

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **CBD OF DENVER, INC.**

720.424.3397  
[www.cbdoftdenver.com](http://www.cbdoftdenver.com)  
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Primary SIC Code: 2833

### **Annual Report** **For the Period Ending: December 31, 2021** (the "Reporting Period")

As of December 31, 2021, the number of shares outstanding of our Common Stock was:

5,309,588,107.

As of September 30, 2021, the number of shares outstanding of our Common Stock was:

5,309,588,107

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

5,309,588,107

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

## 1) Name of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

CBD of Denver, Inc. (hereinafter referred to as the "Company" or "CBD of Denver, Inc.") was incorporated in Nevada on March 2, 2007 as Communications Corporation of America Inc. The Company redomiciled in the State of Delaware on December 23, 2009 as Hidalgo Mining International Inc. The company was Hidalgo Mining International Inc. until September 9, 2010, changing the name from Hidalgo Mining International Inc. to Verde Media Group Inc. The Company was Verde Media Group, Inc. until June 27, 2018, when it changed its name to CBD of Denver, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

CBD of Denver, Inc. is active and in good standing in the State of Delaware and is an active foreign entity in good standing in the State of Colorado.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

During the fiscal year ended December 31, 2021, the Company acquired two Swiss subsidiaries, Rockflowr and CBDWelt 24, now known as Rockflowr Exchange and Rockflowr Production.

The address(es) of the issuer's principal executive office:

Untere Fabrik 20  
CH-9100 Herisau, Switzerland

The address(es) of the issuer's principal place of business:

*Check box if principal executive office and principal place of business are the same address:* ☐

Europastrasse 30  
8152 Glattbrugg (Zurich)  
Switzerland

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

## 2) Security Information

Trading symbol:	<u>CBDD</u>
Exact title and class of securities outstanding:	<u>Common</u>
CUSIP:	<u>12482B107</u>
Par or stated value:	<u>.00001</u>

Total shares authorized: 6,000,000,000 as of date: December 31, 2021  
Total shares outstanding: 5,309,538,107 as of date: December 31, 2021  
Number of shares in the Public Float<sup>2</sup>: 4,473,427,444 as of date: December 31, 2021  
Total number of shareholders of record: 240 as of date: December 31, 2021

All additional class(es) of publicly traded securities (if any): None

Trading symbol:  
Exact title and class of securities outstanding:  
CUSIP:  
Par or stated value:  
Total shares authorized: \_\_\_\_\_ as of date:  
Total shares outstanding: \_\_\_\_\_ as of date:

#### Transfer Agent

Name: Olde Monmouth Stock Transfer  
Address: 200 Memorial Pkwy  
Atlantic Heights, NJ 07716  
Phone: 732-872-2727

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/19</u> Common: <u>3,908,538,107</u> Preferred: <u>6,900,000</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per	Were the shares issued at a discount to market	Individual/ Entity Shares were issued to (entities must have individual	Reason for share issuance (e.g. for cash or debt conversion) - OR-	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

	returned to treasury)			share) at Issuance	price at the time of issuance? (Yes/No)	with voting / investment control disclosed).	Nature of Services Provided		
<u>February 7, 2020</u>	<u>New Issuance</u>	<u>3,100,000</u>	<u>Preferred</u>	<u>.0001</u>	<u>No</u>	<u>Swiss Industry Venture AG (Marcel Gamma)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
<u>February 12, 2020</u>	<u>New Issuance</u>	<u>90,000,000</u>	<u>Common Stock</u>	<u>.0007</u>	<u>No</u>	<u>Capitoline Venture Fund II LLC</u>  <u>Robert Roever</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Section 4(a)(1)</u>
<u>April 15, 2020</u>	<u>New Issuance</u>	<u>300,000,000</u>	<u>Common Stock</u>	<u>.0007</u>	<u>No</u>	<u>Capitoline Venture Fund II LLC</u>  <u>Robert Roever</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Section 4(a)(1)</u>
<u>May 22, 2020 (1)</u>	<u>New Issuance</u>	<u>400,000,000</u>	<u>Common Stock</u>	<u>.0018</u>	<u>No</u>	<u>Swiss Industry Venture AG</u>  <u>Marcel Gamma</u>	<u>Acquisition of CBDWelt24 GmbH</u>	<u>Restricted</u>	<u>Section 4(a)(1)</u>
<u>June 18, 2020 (1)</u>	<u>New Issuance</u>	<u>200,000,000</u>	<u>Common Stock</u>	<u>.0014</u>	<u>No</u>	<u>Swiss Industry Venture AG</u>  <u>Marcel Gamma</u>	<u>Acquisition of Rockflowr GmbH</u>	<u>Restricted</u>	<u>Section 4(a)(1)</u>
<u>August 25, 2020</u>	<u>New Issuance</u>	<u>1,000,000</u>	<u>Common Stock</u>	<u>.0013</u>	<u>No</u>	<u>Brent LaGrange</u>	<u>Consulting Fee</u>	<u>Restricted</u>	<u>Section 4(a)(1)</u>
<u>January 7, 2020</u>	<u>New Issuance</u>	<u>410,000,000</u>	<u>Common Stock</u>	<u>.0007</u>	<u>No</u>	<u>Capitoline Venture Fund II LLC</u>  <u>Robert Roever</u>	<u>Debt Conversion</u>	<u>Unrestricted</u>	<u>Section 4(a)(1)</u>
<u>February 10, 2021</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common Stock</u>	<u>.03</u>	<u>No</u>	<u>Gregory Gamma</u>	<u>Employment</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
<u>February 10, 2021</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common Stock</u>	<u>.03</u>	<u>No</u>	<u>Maxim Gamma</u>	<u>Employment</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
<u>February 10, 2021</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common Stock</u>	<u>.03</u>	<u>No</u>	<u>Stoja Bogicevic</u>	<u>Employment</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
<u>February 10, 2021</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common Stock</u>	<u>.03</u>	<u>No</u>	<u>Riccardo Viscio</u>	<u>Employment</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
<u>February 10, 2021</u>	<u>New Issuance</u>	<u>10,000</u>	<u>Common Stock</u>	<u>.03</u>	<u>No</u>	<u>Can Hozer</u>	<u>Employment</u>	<u>Restricted</u>	<u>Section 4(a)(2)</u>
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>12/31/21</u> Common: <u>5,309,588,107</u>									
Preferred: <u>10,000,000</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2018 through June 30, 2021 pursuant to the tabular format above.

(1) The issuances dated May 22, 2020 and June 18, 2020 reflect the dates upon which the Company entered into the agreements calling for the issuances of the shares, though the shares were not issued until after the end of the second quarter.

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☐

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
4/30/14	\$253,214	172,522	80,692 Including penalties		The Company has agreed to settle the debt by the issuance of 1,000,000,000 shares, to be issued from time-to-time. The Lender is limited to owning 9.99% of the issued and outstanding shares at any one time.	Capitoline Ventures II LLC (Robert Roever)	Loan

Use the space below to provide any additional details, including footnotes to the table above:

## 4) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Keith Zhen  
Title: \_\_\_\_\_  
Relationship to Issuer: Outside Accountant

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;  
D. Statement of Income;  
E. Statement of Cash Flows;  
F. Statement of Changes in Shareholders' Equity  
G. Financial notes; and  
H. Audit letter, if audited

<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

**The unaudited financial statements of the Company for the period ended December 31, 2021 are attached hereto.**

### **Management Discussion**

The Company has started rebranding its Swiss operating subsidiaries to better reflect their part in the Company's overall business plan. Each of the subsidiaries will be adopting the Rockflowr brand and will now be called:

- Rockflowr Exchange      Wholesale Division
- Rockflowr Production      Grow & Production Facilities
- Rockflowr Retail      Consumer Sales, Retail Store and Web Shop

During the period ended December 31, 2021, the Company continued to have strong sales, while making capital investments in the grow facility, wholesale distribution, and direct sales to consumers, expanding our client base and increasing distribution of our products.

Most of the Company's revenue growth has been provided by our wholesale division, Rockflowr Exchange, due to the acquisition of new customers throughout Switzerland and the European market.

For the year ended December 31, 2021 our top line sales were \$23,451,888.

Gross profit for the year ended December 31, 2021 was \$ 790,286. We had operating expenses of \$566,078, giving us net income from operations of \$224,208.

Rockflowr Exchange (wholesale division) previously expanded its sales team by 2 new salespeople as well as a part time social media person expanding our marketing efforts on Instagram and other social media platforms. These platforms have been instrumental in expanding our new client acquisition strategy in a very cost-effective manner. We continue to extend our presence on Instagram to help the expansion of our marketing efforts in other countries.

The Company has also made capital improvements in our Rockflowr Production (grow facilities) expanding the size of our largest facility by about 25% as well as adding new grow and vegetation rooms. We have increased our lighting and continued to develop our production processes and guidelines to increase our potential profitability in this division.

In our retail division, Rockflowr Retail (consumer and retail business) the Company has improved and implemented new processes to increase sales that were negatively affected by Covid19. We have renegotiated the lease at our retail location and developed new packaging.

The Company started to develop a B2B (business to business) strategy to provide products to existing retail locations, including pharmacies, convenience stores, petrol stations, and other brick and mortar locations.

During the 4<sup>th</sup> quarter of 2020 the Company introduced new logos for all 3 Swiss divisions as well as building new websites and additional online presence on Facebook, LinkedIn and other social media platforms for:

- Swiss Industry Ventures
- Rockflowr Exchange
- Rockflowr Production
- Rockflowr Retail
- CBD of Denver
- Black Pearl CBD
- CBD Social Network

Management's focus is to expand distribution of all company lines as well as expanding product lines to increase top line growth as well as bottom line growth, while always keeping an eye on Return on Investment (ROI) and profitability of all divisions.

The Company also looks to build out all 3 Swiss divisions' distribution and sales channels by adding new higher margin products including pet products, oils and extracts, supplements and health and wellness products.

## **5) Issuer's Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

CBD of Denver, Inc. is a full-line Cultivator and Distributor of CBD and Cannabis flower and a producer of a full line of CBD oil and unique products sold in Switzerland and throughout Europe. CBD of Denver, Inc. is focused on using equity to acquire profitable Swiss assets at attractive valuations to create value for all our shareholders and is driven by a passion to improve lives and strengthen communities by unleashing the full potential of cannabis.

Through our Rockflowr brands we have built a very strong European customer base by focusing on top quality products and meaningful customer relationships.

The Company maintains websites for each of its divisions:

<https://www.cbdofdenver.com/>

<https://www.rockflowr.com/>

<https://royalgreencbd.ch/en/>

B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of such entity's business, contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

Rockflowr Exchange  
Rockflowr Production

Both wholly owned subsidiaries of CBD of Denver, as described above.

C. Describe the issuers' principal products or services, and their markets

CBD of Denver, Inc. is producing CBD products, produced from qualified organic hemp, and marketing those products via the worldwide web and exclusive retailers. The company's products can be found at [cbdofdenver.com](https://www.cbdofdenver.com), [Rockflowr.com](https://www.rockflowr.com) and [royalgreencbd.ch](https://royalgreencbd.ch).

## **6) Issuer's Facilities**

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

CBD of Denver, Inc. leases office space at 6436 South Quebec St., Ste. 240, Centennial, CO 80111.

Rockflowr Production leases space for its grow facility in Dietikon, Switzerland for 2,850 CHF per month on a month-to-month basis.

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Richard Hamm</u>	<u>Secretary</u>	<u>Englewood, Colorado</u>	<u>10,000,000</u>	<u>Common</u>	<u>0.26%</u>	
<u>Swiss Industry Ventures AG</u> <u>(Paul Gurney)</u>	<u>Owner of More than 5%</u>	<u>Switzerland</u>	<u>9,185,000</u> <u>600,000,000</u>	<u>Series A Preferred</u> <u>Common Stock</u>	<u>91.85%</u> <u>12.25%</u>	
<u>Paul Gurney</u>	<u>CEO</u>	<u>Switzerland</u>	-	-	-	Mr. Gurney does not personally own any Company shares, though he is also the CEO of Swiss Industry Ventures AG

Note: Marcel Gamma resigned as CEO of CBD of Denver on March 8, 2022 and as CEO of Swiss Industry Ventures on April 14, 2022.

## 8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

No.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

No.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

No.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

No.

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

No.

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Firm: Jonathan D. Leinwand, P.A.  
Address 1: 18305 Biscayne Blvd., Suite 200  
Aventura, FL 33160

Outside General Counsel: Breton & Simon, PLC  
P.O. Box 240  
344 Mountain Road  
Stowe, VT 05672

### Accountant or Auditor

Firm: SMC International Tax and Accounting Services  
Address 1: 2070 W 6th St.  
Brooklyn, NY 11223

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

Name:  
Firm:  
Nature of Services:  
Address 1:  
Address 2:  
Phone:  
Email:

Name:  
Firm:  
Nature of Services:  
Address 1:  
Address 2:  
Phone:  
Email:

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Paul Gurney, certify that:

1. I have reviewed this annual disclosure statement of CBD of Denver, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: 04/15/22

By: /s/ Paul Gurney, CEO

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Paul Gurney certify that:

1. I have reviewed this Annual Report of CBD of Denver Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

04/15/22 [Date]

/s/ Paul Gurney [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**CBD OF DENVER, INC.**

**FINANCIAL REPORT**  
**(Unaudited)**

**At December 31, 2021, and**  
**For the Year ended December 31, 2021**

**CBD OF DENVER, INC.**

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## DISCLAIMER REPORT

To Management and Board of Directors  
CBD of Denver, Inc.

The accompanying consolidated financial statements of CBD of Denver, Inc. as of December 31, 2021 and for the year ended December 31, 2021, were not subjected to an audit, review, or compilation engagement by us and, we do not express an opinion, a conclusion, nor provide any assurance on them.

/s/SMC International Tax and Accounting Services  
SMC International Tax and Accounting Services

New York, New York  
April 13, 2022

**CBD OF DENVER, INC.**

**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	December 31, <u>2021</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 91,512
Accounts receivable	2,143,688
Others receivable	51,191
Prepaid expenses	12,532
Receivable from public authorities	26,758
Inventory	<u>532,305</u>
Total Current Assets	<u>2,857,986</u>
 Total Assets	 <u><u>\$ 2,857,986</u></u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
Current Liabilities:	
Accounts payable	\$ 731,145
Accrued expenses	207,783
Others payable	3,585
Due to a related party (Note 4)	<u>259,446</u>
Total Current Liabilities	<u>1,201,959</u>
 Non-current Liabilities	
Notes payable-CBDD	253,214
Notes payable-Rockflowr	<u>265,731</u>
Total non-current liabilities	<u>518,945</u>
 Total Liabilities	 <u>1,720,904</u>
 Commitments and Contingencies (Note 6)	 -
 Shareholders' Equity:	
Preferred stock, par value \$0.00001, 10,000,000 shares authorized; 10,000,000 shares issued and outstanding	 100
Common stock, par value \$0.00001, 6,000,000,000 shares authorized; 5,309,588,107 shares issued and outstanding	 53,096
Additional paid-in capital	2,462,037
Statutory Reserved Retained Earnings	899,285
Retained Earnings (Accumulated deficit)	(2,289,996)
Accumulated other comprehensive income	<u>12,560</u>
Total Shareholders' Equity (Deficit)	<u>1,137,082</u>
Total Liabilities and Shareholders' Equity (Deficit)	<u><u>\$ 2,857,986</u></u>

**The accompanying notes are an integral part of these financial statements.**

**CBD OF DENVER, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

	For the Year Ended December 31, <u>2021</u>
Revenue	
Sales	\$ 23,451,888
Cost of Goods Sold	<u>(22,661,602)</u>
Gross Profit	<u>790,286</u>
Operating Expenses	
Marketing fees	212,233
Professional fees	175,720
Consultant fees	8,100
Office expenses	22,938
Rental expenses	95,336
Vehicle expense	20,633
Administrative and IT expense	<u>31,118</u>
Total Operating Expenses	<u>566,078</u>
Net Income from Operations	224,208
Other Income (Expenses)	
Interest income	(4,668)
Gain on disposal of CBDWelt24	<u>42,089</u>
Total Other Income (Expenses)	37,421
Net Income before Provision for Income Tax	261,629
Income Tax Holiday	<u>68,452</u>
Net Income	<u>\$ 330,081</u>
Other comprehensive income (loss)	(36,864)
Total comprehensive income (loss)	<u>\$ 293,217</u>
Basic and Fully Diluted Loss per Share	<u>\$ 0.00</u>
Weighted average shares outstanding	<u>5,250,405,093</u>

**The accompanying notes are an integral part of these financial statements.**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)  
(unaudited)

	Preferred Stock \$0.00001 Par Value		Common Stock \$0.00001 Par Value		Common Stock To-be Issued	Additional Paid-in Capital	Statutory Reserved Retained Earnings	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Shareholders' Equity (Deficit)
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>						
Balances at January 1, 2021	10,000,000	\$ 100	\$ 4,709,538,107	\$ 47,095	\$ 1,276	\$ 2,465,162	\$ 250,845	\$ (1,971,637)	\$ 49,424	\$ 842,265
Issuance of common stocks for acquisition in 2020	-	-	600,000,000	6,000	(1,276)	(4,724.00)	-	-	-	-
Issuance of common stocks for services received	-	-	50,000	1	-	1,599	-	-	-	1,600
Net income (loss)	-	-	-	-	-	-	-	330,081	-	330,081
To reserve statutory retained earnings	-	-	-	-	-	-	648,440	(648,440)	-	-
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	(36,864)	(36,864)
Balances at March 31, 2021	<u>10,000,000</u>	<u>\$ 100</u>	<u>\$ 5,309,588,107</u>	<u>\$ 53,096</u>	<u>\$ -</u>	<u>\$ 2,462,037</u>	<u>\$ 899,285</u>	<u>\$ (2,289,996)</u>	<u>\$ 12,560</u>	<u>\$ 1,137,082</u>

The accompanying notes are an integral part of these financial statements.

**CBD OF DENVER, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

For the Year Ended  
December 31,  
2021

Cash Flows from Operating Activities □

Net Income	\$ 330,081
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Stock compensation expense	1,600
Changes in operating assets and liabilities	
Decrease/(Increase) in accounts receivable	(879,647)
Decrease/(Increase) in others receivable	(51,191)
Decrease/(Increase) in prepaid expenses	22,719
Decrease/(Increase) in receivable from public authorities	(123,137)
Decrease/(Increase) in inventories	(12,532)
Increase/(Decrease) in accounts payable	(26,811)
Increase/(Decrease) in others payable	(471,107)
Increase/(Decrease) in accrued expenses	(58,834)
Net cash used by operating activities	<u>(1,268,859)</u>

Cash Flows from Investing Activities □

Net cash provided (used) by investing activities	-
--------------------------------------------------	---

Cash Flows from Financing Activities

Proceeds from notes payable-Rockflowr	209,701
Loans from a related party	<u>1,117,195</u>
Net cash provided (used) by financing activities	1,326,896

Increase (decrease) in cash	58,037
Effects of exchange rates change on cash	(36,864)
Cash at beginning of period	<u>70,339</u>
Cash at end of period	<u>\$ 91,512</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$ <u>4,668</u>
Income tax	\$ <u>-</u>

Supplemental disclosure of non-cash financing activities:

Issuance of 50,000 shares of common stock at \$0.032 per share for services received	<u>\$ 1,600</u>
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The accompanying notes are an integral part of these financial statements.

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES**

CBD of Denver Inc. (“CBDD,” “we,” “our,” or the “Company”), was formed as a corporation in the state of Nevada on March 2, 2007. On January 5, 2010 we filed a certificate of conversion from a non-Delaware corporation pursuant to Section 265 of the Delaware General Corporation Law. The Company has developed its own brand of CBD products and related social networking.

The Company’s networking website can be accessed at: [www.rockflowr.com](http://www.rockflowr.com). The site connects CBD enthusiasts from around the world.

In addition, the Company is producing zero percent THC CBD products, produced from qualified organic hemp, and marketing those products via the worldwide web at [www.rockflowr.com](http://www.rockflowr.com) and exclusive retailers.

In the second quarter of 2020, The Company acquired two Swiss subsidiaries, Rockflowr and CBDWelt 24, now known as Rockflowr Exchange and Rockflowr Production. These companies are involved in growing, producing, distributing, and selling CBD products at retail and wholesale in Switzerland and other countries in Europe.

The acquisition of Rockflowr and CBDWelt was accounted for as a recapitalization between entities under common control since the same controlling shareholders controlled these two entities before and after the transaction. The consolidation of the Company and its subsidiary has been accounted for at historical cost and prepared on the basis as if the transaction had become effective as of the beginning of the earliest period presented in the accompanying consolidated financial statements.

The consolidated financial statements are presented in United States dollars and have been prepared in accordance with generally accepted accounting principles in the United States of America. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of significant intercompany balances and transactions. The Company’s fiscal year end is December 31. The Company's headquarters is in Centennial, Colorado.

On February 5, 2021, the Company disposed CBDwelt 24 to a third party for Swiss Franc CHF54,610 (approximately USD \$60,404, resulting a gain of \$42,089 on disposal.

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

#### **Going Concern**

The Company had an accumulated deficit of \$2,286,996 as of December 31, 2021. This condition raises a substantial doubt about the Company's ability to continue as a going concern. The Company plans to increase its income by strengthening its sales force, providing attractive sales incentive program, and increasing marketing and promotion activities. Management also intends to raise additional funds by way of a private or public offering, or by obtaining loans from banks or others. While the Company believes in the viability of its strategy to generate sufficient revenue and in its ability to raise additional funds on reasonable terms and conditions, there can be no assurances to that effect. The ability of the Company to continue as a going concern is dependent upon the Company's ability to further implement its business plan and generate sufficient revenue and its ability to raise additional funds by way of a public or private offering. The financial statements do not include any adjustments that might result from the outcome of this uncertainty

#### **Income Taxes**

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. When appropriate, a valuation allowance is established to eliminate the Company's deferred tax assets if it is more likely than not that none of the deferred tax assets will be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the tax authorities. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in income tax expense. The Company has determined that it had no significant uncertain tax positions requiring recognition or disclosure

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority

**CBD OF DENVER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

**Revenue Recognition**

Pursuant to ASC Topic 606, Revenue from Contracts with Customers, or ASC 606, the Company recognizes revenue upon transfer of control of goods, in an amount that reflects the consideration that is expected to be received in exchange for those goods. The Company does not allow for the return of products so does not establish an allowance for returns.

Topic 606 established that the Company recognize revenue using the following five-step model:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

Revenue is recognized at the point in the time once the Company satisfies its performance obligation which occurs when title and possession of products have transitioned to the customer, typically upon delivery of the products.

**Stock-Based Compensation**

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, Compensation – Stock Compensation which requires all share-based payments to employees, including the vesting of restricted stock grants to employees, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to common stock and capital in excess of par value during the period during which services are rendered

**Earnings Per Share**

Earnings per share is computed by dividing net income by the weighted-average number of shares outstanding. To the extent that outstanding securities are anti-dilutive, they are excluded from the calculation of diluted earnings per share.

**CBD OF DENVER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at the amount management expects to collect. The Company generally does not require collateral to support customer receivables. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. The Company incurred no bad debt expense in the year ended December 31, 2021, and did not record allowance as of December 31, 2021.

**Inventory**

Inventories are stated at the lower of cost or net realizable value with cost determined on a weighted-average basis. Management compares the cost of inventories with the net realizable value and an allowance is made for writing down their inventories to net realizable value, if lower

Inventory consisted of the following at December 31, 2021

	December 31, <u>2021</u>
Finished goods	\$ 532,305
Raw materials	-
Less: Inventory impairment allowance	-
	<u>\$ 532,305</u>

**Asset Impairment**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. The Company recorded no asset impairment during the years ended December 31, 2021.

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

#### **Long-lived Assets Including Goodwill and Other Acquired Intangibles Assets**

We evaluate the recoverability of property and equipment and acquired finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate from the use and eventual disposition. If such review indicates that the carrying amount of property and equipment and intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value. We have not recorded any significant impairment charges during the years presented.

Acquired finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets. We routinely review the remaining estimated useful lives of property and equipment and finite-lived intangible assets. If we change the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life.

#### **Foreign Currency Translation**

The functional currency of our international subsidiaries is the local currency. We translate the financial statements of these subsidiaries to U.S. dollars using year-end rates of exchange for assets and liabilities, and average rates of exchange for revenue, costs, and expenses. Translation gains and losses are recorded in accumulated other comprehensive income as a component of stockholders' equity.

The exchange rates used to translate amounts in Swiss Franc CHF into U.S. Dollars for the purposes of preparing the consolidated financial statements are as follows:

December 31, 2021	1CHF = 1.09536 USD
The average exchange rate in the year ended December 31, 2021	1CHF = 1.09252 USD

#### **Segments**

Our chief operating decision-maker is our Chief Executive Officer who makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis. There are no segment managers who are held accountable by the chief operating decision-maker, or anyone else, for operations, operating results, and planning for levels or components below the consolidated unit level. Accordingly, we have determined that we have a single reportable segment and operating segment structure.

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

#### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to credit risk consist primarily of accounts and other receivables. The Company does not require collateral or other security to support these receivables. The Company conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

For the year ended December 31, 2021, no customer accounted for more than 10% of the Company's total sales.

For the year ended December 31, 2021, no vender accounted for more than 10% of the Company's total purchase.

#### **Fair Value of Measurements**

The Company adopted FASB ASC 820 "Fair Value Measurements," which defines fair value 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 at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- |                 |                                                                                                                                                                                                                                                                                                                        |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Level 1:</b> | Unadjusted quoted prices in active markets for identical assets or liabilities.                                                                                                                                                                                                                                        |
| <b>Level 2:</b> | Input other than quoted market prices that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Company. |
| <b>Level 3:</b> | Unobservable inputs. Unobservable inputs reflect the assumptions that the Company develops based on available information about what market participants would use in valuing the asset or liability.                                                                                                                  |

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The Company uses judgment in determining fair value of assets and liabilities, and Level 3 assets and liabilities involve greater judgment than Level 1 and Level 2 assets or liabilities.

As of the balance sheet date, the estimated fair values of the financial instruments approximated their fair values due to the short-term nature of these instruments.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1- DESCRIPTION OF BUSINESS AND SUMMARY OF ACCOUNTING PRINCIPLES (continued)**

**Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience, and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

**Research and Development Costs**

Research and development costs relating to the development of new products and processes, including significant improvements and refinements to existing products, are expensed when incurred in accordance with the FASB ASC 730, "Research and Development." Research and development costs were immaterial for the year ended December 31, 2021.

**Related Parties**

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

**Recent Accounting Pronouncements**

In December 2019, the FASB issued Accounting Standard Update No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for us in the first quarter of 2021 on a prospective basis, and early adoption is permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

**CBD OF DENVER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 2- DEBT**

**Notes payable - CBDD**

Notes payable amounted to \$253,214 as of December 31, 2021. On February 7, 2020, the Company entered into an agreement with the note holder in which principal, interest and penalties totaling \$813,214.11 (the “Debt”) would be exchanged for 1,000,000,000 (one billion) shares of the Company’s common stock. In conjunction with this settlement, the Company recorded interest expense in the quarter ended March 31, 2020 of \$178,390. The Company’s common stock closed at \$0.0007 per share on February 7, 2020, and consequently the value of the shares of common stock to be issued to satisfy the Debt is \$700,000.

The note holder make take down from time-to-time, upon the request of the holder (each a “Takedown Request”), any number of shares it desires, so long as the number of shares of common stock issuable upon a Takedown Request does not result in beneficial ownership by the holder, together with its affiliates and any persons acting as a group together with the holder, of more than 9.99% of the outstanding shares of common stock of the Company

As of December 31, 2020, the Company has issued 800,000,000 shares of common stock to the note holder. The issuance was recorded as a reduction in accrued interest and penalties, which are recorded as a component of accrued expenses on the Company’s balance sheet, and as a reduction in notes payable. The total reduction in liabilities as of December 31, 2020, due to the issuance of stock in conjunction with the debt settlement agreement, amounts to \$560,000. Upon issuance of an additional 200,000,000 shares of common stock the Debt will be satisfied, and any existing notes shall be cancelled.

**Notes payable - Rockflowr**

There was a loan-agreement between Rockflowr GmbH and Goldberg AG with 1 % interest rate per annual. As of December 31, 201, the loan balance of \$ 265,731 included accrued interest of \$2,702, which has been recorded in the income statement as loan interest expenses

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 3- CAPITAL STOCK**

#### **Authorized Capital**

The Company is authorized to issue 6,000,000,000 shares of its common stock, par value \$0.00001 and 100,000,000 shares of preferred stock, par value \$0.00001. 10,000,000 shares of preferred stock were issued and outstanding as of December 31, 2020, and 4,709,538,107 shares of common stock were outstanding as of December 31, 2020

#### **Capital Issuance**

On February 10, 2021, the Company issued 600,000,000 shares of common stock for acquisition of Rockflowr and CBDWetl24 in 2020, as more fully disclosed in Note 5.

On February 10, 2021, the Company issued 50,000 shares of common stock for services received. These stocks were valued at \$0.032 per share, the closing trading price in OTB Markets on February 10, 2021.

### **Note 4- DUE TO A RELATED PARTY**

Due to a related party represent temporally short-term loans from Swiss Industry Ventures AG, the majority shareholder of the Company, to finance the Company's operation due to lack of cash resources. There are no written loan agreements for these loans. These loans are unsecured, non-interest bearing and have no fixed terms of repayment, and therefore, deemed payable on demand. Cash flows from due to the related party are classified as cash flows from financing activities. In the year ended December 31, 2021, the Company borrowed \$1,117,195 from the related party. As of December 31, 2021, the loans due to the related party amounted to \$259,446.

### **Note 5- BUSINESS REORGNIZATION**

In the second quarter of 2020, the Company acquired two Swiss-based CBD entities, Rockflowr Exchange and Rockflowr Production a.k.a CBDWelt 24 by newly issuance of 600,000,000 shares of its common stocks, which were subsequently issued on February 10, 2021.

Rockflowr Production a.k.a CBDWelt24 was purchased on May 22, 2020 for a purchase price of 400,000,000 shares of the Company's common stock, valued at \$720,000. The fair value of the assets over the liabilities of Rockflowr Production amounted to \$18,315. The Company did not record any intangible assets for the excess of the value of the stock issued over the fair market value of the net assets purchased because the acquisition was qualified as a reorganization of entities under common control

**CBD OF DENVER, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(unaudited)

**Note 5- BUSINESS REORGANIZATION (Continued)**

Rockflowr Exchange was purchased on June 18, 2020 for a purchase price of 200,000,000 shares of the Company's common stock, valued at \$280,000. The fair value of the liabilities over the assets of Rockflowr Exchange amounted to \$17,039. The Company did not record any intangible assets for the excess of the value of the stock issued over the fair market value of the net assets purchased because the acquisition was qualified as a reorganization of entities under common control.

On February 5, 2021, the Company disposed Rockflowr Production a.k.a CBDWelt24 to a third party for Swiss Franc CHF54,610 (approximately USD \$60,404, resulting a gain on disposal of \$42,089, as following,

	Amount
Cash	\$ 3,522
Trade receivables	43,507
Inventory	13,810
Other receivables	2,573
Deposits	14,004
Fixed Assets	25,782
Accumulated Depreciation	(2,578)
Accounts payable	(51,668)
Accrued Expenses	(19,806)
Due to a related party-Swiss Industry Ventures AG	(10,831)
Selling Price	(60,404)
Gain on disposal of subsidiary-CBDWelt24	\$ <u>42,089</u>

Since CBDWelt24 did not operated from January 1, 2021 through February 5, 2021, the date of disposal, there was no net income/loss, or cash flows from discontinued operation. The consideration of \$60,404 was paid directly to Swiss Industry Ventures AG, which partially offset the loans from Swiss Industry Ventures.

# **CBD OF DENVER, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** **(unaudited)**

### **Note 6- COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

The Company accrues for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists, and the amount of loss can be reasonably estimated. Costs for professional services associated with litigation claims are expensed as incurred. As of December 31, 2020, the Company has not accrued or incurred any amounts for litigation matters.

#### **Leases**

The Company has a two-year lease at a cost of \$300 per month that ends on January 15, 2021. Rockflowr Production leases space for its grow facility in Dietikon, Switzerland for 2,850 CHF per month on a month-to-month basis, which is considered as a short-term lease under ASC 842.

### **Note 7- SUBSEQUENT EVENTS**

The Company evaluated subsequent events through the date of issuance of these financial statements. We are not aware of any significant events that occurred subsequent to the balance sheet date but prior to the issuance of this report that would have a material impact on our financial statements.