

One Roq Spirits LLC



ANNUAL REPORT - 2019

430 Virginia St. – Ste 401

Buffalo, NY 14201

www.oneroqclub.com

This Annual Report is dated May 7, 2020.

BUSINESS

ONE ROQ Spirits is the maker of ONE ROQ Vodka (ONEROQClub.com), a next-generation lifestyle adult beverage brand, concierge, and membership community leveraging technology, law, and brand strategy to build the next success story within the expanding global, beverage alcohol market.

According to the Distilled Spirits Council of the U.S. (DISCUS), the national trade association representing leading producers and marketers of distilled spirits, sales in the U.S. were up 5.3% in 2019, increasing by \$1.5 billion, to a new record of \$29 billion.

Previous Offerings

Between October 16, 2018 and December 17, 2018, we sold 168,071 shares of common stock in exchange for \$.20 per share, between December 18, 2018 and December 31, 2018, we sold 373,781 shares of common stock in exchange for \$.20 per share, and between January 1, 2019 and December 31, 2019, we sold 3,349,656 shares of common 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 2018 through December 31, 2019, 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 3rd party as required by the 3-Tier System.

Operating Results – 2019 Compared to 2018

	<u>12/31/2019</u>	<u>12/31/2018</u>
Total Assets*	\$ 148,023	\$ 72,911
Cash & Cash Equivalents*	64,455	28,549
Accounts Receivable*	0	0
Short-term Debt*	219,091	226,489
Long-term Debt*	14,181	14,581
Revenues / Sales*	16,441	9,992

Costs of Goods Sold*	17,401	15,982
Taxes Paid*	0	0
Net Income*	\$ (415,180)	\$ (84,046)

Sales in 2018 were generated by a single wholesale-distributor the Company chose to maintain in its local market resulting from its original test launch period. In 2019, the Company began testing its new e-commerce and retail marketing platforms in California. 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 2018 – 2019 variance 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.

ONE ROQ Vodka Sales were \$14,321 during 2019 up from \$9,992 as reported for 2018. Cost of goods sold for 2019 was \$17,401 which was up slightly from \$15,982 in 2018 and reflective of sales volume increases. In addition, One ROQ expensed \$27,984 in one-time product promotional and supply costs. During 2019 ONE ROQ produced 1,422 units and sold 316 cases as compared to 0 units produced and 23 cases sold in 2018. Company management believes sales during 2019 and 2018 are consistent with management’s strategic scaling of the Company’s operations during this period as focus for the Company was on development of its technology/business model, team building, and capital raise.

Operating expenses were \$414,220 during 2019, compared to \$70,475 in 2018. 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 \$241,906 from \$33,064 in 2018 to \$274,970 in 2019. Legal and professional costs associated with ONE ROQ’s crowdfunding campaign resulted in legal and professional costs increasing from \$11,881 in 2018 to \$18,540 in 2019. Information technology represents the Company’s infrastructure required to support its growing customer and investor base. As a result, expenditures in this category increased by 625% to \$29,953 in 2019 from \$4,125 in the prior year. Travel and Entertainment expenses grew to \$24,913 from \$2,993 in 2018 as promotional events, development of distribution channels and customer relationship building required additional travel nationwide. All other operating expenditures grew proportionately to support essential organizational growth as described below:

OPERATING EXPENSES

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Chg</u>
Advertising and marketing	\$ 274,970	\$ 33,064	\$ 241,906	732%
Property rent	22,796	17,732	5,064	29%
Legal and professional	18,540	11,881	6,659	56%
Information technology	29,913	4,125	25,788	625%
Travel and entertainment	24,953	2,993	21,960	734%
Vehicle expenses	1,586	53	1,533	2892%
Depreciation and amortization	55	33	22	67%
Other operating expenses	41,407	594	40,813	6871%
Total operating expenses	\$ 414,221	\$ 70,475	\$ 343,746	488%
	(414,220)			

Liquidity and Capital Resources

At December 31, 2019, the Company had cash of \$ 64,455. *[The Company continues to raise additional funds through successful equity crowd funding campaigns.]*

Inventories

Inventories are valued at the lower of cost or market value and were valued at \$82,966 and \$43,705 at December 31, 2019 and 2018, respectively.

DEBT

	<u>2019</u>	<u>2018</u>
Short-term Debt*	\$ 219,091	\$ 226,489
Long-term Debt*	14,181	14,581
Total Debt	<u>\$ 233,272</u>	<u>\$ 241,070</u>

Debt Financing

ONE ROQ has unsecured term notes payable to an individual third-party lender in the amount of \$144,521 and \$146,502 at December 31, 2019 and 2018, respectively. 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 \$542 and \$10,243 at December 31, 2019 and 2018, respectively. Other short-term debt includes trade accounts payable of \$74,028 and \$69,744 at December 31, 2019 and 2018.

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, CMO

Heath Hettig – Technology Management

Robert Dimmer – Communications & Digital Media

David Bonk – Finance

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, 2019, 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.

Title of class	Name and address of beneficial owner	Amount and nature of Beneficial ownership	Amount and nature of beneficial ownership acquirable	Percent of class
Common Stock	J. Garrett Green 430 Virginia St. Buffalo, NY 14201	48,950,000 shares	0	92.93

RELATED PARTY TRANSACTIONS

Notes Payable – At December 31, 2019, the Company had a note payable to Mr. J. Garrett Green in the amount of \$14,181. The note had no formal repayment terms or stated interest rate.

Lease - The Company rents its office space on a month-to-month basis from a member. During the years ended December 31, 2019 and 2018, 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 membership units stock consists of 54,300,000 units of ONE ROQ Spirits LLC common membership units, par value \$0.20 per unit. As of December 31, 2019, 52,673,437 membership units 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.

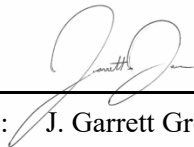
SIGNATURES

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 7, 2020.

ONE ROQ Spirits LLC

By

/s/



Name: J. Garrett Green

Title: Chief Executive Officer

Exhibit A

FINANCIAL STATEMENTS

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.



Principal Executive Officer