PRIVATE PLACEMENT MEMORANDUM

2,500,000 Common Shares
At $4.00 per Share

This Private Placement Memorandum dated August 9, 2022 (the "**PPM**") summarizes the principal terms and conditions of a $10,000,000 private placement in the US and overseas by **THE FUN WINE COMPANY, INC.,** a Nevada corporation (the "**Company**"), of up to 2,500,000 common shares (the "**Securities**") offered at a price of $4.00 per share (the "**Offering**"), at a Company valuation of $145 million. The Company was formed on October 4, 2021, to acquire the US and international **FUN WINE** business operations of Friends Beverage Group, LLC ("**FBG**") and its primary operating subsidiary - Fun Wine (USA) LLC ("**FUSA**"), with a view for the Company to eventually become a publicly traded company. Since October 2021, we raised over $10,000,000 through issuance of $6,000,000 in convertible notes to private equity investors, and about $4,000,000 through the sale of common shares, including a $1,000,000 investment by a metaverse technology platform company on June 30, 2022.

Please refer to Cautionary Statements Regarding Forward-Looking Statements and the Legal Disclaimers at the end of this PPM

We had 36,317,132 common shares issued and outstanding as of August 9, 2022, of which 35,000,000 shares, about 96.4%, are owned by FBG. Upon a successful conclusion of this offering, we will have issued an additional 2,500,000 million shares, representing about 6.4% of all issued and outstanding shares after the sale of all offered shares, in exchange for $10,000,000, less offering, marketing, administrative, legal, and other transaction costs and expenses incurred for the services of an offering platform company, FundAthena dba Manhattan Street Capital, and the Escrow Agent engaged for the Offering, Prime Trust LLC.

THE OFFERING	**PRICE/SHARE**	**COMMISSIONS**	**PROCEEDS**
Up to 2,500,000 Common Shares	$4.00	N/A	$10,000,000

This Offering is made pursuant to exemptions from registration under the Securities Act of 1933 (the "**Act**"), (1) in the US, under Rule 506(c) of Regulation D, to persons and entities who are accredited investors ("**Accredited Investors**"), with a minimum investment of $5,000, and (2) outside the US, under Regulation S, to non-US persons and entities, with a minimum investment of $500. The Securities are being offered on a "best efforts" basis and no minimum or maximum amount is required to be sold for the Company to consummate a sale or utilize the proceeds therefrom. An investment in the Securities involves a high degree of risk and substantial restrictions on transferability imposed by federal and state securities laws.

This Offering will terminate no later than October 31, 2022, although we may amend the Offering at any time and for any reason, including to increase the price or number of shares being offered, to terminate or extend the Offering, or to proceed with an initial public offering, A Regulation A offering, or any other offering. An investment in the Securities is suitable for those investors who have enough business and financial experience to evaluate the merits and risks of an investment in the Company and to protect the investor's interest in the transaction.

The Securities have not been registered with or approved or disapproved by the U.S. Securities and Exchange Commission ("**SEC**"), or by any state or foreign securities commission, nor has the SEC or any state or foreign securities commission reviewed or passed upon the accuracy, adequacy, or completeness of this PPM. The Securities will not be registered under the Act or any state securities or "blue sky" laws and are being offered and sold in reliance upon exemptions from the registration requirements of the Act and such laws. Although we intend to register our shares with the SEC in the future and to apply for a listing on a national listing exchange, there is no market for the Securities and there is no assurance that one will develop. Resales of the Securities by investors may be made only pursuant to the requirements of or an exemption under the Act or applicable state securities laws, and in accordance with the other restrictions on transfer described below.

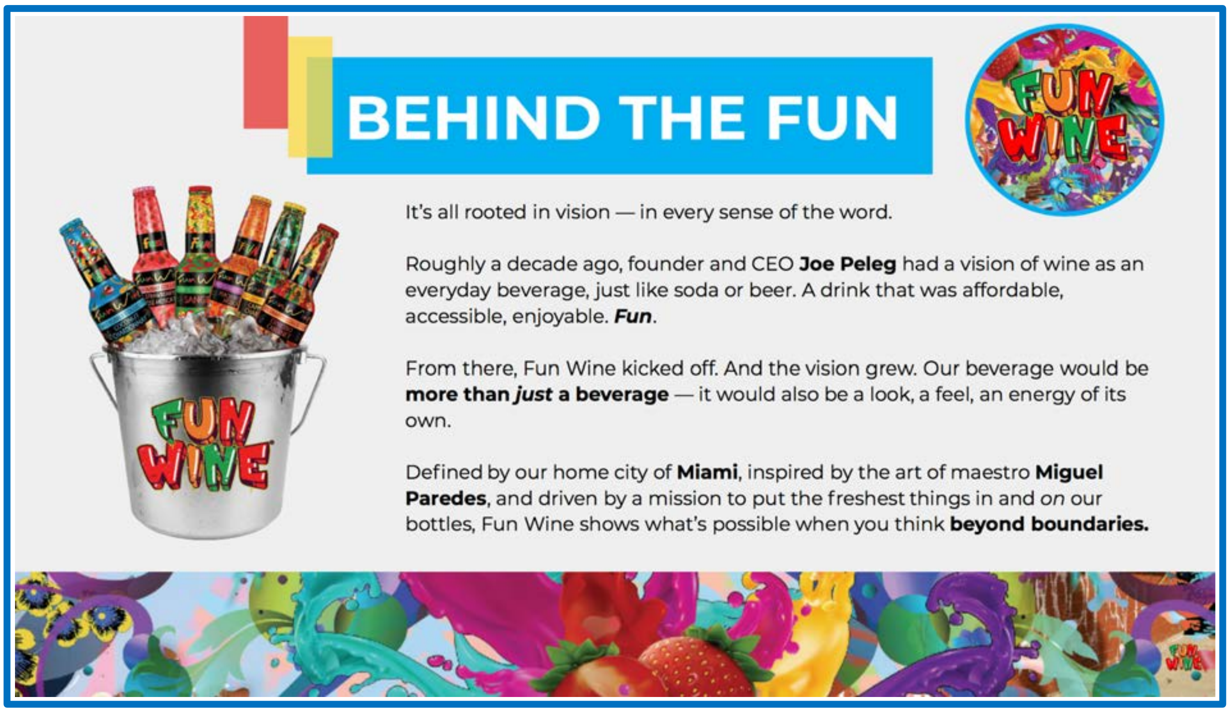
The Securities may be acquired by non-US persons or entities outside the US to whom this PPM will have been furnished, in compliance with Regulation S, which provides that offers and sales of securities that occur outside of the United States are exempt from the registration requirements of the Act. A non-US investor will simply have to execute a Securities Purchase Agreement.

The Securities may be acquired in the US by persons or entities receiving this PPM that meet the definition of Accredited Investors under the Act. Rule 506(c) of the Act provides an exemption from registration for issuers who broadly solicit and generally advertise an offering, provided that all purchasers in the offering are Accredited Investors as defined in Rule 501, the issuer takes reasonable steps to verify the Accredited Investor status of purchasers, and certain other conditions are satisfied. Rule 501 provides, in the case of an individual, that the investor alone or with his or her spouse must have a net worth that exceeds $1,000,000 (not including the value of a personal residence or mortgage on the residence) or have individual income that exceeds $200,000 (or with his or her spouse exceeds $300,000) for the past two years and expects to reach the same level in the current year. In the case of investment by an entity, the entity's owners must all be Accredited Investors, or the entity must have total assets that exceed $5,000,000 and must not have been formed for the specific purpose of acquiring the Securities. US investors will be required to confirm to the Company the investor's status as an Accredited Investor and to execute a Securities Purchase Agreement provided by the Company.

A closing will occur with each investor upon funding of the investment. However, there can be no assurance that the entire Offering will ultimately be consummated and there is no minimum number of shares of common stock which the Company must sell before it receives, and has the right to expend, the net proceeds from the sale of any shares. After each funding, funds tendered by investors will be available for use by the Company for working capital, inventory, marketing, and general corporate purposes.

OUR STORY

Our story begins with Joe Peleg, our Founder & CEO, a prolific innovator in the world of Food & Beverage, with a long history of anticipating future consumer trends. With 30 years of experience serving thousands of wine aficionados, Joe dreamt that one day he would be able to eliminate the pretense associated with vintage wine by creating refreshing, everyday *wine cocktails* that would be lots of fun to drink. At the same time, Joe knew health-conscious consumers had an aversion to high-calorie, sugar-based, alcoholic beverages.



Joe's desire to create everyday wine cocktails led him to embark on an *8-Point Strategic Plan* that included:

1. Developing flavorful, *Better-for-You*, low ABV (5.5%) wine cocktails
2. Introducing art, fashion, and music as brand fundamentals
3. Designing eye-popping, artistic bottles
4. Securing a reliable, quality source of supply
5. Creating an experienced executive team
6. Enlisting an international music icon as brand ambassador
7. Consolidating US distribution
8. Expanding distribution to six continents

With this Strategic Plan, Joe began his journey of creating disruptive wine cocktails he appropriately named **FUN WINE®**.

Fun Wine's Chief Creative Director - Miguel Paredes

Inspired by the hip vibe, art, music, and fashion of his hometown of Miami, Joe initially recruited Miguel Paredes, Official Artist of the 12th Annual Latin Grammys, as Chief Creative Director to create a new fashion in wine bottle design, with eye catching, pop graffiti art.

Innovation In Package Design

MIGUEL PAREDES

Chief Creative Director

- The bold, iconic, disruptive pop/graffiti packaging of FUN WINE reflects the art that is part of the brand's 'Packaging Art' is created by Miguel Paredes, Chief Creative Director, world-renowned artist, and Official Artist of the 12th Annual Latin GRAMMY® Awards
- Miguel's art combines the exhilarating sense of New York pop/graffiti art with skill and perceptiveness, reflecting his early years of inspiration from Andy Warhol, Keith Haring and his work with Warhol's mentor, Ronnie Cutrone
- Miguel's initial 750 ml bottle designs were launched in December 2017 in New York City and were immediately recognized as "*Best Beverage Package of 2018*" by *Beverage Industry Magazine*.

AND NOW …
FUN WINE IS PARTNERING WITH CHRISTINA AGUILERA
TO SERVE AS FUN WINE'S CHIEF CULTURE OFFICER
TO HELP EXPAND THE BRAND GLOBALLY

From her initial introduction to Fun Wine, Christina Aguilera fell in love with Fun Wine's flavors and artistic bottles. On June 6, 2022, *People Magazine*® announced Aguilera was joining Fun Wine as Chief Culture Officer. Several days later, Aguilera and Fun Wine officially launched their new partnership at a Pop-Up at *LA Pride*®, to widely circulated international coverage led by *Billboard*® and *Rolling Stone*® magazines.[1] Aguilera said of her appointment, "I am thrilled with this opportunity to be Fun Wine's Chief Culture Officer. In addition to being a wine enthusiast, I am a believer in encouraging self-expression, which aligns with Fun Wine's colorful and creative aesthetic. My first collaboration with the brand will kick off my role as Chief Culture Officer in the most special way, as we celebrate individualism, fun, creativity, and culture with the LGBTQ+ Community for Pride Month on June 8th, 9th and 10th at our Merch Pop-Up Shop!" [2]

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[1] *"Christina Aguilera Says She's 'Never Been One for a Rulebook' So 'Why Be Normal?', People Magazine, June 6, 2022; "20 Years of 'Beautiful:' Christina Aguilera Talks Pride, (Fun) Wine and the Lasting Impact of Her Signature Song," Rolling Stone, June 9, 2022; "Christina Aguilera Kicks Off L.A. Pride 2022 & Helps Fans 'Express Their Individuality' With Fun Wine Pop-Up Shop," Billboard Magazine, June 9, 2022.*

[2] *Fun Wine Press Release, June 6, 2022.*

Christina Aguilera is currently working with an innovative metaverse technology platform company to create a Fun Wine Metaverse experience planned for launch this fall. Aguilera is also working alongside Joe Peleg to help Fun Wine with marketing activities in the US, the Caribbean, Latin America, Europe, and Asia.

PRODUCT EVOLUTION

Today, Fun Wine continues to introduce its new generation of wine cocktails, with all-natural, sparkling flavors, 5.5% ABV, and our latest innovation – the first use in wine of MONK FRUIT JUICE as an all-natural flavor enhancer and zero calorie, zero carb sweetener – enabling us to deliver flavored wine cocktails with *only 59 calories in a 5 oz. pour*.

We believe we are on the right track with monk fruit and a focus on Better-for-You differentiated products. In a Media Post article on August 5, 2022, "*Alcohol Beverage Trends Favor 'Better For You…*", Scott Scanlon, Executive Vice President of the IRI Worldwide marketing research company, explained: "Given the innovation that we've seen in those segments [i.e., no- and low alcohol] with dual-flavor options, bolder and more interesting flavors - even health benefits - point to opportunity with the fast-growing, ready-to-drink category." He added "What qualifies as 'better for you' alcohol beverages? Options like no- and low-alcohol, lower calories and sugar, added benefits and options that support lifestyle diets, according to IRI. Beer leads the way in the better-for-you alcohol space, with dollar sales of $4.9 billion in the 52 weeks ended June 12 in outlets tracked by IRI. Better-for-you wines were #2 behind beer at $1.9 billion followed by $1.7 billion for spirits." Simultaneously, BNP Media [3] noted the following as key findings of the most recent IRI Worldwide consumer research:

- As consumers adopt healthier habits, better-for-you beverage alcohol options and alternative alcohol products continue to gain traction.

- New twists on familiar favorites, interesting flavor combinations and contemporary claims are popular with consumers.

- With increasing inflation and rising competition among retail outlets, promotions will be an essential strategy in retaining shoppers.

- Ready-to-drink cocktails are a growth opportunity, but brands need to have a point of differentiation.

- Marketing should focus on giving consumers options and inspiration for at-home entertaining occasions.

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[3] *"IRI beverage alcohol research reveals consumers will keep the party at home… Research highlights opportunities for brand growth," Beverage Industry, BNP Media, August 5, 2022.*

Today, monk fruit is Fun Wine's *"Sweet Spot."* But it was not always like that.

We launched our initial pilot program of flavored, *sugar-based*, wine cocktails in 2018 in the New York Metro Area, with an eye-popping 750 ml bottle, starting with 3 flavors – Strawberry Rose Moscato, Coconut Chardonnay and Sangria. The pilot was held in the boroughs of New York City, in Long Island and in Westchester County. Our initial flavors and bottle designs won numerous awards that year, and we sold over 10,000 9-liter cases without a significant marketing spend beyond in-store tastings. The New York Metro launch was highly successful and was expanded to additional states in 2019 and 2020. Sales more than doubled in 2019 to about 28,000 9-liter cases and more than doubled again in 2020 to about 61,000 9-liter cases. (Each 9-liter case has 12 bottles of 750 ml.)

Despite this success, Joe was still very focused on developing an all-natural wine cocktail with lower calories. He embarked on an international search for a solution and eventually discovered monk fruit, which is grown predominantly in Asia. *Monk fruit is hundreds of times sweeter than sugar, but with no calories or carbs*. For Joe, this was a winning combination to meet the demand of Millennials, Gen Z and other health-conscious consumers who were looking for *Better-for-You* wine cocktails.

INNOVATION

Fun Wine is an innovator in the alcohol beverage industry, with many "firsts." We were the first to introduce pop graffiti artistry as a new fashion in bottle design, first to introduce monk fruit to wine, first to introduce the 330 ml aluminum bottle, and first to introduce coffee flavored wine cocktails.

Industry Awards

Fun Wine’s original sugar-based products received multiple industry awards, including as a finalist in the 2020 World Beverage Innovation Awards for “Best Sparkling Drink” worldwide, sharing the No. 1 position for all sparkling alcoholic drinks with Mike’s Hard Seltzer. Out of the box, our initial three flavors received awards in the 2018 World Wine Championships by Tastings.com and our bottles received the 2018 Best Packaging Design Award from Beverage Industry Magazine’s Readers Poll.

We have also received awards for “bottle art” created by Miguel Paredes, reflecting the Miami lifestyle and culture on the 750 ml glass bottles, and for the first 330 ml aluminum wine bottles in the wine industry. Our bottles also received the 2021 Ascot Platinum and Gold Awards for Bottle Design.

Award-Winning Flavors, Bottles and Packaging

Fun Wine "Firsts"

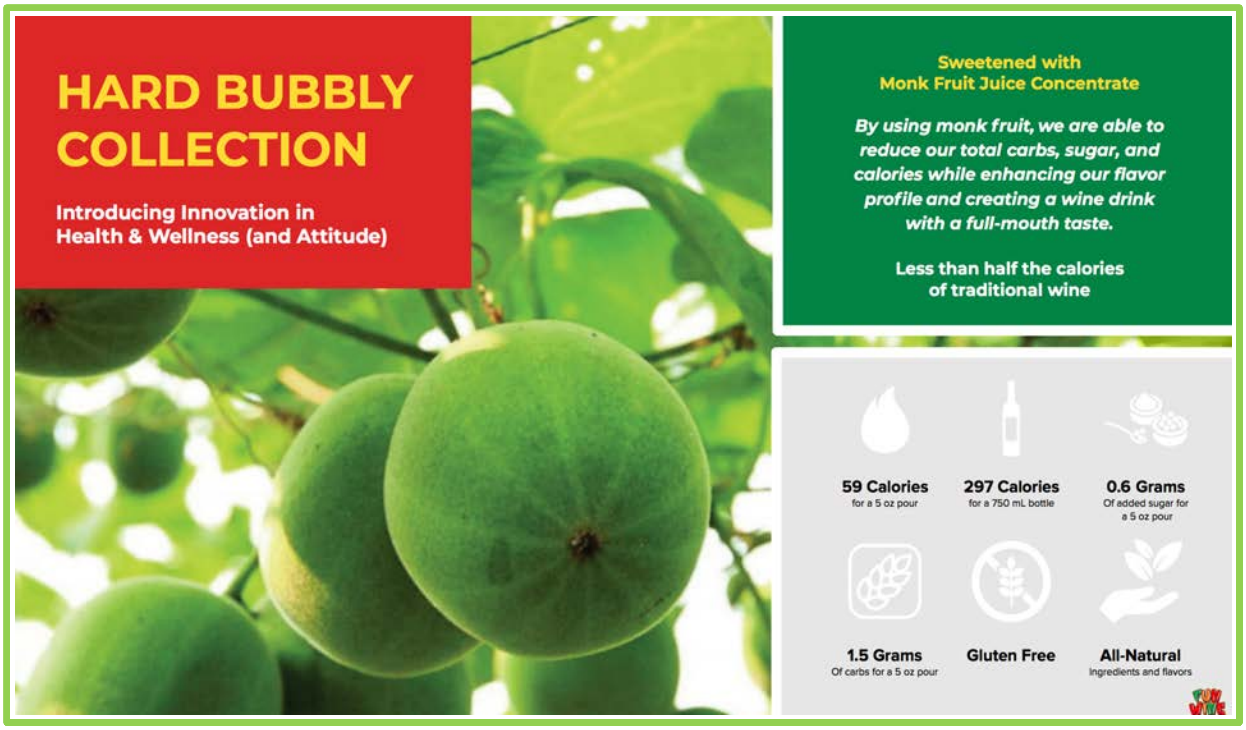
The First Introduction of Monk Fruit and first Coffee-Flavored Wine Cocktails. In 2021, we introduced the wine industry to monk fruit for the first time by launching two new *Monk Fruit Collections*, including a collection of the *world's first coffee wine cocktails*.

THE HARD BUBBLY COLLECTION®
Strawberry Rose Moscato, Peach Passion Moscato,
Coconut Chardonnay, Sangria

&

THE CAFE GRAFFIT COLLECTION® [4]
Espresso Cabernet, Cappuccino Chardonnay

[4] The Hard Bubbly Collection and Café Graffiti Collection are registered trademarks of Fun Wine. We have a trademark registration for FUN® for wine and two pending applications - FUN SELTZER™, for hard seltzer, wine and wine spritzers, and FUN WINE ZERO™, for dealcoholized wine. We also have trademark registrations for FUN WINE® in Australia and dozens of countries in Africa, Asia, Europe, and Latin America.



The First Introduction of 330 ML Aluminum Bottles. In 2021, we also introduced to the wine industry a first of its kind, 330 ml aluminum wine bottle that we developed over several years with a company in Spain to be compatible with wine and to differentiate our single serve offering from ubiquitous alcohol beverage can offerings. Our 330 ml aluminum bottles received high praise by a top packaging industry magazine.

For Future Release - Fun Wine Magnum™. In the past year, we completed the development of a 1.5-liter Magnum for a 2023 release. The Magnum will have additional carbonation and a cork that pops that will position it as an "Alternative to Champagne."

For Future Release - Fun Wine Zero™. We have developed dealcoholized wine cocktails, also for release in 2023. "No alcohol" wines are a rapidly growing category in the low alcohol, low calorie industry segment.

A RISING STAR

In April 2022, Fun Wine was recognized as a "Rising Star" in the beverage industry when Joe was invited to speak at a Beverage Forum in Chicago. Fun Wine was included as an innovator "driving today's successful new beverage launches…through groundbreaking ingredient solutions or hybrid formulations [that have] broken away from traditional models when crafting these visionary solutions."

Joe Peleg speaking about Fun Wine at the Rising Stars Forum

BUILDING AN EXPERIENCED ALCOHOL INDUSTRY TEAM

Joe also needed to build an executive team with vast industry knowledge and experience. He started building the team in 2021 with 4 Regional Vice Presidents across the US – Western States, South Eastern States, Middle States and North Eastern States, and a Vice President for National Accounts. In January 2022, Joe enlisted industry veteran Todd Anderson as President. Mr. Anderson was then with Diageo and had 2 decades of experience, including 16 years with Mark Anthony Brands, producer of Mike's Hard Lemonade® and White Claw®, the largest alcohol product by case volume in the US in 2021. On the international side, Alberto Gavazzi joined the Company's International Advisory Board to assist in expanding Fun Wine's business in Latin America. Mr. Gavazzi was formerly President, Latin America and Caribbean, for Diageo, the world's largest alcohol company, and has been instrumental in introductions to major distributors in Latin America and the Caribbean.

ENGAGING A TOP-TIER GLOBAL MANUFACTURING COMPANY

Our manufacturer is the European Union's # 1 winemaker, Les Grande Chais de France ("**GCF**"), with a capacity of about 600 million bottles a year. GCF can supply all Fun Wine production requirements for the foreseeable future. GCF sources our raw materials and manufactures and delivers a turnkey product in its vegan-certified facilities. It is the world's No. 4 global wine company, after Gallo, Constellation Brands and The Wine Group.

GCF is also France's No. 1 wine exporter, with 20% of all French wine exports shipped to over 170 countries. GCF has 3,000 team members, 3 co-packing plants in France and Germany, 2 large EU logistics hubs, and hundreds of sales team members situated around the world.

BUILDING A US DISTRIBUTION NETWORK OF 44 STATES & WASHINGTON, D.C.

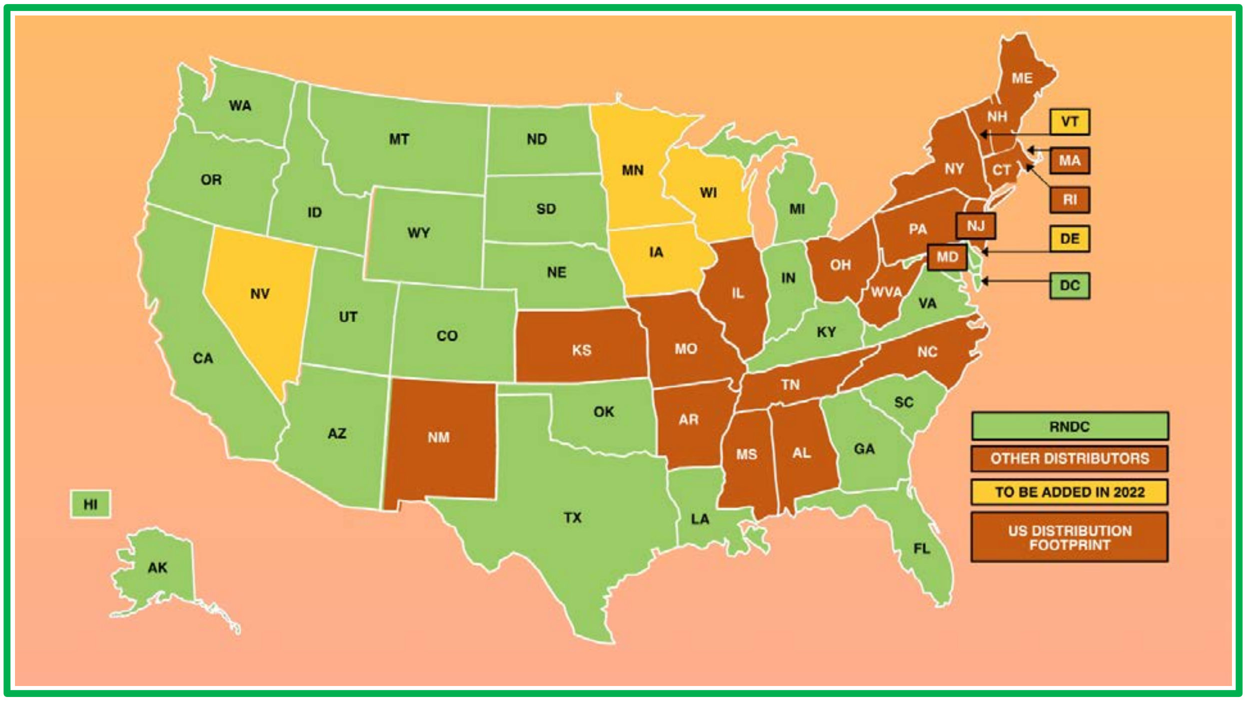
We currently have distributors in 44 states and Washington D.C., and are working on expanding distribution to these 6 remaining states – DE, IA, MN, NV, VT, WI. We have RNDC in 24 states and the District of Columbia, including the three major states – California, Florida, and Texas. Including New York, these states account for over one-third of all US alcohol sales.

We have distribution in Missouri and soon in Delaware with Breakthru Beverage, the 3rd largest US distributor, 2 states with Johnson Brothers, the 5th largest US distributor, and 18 states with independent distributors. We expect RNDC will eventually represent 70% of our US revenue.

Producers and importers of beverage alcohol in the United States sell their products through a three-tier distribution system under which the Company is required by law to use state-licensed distributors or state-owned agencies performing this function, to sell its alcohol products to retail outlets. As a result, the Company depends on distributors for sales, product placement and retail store penetration.

In May 2021, we engaged MHW Ltd., one of the alcohol industry's top importing and logistics companies as Master Distributor. MHW Ltd. holds an import license in 50 states and Washington, D.C., and functions as Fun Wine's "Primary American Source of Supply" for selling Fun Wine products to distributors in these jurisdictions.

In June 2021, we entered into a broad US distribution agreement with the second largest wine distribution company in the US, Republic National Distributing Company ("**RNDC**"), with whom we now have 24 states and Washington D.C. We have 18 additional states with independent distributors and are working on the last six states for launching in 2022.



The RNDC and MHW appointments led to a 13-month period of transformation between in 2021 and 2022, during which we experienced inactivity in many states due to new registrations due to complete transition of our operations in these states, with new flavors, formulas, ingredients, bottle designs, labels, and distributors. The extended regulatory process was required due to our (a) launching an entirely new, lower calorie product line with monk fruit juice concentrate, (b) launching three new flavors, (c) launching our new 330 ml aluminum bottle in six flavors, (d) entering a national distribution agreement with RNDC, (e) entering into agreements with new distributors in non-RNDC states, (f) consolidating distributors in various states, and (g) engaging MHW as our Master Distributor.

Due to supply chain and transportation bottlenecks during the pandemic, we decided to build up our inventory and imported about 120,000 cases now warehoused on the east and west coasts. We plan to grow rapidly in the US in the next year and beyond, led primarily by our distribution partnership with RNDC and, with adequate inventory on hand, the time was right to have Christina Aguilera come on board as a global brand ambassador to put the Company in a great position to meet the global demand for the product. We are initially focusing with RNDC in the large population states of California, Florida, and Texas, and on New York with our independent distributors.

We sell our products to distributors through our Master Distributor, MHW Ltd., which sells our products throughout the country to those distributors with whom we maintain exclusive or legally imposed territorial agreements, by state or county. MHW Ltd. charges us a monthly administrative and a per case fee for performing these functions, including billing and collection. All our customers in the US are licensed distributors in their respective states who resell Fun Wine products to national and local retailers, restaurants, and other food operations.

Our distribution agreements generally set forth the respective obligations of the parties. The obligations of the company include providing an exclusive right to sell the products in a state or specific counties within a state. Distributors agree to purchase products on 30-day payment terms and to sell the products at a commercially reasonable, competitive price reflecting the quality and image of the brand. Federal and state laws prohibit us from setting resale prices of distributors or retailers.

All our distribution agreements have termination provisions by either party, for cause or without cause. In most cases, termination without cause by the Company, or by the distributor for cause, may require the payment of liquidated damages to the distributor determined by reference to a multiple of the last 12 months' sales.

Upon termination by either party, in the absence of a material default by the distributor, the Company is usually required to buy back any remaining inventory the distributor has on hand on the date of termination.

Our distribution agreements take various forms. In several states where a distributor may have distribution rights under state wine franchise laws, we may have no written agreement. Examples of franchise states in which we have no agreements include with one distributor in Northeast Georgia (partial state), one in North Carolina (partial state), and the State of Pennsylvania Liquor Control Board. Our distribution agreements generally set forth the respective obligations of the parties and their respective representation and warranties.

The distribution agreements also provide for a term of the agreement, as well as indemnification, insurance, and dispute resolution provisions. Confidentiality provisions often include prohibitions against disclosure of proprietary information and may also restrict disclosure of the agreement or its material terms. Obligations of the Company include providing a distributor with an exclusive right to sell the products in the state or specific counties within the state, along with warranties that the goods will be fit for human consumption, packed, and labeled according to their specifications, and free from defects.

The Company usually warrants that the goods will conform to the rules and regulations of US regulatory authorities - TTB and FDA regarding their contents, ingredients, manufacturing, importation, packaging, labelling, distribution, and sale. The Company also agrees to engage in marketing and promotion and to maintain sufficient inventory levels to meet supply requirements of the distributor.

Distributors, in turn, agree to utilize their commercially reasonable efforts to distribute, sell, market, and promote the products, to maintain a qualified sales staff with independent marketing and sales programs to actively promote the sale of the products, and to use their best efforts to increase distribution and secure a greater share of the beverage market for the brand.

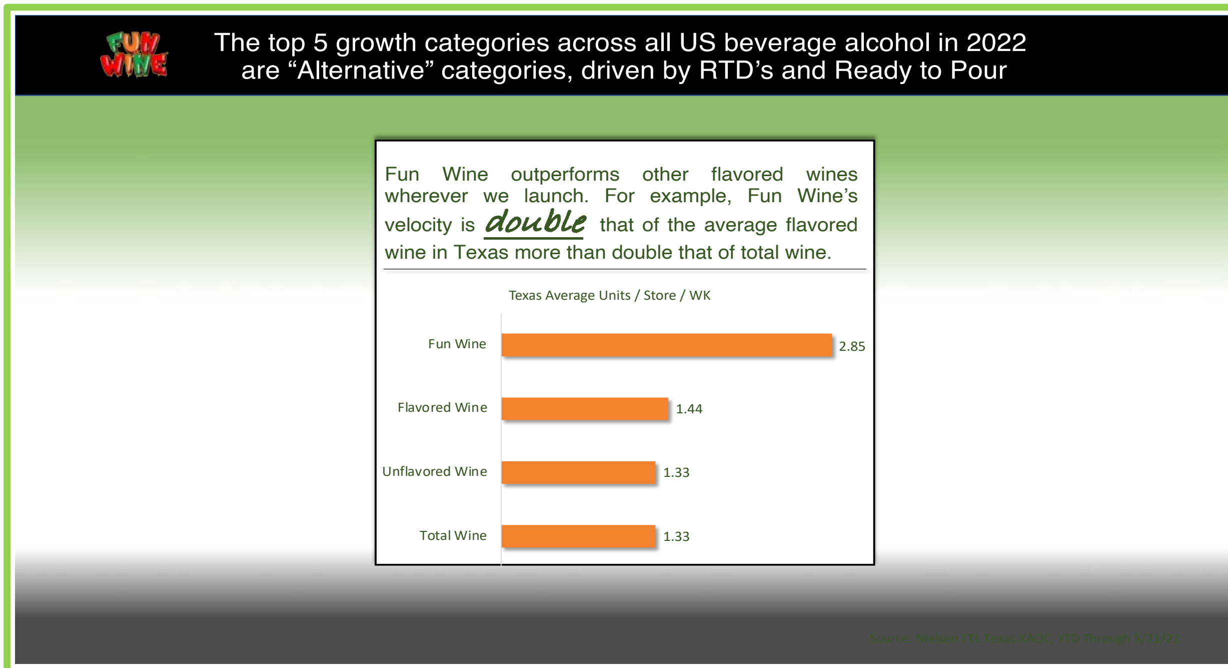
“Fun Trucks” decorate the streets of Manhattan + St. Louis

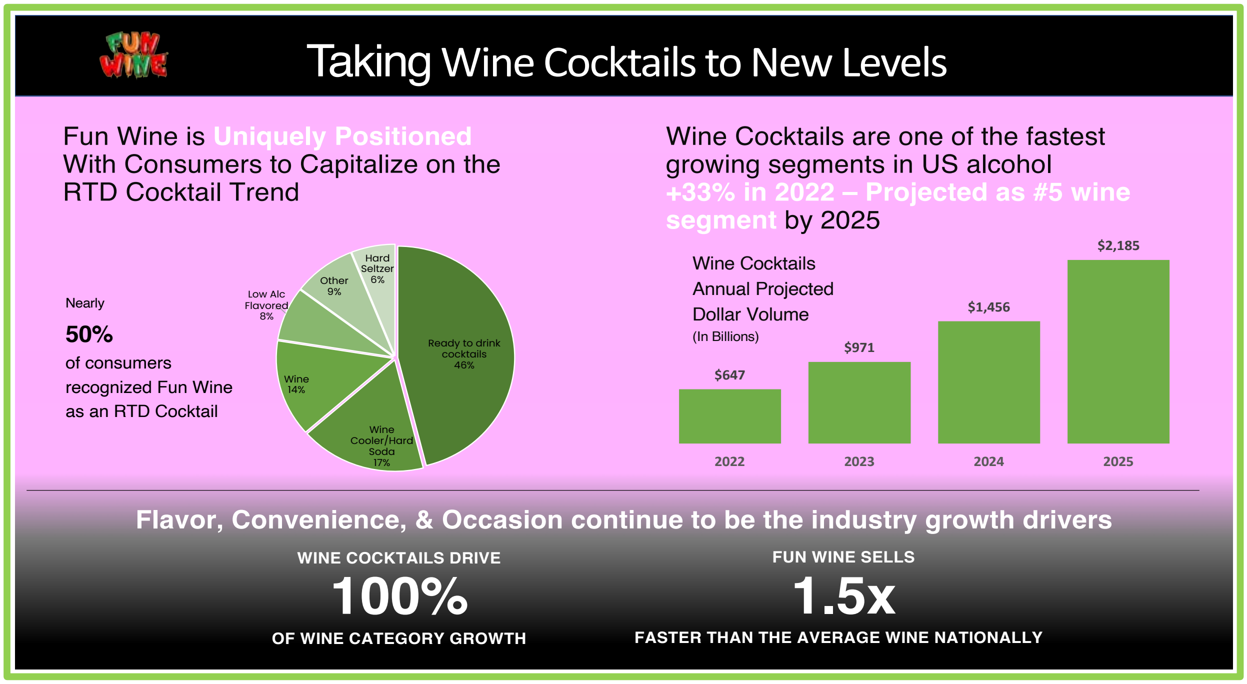
RETAILERS

Fun Wine is available at and growing with Walmart, Total Wine, HEB, Whole Foods, Stew Leonard’s, Wegmans, Ralph’s, Rite Aid, Tops, ShopRite, Circle K, 7-Eleven, and many more. We now have in place what we need to move forward to accomplish our plan to expand our presence to all states in the US in the second half of 2022. Walmart is our # 1 retailer. We generally outperform retailer expectations and our competition. Ralph’s in California recently ordered customized 4-packs of our 330 ml aluminum bottles that was met by strong consumer attraction. Target is starting a pilot in North Atlanta and Tennessee with 80+ stores in a display program. Our focused strategy allows us to leverage both 750 ml ‘Ready to Share’ bottles and 330 ml ‘Ready to Drink’ aluminum, single serve bottle across specific off-premise trade channels to meet the needs of retailers and consumers. This targeted approach will support accelerated distribution and expand the number of packages per retailer. We are actively targeting 180 national, regional and local chain accounts for the rest of the year, including Albertsons, Aldi, BJ’s, CVS, Walgreens, Duane Reade, Dollar General, Family Dollar, Food Lion, Fresh Market, Giant Eagle, Harris Teeter, Hy-Vee, Jewel Osco, Kroger, Lowe’s, Meijer, Publix, Raley’s, Safeway, Sam’s Club, Sprouts, Stater Brothers, Trader Joe’s, Winn Dixie, US military installations, as well as national, regional and local liquor and convenience store chains throughout the USA. We are also working on forming an on-premise team to target fast-food chain, cafes, restaurants, bars, clubs, hotels, airlines and cruise lines.

Walmart is Fun Wine's fastest growing retailer.

Fun Wine outperforms retailer expectations.





E-COMMERCE

We now sell Fun Wine directly to consumers in 30 states through Speakeasy on our website at www.funwine.com. We are also working with Go Puff and plan to sell online with additional DTC companies.

INTERNATIONAL DISTRIBUTION

During the pandemic, as would be expected, our international activity slowed down. We have now begun to work on forming an international division under our Fun Wine International subsidiary with a sales team to cover Africa, Asia, Europe, and Latin America. Currently, we sell Fun Wine to distributors outside the US who may have exclusive distribution rights in their respective countries. Product sales are made FOB ex-factory with GCF in the European Union.

Fun Wine products are now sold in Bulgaria, Costa Rica, Guatemala, Honduras, El Salvador, South Korea (and, until recently, Ukraine). We most recently executed a distribution agreement for the Dominican Republic. Prior to the pandemic, we were active in China and are working on starting there again. Negotiations are active for the Bahamas, Brazil, several Caribbean Islands, Colombia, India, Mexico, and Puerto Rico. In several countries, where import taxes on alcohol are high, we are discussing local production on a royalty or joint venture basis. We also have a sales agency structure with local agents where it makes the most sense. We believe that our worldwide sales may surpass our US sales.

Displays like the one above will generate our best sales.

A NEW FRONTIER - THE METAVERSE

We recently engaged with an innovative metaverse technology platform company to develop an online Fun Wine Metaverse platform that will provide an interactive engagement with Fun Wine aficionados in a 3-D environment that will enhance Fun Wine's brand presence in a way that's entertaining and uniquely engaging. We expect to introduce the Fun Wine Metaverse experience this fall.

FOUNDERS AND BOARD MEMBERS

Our current Board members are Joe Peleg, our Founder & CEO, and Joseph Bernstein, our Co-Founder, Executive Chairman and General Counsel. At present, they jointly control 100% of the Company and its business operations, including as Managing Members with voting control of our parent company, Friends Beverage Group, LLC, and its parent company, Wine Investors, LLC. They also hold the same positions with FUSA, our wholly-owned operating subsidiary that employs the Fun Team, i.e., the executives and staff members included below. FUSA also owns Fun Wine International, LLC and Fun Wine (China), LLC.

JOE PELEG is Founder & CEO of the Company. As an international food and beverage industry leader for decades, Mr. Peleg developed the Fun Wine brand and concept of making it a Better-for-You, low alcohol, low calorie, monk fruit-based wine product for the general population at affordable prices. Mr. Peleg previously owned and operated large catering, franchise and restaurant operations and was a food and beverage advisor to airlines, convention halls and mega international events. Mr. Peleg graduated from the University of Tel Aviv and attended a F&B management program at Cornell University. The Company is beneficiary of $10 million in key-man life insurance policies covering Mr. Peleg.

JOSEPH BERNSTEIN is Co-Founder, Executive Chairman and General Counsel of the Company. Mr. Bernstein started his career as a tax lawyer with Cahill Gordon and later joined Rosenman Colin's international tax department. He subsequently formed Bernstein, Carter & Deyo, with a specialty in structuring foreign investments in the US. At the same time, he formed The New York Land Company with his brother to acquire and develop commercial real estate in New York City. Their over $1 billion in projects include the 50-story Americas Tower at 1177 Avenue of the Americas, The Crown Building at the intersection of Fifth Avenue and 57th Street opposite Trump Tower, 40 Wall Street – now known as The Trump Building, Herald Center at One Herald Square opposite Macy's, and the Monticello Raceway & Casino in Sullivan County, New York. Mr. Bernstein has been a director and CEO of two NASDAQ-listed companies and CFO of another. He holds a M.S. in Finance from UCLA Anderson School of Management, a J.D. from UC Davis School of Law, and an LL.M. in Taxation from the NYU Graduate School of Law. He is a member of the New York and California State Bars and has been admitted to practice before the United States Supreme Court, the United States Tax Court, and the United States District Courts for the Southern and Eastern Districts of New York.

ADVISORS AND NOMINEE DIRECTORS

Our board of directors is currently set at two directors and will be expanded with the addition of the Nominee Directors listed below with an asterisk before their names (*), all of whom have agreed to join the board once the Company's common shares are listed on a national securities exchange. There are no family relationships among any of our executive officers, directors, nominee directors, or key employees. The following persons are currently advisors to the Company (in alphabetical order):

RICHARD BELLAS. Mr. Bellas joined our Advisory Board in 2021. He is a renowned expert in the beverage industry, having amassed over 30 years of experience at the world's three largest producers and marketers. Mr. Bellas was formerly in various executive capacities with PepsiCo for over 20 years, where he presided over global operations, initially in procurement and packaging, then growing into Advertising & Media and business continuity planning. Prior to his career at PepsiCo, Mr. Bellas earned valuable industry experience while serving in various leadership positions in team management, maintenance, plant engineering and process technology at Coke NY, and before that at Proctor & Gamble. Mr. Bellas is currently Executive Vice President & Strategic Advisor for Icon International, a $1.7 billion media placement company. He is also a Strategy & Business Development Advisor to Mitr Phol Group, Asia's # 1 sugar company.

*** WILLIAM DEUTSCH** has been on the Advisory Board of our parent company since 2014. He is the Founder and Chairman of Deutsch Family Wine & Spirits, a Top Five US wine company and No. 1 wine importer in America, with two of America's top selling wine brands in 2021 –Josh Estates ® with 5 million cases and Yellow Tail ® with 6 million cases, among many other renowned domestic and imported brands. Mr. Deutsch founded the company in 1981 with only two employees and a vision of running a family-owned company that would import and market fine wines from family-owned producers around the world. Mr. Deutsch is a highly respected industry leader and has won many industry and community accolades, including Brandweek's Marketer of the Year.

ALBERTO GAVAZZI. Mr. Gavazzi joined our Advisory Board in 2021. He spent 27 years of his career at Diageo and, at the time of his retirement in 2020, Mr. Gavazzi was President of Diageo for Latin America, Global Sales and Global Travel, and a 7-year Member of the Diageo Executive Committee FTSE Top 10 Group. His international career has involved both developed and developing markets across General Management, Marketing, Sales, and Luxury, and he is deeply experienced in brand building, digital, e-commerce development, restructuring and delivering turnarounds. While at Diageo, he led Regions, Markets, Global Marketing and Global Sales teams, serving as Managing Director – Diageo West Latin America and Caribbean; Global Category Director – Whiskey, Gins and Reserve Brands; General Manager – Brazil, Paraguay, and Uruguay; Vice President Consumer Marketing – Chicago; and Marketing Director – Brazil at Diageo. Mr. Gavazzi is the Founder of private equity capital firm Urban Capital in Brazil, focusing on health and wellness, and an Advisor to Bain Capital, an international private equity firm.

*** MEL HARRIS** has been on the Advisory Board of our parent company since 2014. He is an insurance industry leader with over 30 years in the industry. He was formerly Chairman and Chief Executive Officer of International Insurance Group. In 1984, he founded Inter-American Group and later merged it into Alexander & Alexander, where he served as Vice Chairman. Mr. Harris previously served as Vice Chairman of Jardine Insurance Brokers of New York. He is currently Chairman and Chief Executive Officer of Preferred Employers Holdings and serves on philanthropic boards, including The United States Holocaust Memorial Museum in Washington, D.C., the Mount Sinai Medical Center in Miami, Florida, and the Miami Jewish Home and Hospital for the Aged. Mr. Harris is a Recipient of The Ellis Island Medal of Honor Award.

*** MARIAN HEARD** has been on the Advisory Board of our parent company since 2014. Ms. Heard is a former member of the board of directors of CVS-Caremark, Liberty Mutual Group, Sovereign Bank, Santander USA Holding, Fleet Bank and Blue Cross-Blue Shield of Massachusetts and is a Trustee of the Dana Farber Cancer Institute and Founder and Chief Executive Officer of the Points of Light Foundation. She is a former Chief Executive Officer of the United Way of Massachusetts Bay and New England, as well as former Chief Executive Officer of the Presidents' Summit for America's Future, in which Presidents Bush and Clinton served as Co-Chairs. Ms. Heard is the President and Chief Executive Officer of her own company specializing in brand enhancement strategies for Fortune 500 companies.

FRED HOLLAMBY-JONES is Managing Director of The Create Group, Ltd., and serves as Fun Wine's Director of Product Development & Quality Control. He previously served as Global Head of Drinks Development for the Mars Group and Head of Value-Added Innovation Streams for Lyons Tetley/Tata Global. At Unilever he served as Drinks Product & Process Development Manager. Mr. Hollamby-Jones is recognized as an expert in botanical extraction, factory efficiency and optimization, functional drink development & production, drinks processing and quality control. He has worked in many countries and on every continent across the world and has designed/built drinks factories in Azerbaijan, Bhutan, Brazil, China, Finland, India, Ireland, Nigeria, UK, USA, and West Africa. Mr. Hollamby-Jones holds degrees in Pure Applied (Industrial) and Analytical Chemistry with a major in Biochemistry. He is a Member of the Royal Society of Chemistry.

*** RICHARD PASCUCCI** is a principal of Black Apple Group, LLC, and serves as Senior Strategic and Analytics Advisor to the Company. He previously served as Chief Growth Officer and Vice President of Business Development at Pabst Brewing Company and National Director of Distribution Strategy for Red Bull®. He was also Director of Key Accounts and Sales & Market Development Manager for Diageo and Guinness USA. As a highly accomplished executive with extensive experience in strategic planning, forecasting, brand management, national accounts and field sales, he incorporates analytics from marketing and sales, with broad industry knowledge, to deliver competitive solution-based insights.

*** JORDON ROSS** is majority owner and CEO of Omniscient Financial, a company that finances heavy construction and automotive equipment. He currently serves on the board of the AFSLIC insurance company. As an innovator and early leader in municipal financings, Mr. Ross rose to become Chairman of the American Bar Association Section for Municipal Government Leasing and later established a municipal leasing department as VP of Municipal Finance for Walter Heller and then for Oppenheimer & Company, Inc., before forming his own company, International Commercial Investment Corporation. Mr. Ross previously founded the dominant firm in the television advertising industry handling residual payments for broadcasting of television commercials and programming, reaching annual revenues of over $500 million. He has also served as Vice Chairman of Circle Fine Art, overseeing operations of the largest international retail art company in the world, and was instrumental in rehabilitating the home of the Jackie Gleason Classic and multiple PGA and LPGA tournaments as managing partner of Inverrary C.C.

CHIP ROVELLO is Founder & CEO of Black Apple Group, LLC, in which Richard Pascucci is also an owner. Mr. Rovello serves as Senior Strategic and Analytics Advisor for the Company. He served for 12 years as National Accounts Director and Senior Director of Category Development and Business Insights for Pabst Brewing Company. He was previously Director of Category Management at Molson Coors. Black Apple is a consulting group that specializes in Strategy, Brand Marketing, Business Intelligence, Business Insights and Category Development. Mr. Rovello works closely with his partner, Richard Pascucci, who will be joining our Board of Directors.

*** BRIAN SUDANO** has been on the Advisory Board of our parent company since 2014. Mr. Sudano is Managing Partner of Beverage Marketing Corporation and BMC Strategic Associates. Mr. Sudano's experience covers nearly the entire beverage industry, from energy drinks to wine, with special expertise in beverage alcohol by virtue of varied industry experience and broad range of projects. Mr. Sudano manages several major clients, providing on-going strategic and market advise, while leading projects in strategic planning, market entry analysis and planning, sales/distribution, business modeling, brand repositioning and international opportunity assessment. Mr. Sudano is regularly quoted in the leading global business publications, including The Wall Street Journal, The Financial Times, Forbes, and The Economist. He has spoken at many beverage industry events and is a contributing editor at *Beverage World* magazine.

THE FUN TEAM

TODD ANDERSON has been our President since January 2022. From 2002-2019, Mr. Anderson worked at Mark Anthony Brands (White Claw® and Mike's Hard Lemonade®) in the US and Canada and more recently as Strategic Advisor and Chief Commercial officer at Lone River Beverage Company, where he helped guide the hard seltzer company through its sale to Diageo. He continued to work with Diageo until he joined the Company in January 2022. Mr. Anderson brings decades of experience in the RTD alcohol industry in both the USA and Canada and will lead our expansion program and sales and marketing efforts.

MIGUEL PAREDES is our Chief Creative Director, responsible for product design and marketing creations. He is a renowned pop graffiti artist and urban realist who combines the exhilarating sense of New York graffiti art with the skill of a true artist. Mr. Paredes is a leading artist at the Art Center of South Florida and was the official artist of the 12th Annual Latin Grammy® Awards. He attended the prestigious New York City Fiorello La Guardia High School of Music and Art and derived his inspiration from Andy Warhol, Keith Haring and his work with Warhol's mentor, Ronnie Cutrone.

CHRISTINA AGUILERA is our Chief Culture Officer. She is a singer-songwriter, actress and television personality renowned for her powerful voice and hit songs. Aguilera continues to use her voice for good, having served as the global spokesperson for Yum! Brands' World Hunger Relief effort since 2009 and helping raise over $150 million for the World Food Program and other hunger relief agencies. Aguilera has sold more than 43 million records worldwide and achieved five No. 1 singles on the Billboard Hot 100 chart making her the fourth female artist to top the chart over three consecutive decades (the 1990s, 2000s, and 2010s). She has won six Grammy Awards, including a Latin Grammy Award.

ADRIENNE ANDERSON is our Interim Chief Financial Officer. Ms. Anderson is a CPA licensed in Florida and Illinois and possesses 20 years of experience in the field of auditing and handling all stages of an audit from planning to report issuance for private and public companies. She spent the last few years focused on PCAOB financial statement audits and reviews for SEC registrants as lead audit partner at D. Brooks and Associates, CPAs, in West Palm Beach, FL. She previously was a partner at WithumSmith + Brown, the Company's auditors. Ms. Anderson has a Bachelor of Science in Accounting from Eastern Illinois University.

CYNTHIA WHITAKER is our Vice President of National Accounts and a veteran in National Key Account Development and Sales Management. She most recently served at Pernod Ricard USA as National Chain Manager of Wine and Senior Manager, eCommerce National Accounts Sales Enablement and Strategy – Spirits & Wine. Previously, she was at MillerCoors as Chain Sales Manager, Central Region, and Chain Sales Manager, Walmart Team, and before that National Trade Development Manager at Mark Anthony Brands, Inc. Cindy has a B.A. in Business Management from the University of Texas at Dallas.

KENDY FERRELL is our Regional Vice President, Central States. She has 15 years B2B sales experience of premium brands, multi-state territories, distributors, national accounts, key accounts, and specialty markets in the on- and off- premise channels. She was previously with RNDC, responsible for on-premise sales of Grey Goose, Ketel One, Chivas Regal, Jack Daniels, Corazon, Wild Turkey, Sky, Patron, and Bacardi. Ms. Ferrell has received multiple annual Top Regional Sales Manager Awards and holds a B.B.A. degree in Marketing from Texas Tech University.

BENJAMIN ENGLISH is our Regional Vice President, Northeastern States. He was previously Northeast Market Manager for Vintage Wine Estates and Drink Design Company, as well as Strategy Implementation Manager for Remarkable Liquids and Sales Manager for Gasko & Meyer. His industry experience ranges from Strategic Brand Management and Vendor and Supplier Management to National Account Coordination and Sales Management. He has a B.S. In Business Administration from Post University. He is also a Certified Sommelier.

CHRISTOPHER REED is our Regional Vice President, Midwest, and Southeast States. He deals primarily with distributors and retailers. He was previously President, CEO and Chief Sales & Marketing Officer of Core Brewing & Distilling Company in Arkansas. Before that, he was an Area Sales Manager for Pabst Brewing Company in California and held positions as sales manager of other breweries and distributors.

SHARON AYALON works on international business with FUSA's international subsidiary, Fun Wine International, LLC, and is focused on expanding our global distribution. Formerly, she was a producer at 02 Media for a branded marketing show, "The Balancing Act" and was also involved in special design projects for Calvin Klein, Donna Karan, Michael Kors, John Varvatos and Riedel Wine glasses.

EREZ HAIM is our Vice President of Marketing, responsible for executing brand storytelling on a global scale across all digital and social channels. Formerly, he was the strategic leader for alcohol promotions for alcohol brands in Israel, where he managed on-premise promotions, sales, and marketing.

CAROLINA VILLALON is our Senior Marketing Strategist. Originally from Chile, with studies in Marketing and Languages (English, Spanish, Portuguese), she has been with Fun Wine for more than four years, responsible for Social Channels such as Instagram, Facebook, and LinkedIn, influencer marketing, sweepstakes, and other marketing campaigns, as well as liaison for the development of Latin American markets.

LIGELLA MEJIA is our Chief Accounting Officer. She holds a B.A.A. and was previously Comptroller and Finance Director for Plastec USA, Inc., working for four affiliated Miami-based companies with operations in the US, Canada, Mexico, and Colombia. Before that, she was an Accountant Advisor and Finance Department Supervisor in Miami.

EITAN SHARONI is our Logistics Manager**.** Mr. Sharoni joined the Company in April 2019 after 15 years in accounting and finance positions in Miami. Mr. Sharoni graduated with degrees in Marketing and International Business from the School of Business Administration, The College of Management in Tel-Aviv, Israel.

ATTORNEYS, ACCOUNTANTS AND TRANSFER AGENT

ATTORNEYS

Alcohol Beverage Law	Gray Robinson P.A., Miami, FL
	Hinman & Carmichael, LLP, San Francisco, CA
	Lindsey Zahn P.C., White Plains, NY
Corporate/SEC	Olshan Frome Wolosky LLP, New York, NY
Intellectual Property	Gerben Perrott, PLLC, Washington, D.C.
General Legal Matters	Lippes Matthias LLP, Buffalo, NY

AUDITORS & ACCOUNTANTS

Auditors	WithumSmith+Brown, Orlando, FL
CPAs	D. Brooks & Associates CPAs, Palm Beach Gardens, FL
Tax Accountants	Ceasar & Smilow, Syosset, NY

TRANSFER AGENT	Issuer Direct - Direct Transfer, LLC, Raleigh, NC

OVERVIEW OF OUR BUSINESS

We develop, import, market and sell "Better-for-You," sparkling, flavored wine products in a variety of wine types and mixed flavors. The Fun Wine brand was designed and developed to be a delicious and affordably priced, everyday beverage, with 5.5% ABV (alcohol by volume) and 59 calories in a 5 oz. pour. It was not meant for wine snobs, as it is *not wine* but a *wine cocktail*. We currently offer six flavored wines including the industry's first coffee-flavored wines. Our Hard Bubbly Collection includes Strawberry Rosé Moscato, Peach Passion Moscato, Coconut Pineapple Chardonnay and Sangria, while our Café Graffiti Collection offers Cappuccino Chardonnay and Espresso Cabernet. All six of our flavored wines are produced with all-natural, gluten-free ingredients, and are all produced in GCF's vegan-certified plants in the European Union. We believe our wine products are innovative in a traditional beverage market, in part through the introduction of monk fruit juice as an all-natural, zero calorie, zero carb substitute for sugar. Monk fruit is also a wonderful flavor enhancer.

GROWTH STRATEGY

We believe that we can continue to grow our business relying on our competitive strengths: Our experienced and knowledgeable management team and board of directors, our strategic partnerships with some of the world's top wine makers, distributors, logistics providers and retailers, and our award-winning wine products scalable to global markets. We intend to continue growing by:

- **Developing innovative wine products that meet the needs of consumers and retailers.** We have a reputation for innovative development of unique wine-based products and strategic partnerships with retailers on programs to support sales of those products. With branding expertise, we intend to continue innovation and build our market share with U.S. retailers who are focused on increasing their profitability through our offerings.

- **Growing our customer base to include additional major U.S. retail chains.** We are actively pursuing long-term relationships with the largest retail chains in the United States and will be doing so overseas as well.

- **Achieving brand penetration through our national distribution platform.** We will continue to focus on achieving brand penetration through our national distribution platform with our three-tier distribution network in collaboration with RNDC, the second largest U.S. distributor of wine and spirits.

- **Marketing to key international markets.** We intend to review selective brand development and distribution opportunities in international markets.

- **Developing new ways to engage consumers and distribute products.** We are discovery-oriented in our approach and are always looking for new innovations in and approaches to our market segment. We believe that traditional wine marketing, to some degree, has stymied creativity and that our innovative branding expertise allows us to rapidly capitalize on the demands of millennial and Gen Z consumers in particular.

THE "BETTER-FOR-YOU" WINE MARKET SEGMENT

The Better-for-You low alcohol beverage market is experiencing rapid growth and it is the reason we target the mass market of health-conscious consumers of all ages, and particularly the most health-conscious – millennial (anyone born between 1981 and 1996) and Gen Z (anyone born from 1997 onward) consumers. These consumer groups are also attracted by the fun, vibe, and hip lifestyle of Miami, which is reflected in Fun Wine's unique packaging and presentation, including our artistically inspired bottles created by Miami pop graffiti artist Miguel Paredes.

Fun Wine is a rising star in the low calorie, low alcohol, sparkling flavored RTD segment in the United States. It has been steadily growing and competing with and even outselling long-established brands where Fun Wine is sold. We have discovered that health-conscious consumers have no age boundary and afford us a strategy to market to older demographics as well.

Innovation. Fun Wine is today one of the most innovative products in Alternative Alcohol Beverage ("**AAB**"). Fun Wine's innovations include: (1) Unique flavors that include Strawberry Rose Moscato, Peach Passion Moscato, Sangria and Coconut Chardonnay in a *Hard Bubbly Collection*, as well as the world's first coffee wines in a *Café Graffiti Collection* - Cappuccino Chardonnay and Espresso Cabernet, (2) unique pop graffiti bottle art by artist Miguel Paredes, (3) the first 330 ml aluminum wine bottles, and (4) the launch of zero calorie, zero carb monk fruit juice concentrate as a sweetener and flavor enhancer, reducing a glass of wine to 59 calories. Fun Wine is also meant to be affordable for mass consumption. These are the reasons why Fun Wine's "Four Pillars" are: *Flavor, Innovation, Art, and Price.*

Flavor, Value, Better Health. The main driver for growth in the US alcohol industry has always been flavor. Great taste and value for money are # 1 and # 2 for consumers deciding to buy any beverage alcohol. Healthier alcohol products have begun to compete for the # 2 slot. For example, in an August 2021 report on AAB, Beverage Marketing Corporation of New York reports that millennials prefer AAB products to traditional alcoholic beverages because of their flavor and lower alcohol. Zero alcohol beer, wine and other "no alcohol" products have become a rapidly growing category as well. [5]

DEFINING FUN WINE

Fun Wine caters to legal drinking age ("**LDA**") consumers by delivering Better-for-You wine drinks with unique flavors at popular prices. Fun Wine views these three components as essential elements in its journey to market leadership in the low alcohol AAB space, along with another key feature - attractive packaging that resonates with consumers. With the recent proliferation of aluminum can offerings, Fun Wine "*kicked the can*" by introducing its 330 ml aluminum bottle to the wine industry in 2021. [6]

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[5] *"The Science Behind Non-Alcoholic Beer and Wine Production, "Seven-Fifty Daily, July 25, 2022; "Alternative Adult Beverages in the U.S.," Beverage Marketing Corp., August 2021.*

[6] *"New Wine Cottle is Wildly Exuberant*," *Packaging World, October 23, 2020.*

A Wine-Based Drink. Fun Wine is not wine, but a tasty, affordable wine cocktail designed for health-conscious LDA consumers, with all-natural, gluten-free ingredients, low carbs and low alcohol produced by Europe's largest winemaker. Fun Wine uses monk fruit juice as an all-natural, zero-calorie sweetener and flavor enhancer and has less than half the alcohol and calories of the average wine.

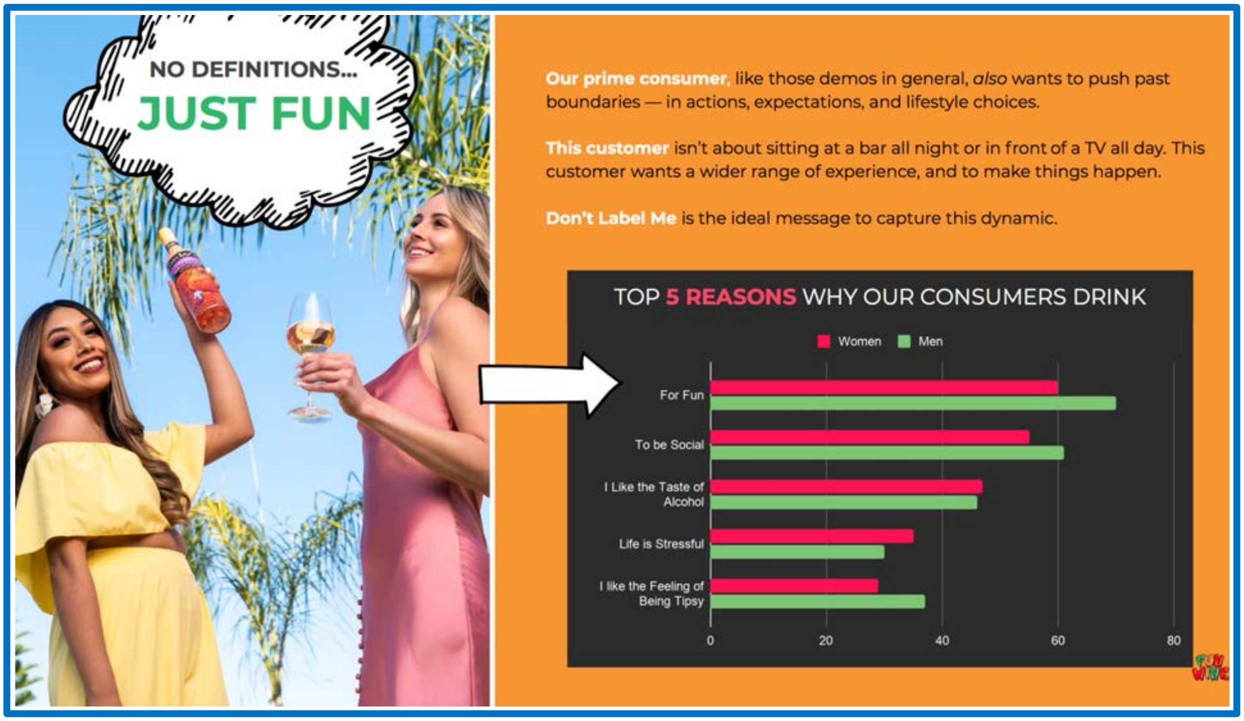
Fun Wine is a carbonated, *wine-based* drink that purposefully avoids the pretense of traditional wine. It is also environmentally friendly as all Fun Wine glass and aluminum bottles are recyclable.

Low Calorie and Carbs. Fun Wine as one of the lowest calorie levels in AAB. At only 59 calories, 1.5 grams of carbs, and 0.6 grams of added sugar per 5 oz. glass, Fun Wine contains far less calories, carbohydrates, and sugar than traditional wine, beer, or spirits. With LDA consumers seeking products lower in alcohol, calories and carbs, Fun Wine fits comfortably in an industry segment that caters to all ages as health consciousness straddles all LDA demographics, from Gen Z to millennials to boomers.

Hard Seltzers. Fun Wine fulfills a strong consumer desire for innovative drinks within the Better-for-You space that has catapulted the hard seltzer market in recent years. Hard seltzers are flavored, low alcohol carbonated drinks with lower calories than their malt, wine, or spirit-based counterparts. If a drink contains alcohol and carbonation, it is, by definition, a hard seltzer within AAB.

Fun Wine's Hard Bubbly Collection™ and Café Graffiti Collection™ include beverages with a common denominator of alcohol, flavor, and carbonation common to other AAB products. There are several subcategories here, some of which relate to beer, spirits, and wine and others to hard teas, hard kombuchas, and other hard flavored alcohol products.

IWSR defines seven sub-categories of ready-to-drink products: (1) Cocktails/long drinks: drinks that reflect both well-known cocktails (Mojito, Negroni, Mule, Cosmopolitan) and common mixed drinks containing a base spirit and a non-alcoholic mixer (for example, gin and tonic or vodka and soda), where the base alcohol is clearly identified; (2) Hard seltzers: composed of a blend of carbonated water and alcohol, in some cases with added fruit flavor, and typically malt-based but can also be wine- or spirit-based. In contrast to long drinks, the alcohol is not defined (3) Hard coffees: alcoholic drinks which can be cold brew or creamy hard coffee; (4) Hard teas: alcoholic tea drinks; (5) Hard kombuchas: made with sweetened black or green tea, fermented, and then often blended with natural juice; (6) Wine spritzers/coolers: drinks which mix wine with carbonated water or sodas, or fruit juices; and (7) Flavored Alcoholic Beverages (FABs): this subcategory covers all other RTDs, including the likes of Smirnoff Ice and Bacardi Breezers, as well as local brands. Hard seltzers such as White Claw®, Truly®, Mike's Hard Lemonade® or Four Loko® are flavored malt beverages (FMBs), while alcopops, Smirnoff Ice® or Bacardi Breezer® cocktails are in the spirts subcategory. Wine-related RTDs include flavored, carbonated spritzers, wine coolers, sparkling wines, and wine-based cocktails, such as Barefoot Spritzer®, Babe®, Rancho La Gloria®, Vizzy® and Stella Rosa®. RTD wine-based drinks have lower ABV levels, lower calories, and flavors common to hard seltzers.



RTD PROJECTED GROWTH

The RTD category has been skyrocketing. The RTD volume share of the market is expected to double in the next five years and, in top markets, RTDs are expected to command 8% of all alcohol sales.[7] IWSR projects that the NA and low alcohol category will increase at a CAGR of over 20% through 2025. The low ABV category is defined by IWSR as 0.5 to 3 percent for RTDs, up to 3.5 percent ABV for beer, and up to 7.5 percent ABV for still or sparkling wine. NA is defined as 0.0 to 0.5 percent ABV across all categories. Although for context, it's important to note that low- and no-alcohol beverages' market share is still quite small, with lots of room to grow. [8]

According to IWSR, RTDs represent more volume than spirits, with a market share of 22% by 2025. [9] IWSR also found that the male/female split for no- and low-alcohol products is fairly even, though women do skew more toward no- or low- alcohol wine (53 percent female versus 47 percent male) and RTDs (53 percent female versus 47 percent male). Drizzly has concluded that RTD purchasers have skewed female (60%), with age demos led by millennials (62%) and Gen X (23%).

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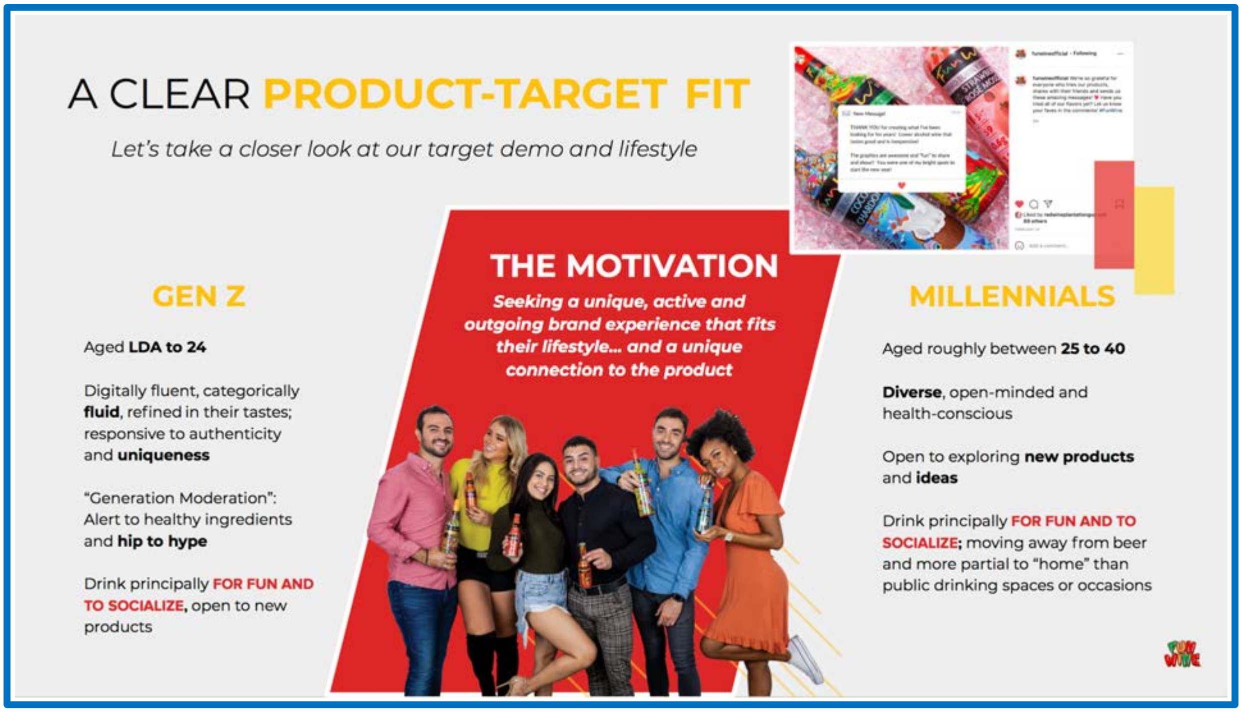
[7] *Driven by Consumer Demand, RTD Volume Share Expected to Double in Next Five Years in Top* Markets," *IWSR, Press Release October 2021*

[8] *How the Pandemic Helped Me Discover Low-Alcohol Drinks and 'Alcohol Alternatives', Vine Pair, October 7, 2021.*

[9] *RTDs to become second biggest alcohol category in US," The Spirits Business, June 16, 2021*



PRICING

The price per 9-liter case to distributors for our wine products in the US in 2018, 2019 and 2020 averaged $33.00 per 750 ml case, delivered to the distributor, and rose to $39.60 in 2021.

The posted price to US distributors is currently $46 per case for the 750 ml bottles (12 per case) and $44 per case for the 330 ml bottles (24 per case).

Distributors currently pick up their orders from our warehouse locations on the east and west coasts at their own cost.

We plan to continue to increase prices annually over the next several years, with a goal of reaching an average US retail price of $9.99 for a 750 ml bottle.

Overseas, our price for international sales FOB ex-factory in the EU is €33.00 for all 750 ml and 330 ml cases.

OWNERSHIP AND CONTROL

In January 2022, we commenced a private placement with "friends and family" to raise $3,000,000 at $3.00 a share and were oversubscribed by over 30% through June 30. As of June 30, 2022, FBG owned 96.4% of the Company's issued and outstanding common shares. FBG is controlled by Joe Peleg, our Founder and CEO, and Joe Bernstein, our Executive Chairman and General Counsel, through their positions as Members of the Management Committee of FBG, and as Members of the Management Committee of Wine Investors, LLC, which maintains voting control of FBG. Members of Wine Investors, LLC include certain Peleg and Bernstein family trusts and Lightstone Wines, LLC, a company owned by members of the Lichtenstein family.

OMNIBUS INCENTIVE PLAN

The Company has an Omnibus Incentive Plan, with up to 3,500,000 common shares reserved for issuance upon exercise of stock options and grants of other equity awards. The Plan serves as an incentive for attracting qualified employees, officers, directors, and consultants. so far, we have granted 1,525,000 stock options under the plan at a minimum price of $3 per share, subject to vesting requirements.

On January 1, 2022, our CEO, Joe Peleg, and our Chairman, Joseph Bernstein, were granted 300,000 and 250,000 10-year options, respectively, that vest annually over 3 years, and are exercisable at prices of $3.00, $4.00, and $5.00 per share. Our President, Todd Anderson, was granted 525,000 10-year options on January 10, 2022, that vest after 3 years of service and are exercisable at $3.00 per share. As of the date of this Offering, all other executives and staff members have been granted 450,000, 10-year options. All options are initially exercisable at $3.00 per share upon vesting, either after a 3-year vesting period, or at $3.00, $4.00, and $5.00 per share for options that vest annually over 3 years.

CHRISTINA AGUILERA

Christina Aguilera is Fun Wine's Chief Culture Officer and one of the most accomplished musical artists of our generation. On May 2, 2022, the Company entered into a Services Agreement with a 3-year base term and two 1-year extension options with a company owned by Christina Aguilera, an internationally recognized, A-List celebrity, pursuant to which Christina Aguilera will act as Global Brand Ambassador, with the title of Chief Culture officer. In connection with the Services Agreement, the Company issued to Christina Aguilera and CAIC LLC (a Creative Artists Agency ("**CAA**") affiliate) 10-year warrants to purchase up to an aggregate of 6.5 million shares of the Company's common stock, of which 4.5 million shares vested on execution of the Services Agreement, and an additional one million shares that vest upon exercise of an option by the Company to extend the Services Agreement for each of the 4th and 5th years. All shares under the warrants have an initial exercise price of $3.00 per share. The Services Agreement also provides for an aggregate payment of $5 million over the first 3 years of the agreement, and payments of $2 million in each of the 4th and 5th years for which the Company exercises an extension option. In addition, the Company is obligated to pay $1,000,000 for each sales revenue tranche that exceeds $50 million a year.

FINANCIAL INFORMATION

The Fun Wine Company, Inc. was formed in 2021 as a Nevada corporation to function as the holding company of all Fun Wine assets previously held by its parent company, FBG, with the idea of becoming a public company in 2022. The primary asset of the Company is its operating subsidiary, Fun Wine (USA), LLC ("**FUSA**"), which owns two daughter companies, Fun Wine International, LLC (which handles overseas business), and Fun Wine (China), LLC (which is focusing on forming distribution alliances in Mainland China).

FUSA conducted an initial pilot of sugar-based products starting in 2018 in the New York Metro Area. In 2021, we launched our monk fruit products. We generated revenues of more than $6.8 million in this period, with sales rising from $950,000 in calendar year 2018 to $2.7 million in 2021, an increase of 284% over a period that included the COVID-19 pandemic.

In calendar year 2021, we had gross sales of about $2.7 million, compared to $1.7 million in 2020 (an increase of 59%). In the past 36 months, from July 1 to June 30 in each of the 12-month periods ending June 30, 2020, 2021 and 2022, we had revenues of $1,530,037, $1,928,592, and $2,618,236, respectively, representing a 26% increase in 2021 and a 36% increase in 2022. We sold 396,663 aggregate cases of 750 ml bottles, 330 ml aluminum bottles and 250 ml slim cans from July 1, 2018, through June 30, 2022, equivalent to 291,401 9-liter cases.

We have incurred annual losses in each year of our operations. As of December 31, 2021, we had an accumulated deficit of $16,632,762 from startup expenses, development costs, and operating losses since our inception. As of December 31, 2021, we had working capital of $3,186,565, represented primarily by inventory imported to the US in the past year. Our past several years involved substantial development costs for our new monk fruit products and building an experienced executive team along with new and expanded distribution networks, from which we expect to derive positive results in the future.

During the year ended December 31, 2021, we incurred a net loss of $5,527,139 and used cash in operations of $7,220,366. We expect to incur a similar operating loss in 2022. We project our revenues will start to grow in the second half of 2022 and beyond due to a rapidly expanding US and global distribution network and global awareness generated by our Chief Culture Officer.

While we cannot predict future results, particularly since pandemic and supply chain issues may linger and continue to be challenging for at least the next year or two, our business plan goals call for sales to reach 1 million, 2.5 million, and 4.5 million cases in 2023, 2024, and 2025, respectively, with global revenues of about $50 million, $130 million, and $250 million, and EBITDA of about $8 million, $42 million, and $95 million. There can, however, be no assurance that our projections will materialize. See *Risk Section* below.

On August 1, 2022, we acquired a 1-year warrant to purchase 444,445 common shares in a metaverse development company at $2.25 per share. If for any reason we decide to not exercise the warrant, FBG has agreed to acquire the shares for its own account.

On June 30, 2022, Icon International, Inc., a $1.7 billion media company ("**Icon**"), entered into an agreement for the Company to purchase up to $1 million in media placements in cash or, at the Company's election, by issuing to Icon common shares of the Company at a value of $3 per share. On December 29, 2021, we executed an agreement to sell to Icon all the remaining sugar-based products that we discontinued in 2021 when we launched our new monk fruit products. In this transaction, Icon acquired 55,996 cases of 250 ml cans and 20,558 cases of 750 ml bottles, with revenue of $335,976 realized by the Company in 2021 and $595,740 in 2022. Icon agreed to sell these products exclusively outside the US and, as of the date of this PPM, Icon is required to provide the Company with $931,716 in media trade credits which may be depleted at the rate of 15% toward the purchase of media placements and other advertising related services for a period of five years.

On October 12, 2021, we issued an aggregate of $6,000,000 of principal amount of secured, 2-year, convertible promissory notes (the "**Convertible Notes**") to private equity investors - Avon Road Partners LP, Cedarview Capital Management, and several high-net worth investors. The Convertible Notes are due in October 2023, bear interest at the rate of 8% per annum, payable quarterly, and are convertible into shares of our common stock at the option of the holders at a conversion price of $2.40 per share (approximately 2,500,000 shares of our common stock should all note holders exercise their option to convert). The proceeds of the convertible note financing were used to repay $2.5 million in notes payable and the balance was used to build up inventory stocks. The Convertible Notes also provide for payment of the first $300,000 raised in a "Regulation A Offering" and allow us to provide an institutional lender a senior security interest of up to $2,000,000 in our accounts receivable and inventory. In connection with the Convertible Notes, we issued to the note holders seven-year penny warrants to purchase an aggregate of 1,131,171 shares of our common stock. We have an obligation to issue an additional 7-year penny warrant for one percent (1%) of the sum of our issued and outstanding shares plus 25,000 shares if we do not raise $5,000,000 in equity by October 31, 2022, which is about an additional $1,000,000 over the approximately $4,000,000 we raised in 2022.

LITIGATION

From time to time, claims may be made against the Company in the ordinary course of business, which could result in litigation. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary damages, fines, penalties, or injunctions prohibiting the Company from selling one or more products or engaging in other activities.

The Company is presently a party to a pending legal proceeding initiated by Labatt USA Operating Company, LLC ("**Labatt**") in April 2022, with respect to a claim that the Company should have taken back inventory discontinued by the Company prior to the termination of the parties' master distribution agreement on December 31, 2020.

The Labatt claim is for approximately $925,000. The Company has denied the allegations and has filed a counterclaim for $10,000,000 resulting from Labatt's restructuring in 2020 that included reduction of its sales force working on the sale of discontinued inventory. We believe we should prevail in this action.

MANHATTAN STREET CAPITAL ONLINE PLATFORM

We intend to sell our shares in this Offering directly to Accredited Investors and Non-US investors residing outside the US without a placement agent or underwriter and have entered into an agreement with MSC to use of its online platform for the Offering.

This PPM is being furnished to prospective investors via download 24 hours a day, seven days a week on the www.manhattanstreetcapital.com website. Our agreement with MSC with respect to the Offering requires us to pay MSC (1) $30,000 in cash and 7,500 common shares as an Advisory Retainer Fee, plus $90,000 in ten-year, cashless exercise warrants for 45,000 shares at $2.00 per share, (2) $5,000 per month while this offering is live for investment, plus ten-year cashless exercise warrants to purchase the same amount value of our common shares at an exercise price of $2.00 per share, and (3) a technology, administration and service fee of $250 per investment by a Regulation D investor and $25 per investment by a Regulation S Investor, plus ten-year cashless exercise warrants to purchase the same value of our common stock at $2.00 per share.

The shares of our common stock issuable upon the exercise of warrants issued to MSC are not included in the number of shares offered in the Offering, and the total number of warrants and underlying shares of our common stock issuable pursuant to clauses (2) and (3) above will not be determined until this Offering is terminated. These fees are paid when each investor deposits funds into the escrow account. The Company will bear the cost of expenses incurred by MSC on behalf of the Company.

In addition to MSC, we have engaged Prime Trust LLC as Escrow Agent to process and collect funds from share purchases in the Offering.

FACTORS DETERMINING VALUATION

The principal factors considered in determining our offering price for the Securities are:

- Global brand awareness and consumer acceptance for our products
- Our innovative products and key supplier and distributor relationships
- Our prospects and potential earnings in the wine cocktail segment of the alcohol industry, in both US and international markets
- Recent sales of equity based on a valuation by an independent appraisal firm

USE OF PROCEEDS

If we sell all 2,500,000 shares, our aggregate net proceeds will be $10 million, less expenses of the Offering, including solicitation, advertising, and other marketing expenses. We expect our marketing costs will be about five percent of the amount of the Offering. We intend to use the net proceeds of this Offering for purchasing inventory, expanding sales teams, marketing and promotion, including payments to our Chief Culture Officer and social media influencers. We have a strategic plan to enhance our US distribution activities, focusing on expanding the number of retail outlets that sell our products.

The net proceeds to be used for purchases of inventory consist of the costs anticipated to be incurred in connection with purchasing our products as finished goods from our French supplier. The net proceeds to be used for sales, marketing and distribution activities consist of the costs anticipated to be incurred in connection with product advertising, price promotions, point-of-sale materials, event sponsorship, in-store and off-premise promotions, in-store tastings, public relations and social media marketing. We expect to include our distributors in these activities.

The remaining net proceeds will be used for working capital and general corporate purposes, which include amounts required to pay officers' salaries, consulting fees, professional fees, ongoing public reporting costs, computer equipment costs, office-related expenses and other corporate expenses. We have no plans to use any proceeds for acquisitions of other businesses, products or brands and we have no discussions with respect to any such acquisitions. The expected use of net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve and change. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

We currently anticipate that the net proceeds of this offering, assuming maximum offering amount is raised, together with our available funds, will be sufficient to meet our anticipated needs for working capital and capital expenditures in the near future. In the event we do not sell all of the shares, we may have to obtain additional financing from other sources in order to support the intended use of proceeds indicated above. If we secure additional equity funding, investors in this offering would be diluted with respect to their percentage ownership in our company. In all events, there can be no assurance that additional financing would be available to us when desired or needed and, if available, on terms acceptable to us.

DESCRIPTION OF SECURITIES

The following is a description of our capital stock and the material provisions of our articles of incorporation, by-laws and other agreements to which we and our stockholders are parties, in each case upon the initial closing of this offering.

General

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $0.01 per share, and 10,000,000 shares of preferred stock, par value $0.01 per share, which preferred stock has not been designated. As of December 31, 2021, there were 35,000,000 shares of our common stock outstanding, all of which was held of record by our parent company. As of June 30, 2022, the Company had issued approximately 36,317,132 common shares and no preferred shares.

A description of the material terms and provisions of our Articles of Incorporation that will be in effect at the initial closing of this offering and affecting the rights of holders of our capital stock is set forth below. The description is intended as a summary only.

Common Stock

The holders of our common stock are entitled to one vote for each outstanding share of common stock owned by that stockholder on every matter properly submitted to the stockholders for their vote. Stockholders are not entitled to vote cumulatively for the election of directors.

Except for the election of directors, which are elected by a plurality vote, a majority vote of common stockholders is generally required to take action under our articles of incorporation and by-laws. Holders of our common stock have no conversion, redemption, pre-emptive, subscription or similar rights.

Preferred Stock

Our board of directors has the authority to issue 10,000,000 shares of preferred stock in one or more series and to fix the designation, relative powers, preferences and rights and qualifications, limitations or restrictions of all shares of each such series, including, without limitation, dividend rates, conversion rights, voting rights, redemption and sinking fund provisions, liquidation preferences and the number of shares constituting each such series, without any further vote or action by the stockholders.

The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock or adversely affect the rights and powers, including voting rights, of the holders of common stock and could, among other things, have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders. We have no present plans to issue any shares of preferred stock.

Limitations on Directors' Liability; Indemnification of Directors and Officers

As permitted by Nevada corporate law, our by-laws provide that no director will be liable to us or our stockholders for monetary damages for breach of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of certain fiduciary duties as a director, except that a director will be personally liable for:

- any breach of his or her duty of loyalty to us or our stockholders;
- acts or omissions not in good faith which involve intentional misconduct or a knowing violation of law;
- the payment of dividends or the redemption or purchase of stock in violation of Nevada corporate law; or
- any transaction from which the director derived an improper personal benefit.

This provision does not affect a director's liability under the federal securities laws. At present, we do maintain directors' and officers' liability insurance in order to limit the exposure to liability for indemnification of directors and officers, including liabilities under the Securities Act.

Selected Risks Associated with Our Business

Despite our competitive strengths and growth strategy we describe above, our business and prospects may be limited by a number of risks and uncertainties that we currently face, including:

- If our Fun Wine brand does not achieve more widespread consumer acceptance, our growth may be limited.
- We have incurred significant operating losses every quarter since our inception and anticipate that we will continue to incur significant operating losses in the future.
- We may require additional capital, which we may not be able to obtain on acceptable terms. Our inability to raise such capital, as needed, on beneficial terms or at all could restrict our future growth and severely limit our operations.
- We depend on a limited number of suppliers. Failure to obtain satisfactory performance from our suppliers or loss of our existing suppliers could cause us to lose sales, incur additional costs and lose credibility in the marketplace.
- We depend on our independent wholesale distributors to distribute our wine products. The failure or inability of even a few of our distributors to adequately distribute our products within their territories could harm our sales and result in a decline in our results of operations.

- We rely on one key distributor, and the loss of the key distributor would substantially reduce our revenues.

- The sales of our products could decrease significantly if we cannot secure and maintain listings in the control states.

- We must maintain inventory of our products to support customer delivery requirements, and if this inventory is lost due to theft, fire or other damage or becomes obsolete, our results of operations would be negatively impacted.

- Our failure to protect our trademarks and trade secrets could compromise our competitive position and decrease the value of our brand portfolio.

- A failure of one or more of our key information technology systems, networks, processes, associated sites or service providers could have a material adverse impact on our business.

- Our failure to attract or retain key executive or employee talent could adversely affect our business.

- If we fail to manage growth effectively or prepare for product scalability, it could have an adverse effect on our employee efficiency, product quality, working capital levels and results of operations.

- Demand for our products may be adversely affected by many factors, including changes in consumer preferences and trends and adverse public opinion about alcohol could reduce demand for our products.

- We face significant competition and may be unable to compete successfully.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in this PPM, before purchasing our common stock. Any of the following factors could harm our business, financial condition, results of operations or prospects, and could result in a partial or complete loss of your investment. Some statements in this PPM, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Regarding Forward-Looking Statements."

RISKS RELATED TO OUR COMPANY AND BUSINESS

We have a history of annual net losses which may negatively impact our ability to achieve our business objectives.

There can be no assurance that our future operations will result in net income. Our failure to increase our revenues or improve our gross profit margins will harm our business. We may not be able to sustain or increase profitability on a quarterly or annual basis in the future. If our revenues grow more slowly than we anticipate, our gross profit margins fail to improve or our operating expenses exceed our expectations, our operating results will suffer. The prices we charge for our wine products may decrease, which would reduce our revenues and harm our business. If we are unable to sell our wine products at acceptable prices relative to our costs, if alcohol beverage laws and regulations become enforced to negatively impact the sale of some or all of such wine products, or if we fail to develop and introduce on a timely basis new wine products from which we can derive additional revenues, our financial results will suffer.

Our failure to attract or retain key executive or employee talent with specialized knowledge about our business could adversely affect our business.

Our success depends upon the efforts and abilities of our executive management team of Joe Peleg, our Chief Executive Officer, Joseph Bernstein, our Executive Chairman, Acting Chief Financial Officer and General Counsel, and Todd Anderson, our President, as well as key senior management and a high-quality employee base, and our ability to attract, motivate, reward and retain them. If one of our executive officers or critical senior management terminates his or her employment, we may not be able to replace their expertise, fully integrate new personnel or replicate the prior working relationships. The loss of critical employees might significantly delay or prevent the achievement of our business objectives. Qualified individuals with the breadth of skills and experience in our industry that we require are in high demand, and we may incur significant costs to attract them. Difficulties in hiring or retaining key executive or employee talent, or the unexpected loss of experienced employees could have an adverse impact on our business performance. In addition, we could experience business disruption and/or increased costs related to organizational changes, reductions in workforce, or other cost-cutting measures.

We may experience a negative impact from the COVID-19 pandemic if it continues or gets worse.

Our business continues to be susceptible to disruption from any number of current and ongoing challenges brought on by the COVID-19 pandemic. The impact of consumer business and government responses to the COVID-19 pandemic has had a significant impact on the operations and financial condition of many businesses. Those include employees being required to work remotely, not travel and otherwise alter their normal working conditions. For instance, our sales staff have had limited opportunity to interact with customers. Businesses have been closed, including establishments that sell our products, and supply chains and manufacturing have been disrupted. Consumer buying habits have shifted and may continue to shift, which may result in fewer sales of our products. These and other impacts from the COVID-19 pandemic and any other similar crisis could have a material impact on our operations and financial results. The degree to which COVID-19 may impact our results of operations and financial condition is unknown at this time and will depend on future developments, including the ultimate severity and the duration of the pandemic, and further actions that may be taken by governmental authorities or businesses or individuals on their own initiatives in response to the pandemic. In addition, our results and financial condition may be adversely affected by federal or state legislation (or other similar laws, regulations, orders or other governmental or regulatory actions) that would impose new or more severe restrictions on our ability to operate our business or impact the economy or our customers and suppliers, a severe downturn in the economy or financial and lending markets.

Our operations and growth may be limited if we fail to secure additional capital or achieve adequate liquidity.

We will require additional capital to operate, grow and compete, and failure to obtain such additional capital could limit our operations and our growth. Unfortunately, we have not generated sufficient cash from operations to finance additional capital needs, and we will need to raise additional funds through private or public equity and/or debt financing. We cannot assure that additional financing will be available to us on acceptable terms or at all. If additional capital is either unavailable or cost prohibitive, our operations and growth may be limited, and we may need to change our business strategy to slow the rate of, or eliminate, our expansion or to reduce or curtail our operations. Also, any additional financing we undertake could impose covenants upon us that restrict our operating flexibility, and, if we issue equity securities to raise capital, our existing shareholders may experience dilution and the new securities may have rights, preferences, and privileges senior to those of our common stock.

Our failure to effectively manage debt has potential negative consequences on the value of our common stock.

We have incurred significant debt under our Convertible Notes. This debt is secured by a security interest in substantially all of our assets and our subsidiaries. Our ability to meet our debt service obligations depends upon our operating and financial performance, which is subject to general economic and competitive conditions and to financial, business, and other factors affecting our operations, many of which are beyond our control. If we are unable to service our debt, we may need to sell inventory and other material assets, restructure or refinance our debt or seek additional equity capital. Prevailing economic conditions and credit markets could adversely impact our ability to do so.

The amount and terms of our debt could have important consequences, including the following:

- We may be more limited in our ability to execute on our strategy and have flexibility to operate or restructure our business;
- Our cash flow from operations may be allocated to the payment of outstanding debt and not to developing and growing our brand;
- We might not generate sufficient cash flow from operations or other sources to enable us to fund other liquidity needs; and
- An inability to incur additional debt, including for working capital, acquisitions, or other needs.

If we breach a note covenant or miss a payment, the lenders could accelerate the repayment of debt and foreclose on our inventory and other assets. We might not have sufficient assets to repay our debt upon acceleration. If we are unable to repay or refinance the debt upon acceleration or at maturity, the lenders could initiate a bankruptcy proceeding against us or collection proceedings with respect to our assets securing the debt, which could materially decrease the value of our common stock.

Our only material asset is our 100% interest in FUN WINE (USA), LLC, and we are accordingly dependent upon distributions from that subsidiary.

We are a holding company and have no material assets other than our 100% controlling member equity interest in FUN WINE (USA), LLC and otherwise we have no independent means of generating revenue. We will cause FUN WINE (USA), LLC to make distributions to its unit holders in an amount sufficient to cover all applicable taxes at assumed tax rates and dividends, if any, declared by us. To the extent that we need funds, and FUN WINE (USA), LLC is restricted from making such distributions under applicable law or regulation, or is otherwise unable to provide such funds, it could materially adversely affect the liquidity and financial condition of our company.

If our Fun Wine brand does not achieve more widespread consumer acceptance, our growth may be limited.

Although our Fun Wine brand continues to achieve acceptance, it is relatively new and has not achieved national brand recognition. We have not yet had success growing a brand to a sufficient level to realize profitability and be able to sell the brand for a profit. Also, brands we may develop and/or acquire in the future may not establish widespread brand recognition. Accordingly, if consumers do not accept our brands at scale, our sales will be limited, and we will not be able to penetrate our target markets. Our profitability depends in part on achieving scale. We will need to achieve wider market acceptance of our brands and materially increase sales to achieve profitability.

We depend on a limited number of suppliers. Failure to obtain satisfactory performance from our suppliers or loss of our existing suppliers could cause us to lose sales, incur additional costs and lose credibility in the market.

We do not have long-term, written agreements with any of our suppliers that produce our wine products. The termination of our relationships or an adverse change in the terms of these arrangements could have a negative impact on our business. If our suppliers increase their prices, we may not be able to secure alternative suppliers, and may not be able to raise the prices of our products to cover all or even a portion of the increased costs. Also, our suppliers' failure to perform satisfactorily or handle increased orders, delays in shipments of products from suppliers or the loss of our existing suppliers, especially our key suppliers, could cause us to fail to meet orders for our products, lose sales, incur additional costs and/or expose us to product quality issues. In turn, this could cause us to lose credibility in the marketplace and damage our relationships with distributors, ultimately leading to a decline in our business and results of operations. If we are not able to renegotiate these contracts on acceptable terms or find suitable alternatives, our business, financial condition, or results of operations will be negatively impacted.

We depend on our independent wholesale distributors to distribute our products. The failure or inability of even a few of our distributors to distribute our products adequately within their territories could harm our sales and result in a decline in our results of operations.

We are required by law to use state-licensed distributors or, in 17 states known as "control states," state-owned agencies performing this function, to sell our products to retail outlets, including liquor stores, bars, restaurants and national chains in the United States.

We have established relationships for our brands with a limited number of wholesale distributors; however, failure to maintain those relationships could significantly and adversely affect our business, sales and growth. We currently have agreements with MHW Ltd., one of the largest alcohol importing and logistics companies in the US, to function as our master distributor in all 50 states. MHW charges us monthly administration fees and a per case fee for cases we sell to US distributors.

Over the past decade there has been increasing consolidation, both intrastate and interstate, among distributors. As a result, many states now have only two or three significant distributors. Also, there are several distributors that now control distribution for several states. If we fail to maintain good relations with a distributor, our products could, in some instances be frozen out of one or more markets entirely. The ultimate success of our products also depends in large part on our distributors' ability and desire to distribute our products to our desired U.S. target markets, as we rely significantly on them for product placement and retail store penetration. In addition, all of our distributors also distribute competitive brands and product lines.

We cannot assure you that our U.S. distributors will continue to purchase our products, commit sufficient time and resources to promote and market our brands and product lines, or that they can or will sell them to our desired or targeted markets. If they do not, our sales will be harmed, resulting in a decline in our results of operations.

The sales of our products could decrease significantly if we cannot secure and maintain listings in the control states.

In the control states, the state liquor commissions act in place of distributors and decide which products are to be purchased and offered for sale in their respective states. Products selected for listing in control states must generally reach certain volumes and/or profit levels to maintain their listings.

Products in control states are selected for purchase and sale through listing procedures, which are generally made available to new products only at periodically scheduled listing interviews. Products not selected for listings can only be purchased by consumers in the applicable control state through special orders, if at all.

If, in the future, we are unable to maintain our current listings in the control states, or secure and maintain listings in those states for any additional products we may develop or acquire, sales of our products could decrease significantly, which would have a material adverse financial effect on our results of operations and financial condition.

We must maintain inventory of our products to support customer delivery requirements, and if this inventory is lost due to theft, fire or other damage or becomes obsolete, our results of operations would be negatively impacted.

We maintain inventories of our product to meet customer delivery requirements. We have used our inventory at market value as collateral in our financing. If we do not make timely payments on our financing obligations, or we breach our covenants in any financing document, the lenders may foreclose and take possession of our inventory. In addition, this inventory is always at risk of loss due to theft, fire, evaporation, spoilage, or other damage, and any such loss, whether insured against or not, could cause us to fail to meet our orders and harm our sales and operating results. Also, our inventory may become obsolete as we introduce new products, cease to produce old products, or modify the design of our products' packaging, which would increase our operating losses and negatively impact our results of operations.

If we decide to acquire additional brands to our existing portfolio, we may not realize anticipated benefits, due to integration difficulties or other operating issues.

A component of our growth strategy may be the acquisition of additional brands that are complementary to our existing portfolio through the acquisition of such brands or their corporate owners, directly as brand acquisitions or through mergers, joint ventures, long-term exclusive distribution arrangements and/or other strategic relationships. If we are unable to identify or have the financial ability to acquire suitable brand candidates and successfully execute our acquisition strategy, our growth will be limited. If we are successful in acquiring additional brands, we may still fail to achieve our target margins or maintain profitability levels that would justify our investment in those additional brands or fail to realize operating and economic efficiencies or other planned benefits with respect to those additional brands. The addition of new products or businesses entails numerous risks with respect to integration and other operating issues, any of which could have a detrimental effect on our results of operations and/or the value of our equity. These risks include, but are not limited to, the following:

- Difficulties in assimilating acquired operations or products, including failure to realize synergies;
- Failure to realize or anticipate benefits or to execute on our planned strategy for the acquired brand or business;
- Unanticipated costs that could materially adversely affect our results of operations;
- Negative effects on reported results of operations from acquisition-related charges and amortization of acquired intangibles;
- Diversion of management's attention from other business concerns;
- Adverse effects on existing business relationships with suppliers, distributors, and retail customers;
- Risks of entering new markets or markets in which we have limited prior experience; and
- The potential inability to retain and motivate key employees of acquired businesses.

Our ability to grow through the acquisition of additional brands is also dependent upon identifying acceptable acquisition targets and opportunities, our ability to consummate prospective transactions on favorable terms, or at all, and the availability of capital to complete the necessary acquisition arrangements. We intend to finance our brand acquisitions through a combination of our available cash resources, third-party financing and, in appropriate circumstances, the further issuance of equity and/or debt securities. Acquiring additional brands could have a significant effect on our financial position and could cause substantial fluctuations in our quarterly and yearly operating results. Also, acquisitions could result in the recording of significant goodwill and intangible assets on our financial statements, the amortization or impairment of which would reduce reported earnings in subsequent years.

Our failure to protect our trademarks and trade secrets could compromise our competitive position and decrease the value of our brand portfolio.

Our business and prospects depend in part on our ability to develop favorable consumer recognition of our brands and trademarks. Although we apply for registration of our brands and trademarks, they could be imitated in ways that we cannot prevent. Also, we rely on trade secrets and proprietary know-how, concepts, and formulas. Our methods of protecting this information may not be adequate. Moreover, we may face claims of misappropriation or infringement of third parties' rights that could interfere with our use of this information. Defending these claims may be costly and, if unsuccessful, may prevent us from continuing to use this proprietary information in the future and result in a judgment or monetary damages being levied against us. Although we maintain non-competition provisions in agreements with key personnel, we do not have similar restrictions with our key distributors and suppliers. If competitors independently develop or otherwise obtain access to our trade secrets, proprietary know-how or recipes, the appeal, and thus the value, of our brand portfolio could be reduced, negatively impacting our sales and growth potential.

A failure of our key information technology systems, networks, processes, associated sites or service providers could have a material adverse impact on our business.

We rely on information technology ("**IT**") systems, networks, and services, including internet sites, data hosting and processing facilities and tools, hardware (including laptops and mobile devices), and software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist us in the management of our business.

Increased IT security threats and more sophisticated cyber-crime pose a potential risk to the security of our IT systems, networks, and services, as well as to the confidentiality, availability, and integrity of our data. If the IT systems, networks, or service providers we rely upon fail to function properly, or if we suffer a loss or disclosure of business or other sensitive information, due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively address these failures on a timely basis, we may suffer interruptions in our ability to manage operations and reputational, competitive and/or business harm, which may adversely affect our business operations and/or financial condition.

In addition, such events could result in unauthorized disclosure of material confidential information, and we may suffer financial and reputational damage because of lost or misappropriated confidential information belonging to us or to our partners, our employees, customers, suppliers, or consumers. In any of these events, we could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and IT systems.

If we are unable to maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles in the United States of America. The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements, or misrepresentations.

While management will continue to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, there can be no guarantee that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Furthermore, our disclosure controls and procedures and internal control over financial reporting with respect to entities that we do not control or manage may be substantially more limited than those we maintain with respect to the subsidiaries that we have controlled or managed over the course of time. Deficiencies, including any material weakness, in our internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operations, financial condition or liquidity.

We are an "emerging growth company" as defined in the JOBS Act, and as such may elect to avail ourselves of certain exemptions from various reporting requirements of public companies that are not "emerging growth companies," including, but not limited to, an exemption from complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, which is referred to as the "Sarbanes-Oxley Act."

RISKS RELATED TO OUR INDUSTRY

Demand for our products may be adversely affected by many factors, including changes in category trends and consumer preferences.

Consumer preferences may shift due to a variety of factors, including changes in demographic and social trends, public health initiatives, product innovations, changes in vacation or leisure, dining and beverage consumption patterns and a downturn in economic conditions, any or all of which may reduce consumers' willingness to purchase wine or cause a shift in consumer preferences toward spirits, beer or non-alcoholic beverages or other products. Our success depends in part on fulfilling available opportunities to meet consumer needs and anticipating changes in consumer preferences with successful new products and product innovations.

In addition, the legalization of marijuana in any of the jurisdictions in which we sell our products may result in a reduction in sales. Studies have shown that sales of alcohol may decrease in jurisdictions where marijuana has been legalized (e.g., Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, Oregon, Vermont, Washington and the District of Columbia). As a result, marijuana sales may adversely affect our sales and profitability.

We face substantial competition in our industry, and many factors may prevent us from competing successfully.

We compete based on product taste and quality, brand image, price, service and ability to innovate in response to consumer preferences. The global alcohol industry is highly competitive and is dominated by several large, well-funded international companies. Many of our current and potential competitors have longer operating histories and have substantially greater financial, sales, marketing, and other resources than we do, as well as larger installed customer bases, greater name recognition and broader product offerings. Some of these competitors can devote greater resources to the development, promotion, sale, and support of their products. As a result, it is possible that our competitors may either respond to industry conditions or consumer trends more rapidly or effectively or resort to price competition to sustain market share, which could adversely affect our sales and profitability.

Class actions or other litigation, including relating to alcohol abuse or the misuse of alcohol could adversely affect our business.

Our industry faces the possibility of class action or similar litigation alleging that the continued excessive use or abuse of beverage alcohol has caused death or serious health problems or related to the labelling of our products. It is also possible that governments could assert that the use of alcohol has significantly increased government-funded healthcare costs. Litigation or assertions of this type have adversely affected companies in the tobacco industry, and it is possible that we, as well as our suppliers, could be named in litigation of this type. Also, lawsuits have been brought in several states alleging that beverage alcohol manufacturers and marketers have improperly targeted underage consumers in their advertising. Plaintiffs in these cases allege that the defendants' advertisements, marketing, and promotions violate the consumer protection or deceptive trade practices statutes in each of these states and seek repayment of the family funds expended by the underage consumers. While we have not been named in these lawsuits, we could be named in similar lawsuits in the future. Any class action or other litigation asserted against us could be expensive and time-consuming to defend against, depleting our cash and diverting our personnel resources and, if the plaintiffs in such actions were to prevail, our business could be harmed significantly. Finally, while we believe that a lawsuit of Labatt against the Company is without merit and will be materially less than damages caused us by Labatt, a future judicial decision is not capable of prediction.

Regulatory decisions and legal, regulatory and tax changes could limit our business activities, increase our operating costs and reduce our margins.

Our business is subject to extensive government regulation. This may include regulations regarding production, distribution, marketing, advertising, and labelling of beverage alcohol products. We are required to comply with these regulations and to maintain various permits and licenses. We are also required to conduct business only with holders of licenses to import, warehouse, transport, distribute and sell beverage alcohol products.

We cannot assure you that these and other governmental regulations applicable to our industry will not change or become more stringent. Moreover, because these laws and regulations are subject to interpretation, we may not be able to predict when and to what extent liability may arise. Additionally, due to increasing public concern over alcohol-related societal problems, including driving while intoxicated, underage drinking, alcoholism, and health consequences from the abuse of alcohol, various levels of government may seek to impose additional restrictions or limits on advertising or other marketing activities promoting beverage alcohol products. Failure to comply with any of the current or future regulations and requirements relating to our industry and products could result in monetary penalties, suspension or even revocation of our licenses and permits. Costs of compliance with changes in regulations could be significant and could harm our business, as we could find it necessary to raise our prices to maintain profit margins, which could lower the demand for our products and reduce our sales and profit potential. Also, the distribution of beverage alcohol products is subject to extensive taxation (at both the federal and state government levels), and beverage alcohol products themselves are the subject of national import and excise duties in most countries around the world.

An increase in taxation or in import or excise duties could also significantly harm our sales revenue and margins, both through the reduction of overall consumption and by encouraging consumers to switch to lower-taxed categories of beverage alcohol.

We could face product liability or other related liabilities that increase our costs of operations and harm our reputation.

Although we maintain liability insurance and will attempt to limit contractually our liability for damages arising from our products, these measures may not be sufficient for us to avoid or limit product liability or other related liabilities. Further, any contractual indemnification and insurance coverage we have from parties supplying our products is limited, as a practical matter, to the creditworthiness of the indemnifying party and the insured limits of any insurance provided by these suppliers. In any event, extensive product liability claims could be costly to defend and/or costly to resolve and could harm our reputation or business.

Contamination of our products and/or counterfeit or confusingly similar products could harm the image and integrity of, or decrease customer support for, our brand and decrease our sales.

The success of our brands depends upon the positive image that consumers have of them. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our brands, could affect the demand for our products. Contaminants in raw materials purchased from third parties and used in the production of our products or defects in the fermentation processes could lead to low beverage quality, as well as illness among, or injury to, consumers of our products and could result in reduced sales of the affected brand or all our brands and potentially serious damage to our reputation for product quality, as well as product liability claims. Also, to the extent that third parties sell products that are either counterfeit versions of our brands or brands that look like our brands, consumers of our brands could confuse our products with products that they consider inferior. This could cause them to refrain from purchasing our brands in the future and in turn could impair our brand equity and adversely affect our sales and operations. In addition, our wine products are produced by third parties which may be more susceptible to contamination than if we produced them.

Adverse public opinion about alcohol could reduce demand for our products.

Anti-alcohol groups have, in the past, advocated successfully for more stringent labelling requirements, higher taxes and other regulations designed to discourage alcohol consumption. More restrictive regulations, negative publicity regarding alcohol consumption and/or changes in consumer perceptions of the relative healthfulness or safety of beverage alcohol could decrease sales and consumption of alcohol and thus the demand for our products.

RISKS RELATED TO THIS OFFERING AND OWNERSHIP OF OUR SHARES

Future Stock Listing

There is currently no public market for our common stock. Following the Offering, we intend to obtain DTC eligibility so that shares of our common stock can be deposited with the Depository Trust Company in order to be quoted on the NASDAQ, OTCQB Venture Market or another marketplace operated by the OTC Markets Group. No assurance can be given that (should we qualify) the NASDAQ or OTC Markets Group will approve our listing application.

The purchase price for the common stock is arbitrary and there is no placement agent.

The offering price of our shares is not based on any traditional criteria of value, such as book value, earnings or assets. The offering price does not necessarily represent the current value of our common stock and should not be regarded as an indication of any future price for our common stock. We intend to sell the shares directly to investors and not through a placement agent or other registered broker-dealer who is paid sales commissions. As such, purchases of the shares will not have the benefit of an independent party negotiating the offering price.

The shares of our common stock will have limited transferability and liquidity, and there can be no assurance that there will be an active market for shares of our common stock either now or in the future.

There can be no assurance that there will be an active market for our shares of common stock either now or in the future. Market liquidity will depend on the perception of our operating business and any steps that our management might take to bring us to the awareness of investors. There can be no assurance given that there will be any awareness generated. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business. As a result, holders of our securities may not find purchasers for our securities should they seek to sell securities held by them. Consequently, our securities should be purchased only by investors having no need for liquidity in their investment and who can hold our securities for an indefinite period of time. If an active market should develop, the price of our common stock may be highly volatile. If there is a low price for our common stock, many brokerage firms may not be willing to effect transactions in our securities. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of such shares of common stock as collateral for any loans.

We expect to experience volatility in our stock price, which could negatively affect stockholders' investments.

If and when our shares are traded, our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price and liquidity of our common stock. In the past, securities class action litigation has often been brought against a company following periods of volatility in the market price of its securities. Due to the volatility of our common stock price, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources.

Stockholders should also be aware that, according to SEC Release No. 34-29093, the market for "penny stock", such as our common stock, has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and mark-ups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the future volatility of our share price.

Our common stock is subject to the "penny stock" rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

Under U.S. federal securities legislation, our common stock will constitute "penny stock." Penny stock is any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require that a broker or dealer approve a potential investor's account for transactions in penny stocks, and the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve an investor's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person, and make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination. Brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock. Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions.

Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority ("**FINRA**") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Joe Peleg, our Chief Executive Officer, and Joseph Bernstein, our Executive Chairman, Acting Chief Financial Officer and General Counsel, beneficially control a significant number of shares of our total outstanding common stock, may be able to control the outcome of stockholder voting.

Prior to this offering, Joe Peleg, our Chief Executive Officer, and Joseph Bernstein, our Executive Chairman, Acting Chief Financial Officer and General Counsel, through their control of Friends Beverage Group, LLC, our majority shareholder, are together able to control the Company without a shareholder vote by written consent. As such, Messrs. Peleg and Bernstein, if they work together, will after the offering be able to continue to have the ability to exert significant influence over all corporate activities, including the election or removal of directors and the outcome of tender offers, mergers, proxy contests or other purchases of common stock that could give our stockholders the opportunity to realize a premium over the then-prevailing market price for their shares of common stock. The concentrated control of the Company will limit your ability to influence corporate matters and, as a result, we may take actions that our stockholders do not view as beneficial. In addition, such concentrated control could discourage others from initiating changes of control. In such cases, the perception of our prospects in the market may be adversely affected and the market price of our common stock may decline.

This offering is being conducted on a "best efforts" basis. As a result, we may not be able to raise enough funds to fully implement our business plan and our investors may lose their entire investment.

The offering is on a "best efforts" basis. If we are not able to raise sufficient funds, we may not be able to fund our operations as planned, and our growth opportunities may be materially adversely affected. This could increase the likelihood that investors may lose their entire investment.

We will have broad discretion over how we use the proceeds of this offering, and we may use them for corporate purposes that do not immediately enhance our profitability or market share.

Our management will have considerable discretion in the application of the net proceeds of this offering, and you will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds appropriately. We may use the net proceeds from this offering for corporate purposes that do not immediately enhance our profitability or increase our market value.

You will experience immediate and substantial dilution in the value of the shares of common stock you purchase.

The public offering price is substantially higher than the net tangible book value of each outstanding share of our common stock. Purchasers of common stock in this offering will experience immediate and substantial dilution on a book value basis. If stock options, warrants and convertible notes to acquire shares of common stock are exercised or converted in the future, there would be further dilution.

If we register our shares on a national securities exchange, we will be required to publicly report on an ongoing basis under the reporting rules set forth in the Act for publicly traded companies.

After we complete the Offering, we intend to register our common shares with the SEC and immediately become a public reporting company under the Act, and we will be required to publicly report on an ongoing basis under the reporting rules set forth in the Act. The ongoing reporting requirements include quarterly and annual reports. If we elect not to become a public reporting company, our common stock will not be permitted to trade on a national securities exchange such as The Nasdaq Capital Market.

If securities industry analysts do not publish research reports on us in the future, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.

Any trading market for our common stock in the future will be influenced in part by any research reports that securities industry analysts publish about us. We do not currently have and may never obtain research coverage by securities industry analysts. If no securities industry analysts commence coverage of us, the market price and market trading volume of our common stock could be negatively affected. In the event we are covered by analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage or us, the market price and market trading volume of our common stock could be negatively affected.

We do not expect to pay dividends for the foreseeable future.

We presently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. As a result, you must rely on stock appreciation and a liquid trading market for any return on your investment. If an active and liquid trading market does not develop, you may be unable to sell your shares of common stock at or above the public offering price or at the time you would like to sell.

The protection provided by the federal securities laws relating to forward-looking statements does not apply to us. The lack of this protection could harm us in the event of an adverse outcome in a legal proceeding relating to forward-looking statements made by us.

Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to certain issuers, including issuers that do not have their equity traded on a registered national securities exchange. Our common stock currently does not trade on any registered national securities exchange. As a result, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. The lack of this protection in a contested proceeding could harm our financial condition.

The ability of stockholders to control our policies and effect a change in control of our company is limited by provisions of our articles of incorporation and by-laws and by Nevada corporate law.

There are provisions in our articles of incorporation and by-laws that may discourage a third party from making a proposal to acquire us, even if some of our stockholders might consider the proposal to be in their best interests. These provisions include the following:

The ability to authorize undesignated preferred stock makes it possible for our board of directors to issue one or more series of preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. However, our bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

The provisions in our articles of incorporation relating to a classified board of directors may have the effect not only of discouraging attempts by others to buy our company, but also of making it more difficult or impossible for existing shareholders to make management changes. A classified board, which is made up of directors elected for staggered terms, while promoting stability in board membership and management, also moderates the pace of any change in control of our board of directors by extending the time required to elect a majority, effectively requiring action in at least two annual meetings. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then current market price. Each item discussed above may delay, deter, or prevent a change in control of our company, even if a proposed transaction is at a premium over the then-current market price for our common stock. Further, these provisions may apply in instances where some stockholders consider a transaction beneficial to them. As a result, our future stock price may be negatively affected by these provisions.

Additionally, Nevada corporate law could make it more difficult for a third party to acquire us. Specifically, provisions of the Nevada Revised Statutes may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by our stockholders.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this PPM constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will" and "would" or the negatives of these terms or other comparable terminology.

Although the forward-looking statements in this PPM are based on our beliefs, assumptions and expectations, taking into account all information currently available to us, we cannot guarantee future transactions, results, performance, achievements or outcomes.

No assurance can be made to any investor by anyone that the expectations reflected in our forward-looking statements will be attained, or that deviations from them will not be material and adverse. We undertake no obligation, other than as maybe be required by law, to re-issue this PPM or otherwise make public statements updating our forward-looking statements. You should not place undue reliance on forward looking statements.

The cautionary statements set forth in this PPM, including in "Risk Factors" and elsewhere, identify important factors which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- Impact of the COVID-19 pandemic, and the resulting negative economic impact and related governmental actions;
- Our ability to secure additional financing and achieve positive working capital;
- general industry, market and economic conditions (including consumer spending patterns and preferences) and our expectations regarding growth in the markets in which we operate;
- Our ability to introduce competitive new products on a timely basis and continue to make investments in product development and our expectations regarding the effect of new products on our operating results;
- Our realizing the results of our competitive strengths and ability to compete with other producers and distributors of alcoholic beverage products;
- Our continuing to focus on and ability to realize our strategic objectives;
- Our continuing to follow our approach to product development;
- Our expectation regarding product pricing and our ability to market to premium and super-premium segments of the market;
- Our ability to retain, market and grow our existing brand, the effect that may have on other brands, and our ability to profitably sell our brands;
- Our ability to financially support the brand in the market;

- Our ability to protect our intellectual property, including trademarks related to our brands;
- The effects of competition and consolidation in the markets in which we operate;
- The ability of our production capabilities to support our business and operations and production strategy, including our ability to continue to expand our production capacity to meet demand or outsource production to lower cost of goods sold;
- Our expectations regarding our supply chain, including our ongoing relationships with certain key suppliers and/or any potential supply chain disruption;
- Our ability to cultivate our distribution network and maintain relationships with our major distributors;
- Our ability to utilize our existing distribution pipelines and channels to grow other brands in our portfolio;
- Changes in applicable laws, policies and the application of regulations and taxes in jurisdictions in which we operate and the impact of newly enacted laws;
- Negative publicity related to our company, brands, marketing, personnel, operations, business performance, or prospects; and
- Our ability to attract and retain key board, executive or employee talent.

LEGAL DISCLAIMERS

THE FUN WINE COMPANY, INC. IS CURRENTLY UNDERTAKING A PRIVATE PLACEMENT OF THE SECURITIES DESCRIBED IN THIS PPM IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND RULE 506(C) OF REGULATION D PROMULGATED THEREUNDER, AS WELL AS REGULATION S IN THE CASE OF NON-US INVESTORS. THE SEC WILL NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO THE PPM OR ANY OFFERING OF THE SECURITIES HEREUNDER. THE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION, BUT THE SEC HAS NOT MADE ANY DETERMINATION THAT THE SECURITIES ARE EXEMPT FROM REGISTRATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. WE ARE OFFERING TO SELL THE SECURITIES ONLY TO US ACCREDITED INVESTORS AND NON-US INVESTORS IN JURISDICTIONS WHERE SUCH OFFERS AND SALES ARE PERMITTED. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PPM. THIS PPM IS NOT AN OFFER TO SELL, NOR SOLICITING AN OFFER TO BUY, ANY SECURITIES IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH SALE IS PROHIBITED. THE COMPANY MAY ANNUL SUBSCRIPTIONS FROM INVESTORS WHO RESIDE IN THESE JURISDICTIONS.

NO PUBLIC MARKET. THERE IS CURRENTLY NO PUBLIC MARKET FOR OUR COMMON STOCK, AND PRIOR TO REGISTRATION OF THE SECURITIES OFFERED IN THIS OFFERING, THE SECURITIES WILL BE RESTRICTED FROM SALE IN THE PUBLIC MARKETS. THE COMPANY INTENDS TO FILE A REGISTRATION STATEMENT FOR THE SECURITIES AFTER THE OFFERING IS CONCLUDED. AT THE SAME TIME, THE COMPANY INTENDS TO OBTAIN DTC ELIGIBILITY SO THAT THE SECURITIES AND SHARES OF OUR COMMON STOCK OFFERED IN THE OFFERING CAN BE DEPOSITED WITH THE DEPOSITORY TRUST COMPANY TO BE QUOTED ON THE NASDAQ, OTCQB VENTURE MARKET OR ANOTHER MARKETPLACE OPERATED BY THE OTC MARKETS GROUP. NO ASSURANCE CAN BE GIVEN THAT THE SEC WILL APPROVE REGISTRATION OF THE SECURITIES, THAT NASDAQ OR OTC MARKETS GROUP WILL APPROVE OUR LISTING APPLICATION, THAT AN ACTIVE MARKET FOR THE COMMON STOCK WILL DEVELOP, OR THE LIQUIDITY OF ANY SUCH MARKET, THE ABILITY OF STOCKHOLDERS TO SELL THE SHARES OF COMMON STOCK, OR THE PRICES THAT STOCKHOLDERS MAY OBTAIN FOR ANY OF THE SHARES.

NON-US INVESTORS. INVESTORS WHO MAY BE SUBJECT TO RESTRICTIONS ON PURCHASING THE SECURITIES IN THEIR COUNTRY OF RESIDENCE SHOULD CONSULT WITH LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE INFORMATION SET OUT IN THIS PPM IS SUFFICIENT FOR THE PURPOSE OF COMPLYING WITH THEIR COUNTRY'S LAWS. EACH NON-US

INVESTOR IS REQUIRED TO INDEPENDENTLY ASSESS AND DETERMINE THE APPLICABILITY OF ANY SUCH RESTRICTIONS.

NOTICE TO ALL US AND NON-US INVESTORS. **INVESTING IN OUR COMMON STOCK IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK, INCLUDING THE RISK OF LOSING YOUR ENTIRE INVESTMENT. SEE THE "RISK FACTORS" SECTION BELOW ABOUT THE RISKS YOU SHOULD CONSIDER BEFORE BUYING SHARES OF OUR COMMON STOCK. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID SECURITIES ACT AND SUCH LAWS. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALE OR DELIVERY OF OUR SECURITIES SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE OF THIS PPM. UNLESS OTHERWISE INDICATED, DATA CONTAINED IN THIS PPM CONCERNING THE WINE MARKET AND THE OTHER MARKETS RELEVANT TO OUR OPERATIONS ARE BASED ON INFORMATION FROM VARIOUS PUBLIC SOURCES. ALTHOUGH WE BELIEVE THAT THE DATA IS GENERALLY RELIABLE, SUCH INFORMATION IS INHERENTLY IMPRECISE, AND OUR ESTIMATES AND EXPECTATIONS BASED ON THE DATA INVOLVE ASSUMPTIONS AND LIMITATIONS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH ANY INFORMATION OTHER THAN THE INFORMATION CONTAINED IN THIS PPM. THE INFORMATION CONTAINED IN THIS PPM IS ACCURATE ONLY AS OF ITS DATE, REGARDLESS OF THE TIME OF ITS DELIVERY OR OF ANY SALE OR DELIVERY OF OUR SECURITIES.**

RESTRICTIONS ON TRANSFERABILITY. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID SECURITIES ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NO PRIOR GOVERNMENT APPROVALS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PPM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

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