



**KITCHENERY INC.**  
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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## *Belle Business Services*

*Certified Public Accountants*

### **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Kitchenery Inc.  
Tampa, Florida

We have reviewed the accompanying financial statements of Kitchenery Inc., which comprise the balance sheet as of December 31, 2022, and the related statement of income, statement of equity and statement of cash flows for the year 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 taken 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

#### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the 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. We are required to be independent of Kitchenery Inc. and to meet our ethical responsibilities, in accordance with relevant ethical requirements related to our review.

#### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modification 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***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6, certain conditions raise an uncertainty about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

*Belle Business Services, LLC*

Belle Business Services, LLC

April 17, 2023

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**KITCHENERY INC.  
BALANCE SHEET  
DECEMBER 31, 2022  
(unaudited)**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	<u>\$ 41,222</u>
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TOTAL CURRENT ASSETS	<u>41,222</u>
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**OTHER ASSETS**

Intangible assets	<u>4,494</u>
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<b>TOTAL ASSETS</b>	<b><u><u>\$ 45,716</u></u></b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Accounts payable	<u>\$ 5,138</u>
Due to related party	<u>36,055</u>

TOTAL CURRENT LIABILITIES	<u>41,193</u>
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**LONG-TERM LIABILITIES**

Convertible note	<u>104,329</u>
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TOTAL LONG-TERM LIABILITIES	<u>104,329</u>
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<b>TOTAL LIABILITIES</b>	<b><u>145,522</u></b>
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**SHAREHOLDERS' EQUITY**

Common stock, see note 5	80
Additional paid-in capital	-
Convertible equity	20,000
Accumulated deficit	<u>(119,886)</u>

TOTAL SHAREHOLDERS' EQUITY	<u>(99,806)</u>
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<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u><u>\$ 45,716</u></u></b>
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See independent accountant's review report and accompanying notes to financial statements.

**KITCHENERY INC.**  
**STATEMENT OF INCOME**  
**DECEMBER 31, 2022**  
(unaudited)

<b>REVENUES</b>		\$	-
<b>COST OF GOODS SOLD</b>			-
			<hr/>
<b>GROSS PROFIT</b>			-
<b>OPERATING EXPENSES</b>			
General and administrative			37,625
Legal and professional			4,259
Research and development costs			34,109
Sales and marketing			8,008
<b>TOTAL OPERATING EXPENSES</b>			<hr/> 84,001
<b>NET OPERATING INCOME/(LOSS)</b>			<hr/> (84,001)
<b>OTHER EXPENSES</b>			
Interest expense			(4,329)
			<hr/>
<b>TOTAL OTHER EXPENSES</b>			<hr/> (4,329)
<b>NET LOSS</b>		\$	<hr/> <hr/> (88,330)

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

**KITCHENERY INC.**  
**STATEMENT OF EQUITY**  
**DECEMBER 31, 2022**  
(unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Convertible Equity</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
<b>BEGINNING BALANCE, JANUARY 1, 2022</b>	8,000,000	\$ 80	\$ -	\$ -	\$ (31,556)	\$ (31,476)
Issuance of common stock	-	-	-	-	-	\$ -
Issuance of convertible equity	-	-	-	20,000	-	\$ 20,000
Net loss	-	-	-	-	(88,330)	\$ (88,330)
<b>ENDING BALANCE, DECEMBER 31, 2022</b>	<b>8,000,000</b>	<b>\$ 80</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ (119,886)</b>	<b>\$ (99,806)</b>

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

**KITCHENERY INC.**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2022**  
(unaudited)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss	\$ (88,330)
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization and depreciation expense	160
Increase (decrease) in liabilities:	
Accounts payable	4,688
Accrued interest on convertible notes	4,329
	(79,153)

**CASH USED FOR OPERATING ACTIVITIES** (79,153)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash used for intangible assets	(4,654)
	(4,654)

**CASH USED FOR INVESTING ACTIVITIES** (4,654)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Issuance of convertible notes	100,000
Cash provided by related party	3,062
Issuance of convertible equity	20,000
	123,062

**CASH PROVIDED BY FINANCING ACTIVITIES** 123,062

**NET INCREASE IN CASH** 39,255

**CASH AT BEGINNING OF YEAR** 1,967

**CASH AT END OF YEAR** \$ 41,222

**CASH PAID DURING THE YEAR FOR:**

**INTEREST** \$ -

**INCOME TAXES** \$ -

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

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
(unaudited)

**1. Summary of Significant Accounting Policies**

***The Company***

Kitchenery Inc. (the “Company”) was incorporated in the State of Delaware on November 22, 2021. The Company is a developer wireless power transfer technologies designed to make kitchen appliances safe, smart and convenient. The Company's technologies offer flexibility to use kitchen space as needed, allow for appliance usage, food preparation, induction cooking and cleaning on the same surface, cookware to be programmed via a smartphone application to control features like temperature and time, and reduce the risk of electrical shock, kitchen fires and other kitchen accidents, enabling users to experience the cordless kitchen difference with minimum power loss, high transfer efficiencies and low energy bills.

Kitchenery's proven and provisional patented technology enables small kitchen appliances like blenders, toasters, air fryers, kettles, etc. The company is venture backed by global and prestigious accelerator partners like Techstars and multi-national corporations like Stanley Black and Decker.

The Company is on a path to revenue generation via its “reserve now” portal on its website, where they plan to acquire customers via its D2C E-commerce strategy.

***Going Concern***

Since Inception, the Company has relied on funds from related parties and convertible notes issued to fund its operations. As of December 31, 2022, the Company will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company's ability to continue as a going concern. As of December 31, 2022, the Company is still mostly in the developmental process, with very limited revenue. The Company's ability to continue as a going concern is dependent on the Company's ability to raise short-term capital, as well as the Company's ability to generate funds through revenue producing activities.

***Fiscal Year***

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

***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP) requires the use of management's estimates. In the opinion of management, all adjustments considered necessary for the fair presentation of the financial statements for the year presented have been included.

***Use of Estimates***

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

***Cash and Cash Equivalents***

The Company considers all highly liquid financial instruments purchased with maturities of three months or less to be cash equivalents. As of December 31, 2022, the Company held no cash equivalents.

*See independent accountant's review report.*

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***Risks and Uncertainties***

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

***Accounts Receivable***

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

The Company evaluates the collectability of accounts receivable on a customer-by-customer basis. The Company records a reserve for bad debts against amounts due to reduce the net recognized receivable to an amount the Company believes will be reasonably collected. The reserve is a discretionary amount determined from the analysis of the aging of the accounts receivables, historical experience and knowledge of specific customers. As of December 31, 2022, the Company had no accounts receivable.

***Intangible Assets***

The Company accounts for intangible assets (including trademarks and website) in accordance with ASC 350 "Intangibles-Goodwill and Other" ("ASC 350"). ASC 350 requires that goodwill and other intangibles with indefinite lives be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value. In addition, ASC 350 requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units; assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions or the occurrence of one or more confirming events in future periods could cause the actual results or outcomes to materially differ from such estimates and could also affect the determination of fair value and/or goodwill impairment at future reporting dates.

The Company amortizes the cost of our intangible assets over the 15-year estimated useful life on a straight-line basis. Amortization expense amounted to \$160 for the year ended December 31, 2022.

***Income Taxes***

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

*See independent accountant's review report.*

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***Income Taxes (continued)***

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses since inception. Net operating losses will be carried forward to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements but has fully reserved it. Under current law, net operating losses may be carried forward indefinitely.

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

***Fair Value of Financial Instruments***

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

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

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

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

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of Inception. Fair values were assumed to approximate carrying values because of their short term in nature or they are payable on demand.

***Concentrations of Credit Risk***

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

*See independent accountant's review report.*

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***Revenue Recognition***

The Company adopted Accounting Standards Codification 606, Revenue from Contracts with Customers ("ASC 606"). Revenue is recognized when performance obligations under the terms of the contracts with our customers are satisfied. The Company will generate revenue through wireless power transfer kitchen appliances. The Company's payments will generally be collected upfront. For the year ending December 31, 2022, the Company recognized nil in revenue.

***Research and Development***

In compliance with ASC 730-10-25, all research and development costs are expensed as incurred. As of December 31, 2021, the Company expensed a total of \$34,109.

***Advertising Expenses***

The Company expenses advertising costs as they are incurred.

***Organizational Costs***

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

***New Accounting Pronouncements***

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

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

In August 2020, the FASB issued ASU 2020 – 06, *Debt, Debt with conversion and other options (Subtopic 470-20) and derivatives and hedging – contracts in an entity's own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity's own equity)*. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The adoption of ASU 2020-06 had no material impact on the Company's financial statements and related disclosures.

In August 2018, amendments to existing accounting guidance were issued through Accounting Standards Update 2018-15 to clarify the accounting for implementation costs for cloud computing arrangements. The amendments specify that existing guidance for capitalizing implementation

*See independent accountant's review report.*

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(unaudited)**

**1. Summary of Significant Accounting Policies (continued)**

***New Accounting Pronouncements (continued)***

costs incurred to develop or obtain internal-use software also applies to implementation costs incurred in a hosting arrangement that is a service contract. The guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021, and early application is permitted. The adoption of ASU 2018-15 had no material impact on the Company's financial statements and related disclosures.

**2. Commitments and Contingencies**

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

**3. Due to Related Party**

Since inception, the majority shareholder of the Company has provided funds to the company for \$36,055. The payable carries no interest, minimum monthly payment or maturity date. Due to management's uncertainty on the payback date, they have elected to classify it as a current liability.

**4. Convertible Note**

During 2022, the Company issued one convertible promissory note for \$100,000. The note carries 5% per annum interest rate, 80% discount rate, \$3,000,000 valuation cap, and a \$250,000 qualified financing threshold. The note matures in February 2024. The convertible promissory note is unsecured and is convertible into shares of the Company's capital stock upon a subsequent qualified financing event of at least \$250,000, sale of the company or at the maturity date.

In the event of a qualified financing event the notes and accrued interest will automatically convert into a price per share equal to the lesser of (i) 80% of the price per share paid by the other purchasers of the capital stock sold in the qualified financing or (ii) equal to the quotient of the Valuation Cap divided by the total number of outstanding shares of the Company immediately prior to the Qualified Financing calculated on a Fully Diluted Basis.

In the event that a Qualified Financing is not consummated prior to the Maturity Date, then, at the written election of the Holder at any time on or after the Maturity Date (such date, the "Election Date"), effective no later than five days after the Election Date, the outstanding Principal Amount and any unpaid accrued interest under this Note shall be converted into shares of the Company's preferred stock (or common stock if the Company has not authorized a class of preferred stock) at a conversion price equal to the quotient of the Valuation Cap divided by the aggregate number of outstanding shares of the Company as of the Election Date calculated on a Fully Diluted Basis.

**5. Equity**

***Common Stock***

Under the Company's articles of incorporation, the total number of shares of common stock that the Corporation has authority to issue is 10,000,000 shares, at \$0.00001 par value per share. As of December 31, 2022, 8,000,000 shares have been issued and are outstanding.

*See independent accountant's review report.*

**KITCHENERY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**  
**(unaudited)**

**5. Equity (continued)**

***Equity Agreement***

During 2022, the Company issued a fixed percentage convertible equity agreement in exchange for \$20,000 cash. The agreement authorizes the issuance of 6% equity in the Company upon a Qualified Financing threshold of \$250,000.

***Equity Incentive***

The Company's 2022 Equity Plan (the Plan), which is shareholder approved, permits the grant of share options and shares to its employees, advisors and subcontractors for up to 510,638 shares of common stock. The Company believes that such awards better align the interests of its employees, advisors and subcontractors with those of its shareholders. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those option awards generally vest based on four years of continuous service and have 10-year contractual terms. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the Plan. As of December 31, 2022, no shares have been issued under the Plan.

**6. Going Concern**

These financial statements are prepared on a going concern basis. The Company was incorporated on November 22, 2021 and has established a presence and operations in the United States. The Company's ability to continue is dependent upon management's plan to raise additional funds and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

**7. Subsequent Events**

***Crowdfunding Offering***

The Company is offering (the "Crowdfunded Offering") up to \$1,235,000 in Simple Agreements for Future Equity (SAFEs). The Company is attempting to raise a minimum amount of \$50,000 in this offering and up to \$1,235,000 maximum. The Company must receive commitments from investors totaling the minimum amount by the offering deadline listed in the Form C, as amended in order to receive any funds.

The Crowdfunded Offering is being made through Wefunder Portal, LLC and its wholly owned subsidiaries (the "Intermediary" aka "Wefunder"). The Intermediary will be entitled to receive a commission fee, as indicated in their filed Form C.

As of April 17, 2023, the Company currently has non-binding investments of \$113,143 from 72 investors.

***Equity Incentive Plan Issuance***

During 2023, the Company granted a total of 247,423 shares of common stock to an employee at a purchase price of \$0.00001 per share. The shares vest over four years and have a 13-month cliff date.

***Managements Evaluation***

The Company has evaluated subsequent events through April 17, 2023, the date through which the financial statements were available to be issued. It has been determined that no events require additional disclosure.

*See independent accountant's review report.*