

# ONE ROQ Spirits LLC



## ANNUAL REPORT - 2018

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Buffalo, NY 14201  
[www.oneroqclub.com](http://www.oneroqclub.com)

This Annual Report is dated April 25, 2019.

### BUSINESS

ONE ROQ Spirits is the owner and maker of ONE ROQ Vodka - an internationally award-winning, luxury lifestyle vodka brand, featuring a decentralized (member-owned) business model

#### Previous Offerings

Between October 16, 2018 and December 17, 2018, we sold 168,071 shares of common stock in exchange for \$ .20 per share and between December 18, 2018 and December 31, 2018, we sold 205,710 shares of common stock in exchange for \$ .20 per share, under Regulation Crowdfunding.

## REGULATORY INFORMATION

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

From 2017 to 2018, the Company's Founder directed all focus on the successful preparation and launch of the Company's Regulation CF Offering as part of its plan to commercialize a new and differentiated business model, ONE ROQ Vodka Club.

These activities included the research of all new applicable securities and beverage alcohol laws; the production of new inventory; the conception and development of marketing assets such as the Company's website, ONEROQClub.com and cultural ad campaign "Own Your Spirit;" and minimum general operating expenses including warehousing and office leases. Notably, the Founder/Manager personally reinvested for the necessary preparations.

ONE ROQ Spirits LLC which operates in the distilled spirits market vertical, as premium distiller and supplier of ONE ROQ Vodka, actively restarted operation in Q3 2018 after almost two years of dormancy. The Company's re-emergence into the market is the result of a new business and marketing strategy emphasizing consumer participation in the brand's ownership, marketing and development including the benefits associated with membership in the exclusive ONE ROQ Club which offers events and benefits to members. The ONE ROQ Club program also allows members to purchase ONE ROQ products online for convenient delivery at exclusive member pricing through an approved 3<sup>rd</sup> party as required by the 3-Tier System.

### Operating Results – 2018 Compared to 2017

	<u>12/31/2018</u>	<u>12/31/2017</u>
<b>Total Assets*</b>	\$72,911	\$61,662
<b>Cash &amp; Cash Equivalents*</b>	\$28,549	\$183
<b>Accounts Receivable*</b>	-	-
<b>Short-term Debt*</b>	\$226,489	\$211,446
<b>Long-term Debt*</b>	\$14,581	-
<b>Revenues / Sales*</b>	\$9,992	\$25,418
<b>Costs of Goods Sold*</b>	\$15,982	\$19,703
<b>Taxes Paid*</b>	-	-
<b>Net Income*</b>	-\$84,046	-\$55,748

Sales in both 2017 and 2018 were generated by a single wholesale-distributor the Company chose to maintain in its local market resulting from its original test launch period. Both years sales from this customer were organic in nature and not driven by any direct marketing or advertising investments. In addition, the Company does not consider the 2017 – 2018 delta in sales to be of material importance in light of the fact it had been focusing its efforts solely into redevelopment of its business model for the intended re-launch into the National market.

Sales volume was \$9,992 which primarily represents sales generated in Q4 2018 after the company's re-start and as result was down from \$25,418 as reported for 2017. Cost of goods sold for 2018 was \$15,982 which was up from \$19,703 in 2017. The increase in cost of goods sold is attributed to a onetime inventory adjustment for obsolescence and damaged products unavailable for sale to consumers. During 2018 ONE ROQ produced 0 units and sold 138 cases as compared to 915 cases produced and 224 units sold in 2017.

Operating expenses were \$70,475 during 2018, compared to \$54,695 in 2017. As part of ONE ROQ's strategy to aggressively pursue consumers in the online web market, the company increased advertising and marketing in this area by approximately \$25,000 from \$7,995 in 2017 to \$33,064 in 2018. Legal and professional costs associated with ONE ROQ's crowdfunding campaign resulted in legal and professional costs increasing from \$7,204 in 2017 to \$11,881 in 2018. All other operating expenditures were either in alignment with prior year spending or decreased as described below:

#### Operating Expenses

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>% Chg</u>
Advertising and marketing	\$ 33,064	\$ 7,995	\$ 25,069	313.6%
Property rent	17,732	19,240	(1,508)	-7.8%
Legal and professional	11,881	7,204	4,677	64.9%
Information technology	4,125	10,481	(6,356)	-60.6%
Travel and entertainment	2,993	5,058	(2,065)	-40.8%
Vehicle expenses	53	1,365	(1,312)	-96.1%
Depreciation and amortization	33	2,466	(2,433)	-98.7%
Other operating expenses	594	886	(292)	-33.0%
Total operating expenses	\$ 70,475	\$ 54,695	\$ 15,780	28.9%

#### **Liquidity and Capital Resources**

At December 31, 2018, the Company had cash of \$ 28,549. [*The Company intends to raise additional funds through an equity financing.*]

#### **Inventories**

Inventories are valued at the lower of cost or market value and were valued at \$43,705 and \$60,889 at December 31, 2018 and 2017, respectively.

## Debt

	<u>2018</u>	<u>2017</u>
Short-term Debt*	\$226,489	\$211,446
Long-term Debt*	\$14,581	-
<b>Total Debt</b>	<u>\$241,070</u>	<u>\$211,446</u>

One Roq has several unsecured term notes payable to an individual third-party lender in the amount of \$146,502 at December 31, 2018 and 2017. The notes accrue interest at 5.0% per annum and accrued interest was on the Company's debt as reflected on its balance sheet was \$10,243 and \$5,162 at December 31, 2018 and 2017, respectively. Other short-term debt includes trade accounts payable of \$69,744 and \$59,782 at December 31, 2018 and 2017.

Long-term debt is comprised of amounts paid on behalf of the company by the Company's majority member as further disclosed below.

## **DIRECTORS, EXECUTIVE OFFICERS AND SIGNIFICANT EMPLOYEES**

Our directors and executive officers as of the date hereof, are as follows:

### Management Team

Garrett Green – Founder & CEO  
Heath Hettig – Technology Management  
Robert Dimmer, Communications  
David Bonk – Finance

### Contingent Advisory Team

Ken Sutter – Finance  
Paul Beggan – Sales & Operations  
Veronica-Camaraza-Marketing  
Todd Graham – Marketing

## **PRINCIPAL SECURITY HOLDERS**

Set forth below is information regarding the beneficial ownership of our Common Stock, our only outstanding class of capital stock, as of December 31, 2018, by (i) each person whom we know owned, beneficially, more than 10% of the outstanding shares of our Common Stock, and (ii) all of the current officers and directors as a group. We believe that, except as noted below, each named beneficial owner has sole voting and investment power with respect to the shares listed. Unless otherwise indicated herein, beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to shares beneficially owned.

<b>Title of class</b>	<b>Name and address of beneficial owner</b>	<b>Amount and nature of Beneficial ownership</b>	<b>Amount and nature of beneficial ownership acquirable</b>	<b>Percent of class</b>
Common Stock	J. Garrett Green 430 Virginia St. Buffalo, NY 14201	48,950,000 shares	0	90.0%

### **RELATED PARTY TRANSACTIONS**

*Notes Payable* – At December 31, 2018, the Company had a note payable to Mr. J. Garrett Green in the amount of \$14,581. The note had no formal repayment terms or stated interest rate.

*Lease* - The Company rent its office space on a month-to-month basis from a member. During the years ended December 31, 2018 and 2017, the Company was charged \$15,000 in related party rent expense.

*Guarantee* - A related party personally guarantees certain trade accounts payable.

### **OUR SECURITIES**

Our authorized capital stock consists of 54,300,000 shares of common stock, par value \$0.20 per share. As of December 31, 2018, 49,323,781 shares of common stock are outstanding. The following is a summary of the rights of our capital stock as provided in our certificate of incorporation and bylaws.

#### **What it means to be a minority holder**

As a minority holder you will have limited ability, if at all, to influence our policies or any other corporate matter, including the election of directors, changes to our company’s governance documents,

additional issuances of securities, company repurchases of securities, a sale of the company or of assets of the company or transactions with related parties.

However, from time to time, the Company may cast votes or opinions from its Members with regards to select initiatives the Company feels may benefit. For example: new product concepts, packaging design concepts, ad campaigns concepts, and new or modified Club concepts. The Company reserves the right to control the nature of such castings as deems valuable and necessary.

## **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 decrease, even though the value of the company may increase. 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 or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible notes, preferred shares or warrants) into stock. If we decide 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 we offer dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors most occurs when the company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings.

If you are making an investment expecting to own a certain percentage of the company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

## **RESTRICTIONS ON TRANSFER**

The common stock sold in the Regulation CF offering, may not be transferred by any purchaser, for a period of one-year beginning when the securities were issued, unless such securities are transferred:

- (1) to the Company;
- (2) to an accredited investor;
- (3) as part of an offering registered with the SEC; or
- (4) 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.

### **SIGNATURES**

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100-503), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned, on May 31, 2018.

#### **ONE ROQ Spirits LLC**

By

/s/



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Name: J. Garrett Green

Title: Chief Executive Officer

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Exhibit A

**FINANCIAL STATEMENTS**

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## CERTIFICATION

I, J. Garrett Green, Principal Executive Officer of ONE ROQ Spirits LLC, hereby certify that the financial statements of ONE ROQ Spirits LLC included in this Report are true and complete in all material respects.



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Principal Executive Officer