



**APPALACHIAN MOUNTAIN BREWERY, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDING DECEMBER 31, 2017 AND YEAR ENDED DECEMBER 31, 2016**

**(Unaudited)**

**APPALACHIAN MOUNTAIN BREWERY, INC.**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF DECEMBER 31, 2017 AND DECEMBER 31, 2016**

| <b>ASSETS</b>   | <u><b>December 31, 2017</b></u> | <u><b>December 31, 2016</b></u> |
|---|---------------------------------|---------------------------------|
| <b>Current Assets</b>   |                                 |                                 |
| Cash and cash equivalents   | \$ 884,265                      | \$ 601,879                      |
| Inventory   | 609,382                         | 349,614                         |
| Accounts receivable   | 709,920                         | 128,941                         |
| Other current assets  | 21,000                          | 21,000                          |
| <b>Total Current Assets</b>   | <u>2,224,567</u>                | <u>1,101,434</u>                |
| <b>Property and Equipment</b>   |                                 |                                 |
| Furniture, fixtures, and equipment  | 1,097,756                       | 1,097,756                       |
| Leasehold Improvements  | 449,965                         | 449,965                         |
| Less accumulated depreciation   | (1,015,675)                     | (882,258)                       |
| <b>Net property and equipment</b>   | <u>532,046</u>                  | <u>665,463</u>                  |
| <b>Total Assets</b>   | <u><b>2,756,613</b></u>         | <u><b>1,766,897</b></u>         |
| <b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>   |                                 |                                 |
| <b>Current Liabilities</b>  |                                 |                                 |
| Accounts payable  | 832,009                         | 217,221                         |
| Accrued interest  | 105,117                         | 64,092                          |
| Accrued payroll   | 231,563                         | 46,492                          |
| Current portion of note payable   | 35,539                          | 35,697                          |
| Other current liabilities   | 165,994                         | 95,597                          |
| <b>Total Current Liabilities</b>  | <u>1,370,222</u>                | <u>459,099</u>                  |
| <b>Long Term Liabilities</b>  |                                 |                                 |
| Notes payable   | 1,400,000                       | 1,400,000                       |
| Note Payable- related party   | 641,127                         | 655,770                         |
| <b>Total Long Term Liabilities</b>  | <u>2,041,127</u>                | <u>2,055,770</u>                |
| <b>Total Liabilities</b>  | <u>3,411,349</u>                | <u>2,514,869</u>                |
| <b>Stockholders' Equity</b>   |                                 |                                 |
| Preferred series A stock (\$.001 par value, 10,000,001 shares authorized; 9,999,991 and 9,999,991 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively) | 10,000                          | 10,000                          |
| Preferred series B stock (\$.001 par value, 60,000,000 shares authorized; 8,125,724 and 8,125,724 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively) | 8,126                           | 8,126                           |
| Common stock (\$.001 par value, 130,000,000 shares authorized; 8,038,115 and 8,038,115 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively)            | 8,038                           | 8,038                           |
| Additional paid-in-capital  | 380,472                         | 380,472                         |
| <b>Accumulated deficits</b>   | (1,061,372)                     | (1,154,608)                     |
| Total Stockholders' Equity  | (654,736)                       | (747,972)                       |
| <b>Total Liabilities and Stockholders' Equity</b>   | <u><b>\$ 2,756,613</b></u>      | <u><b>\$ 1,766,897</b></u>      |

**APPALACHIAN MOUNTAIN BREWERY, INC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017 AND YEAR ENDED DECEMBER 31, 2016**

|                                      | <u>December 31, 2017</u> | <u>December 31, 2016</u>   |
|--------------------------------------|--------------------------|----------------------------|
| <b>Net revenue</b>                   | \$ 3,971,951             | \$ 3,265,526               |
| <b>Cost of sales</b>                 | 2,728,129                | 2,354,304                  |
| <b>Gross profit</b>                  | <u>1,243,822</u>         | <u>911,222</u>             |
| <b>Operating expenses</b>            |                          |                            |
| General expenses                     | 501,011                  | 457,291                    |
| Labor expense                        | 425,991                  | 488,057                    |
| Lease expense                        | 132,153                  | 160,264                    |
| Depreciation expense                 | 8,406                    | 3,980                      |
| Utility expense                      | 8,027                    | 6,129                      |
| <b>Total operating expenses</b>      | <u>1,075,588</u>         | <u>1,115,721</u>           |
| <b>Income (Loss) from operations</b> | <u>168,234</u>           | <u>(204,499)</u>           |
| <b>Other Expenses</b>                |                          |                            |
| Interest Expense                     | 74,998                   | 112,148                    |
| <b>Total other expenses</b>          | <u>74,998</u>            | <u>112,148</u>             |
| Profit (Loss) before income tax      | 93,236                   | (316,647)                  |
| Provision for Income tax             | -                        | -                          |
| <b>Net loss</b>                      | <u><u>\$ 93,236</u></u>  | <u><u>\$ (316,647)</u></u> |

**APPALACHIAN MOUNTAIN BREWERY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED DECEMBER 31, 2017 AND THE YEAR ENDED DECEMBER 31, 2016**

|   | <u>December 31, 2017</u> | <u>December 31, 2016</u> |
|---|--------------------------|--------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                |                          |                          |
| Net Income (loss)   | \$ 93,236                | \$ (316,647)             |
| Accounts receivable   | (581,039)                | (128,941)                |
| (Increase) / Decrease in Inventory                                | (340,272)                | (299,714)                |
| Depreciation  | 133,416                  | 404,330                  |
| Increase / (Decrease) in accounts payable                         | 991,688                  | 235,118                  |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                      | <u>297,029</u>           | <u>(105,854)</u>         |
| <br><b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>           |                          |                          |
| Purchases of fixed assets and leashold improvements               | -                        | (84,535)                 |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                      | <u>-</u>                 | <u>(84,535)</u>          |
| <br><b><u>PROCEEDS FROM NOTES PAYABLE</u></b>                     |                          |                          |
| Notes payable   | (988)                    | 609,603                  |
| Repayment of note related-party                                   | (13,655)                 | (12,735)                 |
| <b>NET CASH FROM FINANCING</b>                                    | <u>(14,643)</u>          | <u>596,868</u>           |
| <br><b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> | 282,386                  | 406,479                  |
| <br>CASH AND CASH EQUIVALENTS BEGINNING OF THE PERIOD             | 601,879                  | 195,400                  |
| <br><b>END OF THE PERIOD</b>                                      | <u><u>\$ 884,265</u></u> | <u><u>\$ 601,879</u></u> |