

SPLASH BEVERAGE GROUP, INC.

FORM 10-Q (Quarterly Report)

Filed 07/11/25 for the Period Ending 03/31/25

Address	1314 E LAS OLAS BLVD, SUITE 221 FORT LAUDERDALE, FL, 33301
Telephone	954.745.5815
CIK	0001553788
Symbol	SBEV
SIC Code	2080 - Beverages
Industry	Non-Alcoholic Beverages
Sector	Consumer Non-Cyclicals
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-40471

SPLASH BEVERAGE GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or formation)

34-1720075

(I.R.S. employer
identification number)

1314 E Las Olas Blvd. Suite 221
Fort Lauderdale, FL 33301

(Address of principal executive offices) (Zip code)

(954) 745-5815

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.001 value per share	SBEV	NYSE American LLC
Warrants to purchase common stock, \$0.001 par value per share	SBEV-WT	NYSE American LLC

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 every Interactive Data File required to be submitted 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 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. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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 provided 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

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

As of July 11, 2025, there were 1,892,471 shares of Common Stock issued and outstanding.

SPLASH BEVERAGE GROUP, INC.
FORM 10-Q
March 31, 2025

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**Splash Beverage Group, Inc.
Condensed Consolidated Financial Statements**

March 31, 2025

Splash Beverage Group, Inc.
Condensed Consolidated Balance Sheets
March 31, 2025 and December 31, 2024

<u>Assets</u>	March 31, 2025 (unaudited)	December 31, 2024
Current assets:		
Cash and cash equivalents	\$ —	\$ 15,346
Accounts receivable, net	172,819	396,855
Prepaid expenses	439,974	364,087
Inventory	861,053	893,061
Other receivables	221,110	234,770
Total current assets	<u>1,694,956</u>	<u>1,904,119</u>
Non-current assets:		
Deposits	\$ 118,922	\$ 48,922
Investment in Salt Tequila USA, LLC	250,000	250,000
Right of use assets	277,172	351,336
Property and equipment, net	167,791	204,808
Total non-current assets	<u>813,885</u>	<u>855,066</u>
Total assets	<u>\$ 2,508,841</u>	<u>\$ 2,759,185</u>
<u>Liabilities and Stockholders' Equity</u>		
Liabilities:		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,324,014	\$ 5,232,241
Right of use liability, current portion	249,456	305,167
Related party notes payable	389,000	389,000
Notes payable, net of discounts	9,450,309	9,632,505
Shareholder advances	200,000	200,000
Accrued interest payable	3,805,534	3,610,329
Total current liabilities	<u>20,418,313</u>	<u>19,369,242</u>
Long-term liabilities:		
Notes payable, net of discounts	2,081,724	1,971,095
Right of use liability – net of current portion	37,052	53,697
Total long-term liabilities	<u>2,118,776</u>	<u>2,024,792</u>
Total liabilities	<u>22,537,089</u>	<u>21,394,034</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized, no shares issued	—	—
Common Stock, \$0.001 par, 7,500,000 shares authorized, 1,899,876 shares issued, 1,669,835 shares outstanding at March 31, 2025 and December 31, 2024	1,900	1,670
Additional paid in capital	139,418,469	137,114,578
Accumulated other comprehensive loss	34,110	81,180
Accumulated deficit	(159,482,727)	(155,832,277)
Total stockholders' equity	<u>(20,028,248)</u>	<u>(18,634,849)</u>
Total liabilities and stockholders' equity	<u>\$ 2,508,841</u>	<u>\$ 2,759,185</u>

Shares and per share amounts are reflective of the 1 for 40 reverse split that occurred on March 27, 2025.

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

Splash Beverage Group, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended March 31, 2025 and 2024
(Unaudited)

	Three months ended March 31, 2025	2024
Net revenues	\$ 438,272	\$ 1,540,680
Cost of goods sold	(468,715)	(1,377,065)
Gross profit	(30,443)	163,615
Operating expenses:		
Contracted services	219,608	218,829
Salary and wages	1,012,103	1,234,926
Non-cash share-based compensation	140,762	556,672
Other general and administrative	586,194	1,201,031
Sales and marketing	43,430	202,454
Total operating expenses	2,002,097	3,413,912
Loss from continuing operations	(2,032,540)	(3,250,297)
Other income/(expense):		
Other income	(1,845)	(1,495)
Amortization of debt discount	(978,721)	(886,838)
Interest Income	—	332
Interest expense	(637,345)	(532,599)
Total other expense	(1,617,911)	(1,420,600)
Provision for income taxes	—	—
Net loss from continuing operations, net of tax	(3,650,451)	(4,670,897)
Net loss	\$ (3,650,451)	\$ (4,670,897)
Other comprehensive loss foreign currency translation loss, net of tax	(47,070)	(7,437)
Total comprehensive loss	(3,697,521)	(4,678,334)
Loss per share - continuing operations		
Basic and dilutive	\$ (1.97)	\$ (4.17)
Weighted average number of common shares outstanding - continuing operations		
Basic and dilutive	1,857,211	1,119,846

Shares and per share amounts are reflective of the 1 for 40 reverse split that occurred on March 27, 2025.

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

Splash Beverage Group, Inc.
Condensed Consolidated Statement of Changes in Stockholders' Equity
For the Three months ended March 31, 2025 and 2024
(Unaudited)

	Common Shares	Amount	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
Balances at December 31, 2023	<u>1,108,252</u>	<u>\$ 1,108</u>	<u>\$127,744,932</u>	<u>\$ (16,583)</u>	<u>\$(133,334,783)</u>	<u>\$ (5,605,326)</u>
Issuance of common stock for note extension	5,000	5	107,995	—	—	108,000
Share based compensation	—	—	271,672	—	—	271,672
Adoption of ASU 2020-06	—	—	(2,191,103)	—	1,259,057	(932,046)
Issuance of warrants on convertible instruments	—	—	768,346	—	—	768,346
Conversion of notes payable to common stock	38,800	39	387,961	—	—	388,000
Issuance of common stock for services	7,500	8	176,992	—	—	177,000
Accumulated Comprehensive loss – translation, net	—	—	—	(7,437)	—	(7,437)
Net loss	—	—	—	—	(4,670,897)	(4,670,897)
Balances at March 31, 2024	<u>1,159,552</u>	<u>\$ 1,160</u>	<u>\$127,226,795</u>	<u>\$ (24,020)</u>	<u>\$(136,746,623)</u>	<u>\$ (9,502,688)</u>
Balances at December 31, 2024	<u>1,669,835</u>	<u>\$ 1,670</u>	<u>\$137,114,578</u>	<u>\$ 81,180</u>	<u>\$(155,832,277)</u>	<u>\$(18,634,849)</u>
Share based compensation	—	—	105,762	—	—	105,762
Issuance of warrants on convertible instruments	—	—	497,405	—	—	497,405
Conversion of notes payable to common stock	224,541	224	1,665,730	—	—	1,665,954
Issuance of common stock for services	5,500	6	34,994	—	—	35,000
Accumulated Comprehensive loss – translation, net	—	—	—	(47,070)	—	(47,070)
Net loss	—	—	—	—	(3,650,451)	(3,650,451)
Balances at March 31, 2025	<u>1,899,876</u>	<u>\$ 1,900</u>	<u>\$139,418,469</u>	<u>\$ 34,110</u>	<u>\$(159,482,727)</u>	<u>\$(20,028,248)</u>

Shares and per share amounts are reflective of the 1 for 40 reverse split that occurred on March 27, 2025.

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

Splash Beverage Group, Inc.
Condensed Consolidated Statement of Cash Flows
For the Three Months Ended March 31, 2025 and 2024
(Unaudited)

	2025	2024
Net loss	\$ (3,650,451)	\$ (4,670,897)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	37,018	135,231
Amortization of debt discount	978,721	886,838
ROU assets, net	1,808	21
Non-cash share-based compensation	140,762	556,672
Changes in working capital items:		
Accounts receivable, net	224,036	134,732
Inventory, net	32,008	780,757
Prepaid expenses and other current assets	(62,227)	(139,903)
Deposits	(70,000)	(15)
Accounts payable and accrued expenses	1,453,993	500,887
Accrued interest payable	190,247	507,752
Net cash used in operating activities	<u>(724,086)</u>	<u>(1,307,925)</u>
Cash flows from investing activities:		
Capital expenditures	—	—
Net cash used in investing activities	<u>—</u>	<u>—</u>
Cash flows from financing activities:		
Cash advance (repayment) from related party	—	(5,000)
Cash advance from shareholder	—	—
Proceeds from issuance of debt	881,650	1,465,500
Principal repayment of debt	(125,840)	(509,858)
Net cash provided by financing activities	<u>755,810</u>	<u>950,142</u>
Net cash effect of exchange rate changes on cash	<u>(47,070)</u>	<u>(7,437)</u>
Net change in cash and cash equivalents	(15,346)	(365,221)
Cash and cash equivalents, beginning of year	15,346	379,978
Cash and cash equivalents, end of period	<u>\$ —</u>	<u>\$ 14,757</u>
Supplemental disclosure of cash flow information:		
Cash paid for Interest	<u>\$ 78,783</u>	<u>\$ 24,847</u>
Supplemental disclosure of non-cash investing and financing activities		
Notes payable and accrued interest converted to common stock (224,541 shares in 2025 & 38,800 shares in 2024,)	1,665,953	388,000
Non-cash debt discount in the form of issuance of equity instruments in conjunction with convertible notes	2,435,082	661,677

Shares and per share amounts are reflective of the 1 for 40 reverse split that occurred on March 27, 2025.

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

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 1 – Business Organization and Nature of Operations

Splash Beverage Group, Inc. (the “Company”, “Splash”) seeks to identify, acquire, and build early stage or under-valued beverage brands that have strong growth potential within its distribution system. Splash’s distribution system is comprehensive in the US and is now expanding to select attractive international markets. Through its division Qplash, Splash’s distribution reach includes e-commerce access to both business-to-business (B2B) and business-to-consumer (B2C) customers. Qplash markets well known beverage brands to customers throughout the US that prefer delivery direct to their office, facilities, and or homes.

On March 27, 2025, the Company implemented a 1.0 for 40.0 reverse stock split. All common stock shares stated herein have been adjusted to reflect the split. The purpose of this reverse split was to maintain the company’s listing on the NYSE American.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), and the requirements of the U.S. Securities and Exchange Commission (the “SEC”) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. Accordingly, they do not include all of the information and footnotes normally included in financial statements prepared in conformity with U.S. GAAP. They should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2024 Annual Report on Form 10-K, filed with the SEC on July 11, 2025 (the “Form 10-K”).

The accompanying condensed consolidated financial statements are unaudited and include all adjustments (consisting of normal recurring adjustments) that management considers necessary for a fair presentation of its condensed financial position and results of operations for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the entire year.

Basis of Presentation and Consolidation

These consolidated financial statements include the accounts of Splash and its wholly owned subsidiaries Splash Beverage Holdings LLC (“Holdings”), Splash International Holdings LLC (“International”), Splash Mex SA de CV (“Splash Mex”), and Copa di Vino Wine Group, Inc. (“Copa di Vino”). All intercompany balances have been eliminated in consolidation.

Our investment in Salt Tequila USA, LLC is accounted for at cost, as the company does not have the ability to exercise significant influence.

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents and Concentration of Cash Balance

The Company considers all highly liquid securities with an original maturity of three months or less to be cash equivalents. The Company had no cash equivalents at March 31, 2025 or December 31, 2024.

Our cash in bank deposit accounts, at times, may exceed federally insured limits of \$250,000. At March 31, 2025 and December 31, 2024, the Company’s cash on deposit with financial institutions, at times, had not exceeded federally insured limits of \$250,000.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated recoverable amounts and are periodically evaluated for collectability based on past credit history with clients and other factors. The Company establishes provisions for losses on accounts receivable on the basis of loss experience, known and inherent risk in the account balance, and current economic conditions.

Inventory

Inventory is stated at the lower of cost or net realizable value, accounted for using the weighted average cost method. The inventory balances at March 31, 2025 and December 31, 2024 consisted of raw materials, work-in-process, and finished goods held for distribution. The cost elements of inventory consist of purchase of products, transportation, and warehousing. The Company establish provisions for excess or inventory near expiration are based on management's estimates of forecast turnover of inventories on hand and under contract. A significant change in the timing or level of demand for certain products as compared to forecast amounts may result in recording additional provisions for excess or expired inventory in the future. Provisions for excess inventory are included in cost of goods sold and have historically been adequate to provide for losses on inventory. The Company manages inventory levels and purchase commitments in an effort to maximize utilization of inventory on hand and under commitments. The amount of our reserve was \$621,178 at March 31, 2025 and December 31, 2024.

Property and Equipment

The Company records property and equipment at cost when purchased. Depreciation is recorded for property, equipment, and software using the straight-line method over the estimated economic useful lives of assets, which range from 3-39 years. Company management reviews the recoverability of all long-lived assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset might not be recoverable.

Depreciation expense totaled \$37,017 and \$32,214 for the three months ended March 31, 2025 and March 31, 2024, respectively. Property and equipment as of March 31, 2025 and December 31, 2024 consisted of the following:

	2025	2024
Auto	45,420	45,420
Machinery & equipment	1,165,313	1,165,313
Buildings	233,323	233,323
Leasehold improvements	723,638	723,638
Computer Software	5,979	5,979
Office furniture & equipment	9,157	9,157
Total cost	<u>2,181,330</u>	<u>2,181,330</u>
Accumulated depreciation	<u>(2,013,539)</u>	<u>(1,976,522)</u>
Property, plant & equipment, net	<u>167,791</u>	<u>204,808</u>

Excise taxes

The Company pays alcohol excise taxes based on product sales to both the Oregon Liquor Control Commission and to the U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau (TTB). The company also pays taxes to the State of Florida – Division of Alcoholic Beverages and Tobacco. The Company is liable for the taxes upon the removal of product from the Company's warehouse on a per gallon basis. The federal tax rate is affected by a small winery tax credit provision which decreases based upon the number of gallons of wine production in a year rather than the quantity sold.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

Financial Accounting Standards (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).
- Level 3 Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The liabilities and indebtedness presented on the condensed consolidated financial statements approximate fair values at March 31, 2025 and December 31, 2024, consistent with recent negotiations of notes payable and due to the short duration of maturities and market rates of interest.

Embedded debt costs in convertible debt instruments

In August 2020, the FASB issued “ASU 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)” (“ASU 2020-06”) which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition was permissible for the adoption of this standard. Update No. 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption was permitted no earlier than the fiscal year beginning after December 15, 2020. The Company has adopted ASU 2020-06 effective January 1, 2024 and has removed the effects of any embedded conversion features from certain of our convertible instruments.

Revenue Recognition

The Company recognizes revenue under ASC 606, Revenue from Contracts with Customers (Topic 606). This guidance sets forth a five-step model which depicts the recognition of revenue in an amount that reflects what the Company expects to receive in exchange for the transfer of goods or services to customers.

The Company recognizes revenue when the Company’s performance obligations under the terms of a contract with the customer are satisfied. Product sales occur for the Splash Beverage and E-commerce businesses once control of the Company’s products are transferred upon delivery to the customer. Revenue is measured as the amount of consideration that the Company expects to receive in exchange for transferring goods, and revenue is presented net of provisions for customer returns and allowances. The amount of consideration the Company receives and revenue the Company recognizes varies with changes in customer incentives offered to the Company’s customers and their customers. Sales taxes and other similar taxes are excluded from revenue.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Distribution expenses to transport our products, and warehousing expense after manufacture are accounted for in Other General and Administrative cost.

Cost of Goods Sold

Cost of goods sold include the costs of products, packaging, transportation, warehousing, and costs associated with valuation allowances for expired, damaged or impaired inventory. The cost of transportation from production site to other 3rd party warehouses or customer is included in Other General and Administrative cost.

Other General and Administrative Expenses

Other General and Administrative expenses includes Amazon selling fees, cost associated with the outbound shipping and handling of finished goods, insurance cost, consulting cost, legal and audit fees, Investor Relations expenses, travel & entertainment expenses, occupancy cost and other cost.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "*Compensation - Stock Compensation*". Under the fair value recognition provisions, cost is measured at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period, which is generally the award's vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of stock-based awards.

We measure stock-based awards at the grant-date fair value for employees, directors and consultants and recognize compensation expense on a straight-line basis over the vesting period of the award. Determining the appropriate fair value of stock-based awards requires the input of subjective assumptions, including the fair value of our common stock, and for stock options and warrants, the expected life of the option and warrant, and expected stock price volatility and exercise price. We used the Black-Scholes option pricing model to value its stock-based awards. The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. As a result, if factors change and management uses different assumptions, stock-based compensation expense could be materially different for future awards. The expected life of stock options/warrants were estimated using the "simplified method," which calculates the expected term as the midpoint between the weighted average time to vesting and the contractual maturity, we have limited historical information to develop reasonable expectations about future exercise patterns. The simplified method is based on the average of the vesting tranches and the contractual life of each grant. For stock price volatility, we use comparable public companies as a basis for its expected volatility to calculate the fair value of award. The risk-free interest rate is based on U.S. Treasury notes with a term approximating the expected life of the award. The estimation of the number of awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from the Company's current estimates, such amounts are recognized as an adjustment in the period in which estimates are revised.

Income Taxes

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, "*Income Taxes*". Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. The Company records a valuation allowance when it is more likely than not that the deferred tax assets will be realized.

Company management assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements. Company management has determined that there are no material uncertain tax positions at March 31, 2025 and December 31, 2024.

Net income (loss) per share

The net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares of common stock outstanding. Warrants, stock options, and common stock issuable upon the conversion of the Company's convertible debt or preferred stock (if any), are not included in the computation if the effect would be anti-dilutive.

Weighted average number of shares outstanding excludes anti-dilutive common stock equivalents, including stock options, warrants to purchase shares of common stock and shares issuable upon the conversion of notes payable.

Advertising

The Company conducts advertising for the promotion of its products. In accordance with ASC 720-35, advertising costs are charged to operations when incurred. The Company recorded advertising expense of \$22,426 and \$77,627 for the three months ended March 31, 2025 and 2024, respectively.

Goodwill and Intangibles Assets

Goodwill represents the excess of acquisition cost over the fair value of the net assets acquired and is not subject to amortization. The Company reviews goodwill annually in the fourth quarter for impairment or when circumstances indicate carrying value may exceed the fair value. This evaluation is performed at the reporting unit level. If a qualitative assessment indicates that it is more likely than not that the fair value is less than carrying value, a quantitative analysis is completed using either the income or market approach, or a combination of both. The income approach estimates fair value based on expected discounted future cash flows, while the market approach uses comparable public companies and transactions to develop metrics to be applied to historical and expected future operating results. The Company's goodwill and intangible assets were impaired to \$0 at 12/31/24.

At the time of acquisition, the Company estimates the fair value of the acquired identifiable intangible assets based upon the facts and circumstances related to the particular intangible asset. Inherent in such estimates are judgments and estimates of future revenue, profitability, cash flows and appropriate discount rates for any present value calculations. The Company preliminarily estimates the value of the acquired identifiable intangible assets and then finalizes the estimated fair values during the purchase allocation period, which does not extend beyond 12 months from the date of acquisition. The Company's goodwill and intangible assets were impaired to \$0 at 12/31/24.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

Long-lived assets

The Company evaluates long-lived assets for impairment when events or changes in circumstances may indicate the carrying amount of the asset group, generally an individual warehouse, may not be fully recoverable. For asset groups held and used, including warehouses to be relocated, the carrying value of the asset group is considered recoverable when the estimated future undiscounted cash flows generated from the use and eventual disposition of the asset group exceed the respective carrying value. In the event that the carrying value is not considered recoverable, an impairment loss is recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. For asset groups classified as held-for-sale (disposal group), the carrying value is compared to the disposal group's fair value less costs to sell. The Company estimates fair value by obtaining market appraisals from third party brokers or using other valuation techniques.

Foreign Currency Gains/Losses

Foreign Currency Gains/Losses — foreign subsidiaries' functional currency is the local currency of operations and the net assets of foreign operations are translated into U.S. dollars using current exchange rates. Gains or losses from these translation adjustments are included in the condensed consolidated statement of operations and other comprehensive loss as foreign currency translation gains or losses. Translation gains and losses that arise from the translation of net assets from functional currency to the reporting currency, as well as exchange gains and losses on intercompany balances, are included in foreign currency translation in the condensed consolidated statement of operations and comprehensive loss. The Company incurred foreign currency translation net gain of \$50,694 and net loss of \$7,437 for the three months ending March 31, 2025 and 2024 respectively.

Liquidity, Capital Resources and Going Concern Considerations

The Company's consolidated financial statements have been prepared on the basis of US GAAP for a going concern, on the premise that the Company is able to meet its obligations as they come due in the normal course of business. The Company historically has incurred significant losses and negative cash flows from operation since inception and had net-loss of approximately \$3.6 million for three-month period ended March 31, 2025 and accumulated deficit of approximately \$159.4 million through March 31, 2025. During the three-month period ended March 31, 2025, the Company's net cash used in operating activities totaled approximately \$0.7 million. Additionally, the Company's current liabilities exceed its current assets, and it has a working capital deficit. To date the Company has generated cash flows from issuances of equity and indebtedness.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 2 – Summary of Significant Accounting Policies, continued

The Company received approximately \$0.9 million from the issuance of debt for the three months ending March 31, 2025.

Management's plans in regard to these matters include actions to sustain the Company's operations, such as seeking additional funding to meet its obligations and implement its business plan. The Company has issued preferred stock as part of its strategy to regain compliance with the NYSE American listing standards and reduce debt. These preferred shares, specifically Series B 12% convertible preferred stock, were issued in exchange for promissory notes. The preferred stock offers a 12% cumulative dividend and potential conversion to common stock, subject to shareholder approval and an increase in authorized common stock. In June 2025, the company exchanged approximately \$12.67 million outstanding promissory notes and accrued interest for 126,710 shares of Series B Preferred Stock. By converting debt into equity, the Company enhances its balance sheet, reduces interest expense, and improves its shareholder equity position in furtherance of its goal of complying with exchange requirements.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty. If the Company is unable to continue as a going concern, adjustments would be necessary to the carrying values of its assets and liabilities and the reported amounts of revenues and expenses could be materially affected.

Recent Accounting Pronouncements

In August 2020, the FASB issued "ASU 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)" ("ASU 2020-06") which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition was permissible for the adoption of this standard.

Update No. 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption was permitted no earlier than the fiscal year beginning after December 15, 2020. The Company has adopted ASU 2020-06 effective January 1, 2024, the Company recorded approximately \$2.2 million as a reduction to the additional paid in capital and added approximately \$1.3 million to the opening retained earnings in accordance with the authoritative guidance under ASU 2020-06.

All other newly issued but not yet effective accounting pronouncements have been deemed to be not applicable or immaterial to the Company.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 3 – Notes Payable, Related Party Notes Payable, Convertible Bridge Loans Payable, Revenue Financing Arrangements and Bridge Loan Payable

Notes payable are generally nonrecourse and secured by all Company owned assets.

	Interest Rate	March 31, 2025	December 31, 2024
Notes Payable and Convertible Notes Payable			
In December 2020, the Company entered into a 56- month loan with a company in the amount of \$1,578,237. The loan requires payments of 3.75% through November 2022 and 4.00% through September 2025 of the previous month's revenue. Note is due September 2025. Note is guaranteed by a related party see note 6.	17%	170,620	195,927
In April 2021, the Company entered into a six-month loan with an individual in the amount of \$84,000. The loan had an original maturity of October 2021 with principal and interest due at maturity. The loan was converted to Preferred stock in June 2025.	7%	168,000	168,000
In May 2021, the Company entered into a six-month loan with an individual in the amount of \$50,000. The loan had an original maturity of October 2021 with principal and interest due at maturity. The loan was converted to Preferred stock in June 2025.	7%	50,000	50,000
In May 2021, the Company entered into a six-month loan with an individual in the amount of \$10,000. The loan had an original maturity of October 2021 with principal and interest due at maturity. The loan was extended to October 31, 2024. The note was in default.	7%	10,000	10,000
In August 2022, the Company entered into a 56-months auto loan in the amount of \$45,420.	2.35%	20,928	23,372
In December 2022, the Company entered into various eighteen-month loans with individuals totaling in the amount of \$4,000,000. The notes included 100% warrant coverage. The loans mature in June 2024 with principal and interest due at maturity with conversion price of \$1.00 per share. The loans were converted to Preferred stock in June 2025.	12%	2,600,000	3,000,000
In December 2022, the Company entered into an eighteen-month loan with an individual in the amount of \$1,000,000. The notes included 100% warrant coverage. The loan was converted to Preferred stock in June 2025.	12%	1,000,000	\$ 1,000,000
In May 2023, the Company entered into various eighteen-month loans with individuals totaling in the amount of \$800,000. The notes included 50% warrant coverage. The loans mature in November 2024 with principal and interest due at maturity with conversion price of \$1.00 per share. The loans were converted to Preferred stock in June 2025.	12%	800,000	800,000
In June 2023, the Company entered into various eighteen-month loans with individuals totaling in the amount of \$350,000. The notes included 50% warrant coverage. The loans mature in December 2024 with principal and interest due at maturity with conversion price of \$1.00 per share. The loans were converted to Preferred stock in June 2025.	12%	100,000	350,000
In July 2023, the Company entered into a twelve-month loan with an individual in the amount of \$100,000. The note included 50% warrant coverage. The loan matures in January 2025 with principal and interest due at maturity with conversion price of \$1.00 per share. The loan was converted to Preferred stock in June 2025.	12%	100,000	100,000

In August 2023, the Company entered into a twelve-month loan with an individual in the amount of \$300,000. The convertible note included the issuance of 150,000 shares of common stocks. The loan matures in August 2024 with principal and interest due at maturity with conversion price of \$0.85 per share and is non-interest bearing.	—%	43,000	43,000
In October 2023, the Company entered into a three-month loan with an individual in the amount of \$500,000. The loan matures in January 2024 with principal and interest due at maturity. The loan was extended to June 2024.	10%	500,000	500,000
In October 2023, the Company entered into a loan with an individual in the amount of \$130,000. The loan requires payment of 17% of daily Shopify sales.	—%	59,185	66,278
In October 2023, the Company entered into a eighteen-month loan with individuals totaling in the amount of \$1,250,000. The note included 100% warrant coverage. The loan matures in April 2025 with principal and interest due at maturity with conversion price of \$1.00 per share. The loan was fully converted in January 2025	12%	—	1,143,449

In January 2024, the Company entered into a 18-month loan with an individual in the amount of \$250,000. The note included 100% warrant coverage. The loan had a maturity of July 2025 with principal and interest due at maturity with conversion price of \$0.50 per share. The loan was converted to Preferred stock in June 2025.	12%	250,000	250,000
In February 2024, the Company entered into a 18-month loan with an individual in the amount of \$150,000. The note included 100% warrant coverage. The loan had a maturity of August 2025 with principal and interest due at maturity with conversion price of \$0.40 per share. The loan was converted to Preferred stock in June 2025.	12%	150,000	150,000
In February 2024, the Company entered into a 6-month loan with an individual in the amount of \$315,000. The note included 60% warrant coverage. The loan had a maturity of August 2024 with principal and interest due at maturity with conversion price of \$0.38 per share. The loan was converted to Preferred stock in June 2025.	12%	315,000	315,000
In February 2024, the Company entered into a 18-month loan with an entity in the amount of \$250,000. The note included 100% warrant coverage. The loan matures in August 2025 with principal and interest due at maturity with conversion price of \$0.46 per share. The loan was converted to Preferred stock in June 2025.	12%	250,000	250,000
In April 2024, the Company entered into a commercial financing agreement in the amount of \$815,000 and will be paid weekly until the loan is paid in full. The loan was in default.	—%	377,335	455,335
In May 2024, the Company entered into an eighteen-month loan with individuals totaling in the amount of \$1,850,000. The note included warrant coverage. The loan matures in November 2026 with principal and interest due at maturity with conversion price of \$0.40 per share	—%	1,850,000	1,850,000
In June 2024, the Company entered into a revenue purchase agreement in the amount of \$250,000. 4% of revenue will be paid weekly until the loan is paid in full.	—%	130,639	181,341
In July 2024, the Company entered into a revenue purchase agreement in the amount of \$178,250. The loan matures in April 2025. The loan was fully converted to Common Stock in January 2025.	22%	—	91,999
In July 2024, the Company entered into a revenue purchase agreement in the amount of \$120,750. The loan matures in May 30, 2025. The loan was fully converted to Common Stock in January 2025	22%	—	120,750
In August 2024, the Company entered into a 5-year loan with individuals totaling in the amount of \$500,000. The loan matures in September 2029 with principal and interest due at maturity with conversion price of \$0.35 per share. The loans were converted to Preferred stock in June 2025.	9%	500,000	500,000
In August 2024, the Company entered into a eighteen-month loan with individuals totaling in the amount of \$1,400,000. The loan matures in February 2026 with principal and interest due at maturity with conversion price of \$0.38 per share. \$800,000 was converted to Preferred stock in June 2025.	12%	1,400,000	1,400,000
In August 2024, the Company entered into a eighteen-month loan with individuals totaling in the amount of \$100,000. The loan matures in September 2025 with principal and interest due at maturity with conversion price of \$0.38 per share. The loan was converted to Preferred stock in June 2025.	12%	100,000	100,000
In September 2024, the Company entered into a merchant cash advance agreement in the amount of \$325,000 to be paid weekly until the loan is paid in full.	—%	67,861	82,261

In September 2024, the Company entered into an agreement with individuals totaling in the amount of \$590,000. \$290,000 was converted to Preferred stock in June 2025	—%	590,000	590,000
In October 2024, the Company entered into an agreement with individuals totaling in the amount of \$950,000	—%	950,000	950,000
In November 2024, the Company entered into a merchant cash advance agreement in the amount of \$340,000 to be paid weekly until the loan is paid in full. The loan was in default.	—%	311,713	311,713
In December 2024, the Company entered into a merchant cash advance agreement in the amount of \$111,300 to be paid weekly until the loan is paid in full.	—%	111,300	111,300
In December 2024, the Company entered into a twelve-month loan with an individual in the amount of \$500,000. The loan matures in December 2025 with principal and interest due at maturity.	12%	225,000	225,000
In January 2025, the Company entered into a 12-month loan with individuals in the amount of \$350,000. The note included 100% warrant coverage. The loan had a maturity of January 2026 with principal and interest due at maturity with conversion price of \$0.25 per share. The loans were converted to Preferred stock in June 2025.	12%	\$ 350,000	—
In January 2025, the Company entered into a 18-month loan with individuals in the amount of \$225,000. The note included 100% warrant coverage. The loan had a maturity of June 2026 with principal and interest due at maturity with conversion price of \$0.25 per share. The loans were converted to Preferred stock in June 2025.	12%	\$ 225,000	—
In January 2025, the Company entered into a convertible promissory note in the amount of \$156,000. The loan had a maturity of November 2025 with principal and interest due at maturity.	8%	156,000	—
In January 2025, the Company entered into a promissory note in the amount of \$150,650. The loan had a maturity of November 2025 with 1 st payment in July 2025.	22%	150,650	—
Total notes payable		<u>\$ 14,082,230</u>	<u>\$ 14,635,113</u>
Less notes discount		<u>(2,550,198)</u>	<u>(3,031,513)</u>
Less current portion		<u>(9,450,309)</u>	<u>(9,632,505)</u>
Long-term notes payable		<u>\$ 2,081,724</u>	<u>\$ 1,971,095</u>

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 3 – Notes Payable, Related Party Notes Payable, Convertible Bridge Loans Payable, Revenue Financing Arrangements and Bridge Loan Payable, continued

Interest expense on notes payable was \$637,345 and \$533,578 for the three months ended March 31, 2025 and 2024, respectively. Accrued interest amounted to \$3,805,534 as of March 31, 2025.

The Company recognized approximately \$978,720 and approximately \$886,838 of interest expense attributable to the amortization of the debt discount during the three months ended March 31, 2025 and 2024, respectively.

As of March 31, 2025, and December 31, 2024, the balance of the unamortized debt discount was \$2,550,199 and \$3,031,514 respectively. The Company adopted ASU 2020-06 on January 1, 2024, which resulted in the reversal of the original beneficial conversion feature (BCF) amount to additional paid in capital for \$2,191,103, reversal of the unamortized debt discount related to the beneficial conversion feature (BCF) for \$932,047 with the balance being recorded through retained earnings for \$1,259,056.

	<u>Interest Rate</u>	<u>March 31, 2025</u>	<u>March 31, 2024</u>
<u>Shareholder Notes Payable</u>			
In February 2023, we entered into a loan with an individual in the amount of \$200,000. The annual interest rate is 12%. The loans was converted to Preferred stock in June 2025.	12%	200,000	200,000
	Less current portion	<u>(200,000)</u>	<u>(200,000)</u>
	Long-term notes payable	<u>\$ —</u>	<u>\$ —</u>

Interest expense on related party notes payable was \$6,000 for the three months ended March 31, 2025 and 2024, respectively. The Company's effective interest rate was 21.80% for the three months ended March 31, 2025.

As of March 31, 2025, the Company's convertible note balances are convertible into 461,728 shares of common stock

Note 4 – Licensing Agreement and Royalty Payable

The licensing agreement between TapouT LLC and the Company was terminated in Q1 2024. The parties are engaged in active and constructive settlement discussions pursuant to the terms of the agreement's termination provisions. Based on the settlement discussions, the Company anticipates that any final settlement will not exceed the amounts already recorded in its legal reserve and accrued accounts payable. The Company has reserved \$330,000 that is included in legal reserve in the condensed consolidated statement of operations and comprehensive loss relating to the termination of the ABG agreement.

In connection with the Copa di Vino APA, the Company acquired the license to certain patents from 1/4 Vin SARL ("1/4 Vin") On February 16, 2018, Copa di Vino entered into three separate license agreements with 1/4 Vin. 1/4 Vin has the right to license certain patents and patent applications relating to inventions, systems, and methods used in the Company's manufacturing process. In exchange for notes payable, 1/4 Vin granted the Company a nonexclusive, royalty-bearing, non-assignable, nontransferable, terminable license which would continue until the subject equipment is no longer in service or the patents expire. Amortization is approximately \$31,000 annually until the license agreement is fully amortized in 2027. The asset is being amortized over a 10-year useful life.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 5— Stockholders' Equity

Common Stock

On March 27, 2025, the Company implemented a 1.0 for 40.0 reverse stock split. The reverse stock split was authorized by the Company's Board of Directors on March 14, 2025. All common stock shares stated herein have been adjusted to reflect the split. The purpose of this reverse split was to ensure that the Company can meet the per share price requirements of the NYSE American.

During the three-months ended March 31, 2025, we issued 5,500 shares valued at \$35,000 in exchange for services and 224,541 shares for conversion of notes payable and accrued interest totaling \$1,665,953.

Preferred Stock

As of the date of this filing, the Company has issued four series of preferred stock: **Series A, A-1, B, and C**, each with distinct rights and preferences as outlined below. Note agreements were amended to be exchanged for Preferred B and the impact of those amendments is subject to further review.

Voting Rights

- Series A carries 25,000 votes per share but is limited solely to voting on the authorization of additional shares. It has no other voting rights. Series A is expected to be retired following the special meeting.
- Series A-1 carries 231 votes per share.
- Series B and Series C do not carry any voting rights.

Dividends

- Series A does not accrue dividends.
- Series A-1 and Series B carry a fixed 12% annual dividend, payable quarterly in arrears, in either cash or payment-in-kind (PIK) at the Company's discretion. These dividends are mandatory and take priority over any dividends on common stock, regardless of whether common stock dividends are declared.
- Series C does not accrue dividends.

Conversion into Common Stock

- Series A is not convertible.
- Series A-1 is convertible into common stock at 80% of the VWAP, subject to a floor of \$1.25 and a ceiling of \$4.00. A-1 is convertible into a range of 162,500 to 520,000 common shares.
- Series B is also convertible at 80% of the VWAP, with a floor of \$1.25 and a ceiling of \$6.00, and is convertible into a range of 2,118,333 to 10,168,000 common shares.
- Series C is convertible at a fixed price of \$3.00, resulting in the potential issuance of 6,666,667 common shares upon conversion.

Redemption – at the sole discretion of the Company.

- Series A is redeemable by the Company after the special meeting for \$1,000.
- Series A-1 and Series B are redeemable by the Company after two years from the date of issuance, for \$650,000 and \$12,700,000, respectively.
- Series C is not redeemable.

Seniority

- Series B is the most senior class (Seniority Level 1).
- Series A-1 ranks junior to Series B (Seniority Level 2).
- Series C is the most junior class (Seniority Level 3).
- Series A is a governance-related instrument and does not participate in liquidation or dividend preferences.

Stock Plan

2020 Plan adjusted for the 1 for 40 reverse split.

In July 2020, the Board adopted the 2020 Stock Incentive Plan (the “2020 Plan”), which provides for the grant of Options, Restricted Stock Awards, Stock Appreciation Rights, Performance Units and Performance Bonuses to consultants and eligible recipients. The total number of shares that may be issued under the 2020 plan was 152,383 as of March 31, 2025.

The 2020 Plan has an “evergreen” feature, which provides for the annual increase in the number of shares issuable under the plan by an amount equal to 5% of the number of issued and outstanding common shares at year end, unless otherwise adjusted by the board. In October 2023, the shareholders voted to increase the number of shares issuable under the Plan to 7.5%. At January 1, 2024 and 2025, the number of shares issuable under the 2020 plan increased by 83,119 and 125,238 shares, respectively.

The following is a summary of the Company’s stock option activity:

Options	March 31, 2025		March 31, 2024	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance - January 1*	218,600	\$ 29.60	106,475	\$ 45.20
Granted	15,000	6.04	15,750	23.60
Exercises	—	—	—	—
Cancelled	12,500	13.20	—	—
Balance – March 31,	216,100	\$ 28.80	122,225	\$ 42.40
Exercisable – March 31,	184,090	\$ 31.68	108,309	\$ 42.40

During the three-month period ended March 31, 2025 and March 31, 2024, the company granted 15,000 and 15,750 options to new employees under the 2020 plan.

The fair value of stock options granted in the period has been measured at \$90,587 using the Black-Scholes option pricing model with the following assumptions: exercise price \$6.04, expected life 10 years, expected volatility 254%, expected dividends 0%, risk free rate 4.0%.

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 5 – Stockholders’ Equity, continued

Common Stock Issuable, Liability to Issue Stock and Shareholder Advances

Outstanding balance for shareholder advances on March 31, 2025 and 2024 was \$200,000.

Note 6 – Related Parties

During the normal course of business, the Company incurred expenses related to services provided by the CEO or Company expenses paid by the CEO, resulting in related party payables. In conjunction with the acquisition of Copa di Vino, the Company also entered into a Revenue Loan and Security Agreement (the “Loan and Security Agreement”) by and among the Company, Robert Nistico, additional Guarantor and each of the subsidiary guarantors from time-to-time party thereto (each a “Guarantor”, and, collectively, the “Guarantors”), and Decathlon Alpha IV, L.P. (the “Lender”). The Note Payable to Decathlon with a balance of \$1,995,950 at December 31, 2024 and \$1,361,395 at December 31, 2023.

On April 2024, the Company also entered into a Merchant Cash Advance Agreement (the “Loan and Security Agreement”) by and among the Company, Robert Nistico, additional Guarantor and each of the subsidiary guarantors from time-to-time party thereto (each a “Guarantor”, and, collectively, the “Guarantors”), and Cobalt Funding Solutions (the “Lender”). The Loan and Security Agreement provided a loan of \$815,000, with the gross and interest amount of \$326,028 with the Lender (the “Credit Facility”). There was \$377,334 outstanding under this agreement as of March 31, 2025.

On September 2024 and November 2024 the Company also entered into a Merchant Cash Advance Agreement (the “Loan and Security Agreement”) by and among the Company, Robert Nistico, additional Guarantor and each of the subsidiary guarantors from time-to-time party thereto (each a “Guarantor”, and, collectively, the “Guarantors”), and with Timeless Funding LLC (the “Lender”). The Loan and Security Agreement provided a loan of \$325,000 and \$340,000, with the gross and interest amount of \$172,250 and \$173,400 respectively with the Lender (the “Credit Facility”). There was \$67,861 and \$311,713 respectively outstanding under this agreement as of March 31, 2025.

There were related party advances from our chief executive officer in the amount of approximately \$0.4 million outstanding as of March 31, 2025 and approximately \$0.4 million as of December 31, 2024. This amount includes a shareholder note payable in the amount of \$0.2 million outstanding as of March 31, 2024. The annual interest rate of the note is 12% with a conversion price of \$14.0 per share. The note includes 14,285 shares of warrant coverage.

Note 7 – Investment in Salt Tequila USA, LLC

The Company has a marketing and distribution agreement with SALT Tequila USA, LLC (“SALT”) for the manufacturing of our Tequila product line in Mexico.

The Company has a 22.5% percentage ownership interest in SALT, this investment is carried at cost less impairment, the investment does not have a readily determinable fair value. The Company has the right to increase our ownership to 37.5%.

Note 8 –Leases

The Company has various operating lease agreements primarily related to real estate and office. The Company’s real estate leases represent a majority of the lease liability. Lease payments are mainly fixed. Any variable lease payments, including utilities, common area maintenance are expensed during the period incurred. Variable lease costs were immaterial for the quarter ended March 31, 2025 and 2024. A majority of the real estate leases include options to extend the lease. Management reviews all options to extend at the inception of the lease and account for these options when they are reasonably certain of being exercised.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in operating expense on the Company’s condensed consolidated statement of operations and comprehensive loss. Operating lease cost was \$88,603 and \$97,953 during the period ended March 31, 2025 and 2024, respectively.

The following table sets for the maturities of our operating lease liabilities and reconciles the respective undiscounted payments to the operating lease liabilities in the consolidated balance sheet at March 31, 2025

Undiscounted Future Minimum Lease Payments	Operating Lease
2025 (Nine months remaining)	240,940
2026	52,703
2027	2,976
Total	296,619
Amount representing imputed interest	(10,111)
Total operating lease liability	286,508
Current portion of operating lease liability	249,456
Operating lease liability, non-current	\$ 37,052

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 8 – Leases, continued

The table below presents lease-related terms and discount rates at March 31, 2025:

Remaining term on leases	1 to 24 months
Incremental borrowing rate	5.0%

Note 9 – Segment Reporting

The Company has two reportable operating segments: (1) the manufacture and distribution of non-alcoholic and alcoholic brand beverages, and (2) the e-commerce sale of beverages. These operating segments are managed separately and each segment's major customers have different characteristics. Segment Reporting is evaluated by our Chief Executive Officer and Chief Financial Officer.

Note: The Copa di Vino business is included in our Splash Beverage Group segment.

Revenue, net	March 31, 2025	March 31, 2024
Splash Beverage Group	379,260	1,200,282
E-Commerce	59,012	340,398
Total revenues, net, continuing operations	<u>\$ 438,272</u>	<u>\$ 1,540,680</u>
Segment operating loss:	March 31, 2025	March 31, 2024
Splash Beverage Group	(1,649,985)	(2,790,201)
E-Commerce	(270,427)	(460,096)
Total contribution after marketing	<u>\$ (1,920,512)</u>	<u>\$ (3,250,297)</u>
Reconciliation of segment loss to corporate loss:	March 31, 2025	March 31, 2024
Other income/expense	(1,845)	(1,495)
Amortization of debt discount	(978,721)	(886,838)
Interest income and expenses	(637,345)	(532,267)
Loss from continuing operations	<u>\$ (3,538,423)</u>	<u>\$ (4,670,897)</u>
Total assets	March 31, 2025	December 31, 2024
Splash Beverage Group	2,445,462	2,610,207
E-Commerce	63,142	148,978
Total assets	<u>\$ 2,508,604</u>	<u>\$ 2,759,185</u>

Splash Beverage Group, Inc.
Notes to the Condensed Consolidated Financial Statements

Note 10 – Commitment and Contingencies

The Company is a party to asserted claims and are subject to regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations.

On June 5, 2024, the Company received notification from the NYSE American LLC (“NYSE American”) indicating that it is not in compliance with the NYSE American’s continued listing standards under Section 1003(a)(iii) of the NYSE American Company Guide (the “Company Guide”), requiring a listed company to have stockholders’ equity of \$6 million or more if the listed company has reported losses from continuing operations and/or net losses in its five most recent fiscal years. The Company is now subject to the procedures and requirements of Section 1009 of the Company Guide. If the Company is not in compliance with the continued listing standards by April 6, 2025 or if the Company does not make progress consistent with the Plan during the plan period, the NYSE American may commence delisting procedures.

The licensing agreement between TapouT LLC and the Company was terminated in Q1 2024. The parties are engaged in active and constructive settlement discussions pursuant to the terms of the agreement’s termination provisions. Based on the settlement discussions, the Company anticipates that any final settlement will not exceed the amounts already recorded in its legal reserve and accrued accounts payable.

Note 11 – Subsequent Events

In April 2025, the Company issued a 5-year promissory note in the amount of \$200,000, it accrues interest at 15%, and is convertible into shares of common stock at \$1.25. The note also received 125,000 5-year warrants exercisable at \$2.00, and 83,334 5-year warrants exercisable into common stock at \$3.00.

In May 2025, the Company issued 650 shares of Series A-1 Preferred Stock in exchange for approximately \$650,000. Series A-1 shares are convertible into common stock, subject to shareholder approval, and further discussed in Note 5. Investors of A-1 Shares also received 162,500 1-year A Warrants exercisable into common stock at 80% of 5-day VWAP, and 162,500 5-year B Warrants exercisable into common stock at \$4.00. The accounting treatment of this transaction is subject to further review and may be adjusted in the future.

In June 2025, the Company issued 1000 shares of Preferred A Stock. Preferred A is super voting preferred, not convertible into common stock, and further discussed in Note 5.

In June 2025, the Company issued 126,710 shares of Series B Preferred Stock in exchange for approximately \$12.7 million in previously outstanding convertible notes. The Series B shares are convertible into common stock, subject to shareholder approval and further discussed in Note 5. The accounting treatment of this transaction is subject to further review and may be adjusted in the future.

In June 2025, the Company acquired certain assets, including all contractual water rights to the aquifer located in Garabito, Puntarenas, Costa Rica. The Company issued 20,000 shares of Series C Preferred Stock as consideration, at an initial stated value of \$1000 per share. Management determined that the transaction is an asset acquisition under ASC 805, as substantially all of the fair value is concentrated in a single identifiable asset—the water rights—and no substantive processes were acquired. The fair value of the acquired assets has been preliminarily estimated at \$20 million and is subject to further evaluation and assessment. The Series C shares are convertible into common stock, subject to shareholder approval, and further discussed in Note 5.

Pro Forma Adjustments from Subsequent Events

The accounting treatment of these transaction is subject to further review and may be adjusted in the future.

During the second quarter of 2025, Splash Beverage Group, Inc. undertook several strategic financing initiatives. The unaudited pro forma balance sheet reflects the estimated accounting impact of these transactions as if they had occurred on March 31, 2025. Each adjustment column corresponds to a discrete event, as described below:

Preferred Stock A-1

Splash issued 650 shares of Preferred Stock A-1 for cash proceeds of \$650,000. The net impact of this transaction is a \$650,000 increase in stockholders' equity, reflecting the cash received. See Note 5 for additional details of Preferred Stock A-1.

Preferred Stock B – Debt Exchange

The Company exchanged previously issued convertible notes for 126,710 shares of Preferred Stock B, eliminating \$7,699,596 of current liabilities and \$2,070,712 of long-term liabilities. These liabilities were previously carried net of unamortized discounts. The exchange was a non-cash transaction and resulted in a \$9,770,307 increase in stockholders' equity. Debt agreements were amended to be exchanged for Preferred B and the impact of those amendments is subject to further review. See Note 5 for additional details of Preferred Stock B.

Preferred Stock C – Asset Acquisition

Splash issued 20,000 shares of Preferred Stock C in exchange for non-current assets largely consisting of water rights located in Garabito, Puntarenas, Costa Rica. The asset was recorded at \$20,000,000, with a corresponding increase to stockholders' equity. This non-cash transaction supports the Company's business strategy. See Note 5 for additional details of Preferred Stock C.

Senior Convertible Note

Splash issued a \$200,000 senior convertible note with a \$30,000 original issuance discount, and warrant coverage that resulted in the recognition of a note discount in the amount of \$153,924.

For The Period Ended March 31, 2025						
	As Reported	Preferred Stock A-1	Debt exchange Preferred Stock B	Preferred Stock C	Senior Convertible Note	Pro forma As Adjusted
Assets						
Current assets:						
Cash and cash equivalents	\$ —	\$ 650,000	—	—	\$ 170,000	\$ 820,000
Other current assets	1,694,956					1,694,956
Total current assets	<u>1,694,956</u>	<u>650,000</u>	<u>—</u>	<u>—</u>	<u>170,000</u>	<u>2,514,956</u>
Non-current assets:						
Deposit	\$ 118,922	—	—	—	—	\$ 118,922
Investment in Garabito, Puntarenas, Costa Rica Water Rights	—	—	—	20,000,000	—	20,000,000
Investment in Salt Tequila USA, LLC	250,000	—	—	—	—	250,000
Right of use asset	277,172	—	—	—	—	277,172
Property and equipment, net	167,791	—	—	—	—	167,791
Total non-current assets	<u>813,885</u>	<u>—</u>	<u>—</u>	<u>20,000,000</u>	<u>—</u>	<u>20,813,885</u>
Total assets	<u>\$ 2,508,841</u>	<u>\$ 650,000</u>	<u>\$ —</u>	<u>\$ 20,000,000</u>	<u>\$ 170,000</u>	<u>\$ 23,328,841</u>
Liabilities and Stockholders' Equity (Deficit)						
Liabilities:						
Current liabilities						
Accounts payable and accrued expenses	6,324,015	—	—	—	—	\$ 6,324,015
Right of use liability - current	249,456	—	—	—	—	249,456
Related party notes payable	389,000	—	—	—	—	389,000
Notes payable, net of discounts	9,450,309	—	(7,499,596)	—	16,076	1,966,789
Shareholder advances	200,000	—	(200,000)	—	—	—
Accrued interest payable	3,805,534	—	—	—	—	3,805,534
Total current liabilities	<u>20,418,314</u>	<u>—</u>	<u>(7,699,596)</u>	<u>—</u>	<u>16,076</u>	<u>12,734,794</u>
Long-term Liabilities:						
Related party notes payable - noncurrent	—	—	—	—	—	—
Notes payable - net of discounts	2,081,724	—	(2,070,712)	—	—	11,012
Right of use liability - net of current portion	37,052	—	—	—	—	37,052
Total long-term liabilities	<u>2,118,776</u>	<u>—</u>	<u>(2,070,712)</u>	<u>—</u>	<u>—</u>	<u>48,064</u>
Total liabilities	<u>22,537,090</u>	<u>—</u>	<u>(9,770,307)</u>	<u>—</u>	<u>16,076</u>	<u>12,782,859</u>
Stockholders' equity:						
Preferred stock, Series A-1 \$0.001 par value, 1,500						

shares authorized, 650 shares issued and outstanding	—	1	—	—	—	1
Preferred stock Series B, \$0.001 par value, 12% cumulative, 150,000 shares authorized , 126,200 shares issued and outstanding	—	—	126	—	—	126
Preferred stock Series C, \$0.001 par value, 500,000 shares authorized, 20,000 shares issued and outstanding	—	—	—	20	—	20
Common Stock, \$0.001 par, 7,500,000 shares authorized, 1,899,876 and 1,669,835 shares issued and outstanding, at March 31, 2025 and Dec 31, 2024, respectively	1,900	—	—	—	—	1,900
Additional paid in capital	139,418,469	649,999	9,770,181	19,999,980	153,924	169,992,553
Accumulated Comprehensive Income - Translation	34,110	—	—	—	—	34,110
Accumulated deficit	(159,482,727)	—	—	—	—	(159,482,727)
Total stockholders' equity	(20,028,248)	650,000	9,770,307	20,000,000	153,924	10,545,983
Total liabilities and deficiency in stockholders' equity	<u>\$ 2,508,842</u>	<u>\$ 650,000</u>	<u>\$ (0)</u>	<u>\$ 20,000,000</u>	<u>\$ 170,000</u>	<u>\$ 23,328,842</u>

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

The information in this discussion may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business strategy and expectations. Any statements that are not of historical fact may be deemed to be forward-looking statements. These forward-looking statements involve substantial risks and uncertainties. In some cases you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue”, the negative of the terms or other comparable terminology. Actual events or results may differ materially from the anticipated results or other expectations expressed in the forward-looking statements. In evaluating these statements, you should consider various factors, including the risks included from time to time in other reports or registration statements filed with the United States Securities and Exchange Commission. These factors may cause our actual results to differ materially from any forward-looking statements. The Company disclaim any obligation to publicly update these statements or disclose any difference between actual results and those reflected in these statements.

Unless the context otherwise requires, references in this Form 10-Q to “we,” “us,” “our,” or the “Company” refer to Splash Beverage Group and its subsidiaries.

The following discussion and analysis should be read in conjunction with the Condensed Financial Statements (unaudited) and Notes to Condensed Financial Statements (unaudited) filed herewith.

Business Overview

Splash Beverage Group, Inc. (the “Company”, “Splash”) seeks to identify, acquire, and build early stage or under-valued beverage brands that have strong growth potential within its distribution system. Splash’s distribution system is comprehensive in the US and is now expanding to select attractive international markets. Through its division Qplash, Splash’s distribution reach includes e-commerce access to both business-to-business (B2B) and business-to-consumer (B2C) customers. Qplash markets well known beverage brands to customers throughout the US that prefer delivery direct to their office, facilities; and or homes.

Results of Operations for the Three Months Ended March 31, 2025 compared to Three Months Ended March 31, 2024.

Revenue

Revenues for the three months ended March 31, 2025 were approximately \$0.4 million compared to revenues of approximately \$1.5 million for the three months ended March 31, 2024. The \$1.1 million decrease in sales is due to a decrease in our beverage sales of \$0.8 million. Our revenues from our vertically integrated B2B and B2C e-commerce distribution platform called Qplash decreased approximately \$0.3 million due to low inventory. Total sales declined due to limited liquidity to procure inventory to drive third-party sales.

Cost of Goods Sold

Cost of goods sold for the three months ended March 31, 2025 were \$0.5 million compared to cost of goods sold for the three months ended March 31, 2024 of approximately \$1.4 million. The \$0.9 million decrease in cost of goods sold for the three-month period ended March 31, 2025 is primarily due to our decreased sales.

Operating Expenses

Operating expenses for the three months ended March 31, 2025 were \$2.0 million compared to \$3.4 million for the three months ended March 31, 2024 a decrease of \$1.4 million. The decrease in our operating expenses was primarily due to non-cash expenses, new staff, benefit cost, freight cost and Amazon selling fees. The net loss for the three months ended March 31, 2025 was \$3.5 million as compared to a net loss of approximately \$4.7 million for the three months ended March 31, 2024. The decrease in net loss is due to lower operating expenses.

During the quarter ended March 31, 2025, the Company did not meet its payroll obligations for the months of February and March. As a result, employees were not paid for services rendered during that period. The unpaid wages have been fully accrued as liabilities in the accompanying financial statements.

Net Other Income and Expense

Interest expenses for the three months ended March 31, 2025 was \$0.6 million compared to \$0.5 million for the three months ended March 31, 2024. The \$0.1 million increase in interest expense is due to new loans with a principal of \$9.0 million.

Other income was \$0 and \$0.1 million for the three months ended March 31, 2025 and March 31, 2024 respectively.

Amortization of debt discount for the three months ended March 31, 2025 was approximately \$1.0 million compared to \$0.9 million for three months ended March 31, 2024.

LIQUIDITY, GOING CONCERN CONSIDERATIONS AND CAPITAL RESOURCES

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of March 31, 2025, the Company had total cash and cash equivalents of \$0 as compared with \$15,346 at December 31, 2024.

Net cash used for operating activities during the three months ended March 31, 2025 was \$0.7 million as compared to the net cash used by operating activities for the three months ended March 31, 2024 of \$1.3 million. The primary reasons for the change in net cash used are decreases in inventory, accrued expenses and accounts receivable partially offset by increases in account payable.

For the period ending March 31, 2025 and March 31, 2024, there were no capital asset transactions.

Net cash provided by financing activities during the three months ended March 31, 2025 was \$0.8 million compared to \$1.0 million provided from financing activities for the three months ended March 31, 2024. During the three months ended March 31, 2025, the Company received \$0.9 million for convertible note, which was offset by repayments to debt holders of \$0.1 million.

CONTRACTUAL OBLIGATIONS

Minimum Royalty Payments:

None

Inventory Purchase Commitments:

None.

Off-Balance Sheet Arrangements

The Company do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Revenue

The Company faces significant judgment in revenue recognition due to the complexities of the beverage industry's competitive landscape and diverse distribution channels. Determining the timing of revenue recognition involves assessing factors such as control transfer, returns, allowances, trade promotions, and distributor sell-through data. Historical analysis, market trends assessment, and contractual term evaluations inform revenue recognition judgments. However, inherent uncertainties persist, underscoring the critical nature of revenue recognition as it significantly impacts financial statements and performance evaluation.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established based on historical experience, current economic conditions, and specific customer collection issues. Management evaluates the collectability of accounts receivable on an ongoing basis and adjusts the allowance as necessary. Changes in economic conditions or customer creditworthiness could result in adjustments to the allowance for doubtful accounts, impacting our reported financial results.

Inventory Valuation

We value inventory at the lower of cost or net realizable value. Estimating the net realizable value of inventory involves significant judgment, particularly when market conditions change rapidly or when excess or obsolete inventory exists. Management regularly assesses inventory quantities on hand, future demand forecasts, and market conditions to determine whether write-downs to inventory are necessary.

Fair Value Measurements

We measure certain financial assets and liabilities at fair value on a recurring basis. Fair value measurements involve significant judgment and estimation, particularly when observable inputs are limited or not available. Management utilizes valuation techniques such as discounted cash flow models, market comparable, and third-party appraisals to determine fair values.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for Smaller Reporting Companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the principal executive and principal financial officers, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a – 15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, as of the end of the period covered by this Report. Our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, because of certain material weaknesses in our internal controls over financial reporting, our disclosure controls and procedures were not effective as of March 31, 2025. The material weaknesses relate to a lack of segregation of duties between accounting and other functions and the absence of sufficient depth of in-house accounting personnel with the ability to properly account for complex transactions.

Changes in Internal Control Over Financial Reporting

Except with respect to the above, during the quarter ended March 31, 2025, there were no additional changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS

The Company has included in Item 1A of Part 1 of its Annual Report on Form 10-K for the year ended December 31, 2024 (“Form 10-K”), a description of certain risks and uncertainties that could affect the Company’s business, future performance or financial condition (the “Risk Factors”). There have been no material changes to the Risk Factors we previously disclosed in our Form 10-K filed with the SEC, except as described below. Our operations could also be affected by additional factors that are not presently known to us or by factors that we currently consider immaterial to our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company granted 600,000 shares in March to new CFO under the 2020 plan

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

No disclosure required.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the three months ended March 31, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

(a) Exhibits required by Item 601 of Regulation S-K.

Exhibits	Description
3.1	Certificate of Designation of Series A Preferred Stock (incorporated by reference herein to Exhibit 3.1 filed with Form 8-K filed with the SEC on June 13, 2025).
3.2	Certificate of Change filed with the Secretary of State of Nevada
3.3	Certificate of Designations, Preferences Rights and Limitations of the Series A-1 Convertible Redeemable Preferred Stock (incorporated by reference herein to Exhibit 3.1 filed with Form 8-K filed with the SEC on June 26, 2025).
3.4	Certificate of Designations, Preferences Rights and Limitations of the Series B Convertible Redeemable Preferred Stock (incorporated by reference herein to Exhibit 3.2 filed with Form 8-K filed with the SEC on June 26, 2025).
3.5	Certificate of Designations, Preferences Rights and Limitations of the Series C Convertible Preferred Stock (incorporated by reference herein to Exhibit 3.3 filed with Form 8-K filed with the SEC on June 26, 2025).
4.1	Form of A Warrant (incorporated by reference herein to Exhibit 4.1 filed with Form 8-K filed with the SEC on June 26, 2025).
4.2	Form of B Warrant (incorporated by reference herein to Exhibit 4.2 filed with Form 8-K filed with the SEC on June 26, 2025).
10.1	Subscription and Investment Representation Agreement, dated June 10, 2025, Between Splash Beverage Group, Inc., and Robert Nistico (incorporated herein by reference to Exhibit 10.1 filed with Form 8-K filed with the SEC on June 13, 2025).
10.2	Form of Securities Purchase Agreement (incorporated herein by reference to Exhibit 10.1 filed with Form 8-K filed with the SEC on June 26, 2025).
10.3	Form of Securities Exchange Letter Agreement*** (incorporated herein by reference to Exhibit 10.2 filed with Form 8-K filed with the SEC on June 26, 2025).
10.4	Form of Registration Rights Agreement*** (incorporated herein by reference to Exhibit 10.3 filed with Form 8-K filed with the SEC on June 26, 2025).
10.5	Form of Side Letter Agreement (incorporated herein by reference to Exhibit 10.4 filed with Form 8-K filed with the SEC on June 26, 2025).
10.6	Acquisition Agreement*** (incorporated herein by reference to Exhibit 10.5 filed with Form 8-K filed with the SEC on June 26, 2025).
31.1	Certification of CEO and Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)*
31.2	Certification of CFO and Principal Financial and Accounting Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)*
32.1	Certification of CEO and Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Filed herewith electronically**
32.2	Certification of CFO and Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Filed herewith electronically**
101	XBRL Exhibits

* Filed herewith

** Furnished herewith

SIGNATURES

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

SPLASH BEVERAE GROUP, INC.

Date: July 11, 2025

By: /s/ Robert Nistico
Robert Nistico, Chairman and CEO
(Principal Executive Officer)

Date: July 11, 2025

By: /s/ William Devereux
William Devereux, CFO
(Principal Accounting Officer and Principal Financial Officer)

STATE OF NEVADA

FRANCISCO V. AGUILAR

Secretary of State

RUBEN J. RODRIGUEZ

Deputy Secretary for Southern Nevada

2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2452



OFFICE OF THE
SECRETARY OF STATE

GABRIEL DI CHIARA

Chief Deputy Secretary of State

DEANNA L. REYNOLDS

Deputy Secretary for Commercial Recordings

401 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7141

Business Entity - Filing Acknowledgement

06/12/2025

Work Order Item Number: W2025061200266-4516170
Filing Number: 20254963660
Filing Type: Certificate of Designation
Filing Date/Time: 6/12/2025 8:22:00 AM
Filing Page(s): 5

Indexed Entity Information:

Entity ID: E18761242021-3

Entity Name: Splash Beverage Group, Inc.

Entity Status: Active

Expiration Date: None

Commercial Registered Agent

PARACORP INCORPORATED*

318 N CARSON ST #208, Carson City, NV 89701, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,



FRANCISCO V. AGUILAR
Secretary of State

Page 1 of 1

Commercial Recording

2250 Las Vegas Blvd North
North Las Vegas, NV 89030

401 N. Carson Street
Carson City, NV 89701

1 State of Nevada Way
Las Vegas, NV 89119



FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Filed in the Office of <i>FVAguilar</i> Secretary of State State Of Nevada	Business Number
	E18761242021-3
	Filing Number
	20254963660
	Filed On
6/12/2025 8:22:00 AM	
Number of Pages	
4	

Certificate, Amendment or Withdrawal of Designation

NRS 78.1955, 78.1955(6)

☒ Certificate of Designation

☐ Certificate of Amendment to Designation - Before Issuance of Class or Series

☐ Certificate of Amendment to Designation - After Issuance of Class or Series

☐ Certificate of Withdrawal of Certificate of Designation

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:	Name of entity: Splash Beverage Group, Inc. Entity or Nevada Business Identification Number (NVID): NV20212273382
2. Effective date and time:	For Certificate of Designation or Amendment to Designation Only (Optional): Date: _____ Time: _____ (must not be later than 90 days after the certificate is filed)
3. Class or series of stock: (Certificate of Designation only)	The class or series of stock being designated within this filing: Series A Preferred Stock
4. Information for amendment of class or series of stock:	The original class or series of stock being amended within this filing: _____
5. Amendment of class or series of stock:	<input type="checkbox"/> Certificate of Amendment to Designation- Before Issuance of Class or Series As of the date of this certificate no shares of the class or series of stock have been issued. <input type="checkbox"/> Certificate of Amendment to Designation- After Issuance of Class or Series The amendment has been approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation.
6. Resolution: Certificate of Designation and Amendment to Designation only)	By resolution of the board of directors pursuant to a provision in the articles of incorporation this certificate establishes OR amends the following regarding the voting powers, designations, preferences, limitations, restrictions and relative rights of the following class or series of stock.* Certificate of Designation of the Series A Preferred Stock of Splash Beverage Group, Inc. Please see attached.
7. Withdrawal:	Designation being _____ Date of _____ Withdrawn: _____ Designation: _____ No shares of the class or series of stock being withdrawn are outstanding. The resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock: *

8. Signature: (Required)

X /s/ Robert Nistico

Signature of Officer

Date:

06/10/2025

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

Page 1 of 1

Revised: 8/1/2023

SPLASH BEVERAGE GROUP, INC.

**CERTIFICATE OF DESIGNATION OF
SERIES A PREFERRED STOCK**

Pursuant to Section 78.1955 of the
Nevada Revised Statutes

THE UNDERSIGNED DOES HEREBY CERTIFY, on behalf of Splash Beverage Group, Inc., a Nevada corporation (the “**Corporation**”), that the following resolution was duly adopted by the board of directors of the Corporation (the “**Board of Directors**”), in accordance with the provisions of Section 78.1955 of the Nevada Revised Statutes (“**NRS**”) on June 5, 2025, which resolution provides for the creation of a series of the Corporation’s Preferred Stock, par value \$0.001 per share, which is designated as “Series A Preferred Stock,” with the rights, preferences, privileges and restrictions set forth therein.

WHEREAS, the Articles of Incorporation of the Corporation (as amended, the “**Articles of Incorporation**”), provides for a class of capital stock of the Corporation known as Preferred Stock, consisting of 5,000,000 shares, par value \$0.001 per share (the “**Preferred Stock**”), issuable from time to time in one or more series, and further provides that the Board of Directors is expressly authorized to fix the number of shares of any series of Preferred Stock, to determine the designation of any such shares, and to determine the rights (including but not limited to voting rights), preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock.

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to authority conferred upon the Board of Directors by the Articles of Incorporation, (i) a series of Preferred Stock be, and hereby is, authorized by the Board of Directors, (ii) the Board of Directors hereby authorizes the issuance of one shares of Series A Preferred Stock (as defined below) and (iii) the Board of Directors hereby fixes the rights, preferences, privileges and restrictions of such share of Preferred Stock, in addition to any provisions

**TERMS OF THE SERIES A
PREFERRED SHARES**

Section 1. Designation, Amount and Par Value. The series of Preferred Shares created hereby shall be designated as the Series A Preferred Shares, and the number of shares so designated shall be one thousand (1,000). The Series A Preferred Shares shall each have a par value of \$0.001 per share and will be uncertificated and represented in book-entry form.

Section 2. Dividends. No holder of any Series A Preferred Shares, as such, shall be entitled to receive dividends of any kind.

Section 3. Voting Rights. Except as otherwise provided by the NRS, a holder of any Series A Preferred Shares shall have the following voting rights:

3.1 Except as otherwise provided herein, each outstanding Series A Preferred Share shall have 25,000 votes. Each outstanding Series A Preferred Share shall vote together with the outstanding shares of common shares of beneficial interest, par value \$0.001 per share (the “**Common Shares**”), of the Company as a single class exclusively with respect to an increase of the Company’s authorized shares. For the avoidance of doubt, except to the extent required under the NRS, no Series A Preferred Share, whether designated herein or after this date, shall be entitled to vote on any matter other than those enumerated in the foregoing sentence.

3.2 The Series A Preferred Shares shall be entitled to vote on the Applicable Proposals, but such voting rights are subject to, and such votes shall only be entitled to be cast in accordance with, the terms of that proposal.

...and such votes shall only be entitled to be cast in accordance with, the terms of that certain Subscription Agreement, dated as of June 10, 2025, between the Company and the holder of the Series A Preferred Shares.

Section 4. Rank; Liquidation and Other. Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Series A Preferred Shares shall be entitled to receive out of the

assets, whether capital or surplus, of the Company an amount equal to the stated value for each Series A Preferred Share before any distribution or payment shall be made to the holders of Common Shares or any shares of the Company, including any Series A Junior Preferred Shares, ranking junior to the Series A Preferred Shares then outstanding, and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the holders of Series A Preferred Shares shall be ratably distributed among the holders of the Series A Preferred Shares in accordance with the respective amounts that would be payable on such shares if

all amounts payable thereon were paid in full. As used herein, the term “**Stated Value**” per Series A Preferred Share means an amount equal to \$0.01.

Section 5. Transfer. The Series A Preferred Shares may not be Transferred at any time prior to shareholder approval of the Applicable Proposals without the prior written consent of the Board. “**Transferred**” means, directly or indirectly, whether by merger, consolidation, share exchange, division, or otherwise, the sale, transfer, gift, pledge, encumbrance, assignment or other disposition of the Series A Preferred Shares (or any right, title or interest thereto or therein) or any agreement, arrangement or understanding (whether or not in writing) to take any of the foregoing actions.

Section 6. Redemption.

6.1. The outstanding Series A Preferred Shares shall be redeemed in whole, but not in part, at the earliest of: (i) if such redemption is authorized and directed by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion, (ii) automatically upon the approval by the Company’s shareholders of the increase of the authorized shares Proposal at any meeting of shareholders or (iii) immediately prior to the record date for the 2025 Annual Meeting of Shareholders of the Company (any such redemption pursuant to this Section 6.1, the “**Redemption**”). As used herein, the “**Redemption Time**” shall mean the effective time of the Redemption.

6.2. The Series A Preferred Shares redeemed in the Redemption pursuant to this Section 6 shall be redeemed in consideration for the right to receive an amount equal to \$1.00 in cash (the “**Redemption Price**”) for each Series A Preferred Share that is owned of record as of immediately prior to the Redemption Time and redeemed pursuant to the Redemption, payable upon the Redemption Time.

6.3. From and after the time at which the Series A Preferred Shares are called for Redemption (whether automatically or otherwise) in accordance with Section 6.1, such Series A Preferred Shares shall cease to be outstanding, and the only right of the former holder of such Series A Preferred Shares, as such, will be to receive the applicable Redemption Price. Each Series A Preferred Share redeemed by the Company pursuant to these Articles Supplementary shall be automatically retired and restored to the status of an authorized but unissued Preferred Share upon such Redemption. Notice of a meeting of the Company’s shareholders for the submission to such shareholders of any proposal to approve the Applicable Proposals shall constitute notice of the Redemption of Series A Preferred Shares and result in the automatic Redemption of the Series A Preferred Shares at the Redemption Time pursuant to Section 6.1 hereof.

Section 7. Severability. Whenever possible, each provision hereof shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision hereof is held to be prohibited by or invalid under applicable law, then such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or otherwise adversely affecting the remaining provisions hereof.

SECOND: The Series A Preferred Shares have been designated and classified by the Board under the authority contained in the Declaration of Company.

THIRD: These Articles Supplementary have been approved by the Board in the manner and by the vote required by law.

FOURTH: These Articles Supplementary shall become effective to 4:15 P.M., Eastern Time, on June , 2025.

FIFTH: The undersigned Chief Executive Officer of the Company acknowledges these Articles Supplementary to be the Company act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Chief Executive Officer acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

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IN WITNESS WHEREOF, Splash Beverage Group, Inc. has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its Chief Executive Officer, and attested to by its Secretary, on this 10 day of June, 2025.

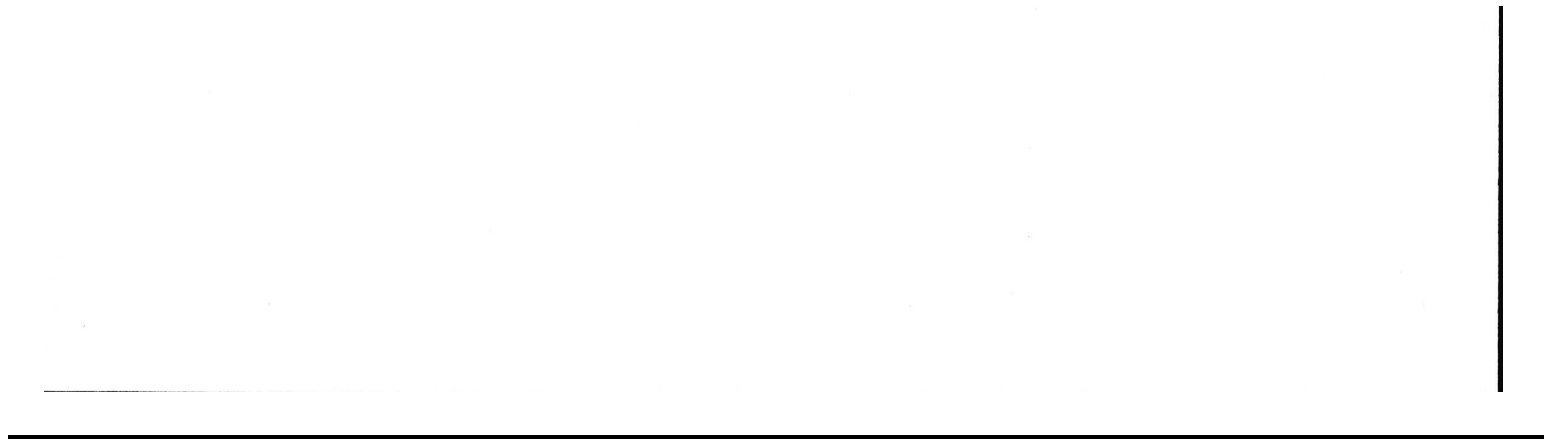
SPLASH BEVERAGE GROUP, INC.

By: _____ /s/ Robert Nistico

Name: Robert Nistico

Title: Chief Executive Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Nistico, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Splash Beverage Group Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant 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 registrant is made known to us by others within the registrant, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: July 11, 2025

/s/ Robert Nistico

Robert Nistico
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Devereux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Splash Beverage Group Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant 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 registrant is made known to us by others within the registrant, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: July 11, 2025

/s/ William Devereux

William Devereux

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
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 Form 10-Q of Splash Beverage Group Inc., a company duly formed under the laws of Nevada (the “Company”), for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Robert Nistico, President (Chief Executive Officer) of the Company, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, 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.

Date: July 11, 2025

/s/ Robert Nistico

Robert Nistico, Chief Executive Officer
(Principal Executive Officer)

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
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 Form 10-Q of Splash Beverage Group, Inc., a company duly formed under the laws of Nevada (the “Company”), for the quarter ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), William Devereux, Chief Financial Officer of the Company, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of her knowledge, 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.

Date: July 11, 2025

/s/ William Devereux

William Devereux

Chief Financial Officer

(Principal Accounting Officer and Principal Financial Officer)

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.
