
  **Dates of Service:** September 20, 2020 - Present
  **Responsibilities:** Aiding and advising as a fiduciary of the company.

Other business experience in the past three years:

- **Employer:** Northern Logics, Inc.
  **Title:** President
  **Dates of Service:** January 01, 2000 - Present
  **Responsibilities:** Joseph is a professional web developer as well as branding and marketing consultant to a wide variety of client businesses.

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

***Our business projections are only projections***
There can be no assurance that the Company will meet our projections. There can be no assurance that the Company will be able to find sufficient demand for our product, that people think it's a better option than a competing product, or that we will be able to provide the service at a level that allows the Company to make a profit and still attract business.

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

***The transferability of the Securities you are buying is limited***
Any Common Stock purchased through this crowdfunding campaign is subject to SEC limitations of transfer. This means that the stock 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, a 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 restaurant 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 Common Stock in the amount of up to $1,070,000 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 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 that 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***
As a minority holder of Common Stock of this offering, you have granted your votes by proxy to the CEO of the Company. Even if you were to receive control of your voting rights, as a minority holder, you would 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.

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

***This offering involves "rolling closings," which may mean that earlier investors may not have the benefit of information that later investors have.***
Once we meet our target amount for this offering, we may request that StartEngine instruct the escrow agent to disburse the offering funds to us. At that point, investors whose subscription agreements have been accepted will become our investors. All early-stage companies are subject to a number of risks and uncertainties, and it is not uncommon for material changes to be made to the offering terms or to companies' businesses, plans or prospects, sometimes on short notice. When such changes happen during the course of an offering, we must file an amendment 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. However, investors whose subscriptions have already been accepted will already be our investors and will have no such right.

***We are an early stage company and have limited revenue and operating history***
The Company has a short history. If you are investing in this company, it's because you think that Kettlbread is a good idea, that the team will be able to successfully market, and sell the product or service, that we can price them right and sell them to enough people so that the Company will succeed.

***We have pending patent approval's that might be vulnerable***
One of the Company's most valuable assets is its intellectual property. The Company's intellectual property, such as patents, trademarks, copyrights, Internet domain names, and trade secrets, may not be registered with the proper authorities. We believe one of the most valuable components of the Company is our intellectual property portfolio. Due to the value, competitors may misappropriate or violate the rights owned by the Company. The Company intends to continue to protect its intellectual property portfolio from such violations. It is important to note that unforeseeable costs associated with such practices may invade the capital of the Company due to its unregistered intellectual property.

***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. Competitors may 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, the Company's value will likely be materially and adversely impacted. This could also impair the Company's ability to compete in the marketplace.

***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 cannot enforce our trademark(s) or copyright(s) because of the cost of enforcement, your investment in the Company could be significantly and adversely affected.

***Voting Rights of Securities Sold in this Offering***

Voting Proxy. Each Subscriber shall appoint the Chief Executive Officer of the Company (the "CEO"), or his or her successor, as the Subscriber's true and lawful proxy and attorney, with the power to act alone and with full power of substitution, to, consistent with this instrument and on behalf of the Subscriber, (i) vote all Securities, (ii) give and receive notices and communications, (iii) execute any instrument or document that the CEO determines is necessary or appropriate in the exercise of its authority under this instrument, and (iv) take all actions necessary or appropriate in the judgment of the CEO for the accomplishment of the foregoing. The proxy and power granted by the Subscriber pursuant to this Section are coupled with an interest. Such proxy and power will be irrevocable. The proxy and power, so long as the Subscriber is an individual, will survive the death, incompetency and disability of the Subscriber and, so long as the Subscriber is an entity, will survive the merger or reorganization of the Subscriber or any other entity holding the Securities. However, the Proxy will terminate upon the closing of a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 covering the offer and sale of Common Stock or the effectiveness of a registration statement under the Securities Exchange Act of 1934 covering the Common Stock.

***The amount raised in this offering may include investments from officers and directors of the company or their immediate family members.***

Once the total amount of funds raised in this offering exceeds the minimum funding goal, officers and directors (and immediate family members) of the company may make investments in this offering. Any such investments will be included in the raised amount reflected on the campaign page.

## 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 |
|---|---|---|---|
| Melissa Veino | 1,350,000 | Common Stock | 30.0% |
| Edward J. Grimaldi | 2,700,000 | Common Stock | 60.0% |

## The Company's Securities

The Company has authorized equity stock. As part of the Regulation Crowdfunding raise, the Company will be offering up to 856,000 of Common Stock.

*Common Stock*

The amount of security authorized is 10,000,000 with a total of 4,600,000 outstanding.

*Voting Rights*

1 vote per 1 share. Please see Voting Rights of Securities Sold in this Offering below for additional information.

*Material Rights*

*The total amount of Common Stock outstanding includes 100,000 of shares to be issued pursant to stock options, reserved but unissued.*

### Voting Rights of Securities Sold in this Offering

Voting Proxy. Each Subscriber shall appoint the Chief Executive Officer of the Company (the "CEO"), or his or her successor, as the Subscriber's true and lawful proxy and attorney, with the power to act alone and with the full power of substitution, to, consistent with this instrument and on behalf of the Subscriber, (i) vote all Securities, (ii) give and receive notices and communications, (iii) execute any instrument or document that the CEO determines is necessary or appropriate in the exercise of its authority under this instrument, and (iv) take all actions necessary or appropriate in the judgment of the CEO for the accomplishment of the foregoing. The proxy and power granted by the Subscriber pursuant to this Section are coupled with an interest. Such proxy and power will be irrevocable. The proxy and power, so long as the Subscriber is an individual, will survive the death, incompetency, and disability of the Subscriber and, so long as the Subscriber is an entity, will survive the merger or reorganization of the Subscriber or any other entity holding the Securities. However, the Proxy will terminate upon the closing of a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 covering the offer and sale of Common Stock or the effectiveness of a

registration statement under the Securities Exchange Act of 1934 covering the Common Stock.

## What it means to be a minority holder

As a minority holder of Common Stock of this offering, you have granted your votes by proxy to the CEO of the Company. Even if you were to receive control of your voting rights, as a minority holder, you would 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:** Common Stock
  **Type of security sold:** Equity
  **Final amount sold:** $0.00
  **Number of Securities Sold:** 4,500,000
  **Use of proceeds:** Founders' Shares
  **Date:** March 10, 2022
  **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:

Year ended December 31, 2021 compared to year ended December 31, 2020

### Revenue

Revenue for FYE 2021 was $715,584, which was up approximately 74% from 2020 revenue of $411,791. While daily and weekly performance was indeed higher in 2021, operations did not begin in 2020 until mid-May and, therefore, did not include the first 4 and a half months.

### Cost of Sales

Cost of sales in 2021 was $515,440, an increase of approximately 57% over 2020 cost of sales of $328,574. The same reason can explain the increase as the increase in revenue. However, the percentage of that cost dropped from approximately 80% in 2020 to 72% in 2021.

### Gross Margins

2021 gross profit increased to $200,144 in 2021 from $83,218 in 2020. Again, the increase can be explained by 2020 being a partial year. However, gross margins

increased significantly from 20% to 28%, which we attribute to a combination of price increases, workforce consolidation, and efficiencies achieved in our processes.

**Expenses**

The company's operating expenses consist of, among other things, occupancy costs, improvements, and depreciation on newly capitalized and existing purchases of equipment. Total operating expenses in 2021 increased to $214,917 from $119,460. This is because operations in 2020 began in May and only reflects variable expenses for 8 months rather than a full year as reflected in 2021.

**Historical results and cash flows:**

The company experienced modest positive cash flow in 2021 of $6,839, which was up from the negative start-up cash flow in 2020 of ($42,847).

We are of the opinion the historical cash flows will be indicative of the revenue and cash flows expected for the future. However, 2021 saw Kettlebread invest approximately $26,500 in additional equipment to better meet the volume associated with increasing local demand. This served to decrease the positive cash flow of 2021.

During both fiscal years, 2020 and 2021, Kettlebread operated only 6 days per week with nearly 15 days closed due to COVID scares earlier in 2021. As we move forward into 2022, Kettlebread intends to open 7 days a week, thereby adding a projected minimum of 17% to our top line, and eliminating the need to close for COVID is expected to add an additional 5% to our top line.

## 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 the end of the reporting period, December 31, 2021, the company has $20,948 in cash on hand, and while no other formal lines of credit has been established with the company founders, we stand ready to lend the company up to $30,000 if the need presented itself.

**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?)**

The funds from this raise are not critical to company operations. While we always intended to grow as a franchisor, we expected that to take several years and be accomplished with earnings or by borrowing from a commercial lender.

Raising money through equity crowdfunding was only recently introduced to us and, therefore, will simply facilitate reaching certain goals and milestones faster and more easily.

**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?)**

We believe that our company is viable even without this crowdfunding round. Again, I would restate that funds raised during this funding round are considered a faster way of growing the company vs growth by reinvesting earnings. Of the total funds that our Company has, 98% will be made up of funds raised from the crowdfunding campaign, if it raises its maximum funding goal.

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

Will believe we will be able to operate the company indefinitely with or without this funding round due to the fact that we already consistently meet or exceed our breakeven sales levels. Our current burn rate is roughly $25k.

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

We believe we will be able to operate the company indefinitely if we raise our maximum funding goal due to the fact that we already consistently meet or exceed our breakeven sales levels. With a current burn rate is roughly $25k, we antipicate burn rate growing to over $60k in the event of a maximum raise.

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

While we cannot rule out the possibility of future funding rounds, we do not currently have plans for this but have founders' capital we can look to utilize if needed.

## Indebtedness

- **Creditor:** Judith Grimaldi
  **Amount Owed:** $45,000.00
  **Interest Rate:** 7.0%
  **Maturity Date:** January 01, 2050
  Interest is calculated as simple interest based on a 365 day year, does not begin accruing until January of 2022, and will be paid monthly. There will be no regular monthly principal payments made. The maturity date, the date in which the principal balance will be paid, will be the earlier of either raising in excess of

$1M in investment capital or at a time deemed to be appropriate by the CEO.

- **Creditor:** Joseph Rondoletto
  **Amount Owed:** $69,928.00
  **Interest Rate:** 7.0%
  **Maturity Date:** January 01, 2050
  Interest is calculated as simple interest based on a 365 day year, does not begin accruing until January of 2022, and will be paid monthly. There will be no regular monthly principal payments made. The maturity date, the date in which the principal balance will be paid, will be the earlier of either raising in excess of $1M in investment capital or at a time deemed to be appropriate by the CEO.

- **Creditor:** Edward Grimaldi
  **Amount Owed:** $13,778.00
  **Interest Rate:** 7.0%
  **Maturity Date:** January 01, 2050
  Interest is calculated as simple interest based on a 365 day year, does not begin accruing until January of 2022, and will be paid monthly. There will be no regular monthly principal payments made. The maturity date, the date in which the principal balance will be paid, will be the earlier of either raising in excess of $1M in investment capital or at a time deemed to be appropriate by the CEO.

- **Creditor:** Luso Federal Credit Union
  **Amount Owed:** $32,997.86
  **Interest Rate:** 3.75%
  **Maturity Date:** October 17, 2024

## Related Party Transactions

- **Name of Entity:** Judith Grimaldi
  **Relationship to Company:** Family member
  **Nature / amount of interest in the transaction:** Judith Grimaldi made a loan to the company in the amount of $45,000.00.
  **Material Terms:** As described under the section titled "Indebtedness"

- **Name of Entity:** Joseph Rondoletto
  **Relationship to Company:** Director
  **Nature / amount of interest in the transaction:** Joseph made a loan to the company in the amount of $69,928.
  **Material Terms:** As described under the section titled "Indebtedness"

- **Name of Entity:** Edward Grimaldi
  **Relationship to Company:** Officer
  **Nature / amount of interest in the transaction:** Edward Grimaldi covered numerous recoverable expenses on behalf of the company prior to opening the

pilot location. The amount that remains outstanding is $13,778.35
**Material Terms:** As described under the section titled "Indebtedness"

## Valuation

**Pre-Money Valuation:** $5,625,000.00

**Valuation Details:**

Since Kettlebread Franchising Corp. is a new parent company and pre-revenue, all valuation factors are based on results, earnings, and multiples derived from its predecessor company and wholly-owned subsidiary, Kettlebread Enterprises, Inc.

Kettlebread Enterprises, Inc. trading as Kettlebread Deli Restaurant of Southwick generated $715K of gross revenue in 2021 without opening on Sunday or offering delivery of any kind. Beginning in late spring of 2022, Kettlebread will assume a 7-day a week schedule and capture the volume we currently miss out on in our existing 6-day week. Conservatively, we believe Sunday will produce average daily sales, which we project would bring revenue to $889K without any modification or expansion to our existing infrastructure or processes.

However, by expanding our facilities in Southwick to reduce debilitating wait times and to meet the portion of existing observable demand that we lose out on daily, we expect to conservatively add 30% in previously lost revenue. We expect this change to increase single-store annual revenue to just over $1.1MM, which is approximately $733 per square foot.

Now, since nearly 80% of Kettlebread's business is takeout, we expect cloud kitchen locations, which will also offer delivery, to meet or exceed the revenue levels of our pilot or other brick-and-mortar locations. Wait times can be significantly reduced in a cloud kitchen model because the entire design is based on execution rather than presentation and aesthetics. We will also include a cloud kitchen model as a franchise opportunity.

Kettlebread Franchising Corporation aspires to open 3-6 additional corporate locations (brick-and-mortar and/or cloud kitchens) within the first 12-18 months.

Therefore, within the first 12-24 months, we anticipate operating between 4-7 corporate locations with a top-line $4.4M-$7.7M.

In addition to operating corporate locations, the company intends to franchise. Franchisees will pay a contemplated $35,000 franchise fee plus a 6% royalty fee on gross sales minus meal taxes. While royalties from franchise sales are used in calculating our valuation, franchise fees will <u>not</u> be considered.

Our goal will be to sell and open between 6 and 10 franchises per year during our first 24 months, with 12-20 franchise locations fully operational by the end of 2024.

Since the value of our IP and technology is subjective, we choose to be conservative by not including those considerations in our valuation. Moreover, since franchise assets are owned by their respective franchises, for the purposes of our valuation, we will include 3X annual royalty income, which in the first 36 months is anticipated to exceed $720K - $1.2M per year, to our valuation.

After 24-36 Months

• 4-7 Corporate Brick-And-Mortar / Cloud Kitchen Locations

• 12-20 Franchised Brick-And-Mortar / Cloud Kitchen Locations

Corporate Stores Value Based On 1 Year Revenue $4M-$7M

Franchise Network Value Based on 3X Royalties $2.1M-$3.6M

Valuation Range $6.1M-$10.6M

Final Internal Valuation: $5,625,000.00

Our final valuation results from our desire to come in below the lower bound of our valuation logic and accommodate an attractive share price easily divisible by the goals of our raise.

*Kettlebread Franchise Corp. set its valuation internally without a formal-third party independent evaluation.*

*The pre-money valuation has been calculated on a fully diluted basis. In making this calculation we have not assumed that any shares reserved for issuance under a company incentive plan are issued.*

*Kettlebread Franchise Corp. only has one class of stock and no preferred stock, outstanding options, warrants or other securities with a right to acquire shares.*

## Use of Proceeds

If we raise the Target Offering Amount of $10,000.00 we plan to use these proceeds as follows:

- *StartEngine Platform Fees*
  3.5%

- *StartEngine Service Fees*
  96.5%
  Fees for certain services provided by StartEngine.

If we raise the over allotment amount of $1,070,000.00, we plan to use these proceeds as follows:

- *StartEngine Platform Fees*

3.5%

- *Operations*
  60.0%
  We will be centralizing our bakery, prep, and training operation to more affordable non-prime real estate, expanding the kitchen in our pilot store, and building a second store location. By having multiple stores benefit from centralized services, all will benefit from reduced labor and occupancy expenses.

- *Marketing*
  10.0%
  We will begin franchising, which involves marketing and promotion. Funds will pay for print collateral, print and online marketing, as well as exhibitions at regional and national franchise shows.

- *Company Employment*
  10.0%
  We are seeking to hire a Director of Franchise Development. Funds raised will help offset the cost of national advertising and relocation of the successful candidate as well as compensation.

- *Working Capital*
  10.0%
  The balance of the raise will be used for contingencies that may arise from other efforts.

- *Inventory*
  6.5%
  One of the great benefits of growing the company is the ability to buy supplies, particularly paper supplies, in bulk. Kettlebread is a very paper-intensive experience and paper represents up to 4% of our unadjusted gross. Any achievable saving by purchasing larger quantities will benefit all locations.

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 30 (120 days after Fiscal Year End). Once posted, the annual report may be found on the Company's website at https://www.kettlebread.com/ (https://www.kettlebread.com/invest/portal/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/kettlebread

## 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 Kettlebread Franchising Corporation

*[See attached]*

Kettlebread Franchising Corporation (the "Company") a Delaware Corporation

Financial Statements (unaudited) and
Independent Accountant's Review Report

Years ended December 31, 2020 & 2021

Mongio & Associates CPAs LLC
Tax - Accounting - Advisory
Saving Time, Money, & Stress

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To Management
Kettlebread Franchising Corporation

We have reviewed the accompanying financial statements of the Company which comprise the statement of financial position as of December 31, 2020 & 2021 and the related statements of operations, statement of changes in shareholder equity, and statement of cash flows for the years and months then ended, 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 controls 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 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 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 accordance with accounting principles generally accepted in the United States of America.

**Going Concern**
As discussed in Note 8, 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. Management has evaluated these conditions and plans to generate revenues and raise capital as needed to satisfy its capital needs.

Vince Mongio, CPA, CIA, CFE, MACC
Miami, FL
April 25, 2022
Vincenzo Mongio

**Statement of Financial Position**

| | Year Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | 20,948 | 14,110 |
| Accounts Receivable | 475 | 658 |
| Inventory | 21,969 | - |
| Total Current Assets | 43,392 | 14,767 |
| Non-current Assets | | |
| Furniture, Equipment, and Leasehold Improvements, net of Accumulated Depreciation | 117,890 | 128,169 |
| Security Deposits | 1,200 | 1,200 |
| Total Non-Current Assets | 119,090 | 129,369 |
| TOTAL ASSETS | 162,483 | 144,137 |
| | | |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | 13,964 | 24,658 |
| Sales Tax Payable | 6,012 | 3,713 |
| Other Liabilities | 20,634 | 13,054 |
| Total Current Liabilities | 40,610 | 41,424 |
| Long-term Liabilities | | |
| Notes Payable | 36,018 | 46,500 |
| Notes Payable - Relates Parties | 128,706 | 89,143 |
| Total Long-Term Liabilities | 164,724 | 135,643 |
| TOTAL LIABILITIES | 205,334 | 177,068 |
| EQUITY | | |
| Common Stock | 1,000 | 1,000 |
| Additional Paid-In Capital | 10,000 | 10,000 |
| Accumulated Deficit | (53,851) | (43,931) |
| Total Equity | (42,851) | (32,931) |
| TOTAL LIABILITIES AND EQUITY | 162,483 | 144,137 |

**Statement of Operations**

| | Year Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Revenue | 715,584 | 411,791 |
| Cost of Revenue | 515,440 | 328,574 |
| Gross Profit | 200,144 | 83,218 |
| Operating Expenses | | |
| Advertising and Marketing | - | - |
| General and Administrative | 165,645 | 87,751 |
| Rent and Lease | 18,000 | 15,447 |
| Depreciation | 31,272 | 16,262 |
| Total Operating Expenses | 214,917 | 119,460 |
| Operating Income (loss) | (14,773) | (36,243) |
| Other Expense | | |
| Other | 1,084 | 153 |
| Total Other Expense | 1,084 | 153 |
| Provision for Income Tax | - | - |
| Net Income (loss) | (13,689) | (36,090) |

**Statement of Cash Flows**

| | Year Ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| OPERATING ACTIVITIES | | |
| Net Income (Loss) | (13,689) | (36,090) |
| Adjustments to reconcile Net Income to Net Cash provided by operations: | | |
| Depreciation | 31,272 | 16,262 |
| Accounts Payable | (4,903) | 27,555 |
| Sales Tax Payable | 2,299 | 3,713 |
| Inventory | (21,969) | - |
| Other | 5,741 | 3,932 |
| Total Adjustments to reconcile Net Income to Net Cash provided by operations: | 12,440 | 51,462 |
| Net Cash provided by (used in) Operating Activities | (1,249) | 15,373 |
| INVESTING ACTIVITIES | | |
| Equipment | (20,746) | (42,876) |
| Furniture & Fixtures | (247) | (4,397) |
| Leasehold Improvements | - | (13,394) |
| Architecture | - | (1,000) |
| Net Cash provided by (used by) Investing Activities | (20,993) | (61,667) |
| FINANCING ACTIVITIES | | |
| Additional Paid-In Capital | - | 10,000 |
| Debt Issuances | 45,000 | - |
| Notes Payable - Related Party | (5,437) | 947 |
| Notes Payable | (10,482) | (7,500) |
| Net Cash provided by (used in) Financing Activities | 29,081 | 3,447 |
| Cash at the beginning of period | 14,109 | 56,956 |
| Net Cash increase (decrease) for period | 6,839 | (42,847) |
| Cash at end of period | 20,949 | 14,109 |

**Statement of Changes in Shareholder Equity**

| | Common Stock | | | | |
|---|---|---|---|---|---|
| | **# of Shares Amount** | **$ Amount** | **APIC** | **Accumulated Deficit** | **Total Shareholder Equity** |
| Beginning Balance at 1/1/2020 | 1,000,000 | 1,000 | 10,000 | (7,841) | 3,159 |
| Issuance of Common Stock | | - | - | - | - |
| Additional Paid in Capital | - | - | - | - | - |
| Net Income (Loss) | - | | - | (36,090) | (36,090) |
| Ending Balance 12/31/2020 | 1,000,000 | 1,000 | 10,000 | (43,931) | (32,931) |
| Issuance of Common Stock | | - | - | - | - |
| Prior Period Adjustment | - | - | - | 3,769 | 3,769 |
| Net Income (Loss) | - | | - | (13,689) | (13,689) |
| Ending Balance 12/31/2021 | 1,000,000 | 1,000 | 10,000 | (53,851) | (42,851) |

**Kettlebread Franchising Corporation**
**Notes to the Unaudited Financial Statements**
**December 31st, 2021**
**$USD**

## NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Kettlebread Franchising Corporation ("the Company") was formed in Delaware on March 10th, 2022 and became the sole owner of Kettlebread Enterprises Inc. on April 4rth, 2022. Kettlebread Enterprises Inc. runs a moderately priced, fast-casual sandwich shop serving uniquely styled hot sandwiches made with its signature kettle-cooked bread. At the center of Kettlebread's concept are its house-made, from-scratch sandwich buns, which we call Kettlebread and is baked fresh daily using a novel three-day fermentation and baking process.

The Company will conduct a crowdfunding campaign under regulation CF in 2022 to raise operating capital.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Our fiscal year ends on December 31. The Company has no interest in variable interest entities and no predecessor entities. The Company was not organized for the years presented. The financials herein represent the financials of the Company's wholly-owned subsidiary, Kettlebread Enterprises Inc.

Basis of Consolidation

The financials of the Company include its wholly-owned subsidiary, Kettlebread Enterprises Inc.

Use of Estimates and Assumptions

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

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Fair Value of Financial Instruments

ASC 820 "*Fair Value Measurements and Disclosures*" establishes a three-tier fair value hierarchy, which prioritizes the inputs in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

These tiers include:

Level 1: defined as observable inputs such as quoted prices in active markets;
Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
Level 3: defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Concentrations of Credit Risks

The Company's financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents. The Company places its cash and cash equivalents with financial institutions of high credit worthiness. The Company's management plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

Revenue Recognition

The Company recognizes revenue from the sale of products and services in accordance with ASC 606, "Revenue Recognition" following the five steps procedure:

Step 1: Identify the contract(s) with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations
Step 5: Recognize Revenue When or As Performance Obligations Are Satisfied

The Company generates revenues by selling sandwiches to customers. All revenue is recognized at the time of sale.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is provided using the straight-line method, based on useful lives of the assets.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment for December 31, 2021.

A summary of the Company's property and equipment is below.

| Property Type | Useful Life in Years | Cost | Accumulated Depreciation | Disposals | Book Value as of 12/31/21 |
|---|---|---|---|---|---|
| Furniture | 7 | 572 | 222 | - | 350 |
| Leasehold Improvements | 17 | 47,121 | 6,832 | - | 40,289 |
| Machinery & Equipment | 7 | 122,285 | 45,034 | - | 77,251 |
| Grant Total | - | 169,978 | 52,088 | - | 117,890 |

Rent Security Deposit

Rent Security Deposit relates to the required security deposit made in accordance with the a 5-year lease entered into in September of 2019.

Accounts Payable

The Company's payables primarily consist of balances due to various food companies and services and one disposal company. The Company is paying its vendors within a reasonable time after the payable is incurred.

Other Asset

Other Asset related to a prepaid payroll amount.

Advertising Costs

Advertising costs associated with marketing the Company's products and services are generally expensed as costs are incurred.

General and Administrative

General and administrative expenses consist of payroll and related expenses for employees, office supplies, utilities, travel, and other miscellaneous expenses.

Rent and Lease

Rent and Lease costs relate to payments made regarding a 5-year lease entered into in September of 2019.

Depreciation

Depreciation expense was calculated using the straight-line method in depreciating Furniture, Equipment, and Leasehold Improvements.

Equity based compensation

The Company currently does not have any equity-based compensation plan.

Income Taxes

The Company is subject to Corporate income and state income taxes in the state it does business. A deferred tax asset as a result of net operating losses (NOL) has not been recognized due to the uncertainty of future positive taxable income to utilize the NOL. Due to the recently enacted Tax Cuts and Jobs Act, any NOLs will be limited to 80% of taxable income generated in future years.

Recent accounting pronouncements

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

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company follows ASC 850, "Related Party Disclosures," for the identification of related parties and disclosure of related party transactions.

During the year ended December 31st, 2021, the Company had outstanding loans payable in the amount of $69,928 and $13,778 for funds from the director/shareholder and CEO, respectively, for the initial build out prior to opening in 2019. The amounts are due at the CEO's discretion and accrue simple interest of 7% starting in fiscal year 2022.

The Company had an outstanding loan payable in the amount of $45,000 for funds provided in 2021 from the CEO's mother. The amount is due at the CEO's discretion and accrues simple interest of 7% starting in fiscal year 2022.

**NOTE 4 – CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS**

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations.

**NOTE 5 – DEBT**

See Note 3 for related party loans.

The Company has outstanding a loan payable $36,018.02 due to a credit union. The interest rate on the loan is 3.75% with a maturity date of December of 2024.

| Debt Principal Maturities<br>5 Years Subsequent to 2021 | |
|---|---|
| **Year** | **Amount** |
| 2022 | 139,691 |
| 2023 | 11,403 |
| 2024 | 13,630 |
| 2025 | - |
| 2026 | - |
| Thereafter | - |

**NOTE 6 – EQUITY**

See Note 7 for equity information related to the Company and their wholly-owned subsidiary.

**NOTE 7 – SUBSEQUENT EVENTS**

The Company has evaluated events subsequent to December 31, 2020 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through April 25, 2022, the date these financial statements were available to be issued.

The Company was formed in Delaware on March 10th, 2022 and became the sole owner of Kettlebread Enterprises Inc., on April 4th, 2022. As of March 10th, 2022, the Company had 10,000,000 of common shares with a par value of $0.0001 per share with 9,000,000 shares issued and outstanding as of the date of these financials.

Common stockholders are entitled to one vote and can receive dividends at the discretion of the boards of directors.

**NOTE 8 – GOING CONCERN**

The accompanying balance sheet has 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 entity has commenced principal operations and realized losses every year since inception and may continue to generate losses.

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 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.

## NOTE 9 – RISKS AND UNCERTAINTIES

### *COVID-19*

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

**EXHIBIT C TO FORM C**

**PROFILE SCREENSHOTS**

*[See attached]*

**EXHIBIT D TO FORM C**

**VIDEO TRANSCRIPT**

This steak was butchered in-house.

This produce was grown locally and cut by hand.

And this bread?

THIS. IS. KETTLEBREAD.

The chewiest... the most flavorful one-of-a-kind bread civilized world has ever known.

That's because Kettlebread is a unique hybrid of two bakery favorites... flavorful sourdough and chewy ciabatta, and we make it fresh, every day, using our special patent-pending process that takes DAYS to make, not hours. And like sourdough, a portion of every batch of our special Kettlebread dough is kept and added to the next batch. Not only does this carry forward the rich depth of flavor Kettlebread has become known for, but with every mouthwatering bite of Kettlebread, you literally bite into every ancestral batch that came before it... all the way back to what we call the Genesis Batch dating back years!

But the best part? This incredible food is made fresh, by hand, from scratch, every day.

Kettlebread Deli Restaurant is the modest little sandwich shop with a bold steakhouse attitude.

Our mission: to become the first national fast-casual specialty sandwich chain, where everything is so fresh, that the menu and ingredients feel more like fine dining than fast food.

Like USDA Choice New York Strip steak butchered in-house. Or sliders made with our own custom blend of brisket, sirloin, and chuck. Or hand-cut farm-to-table produce.

And there's a reason this is so important.

According to the National Restaurant Association, the growth of fast-casual dining has outshined both full-service and fast food since the early 2000s. And as we emerge from the pandemic, experts agree that fast-casual dining is positioned for even more significant growth. With a market valued at 125 billion dollars in 2019, fast-casual dining is expected to reach over 209 billion by 2027, with a staggering compound annual growth rate of 10.6%. And guess what leads this leading segment?

That's right. Sandwiches and burgers! And according to a report by Allied Market Research, sandwiches are expected to retain their dominance throughout this growth period.

That's the opportunity Kettlebread intends to capture. We believe there's a remarkable opportunity in the fast-casual dining space for an exciting new craveable lunch alternative to meet this rapidly expanding national appetite for high-quality dining to go. And we're already on our way!

Kettlebread opened its pilot store in May of 2020. Since then, we've served over 100,000

specialty sandwiches alone to tens of thousands of customers. And doing that, we've generated over one and a quarter-million dollars in sales, despite the pandemic.

Oh… and that was without spending a dime on advertising. Not one penny.

Word of mouth and free social media alone has made Kettlebread a Western Mass favorite with over 8000 card-carrying loyalty program members, thousands of followers on social media, and hundreds more signing up every month.

Just check out the reviews!

Hundreds of online reviews have Kettlebread with a 4.7 stars rating on Yelp, 4.8 on Goggle, and a whopping 4.9 on Facebook.

We believe Kettlebread is ready to take the next step and plan to open brick & mortar and cloud kitchens throughout Western Mass as well as franchising beyond New England and across the country.

And we've got just the team to do it!

Kettlebread was founded and is led by award-winning industry experts, celebrated restaurant veterans, and organizational development pros who know how to build a company.

With your help, Kettlebread is ready to grow.

We'll be using the funds we raise on StartEngine to fuel our plans for expansion, build a team of franchising professionals, and spread the word about Kettlebread.

And… who knows… maybe we'll even advertise a little… Just to say we did.

So, if you want to be part of one of the fastest-growing segments in the restaurant industry while introducing our suspiciously awesome food across the country, invest in Kettlebread on the StartEngine platform today.

Until then… stay awesome.

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 5.5-13% (five and one-half to thirteen) 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.

- As compensation for the services provided by StartEngine Capital, investors are also required to pay StartEngine Capital a fee consisting of a 0-3.5% (zero to three and a half percent) service fee based on the dollar amount of securities purchased in each investment.

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 canceled 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, 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 the 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
$5M 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 canceled 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: There are no investment limits for investing in crowdfunding offerings for accredited investors. Non-accredited 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 either $2,200 or 5% of their annual income or net worth, whichever is greater. 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 greater, but their investments cannot exceed $107,000.