

NUTRA PHARMA CORP

FORM 10-Q (Quarterly Report)

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Address	12538 W. ATLANTIC BLVD. CORAL SPRINGS, FL, 33071
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2022

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file numbers 000-32141

NUTRA PHARMA CORP.

(Name of registrant as specified in its charter)

California

(State or Other
Jurisdiction of Organization)

91-2021600

(IRS Employer
Identification Number)

**1537 NW 65th Avenue
Plantation, FL**

(Address of principal executive offices)

33313

(Zip Code)

(954) 509-0911

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company.

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☒

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 21, 2022, there were 7,596,852,214 shares of common stock and 12,000,000 shares of Series B preferred stock issued and outstanding.

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Nutra Pharma Corp (“Nutra Pharma”) and its wholly owned subsidiaries, ReceptoPharm, Inc. (“ReceptoPharm”) and Designer Diagnostics Inc. are referred to herein as “we”, “our” or “us” (ReceptoPharm is also individually referred to herein).

Forward Looking Statements

This Quarterly Report on Form 10-Q for the period ending September 30, 2022, contains forward-looking statements that involve risks and uncertainties, as well as assumptions that if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The words or phrases “would be,” “will allow,” “intends to,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” or similar expressions are intended to identify “forward-looking statements.” We are subject to risks detailed in Item 1(a). All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including: (a) any projections of revenue, gross margin, expenses, earnings or losses from operations, synergies or other financial items; and (b) any statements of the plans, strategies and objectives of management for future operations; and (c) any statement concerning developments, plans, or performance. Unless otherwise required by applicable law, we do not undertake and we specifically disclaim any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NUTRA PHARMA CORP. Condensed Consolidated Balance Sheets

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash	\$ -	\$ 90,910
Accounts receivable	21,580	45,998
Inventory, current portion	49,346	31,289
Other receivable	3,000	6,000
Convertible notes receivable	270,896	273,480
Prepaid expenses and other current assets	117,650	86,150
Total current assets	462,472	533,827
Inventory, less current portion	90,380	98,880
Property and equipment, net	85,606	44,701
Operating lease right-of-use assets	43,397	93,811
Security deposit	8,803	8,803
Total assets	\$ 690,658	\$ 780,022
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 712,757	\$ 672,372
Accrued expenses	963,526	851,470
Accrued payroll due to officers	1,173,693	1,053,693
Deferred revenue to a related party	111,011	-
Accrued interest to related parties	145,508	147,768
Due to officer	61,439	199,726
Derivative liabilities	5,097,169	10,537,344
Other debt, net of discount, current portion	7,860,452	7,598,325
SBA notes payable, current portion	2,930	2,121
Operating lease obligations, current portion	20,003	77,673
Total current liabilities	16,148,488	21,140,492
Convertible note, less current portion	4,707	369,401
SBA notes payable, less current portion	146,970	147,779
Total liabilities	16,300,165	21,657,672
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized and 12,000,000 Series B Preferred shares issued and outstanding at September 30, 2022 and December 31, 2021	12,000	12,000
Common stock, \$0.001 par value, 12,000,000,000 shares authorized: 7,596,852,214 and 7,330,985,964 shares issued and outstanding at September 30, 2022 and December 31, 2021	7,596,852	7,330,986
Additional paid-in capital	53,565,739	53,508,353
Accumulated deficit	(76,784,098)	(81,728,989)
Total stockholders' deficit	(15,609,507)	(20,877,650)
Total liabilities and stockholders' deficit	\$ 690,658	\$ 780,022

See the accompanying notes to the unaudited condensed consolidated financial statements

NUTRA PHARMA CORP.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 24,624	\$ 19,266	\$ 66,814	\$ 71,748
Net sales to a related party	84,580	-	154,966	-
Cost of sales	(41,051)	(9,644)	(116,254)	(24,284)
Gross profit	<u>68,153</u>	<u>9,622</u>	<u>105,526</u>	<u>47,464</u>
Operating expenses:				
Selling, general and administrative - including stock based compensation of \$0 and \$64,750 for the three months ended September 30, 2022 and 2021, and \$20,500 and \$66,195 for the nine months ended September 30, 2022 and 2021, respectively	326,473	556,932	991,557	1,501,689
Bad debt expense (recovery) - related party	(21,799)	(35,000)	-	38,000
Total operating expenses	<u>304,674</u>	<u>521,932</u>	<u>991,557</u>	<u>1,539,689</u>
Loss from operations	<u>(236,521)</u>	<u>(512,310)</u>	<u>(886,031)</u>	<u>(1,492,225)</u>
Other income (expenses)				
Other income	4,210	4,750	16,215	6,465
Interest expense	(195,424)	(131,482)	(580,075)	(346,792)
Interest expense to related parties	(4,272)	(4,504)	(12,740)	(13,881)
Change in fair value of convertible notes and derivatives	1,019,736	16,133,270	6,569,581	(12,824,783)
Stock based loan modification cost	(10,500)	-	(10,500)	(107,500)
Loss on settlement of debt and accrued expense, net	-	(56,339)	(151,559)	(485,836)
Total other income (expenses)	<u>813,750</u>	<u>15,945,695</u>	<u>5,830,922</u>	<u>(13,772,327)</u>
Income (loss) before income taxes	<u>577,229</u>	<u>15,433,385</u>	<u>4,944,891</u>	<u>(15,264,552)</u>
Provision for income taxes	-	-	-	-
Net income (loss)	<u>\$ 577,229</u>	<u>\$ 15,433,385</u>	<u>\$ 4,944,891</u>	<u>\$ (15,264,552)</u>
Net income (loss) per share - basic and diluted	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding during the period - basic	<u>7,592,286,997</u>	<u>7,289,196,290</u>	<u>7,471,152,031</u>	<u>7,201,163,176</u>
Weighted average number of shares outstanding during the period - diluted	<u>15,597,613,916</u>	<u>12,670,053,386</u>	<u>15,104,777,470</u>	<u>7,201,163,176</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

NUTRA PHARMA CORP.
Condensed Consolidated Statements of Changes in Stockholders' Deficit
For the Three Months Ended September 30, 2022 and 2021
(Unaudited)

	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Series A		Series B						
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance -June 30, 2022	-	\$ -	12,000,000	\$ 12,000	7,586,352,214	\$7,586,352	\$53,565,739	\$ (77,361,327)	\$ (16,197,236)
Common stock issued for debt modification and penalty	-	-			10,500,000	10,500	-	-	10,500
Net income								577,229	577,229
Balance -September 30, 2022	-	\$ -	12,000,000	\$ 12,000	7,596,852,214	\$7,596,852	\$53,565,739	\$ (76,784,098)	\$ (15,609,507)

	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Series A		Series B						
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance -June 30, 2021	3,000,000	\$ 3,000	-	-	7,267,619,714	\$7,267,620	\$52,816,687	\$ (99,331,405)	\$ (39,244,098)
Issuance of common stock in exchange for services to consultants	-	-	-	-	20,000,000	20,000	97,000	-	117,000
Common stock issued for settlement of debt	-	-	-	-	20,866,250	20,866	52,166	-	73,032
Net income								15,433,385	15,433,385
Balance -September 30, 2021	3,000,000	\$ 3,000	-	\$ -	7,308,485,964	\$7,308,486	\$52,965,853	\$ (83,898,020)	\$ (23,620,681)

See the accompanying notes to the unaudited condensed consolidated financial statements

NUTRA PHARMA CORP.
Condensed Consolidated Statements of Changes in Stockholders' Deficit
For the Nine Months Ended September 30, 2022 and 2021
(Unaudited)

	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Series A		Series B						
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance -December 31, 2021	-	\$ -	12,000,000	\$ 12,000	7,330,985,964	\$7,330,986	\$53,508,353	\$ (81,728,989)	\$ (20,877,650)
Common stock issued for debt modification and penalty	-	-			10,500,000	10,500	-	-	10,500
Common stock issued for conversion of debt	-	-	-	-	12,000,000	12,000	24,000		36,000
Common stock issued for settlement of debt	-	-	-	-	243,366,250	243,366	33,386		276,752
Net income								4,944,891	4,944,891
Balance -September 30, 2022	-	\$ -	12,000,000	\$ 12,000	7,596,852,214	\$7,596,852	\$53,565,739	\$ (76,784,098)	\$ (15,609,507)
	Preferred Stock				Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Series A		Series B						
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance -December 31, 2020	3,000,000	\$ 3,000	-	-	6,955,197,214	\$6,955,197	\$50,181,456	\$ (68,633,468)	\$ (11,493,815)
Issuance of common stock in exchange for services to consultants	-	-	-	-	25,000,000	25,000	125,000	-	150,000
Common stock issued for debt modification and penalty	-	-	-	-	25,000,000	25,000	82,500	-	107,500
Common stock issued for conversion of debt	-	-	-	-	240,350,000	240,350	2,104,049	-	2,344,399
Common stock issued for settlement of debt	-	-	-	-	62,938,750	62,939	472,848	-	535,787
Net loss								(15,264,552)	(15,264,552)
Balance -September 30, 2021	3,000,000	\$ 3,000	-	\$ -	7,308,485,964	\$7,308,486	\$52,965,853	\$ (83,898,020)	\$ (23,620,681)

See the accompanying notes to the unaudited condensed consolidated financial statements

NUTRA PHARMA CORP.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income (loss)	\$ 4,944,891	\$ (15,264,552)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Bad debt expense - related party	-	38,000
Accrued interest expense for amount due to officer	3,512	5,788
Loss on settlement of debt and accrued expense	151,559	485,836
Depreciation	17,088	6,178
Stock-based compensation	20,500	66,195
Stock-based loan modification cost	10,500	107,500
Amortization of convertible notes receivable discount	(16,215)	(6,465)
Change in fair value of convertible notes and derivatives	(6,569,581)	12,824,783
Amortization of loan discount	404,549	232,117
Amortization of operating lease right-of-use assets	50,414	35,995
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	24,418	(4,359)
Increase in other receivable	(12,000)	(9,000)
Increase in inventory	(9,557)	(47,737)
Increase in prepaid expenses and other current assets	(52,000)	(98,150)
Decrease in accounts payable	40,385	12,516
Increase in accrued expenses	112,056	56,973
Increase in accrued payroll due to officers	120,000	125,500
Increase in deferred revenue to a related party	111,011	-
Decrease in accrued interest to related parties	(2,260)	(26,120)
Decrease in operating lease obligations	(57,670)	(51,787)
Net cash used in operating activities	<u>(708,400)</u>	<u>(1,510,789)</u>
Cash flows from investing activities:		
Convertible notes receivable advances	(16,451)	(242,500)
Convertible notes receivable repayments	50,250	-
Acquisition of equipment	(57,993)	(34,768)
Net cash used in investing activities:	<u>(24,194)</u>	<u>(277,268)</u>
Cash flows from financing activities:		
Loans from officer	62,201	56,900
Repayment of officer loans	(204,000)	(120,250)
Proceeds from convertible notes	710,000	1,976,560
Repayment of convertible notes	(60,994)	(65,028)
Advances from an unrelated third party	251,340	-
Repayments of other notes payable	(116,863)	(15,375)
Net cash provided by financing activities	<u>641,684</u>	<u>1,832,807</u>
Net increase(decrease) in cash	(90,910)	44,750
Cash - beginning of period	90,910	-
Cash - end of period	<u>\$ -</u>	<u>\$ 44,750</u>
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 84,460	\$ 41,951
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Non Cash Financing and Investing:		
Common stock issued in settlement of notes	\$ 287,252	\$ 535,787
Common stock issued for conversion of debt	\$ 36,000	\$ 2,344,399
Warrants issued with Debt--Debt discount	<u>\$ 100,000</u>	<u>\$ -</u>
Increase of right-of-use asset due to lease renewal	<u>\$ -</u>	<u>\$ 4,102</u>

Increase of operating lease liabilities due to lease renewal	<u>\$ -</u>	<u>\$ 4,102</u>
Reclassification of rental receivable to convertible notes receivable	<u>\$ 15,000</u>	<u>\$ 6,000</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

NUTRA PHARMA CORP.
Notes to Unaudited Condensed Consolidated Financial Statements
September 30, 2022

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Nutra Pharma Corp. (“Nutra Pharma”), is a holding company that owns intellectual property and operates in the biotechnology industry. Nutra Pharma was incorporated under the laws of the state of California on February 1, 2000, under the original name of Exotic-Bird.com.

Through its wholly-owned subsidiary, ReceptoPharm, Inc. (“ReceptoPharm”), Nutra Pharma conducts drug discovery research and development activities. In October 2009, Nutra Pharma launched its first consumer product called Cobroxin[®], an over-the-counter pain reliever designed to treat moderate to severe chronic pain. In May 2010, Nutra Pharma launched its second consumer product called Nyloxin[®], an over-the-counter pain reliever that is a stronger version of Cobroxin[®] and is designed to treat severe chronic pain. In December 2014, Nutra Pharma launched Pet Pain-Away, an over-the-counter pain reliever designed to treat pain in cats and dogs. In October 2019, Nutra Pharma launched Equine Pain-Away[™], an over-the-counter topical pain reliever designed to treat pain and inflammation in horses. In March 2021, Nutra Pharma launched Luxury Feet[™], an over-the-counter pain reliever designed specifically to treat foot pain and inflammation especially for women that wear high heels and stilettos. In May of 2022, we began producing products for Avini Health Corporation (“Avini Health”). Avini Health distributes wellness and nutritional products through their network of independent distributors in the United States, Canada and the US Virgin Islands. The products that we provide for Avini Health include private label versions of our Nyloxin products and are sold as: Avini Plus Relief oral spray, Avini Plus Relief topical gel and Avini Plus Relief roll-on. We also provide the following products: a dietary fiber blend sold as Avini Plus Fiber, a micronized and activated colloidal suspension of zeolite that is sold as Cell Defender, a mushroom and zeolite blend sold in capsules as ZMUNITY, and a caffeine adaptogenic 2oz energy shot sold as Avini Plus Energy.

Basis of Presentation and Consolidation

The Unaudited Condensed Consolidated Financial Statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal, recurring nature. Interim results are not necessarily indicative of results for a full year. Therefore, the interim Unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto contained in the Company’s Annual Report on Form 10-K from which the accompanying condensed consolidated balance sheet dated December 31, 2021 was derived.

The accompanying Unaudited Condensed Consolidated Financial Statements include the results of Nutra Pharma and its wholly-owned subsidiaries Designer Diagnostics Inc. and ReceptoPharm (collectively “the Company”, “us”, “we” or “our”). We operate as one reportable segment. Designer Diagnostics Inc. has been inactive since June 2011. All intercompany transactions and balances have been eliminated in consolidation.

Liquidity and Going Concern

Our Unaudited Condensed Consolidated Financial Statements are presented on a going concern basis, which contemplate the realization of assets and satisfaction of liabilities in the normal course of business. We have experienced recurring, significant losses from operations, and have an accumulated deficit of \$76,784,098 at September 30, 2022. In addition, we have a significant amount of indebtedness in default, a working capital deficit of \$15,686,016 and a stockholders’ deficit of \$15,609,507 at September 30, 2022.

There is substantial doubt regarding our ability to continue as a going concern which is contingent upon our ability to secure additional financing, increase ownership equity and attain profitable operations. In addition, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which we operate.

We do not have sufficient cash to sustain our operations for a period of twelve months from the issuance date of this report and will require additional financing in order to execute our operating plan and continue as a going concern. Since our sales are not currently adequate to fund our operations, we continue to rely principally on debt and equity funding; however, proceeds from such funding have not been sufficient to execute our business plan. Our plan is to attempt to secure adequate funding until sales of our pain products are adequate to fund our operations. We cannot predict whether additional financing will be available, and/or whether any such funding will be in the form of equity, debt, or another form. In the event that these financing sources do not materialize, or if we are unsuccessful in increasing our revenues and profits, we will be unable to implement our current plans for expansion, repay our obligations as they become due and continue as a going concern.

The accompanying Unaudited Condensed Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Impact of COVID-19 on our Operations

The ramifications of the outbreak of the novel strain of COVID-19, reported to have started in December 2019 and spread globally, are filled with uncertainty and changing quickly. Our operations have continued during the COVID-19 pandemic and we have not had significant disruption. Beginning in June 2020, the Company experienced a delay in retail rollout as a downstream implication of the slowing economy. During May 2020, we received approval from the Small Business Administration (“SBA”) to fund our request for a PPP loan for \$64,895. We used the proceeds primarily for payroll costs. The entire loan was forgiven in November 2021. During April and June 2020, we obtained the loan in the amount of \$150,000 from the SBA under its Economic Injury Disaster Loan assistance program. We used the proceeds primarily for rent, payroll, utilities, accounting and legal expenses (See Note 6).

The Company is operating in a rapidly changing environment so the extent to which COVID-19 impacts its business, operations and financial results from this point forward will depend on numerous evolving factors that the Company cannot accurately predict. Those factors include the following: the duration and scope of the pandemic; governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic; and the distribution of testing and a vaccine.

Use of Estimates

The accompanying Unaudited Condensed Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America which require management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense. Significant estimates include our ability to continue as going concern, the recoverability of inventories and long-lived assets, the recoverability of amounts due from officer, the valuation of stock-based compensation and certain debt and derivative liabilities, recognition of loss contingencies and deferred tax valuation allowances. Actual results could differ from those estimates. Changes in facts and circumstances may result in revised estimates, which would be recorded in the period in which they become known.

Revenue from Contracts with Customers

The Company accounts for revenue from contracts with customers in accordance with Financial Accounting Standard Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). Under ASC Topic 606, revenue recognition has a five-step process: a) Determine whether a contract exists; b) Identify the performance obligations; c) Determine the transaction price; d) Allocate the transaction price; and e) Recognize revenue when (or as) performance obligations are satisfied.

Our revenues are primarily derived from customer orders for the purchase of our products. We recognize revenues as performance obligations are fulfilled upon shipment of products. We record revenues net of promotions and discounts.

Accounting for Shipping and Handling Costs

We account for shipping and handling as fulfillment activities and record amounts billed to customers as revenue and the related shipping and handling costs as cost of sales.

Accounts Receivable and Allowance for Doubtful Accounts

We grant credit without collateral to our customers based on our evaluation of a particular customer's credit worthiness. Accounts receivable are due 30 days after the issuance of the invoice. In addition, allowances for doubtful accounts are maintained for potential credit losses based on the age of the accounts receivable and the results of periodic credit evaluations of our customers' financial condition. Accounts receivable are written off after collection efforts have been deemed to be unsuccessful. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts, while subsequent recoveries are netted against the provision for doubtful accounts expense. We generally do not charge interest on accounts receivable. We use third party payment processors and are required to maintain reserve balances, which are included in accounts receivable.

Accounts receivable are stated at estimated net realizable value. Accounts receivable are comprised of balances due from customers net of estimated allowances for uncollectible accounts. No allowance for doubtful account is deemed to be required at September 30, 2022 and December 31, 2021.

Inventories

Inventories, which are stated at the lower of average cost or net realizable value, consist of packaging materials, finished products, and raw venom that is utilized to make the API (active pharmaceutical ingredient). The raw unprocessed venom has an indefinite life for use. We classify inventory as short-term or long-term inventory based on timing of when it is expected to be consumed. The Company regularly reviews inventory quantities on hand. If necessary, it records a net realizable value adjustment for excess and obsolete inventory based primarily on its estimates of product demand and production requirements. Write-downs are charged to cost of goods sold. We performed an evaluation of our inventory and related accounts at September 30, 2022 and December 31, 2021, and increased the reserve on supplier advances for future venom purchases included in prepaid expenses and other current assets by \$0 and \$48,000, respectively. At both September 30, 2022 and December 31, 2021, the total valuation allowance for prepaid venom was \$294,162.

Financial Instruments and Concentration of Credit Risk

Our financial instruments include cash, accounts receivable, accounts payable, accrued expenses, loans payable, due to officers and derivative financial instruments. Other than certain warrant and convertible instruments (derivative financial instruments) and liabilities to related parties (for which it was impracticable to estimate fair value due to uncertainty as to when they will be satisfied and a lack of similar type transactions in the marketplace), we believe the carrying values of our financial instruments approximate their fair values because they are short term in nature or payable on demand. Our derivative financial instruments are carried at fair value.

Balances in various cash accounts may at times exceed federally insured limits. We have not experienced any losses in such accounts. We do not hold or issue financial instruments for trading purposes. In addition, for the three months ended September 30, 2022, one customer accounted for 77% of the total revenues. For the three months ended September 30, 2021, there was no customer accounted for more than 10% of the total revenues. For the nine months ended September 30, 2022, one customer accounted for 70% of the total revenues. For the nine months ended September 30, 2021, one customer accounted for 25% of the total revenues. As of September 30, 2022 and December 31, 2021, 100% of the accounts receivable balance are reserves due from one and two payment processors, respectively.

Operating Lease Right-of-Use Asset and Liability

The Company accounts for leases in accordance with Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842), as amended (“ASC Topic 842”). This standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months and classify as either operating or finance leases.

In accordance with ASC Topic 842, at the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present and the classification of the lease including whether the contract involves the use of a distinct identified asset, whether we obtain the right to substantially all the economic benefit from the use of the asset, and whether we have the right to direct the use of the asset. Leases with a term greater than one year are recognized on the balance sheet as ROU assets, lease liabilities and, if applicable, long-term lease liabilities. The Company has elected not to recognize on the balance sheet leases with terms of one year or less under practical expedient in paragraph ASC 842-20-25-2.

Lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected lease term. The implicit rate within our operating leases are generally not determinable and, therefore, the Company uses the incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of the Company’s incremental borrowing rate requires judgment. The Company determines the incremental borrowing rate for each lease using our estimated borrowing rate.

Derivative Financial Instruments

Management evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to other income. For option-based simple derivative financial instruments, the Company uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

We do not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks.

Convertible Debt

For convertible debt that was issued before the adoption of ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity that did not contain an embedded derivative that required bifurcation, the conversion feature was evaluated to determine if the rate of conversion was below market value and should be categorized as a beneficial conversion feature (“BCF”). A BCF related to debt was recorded by the Company as a debt discount and with the offset recorded to equity. The related convertible debt was recorded net of the discount for the BCF. The discount was amortized as additional interest expense over the term of the debt with the resulting debt discount being accreted over the term of the note.

The Fair Value Measurement Option

We have elected the fair value measurement option for convertible debt with embedded derivatives that require bifurcation, and record the entire hybrid financing instrument at fair value under the guidance of ASC Topic 815, *Derivatives and Hedging* (“ASC Topic 815”). The Company reports interest expense, including accrued interest, related to this convertible debt under the fair value option, within the change in fair value of convertible notes and derivatives in the accompanying consolidated statement of operations.

Derivative Accounting for Convertible Debt and Options and Warrants

The Company evaluated the terms and conditions of the convertible debt under the guidance of ASC Topic 815, *Derivatives and Hedging*. The conversion terms of some of the convertible notes are variable based on certain factors, such as the future price of the Company’s common stock. The number of shares of common stock to be issued is based on the future price of the Company’s common stock. The number of shares of common stock issuable upon conversion of the debt is indeterminate. Due to the fact that the number of shares of common stock issuable could exceed the Company’s authorized share limit, the equity environment is tainted, and all additional convertible debt and options and warrants are included in the value of the derivative liabilities. Pursuant to ASC 815-15, *Embedded Derivatives*, the fair values of the convertible debt, options and warrants and shares to be issued were recorded as derivative liabilities on the issuance date and revalued at each reporting period.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for major improvements and additions are added to property and equipment, while replacements, maintenance and repairs which do not extend the useful lives are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 3 – 7 years.

Long-Lived Assets

The carrying value of long-lived assets is reviewed annually and on a regular basis for the existence of facts and circumstances that may suggest impairment. If indicators of impairment are present, we determine whether the sum of the estimated undiscounted future cash flows attributable to the long-lived asset in question is less than its carrying amount. If less, we measure the amount of the impairment based on the amount that the carrying value of the impaired asset exceeds the discounted cash flows expected to result from the use and eventual disposal of the impaired assets.

Income Taxes

The Company recorded no income tax expense for the three and nine months ended September 30, 2022 and 2021 because the estimated annual effective tax rate was zero. As of September 30, 2022, the Company continues to provide a valuation allowance against its net deferred tax assets since the Company believes it is more likely than not that its deferred tax assets will not be realized.

Related Party Transactions

All transactions with related parties are in the normal course of operations and are measured at the exchange amount (See Note 13).

Stock-Based Compensation

We account for stock-based compensation in accordance with FASB ASC Topic 718, *Stock Compensation* (“ASC Topic 718”). ASC Topic 718, which requires that the cost resulting from all share-based transactions be recorded in the financial statements over the respective service periods. It establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement in accounting for share-based payment transactions with employees. The statement also establishes fair value as the measurement objective for transactions in which an entity acquires goods or services from non-employees in share-based payment transactions.

Net Income (Loss) Per Share

Net income (loss) per share is calculated in accordance with FASB ASC Topic 260, *Earnings per Share*. Basic income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted income (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares and dilutive common stock equivalents outstanding. During periods in which we incur losses, common stock equivalents, if any, are not considered, as their effect would be anti-dilutive or have no effect on earnings per share. Any common shares issued as of a result of the exercise of conversion options and warrants would come from newly issued common shares from our remaining authorized shares.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Basic and diluted numerator:				
Net income (loss) - basic	\$ 577,229	\$ 15,433,385	\$ 4,944,891	\$ (15,264,552)
Effect of dilutive securities:				
Change in fair value of convertible notes	(730,917)	(2,595,948)	(805,027)	-
Interest on convertible debt	61,313	91,454	213,995	-
Net income (loss) - diluted	<u>\$ (92,375)</u>	<u>\$ 12,928,891</u>	<u>\$ 4,353,859</u>	<u>\$ (15,264,552)</u>
Basic and diluted denominator:				
Weighted-average common shares outstanding - basic	7,592,286,997	7,289,196,290	7,471,152,031	7,201,163,176
Effect of dilutive securities:				
Convertible debt	8,005,326,919	5,380,857,096	7,633,625,439	-
Options and warrants	-	-	-	-
Weighted-average common shares outstanding - diluted ⁽¹⁾	<u>15,597,613,916</u>	<u>12,670,053,386</u>	<u>15,104,777,470</u>	<u>7,201,163,176</u>
Net income (loss) per share - basic and diluted	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ (0.00)</u>

(1) Includes potential common shares that are in excess of authorized shares.

The following table summarizes the weighted average securities that were excluded from the diluted per share calculation because for the three months ended September 30, 2022 and 2021, the exercise prices of the options and warrants were greater than the average market price of the common shares:

	September 30, 2022	September 30, 2021
Options and warrants	447,014,285	108,175,000
Convertible notes payable at fair value	-	-
Convertible notes payable	-	-
Total	<u>447,014,285</u>	<u>108,175,000</u>

The following table summarizes the weighted average securities that were excluded from the diluted per share calculation because (1) for the nine months ended September 30, 2022, the exercise prices of the options and warrants were greater than the average market price of the common shares and (2) for the nine months ended September 30, 2021, the effect of including these potential shares was antidilutive due to a net loss:

	September 30, 2022	September 30, 2021
Options and warrants	447,014,285	108,175,000
Convertible notes payable at fair value	-	1,201,380,692
Convertible notes payable	-	4,434,302,953
Total	<u>447,014,285</u>	<u>5,743,858,645</u>

Recent Adopted Accounting Pronouncements

As of January 1, 2022, the Company adopted ASU 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies and clarifies certain calculation and presentation matters related to convertible and equity and debt instruments. Specifically, ASU-2020-06 removes requirements to separately account for conversion features as a derivative under ASC Topic 815 and removing the requirement to account for beneficial conversion features on such instruments. Accounting Standards Update 2020-06 also provides clearer guidance surrounding disclosure of such instruments and provides specific guidance for how such instruments are to be incorporated in the calculation of Diluted EPS. The adoption did not have a material effect on the accompanying consolidated financial statements.

As of January 1, 2022, the Company adopted ASU No. 2021-04, Earnings Per Share (Topic 260), Debt – Modifications and Extinguishments (Subtopic 470-50), Compensation – Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modification or Exchanges of Freestanding Equity-Classified Written Call Options ("ASU 2021-04"), which will clarify and reduce diversity in practice. Specifically, the new standard includes a recognition model comprising four categories of transactions and corresponding accounting treatment for each category. The category that would apply to a modification or an exchange of an equity-classified warrant would depend on the substance of the modification transaction (e.g. a financing transaction to raise equity versus one to raise debt). This recognition model is premised on the idea that the accounting for the transaction should not differ from what it would have been had the issuer of the warrants paid cash instead of modifying the warrants. The adoption did not have a material effect on the accompanying consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)* ("ASU 2016- 13"), which significantly changes how entities will account for credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 replaces the existing incurred loss model with an expected credit loss model that requires entities to estimate an expected lifetime credit loss on most financial assets and certain other instruments. Under ASU 2016-13 credit impairment is recognized as an allowance for credit losses, rather than as a direct write-down of the amortized cost basis of a financial asset. The impairment allowance is a valuation account deducted from the amortized cost basis of financial assets to present the net amount expected to be collected on the financial asset. Once the new pronouncement is adopted by the Company, the allowance for credit losses must be adjusted for management's current estimate at each reporting date. The new guidance provides no threshold for recognition of impairment allowance. Therefore, entities must also measure expected credit losses on assets that have a low risk of loss. For instance, trade receivables that are either current or not yet due may not require an allowance reserve under currently generally accepted accounting principles, but under the new standard, the Company will have to estimate an allowance for expected credit losses on trade receivables under ASU 2016-13. ASU 2016-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2022 for smaller reporting companies. Early adoption is permitted. The Company will evaluate the impact of ASU 2016-13 on the Company's consolidated financial statements in a future period closer to the date of adoption.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

2. FAIR VALUE MEASUREMENTS

Certain assets and liabilities that are measured at fair value on a recurring basis at September 30, 2022 and December 31, 2021 are measured in accordance with FASB ASC Topic 820-10-05, *Fair Value Measurements*. FASB ASC Topic 820-10-05 defines fair value, establishes a framework for measuring fair value and expands the disclosure requirements regarding fair value measurements for financial assets and liabilities as well as for non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis in the financial statements.

The statement requires fair value measurement be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active or inputs which are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The following table summarizes our financial instruments measured at fair value at September 30, 2022 and December 31, 2021:

	Fair Value Measurements at September 30, 2022			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability	\$ 200,103	\$ -	\$ -	\$ 200,103
Derivative liabilities	\$ 4,897,066	\$ -	\$ 4,897,066	\$ -
Convertible notes at fair value	\$ 1,745,305	\$ -	\$ -	\$ 1,745,305

	Fair Value Measurements at December 31, 2021			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability	\$ 710,585	\$ -	\$ -	\$ 710,585
Derivative liabilities	\$ 9,826,759	\$ -	\$ 9,826,759	\$ -
Convertible notes at fair value	\$ 2,855,709	\$ -	\$ -	\$ 2,855,709

The following table shows the changes in fair value measurements for the warrant liability using significant unobservable inputs (Level 3) during the nine months ended September 30, 2022 and the year ended December 31, 2021:

Description	September 30, 2022	December 31, 2021
Beginning balance	\$ 710,585	\$ 189,543
Purchases, issuances, and settlements	100,000	590,885
Total gain included in earnings (1)	(610,482)	(69,843)
Ending balance	\$ 200,103	\$ 710,585

(1) The gain related to the revaluation of our warrant liability is included in “Change in fair value of convertible notes and derivatives” in the accompanying consolidated statement of operations.

We valued our warrants using a Dilution-Adjusted Black-Scholes Model. Assumptions used include (1) 2.79% to 3.92% risk-free rate, (2) warrant life is the remaining contractual life of the warrants, (3) expected volatility of 411%, (4) zero expected dividends, (5) exercise price set forth in the agreements, (6) common stock price of the underlying share on the valuation date, and (7) number of shares to be issued if the instrument is converted.

We valued derivative liabilities using the number of potential convertible shares for warrants in equity and convertible notes with fixed conversion price that are recorded at amortized cost times the closing stock price of our restricted common stock at September 30, 2022. These derivative liabilities are recorded due to the fact that the number of shares of common stock issuable could exceed the Company’s authorized share limit and the equity environment is tainted, and therefore all convertible debt and options and warrants should be accounted for as liabilities.

The following table summarizes assumptions and the significant terms of the convertible notes for which the entire hybrid instrument is recorded at fair value at September 30, 2022 and December 31, 2021:

Debtenture	Face Amount	Interest Rate	Default Interest Rate	Discount Rate	Conversion Price - Lower of Fixed Price or Percentage of VWAP for Look-back Period		
					Anti-Dilution Adjusted Price	% of stock price for look-back period	Look-back Period
September 30, 2022	\$ 711,446	8%-10%	20%-24%	N/A	\$0.00040-\$0.00048	50%-60%	3 to 25 Days
December 31, 2021	\$ 762,446	8%-10%	20%-24%	N/A	\$0.00050-\$0.00097	50%-60%	3 to 25 Days

Using the stated assumptions summarized in the table above, we calculated the inception date and reporting period fair values of each note issued. The following table shows the changes in fair value measurements for the convertible notes at fair value using significant unobservable inputs (Level 3) during the nine months ended September 30, 2022 and the year ended December 31, 2021:

Description	September 30, 2022	December 31, 2021
Beginning balance	\$ 2,855,709	\$ 1,832,439
Purchases and issuances	-	132,000
Day one loss on value of hybrid instrument (1)	-	2,042,612
Loss (gain) from change in fair value (1)	(1,029,404)	1,233,538
Repayments in cash	(45,000)	(40,480)
Conversion to common stock	(36,000)	(2,344,399)

Ending balance	<u>\$</u> <u>1,745,305</u>	<u>\$</u> <u>2,855,709</u>
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(1) The losses (gains) related to the valuation of the convertible notes are included in “Change in fair value of convertible notes and derivatives” in the accompanying consolidated statement of operations.

3. INVENTORIES

Inventories are valued at the lower of cost or net realizable value on an average cost basis. At September 30, 2022 and December 31, 2021, inventories were as follows:

	September 30, 2022	December 31, 2021
Raw Materials	\$ 131,005	\$ 126,349
Finished Goods	8,721	3,820
Total Inventories	139,726	130,169
Less: Long-term inventory	(90,380)	(98,880)
Current portion	\$ 49,346	\$ 31,289

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Computer equipment	\$ 25,120	\$ 25,120
Furniture and fixtures	34,757	34,757
Lab equipment	162,557	104,564
Telephone equipment	12,421	12,421
Office equipment – other	16,856	16,856
Leasehold improvements	73,168	73,168
Total	324,879	266,886
Less: Accumulated depreciation	(239,273)	(222,185)
Property and equipment, net	\$ 85,606	\$ 44,701

We review our long-lived assets for recoverability if events or changes in circumstances indicate the assets may be impaired. At September 30, 2022, we believe the carrying values of our long-lived assets are recoverable. Depreciation expense for the nine-months ended September 30, 2022 and 2021 was \$17,088 and \$6,178, respectively, and for the three-months ended September 30, 2022 and 2021 was \$5,898 and \$2,793, respectively.

5. DUE TO/FROM OFFICER

At September 30, 2022, the net balance due to Rik Deitsch, and the companies majority owned and controlled by him (collectively referred to as “Due to Officer”) in the aggregate is \$61,439, which net balance is unsecured and accruing interest at 4%. During the nine months ended September 30, 2022, in the aggregate, we repaid \$204,000 and were advanced \$62,201 on this balance. Additionally, accrued interest on the outstanding balance was \$3,512 and is included in the due to officer account. The Company had previously fully reserved receivables from companies owned by the Company’s CEO. For the nine months ended September 30, 2021, we recorded a bad debt expense of \$38,000. For the three months ended September 30, 2022 and 2021, we recorded a bad debt recovery of \$21,799 and \$35,000, respectively.

At December 31, 2021, the net balance due to Rik Deitsch, and the companies majority owned and controlled by him is \$199,726, which net balance is unsecured and accruing interest at 4%. During the year ended December 31, 2021, we repaid \$182,741 and were advanced \$105,780 on this balance. Additionally, accrued interest on the outstanding balance was \$7,520 and is included in the due to officer account.

6. DEBTS

Debts consist of the following at September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
Notes payable – Unrelated third parties (Net of discount of \$19,106 and \$0, respectively) (2)	\$ 1,285,287	\$ 1,135,257
Convertible notes payable – Unrelated third parties (Net of discount of \$183,570 and \$283,429, respectively) (3)	4,609,567	3,751,760
Convertible notes payable, at fair value (4)	1,745,305	2,855,709
Other advances from an unrelated third party (5)	225,000	225,000
SBA notes payable(6)	149,900	149,900
Ending balances	8,015,059	8,117,626
Less: Long-term portion-Convertible Notes payable-Unrelated third parties	(4,707)	(369,401)
Less: Long-term portion- SBA notes payable	(146,970)	(146,970)
Current portion	\$ 7,863,382	\$ 7,600,446

- (1) During 2010 we borrowed \$200,000 from one of our directors. Under the terms of the loan agreement, this loan was expected to be repaid in nine months to a year from the date of the loan along with interest calculated at 10% for the first month plus 12% after 30 days from funding. We are in default regarding this loan. The loan is under personal guarantee by Mr. Deitsch. We repaid the principal balance in full as of December 31, 2016. We repaid \$40,000 of the accrued interest in cash during the first and second quarters of 2021, and \$10,000 of accrued interest in common stocks during the fourth quarter of 2021. During the first and second quarter of 2022, we repaid \$15,000 of accrued interest. At September 30, 2022 and December 31, 2021, we owed this director accrued interest of \$145,508 and \$147,768, respectively. The interest expense for the three-months ended September 30, 2022 and 2021 was \$4,272 and \$4,504, respectively, and for the nine-months ended September 30, 2022 and 2021 was \$12,740 and \$13,881, respectively.
- (2) At September 30, 2022 and December 31, 2021, the balance of \$1,285,287 and \$1,135,257 net of discount of \$19,106 and \$0, respectively, consisted of the following loans:
- In August 2016, we issued two Promissory Notes for a total of \$200,000 (\$100,000 each) to a company owned by a former director of the Company. The Notes carry interest at 12% annually and were originally due on the date that was six-months from the execution and funding of the note. The principal balance of \$101,818 and accrued interest of \$21,023 were settled on February 15, 2019 for \$104,000 with scheduled payments through May 1, 2020. During the first quarter of 2020, the settlement was further amended to \$88,500. We recorded a gain on settlement of debt in other income for \$15,500 during the first quarter of 2020. The settlement balance of \$88,500 was repaid in full during November 2020. At September 30, 2022 and December 31, 2021, we owed principal balance of \$91,156, and accrued interest of \$60,037 and \$51,856, respectively. The remaining principal balance of \$91,156 and accrued interest of \$60,037 is being disputed in court and negotiation for settlement. (See Note 12).
 - On August 2, 2011 under a settlement agreement with Liquid Packaging Resources, Inc. ("LPR"), we agreed to pay LPR a total of \$350,000 in monthly installments of \$50,000 beginning August 15, 2011 and ending on February 15, 2012. We signed the first amendment to the settlement agreement where we agreed to pay \$175,000, which was the balance outstanding at December 31, 2011 (this includes a \$25,000 penalty for non-payment). We repaid \$25,000 during the three months ended March 31, 2012. We did not make all of the payments under such amendment and as a result pursuant to the original settlement agreement, LPR had the right to sell 142,858 shares (5,714,326 shares pre reverse stock split) of our free trading stock held in escrow by their attorney and receive cash settlements for a total amount of \$450,000 (the initial \$350,000 plus total default penalties of \$100,000). LPR sold the note to Southridge Partners, LLP ("Southridge") for consideration of \$281,772 in June 2012. In August 2013 the debt of \$281,772 reverted back to LPR.
 - At December 31, 2012, we owed University Centre West Ltd. approximately \$55,410 for rent, which was assigned and sold to Southridge, and it is currently outstanding and carries no interest.
 - In April 2016, we issued a promissory note to an unrelated third party in the amount of \$10,000 bearing interest at 10% annually. The note was due in one year from the execution and funding of the note. The note is in default and negotiation of settlement. At September 30, 2022 and December 31, 2021, the accrued interest is \$6,541 and \$5,783.
 - In May 2016, the Company issued a promissory note to an unrelated third party in the amount of \$75,000 bearing monthly interest at a rate of 2%. The note was due in nine months from the execution and funding of the note. During April 2017, we accepted the offer of a settlement to issue 5,000,000 common shares as a repayment of \$25,000. The note is in default and in negotiation of settlement. At September 30, 2022 and December 31, 2021, the outstanding principal balance is \$50,000 and accrued interest is \$83,434 and \$74,334.
 - In June 2016, the Company issued a promissory note to an unrelated third party in the amount of \$50,000 bearing monthly interest at a rate of 2%. The note was due in nine months from the execution and funding of the note. The note is in default and negotiation of settlement. At September 30, 2022 and December 31, 2021, the outstanding principal balance is \$50,000 and accrued interest is \$76,634 and \$67,534, respectively.

- A promissory note originally issued to an unrelated third party in August 2016 was restated in September 2019 in the amount of \$333,543 bearing monthly interest at a rate of 2.0% and was due September 2020. In connection with this restated note, we issued 20,000,000 shares of our common stock. During September 2020, we issued a total of 10,000,000 restricted shares due to the default on repayments. The shares were valued at fair value of \$6,000. The common stock was valued at \$5,895 and recorded as a debt discount that was amortized over the life of the note. Amortization for this debt discount was fully amortized at December 31, 2020. The Note is in default and negotiation of settlement. At September 30, 2022 and December 31, 2021, the principal balance is \$333,543, and the accrued interest is \$248,378 and \$187,673, respectively.
- On September 26, 2016, we issued a promissory note to an unrelated third party in the amount of \$75,000 bearing interest at 10% annually. The note was due in one year from the execution and funding of the note. In March 2018, \$15,000 of the principal balance of the note was assigned to an unrelated third party and is in negotiation of settlement. In January 2019, the remaining principal balance of \$60,000 and accrued interest of \$15,900 was restated in the form of a Convertible Note (See Note 6(4)). At September 30, 2022 and December 31, 2021, the principal balance outstanding is \$15,000, and the accrued interest is \$1,371.
- In October 2016, we issued a promissory note to an unrelated third party in the amount of \$50,000 bearing monthly interest at a rate of 2%. The note was due in nine months from the execution and funding of the note. The note is in default and in negotiation of settlement. At September 30, 2022 and December 31, 2021, the accrued interest is \$72,934 and \$63,834, respectively.
- In June 2017, we issued a promissory note to an unrelated third party in the amount of \$12,500 bearing interest at 10% annually. The note was due in one year from the execution and funding of the note. The note is in default and in negotiation of settlement. At September 30, 2022 and December 31, 2021, the accrued interest is \$6,698 and \$5,750, respectively.
- During July 2017, we received a loan for a total of \$200,000 from an unrelated third party. The loan was repaid through scheduled payments through August 2017 along with interest on average 15% annum. During June 2018, the loan was settled with two unrelated third parties for \$130,401 and \$40,000, respectively, with the monthly scheduled repayments of approximately \$5,000 and \$2,000 per month to each unrelated party through July 2020. The Company repaid a total of \$34,976, \$42,698, and \$44,478 during 2018, 2019 and 2020, respectively. Additionally, repayment of \$14,376 was made during the first quarter of 2021. At September 30, 2022 and December 31, 2021, the principal balance is \$33,874. The portion of settlement of \$130,401 was repaid in full as of March 31, 2021. The remaining balance of \$33,874 is in default and negotiation of settlement.
- In July 2017, we issued a promissory note to an unrelated third party in the amount of \$50,000 with original issue discount of \$10,000. The note was due in nine months from the execution and funding of the note. The note is in default and in negotiation of settlement. At September 30, 2022 and December 31, 2021, the principal balance of the note is \$50,000.

- In November 2017, we issued a promissory note to an unrelated third party in the amount of \$120,000 with original issuance discount of \$20,000. During March 2020, \$50,000 of the Note was settled for 125,000,000 shares with a fair value of \$87,500. We recorded a loss on settlement in other expense for \$37,500 in March 2020. An additional 36,000,000 shares were issued to satisfy the default provision of the original note and 10,000,000 shares were issued along with the restatement. The total fair value of issued stock was \$32,200. The remaining balance of \$70,000 was restated with an additional issuance discount of \$14,000 due in September 2020. We repaid \$10,000 during the first quarter of 2022. The \$74,000 is in default and negotiation of further settlement. At September 30, 2022 and December 31, 2021, the principal balance of the loan is \$74,000.
- In November 2017, we issued a promissory note to an unrelated third party in the amount of \$18,000 with original issuance discount of \$3,000. The note is in default and in negotiation of settlement. The note was due in nine months from the execution and funding of the note. At September 30, 2022 and December 31, 2021, the principal balance of the note is \$18,000 and the accrued interest is \$2,000.
- During January 2022, the Company received a loan for \$199,000 from a non-related party. The loan is expected to be repaid through scheduled payments through July 2023 along with interest on average 63.76% annum. The Company has recorded loan costs in the amount of \$4,975 for the loan origination fees paid at inception date. The total loan cost is amortized over the term of the loan. The amortization of loan cost for the three and nine months ended September 30, 2022 is \$850 and \$2,300, respectively. The loan is under personal guarantee by Mr. Deitsch. We repaid \$68,023 during the first through third quarter of 2022. At September 30, 2022, the principal balance, net of debt discount of \$2,675, is \$130,977.
- During June 2022, the Company entered a Purchase and Sale of Future Receipts Agreement with a non-related party. This third party purchased \$87,000 of the merchant sales for \$60,000. In exchange for the purchased amount, the Company agreed to authorize the buyer to debit the amount from the Company's bank account according to the remittance frequency, until the buyer has received the purchase amount of \$87,000. The Company has recorded a total debt discount of \$29,685 for the loan origination fees and loan issuance cost. The total debt discount was amortized over the term of the loan. Amortization for the debt discount for the three and nine months ended September 30, 2022 was \$12,369 and \$885. We repaid \$38,839 during the second and third quarter of 2022. At September 30, 2022, the principal balance, net of debt discount of \$16,431, is \$31,730.

(3) At September 30, 2022 and December 31, 2021, the balance of \$4,609,567 and \$3,751,760 net of discount of \$183,570 and \$283,429, respectively, consisted of the following convertible loans:

- In October 2017, we issued a promissory note to an unrelated third party in the amount of \$60,000 with original issuance discount of \$10,000 and a conversion option. The note was due in nine months from the execution and funding of the note. The loan is in default and in negotiation of settlement. At September 30, 2022 and December 31, 2021, the principal balance of the note is \$60,000.
- During January through December 2018, we issued convertible notes payable to the 20 unrelated third parties for a total of \$618,250 with original issue discount of \$62,950. The notes were due in nine months from the execution and funding of each note. The notes are convertible into shares of Company's common stock at a conversion price ranging from \$0.0003 to \$0.001 per share. The total discount of \$255,655 and original issuance discount of \$62,950 have been fully amortized during 2019 for \$28,421.

During February 2019, we issued convertible notes payable of \$55,000 with original issuance discount of \$5,000. The notes were due in nine months from the execution and funding of each note. The notes are convertible into shares of Company's common stock at a conversion price of \$0.0005 per share. During August and October 2020, the convertible promissory notes for a total of \$55,000 was amended to add additional original issuance discount (OID) for a total of \$9,200. In connection with the issuance of amended convertible notes, the Company granted the total of 128,400 warrants at an exercise price of \$0.001 per share. The warrants were valued using the Black-Scholes method and recorded as a debt discount. 92,100,000 of the warrants expired in August 2022. 36,300,000 of the warrants expired in October 2022. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$541 and \$195,178 on September 30, 2022 and December 31, 2021 (See Note 8).

During May 2019, we restated two convertible notes payable with additional original issue discount of \$6,400. The two restated notes were due in August 2019 and are in default.

During February, November and December 2019, we issued three convertible promissory notes to the unrelated third party for \$174,500 with original issuance discount of \$14,500. The notes were due nine months from the execution and funding of the notes. The Noteholder had the right to convert the note into shares of Common Stock at a fixed conversion price ranging from \$0.0002 to \$0.000275. The Notes are in default and negotiation of settlement.

During 2019, repayments of \$13,500 were made in cash to three of the Notes. Six of the Notes for a total of \$87,100 were repaid in stocks as the part of settlement of issuances of 800,000,000 shares of common stocks during December 2019.

At December 31, 2019, the principal balance of the notes, net of discount of \$17,370 was \$736,180. The remaining debt discount of \$17,370 has been fully amortized during the fiscal year 2020. Two of the above mentioned convertible notes payable were settled in March and April, 2021. One of the above mentioned convertible notes payable was repaid in cash for \$10,000.

During the year ended December 31, 2020, we issued convertible notes payable of \$555,600 with original issuance discount of \$53,600. \$287,400 of these notes were due in a year, and \$268,200 of the Notes are due in nine months from the execution and funding of each note. The notes are convertible into shares of Company's common stock at a conversion price ranging from \$0.0002 to \$0.0008 per share. During July 2020, we issued a total of 1,000,000 restricted shares to a Note holder due to the default on repayments of the promissory note of \$22,000 originated in December 2019. The shares were valued at fair value of \$700. In addition, in connection with the issuance of two of the above mentioned convertible notes of \$57,500 with original issuance discount of \$7,500 due in one year, the Company granted the 71,875,000 warrants at an exercise price of \$0.002 per share that expired in August 2022. The warrants were valued using the Black-Scholes method and recorded as a debt discount. The debt discounts associated with the warrants and OID for \$50,000 and \$7,500, respectively, have been amortized over the life of the notes. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$0 and \$106,032 using the Black-Scholes method on September 30, 2022 and December 31, 2021 (See Note 8).

At December 31, 2020, the principal balance of the notes, net of discount of \$101,448 is \$1,276,902. The total discount amortization on all notes was \$83,720.

During the first quarter of 2021, we issued convertible promissory notes to the unrelated third parties for a total of \$717,667 with original issuance discount of \$93,609. During the second quarter of 2021, we issued convertible promissory notes to the unrelated third parties for a total of \$864,225 with original issuance discount of \$112,725. During the third quarter of 2021, we issued convertible promissory notes to the unrelated third parties for a total of \$539,351 with original issuance discount of \$70,350. During the fourth quarter of 2021, we issued convertible promissory notes to the unrelated third parties for a total of \$358,800 with original issuance discount of \$46,800. The Noteholders have the right to convert the note into shares of Common Stock at a conversion price ranging from \$0.0003 to \$0.002 per share. The notes are due one year from the execution and funding of the notes. On January 1, 2022, \$228,563 of the Notes issued during January to April 2021 were amended to extend the due date to August 29, 2022.

During December 2021, in connection with the issuance of three of the above mentioned convertible notes of \$172,500 with original issuance discount of \$22,500 due in one year, the Company granted the 246,428,571 warrants at an exercise price of \$0.002 per share that expire one year from the date of issuance. The warrants are valued using the Black-Scholes method and recorded as a debt discount. No warrants have been exercised. The debt discounts associated with the warrants and OID for \$150,000 and \$22,500, respectively, are amortized over the life of the notes. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$105,814 and \$409,374 using the Black-Scholes method on September 30, 2022 and December 31, 2021, respectively (See Note 8).

During March 2021, the remaining balance of promissory note of \$30,000 originally issued in September 2018 was sold to an unrelated third party in the form of a convertible note at a fixed conversion price of \$0.01 per share (See Note 6(2)). The new note carries interest at 12% with scheduled monthly payments of \$1,000 beginning in April 2021 through March 2024. Repayment of \$7,323 has been made through December 31, 2021. Repayment of \$7,244 was made during the first through third quarter of 2022. The principal balance as of September 30, 2022 and December 31, 2021 is \$15,433 and \$22,677, and the interest expense for the three-months ended September 30, 2022 and 2021 is \$513 and \$793, respectively. The interest expense for the nine-months ended September 30, 2022 and 2021 is \$1,756 and \$1,951, respectively.

During March 2021, in connection with the settlement of the \$6,000 of the Note of \$11,000 originated in November 2018, we issued 11,000,000 shares of common stocks in satisfaction of \$6,000 of the Note with a fair value of \$104,500 and made a repayment of \$5,000 in cash. The settlement resulted in a loss on settlement of debt for \$98,500. During April 2021, in connection with this settlement of the remaining balance of \$8,500 of the Note of \$12,000 originated in December 2018, we issued 2,000,000 shares of common stocks in satisfaction of \$4,000 of the Note with a fair value of \$15,200 and made a repayment of \$4,500 in cash. The settlement resulted in a loss on settlement of debt for \$11,200.

During August 2021, the promissory note of \$166,926 was restated in the form of a convertible note at a fixed conversion price of \$0.002 per share. The restated balance is \$183,619 with an original issuance discount of \$16,693 and was due February 2022. During February 2022, we issued 20,866,250 shares of common stock to satisfy the principal balance of \$16,693 with fair value of \$54,252 (See Note 7). The settlement of balance of \$16,693 resulted in a loss on settlement of debt for \$37,559 in other expense. The remaining balance of \$166,926 was further restated in the form of a convertible note at a fixed conversion price of \$0.002 per share due August 2022. During August 2022, we agreed to make a repayment of \$16,693 in cash by October 2022. 10,000,000 shares of common stock with fair value of \$10,000 (See Note 7) were issued due to the late payments. \$10,000 was recorded as stock based loan modification cost in other expense. The remaining balance of \$166,926 was further restated with an original issuance discount of \$16,693 in the form of a convertible note at a fixed conversion price of \$0.002 per share due February 2023. As of the date of this report, the cash repayment of \$16,693 has not been made. The noteholder will work with us when we are able to make the payment.

During the first quarter of 2022, we issued convertible promissory notes to the unrelated third parties for a total of \$172,500 with original issuance discount of \$22,500. The Noteholders have the right to convert the note into shares of Common Stock at a conversion price ranging from \$0.0005 to \$0.0008 per share. The notes are due one year from the execution and funding of the notes.

During the second quarter of 2022, we issued convertible promissory notes to the unrelated third parties for a total of \$379,500 with original issuance discount of \$49,500. The Noteholders have the right to convert the note into shares of Common Stock at a conversion price ranging from \$0.0006 to \$0.0008 per share. The notes are due one year from the execution and funding of the notes.

During the third quarter of 2022, we issued convertible promissory notes to the unrelated third parties for a total of \$264,500 with original issuance discount of \$34,500. The Noteholders have the right to convert the note into shares of Common Stock at a conversion price ranging from \$0.0005 to \$0.0006 per share. The notes are due one year from the execution and funding of the notes.

During January and May 2022, in connection with the issuance of one of the above mentioned convertible notes of \$115,000 with original issuance discount of \$15,000 due in one year, the Company granted the 164,285,714 warrants at an exercise price of \$0.002 per share that expire one year from the date of issuance. The warrants are valued using the Black-Scholes method and recorded as a debt discount. No warrants have been exercised. The debt discounts associated with the warrants and OID for \$100,000 and \$15,000, respectively, are amortized over the life of the notes. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$93,748 using the Black-Scholes method on September 30, 2022 (See Note 8).

During June 2022, we repaid a convertible notes payable originated in May 2021 in cash for \$5,750. During May 2022, in connection with the settlement of a total of \$108,500 of the Notes originated in 2020 and 2021 with one noteholder, we issued 222,500,000 shares of common stocks in satisfaction of \$108,500 of the Notes with a fair value of \$222,500 (See Note 7). The settlement resulted in a loss on settlement of debt for \$114,000.

During August 2022, we made repayment of \$3,000 in cash to a convertible notes payable of \$17,250 originated in July 2021 and agreed to make monthly payment of \$3,000 through February 2023. In connection with the settlement of this Note, 500,000 shares with a fair value of \$500 (See Note 7) was issued and recorded as stock based loan modification cost in other expense of \$500.

At the date of this report, \$3,125,268 of the above-mentioned convertible notes payable are in default and in negotiation of settlement.

The total discount amortization on all notes for the three and nine months ended September 30, 2021 was \$123,813 and \$388,994, respectively. The total discount amortization on all notes for the three and nine months ended September 30, 2021 was \$91,455 and \$213,924, respectively. At September 30, 2022, the principal balance of the notes, net of discount of \$183,570 is \$4,609,567. At December 31, 2021, the principal balance of the notes, net of discount of \$283,430 is \$3,751,760.

(4) At September 30, 2022 and December 31, 2021, the balance of \$1,745,305 and \$2,855,709, respectively, consisted of the following convertible loans:

- The remaining balance of \$20,000 of a Convertible Note of \$120,000 originated in March 2016 is in default and negotiation of settlement. The conversion price is equal to 55% of the average of the three lowest volume weighted average prices for the three consecutive trading days immediately prior to but not including the conversion date. At September 30, 2022 and December 31, 2021, the convertible notes payable with principal balance of \$20,000 plus accrued interest of \$24,217 and \$21,183, respectively, at fair value, were recorded at \$80,395 and \$84,768, respectively.
- During May 2017, we issued a Convertible Debenture in the amount of \$64,000 to an unrelated third party. The note was due on May 4, 2018. The Note holder has the right to convert the note into shares of Common Stock at a sixty percent (60%) of the lowest trading price of our restricted common stock for the twenty trading days preceding the conversion date. We have accrued interest at default interest rate of 20% after the note's maturity date. After prior conversions, at September 30, 2022 and December 31, 2021, the remaining principal of \$12,629 plus accrued interest of \$16,728 and \$14,834, respectively, at fair value, were recorded at \$48,929 and \$70,418, respectively. The remaining principal balance of the Note is in default.
- During February through August 2018, we issued seven convertible promissory notes to an unrelated third party due one year from the execution dates. During October 2020, the Note holder sold the remaining debt principal value as of October 22, 2020 of \$509,301 and accrued interest of \$234,417 for \$250,000 to a non-related party. The new note of \$250,000 carries interest at 8%. The Noteholder has the right to convert the note into shares of our restricted common stock at sixty percent of the lowest trading price of our restricted common stock for the twenty-five prior trading days including the conversion date. In connection with the issuance of the convertible note payable, we recorded a day-one derivative loss of \$286,969. We have increased the outstanding principal due by 10% and accrued interest at default interest rate of 24% after the note's maturity date. At September 30, 2022 and December 31, 2021, the convertible note payable with principal balance of \$275,000 plus accrued interest of \$82,022 and \$32,657, respectively, at fair value, were recorded at \$714,044 and \$946,639.
- During July 2018, we issued a convertible debenture in the amount of \$50,000 to an unrelated third party. The note carries interest at 8% and was due in July 2019, unless previously converted into shares of restricted common stock. We have accrued interest at default interest rate of 24% after the note's maturity date. The Note holder has the right to convert the note into shares of Common Stock at fifty five percent of the average three lowest trading price of our restricted common stock for the fifteen trading days including the date of receipt of conversion notice. In connection with the issuance of the convertible note payable, we recorded a day-one derivative loss of \$46,734. At September 30, 2022 and December 31, 2021, the convertible note payable with principal balance of \$50,000 plus accrued interest of \$42,367 and \$33,490, at fair value, was recorded at \$167,940 and \$202,491, respectively.
- During August 2018, we issued a convertible debenture in the amount of \$20,000 to an unrelated third party. The note carries interest at 8% and was due in August 2019, unless previously converted into shares of restricted common stock. We have accrued interest at default interest rate of 24% after the note's maturity date. The Note holder has the right to convert the note into shares of Common Stock at fifty five percent of the average three lowest trading price of our restricted common stock for the fifteen trading days including the date of receipt of conversion notice. In connection with the issuance of the convertible note payable, we recorded a day-one derivative loss of \$17,829. At September 30, 2022 and December 31, 2021, the convertible note payable with principal balance of \$20,000 plus accrued interest of \$16,500 and \$12,923, at fair value, was recorded at \$66,363 and \$79,815, respectively.
- During January 2019, the principal balance of \$60,000 from a promissory note of \$75,000 originated in September 2016 (See Note 6(2)) and accrued interest of \$15,900 was restated in the form of a Convertible Note. The new note of \$75,900 was due in one year from the restatement of the note. The Noteholder has the right to convert the note into shares of Common Stock at 50% discount to the average trading price of the three lowest closing stock prices for the twenty days prior to the notice of conversion. In connection with the issuance of the convertible note payable, we recorded a day-one derivative loss of \$75,900. During November 2020, the Note holder assigned \$20,000 of the \$75,900 convertible note restated in January 2019 to a third party. The third party subsequently received a total of 100,000,000 shares of our restricted common stock in satisfaction the \$20,000 of the Note with a fair value of \$140,000. At September 30, 2022 and December 31, 2021, the convertible note payable of \$55,900, at fair value, was recorded at \$111,800 and \$156,000. The note was due January 2021. The Note is in default and negotiation of settlement.

- During February 2019, we issued a convertible promissory note to an unrelated third party in the amount up to \$1,000,000 paid upon tranches. The note is due two years from the execution and funding of the note per tranche. The Noteholder has the right to convert the note into shares of Common Stock at a conversion price of the lower of \$0.0005 or 50% discount to the average trading price of the three lowest closing stock prices for the twenty days prior to the notice of conversion. The eight total tranches of the Note in the amount of \$372,374 and \$20,199 have been funded during 2019 and 2020, respectively. An additional three tranches of the Note for a total of \$132,000 have been funded, and repayment of \$40,480 has been made during the year ended December 31, 2021. Repayment of \$45,000 was made during the first and third quarter of 2022. In connection with issuance of the convertible note, the Noteholder agreed to eliminate two outstanding Notes of \$27,000 and the accrued interest of \$11,412 that were held by the Noteholder's defunct entities. In connection with the issuance of the convertible note payable tranches during the year ended December 31, 2021, we recorded a day-one derivative loss of \$2,042,612. During May and June 2019, the Note holder made conversions of a total of 750,000,000 shares of stock satisfying the principal balance of \$100,000 for a fair value of \$275,000. During January 2020 through February 2020, the Note holder received a total of 500,000,000 shares of our restricted common stock in satisfaction the \$175,000 of the Note with a fair value of \$425,000. During February through June 2021, the Note holder received a total of 240,350,000 shares of our restricted common stock in satisfaction the \$120,175 of the Note with a fair value of \$2,344,399. During February 2022, the Noteholder received 12,000,000 shares of our restricted common stock in satisfaction the \$6,000 of the Note with a fair value of \$36,000 (See Note 7). The remaining balance of \$37,917 is due September 2023. At September 30, 2022 and December 31, 2021, the convertible note payable with principal balance of \$37,917 and \$88,917, at fair value, was recorded at \$75,834 and \$355,668.
 - During June 2019, we issued a convertible promissory note to an unrelated third party for \$240,000 with original issuance discount of \$40,000. The note was due one year from the execution and funding of the notes. In connection with the issuance of this note, we issued 16,000,000 shares of our restricted common stock. The common stock was valued at \$4,688 and recorded as a debt discount that was amortized over the life of the note. The Noteholder has the right to convert the note into shares of Common Stock at a conversion price of the lower of \$0.0005 or 50% discount to the average trading price of the three lowest closing stock prices for the twenty days prior to the notice of conversion. In connection with the issuance of the convertible note payable, we recorded a day-one derivative loss of \$240,000. At September 30, 2022 and December 31, 2021, the convertible note payable with principal balance of \$240,000, at fair value, was recorded at \$480,000 and \$960,000. The Note is in default and negotiation of settlement.
- (5) At September 30, 2022 and December 31, 2021, the balance of \$225,000 consisted of the advances received from a third party during the periods from May 2019 through May 2020 in connection with a Joint Venture proposal. The deposits were considered as payments towards the purchase of equity in the joint venture. The joint venture is currently on hold pending the outcome of the lawsuit with the Securities and Exchange Commission (see Note 12).
- (6) During May 2020, we entered into a two-year loan agreement with the U. S. Small Business Administration for a Payroll Protection Program (PPP) loan, for \$64,895 with an annual interest rate of one percent (1%), with a term of twenty-four (24) months, whereby a portion of the loan proceeds have been used for certain labor costs, office rent costs and utilities, which may be subject to a loan forgiveness, pursuant to the terms of the SBA/PPP program. We used the proceeds primarily for payroll costs. The entire loan was forgiven in November 2021.

During April and June 2020, the Company executed the standard loan documents required for securing a loan from the SBA under its Economic Injury Disaster Loan assistance program (the "EIDL Loan") considering the impact of the COVID-19 pandemic on the Company's business. Pursuant to the Loan Authorization and Agreement (the "SBA Loan Agreement"), the principal amount of the EIDL Loan was \$150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 3.75% per annum. Installment payments, including principal and interest, are due 30 months from the date of the SBA Loan Agreement in the amount of \$731. The balance of principal and interest is payable over a 360-month period from the date of the SBA Loan Agreement. In connection therewith, the Company received a \$5,000 advance, which does not have to be repaid. We recorded it as other income in April 2020. The SBA requires that the Company collateralize the loan to the maximum extent up to the loan amount. If business fixed assets do not "fully secure" the loan the lender may include trading assets (using 10% of current book value for the calculation), and must take available equity in the personal real estate (residential and investment) of the principals as collateral. The accrued interest as of September 30, 2022 and December 31, 2021 for the EIDL loans are \$13,124 and \$8,906, respectively.

Years	Amount
2022(2 months remaining)	\$ 525
2023	3,222
2024	3,345
2025	3,472
2026	3,605
Thereafter	135,731
	<u>149,900</u>
Less: Long-term portion - SBA notes payable	(146,970)
Current portion	<u>\$ 2,930</u>

7. STOCKHOLDERS' DEFICIT

Authorized Shares

On November 18, 2021, we obtained written consents from stockholders holding a majority of our outstanding voting stock to approve an amendment of the Company's articles of incorporation, as amended, to increase the number of authorized shares of common stock from 8,000,000,000 to 12,000,000,000.

Series A Preferred Stock

Effective October 30, 2017, pursuant to authority of its Board of Directors, the Company filed a Certificate of Determination to authorize the issuance of 20,000,000 shares of stock designated "preferred shares", issuable from time to time in one or more series and authorize the Board of Directors to fix the number of shares constituting any such series, and to determine or alter the dividend rights, dividend rate, conversion rights, voting rights, right and terms of redemption (including sinking fund provisions), the redemption price or prices and the liquidation preference of any wholly unissued series of such preferred shares, and the number of shares constituting any such series.

Effective October 30, 2017 the Board of Directors authorized the issuance of 3,000,000 shares of Series A Preferred Stock ("Series A Preferred"). Terms of the Series A Preferred include the following:

1. The Series A Preferred voted with the Company's common stock as a single class on all matters or consents for the Company's common stockholders. Each share of Series A Preferred is entitled to one thousand votes per share.
2. The Series A Preferred was not entitled to dividends unless the Company paid cash dividends or dividends in other property to holders of outstanding shares of common stock, in which event, each outstanding share of the Series A Preferred was entitled to receive dividends of cash or property in an amount or value equal to one thousand multiplied by the amount paid in respect of one share of common stock. Any dividend payable to the Series A Preferred would have the same record and payment date and terms as the dividend payable on the common stock.
3. The Series A Preferred did not have any redemption rights.

Effective November 15, 2021, the Board of Directors authorized an exchange of 3,000,000 shares of Series A Preferred Stock held by Mr. Deitsch for an equal number of Series B Preferred Stock.

Upon return of 100% of Series A Preferred Stock to the Company, the entire class of Series A Preferred Stock was cancelled and the associated Certificate of Determination was filed with the Secretary of State of California.

Series B Preferred Stock

Effective March 2021, pursuant to authority of its Board of Directors, the Company filed a Certificate of Determination for its Series B Preferred Stock. The Series B Preferred Stock has a par value of \$0.001 per shares and consists of 12,000,000 shares.

Terms of the Series B Preferred include the following:

1. The Series B Preferred votes with the Company's common stock as a single class on all matters or consents for the Company's common stockholders. Each share of Series B Preferred is entitled to one thousand votes per share.
2. The Series B Preferred will not be entitled to dividends unless the Company pays cash dividends or dividends in other property to holders of outstanding shares of common stock, in which event, each outstanding share of the Series B Preferred will be entitled to receive dividends of cash or property in an amount or value equal to one thousand multiplied by the amount paid in respect of one share of common stock. Any dividend payable to the Series B Preferred will have the same record and payment date and terms as the dividend payable on the common stock. The liquidation value of Series B Preferred is \$0 at September 30, 2022 and December 31, 2021.
3. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of all shares of Series B Preferred then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders an amount in cash equal to \$0.133 in cash per share before any distribution is made on any shares of the Company's common stock. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the application of all amounts available for payments with respect to Series B Preferred would not result in payment in full of Series B Preferred, the holders shall share equally and ratably in any distribution of assets of the Company in proportion to the full liquidation preference to which each is entitled.
4. The Series B Preferred does not have any redemption rights.

During November 2021, the Board of Directors approved resolutions for the issuance of a total of 9,000,000 shares of Series B Preferred stock to Mr. Deitsch to discharge \$540,000 of his accrued salary. The shares were valued at the accrued payable amount by agreement of the parties. Mr. Deitsch obtained voting control of the Company with the issuance of these shares.

Effective November 15, 2021, the Board of Directors authorized an exchange of 3,000,000 shares of Series A Preferred Stock held by Mr. Deitsch for an equal number of Series B Preferred Stock.

Common Stock Issued for Conversion of Convertible Debt

During February 2022, the Noteholder received 12,000,000 shares of our restricted common stock in satisfaction the \$6,000 of the Note with a fair value of \$36,000 (See Note 6).

Common Stock Issued for Settlement of Debt

During February 2022, in connection with the settlement of \$16,693 of the promissory note of \$183,619 restated in August 2021, we issued 20,866,250 shares of common stock with fair value of \$54,252. The settlement resulted in a loss on settlement of debt in other expense of \$37,559 (See Note 6).

During May 2022, in connection with the settlement of a total of \$108,500 of the Notes originated in 2020 and 2021 with one noteholder, we issued 222,500,000 shares of common stocks in satisfaction of \$108,500 of the Notes with a fair value of \$222,500. The settlement resulted in a loss on settlement of debt for \$114,000 (See Note 6).

Common Stock Issued for Debt Modification and Penalty

During August 2022, we issued 10,000,000 restricted shares to a Note holder due to the default on repayments of the promissory note of \$183,619 amended in February 2022. The shares were valued at a fair value of \$10,000 (See Note 6).

During August 2022, we issued 500,000 restricted shares to a Note holder due to the default on repayments of the convertible note of \$17,250 originated in July 2021. The shares were valued at a fair value of \$500 (See Note 6).

Common Stock Issued for Consulting Service

During July 2021, the Company signed an agreement with a consultant for services for twelve months. The 5,000,000 shares issued upon execution were valued at \$41,000. The equity compensation charge of \$0 and \$20,500 has been recorded for the three and nine months ended September 30, 2022.

8. STOCK WARRANTS

Common Stock Warrants

During August 2020, convertible promissory notes of \$38,500 were amended with additional original issuance discount of \$7,550 due February 2021. These notes were further amended on January 1, 2022 to be due in August 2022. During October 2020, a convertible promissory note of \$16,500 was amended to add additional OID of \$1,650 due October 2022. In connection with the issuance of amended convertible notes, the Company granted the following warrants at an exercise price of \$0.001 per share. The warrants were valued using the Black-Scholes method and recorded as a debt discount. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$541 and \$195,178 on September 30, 2022 and December 31, 2021(see Note 6).

Month of Issuance	Number of Warrants	Month of Expiration
August, 2020	92,100,000	August, 2022
October, 2020	36,300,000	October, 2022

During November and December, 2020, the Company granted the 71,875,000 warrants at an exercise price of \$0.002 per share that expire one year from the date of issuance in connection with the issuance of the two convertible notes of \$57,500 with original issuance discount of \$7,500 due in one year. The two Notes of \$57,500 were further amended on January 1, 2022 and expired in August 2022. The warrants are valued using the Black-Scholes method and recorded as a debt discount. No warrants were exercised. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$0 and \$106,032 using the Black-Scholes method on September 30, 2022 and December 31, 2021(See Note 6).

During December 2021, in connection with the issuance of three of the convertible notes of \$172,500 with original issuance discount of \$22,500 due in one year, the Company granted the 246,428,571 warrants at an exercise price of \$0.002 per share that expire one year from the date of issuance. The warrants are valued using the Black-Scholes method and recorded as a debt discount. No warrants have been exercised. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$105,814 and \$409,374 using the Black-Scholes method on September 30, 2022 and December 31, 2021(See Note 6).

During January and May 2022, in connection with the issuance of the convertible note of \$115,000 with original issuance discount of \$15,000 due in one year, the Company granted the 164,285,714 warrants at an exercise price of \$0.002 per share that expire one year from the date of issuance. The warrants are valued using the Black-Scholes method and recorded as a debt discount. No warrants have been exercised. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the warrants issued with debt are treated as derivative liabilities requiring fair value adjustment at each reporting date. The warrants were valued at their fair value of \$93,748 using the Black-Scholes method on September 30, 2022 (See Note 6).

A summary of warrants outstanding in conjunction with private placements of common stock were as follows during the year ended December 31, 2021 and the nine months ended September 30, 2022:

	Number Of shares	Weighted average exercise price
Balance December 31, 2020	202,775,000	\$ 0.0017
Exercised	-	-
Issued	410,403,571	0.0014
Expired	(166,475,000)	0.0015
Balance December 31, 2021	446,703,571	\$ 0.0017
Exercised	-	-
Issued	164,285,714	0.0020
Expired	(163,975,000)	0.0014
Balance September 30, 2022	447,014,285	\$ 0.0019

The following table summarizes information about fixed-price warrants outstanding as of September 30, 2022 and December 31, 2021:

	Exercise Price	Weighted Average Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price
September 30, 2022	\$ 0.001-0.002	447,014,285	0.30 years	\$ 0.0019
December 31, 2021	\$ 0.001-0.002	446,703,571	0.67 years	\$ 0.0017

At September 30, 2022, the aggregate intrinsic value of all warrants outstanding and expected to vest was \$0. The intrinsic value of warrant share is the difference between the fair value of our restricted common stock and the exercise price of such warrant share to the extent it is “in-the-money”. Aggregate intrinsic value represents the value that would have been received by the holders of in-the-money warrants had they exercised their warrants on the last trading day of the year and sold the underlying shares at the closing stock price on such day. The intrinsic value calculation is based on \$0.0008, the closing stock price of our restricted common stock on September 30, 2022. There were no in-the-money warrants at September 30, 2022.

9. ACCRUED EXPENSES

Accrued expenses consisted of the following:

	September 30, 2022	December 31, 2021
Accrued consulting fees	\$ 161,550	\$ 161,550
Accrued payroll taxes	227,912	215,543
Accrued interest	571,151	469,040
Accrued others	2,913	5,337
Total	<u>\$ 963,526</u>	<u>\$ 851,470</u>

10. PREPAID EXPENSES

Prepaid expenses and other current assets consist of the following:

	September 30, 2022	December 31, 2021
Supplier advances for future purchases	\$ 339,162	\$ 294,162
Reserve for supplier advances	(294,162)	(294,162)
Net supplier advances	45,000	-
Prepaid professional fees	72,650	65,650
Deferred stock compensation	-	20,500
Total	<u>\$ 117,650</u>	<u>\$ 86,150</u>

We performed an evaluation of our inventory and related accounts at September 30, 2022 and December 31, 2021, and increased the reserve on supplier advances for future venom purchases by \$0 and \$48,000, respectively. At September 30, 2022 and December 31, 2021, the total valuation allowance for prepaid venom is \$294,162.

11. CONVERTIBLE NOTES RECEIVABLE

During March through November 2021, we purchased five convertible notes from an unrelated third party (the “Third Party”) for a total of \$286,550 with original issuance discount of \$26,050. The notes are convertible into common shares for \$0.01 per common share and mature in one year from the funding of the notes. The original issuance discount is amortized over the lives of notes.

During March through September 2022, we purchased five convertible notes from the Third Party for a total of \$34,596 with original issuance discount of \$3,145. The notes are convertible into common shares for \$0.01 per common share and mature in one year from the funding of the notes. The original issuance discount is amortized over the lives of the notes.

Repayments of \$50,250 have been received during the third quarter of 2022. The debt discount as of September 30, 2022 and December 31, 2021 was \$0 and \$13,070. At September 30, 2022 and December 31, 2021, the principal balance of the notes, net of discount is \$270,896 and \$273,480, respectively.

Amortization for all the convertible notes receivable was \$4,210 and \$4,750 recognized as other income in the statement of operations for the three months ended September 30, 2022 and 2021, respectively. Amortization for all the convertible notes receivable was \$16,215 and \$6,465 recognized as other income in the statement of operations for the nine months ended September 30, 2022 and 2021, respectively. \$268,750 of the notes have matured through September 30, 2022. We are working on restructuring and converting the Notes into common stock of the Third Party.

12. COMMITMENTS AND CONTINGENCIES

Operating Leases

ReceptoPharm leases a lab and renewed its operating lease agreement for five years beginning August 1, 2017 for monthly payments of approximately \$6,900 with a 5% increase each year. In February of 2021, we signed an updated lease with extended terms through January 1, 2023. The lease calls for monthly payments of approximately \$6,500 with a 4% increase each year.

	September 30, 2022	December 31, 2021
Lease cost		
Operating lease cost	\$ 60,297	\$ 80,396
Short-term lease cost	-	-
Total lease cost	<u>\$ 60,297</u>	<u>\$ 80,396</u>
Balance sheet information		
Operating ROU Assets	\$ 43,397	\$ 93,811
Operating lease obligations, current portion	20,003	77,673
Operating lease obligations, non-current portion	-	-
Total operating lease obligations	<u>\$ 20,003</u>	<u>\$ 77,673</u>
Weighted average remaining lease term (in years) – operating leases	0.25	1
Weighted average discount rate-operating leases	8%	8%

Supplemental cash flow information related to leases were as follows:

Cash paid for amounts included in the measurement of operating lease liabilities	\$ 67,553	\$ 95,846
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Future minimum payments under these lease agreements are as follows:

December 31,	Total
2022 (Remaining three months)	<u>\$ 20,270</u>
Total future lease payments	<u>\$ 20,270</u>
Less imputed interest	<u>267</u>
Total	<u>\$ 20,003</u>

Consulting Agreements

During July 2015, we signed an agreement with a company to provide for consulting services for five years. In connection with the agreement, 500,000 shares of our restricted common stock and a one year 8% note of \$50,000 were granted. The shares were valued at \$0.18 per share. As the services provided were in dispute, the shares and note payable have not been issued as of September 30, 2022. We have accrued the \$142,500 in accrued expense and compensation.

During October 2015, the Company signed an agreement with a consultant for consulting services for a year. In connection with the agreement, 2,500,000 shares of the Company's restricted common stock were granted and the Company was to make monthly cash payments of \$3,000. As of December 31, 2016, the Company recorded an equity compensation charge of \$31,750, however, only 1,000,000 of the shares have been issued. As of September 30, 2022 and December 31, 2021, \$19,150 has been recorded in accrued expense to account for the 1,500,000 shares of common stock that have not been issued.

Litigation

CSA 8411, LLC v. Nutra Pharma Corp., Case No. CACE 18-023150

On October 12, 2018, CSA 8411, LLC filed a lawsuit against the Company in the 17th Judicial Circuit Court in and for Broward County, Florida (Case No. CACE 18-023150) to recover \$100,000 allegedly owed under an amended promissory note dated April 12, 2017. On November 1, 2018, the Company filed its Answer and Affirmative Defenses to the Complaint. The Company believes that this lawsuit is without merit. Moreover, the Company believes that it has a number of valid defenses to this claim. Among other things, the owner of CSA 8411, LLC violated the terms of a Binding Memorandum of Understanding by failing to invest in the Company and fraudulently inducing the Company to enter into the subject amended promissory note. Opposing counsel reached out to schedule mediation, and mediation was set for June 21, 2019 in Plantation, FL however the mediation was unsuccessful. At September 30, 2022, we owed principal balance of \$91,156 and accrued interest of \$60,037 (See Note 6) if the defenses and our new claims are deemed to be of no merit.

Defendant also filed affirmative claims against the Plaintiff, its owner Dan Oran and several related entities. The case has not been set for trial as of this date.

Securities and Exchange Commission v. Nutra Pharma Corporation, Erik Deitsch, and Sean Peter McManus

On September 28, 2018, the United States Securities and Exchange Commission (the "SEC") filed a lawsuit in the United States District Court for the Eastern District of New York (Case No. 2:18-cv-05459) against the Company, Mr. Deitsch, and Mr. McManus. The lawsuit alleges that, from July 2013 through June 2018, the Company and the other defendants defrauded investors by making materially false and misleading statements about the Company and violated anti-fraud and other securities laws.

The violations alleged against the Company by the SEC include: (a) raising over \$920,000 in at least two private placement offerings for which the Company failed to file required registration statements with the SEC; (b) issuing a series of materially false or misleading press releases; (c) making false statements in at least one Form 10-Q; and (d) failing to make required public filings with the SEC to disclose the Company's issuance of millions of shares of stock. The lawsuit makes additional allegations against Mr. McManus and Mr. Deitsch, including that Mr. McManus acted as a broker without SEC registration and defrauded at least one investor by making false statements about the Company, that Mr. Deitsch engaged in manipulative trades of the Company's stock by offering to pay more for shares he was purchasing than the amount the seller was willing to take, and that Mr. Deitsch failed to make required public filings with the SEC. The lawsuit seeks both injunctive and monetary relief.

On May 29, 2019 (following each of the defendants filing motions to dismiss), the SEC filed a First Amended Complaint which generally alleged the same conduct as its original Complaint, but accounted for certain guidance provided by the United States Supreme Court in a case that had been recently decided. Each of the defendants then moved to dismiss the SEC's First Amended Complaint. On March 31, 2020, the Court entered an Order granting in part and denying in part the various motions to dismiss. Following that Order, the SEC filed a Second Amended Complaint (the operative pleading) and the defendants have filed their answers which generally deny liability. At this time, discovery is closed and the SEC has indicated an intent to file a summary judgment motion regarding certain non-fraud claims asserted in its Second Amended Complaint. The defendants have opposed the SEC's request to file such motion(s). The Court conducted a hearing on February 23, 2021 and set an initial briefing schedule for the SEC's Motion for Partial Summary Judgment wherein the Plaintiffs' Motion for Partial Summary Judgment was due on April 5, 2021, the Defendants' Consolidated (i.e., collectively, Nutra Pharma Corporation, Erik "Rik" Deitsch, and Sean McManus) Response Brief to the SEC's Motion was due May 3, 2021, and the Plaintiffs' Reply Brief was due on May 19, 2021. On March 23, 2021, the Plaintiff filed a Motion for Extension of Time to file the Motion for Partial Summary Judgment. On April 9, 2021, the Plaintiff filed a Motion for Partial Summary Judgment, Defendants' filed a Memorandum of Law in Opposition to Plaintiff's Motion on May 7, 2021, and Plaintiff filed its Reply brief on May 21, 2021. On August 31, 2022, the Court entered an Order Granting in Part and Denying in Part the SEC's Motion for Partial Summary Judgment. Specifically, the Court granted the SEC's Motion for Partial Summary Judgment on Claim 7 (Section 5 of the Securities Act) against the Company and Mr. Deitsch, Claim 8 (Section 13(d) of the Exchange Act and Rule 13d-2(a) thereunder) against Mr. Deitsch, Claim 9 (Section 16(a) of the Exchange Act and Rule 16a-3 thereunder) against Mr. Deitsch, and Claim 10 (Section 13(a) of the Exchange Act and Rule 13a-11 thereunder) against the Company, but denied the SEC's Motion for Partial Summary Judgment on Claim 14 (alleged aiding and abetting Nutra Pharma's violation of Section 13(a) of the Exchange Act, and Rule 13a-11 thereunder) against Mr. Deitsch. The remedies pertaining to the claims addressed in the SEC's Partial Summary Judgment will be determined by the Court at a later date. On September 16, 2022, Mr. Deitsch filed a Motion to Supplement his Initial Disclosures pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure and to re-open discovery for the limited purpose of obtaining discovery from certain Nutra Pharma shareholders identified by Mr. Deitsch in his supplement to the initial disclosures. The Magistrate Judge assigned to the case granted Deitsch's Motion on that same day and discovery has been re-opened on a limited basis. When the discovery in the case is complete, the case will proceed to trial on the remaining claims in the SEC's Second Amended Complaint that were not addressed in the SEC's Partial Summary Judgment. The Company disputes the allegations in this lawsuit and continues to vigorously defend against the SEC's claims. Mr. Deitsch and Mr. McManus have similarly defended the lawsuit since its filing and each contest liability. The Company does not believe that it engaged in any fraudulent activity or made any material misrepresentations concerning the Company and/or its products.

13. RELATED PARTY TRANSACTIONS

The Company acts as a product formulator and contract manufacturer for Avini Health. The Company's chief executive officer is an owner of Avini Health and is its chief scientific officer.

Commencing in May 2022, the Company sublets a portion of its space to Avini Health under a one-year sublease for a monthly rent of \$5,000, with the first three months rent-free. During the three and nine months ended September 30, 2022, the Company recorded rental income of \$10,000 which is included net of selling, general and administrative expense in the accompanying Condensed Consolidated Statements of Operations.

As of September 30, 2022 and December 31, 2021, we had the following related party balances:

	September 30, 2022	December 31, 2021
Deferred revenue to a related party	\$ 111,011	\$ -
Accrued interest to a related party	145,508	147,768

For the three and nine months ended September 30, 2022 and 2021, we had the following related party transactions

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales to a related party	\$ 84,580	\$ -	\$ 154,966	\$ -
Bad debt expense (recovery) - related party	(21,799)	(35,000)	-	38,000
Rental income from a related party	10,000	-	10,000	-
Interest expense to a related party	4,272	4,504	12,740	13,881

14. SUBSEQUENT EVENTS

During October 2022, we issued convertible promissory notes to the unrelated third parties for a total of \$57,500 with original issuance discount of \$7,500. The Noteholders have the right to convert the note into shares of Common Stock at a conversion price of \$0.0006 per share. The notes are due one year from the execution and funding of the notes.

On October 27, 2022, the promissory note of \$199,000 originated in February 2022 was repaid in full. The Company received a new loan for a total of \$199,000 from a non-related party. The loan is repaid through scheduled payments through April 2024 along with interest on average 60.73% annum.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Our business during the nine months ended September 30, 2022 has focused upon marketing our homeopathic drugs for the treatment of pain:

- Nyloxin[®] (Stage 2 Pain)
- Nyloxin[®] Extra Strength (Stage 3 Pain)
- Pet Pain–Away
- Equine Pain–Away
- Luxury Feet

During the nine months ended September 30, 2022 and thereafter, the following has occurred:

On March 17, 2022, we provided updates on increasing our manufacturing capabilities for the production of our own products as well as third party companies with OTC drugs as well as dietary supplements. These capabilities include: a liquid fill line, a tube filling line, an extrusion line as well as a capsule filling line.

On March 23, 2022, we announced our first agreement to act as a product formulator and contract manufacturer for an outside company, Avini Health. The first sales for the Avini Health product line began in mid-March with the launch of their initial product offerings that include: Nyloxin, a zeolite liquid product, a nano-silver product and a mushroom blend capsule.

Nyloxin[®]/Nyloxin[®] Extra Strength

We offer Nyloxin[®]/Nyloxin[®] Extra Strength as our over-the-counter (OTC) pain reliever that has been clinically proven to treat moderate to severe (Stage 2) chronic pain.

Nyloxin[®] and Nyloxin[®] Extra Strength are available as a two ounce topical gel for treating joint pain and pain associated with arthritis and repetitive stress, and as a one ounce oral spray for treating lower back pain, migraines, neck aches, shoulder pain, cramps, and neuropathic pain. Both the topical gel and oral spray are packaged and sold as a one-month supply.

Nyloxin[®] and Nyloxin[®] Extra Strength offer several benefits as a pain reliever. With increasing concern about consumers using opioid and acetaminophen-based pain relievers, the Nyloxin[®] products provide an alternative that does not rely on opiates or non-steroidal anti-inflammatory drugs, otherwise known as NSAIDs, for their pain relieving effects. Nyloxin[®] also has a well-defined safety profile. Since the early 1930s, the active pharmaceutical ingredient (API) of Nyloxin[®], Asian cobra venom, has been studied in more than 46 human clinical studies. The data from these studies provide clinical evidence that cobra venom provides an effective treatment for pain with few side effects and has the following benefits:

- safe and effective;
- all natural;
- long-acting;
- easy to use;
- non-narcotic;
- non-addictive; and
- analgesic and anti-inflammatory.

Potential side effects from the use of Nyloxin[®] are rare, but may include headache, nausea, vomiting, sore throat, allergic rhinitis and coughing.

The primary difference between Nyloxin[®] and Nyloxin[®] Extra Strength is the dilution level of the venom. The approximate dilution levels for Nyloxin[®] and Nyloxin[®] Extra Strength are as follows:

Nyloxin[®]

- Topical Gel: 30 mcg/mL
- Oral Spray: 70 mcg/mL

Nyloxin[®] Extra Strength

- Topical Gel: 60 mcg/mL
- Oral Spray: 140 mcg/mL

In December 2011, we began marketing Nyloxin[®] and Nyloxin[®] Extra Strength at www.nyloxin.com and on www.Amazon.com/nyloxin. Both Nyloxin[®] and Nyloxin[®] Extra Strength are packaged in a roll-on container, squeeze bottle and as an oral spray. Additionally, Nyloxin[®] topical gel is available in an 8 ounce pump bottle.

We are currently marketing Nyloxin[®] and Nyloxin[®] Extra Strength as treatments for moderate to severe chronic pain. Nyloxin[®] is available as an oral spray for treating back pain, neck pain, headaches, joint pain, migraines, and neuralgia and as a topical gel for treating joint pain, neck pain, arthritis pain, and pain associated with repetitive stress. Nyloxin[®] Extra Strength is available as an oral spray and gel application for treating the same physical indications, but is aimed at treating the most severe (Stage 3) pain that inhibits one's ability to function fully.

Nyloxin[®] Military Strength

In December 2012, we announced the availability of Nyloxin[®] Military Strength for sale to the United States Military and Veteran's Administration. Over the past few years, the U.S. Department of Defense has been reporting an increase in the use and abuse of prescription medications, particularly opiates. In 2009, close to 3.8 million prescriptions for pain relievers were written in the military. This staggering number was more than a 400% increase from the number of prescriptions written in the military in 2001. But prescription drugs are not the only issue. The most common and seemingly harmless way to treat pain is with non-steroidal, anti-inflammatory drugs (NSAIDS). But there are risks. Overuse can cause nausea, vomiting, diarrhea, heartburn, ulcers and internal bleeding. In severe cases chest pain, heart failure, kidney dysfunction and life-threatening allergic reactions can occur. It is reported that approximately 7,600 people in America die from NSAID use and some 78,000 are hospitalized. Ibuprofen, also an NSAID has been of particular concern in the military. The terms "Ranger Candy" and "Military Candy" refer to the service men and women who are said to use 800mg doses of Ibuprofen to control their pain. But when taking anti-inflammatory Ibuprofen in high doses for chronic pain, there is potential for critical health risks; abuse can lead to serious stomach problems, internal bleeding and even kidney failure. There are significantly greater health risks when abuse of this drug is combined with alcohol intake. Our goal is that with Nyloxin[®], we can greatly reduce the instances of opiate abuse and overuse of NSAIDS in high risk groups like the US military. The Nyloxin[®] Military Strength represents the strongest version of Nyloxin[®] available and is approximately twice as strong as Nyloxin[®] Extra Strength. We are working with outside consultants to register Nyloxin[®] Military Strength and the other Nyloxin[®] products for sale to the US government and the various arms of the military as well as the Veteran's Administration. In February of 2018, Nyloxin was added to the Federal Supply Schedule but was subsequently removed the following week without an adequate explanation. We have continued to work with our consultants to understand why our products were improperly removed the Federal Supply Schedule and when we may be able to get re-listed on the Federal Supply Schedule for eventual sales to governmental agencies or to the US Military.

International Sales

We are pursuing international drug registrations in Canada, Mexico, India, Australia, New Zealand, Central and South America and Europe. Since European rules for homeopathic drugs are different than the rules in the US, we cannot estimate when this process will be completed. On March 25, 2013 we announced the publication of our patent and trademark for Nyloxin[®] in India. We are actively seeking new distribution partners in India.

On May 14, 2015 we announced that we had engaged the Nature's Clinic to begin the process of regulatory approval of our Company's Over-the-Counter pain drug, Nyloxin[®] for marketing and distribution in Canada. The Nature's Clinic has already begun setting up their Chatham, Ontario warehouse. Due to lack of funding, we have waited to complete the approval process to begin distributing Nyloxin[®] and expect to re-engage in the process in 2022.

On February 1, 2018 we announced a Distribution Agreement with the Australian company, Pharmachal PTY LTD to market and distribute Nyloxin[®] in Australia and New Zealand. Pharmachal has begun the registration process with the TGA (Therapeutic Goods Administration). At this time, we do not know if our products will qualify for TGA registration and cannot provide a timeline for the eventual distribution in Australia.

Additionally, we plan to complete several human clinical studies aimed at comparing the ability of Nyloxin[®] Extra Strength to replace prescription pain relievers. We have provided protocols to several hospitals and will provide details and timelines when those protocols have been accepted. We cannot provide any timeline for these studies until adequate financing is available.

To date, our marketing efforts have been limited due to lack of funding. As sales increase, we plan to begin marketing more aggressively to increase the sales and awareness of our products.

Pet Pain-Away

During June of 2013, we announced the launch of our new homeopathic formula for the treatment of chronic pain in companion animals, Pet Pain-Away[™]. Pet Pain-Away[™] is a homeopathic, non-narcotic, non-addictive, over-the-counter pain reliever, primarily aimed at treating moderate to severe chronic pain in companion animals. It is specifically indicated to treat pain from hip dysplasia, arthritis pain, joint pain, and general chronic pain in dogs and cats. The initial product run was completed in December of 2014 and launched through Lumaxa Distributors on December 19, 2014.

In May of 2016, we signed a license agreement to begin the process of creating an infomercial (Direct Response) campaign for Pet Pain-Away[™]. In November of 2016, we announced the license agreement with DEG Productions for the marketing and distribution of Pet Pain-Away globally. DEG has the ability to earn the exclusive distribution rights for the product by reaching certain sales milestones. DEG has created their own website (www.getpetpainaway.com) and began airing commercials in December of 2016.

In February of 2020, we took back the marketing of Pet Pain-Away and are currently selling the product on Amazon.com and through www.petpainaway.com.

Luxury Feet

In June of 2017 we announced the creation of *Luxury Feet*; an over-the-counter pain reliever and anti-inflammatory product that is designed for women who experience pain or discomfort due to high heels and stilettos. In March of 2021 we announced plans for the marketing and distribution of Luxury Feet and on April 15, 2021 we announced that the product was available for purchase on Amazon.

Equine Pain-Away (Formerly Equine Nyloxin)

In October of 2013, we announced that we were in the process of launching the newest addition to our line of homeopathic treatments for chronic pain, *Equine Nyloxin*. We had been working with trainers and veterinarians in the equine industry and have already identified distributors for the product. The *Equine Nyloxin*® represents the Company's first topical solution for the animal market. Equine Nyloxin was rebranded as Equine Pain-Away and officially rolled into the market in October of 2019. Equine Pain-Away is being marketed through several retailers and online at www.EquinePainAway.com and on Amazon.

Avini Health products

In May of 2022, we began producing products for Avini Health Corporation. Avini Health distributes wellness and nutritional products through their network of independent distributors in the United States, Canada and the US Virgin Islands. The products that we provide for Avini Health include private label versions of our Nyloxin products and are sold as: Avini Plus Relief oral spray, Avini Plus Relief topical gel and Avini Plus Relief roll-on. We also provide the following products: a dietary fiber blend sold as Avini Plus Fiber, a micronized and activated colloidal suspension of zeolite that is sold as Cell Defender, a mushroom and zeolite blend sold in capsules as ZMUNITY, and a caffeine adaptogenic 2oz energy shot sold as Avini Plus Energy.

Drug Discovery and Pipeline

Nutra Pharma is developing proprietary therapeutic protein products for the biologics market. The Company has two leading drug candidates: RPI-MN and RPI-78M.

RPI-MN

RPI-MN inhibits the entry of several viruses that are known to cause severe neurological damage in such diseases as encephalitis and Human Immunodeficiency Virus (HIV). It is being developed first for the treatment of HIV.

RPI-78M

RPI-78M is being developed for the treatment of Multiple Sclerosis (MS) and Adrenomyeloneuropathy (AMN). Other neurological and autoimmune disorders that may be served by RPI-78M include Myasthenia Gravis (MG), Rheumatoid Arthritis (RA) and Amyotrophic Lateral Sclerosis (ALS).

RPI-78M and RPI-MN contain anticholinergic peptides that recognize the same receptors as nicotine (acetylcholine receptors) but have the opposite effect. In a specific chemical process unique to Nutra Pharma, the drugs are created through a process of chemical modification.

In September, 2015 RPI-78M was granted Orphan Status by the FDA for the treatment of pediatric Multiple Sclerosis. This allows for much shorter timelines to drug approval, waiver of FDA fees (around \$2.5M), rolling review and fast-track approval. Orphan status also allows for potential grant money and other funding opportunities through the clinical process.

RPI-MN and RPI-78M possess several desirable properties as drugs:

- They lack measurable toxicity but are still capable of attaching to and affecting the target site on the nerve cells. This means that patients cannot overdose.
- They display no serious adverse side effects following years of investigations in humans and animals.
- They are extremely stable and resistant to heat, which gives the drugs a long shelf life. The drugs' stability has been determined to be over 4 years at room temperature. This is extremely unusual for a biologic drug.
- RPI-78M may be administered orally — a first for a biologic MS drug. This will present MS patients with additional quality of life benefits by eliminating the requirement for routine injections.
- They are easy to administer.

We are currently working with consultants to develop trial protocols for a Phase I/II trial for the use of RPI-78M in the treatment of Pediatric Multiple Sclerosis. Our goal is to initiate these trials in 2022.

Critical Accounting Policies and Estimates

Our condensed consolidated unaudited financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) applied on a consistent basis. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Our critical accounting policies and estimates are described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates” in our Annual Report on Form 10-K filed with the SEC on April 15, 2022. There were no material changes to our accounting policies during the nine months ended September 30, 2022.

We regularly evaluate the accounting policies and estimates that we use to prepare our condensed consolidated financial statements. In general, management’s estimates are based on historical experience, information from third party professionals, and various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management under different and/or future circumstances.

Results of Operations – Comparison of Three Months Periods Ended September 30, 2022 and 2021

Sales for the three-month period ended September 30, 2022 were \$109,204, including sales to a related party for \$84,580, compared to \$19,266 for the three-month period ended September 30, 2021. The increase in net sales is primarily attributable to the increase in sales of Nyloxin, Zeolite liquid product, Nano-silver product and Mushroom blend capsule.

Cost of sales for the three-month period ended September 30, 2022 is \$41,051 compared to \$9,644 for the three-month period September 30, 2021. Our cost of sales includes the direct costs associated with manufacturing, shipping and handling costs. Our gross profit margin for the three-month period ended September 30, 2022 is \$68,153 or 62.41% compared to \$9,622 or 49.94% for the three-month period ended September 30, 2021. The increase in our profit margin is primarily due to decrease in manufacturing cost.

Selling, general and administrative expenses decreased \$230,459 or 41.38% from \$556,932 for the quarter ended September 30, 2021 to \$326,473 for the quarter ended September 30, 2022, generally due to the overall decrease in professional fees. In addition, we had a bad debt recovery from the receivables from companies owned by the Company’s CEO for \$21,799 and \$35,000 for the three months ended September 30, 2022 and 2021, respectively.

Other income of \$4,210 and \$4,750 for the three months ended September 30, 2022 and 2021, respectively, is related to the amortization of debt discount from the convertible notes receivables obtained during 2021 and the first three quarters of 2022.

Interest expense, including related party interest expense, increased \$63,710 or 46.85%, from \$135,986 for the quarter ended September 30, 2021 to \$199,696 for the quarter ended September 30, 2022. This increase was primarily due to increase in amortization of loan discounts in the quarter ended September 30, 2022 compared to the quarter ended September 30, 2021.

We carry certain of our debentures and common stock warrants at fair value. Due to the fact that the number of shares of common stock issuable could exceed the Company’s authorized share limit, the equity environment is tainted, and all additional convertible debt, options and warrants are included in the value of the derivative liabilities. For the three months ended September 30, 2022 and 2021, the liability related to these hybrid instruments fluctuated, resulting in a gain of \$1,019,736 and \$16,133,270, respectively.

Loss on settlement of debts decreased \$56,339 or 100%, from a loss of \$56,339 for the three months ended September 30, 2021 to a loss of \$0 for the three months ended September 30, 2022. This decrease was primarily due to decrease in losses on settlement of debt through issuance of shares of common stock. Stock issued for loan modification increased \$10,500 or 100% from \$0 for the nine months ended September 30, 2021 to \$10,500 for the nine months ended September 30, 2022.

As a result of the foregoing, our net income decreased by \$14,856,156 or 96.26%, from an income of \$15,433,385 for the quarter ended September 30, 2021 to \$577,229 for the quarter ended September 30, 2022.

Results of Operations – Comparison of Nine Months Periods Ended September 30, 2022 and September 30, 2021

Sales for the nine-month period ended September 30, 2022 were \$221,780, including sales to a related party for \$154,966, compared to \$71,748 for the nine-month period ended September 30, 2021. The increase in net sales is primarily attributable to the increase in sales of Nyloxin, Zeolite liquid product, Nano-silver product and Mushroom blend capsule.

Cost of sales for the nine-month period ended September 30, 2022 is \$116,254 compared to \$24,284 for the nine-month period September 30, 2021. Our cost of sales includes the direct costs associated with manufacturing, shipping and handling costs. Our gross profit margin for the nine-month period ended September 30, 2022 is \$105,526 or 47.58% compared to \$47,464 or 66.15% for the nine-month period ended September 30, 2021. The decrease in our profit margin is primarily due to increase in the manufacturing cost.

Selling, general and administrative expenses decreased \$510,132 or 33.97% from \$1,501,689 for the nine months ended September 30, 2021 to \$991,557 for the nine months ended September 30, 2022, generally due to the overall decrease in professional fees. In addition, we incurred bad debt expense of \$0 and \$38,000 from the receivables from companies owned by the Company's CEO for the nine months ended September 30, 2022 and 2021.

Other income of \$16,215 and \$6,465 for the nine months ended September 30, 2022 and 2021, respectively, is related to the amortization of debt discount from the convertible notes receivables obtained during 2021 and the first three quarters of 2022.

Interest expense, including related party interest expense, increased \$232,142 or 64.36%, from \$360,673 for the nine months ended September 30, 2021 to \$592,815 for the nine months ended September 30, 2022. This increase was primarily due to increase in amortization of loan discounts in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

We carry certain of our debentures and common stock warrants at fair value. Due to the fact that the number of shares of common stock issuable could exceed the Company's authorized share limit, the equity environment is tainted, and all additional convertible debt, options and warrants are included in the value of the derivative liabilities. For the nine months ended September 30, 2022 and 2021, the liability related to these hybrid instruments fluctuated, resulting in a gain of \$6,569,581 and a loss of \$12,824,783, respectively.

Loss on settlement of debts decreased \$334,277 or 68.80%, from a loss of \$485,836 for the nine months ended September 30, 2021 to a loss of \$151,559 for the nine months ended September 30, 2022. This decrease was primarily due to decrease in losses on settlement of debt through issuance of shares of common stock. Stock issued for loan modification decreased \$97,000 or 90.23% from \$107,500 for the nine months ended September 30, 2021 to \$10,500 for the nine months ended September 30, 2022.

As a result of the foregoing, our net income increased by \$20,209,443 or 132.39%, from a loss of \$15,264,552 for the nine months ended September 30, 2021 to an income of \$4,944,891 for the nine months ended September 30, 2022.

Liquidity and Capital Resources

We have incurred significant losses from operations and working capital and stockholders' deficits raise substantial doubt about our ability to continue as a going concern. Further, as stated in Note 1 to our condensed consolidated unaudited financial statements for the period ended September 30, 2022, we have an accumulated deficit of \$76,784,098 at September 30, 2022. In addition, we have a significant amount of indebtedness in default, a working capital deficit of \$15,686,016 and a stockholders' deficit of \$15,609,507 at September 30, 2022.

Our ability to continue as a going concern is contingent upon our ability to secure additional financing, increase ownership equity, and attain profitable operations. In addition, our ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered in established markets and the competitive environment in which we operate. As of the date of the filing of this report, we do not believe that our source of cash is adequate for the next 12 months of operation and there is substantial doubt about our ability to continue as a going concern.

Current operations are primarily being funded through a combination of product sales and convertible notes. During the nine months ended September 30, 2022, we raised \$710,000 through the issuance of convertible notes and \$251,340 through the issuance of a promissory notes.

We expect to utilize the proceeds from these funds and additional capital to manufacture Nyloxin[®] and Pet Pain–Away and reduce our debt level. We estimate that we will require approximately \$200,000 quarterly to fund our existing operations and ReceptoPharm’s operations for the next twelve months from the date of filing. These costs include: (i) compensation for three (3) full–time employees; (ii) compensation for various consultants who we deem critical to our business; (iii) general office expenses including rent and utilities; (iv) product liability insurance; and (v) outside legal and accounting services. These costs reflected in (i) – (v) do not include research and development costs or other costs associated with clinical studies. In addition, due to the fact that the number of shares of common stock issuable under warrants and convertible notes could exceed the Company’s authorized share limit, we may need to utilize funds to expand the number of authorized shares.

Our ability to meet our future operating expenses is highly dependent on the amount of such future revenues. To the extent that future revenues from the sales of Nyloxin[®] and Pet Pain–Away[™] are insufficient to cover our operating expenses we may need to raise additional equity capital, which could result in substantial dilution to existing shareholders. There can be no assurance that we will be able to raise sufficient equity capital to fund our working capital requirements on terms acceptable to us, or at all. We may also seek additional loans from our officers and directors; however, there can be no assurance that we will be successful in securing such additional loans.

The accompanying Unaudited Condensed Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

Impact of COVID-19 on our Operations

The ramifications of the outbreak of the novel strain of COVID-19 are filled with uncertainty and changing quickly. Our operations have continued during the COVID-19 pandemic and we have not had significant disruption. Beginning in June 2020, the Company experienced a delay in retail rollout as a downstream implication of the slowing economy. During May 2020, we received approval from SBA to fund our request for a PPP loan for \$64,895. The entire loan was forgiven in November 2021. During April and June 2020, we obtained the loan in the amount of \$150,000 from SBA under its Economic Injury Disaster Loan assistance program. We used the proceeds primarily for rent, payroll, utilities, accounting and legal expenses.

The Company is operating in a rapidly changing environment so the extent to which COVID-19 impacts its business, operations and financial results from this point forward will depend on numerous evolving factors that the Company cannot accurately predict. Those factors include the following: the duration and scope of the pandemic; governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic; and the distribution of testing and a vaccine.

Uncertainties and Trends

Our operations and possible revenues are dependent now and in the future upon the following factors:

- whether Nyloxin[®], Nyloxin[®] Extra Strength and Pet Pain–Away will be accepted by retail establishments where they are sold;
- because Nyloxin[®] is a novel approach to the over–the–counter pain market, whether it will be accepted by consumers over conventional over–the–counter pain products;
- whether Nyloxin[®] Military Strength will be successfully launched and be accepted in the marketplace;
- whether our international drug applications will be approved and in how many countries;
- whether we will be successful in marketing Nyloxin[®], Nyloxin[®] Extra Strength and Pet Pain–Away in our target markets and create nationwide and international visibility for our products;
- whether our drug delivery system, i.e. oral spray and gel, will be accepted by consumers who may prefer a pain pill delivery system;

- whether competitors' pain products will be found to be more attractive to consumers;
- whether we successfully develop and commercialize products from our research and development activities;
- whether we compete effectively in the intensely competitive biotechnology area;
- whether we successfully execute our planned partnering and out-licensing products or technologies;
- whether the current economic downturn and related credit and financial market crisis will adversely affect our ability to obtain financing, conduct our operations and realize opportunities to successfully bring our technologies to market;
- whether we are subject to litigation and related costs in connection with use of products;
- whether we will successfully contract with domestic distributor(s)/advertiser(s) for our products and whether that will cause interruptions in our operations;
- whether we comply with FDA and other extensive legal/regulatory requirements affecting the healthcare industry.

Off-Balance Sheet Arrangements

We have not entered into any transaction, agreement or other contractual arrangement with an entity unconsolidated with us under whom we have:

- An obligation under a guarantee contract.
- A retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets.
- Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument.
- Any obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by us and material to us where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with us.

We do not have any off-balance sheet arrangements or commitments other than those disclosed in this report that have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of September 30, 2022, we carried out an evaluation under the supervision and the participation of our Chief Executive Officer/Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of September 30, 2022, as defined in Rule 13a-15 under the Securities Exchange Act of 1934 ("Exchange Act"). Based on that evaluation, our management, including our Chief Executive Officer/Chief Financial Officer, concluded that, because of the material weaknesses in internal control over financial reporting discussed in Section 9A of our annual report on Form 10-K, our disclosure controls and procedures were not effective, at a reasonable assurance level, as of September 30, 2022. In light of this, we performed additional post-closing procedures and analyses in order to prepare the Condensed Consolidated Unaudited Financial Statements included in this report. As a result of these procedures, we believe our Condensed Consolidated Unaudited Financial Statements included in this report present fairly, in all material respects, our financial condition, results of operations and cash flows for the periods presented. A control system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the company have been detected.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer, who also acted as our Principal Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended September 30, 2022 that have materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

CSA 8411, LLC v. Nutra Pharma Corp., Case No. CACE 18-023150

On October 12, 2018, CSA 8411, LLC filed a lawsuit against the Company in the 17th Judicial Circuit Court in and for Broward County, Florida (Case No. CACE 18-023150) to recover \$100,000 allegedly owed under an amended promissory note dated April 12, 2017. On November 1, 2018, the Company filed its Answer and Affirmative Defenses to the Complaint. The Company believes that this lawsuit is without merit. Moreover, the Company believes that it has a number of valid defenses to this claim. Among other things, the owner of CSA 8411, LLC violated the terms of a Binding Memorandum of Understanding by failing to invest in the Company and fraudulently inducing the Company to enter into the subject amended promissory note. Opposing counsel reached out to schedule mediation, and mediation was set for June 21, 2019 in Plantation, FL however the mediation was unsuccessful. At September 30, 2022, we owed principal balance of \$91,156 and accrued interest of \$60,037 (See Note 6) if the defenses and our new claims are deemed be of no merit.

The Company also filed affirmative claims against the Plaintiff, its owner Dan Oran and several related entities. The case has not been set for trial as of this date.

Securities and Exchange Commission v. Nutra Pharma Corporation, Erik Deitsch, and Sean Peter McManus

On September 28, 2018, the United States Securities and Exchange Commission (the "SEC") filed a lawsuit in the United States District Court for the Eastern District of New York (Case No. 2:18-cv-05459) against the Company, Mr. Deitsch, and Mr. McManus. The lawsuit alleges that, from July 2013 through June 2018, the Company and the other defendants defrauded investors by making materially false and misleading statements about t and violated anti-fraud and other securities laws.

The violations alleged against the Company by the SEC include: (a) raising over \$920,000 in at least two private placement offerings for which the Company failed to file required registration statements with the SEC; (b) issuing a series of materially false or misleading press releases; (c) making false statements in at least one Form 10-Q; and (d) failing to make required public filings with the SEC to disclose the Company's issuance of millions of shares of stock. The lawsuit makes additional allegations against Mr. McManus and Mr. Deitsch, including that Mr. McManus acted as a broker without SEC registration and defrauded at least one investor by making false statements about the Company, that Mr. Deitsch engaged in manipulative trades of the Company's stock by offering to pay more for shares he was purchasing than the amount the seller was willing to take, and that Mr. Deitsch failed to make required public filings with the SEC. The lawsuit seeks both injunctive and monetary relief.

On May 29, 2019 (following each of the defendants filing motions to dismiss), the SEC filed a First Amended Complaint which generally alleged the same conduct as its original Complaint, but accounted for certain guidance provided by the United States Supreme Court in a case that had been recently decided. Each of the defendants then moved to dismiss the SEC's First Amended Complaint. On March 31, 2020, the Court entered an Order granting in part and denying in part the various motions to dismiss. Following that Order, the SEC filed a Second Amended Complaint (the operative pleading) and the defendants have filed their answers which generally deny liability. At this time, discovery is closed and the SEC has indicated an intent to file a summary judgment motion regarding certain non-fraud claims asserted in its Second Amended Complaint. The defendants have opposed the SEC's request to file such motion(s). The Court conducted a hearing on February 23, 2021 and set an initial briefing schedule for the SEC's Motion for Partial Summary Judgment wherein the Plaintiffs' Motion for Partial Summary Judgment was due on April 5, 2021, the Defendants' Consolidated (i.e., collectively, Nutra Pharma Corporation, Erik "Rik" Deitsch, and Sean McManus) Response Brief to the SEC's Motion was due May 3, 2021, and the Plaintiffs' Reply Brief was due on May 19, 2021. On March 23, 2021, the Plaintiff filed a Motion for Extension of Time to file the Motion for Partial Summary Judgment. On April 9, 2021, the Plaintiff filed a Motion for Partial Summary Judgment, Defendants' filed a Memorandum of Law in Opposition to Plaintiff's Motion on May 7, 2021, and Plaintiff filed its Reply brief on May 21, 2021. On August 31, 2022, the Court entered an Order Granting in Part and Denying in Part the SEC's Motion for Partial Summary Judgment. Specifically, the Court granted the SEC's Motion for Partial Summary Judgment on Claim 7 (Section 5 of the Securities Act) against the Company and Mr. Deitsch, Claim 8 (Section 13(d) of the Exchange Act and Rule 13d-2(a) thereunder) against Mr. Deitsch, Claim 9 (Section 16(a) of the Exchange Act and Rule 16a-3 thereunder) against Mr. Deitsch, and Claim 10 (Section 13(a) of the Exchange Act and Rule 13a-11 thereunder) against the Company, but denied the SEC's Motion for Partial Summary Judgment on Claim 14 (alleged aiding and abetting Nutra Pharma's violation of Section 13(a) of the Exchange Act, and Rule 13a-11 thereunder) against Mr. Deitsch. The remedies pertaining to the claims addressed in the SEC's Partial Summary Judgment will be determined by the Court at a later date. On September 16, 2022, Mr. Deitsch filed a Motion to Supplement his Initial Disclosures pursuant to Rule 26(a)(1) of the Federal Rules of Civil Procedure and to re-open discovery for the limited purpose of obtaining discovery from certain Nutra Pharma shareholders identified by Mr. Deitsch in his supplement to the initial disclosures. The Magistrate Judge assigned to the case granted Deitsch's Motion on that same day and discovery has been re-opened on a limited basis. When the discovery in the case is complete, the case will proceed to trial on the remaining claims in the SEC's Second Amended Complaint that were not addressed in the SEC's Partial Summary Judgment. Nutra Pharma disputes the allegations in this lawsuit and continues to vigorously defend against the SEC's claims. Mr. Deitsch and Mr. McManus have similarly defended the lawsuit since its filing and each contest liability. The Company does not believe that it engaged in any fraudulent activity or made any material misrepresentations concerning the Company and/or its products.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During August 2022, we issued 10,000,000 restricted shares to a Note holder due to the default on repayments of the promissory note of \$183,619 amended in February 2022.

During August 2022, we issued 500,000 restricted shares to a Note holder due to the default on repayments of the convertible note of \$17,250 originated in July 2021.

Item 3. Defaults Upon Senior Securities

Debt owed to a Director

During 2010, we borrowed \$200,000 from one of our directors. Under the terms of the loan agreement, this loan was expected to be repaid in nine months to a year from the date of the loan along with interest calculated at 10% for the first month plus 12% after 30 days from funding. We are in default regarding this loan. The loan is under personal guarantee by Mr. Deitsch. We repaid principal balance in full as of December 31, 2016. During the nine months ended September 30, 2022, we repaid \$15,000 of accrued interest in cash. At September 30, 2022 and December 31, 2021, we owed this director accrued interest of \$145,508 and \$147,768, respectively.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Title
31.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUTRA PHARMA CORP.
Registrant

Dated: November 21, 2022

/s/ Rik J. Deitsch

Rik J. Deitsch
Chief Executive Officer/Chief Financial Officer

NUTRA PHARMA CORP.
OFFICER'S CERTIFICATE PURSUANT TO SECTION 302

I, Rik Deitsch, the Chief Executive Officer and Chief Financial Officer of Nutra Pharma Corp., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nutra Pharma Corp.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Small Business Issuer as of, and for, the periods presented in this quarterly report;
4. The Small Business Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Small Business Issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Omitted pursuant to SEC Release No. 33-8238];
 - (c) Evaluated the effectiveness of the Small Business Issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Small Business Issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The Small Business Issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Dated: November 21, 2022

/s/ Rik J. Deitsch

Rik J. Deitsch

Chief Executive Officer/Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Nutra Pharma Corp., (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Rik J Deitsch, the Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 21, 2022

/s/ Rik J. Deitsch

Rik J. Deitsch

Chief Executive Officer and Chief Financial Officer
