

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

**FINANCIAL STATEMENTS**

December 31, 2017 and 2016

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders  
Innovative Beverage Group Holdings, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying balance sheets of Innovative Beverage Group Holdings, Inc. (the “Company”) as of December 31, 2017 and 2016, and the related statements of operations, stockholders' equity, and cash flows, for each of the years in the two-year period ended December 31, 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and cash flows for each of the years in the two-year period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatements of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Emphasis of Matter**

The accompanying financial statements have been prepared assuming that the Company will become a going concern. As described in Note 3 to the financial statements, the Company has no operations nor business plans, which raises substantial doubt about its ability to continue as a going concern. Management’s plans regarding these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Thayer O’Neal Company, LLC

Thayer O’Neal Company, LLC  
We have served as the Company's auditor since 2018.  
Houston, Texas  
August 15, 2018

**INNOVATIVE BEVERAGE HOLDINGS GROUP, INC.**  
**BALANCE SHEET**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	-	-
Other current assets	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current liabilities		
Accounts payable	\$ 1,500	\$ -
Short-term and current long-term debt	-	-
<b>Total liabilities</b>	<b>1,500</b>	<b>-</b>
Stockholders' equity (deficit)		
Common stock, \$0.0001 par value, 250,000,000 and 247,000,000 shares authorized; 943,735 and 351,235 shares issued and outstanding as of December 31, 2017 and 2016, respectively	94	35
Additional paid-in capital	9,871,180	9,697,739
Accumulated deficit	(9,872,774)	(9,697,774)
<b>Total stockholders' equity (deficit)</b>	<b>(1,500)</b>	<b>-</b>
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>

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

**INNOVATIVE BEVERAGE HOLDINGS GROUP, INC.**

## Statement of Operations

For the Years Ended December 31, 2017 and 2016

	2017	2016
Total revenue	\$ -	\$ -
Cost of revenue	-	-
Gross profit	-	-
Operating expenses	175,000	-
Loss from Operations	(175,000)	-
Other income (expense)	-	-
Federal income tax expense	-	-
Net loss	\$ (175,000)	\$ -
Weighted average shares - basic and diluted	943,735	351,235
Loss per share - basic and diluted	\$ (0.19)	\$ (0.00)

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

**INNOVATIVE BEVERAGE HOLDINGS GROUP, INC.**

Statement of Stockholders' Deficit

For the Years Ended December 31, 2017 and 2016

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
<b>BALANCES, January 1, 2016</b>	351,235	\$ 35	\$ 9,697,739	\$ (9,697,774)	\$ -
Net Income	-	-	-	-	-
<b>BALANCES, December 31, 2016</b>	351,235	35	9,697,739	(9,697,774)	-
Issuance of shares for legal settlement	592,500	59	173,441		173,500
Net Income	-	-	-	(175,000)	(175,000)
<b>BALANCES, December 31, 2017</b>	943,735	\$ 94	\$ 9,871,180	\$ (9,872,774)	\$ (1,500)

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

**INNOVATIVE BEVERAGE HOLDINGS GROUP, INC.**

## Statement of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (175,000)	\$ -
<b>Adjustments to reconcile net income (loss) to net cash</b>		
Accounts receivable	-	-
Issuance of shares for legal settlement	173,500	-
Accounts payable	1,500	-
<b>CASH USED IN OPERATING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	-	-
<b>CASH USED IN FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash</b>	-	-
<b>Cash, beginning of year</b>	<u>-</u>	<u>-</u>
<b>Cash, end of year</b>	<u>\$ -</u>	<u>\$ -</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

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

## INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.

Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016

### Note 1 - Organization and Summary of Significant Accounting Policies:

#### Organization:

Innovative Beverage Group Holdings, Inc. a Delaware corporation (the “Company”) is the surviving entity as the result of a merger between Ticketcart, Inc. and Innovative Beverage Group, Inc., both Nevada corporations. Innovative Beverage Group, Inc. is the surviving entity as the result of a merger between Kat-A-Tonic Distributing, Inc., a Texas corporation and United European Holdings, Ltd., a Nevada corporation.

#### History:

Ticketcart, Inc. (“Ticketcart”) was incorporated in the State of Nevada on July 25, 2001 with authorized capital stock of 100,000,000 shares of common stock, par value \$0.001 (“Common Stock”). Ticketcart’s original business plan involved in the sale of ink-jet cartridges online. Ticketcart offered remanufactured and compatible cartridges for Hewlett-Packard, Epson, Lexmark, and Canon inkjet printers. In 2004, Ticketcart commenced trading on the OTC Pink Sheet market under the ticker symbol TKTC.

On February 9, 2005, Kat-A-Tonic Distributing, Inc., a Texas corporation (“Kat-A-Tonic”) entered into a Stock Exchange Agreement (the “Share Exchange”) with United European Holdings, Ltd., a Nevada Corporation (“United European”), which resulted in the shareholders of Kat-A-Tonic, becoming the majority shareholder of United European. As part of that Stock Exchange Agreement the surviving company, United European, changed its name to Innovative Beverage Group, Inc. (“Innovative”) to reflect the new operations and business plan of the consolidated entity. At the time of the Share Exchange, United European’s common stock was quoted on an unsolicited basis on the “grey sheets” under the trading symbol UEUH. United European’s shares were very thinly traded and never attained any significant trading volume or shareholder base other than the original founding shareholders of United European and the shareholders who exchanged their prior Kat-A-Tonic common shares for newly issued United European common shares. Due to changes in the rules and policies regarding quotation of “grey market” securities, the consolidated company (now known Innovative) modified its plans to attain public trading status through United European’s shares and began to consider and negotiate with new public merger candidate companies and opportunities, while continuing to pursue and implement its beverage distribution and product development business.

On April 1, 2007, Innovative entered into negotiations to merge with or be acquired by Ticketcart, which had been involved in a series of negotiations and proposal for mergers and acquisitions with various other businesses. Over the following three months, Innovative and TicketCart negotiated a plan of reorganization and on June 25, 2007 the two companies entered into a Share Exchange and Acquisition Agreement for Innovative to be acquired as a wholly-owned subsidiary of TicketCart. At that time, TicketCart’s common stock traded over the counter on the Pink Sheets under the trading symbol “TKTC.” Pursuant to the terms of the Share Exchange and Acquisition Agreement, TicketCart implemented a reverse split of its common stock, changed its name to Innovative Beverage Group Holdings, Inc., and issued 47,199,432 new common shares in exchange for all of the issued and outstanding common stock of Innovative, resulting in the “Merged Entity.”

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

Notes to the Financial Statements  
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On July 25, 2007, the Merged Entity filed a Certificate of Amendment with the State of Nevada changing the name of the Merged Entity to Innovative Beverage Group Holdings, Inc. (the “Company”). The Certificate of Amendment also increased the Company’s authorized capital stock to consist of 247,000,000 shares of Common Stock and 3,000,000 shares of Series A Non-Voting Convertible Preferred Stock (“Preferred Stock”).

As a result of the aforementioned transactions, the Company owned all of the issued and outstanding equity securities of Innovative, which in turn owned all of the equity securities of Kat-A-Tonic, the operating subsidiary of the Company. All of the prior shareholders of both Kat-A-Tonic and Innovative exchanged their shares for shares of the Company (the publicly traded parent company) as a result of the two separate acquisition transactions described above. After the July 25, 2007 reverse split, the Company’s common stock traded over the counter on the OTC Pink Sheets under a new trading symbol “IBGH.”

Innovative Beverage Group Holdings, Inc. (the “Company”) was a wholesale distributor of proprietary and exclusive energy drinks and New Age beverages and snacks to retail establishments in Texas, Louisiana and Missouri through a distributor licensing agreement with WorldTech, Inc. (a related affiliate). More than 50% of the Company’s sales were for products purchased from a single supplier, Think Pink Beverage, Inc., which provided bottled products and promotional assistance for the Company’s two principal beverage products. However, the beverage business was ultimately not successful and in 2013 the Company ceased operations.

On May 22, 2017, one of the Company’s shareholders, a North Carolina resident, (the “Plaintiff”) filed suit against the Company. On August 28, 2017, the North Carolina Court, Superior Court Division (the “North Carolina Court”), entered a default judgment for Plaintiff and appointed an exclusive Receiver (the “Company Receiver”) over the Company.

On October 4, 2017 the Company Receiver filed Articles of Incorporation in North Carolina for Innovative Beverage Group Holdings, Inc., a wholly-owned subsidiary of the Company, (“IBGH North Carolina”).

On October 23, 2017 the Company, which was at that time a Nevada corporation, entered into an Agreement and Plan of Merger (the “Plan of Merger”) with Innovative Beverage Group Holdings, Inc., a North Carolina corporation (“IBGH North Carolina”). Pursuant to the Plan of Merger, each outstanding share (or fraction thereof) of the Company’s common stock was converted into a like number of shares of IBGH North Carolina common stock (the “Merger”), with IBGH North Carolina continuing as the surviving corporation of the Merger. IBGH North Carolina’s capitalization consisted of 250,000,000 shares consisting of 250,000,000 shares of common stock, par value \$0.0001 per share.

On October 26, 2017, the Company filed Articles of Merger based on the above mentioned Merger with the North Carolina Secretary of State, and thereby changed its domicile from Nevada to North Carolina. Through the above transactions, the Company became a North Carolina corporation.

On December 14, 2017, the North Carolina Court ordered the Company’s Receiver to resolve the Plaintiff’s claims against the Company by issuing 92,500 shares of common stock to the Plaintiff, and by issuing an additional 500,000 shares to be held by the Company as Treasury Stock (the “Court Order”).

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016

The Court Order also disallowed all of the claims that had not been submitted to the Receiver and the North Carolina Court as of September 16, 2017.

On December 24, 2017 the Company Receiver directed the Company's transfer agent to issue a certificate for 92,500 shares of common stock to Plaintiff, and to issue 500,000 shares of common stock in book entry to the Company Treasury.

The Company's fiscal year end is December 31.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. In the opinion of management, these financials include all necessary adjustments to make them not misleading.

Use of Estimates:

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. Because a precise determination of assets and liabilities, and correspondingly revenues and expenses, depends on future events, the preparation of financial statements for any period necessarily involves the use of estimates and assumption an example being assumptions in valuation of stock options. Actual amounts may differ from these estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Net Loss Per Share:

Net loss per share is based on the weighted average number of common shares and common shares equivalents outstanding during the period.

Note 2 – Federal Income Taxes:

The Company has made no provision for income taxes because there have been no operations to date causing income for financial statements or tax purposes.

The Financial Accounting Standards Board (FASB) has issued Statement of Financial Accounting Standards Number 109 ("SFAS 109"). "Accounting for Income Taxes", which requires a change from the deferred method to the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Net operating loss carry-forwards	\$ 61,250	\$ -
Valuation allowance	(61,250)	-

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016

Net deferred tax assets	\$	-	\$	-
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At December 31, 2017 the Company had net operating loss carry forwards of approximately \$175,000.

The Company experienced a change in control during the year and therefore no more than an insignificant portion of this net operating allowance will ever be used against future taxable income.

Note 3 – Going Concern

The Company's financial statements have been prepared on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has earned no revenue from operations in the periods ended December 31, 2017 and 2016, and has an accumulated deficit of \$9,872,774 and \$9,697,774 respectively. The Company's ability to continue as a going concern is dependent upon its ability to develop additional sources of capital or ultimately acquire an entity which the Company hopes will become profitable at some time in the near future. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties. Management is seeking new capital to revitalize the Company.

Note 4 – Financial Accounting Developments:

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

Note 5 – Capital Stock:

On December 14, 2017, per Court Order, the North Carolina Court ordered the Company's Receiver to resolve the Plaintiff's claims against the Company by issuing 92,500 shares of common stock to the Plaintiff, and by issuing an additional 500,000 shares to be held by the Company as Treasury Stock. The Court Order also disallowed all of the claims that had not been submitted to the Receiver and the North Carolina Court as of September 16, 2017.

On December 24, 2017 the Company Receiver directed the Company's transfer agent to issue a certificate for 92,500 shares of common stock to Plaintiff, and to issue 500,000 shares of common stock in book entry to the Company Treasury.

On March 1, 2018 the Board authorized the Company to raise up to \$500,000 of equity capital at price of \$0.40 per share of common stock (the "Initial Raise"). In connection with the Initial Raise, the Company has received subscriptions for \$70,000, but has not yet issued shares of common stock pursuant to the Subscription Agreements. The Company plans to issue shares of its common stock now that FINRA has approved the 1:200 reverse stock split in accordance with the terms and conditions of the Subscription Agreements.

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

Notes to the Financial Statements  
For the Years Ended December 31, 2017 and 2016

On April 13, 2018, The Company's board of directors authorized a 1:200 reverse stock split on the shares of the Company's common stock. Accordingly, all references to numbers of common shares and per-share data in the accompanying financial statements have been adjusted to reflect the stock split on a retroactive basis.

Note 6 – Subsequent Events:

On January 15, 2018 the Company entered into a Transfer Agent Services Agreement with Empire Stock Transfer, Inc. ("Empire") whereby Empire will perform transfer agent and related services for the Company. Empire's address is 1859 Whitney Mesa Drive, Henderson, NV 89014.

On January 22, 2018, while the Company was in receivership, the Company sold 500,000 shares (the "CRG Shares") of its common stock to Convergent Risk Group ("CRG"), an entity owned and operated by the Company's Chief Executive Officer, Robert Liscouski, for \$155,000. Financing for the purchase of the CRG Shares was provided to CRG by a group of accredited investors (the "Original Investors"), in exchange for promissory notes from CRG (the "CRG Liabilities"). In order to further induce the Mr. Liscouski to accept his position as the Company's Chief Executive Officer, the Company agreed to assume the CRG Liabilities in exchange for the Company's issuance of convertible promissory notes to the Original Investors in the principal aggregate amount of \$400,000 (the "January Quantum Notes"). The January Quantum Notes can be converted to shares of the Company's common stock at a conversion price of \$0.10 per share at any time prior to, or at, the maturity date of August 10, 2019.

On February 21, 2018, by written consent of the majority shareholder (Convergent Risk), Mr. Robert Liscouski (the Chief Executive Officer of Convergent Risk) and Mr. Christopher Roberts were elected as members of the Company's Board of Directors. Mr. Liscouski was simultaneously elected as Chairman of the Board. The majority shareholder also directed the Company to take the necessary action to change its domicile from North Carolina to Delaware and change its name to Quantum Computing Inc.

On February 21, 2018 the Company filed Articles of Conversion in North Carolina to convert the Company to a Delaware corporation with the name changed to Quantum Computing Inc.

On February 22, 2018 the Company filed a Certificate of Conversion in Delaware to convert to a Delaware corporation with the name changed to Quantum Computing Inc. and re-domiciled to the state of Delaware on February 23, 2018.

On February 23, 2018 the Board elected Mr. Robert Liscouski to serve as Chief Executive Officer and President of the Company and Mr. Christopher Roberts was elected to serve as the Company's Chief Financial Officer, Treasurer and Secretary.

On March 1, 2018 the Board authorized the Company to raise up to \$500,000 of equity capital at price of \$0.40 per share of common stock (the "Initial Raise"). In connection with the Initial Raise, the Company has received subscriptions for \$70,000, but has not yet issued shares of common stock pursuant to the Subscription Agreements. The Company plans to issue shares of its common stock now that FINRA has approved the 1:200 reverse stock split in accordance with the terms and conditions of the Subscription

**INNOVATIVE BEVERAGE GROUP HOLDINGS, INC.**

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Agreements. Effective March 1, 2018 the Company hired Richard E. Malinowski to serve as the Company's Chief Technology Operations Officer. The Company has executed an employment agreement with Mr. Malinowski. The Company does not consider Mr. Malinowski to be an executive officer but we do consider him to be key employee.

On April 13, 2018 by written consent, the Board and the majority stockholder amended the Company's Articles of Incorporation to authorize a 1-for-200 reverse stock split of the issued and outstanding shares, and to increase the authorized capital of the company to 260,000,000 shares, consisting of 250,000,000 shares of common stock and 10,000,000 shares of preferred stock.

On May 8, 2018 the Company filed an Affidavit of Non-Operation and Certificate of Dissolution in the State of Nevada to formally terminate its presence in that state.

On May 24, 2018 the Board authorized a private placement of convertible promissory notes in the aggregate amount up to \$15,000,000 at a conversion price of \$1.00 per share (the "Convertible Note Offering"). In connection with the Convertible Note Offering, the Company has received funds of \$725,000 but has not yet issued shares of common stock. The Company plans to issue shares of its common stock now that FINRA has approved the 1:200 reverse stock split in accordance with the terms and conditions of the Convertible Note Offering.

On July 2, 2018 the Financial Industry Regulatory Authority (FINRA) approved the Company's request to change its name to Quantum Computing Inc., to change its official domicile from Nevada to Delaware, and to implement a 1:200 reverse stock split. The name and domicile change and reverse stock split took effect on July 3, 2018. FINRA also approved a new Ticker Symbol for the Company, "QUBT", which will take effect 20 business days after July 3, 2018.

There are no other events of a subsequent nature that in management's opinion are reportable as of August 15, 2018.