

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Rocky Mountain High Brands, Inc.

1000 Shiloh Rd., Suite 200

Plano, Texas 75074

800-260-9062

<https://rockymountainhighbrands.com>

2080

Annual Report For the Period Ending: December 31, 2020 and 2019 (the "Reporting Period")

As of November 24, 2021, the most recent practicable date, the number of shares outstanding of our Common Stock was:

347,906,449

As of September 30, 2019, the prior quarter ended date, the number of shares outstanding of our Common Stock was:

126,162,147

As of December 31, 2020, the most recent completed fiscal year end date, the number of shares outstanding of our Common Stock was:

397,890,016

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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

¹ "Change in Control" shall mean any events resulting in:

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

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

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

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

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

Rocky Mountain High Brands Inc. 10/23/2014 to present

Totally Hemp Crazy Inc. 07/17/2014 to 10/23/2014

Republic of Texas Brands Incorporated 11/2011 to 07/17/2014

Legends Food Corporation 05/2011 to 11/2011

Precious Metals Exchange Corp. 12/2008 to 5/2011

Stealth Industries, Inc. – 10/1999 to 12/2008

Assisted Living Corporation – 11/1993 to 10/1999

Electric Reel Corporation of America, Inc. – 8/1968 to 11/993

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

Nevada; good standing

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

None

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

None

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

1000 Shiloh Rd., Suite 200
Plano, Texas 75074

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

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

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

Yes: ☐ No: ☒

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

2) Security Information

Trading symbol: RMHB
Exact title and class of securities outstanding: common stock
CUSIP: 77471R207
Par or stated value: \$0.001

Total shares authorized: 1,000,000,000 as of date: 11/24/21
Total shares outstanding: 347,906,449 as of date: 11/24/21
Number of shares in the Public Float²: 151,238,134 as of date: 11/24/21
Total number of shareholders of record: 300 as of date: 11/24/21

All additional class(es) of publicly traded securities (if any):

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

Transfer Agent

Name: Action Stock Transfer Corp.
Phone: (801) 274-1088
Email: action@actionstocktransfer.com
Address: 2469 E. Fort Union Blvd., Suite 214
Salt Lake City, UT 84121

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

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

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

A. Changes to the Number of Outstanding Shares

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

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/18</u> Common: <u>1,892,194,960</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
1/2/2019	New Issuance	10,000,000	Common	0.00500	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
1/7/2019	New Issuance	46,276,982	Common	0.00656	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
1/25/2019	New Issuance	10,000,000	Common	0.00500	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
2/4/2019	New Issuance	15,000,000	Common	0.00500	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
2/5/2019	New Issuance	25,247,856	Common	0.00713	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
2/21/2019	New Issuance	23,358,593	Common	0.00722	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
3/7/2019	New Issuance	30,606,307	Common	0.00574	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
3/20/2019	New Issuance	30,776,999	Common	0.00590	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
4/16/2019	New Issuance	17,793,222	Common	0.00344	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
4/22/2019	Reverse 1918 balance Split 20:1	(94,609,748)							
April 30, 2019	New Issuance	535,904	Common	0.04100	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
May 21, 2019	New Issuance	1,000,000	Common	0.05000	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144

June 11, 2019	New Issuance	194,637	Common	0.05000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
June 17, 2019	New Issuance	1,121,343	Common	0.05000	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
June 19, 2019	New Issuance	1,065,361	Common	0.03649	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
July 2, 2019	New Issuance	7,384,020	Common	0.03772	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
July 16, 2019	New Issuance	1,636,689	Common	0.06970	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
July 29, 2019	New Issuance	1,752,656	Common	0.05863	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
August 12, 2019	New Issuance	1,613,434	Common	0.05330	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
August 23, 2019	New Issuance	1,466,625	Common	0.05047	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
September 6, 2019	New Issuance	1,735,793	Common	0.05047	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
September 20, 2019	New Issuance	1,592,938	Common	0.03854	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
October 4, 2019	New Issuance	1,609,177	Common	0.03280	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
October 17, 2019	New Issuance	1,947,826	Common	0.02870	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
October 30, 2019	New Issuance	1,982,323	Common	0.02583	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
November 12, 2019	New Issuance	2,109,711	Common	0.02624	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
November 26, 2019	New Issuance	3,012,473	Common	0.02591	Yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	S-1 Registration
December 10, 2019	New Issuance	1,090,974	Common	0.01689	Yes	GHS Investments LLC	Debt Conversion	Unrestricted	S-1 Registration
January 14, 2020	New Issuance	3,980,411	Common	\$0.01000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144

March 17, 2020	New Issuance	3,156,673	Common	\$0.01000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
March 23, 2020	New Issuance	4,895,286	Common	\$0.02000	yes	Charles Smith	Debt Conversion	Restricted	Rule 144
March 23, 2020	New Issuance	500,000	Common	\$0.02000	yes	Charles Smith	Conversion from Preferred G Stock	Restricted	Rule 506
March 23, 2020	New Issuance	802,700	Common	\$0.02000	yes	John Kuhlke	Shares issued in lieu of cash compensation	Restricted	Rule 144
March 31, 2020	New Issuance	5,300,000	Common	\$0.01000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
April 8, 2020	New Issuance	50,000,000	Common	\$0.02000	yes	Eagle Processing & Distribution Brice Wunsch	Shares issued for contract services	Restricted	Rule 144
April 13, 2020	New Issuance	750,000	Common	\$0.01725	yes	Dean Blythe	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 13, 2020	New Issuance	7,000,000	Common	\$0.01725	yes	David Seeberger	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 13, 2020	New Issuance	7,000,000	Common	\$0.01725	yes	Jens Mielke	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 13, 2020	New Issuance	7,000,000	Common	\$0.01725	yes	Michael Welch	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 22, 2020	New Issuance	600,000	Common	\$0.02500	no	John J Laxague	Legal Services	Unrestricted	S-8
April 13, 2020	New Issuance	250,000	Common	\$0.01725	yes	Oscar Herrera	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 13, 2020	New Issuance	250,000	Common	\$0.01725	yes	Kathy Fernandez	Shares issued in lieu of cash compensation	Restricted	Rule 144
April 29, 2020	New Issuance	6,000,000	Common	\$0.01000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
May 6, 2020	New Issuance	17,500,000	Common	\$0.01670	yes	Raw Pharma, LLC Jesse McMullin	Payment for Acquisition	Restricted	Rule 144
May 6, 2020	New Issuance	9,500,000	Common	\$0.01670	yes	Raw Pharma, LLC Jesse McMullin	Payment for Acquisition of assets	Restricted	Rule 144
May 12, 2020	New Issuance	150,000	Common	\$0.02150	no	Don Rodgers	Shares issued for consulting services	Restricted	Rule 144
May 15, 2020	New Issuance	17,500,000	Common	\$0.02100	yes	GL Brands, Inc. Carlos Frias	Settlement of Claim	Restricted	Rule 144

May 21, 2020	New Issuance	3,976,484	Common	\$0.01000	yes	GHS Investments LLC Matt Schissler	Debt Conversion	Unrestricted	Rule 144
June 2, 2020	New Issuance	425,000	Common	\$0.02200	no	Chet-5 Broadcasting, LLC Richard Fusco	Settlement of Claim	Restricted	Rule 144
July 15, 2020	New Issuance	854,701	Common	\$0.02340	yes	Brian Rose	Acquisition of shares of Eagle Spirit	Restricted	Rule 144
July 20, 2020	New Issuance	213,676	Common	\$0.02340	yes	Charles Smith	Acquisition of shares of Eagle Spirit	Restricted	Rule 144
July 28, 2020	New Issuance	4,000,000	Common	\$0.02279	yes	Lyon Pride Media Levi Lyon	Settlement of Claim	Restricted	Rule 144
August 17, 2020	New Issuance	213,676	Common	\$0.02340	yes	Charles Smith	Acquisition of shares of Eagle Spirit	Restricted	Rule 144
August 17, 2020	New Issuance	213,676	Common	\$0.02340	yes	Win Morrison	Acquisition of shares of Eagle Spirit	Restricted	Rule 144
September 15, 2020	New Issuance	1,250,000	Common	\$0.01725	yes	Marilyn Vega	Shares issued for contract services	Restricted	Rule 144
September 22, 2020	New Issuance	32,000,000	Common	\$0.05000	yes	Mogul Trading LLC Rameel	Payment for Acquisition of machinery	Restricted	Rule 144
October 6, 2020	New Issuance	3,000,000	Common	\$0.04600	yes	Finn USA Enterprise Inc. Imran Kaiser	Shares issued for consulting services	Restricted	Rule 144
November 17, 2020	New Issuance	4,700,000	Common	\$0.02970	yes	Diane Bearss	Payment for Acquisition of assets	Restricted	Rule 144
December 4, 2020	New Issuance	1,000,000	Common	\$0.02970	yes	Dean Blythe	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	100,000	Common	\$0.02000	yes	Paul Dawson	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	7,000,000	Common	\$0.02970	yes	Oscar Herrera	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	3,000,000	Common	\$0.02970	yes	Jens Mielke	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	1,000,000	Common	\$0.02970	yes	Win Morrison	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	2,000,000	Common	\$0.02279	yes	John J. Saldi	Shares issued in lieu of cash compensation	Restricted	Rule 144

December 4, 2020	New Issuance	14,000,000	Common	\$0.02970	yes	David Seeberger	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	14,000,000	Common	\$0.02970	yes	Charles Smith	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	100,000	Common	\$0.02970	yes	Kenneth Tapp	Shares issued in lieu of cash compensation	Restricted	Rule 144
December 4, 2020	New Issuance	10,000,000	Common	\$0.02970	yes	Marilyn Vega	Shares issued for contract services	Restricted	Rule 144
December 29, 2020	New Issuance	1,250,000	Common	\$0.04220	no	2261711 Alberta Corporation Doug Baba	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	413,793	Common	\$0.04220	no	39 Investments LLC Steven R. Jackson	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	689,655	Common	\$0.04220	no	Shock N Awe LLC Steven R. Jackson	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	917,240	Common	\$0.04220	no	Fidalgo Diversified Holdings LLC Dan H. Hill	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	758,621	Common	\$0.04220	no	Stone Diamond Enterprises, LLC Dan H. Hill	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	289,654	Common	\$0.04220	no	Keith Blizzard	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	482,759	Common	\$0.04220	no	Steven L. James	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	206,897	Common	\$0.04220	no	Lester H. James Irrevocable Trust Steven L. James	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	137,931	Common	\$0.04220	no	Kay L. James	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	68,966	Common	\$0.04220	no	Brad Mendenhall	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	68,966	Common	\$0.04220	no	Charles Mendenhall Margaret Mendenhall	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	1,250,000	Common	\$0.04220	no	PertInax AssociatesLLC Ken Elizondo	Shares issued to purchase LLC interest	Restricted	Rule 144

December 29, 2020	New Issuance	275,862	Common	\$0.04220	no	Rocky Investments LLC Earl Crosswhite	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	2,500,000	Common	\$0.04220	no	Twin Rivers Group, LLC Robert Maxwell	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	275,862	Common	\$0.04220	no	Don Wallace	Shares issued to purchase LLC interest	Restricted	Rule 144
December 29, 2020	New Issuance	5,206,897	Common	\$0.04220	no	Pacific Lone Star, LLC Dan H. Hill	Shares issued to purchase LLC interest	Restricted	Rule 144
January 13, 2021	New Issuance	68,966	Common	\$0.04220	no	Timothy W. Harris	Shares issued to purchase LLC interest	Restricted	Rule 144
June 3, 2021	New Issuance	1,150,000	Common	\$0.03000	yes	Silvia L. Santos	Conversion of Debt	Restricted	Rule 144
June 11, 2021	New Issuance	5,000,000	Common	\$0.03500	no	Specter Capital LLC	Shares issued for consulting services	Restricted	Rule 144
June 11, 2021	New Issuance	1,000,000	Common	\$0.03200	yes	Specter Capital LLC	Issued pursuant to license agreement	Restricted	Rule 144
June 11, 2021	New Issuance	1,000,000	Common	\$0.03200	yes	William F. Foshage	Issued pursuant to license agreement	Restricted	Rule 144
June 24, 2021	New Issuance	300,000	Common	\$0.03900	no	Mehrunnisa Khan	Shares issued in lieu of cash compensation	Restricted	Rule 144
June 28, 2021	New Issuance	1,750,000	Common	\$0.02400	yes	Ricardo Guevara	Purchase of shares	Restricted	Rule 144
July 6, 2021	New Issuance	727,272	Common	\$0.02750	yes	Atia Rani	Purchase of shares	Restricted	Rule 144
July 6, 2021	New Issuance	1,090,909	Common	\$0.02750	yes	Mohammad Kasif	Purchase of shares	Restricted	Rule 144
August 3, 2021	New Issuance	2,215,000	Common	\$0.03000	yes	Brian Potts	Shares issued in lieu of cash compensation	Restricted	Rule 144
August 2, 2021	New Issuance	10,714,286	Common	\$0.01400	yes	Ryan Bruning	Purchase of shares	Restricted	Rule 144
August 20, 2021	Cancellation	(10,000,000)	Common			Jen Mielke	Return of shares	Restricted	Rule 144
October 9, 2021	Cancellation	(29,000,000)	Common			Mogul Trading LLC	Return of Shares	Restricted	Rule 144
October 15, 2021	Cancellation	(3,000,000)	Common			Finn USA Enterprise, Inc.	Return of Shares	Restricted	Rule 144
October 15, 2021	Cancellation	(33,000,000)	Common			Eagle Processing & Distribution, Inc.	Return of Shares	Restricted	Rule 144

Shares Outstanding on Date of This Report:	
Ending Balance:	
Date <u>11/24/2021</u> Common: <u>347,906,449</u>	

Shares Outstanding as of Second Most Recent Fiscal Year End:	
Opening Balance	
Date <u>12/31/18</u> Series F Preferred: <u>0</u>	

*Right-click the rows below and select "Insert" to add rows as needed.									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
2/21/2020	New Issuance	130	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
2/21/2020	New Issuance	100	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
3/16/2020	New Issuance	50	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
3/18/2020	New Issuance	50	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
9/9/2020	New Issuance	420	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
9/21/2020	New Issuance	100	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506
10/2/2020	New Issuance	50	Series F Preferred Stock	\$1,200	n/a	GHS Investments LLC Matt Schissler	New Investment	Restricted	Rule 506

Shares Outstanding on Date of This Report:	
Ending Balance:	
Date <u>11/24/2021</u> Series F Preferred: <u>900</u>	

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/18</u> Series H Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
4/13/2020	New Issuance	11	Series H Preferred Stock	\$1,200	n/a	Leonard Cusenza	New investment	Restricted	Rule 506
Shares Outstanding on Date of This Report: <u>Ending</u> _____ <u>Balance</u> <u>Ending Balance:</u> Date <u>11/24/2021</u> Series H Preferred: <u>11</u>									

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/18</u> Series G Preferred: <u>0</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
4/27/2020	New Issuance	10	Series G Preferred Stock	0	n/a	Charles Smith	Management services rendered	Restricted	Rule 506
4/27/2020	Conversion to common stock	(10)	Series G Preferred Stock	n/a	n/a	Charles Smith	n/a	n/a	n/a
Shares Outstanding on Date of This Report: <u>Ending</u> _____ <u>Balance</u> <u>Ending Balance:</u> Date <u>11/24/2021</u> Series G Preferred: <u>0</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019 through June 30, 2021 pursuant to the tabular format above.

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

B. Debt Securities, Including Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
7/24/18	255,557.77	157,500.00	31,802.05	7/24/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
8/13/18	254,450.96	157,500.00	30,982.19	8/13/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
11/27/19	44,682.04	31,000.00	2,097.81	9/1/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
12/31/19	44,292.21	31,000.00	1,809.04	9/30/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
3/13/20	158,961.95	113,400.00	4,349.59	12/13/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
3/13/20	169,539.04	237,656.57	6,502.87	12/13/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
3/13/20	157,550.56	113,393.15	4,310.97	12/13/20	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
2/19/20	228,487.00	183,750.00	6,655.83	8/19/21	Convertible at 60% of the lowest closing price in last 20 trading days	Eagle Equities, LLC Motty Borenstein	Loan
3/27/20	141,864.00	115,000.00	3,220.00	9/27/20	Convertible at 60% of the lowest closing price in last 20 trading days	Eagle Equities, LLC Motty Borenstein	Loan

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

4) Financial Statements

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

- ☒ U.S. GAAP
☐ IFRS

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

Name: Elliot Berman, CPA
Title: Managing Director, Berman Audit & Advisory, P.A.
Relationship to Issuer: outside accountant

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

- C. Balance Sheet;
- D. Statement of Income;
- E. Statement of Cash Flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial Statements for the fiscal years ended December 31, 2020 and 2019 are filed herewith and incorporated herein by reference.

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

5) Issuer's Business, Products and Services

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

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

RMHB is a consumer goods company that specializes in the developing, manufacturing, marketing, and distributing high-quality, health conscious, hemp oil and hemp extract-infused products that span various categories including beverage, food, fitness, skin care, and more. RMHB also markets a naturally high alkaline spring water as part of our brand portfolio. All products comply with federal regulations on hemp products and contain 0.0% tetrahydrocannabinol ("THC"), the psychoactive constituent of cannabis. Recently, through a newly created subsidiary of RMHB, Rocky Mountain Productions, Inc., the Company acquired a bottling and canning facility and is now also in the business of canning both its own beverages as well as canning beverages for other customers. Furthermore, as a result of equipment included in the acquisition of the facility, RMHB is also in the business of bottling Pediatric Electrolyte Solution, a National Brand Equivalent ("NBE") of Pedialyte

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

B. Please list any subsidiaries, parents, or affiliated companies.

- Rocky Mountain High Brands, Inc., an active Nevada corporation (Parent)
- Wellness For Life Colorado, Inc. ("WFLC") (f/k/a Rocky Mountain Hemp Company and Wellness For Life, Inc.), an active Colorado corporation (Subsidiary)
- Rocky Mountain Productions, Inc. ("RMPI"), an active Nevada corporation (Subsidiary)
- Eagle Spirit Land & Water Company ("Eagle Spirit"), an active Oklahoma corporation (Subsidiary)
- Rocky Mountain High Water Company, LLC ("WaterCo"), an active Delaware limited liability company (Subsidiary)
- FitWhey Brands Inc. ("FitWhey"), an active Nevada corporation (Subsidiary)
- Sweet Rock, LLC ("Sweet Rock"), an active Michigan limited liability company (Subsidiary)
- Rocky Mountain High Clothing Company, Inc., an inactive Texas Corporation (Subsidiary)
- Smarterita, LLC, an inactive Texas limited liability company (Subsidiary)

C. Describe the issuers' principal products or services.

The Company's Wellness For Life Colorado, Inc. subsidiary currently markets the following lineup of CBD-infused products under the HEMPd brand:

- CBD-Infused Waters – The Company's initial production run of CBD-Infused waters consisted of 12 oz. cans each containing 5mg of CBD. The Company has since raised the CBD content to 20mg per can in its subsequent production runs. The Company currently markets four flavors of carbonated and non-carbonated HEMPd CBD-Infused waters.
- Gummies – Each bottle contains 30 gummies containing 25mg of full plant hemp extract in assorted flavors. Gummies are made to be chewed and ingested for absorption for hemp absorption.
- Water Soluble Concentrate– Each bottle contains 1,500mg of full plant hemp extract. Consumers place approximately 8 drops of this water-soluble concentrate in 12-16 oz. of water for a daily dose of hemp.
- Tinctures – Each bottle contains 300mg of full plant hemp extract. Consumers place these drops under their tongue.
- Triple Relief Salve – Each jar contains 250mg of full plant hemp extract. The salve is used directly on skin for pain relief in muscles, bones and joints.
- Serenity Hemp Lotion – Each bottle contains 250mg of full plant hemp extract. Lotion is meant to be applied to any part of the skin for absorption into your body.

Our Eagle Spirit Land and Water Company currently markets its naturally high alkaline spring water in two sizes: a 500ml (16.9 oz.) plastic bottle sold in cases of 24 and a 10-liter (2.64-gallon) Bag in a Box product. The Company also previously sold a 1-liter bottle in cases of 12.

6) Issuer's Facilities

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

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

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

The Company leases the following warehouse space on a month-to-month basis:

- Legendz Way Distribution Solutions, Grand Prairie, Texas – We lease space on a month-to-month basis for both CBD-infused beverages and spring water.

Our monthly rent varies depending on how much inventory is stored. Inventory levels fluctuate based on production and sales.

In April 2020 the Company executed an agreement to purchase certain assets from Raw Pharma, LLC ("Raw Pharma"). The agreement included the sublease of Raw Pharma's production facility. The Company plans to utilize a portion of the space at this facility for the storage of ingredients, packaging, and finished goods, thereby eliminating or reducing the need to rent other storage space from third parties.

7) Company Insiders (Officers, Directors, and Control Persons)

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

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

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
David M. Seeberger	CEO/President/Board Member	Dallas Texas	21,000,000	Common	5	
Charles Smith	COO/Chairman of the Board	Highland Village, Texas	21,000,000	Common	5	
Dean Blythe	Board Member	The Colony, Texas	100,001	Common	0.02	
Win Morrison	Board Member	Kingston, NY	1,231,177	Common	0.30	
Eagle Processing and Distribution, Inc. (Brice Wunsch)	>5% shareholder	Dallas, TX	50,000,000	Common	12.11	
Mogul Trading, LLC (Rameel Sheikh)	>5% shareholder	Houston, TX	29,000,000	Common	7.02	
GHS Investments,	>5% shareholder	Jericho, NY	900	Series F Preferred	100	

LLC (Matt Schissler)						
Leonard Cusenza	>5% shareholder	Mount Pleasant, MI	11	Series H Preferred	100	

8) Legal/Disciplinary History

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

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

No.

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

No.

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

No.

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

No.

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

None.

9) Third Party Providers

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

Securities Counsel

Name: Joe Laxague, Esq.
Firm: The Crone Law Group, P.C.
Address 1: 1 East Liberty, Suite 600

Address 2: Reno, NV 89501
Phone: (775) 234-5221
Email: jlaxague@cronelawgroup.com

Accountant or Auditor

Name: Elliot Berman, CPA
Firm: Berman Audit & Advisory, P.A.
Address 1: 11756 Bayou Lane
Address 2: Boca Raton FL 33498
Phone: (954) 729-3025
Email: eberman@bermanauditadvisorycpa.com

Investor Relations

Name: Paul Knopick
Firm: E&E Communications
Address 1: 8604 Gardenia Dr.
Address 2: Denton Texas 76207
Phone: (940) 262-3584
Email: pknopick@eandcommunications.com

Other Service Providers

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

n/a

10) Issuer Certification

Principal Executive Officer:

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

The certifications shall follow the format below:

I, David Seeberger, certify that:

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

November 24, 2021 [Date]

/s/ David Seeberger [CEO's Signature]

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

Principal Financial Officer:

I, Charles Smith, certify that:

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

November 24, 2021 [Date]

/s/ Charles Smith [CFO's Signature]

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

Rocky Mountain High Brands, Inc. and Subsidiaries

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Rocky Mountain High Brands, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Assets</u>		
Current Assets		
Cash	\$ 18,539	\$ 68,080
Accounts receivable - net	10,544	18,162
Inventory	156,943	238,035
Prepays and other	1,627,648	174,726
Total Current Assets	<u>1,813,674</u>	<u>499,003</u>
Property and equipment - net	1,415,798	32,350
Goodwill	527,465	-
Other	512,487	14,606
Total Assets	<u>\$ 4,269,424</u>	<u>\$ 545,959</u>
<u>Liabilities and Stockholders' Deficit</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,768,644	\$ 1,269,757
Convertible notes payable - net	1,115,925	1,008,950
Notes payable	180,100	30,000
Deferred revenue	586,268	445,925
Derivative liabilities	636,990	413,678
Total Current Liabilities	<u>5,287,927</u>	<u>3,168,310</u>
Stockholders' Deficit		
Preferred stock, Class A, \$0.001 par value, 1,000,000 shares designated, none issued and outstanding, respectively	-	-
Preferred stock, Class B, \$0.001 par value, 7,000,000 shares designated, none issued and outstanding, respectively	-	-
Preferred stock, Class C, \$0.001 par value, 2,000,000 shares designated, none issued and outstanding, respectively	-	-
Preferred stock, Class D, \$0.001 par value, 2,000,000 shares designated, none issued and outstanding, respectively	-	-
Preferred stock, Class E, \$0.001 par value, 789,474 shares designated, none issued and outstanding, respectively	-	-
Preferred stock, Class F, \$0.001 par value, 1,650 shares designated, 900 and 130 issued and outstanding, respectively	1	-
Preferred stock, Class G, \$0.001 par value, 10,000 shares designated, none and 10,000 issued and outstanding, respectively	-	10
Preferred stock, Class H, \$0.001 par value, 5,000 shares designated, 11 and none issued and outstanding, respectively	-	-
Common stock, \$0.001 par value, 1,000,000,000 shares authorized 397,890,016 and 137,914,629 shares issued and outstanding, respectively	397,890	137,915
Additional paid-in capital	46,180,193	37,528,496
Accumulated deficit	(47,592,960)	(40,285,145)
Stockholders' Deficit	<u>(1,014,876)</u>	<u>(2,618,724)</u>
Non-controlling interest	(3,627)	(3,627)
Total Stockholders' Deficit	<u>(1,018,503)</u>	<u>(2,622,351)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 4,269,424</u>	<u>\$ 545,959</u>

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

Rocky Mountain High Brands, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the Years Ended December 31,	
	2020	2019
Sales - net	\$ 1,147,431	\$ 205,250
Cost of sales	2,023,430	741,136
Gross loss	(875,999)	(535,886)
General and administrative expenses	5,385,563	3,859,354
Loss from operations	(6,261,562)	(4,395,240)
Other income (expense)		
Interest expense	(956,367)	(877,740)
Change in fair value of derivative liabilities	75,438	(25,844)
Loss on extinguishment of debt	(74,164)	(172,910)
Gain (loss) on legal settlement	(91,160)	200,817
Total other expense - net	(1,046,253)	(875,677)
Net loss including non-controlling interest	\$ (7,307,815)	\$ (5,270,917)
Non-controlling interest	-	(4,123)
Net loss available to common stockholders	\$ (7,307,815)	\$ (5,266,794)
Loss per share - basic and diluted	\$ (0.03)	\$ (0.05)
Weighted average number of shares - basic and diluted	253,181,168	115,143,080

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

Rocky Mountain High Brands, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Years Ended December 31, 2020 and 2019
(Unaudited)

	Preferred Stock - Series A		Preferred Stock - Series F		Preferred Stock - Series G		Preferred Stock - Series H		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
December 31, 2018	-	-	-	-	-	-	-	-	94,580,868	94,582	34,221,214	(35,018,351)	-	(702,555)
Stock issued for cash	-	-	130	-	-	-	-	-	39,238,908	39,239	2,316,046	-	-	2,355,285
Stock issued for services - related party	-	-	-	-	10,000	10	-	-	25,403	25	13,966	-	-	14,001
Stock issued from conversion of convertible debt	-	-	-	-	-	-	-	-	4,065,980	4,066	222,615	-	-	226,681
Beneficial conversion feature recognized on convertible debt	-	-	-	-	-	-	-	-	-	-	745,128	-	-	745,128
Forfeiture of stock options	-	-	-	-	-	-	-	-	-	-	9,530	-	-	9,530
Acquisition of Sweet Rock, Inc's shares	-	-	-	-	-	-	-	-	-	-	-	-	496	496
Fractional shares issued due reverse split	-	-	-	-	-	-	-	-	3,470	3	(3)	-	-	-
Net loss - 2019	-	-	-	-	-	-	-	-	-	-	-	(5,266,794)	(4,123)	(5,270,917)
December 31, 2019	-	-	130	-	10,000	10	-	-	137,914,629	137,915	37,528,496	(40,285,145)	-	(2,622,351)
Stock issued for cash	-	-	350	-	-	-	11	-	-	-	361,000	-	-	361,000
Stock issued for services	-	-	-	-	-	-	-	-	135,748,429	135,748	4,255,401	-	-	4,391,149
Stock issued from conversion of convertible debt	-	-	-	-	-	-	-	-	22,413,568	22,414	285,752	-	-	308,166
Stock issued for acquisition of Raw Pharma	-	-	-	-	-	-	-	-	31,700,000	31,700	710,530	-	-	742,230
Stock issued for ownership interest in Glove Hub USA, LLC	-	-	-	-	-	-	-	-	14,793,103	14,793	495,569	-	-	510,362
Conversion of Series G, preferred stock, into common stock - related party	-	-	-	-	(10,000)	(10)	-	-	500,000	500	(490)	-	-	-
Stock issued to settle accounts payable and accrued expenses	-	-	-	-	-	-	-	-	22,820,287	22,820	471,936	-	-	494,756
Stock issued to acquire machinery and equipment	-	-	-	-	-	-	-	-	32,000,000	32,000	1,568,000	-	-	1,600,000
Stock issued to extend due dates of convertible debt	-	-	420	1	-	-	-	-	-	-	503,999	-	-	504,000
Net loss - 2020	-	-	-	-	-	-	-	-	-	-	-	(7,307,815)	-	(7,307,815)
December 31, 2020	-	-	900	1	-	-	11	-	397,890,016	\$397,890	\$ 46,180,193	\$47,592,960	\$ (3,627)	\$ (1,018,503)

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

Rocky Mountain High Brands, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
For the Years Ended December 31, 2019 and 2018
(Unaudited)

	Preferred Stock - Series A		Preferred Stock - Series F		Preferred Stock - Series G		Preferred Stock - Series H		Common Stock		Additional	Accumulated	Non-controlling	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Interest	Stockholders' Deficit
December 31, 2017	1,000,000	\$ 1,000	-	-	-	-	-	-	57,985,323	\$ 57,985	\$ 24,561,530	<u>\$31,662,414</u>	\$ -	<u>\$ (7,041,899)</u>
Stock issued for cash	-	-	-	-	-	-	-	-	19,302,572	19,303	3,650,200	-	-	3,669,503
Stock issued for services	-	-	-	-	-	-	-	-	1,087,400	1,088	239,362	-	-	240,450
Stock issued upon conversion of stock options	-	-	-	-	-	-	-	-	1,454,820	1,455	27,641	-	-	29,096
Stock options issued for compensation	-	-	-	-	-	-	-	-	-	-	108,205	-	-	108,205
Stock issued from conversion of convertible debt	-	-	-	-	-	-	-	-	14,468,528	14,469	4,006,796	-	-	4,021,265
Stock issued for acquisition of BFIT Brands, LLC	-	-	-	-	-	-	-	-	373,134	373	74,627	-	-	75,000
Stock returned as of part of legal settlement	(1,000,000)	(1,000)	-	-	-	-	-	-	(90,909)	(91)	(1,727)	-	-	(2,818)
Beneficial conversion feature recognized on convertible debt	-	-	-	-	-	-	-	-	-	-	1,554,580	-	-	1,554,580
Net loss - 2018	-	-	-	-	-	-	-	-	-	-	-	<u>(3,355,937)</u>	-	<u>(3,355,937)</u>
December 31, 2018	-	-	-	-	-	-	-	-	<u>94,580,868</u>	<u>94,582</u>	<u>34,221,214</u>	<u>(35,018,351)</u>	-	<u>(702,555)</u>
Stock issued for cash	-	-	130	-	-	-	-	-	39,238,908	39,239	2,316,046	-	-	2,355,285
Stock issued for services	-	-	-	-	10,000	10	-	-	25,403	25	13,966	-	-	14,001
Stock issued from conversion of convertible debt	-	-	-	-	-	-	-	-	4,065,980	4,066	222,615	-	-	226,681
Beneficial conversion feature recognized on convertible debt	-	-	-	-	-	-	-	-	-	-	745,128	-	-	745,128
Forfeiture of stock options	-	-	-	-	-	-	-	-	-	-	9,530	-	-	9,530
Acquisition of Sweet Rock, Inc's shares	-	-	-	-	-	-	-	-	-	-	-	-	496	496
Fractional shares issued due reverse split	-	-	-	-	-	-	-	-	3,470	3	(3)	-	-	-
Net loss - 2019	-	-	-	-	-	-	-	-	-	-	-	<u>(5,266,794)</u>	<u>(4,123)</u>	<u>(5,270,917)</u>
December 31, 2019	-	<u>\$ -</u>	<u>130</u>	<u>\$ -</u>	<u>10,000</u>	<u>\$ 10</u>	-	<u>\$ -</u>	<u>137,914,629</u>	<u>\$137,915</u>	<u>\$ 37,528,496</u>	<u><u>\$40,285,145</u></u>	<u>\$ (3,627)</u>	<u><u>\$ (2,622,351)</u></u>

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

Rocky Mountain High Brands, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the Years Ended December 31,	
	2020	2019
Operating activities		
Net loss - including non-controlling interest	\$ (7,307,815)	\$ (5,270,917)
Adjustments to reconcile net loss to net cash used in operations		
Stock based compensation	4,391,149	191,824
Stock issued to extend due dates of convertible debt	504,000	-
Warrants and options issued for services rendered	-	-
Non-cash interest expense/Amortization of debt discount	360,834	865,926
Non-cash portion of gain - legal settlement	(91,160)	200,817
Change in fair value of derivative liability	(75,438)	25,844
(Gain) loss on extinguishment of debt	74,164	172,910
Bad debt expense	16,743	1,678
Depreciation and amortization expense	265,631	36,401
Impairment of goodwill and other intangibles	-	118,066
Provision for inventory obsolescence	18,658	130,364
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(9,125)	(2,516)
Inventory	62,434	(221,676)
Prepays and other	159,559	36,496
Increase (decrease) in		
Accounts payable and accrued expenses	701,124	437,188
Accounts payable and accrued expenses - related party	-	30,406
Deferred revenue	140,343	(20,375)
Net cash used in operating activities	(788,899)	(3,267,564)
Investing activities		
Investment in Sweet Rock, LLC		(500)
Acquisition of property and equipment	(124,799)	-
Disposal of property and equipment	-	7,167
Net cash provided by (used in) investing activities	(124,799)	6,667
Financing investing		
Proceeds from issuance of convertible notes	353,057	367,500
Proceeds from notes payable	150,100	-
Repayment of notes payable	-	(7,493)
Proceeds from issuance of Series F and H preferred stock	361,000	100,000
Proceeds from issuance of common stock	-	2,255,284
Net cash provided by financing activities	864,157	2,715,291
Net decrease in cash	(49,541)	(545,606)
Cash - beginning of year	68,080	613,686
Cash - end of year	\$ 18,539	\$ 68,080
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 11,814
Cash paid for income tax	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities		
Acquisition of net assets - Raw Pharma	\$ 742,230	\$ -
Debt discount recorded in connection with derivative liability	\$ 298,750	\$ -
Stock issued for ownership interest in Glove Hub USA, LLC	\$ 510,362	
Stock issued from conversion of convertible debt	\$ 308,166	
Stock issued to settle accounts payable and accrued expenses	\$ 494,756	
Stock issued to acquire machinery and equipment	\$ 1,600,000	
Conversion of Series G preferred stock to common stock - related party	\$ 500	
Common stock issued for conversion of debt and accrued interest	\$ -	\$ 497,870
Recognition of beneficial conversion feature - convertible debt	\$ -	\$ 745,128

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

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Note 1 - Organization and Nature of Operations

Organization and Nature of Operations

Rocky Mountain High Brands, Inc. (“Rocky Mountain High Brands,” “RMHB”, “we”, “our” or “the Company”), and its operating subsidiaries, is a consumer goods company that specializes in the developing, manufacturing, marketing, and distributing high-quality, health conscious, hemp oil and hemp extract-infused products that span various categories including beverage, food, fitness, skin care, and more. RMHB also markets a naturally high alkaline spring water as part of our brand portfolio. All products comply with federal regulations on hemp products and contain 0.0% tetrahydrocannabinol (“THC”), the psychoactive constituent of cannabis.

Additionally, through a newly created subsidiary of RMHB, Rocky Mountain Productions, Inc. (“RMPI”), the Company, through an asset purchase, acquired a bottling and canning facility in April 2020 and is now also in the business of canning both its own beverages as well as canning beverages for other customers. Furthermore, as a result of equipment included in the acquisition of the facility, RMHB is also in the business of bottling hand sanitizer. Because of the demand resulting with the COVID-19 pandemic, RMHB anticipates continuing in the bottling of hand sanitizer for the foreseeable future.

In March 2018, the Company launched the HEMPd brand with gummies, water soluble drops, capsules, tinctures, lotions, and salves. The Company introduced four flavors of CBD-infused waters in 12 oz. cans in November 2018.

In July 2018, the Company acquired the assets of BFIT Brands, LLC and formed a new subsidiary, FitWhey Brands Inc. FitWhey marketed a line-up of five water-based protein drinks that include caffeine and B vitamins. In August 2019, the Company suspended the production of FitWhey products and impaired all related assets.

On June 12, 2019, the Company organized Sweet Rock, LLC (“Sweet Rock”), a 51% owned company, with Sweet Ally, Inc. Sweet Rock will manufacture and market CBD-infused chocolate, hard candies, and baked goods. This entity had nominal operations and has been inactive since 2020.

During early 2019, the Company continued to market its lineup of naturally flavored hemp-infused functional beverages.

The Company also bottles and distributes its naturally high alkaline spring water under the name Eagle Spirit Spring Water.

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The parent (Rocky Mountain High Brands, Inc.) and subsidiaries are organized as follows:

<u>Company Name</u>	<u>Incorporation Date</u>	<u>State of Incorporation</u>
Rocky Mountain High Brands, Inc. ("RMHB")	October 30, 2000	Nevada
Wellness For Life Colorado, Inc. ("WFLC")	December 12, 2017	Colorado
Rocky Mountain Productions, Inc. ("RMPT")	April 29, 2020	Nevada
Eagle Spirit Land & Water Company ("Eagle Spirit")	September 23, 2016	Oklahoma
Rocky Mountain High Water Company, LLC (RMHWC)	July 26, 2016	Delaware
FitWhey Brands, Inc. ("FitWhey")	2 Inactive	Nevada
Sweet Rock, LLC ("Sweet Rock")	1, 2 Inactive	Michigan
Rocky Mountain High Clothing Company, Inc. (RMHCC)	2 Inactive	Texas
Smarterita, LLC	2 Inactive	Texas

1 The Company owns 51% of Sweet Rock, consolidates the operations and accounts for this as a non-controlling interest.

2 Entity is inactive

Impact of COVID-19

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company's supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly.

We have implemented adjustments to our operations designed to keep employees safe and comply with international, federal, state, and local guidelines, including those regarding social distancing. The extent to which COVID-19 may further impact the Company's business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

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The ultimate impact of the COVID-19 pandemic on the Company's operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations.

Any resulting financial impact cannot be reasonably estimated at this time but is anticipated to have a material adverse impact on our business, financial condition, and results of operations.

To date, the Company has experienced significant setbacks due to COVID-19 as follows:

- Numerous employees including executive officers contracted Covid-19, greatly restricting mobility and economic activity,
- Sales were greatly impacted as the Company's HEMPd brand was positioned for substantial growth in the New York City market prior to the COVID-19 outbreak. The virus caused the Company to close the New York City operations which resulted in lost sales and adjustments in employment,
- Due to a liquidity hardship, key executives and employees forfeited their salaries,
- Costs of materials, packaging and shipping skyrocketed due to lack of supply,
- International borders were closed, which caused delays in producing beverages for the Company's customer, CBD Life, Inc. in Mexico,
- The task of finding the path from normalized work to crisis management was difficult and challenging. The COVID-19 pandemic shutdown forced us to reevaluate our policies, procedures and systems and determine a better way to conduct business in a more streamlined and efficient manner,
- The Company's greatest challenge has been insufficient cash flow to maintain staff and operations, supplier disruptions and access to raw materials; and
- While COVID-19 is not yet behind us, we have become increasingly adept in our ability to adjust to changing times--becoming much more precise in targeting windows of opportunity, more creative in how we compete and more customized in what we deliver.

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Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Liquidity, Going Concern and Management's Plans

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying consolidated financial statements, for the year ended December 31, 2020, the Company had:

- Net loss of \$7,307,815; and
- Net cash used in operations was \$788,898

Additionally, at December 31, 2020, the Company had:

- Accumulated deficit of \$47,592,960
- Stockholders' deficit of \$1,014,876; and
- Working capital deficit of \$3,474,253

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. The Company has cash on hand of \$18,539 at December 31, 2020. Although the Company intends to raise additional debt or equity capital, the Company expects to continue to incur significant losses from operations and have negative cash flows from operating activities for the near-term. These losses could be significant as product and service sales ramp up along with continuing expenses related to compensation, professional fees, development and regulatory are incurred.

The Company has incurred significant losses since its inception and has not demonstrated an ability to generate sufficient revenues from the sales of its products and services to achieve profitable operations. There can be no assurance that profitable operations will ever be achieved, or if achieved, could be sustained on a continuing basis. In making this assessment we performed a comprehensive analysis of our current circumstances including: our financial position, our cash flows and cash usage forecasts for the twelve months ended December 31, 2021, and our current capital structure including equity-based instruments and our obligations and debts.

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If the Company does not obtain additional capital, the Company will be required to reduce the scope of its business development activities or cease operations. The Company continues to explore obtaining additional capital financing and the Company is closely monitoring its cash balances, cash needs, and expense levels.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve month period subsequent to the date that these consolidated financial statements are issued. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

Management's strategic plans include the following:

- Pursuing additional capital raising opportunities,
- Continuing to explore and execute prospective partnering or distribution opportunities; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation and non-Controlling Interest

These consolidated financial statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly-owned and majority owned subsidiaries. All intercompany transactions and balances have been eliminated.

The non-controlling interest in Sweet Rock is reported as Non-controlling interest in Total Stockholders' Deficit of our Consolidated Financial Statements. Sweet Rock has been inactive since 2020.

Business Combinations

The Company accounts for business acquisitions using the acquisition method of accounting, in accordance with which assets acquired and liabilities assumed are recorded at their respective fair values at the acquisition date.

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The fair value of the consideration paid, including contingent consideration, is assigned to the assets acquired and liabilities assumed based on their respective fair values. Goodwill represents excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed.

Significant judgments are used in determining fair values of assets acquired and liabilities assumed, as well as intangibles. Fair value and useful life determinations are based on, among other factors, estimates of future expected cash flows, and appropriate discount rates used in computing present values. These judgments may materially impact the estimates used in allocating acquisition date fair values to assets acquired and liabilities assumed, as well as the Company's current and future operating results. Actual results may vary from these estimates which may result in adjustments to goodwill and acquisition date fair values of assets and liabilities during a measurement period or upon a final determination of asset and liability fair values, whichever occurs first. Adjustments to fair values of assets and liabilities made after the end of the measurement period are recorded within the Company's operating results. At December 31, 2020 and December 31, 2019, goodwill was \$527,465 and \$0, respectively.

On April 30, 2020, the Company acquired certain assets and assumed certain liabilities of a third party in exchange for cash, debt, and common stock. While the transaction was an asset purchase, pursuant to ASU 2017-01, Business Combinations (Topic 805): "Clarifying the Definition of a Business", this acquisition was determined to be that of a business, therefore, there was a business combination requiring acquisition accounting and related financial reporting. See Note 7.

Business Segments and Concentrations

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company manages its business as a single reportable segment.

Customers in the United States accounted for approximately 100% of our revenues. We do not have any property or equipment outside of the United States.

Use of Estimates

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

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Significant estimates during the years ended December 31, 2020 and 2019, respectively, include, allowance for doubtful accounts and other receivables, inventory reserves and classifications, valuation of beneficial conversion features in convertible debt, valuation of loss contingencies, valuation of derivative liabilities, valuation of stock-based compensation, estimated useful lives related to intangible assets and property and equipment, uncertain tax positions, and the valuation allowance on deferred tax assets.

Risks and Uncertainties

The Company operates in an industry that is subject to intense competition and change in consumer demand. The Company's operations are subject to significant risk and uncertainties including financial and operational risks including the potential risk of business failure.

The Company has experienced, and in the future expects to continue to experience, variability in sales and earnings. The factors expected to contribute to this variability include, among others, (i) the cyclical nature of the industry, (ii) general economic conditions in the various local markets in which the Company competes, including a potential general downturn in the economy, and (iii) the volatility of prices in connection with the Company's distribution of the product. These factors, among others, make it difficult to project the Company's operating results on a consistent basis.

Fair Value of Financial Instruments

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

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The three tiers are defined as follows:

- Level 1 - Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 - Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

The Company's financial instruments, including cash, accounts receivable, and accounts payable and accrued expenses, are carried at historical cost. At December 31, 2020 and 2019, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 "*Financial Instruments*" allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

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At December 31, 2020 and December 31, 2019, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is \$250,000. There were no accounts in excess of this insured limit.

Accounts Receivable

The Company has a policy of reserving for uncollectible accounts based on the best estimate of the amount of probable credit losses in our existing accounts receivable. We extend credit to customers based on an evaluation of their financial condition and other factors. The Company generally does not require collateral or other security to support accounts receivable and perform ongoing credit evaluations of customers and maintain an allowance for potential bad debts if required.

It is determined whether an allowance for doubtful accounts is required by evaluating specific accounts where information indicates the customers may have an inability to meet financial obligations. In these cases, we use assumptions and judgment, based on the best available facts and circumstances, to record a specific allowance for those customers against amounts due to reduce the receivable to the amount expected to be collected. These specific allowances are re-evaluated and adjusted as additional information is received. The amounts calculated are analyzed to determine the total amount of the allowance. The Company may also record a general allowance, as necessary.

Direct write-offs are taken in the period when we have exhausted our efforts to collect overdue and unpaid receivables or otherwise evaluate other circumstances that indicate the collectability of receivables.

Allowance for doubtful accounts were insignificant at December 31, 2020 and December 31, 2019, respectively.

For the years ended December 31, 2020 and 2019, the Company recorded bad debt expense of \$16,743 and \$1,678, respectively.

Bad debt expense has been recorded as a component of general and administrative expenses in the accompanying consolidated statements of operations.

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Inventory

Inventory primarily consists of finished products held for resale. Inventory is stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) valuation method.

At December 31, 2020 and December 31, 2019 inventory consisted of:

<u>Classification</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finished goods	\$ 51,602	\$ 160,763
Raw materials and packaging	105,341	77,272
Total Inventory	<u>\$ 156,943</u>	<u>\$ 238,035</u>

If the Company identifies excess, obsolete, or unsalable items, inventory is written down to net realizable value in the period in which the impairment is first identified. Shipping and handling costs incurred for inventory purchases and product shipments are recorded in cost of sales in the Company's consolidated statements of operations.

During the years ended December 31, 2020 and 2019, impairment expense was \$18,658 and \$130,364, respectively.

Impairment of Long-lived Assets

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 "*Impairment or Disposal of Long-Lived Assets*." Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include but are not limited to significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

In 2019, the Company recorded an impairment loss of \$118,066 related to the 2018 acquisition of BFIT Brands, LLC.

There were no impairment losses for the year ended December 31, 2020.

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Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from one to seven years.

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses for the years ended December 31, 2020 and 2019, respectively.

Capitalized Software

Direct costs related to software development, including coding, website application development, infrastructure development and graphics development, are capitalized and included in other assets. Amortization is provided for on a straight-line basis over the useful life of the software. Costs related to planning, content development, and operating and maintaining software are expensed as incurred.

Derivative Liabilities

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "Distinguishing Liabilities from Equity" and FASB ASC Topic No. 815, ("ASC 815") "Derivatives and Hedging". Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The Company uses a binomial pricing model to determine fair value.

Upon conversion of a note where the embedded conversion option has been bifurcated and accounted for as a derivative liability, the Company records the shares at fair value, relieves all related notes, derivatives, and debt discounts, and recognizes a net gain or loss on extinguishment. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

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The Company has adopted ASU 2017-11, *Earnings per share (Topic 260)*, provided that when determining whether certain financial instruments should be classified as liability or equity instruments, a down round feature no longer precludes equity classification when assessing whether the instrument is indexed to an entity's own stock.

The guidance simplifies the accounting for certain equity-linked financial instruments and embedded features with down round features that reduce the exercise price when the pricing of a future round of financing is lower. This allows the company to treat such instruments or their embedded features as equity instead of considering them as a derivative liability. If such a feature is triggered the value is measured pre-trigger and post-trigger. The difference in these two measurements is treated as a dividend, reducing income, which will reduce the income available to common stockholders.

If a down round feature on the conversion option embedded in the note is triggered, the Company will evaluate whether a beneficial conversion feature exists, the Company will record the amount as a debt discount and will amortize it over the remaining term of the debt.

Convertible Notes with Fixed Rate Conversion Options

The Company may enter into convertible notes, some of which may contain fixed rate conversion features, whereby the outstanding principal and accrued interest may be converted, by the holder, into common shares at a fixed discount to the price of the common stock at the time of conversion. The Company measures the fair value of the notes at the time of issuance, which is the result of the share price discount at the time of conversion and records the premium to interest expense on the note issuance date.

Beneficial Conversion Features

For instruments that are not considered liabilities under ASC 480 or ASC 815, the Company applies ASC 470-20 to convertible securities with beneficial conversion features that must be settled in stock. ASC 470-20 requires that the beneficial conversion feature be valued at the commitment date as the difference between the effective conversion price and the fair market value of the common stock (whereby the conversion price is lower than the fair market value) into which the security is convertible, multiplied by the number of shares into which the security is convertible limited to the amount of the loan. This amount is recorded as a debt discount and amortized to interest expense in the Consolidated Statements of Operations.

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Original Issue Discount

For certain notes issued, the Company may provide the debt holder with an original issue discount. The original issue discount is recorded as a debt discount, reducing the face amount of the note, and is amortized to interest expense in the Consolidated Statements of Operations over the life of the debt.

Debt Issue Cost

Debt issuance cost paid to lenders, or third parties are recorded as debt discounts and amortized to interest expense in the consolidated statements of operations, over the life of the underlying debt instrument.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 to align revenue recognition more closely with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To achieve this core principle, the Company applies the following five steps:

Identify the contract with a customer

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

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Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts as of December 31, 2020 and 2019 contained a significant financing component.

Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct services that are substantially the same qualifies as a single performance obligation in a contract with variable consideration, the Company must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. For example, a bonus or penalty may be associated with one or more, but not all, distinct services promised in a series of distinct services that forms part of a single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

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Recognize revenue when or as the Company satisfies a performance obligation

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

The following reflects additional discussion regarding our revenue recognition policies for each of our material revenue streams. For each revenue stream we do not offer any returns, refunds or warranties, and no arrangements are cancellable. Additionally, all contract consideration is fixed and determinable at the initiation of the contract.

All sales are recognized upon delivery of products to the customer. When determining revenues, no significant judgements or assumptions are required. For all transactions, the sales price is fixed (no variable consideration). All consideration from contracts is included in the transaction price. The Company's contracts are all single performance obligations.

In September 2019, the Company completed its initial production run and delivery of Green Lotus branded CBD-infused canned beverages for its private label customer, Texas Wellness Center ("TWC"), a subsidiary of GL Brands, Inc. In late 2019, TWC informed the Company that some of the cans developed leaks and were unsaleable. Initially, TWC requested the Company rerun its production, but then requested a refund. In May 2020, the Company agreed to a settlement and release agreement whereby the Company agreed to issue 17,500,000 shares of common stock to TWC in exchange for mutual releases. The Company recorded this settlement in 2019 as a refund of the sales price of \$322,000 that had been recorded as revenue in September 2019.

Contract Liabilities (Deferred Revenue)

Contract liabilities represent deposits made by customers before the satisfaction of performance obligation and recognition of revenue. Upon completion of the performance obligation that the Company has with the customer based on the terms of the contract, the liability for the customer deposit is relieved and revenue is recognized.

At December 31, 2020 and December 31, 2019, the Company had deferred revenue of \$586,268 and \$445,925, respectively.

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The following represents the Company's disaggregation of revenues for the years ended December 31, 2020 and 2019:

	Year Ended December 31,			
	2020		2019	
<u>Revenue</u>	<u>Revenue</u>	<u>% of Revenues</u>	<u>Revenue</u>	<u>% of Revenues</u>
Retailer	920,340	80%	184,875	90%
Private label	227,091	20%	20,375	10%
Total Revenues	<u>\$1,147,431</u>	<u>100%</u>	<u>\$ 205,250</u>	<u>10%</u>

During 2019, the Company had concentrations of revenues with one customer of approximately 10% of total sales. There were no concentrations in 2020.

Cost of Revenues

Cost of revenues primarily consists of purchased supplies, materials and overhead.

Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740, "Income Taxes". Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of December 31, 2020 and 2019, respectively, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense. No interest and penalties related to uncertain income tax positions were recorded for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, tax years 2017-2019 remain open for IRS audit.

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In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (“*CARES Act*”) was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (“*2017 Tax Act*”). Corporate taxpayers may carryback net operating losses (NOLs) originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act.

In addition, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and makes qualified improvement property generally eligible for 15-year cost-recovery and 100% bonus depreciation. The enactment of the CARES Act did not result in any material adjustments to our income tax provision for the three and nine months ended December 31, 2020 and 2019, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the consolidated statements of operations.

The Company recognized \$113,189 and \$642,324 in marketing and advertising costs during the years ended December 31, 2020 and 2019, respectively.

Stock-Based Compensation

We account for our stock-based compensation under ASC 718 “*Compensation – Stock Compensation*” using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments.

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We use the fair value method for equity instruments granted to non-employees and use the Black-Scholes model for measuring the fair value of options. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,
- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

In June 2018, the FASB issued ASU No. 2018-07, *"Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting."* ASU No 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The guidance also specifies that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards.

Common Stock Awards

The Company may grant common stock awards to non-employees in exchange for services provided. The Company measures the fair value of these awards using the fair value of the services provided or the fair value of the awards granted, whichever is more reliably measurable. The fair value measurement date of these awards is generally the date the performance of services is complete. The fair value of the awards is recognized on a straight-line basis as services are rendered. The share-based payments related to common stock awards for the settlement of services provided by non-employees is recorded in accordance with ASU 2018-07 (June 2018) on the consolidated statement of operations in the same manner and charged to the same account as if such settlements had been made in cash.

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Stock Warrants

In connection with certain financing, consulting and collaboration arrangements, the Company may issue warrants to purchase shares of its common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using the Black-Scholes option pricing model as of the measurement date. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital of the common stock issued. All other warrants are recorded at fair value as expense over the requisite service period or at the date of issuance if there is not a service period.

At December 31, 2020 and 2019, the Company had 607,500 warrants. Exercise prices ranged from \$0.02 to \$0.40/share.

Basic and Diluted Earnings (Loss) per Share

Pursuant to ASC 260-10-45, basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding for the periods presented. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future. In the event of a net loss, diluted loss per share is the same as basic loss per share since the effect of the potential common stock equivalents upon conversion would be anti-dilutive.

The following potentially dilutive equity securities outstanding as of December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Series F, redeemable preferred stock	25,352	3,714
Series G, redeemable preferred stock	-	200,000
Series H, redeemable preferred stock	310	-
Convertible notes and related accrued interest (exercise price \$0.01 - \$0.0262/share)	121,435,127	121,435,127
Warrants (exercise price \$0.02 - \$0.40/share)	607,500	607,500
Total common stock equivalents	<u>122,068,289</u>	<u>122,246,341</u>

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The convertible notes contain exercise prices that have a discount to market and cause variability in the potential amount of common stock equivalents outstanding at each reporting period. As a result, the amount computed for common stock equivalents could change given the quoted closing trading price at each reporting period.

Warrants and stock options included as common stock equivalents represent those that are vested and exercisable.

Based on the potential common stock equivalents noted above at December 31, 2020, the Company has sufficient authorized shares of common stock (1,000,000,000) to settle any potential exercises of common stock equivalents.

Preferred Stock (Temporary Equity)

We apply the guidance enumerated in ASC 480 “Distinguishing Liabilities from Equity” when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders’ equity. Our preferred shares do not feature any redemption rights within the holders’ control or conditional redemption features not within our control. Accordingly, unless otherwise noted, all issuances of preferred stock are presented as a component of consolidated stockholders’ deficit.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

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Recent Accounting Standards

Changes to accounting principles are established by the FASB in the form of ASU's to the FASB's Codification. We consider the applicability and impact of all ASU's on our consolidated financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof. Management has evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates ("ASU") through the date these financial statements were available to be issued and found no recent accounting pronouncements issued, but not yet effective accounting pronouncements, when adopted, will have a material impact on the financial statements of the Company.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which supersedes current guidance by requiring recognition of credit losses when it is probable that a loss has been incurred. The new standard requires the establishment of an allowance for estimated credit losses on financial assets including trade and other receivables at each reporting date. The new standard will result in earlier recognition of allowances for losses on trade and other receivables and other contractual rights to receive cash. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842)*, which extends the effective date of Topic 326 for certain companies until fiscal years beginning after December 15, 2022. The new standard will be effective for the Company in the first quarter of fiscal year beginning October 1, 2023, and early adoption is permitted. The Company has not completed its review of the impact of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes." This guidance, among other provisions, eliminates certain exceptions to existing guidance related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. ASU 2019-12 is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have material effect on the Company's consolidated financial statements.

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However, based on the Company's history of immaterial credit losses from trade receivables, management does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, "Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity", to reduce complexity in applying GAAP to certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 is effective for interim and annual periods beginning after December 15, 2023, with early adoption permitted. We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have material effect on the Company's consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the consolidated results of operations, stockholders' deficit, or cash flows.

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Estimated Useful Lives (Years)</u>
Production equipment	\$ 1,556,880	\$ -	1 - 7
Leasehold improvements	81,060	-	1 - 7
Furniture and equipment	34,716	45,322	3 - 5
Software	31,220	31,220	3
Computers	15,437	17,901	1 - 3
Vehicles	14,687	14,687	3
	<u>1,734,000</u>	<u>109,130</u>	
Accumulated depreciation	318,202	76,780	
Total property and equipment - net	<u>\$ 1,415,798</u>	<u>\$ 32,350</u>	

Depreciation expense for the years ended December 31, 2020 and 2019 was \$265,631 and 36,401, respectively.

These amounts are included as a component of general and administrative expenses in the accompanying consolidated statements of operations.

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In connection with the asset acquisition on April 30, 2020, the Company acquired production equipment and leasehold improvements with a net carrying amount of \$1,524,280. See Note 7.

Note 4 – Debt

The following represents a summary of the Company's notes payable – SBA government, notes payable and convertible notes, key terms, and outstanding balances at December 31, 2020 and December 31, 2019, respectively:

Notes Payable – SBA government

Paycheck Protection Program - PPP Loan

Pertaining to the Company's eighteen (18) month loan and in accordance with the Paycheck Protection Program ("PPP") and Conditional Loan Forgiveness, the promissory note evidencing the loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding, collection of all amounts owing from the Company, and/or filing suit and obtaining judgment against the Company.

Under the terms of the PPP loan program, all or a portion of this Loan may be forgiven upon request from Borrower to Lender, provided the Loan proceeds are used in accordance with the terms of the Coronavirus Aid, Relief and Economic Security Act (the "Act" or "CARES"), Borrower is not in default under the Loan or any of the Loan Documents, and Borrower has provided documentation to Lender supporting such request for forgiveness that includes verifiable information on Borrower's use of the Loan proceeds, to Lender's satisfaction, in its sole and absolute discretion.

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<u>Terms</u>	<u>Pre-Bankruptcy Notes</u> *	<u>SBA - PPP Loan</u> **	
Issuance dates of notes	Prior to 2014	April 29, 2020	
Maturity date	2019	April 29, 2022	
Interest rate	None	1%	
Collateral	Unsecured	Unsecured	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Pre-Bankruptcy Notes	* \$ 30,000	\$ 30,000	\$ 30,000
SBA - PPP Loan	150,100	-	-
Other	** -	7,493	7,493
Notes payable	180,100	37,493	37,493
Repayments	-	(7,493)	-
Notes payable - net	<u>\$ 180,100</u>	<u>\$ 30,000</u>	<u>\$ 37,493</u>

* These notes originated prior to the Company's 2014 bankruptcy. The note holders can not be located. The notes were due and remain in default since 2019.

** A three-year note executed on September 1, 2016 relating to the purchase of used office furniture and equipment from our landlord was paid in full on September 1, 2019. The note payable was in the amount of \$40,122 at an interest rate of 0% and with monthly payments of \$1,115. The Company imputed interest on the note and recorded a discounted note balance of \$36,634 on September 1, 2016. As of December 31, 2018 the balance on this note was \$7,493.

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Convertible Notes Payable – Net

<u>Terms</u>	<u>LSW Holdings, LLC</u>	<u>GHS Investments, LLC</u>	<u>Eagle Equities, LLC</u>
Issuance dates of convertible notes	May 2017 - July 2017	July 2018 - December 31, 2019	February 2020 - March 2020
Maturity date	November 2017 - January 2018	July 2020 - December 13, 2020	August 2021 - September 2021
Interest rate	6%	10%	8%
Collateral	All assets	All assets	All assets
Conversion price	50% of the average, of the 3 lowest closing prices - prior 10 days	\$ 0.01	60% of the lowest trading price in preceeding 20 days
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
LSW Holdings, LLC	\$ 179,000	\$ 179,000	\$ 179,000
GHS Investments, LLC	772,330	1,035,750	871,079
Eagle Equities, LLC	298,750	-	-
Less: unamortized debt discount	(134,155)	(205,800)	(383,483)
Convertible notes payable - net	<u>\$ 1,115,925</u>	<u>\$ 1,008,950</u>	<u>\$ 666,596</u>

Note 5 – Derivative Liabilities

The above convertible notes contained an embedded conversion option with a conversion price that could result in issuing an undeterminable amount of future common stock to settle the host contract. Accordingly, the embedded conversion option is required to be bifurcated from the host instrument (convertible note) and treated as a liability, which is calculated at fair value, and marked to market at each reporting period.

The Company used the binomial pricing model to estimate the fair value of its embedded conversion option liabilities with the following inputs:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected term (years)	0.1 - 2.25 years	0.1 - 3.25 years
Expected volatility	130% - 145%	137%
Expected dividends	0%	0%
Risk free interest rate	0.04% - 0.13%	1.47%

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A reconciliation of the beginning and ending balances for the derivative liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows at December 31, 2020 and December 31, 2019:

Derivative liability - December 31, 2018	\$ 376,172
Fair value at commitment date	21,193
Fair value mark to market adjustment	25,844
Gain on derivative liability upon related debt settled	<u>(9,531)</u>
Derivative liability - December 31, 2019	413,678
Fair value at commitment date	298,750
Fair value mark to market adjustment	<u>(75,438)</u>
Derivative liability - December 31, 2020	<u>\$ 636,990</u>

Changes in fair value of derivative liabilities are included in other income (expense) in the accompanying consolidated statements of operations.

Note 6 – Fair Value of Financial Instruments

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. This determination requires significant judgments to be made.

Liabilities measured at fair value on a recurring basis consisted of the following at December 31, 2020 and December 31, 2019:

	<u>December 31, 2020</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Derivative liabilities	<u>\$ 636,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,990</u>

	<u>December 31, 2019</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Derivative liabilities	<u>\$ 413,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413,678</u>

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Note 7 – Business Combination (Asset Purchase)

On April 29, 2020, the Company formed Rocky Mountain Productions, Inc. (“RMPI”), a Nevada corporation, which is a wholly owned subsidiary of the Company.

RMPI acquired RAW Pharma (“RAW”) on April 30, 2020 pursuant to an asset purchase agreement for initial consideration of \$1,971,200. On November 12, 2020, the agreement was amended to a value of \$1,097,230. The Company financed the acquisition by issuing common stock, making cash payments, and assuming bank debt, collateralized by related equipment.

On April 29, 2020, the Company formed Rocky Mountain Productions, Inc. (“RMPI”), a Nevada corporation, which is a wholly owned subsidiary of the Company.

RMPI acquired RAW Pharma (“RAW”) on April 30, 2020 pursuant to an asset purchase agreement for initial consideration of \$1,971,200. On November 12, 2020, the agreement was amended to a value of \$1,097,230. The Company financed the acquisition by issuing common stock, making cash payments, and assuming bank debt, collateralized by related equipment.

Pursuant to ASC 805-10-25-13, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statement’s provisional amounts for the items for which the accounting is incomplete. During the measurement period, in accordance with paragraph 805-10-25-17, the acquirer shall adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date.

Finally, ASC 805-10-25-14, during the measurement period, the acquirer also shall recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

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The Company's financial statements will include the new information related to the November 2020 final agreement, in essence, finalizing a previous provisional amount with a final balance. Since this information was obtained prior to any additional filings, there is no disclosure required related to the adjustment of goodwill or the PPA, which has been established for the first filing which contains this data.

RAW is a contract manufacturer offering:

- Novel Ingredient Design
- Product Formulation
- Research Laboratory
- FDA Claims and Labeling Attorney
- Project Management
- Marketing/Web Analytics
- Branding and Design

RAW's facility has the capability to can and bottle products, including 12 oz. regular and sleek cans, 16 oz. cans, shots, and bottles.

The acquisition of RAW was reflected in the accompanying consolidated financial statements at June 30, 2020, the results of operations are included in the consolidated financial statements as of the acquisition date.

In connection with the purchase of RAW, there were no additional transaction costs incurred. Goodwill is not deductible for tax purposes.

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The following table summarizes the consideration paid for the target and the amounts of assets acquired and liabilities assumed recognized at the acquisition date:

Consideration	
Common stock issued on April 30, 2020 (27,000,000 shares) (1) (2)	\$526,500
Common stock issued on November 12, 2020 (4,700,000 shares) (1) (3)	215,730
Cash to seller on April 30, 2020	255,000
Cash due to seller on June 1, 2021 (not yet paid)	<u>100,000</u>
Fair value of consideration transferred	\$1,097,230

Recognized amounts of identifiable assets acquired and liabilities assumed:

Production equipment	1,448,020
Leasehold improvements	<u>76,260</u>
Total assets acquired	1,524,280
Notes payable (bank)	<u>954,515</u>
Total liabilities assumed	954,515
Total net assets acquired	<u>569,765</u>
Goodwill in purchase of Raw Pharma	<u>527,465</u>

(1) Fair value of common stock was determined based upon the quoted closing trading price on date of issuance.

(2) Shares issued pursuant to original agreement.

(3) Additional shares issued pursuant to amended agreement.

Note 8 – Commitments and Contingencies

Contingencies/Legal Matters

Rocky Mountain High Brands, Inc. v La Dolce Vita Trust and Christine Guthrie, In Her Capacity as Trustee, In The 382nd District Court of Rockwall County, Texas, Cause No. 1-18-1608.

This is a case whereby the Company is attempting to collect on the Judgment obtained against Grisaffi. More specifically the Company is requesting the Court to order the La Dolce Vita Trust to turnover fraudulently transferred assets and for additional relief necessary to enforce the Company's judgment against Grisaffi. The case has been stayed, and the Company will seek an order from the Bankruptcy Court to continue in this case or will work in conjunction with the Trustee appointed in the Chapter 7 case on this matter.

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In The Court of Appeals For The Fifth District Of Texas Dallas, Texas, Jerry Grisaffi, Appellant v. Rocky Mountain High Brands, Inc, f/k/a Republic of Texas Brands, Inc., Appellee, No. 05-18-01020-CV.

Grisaffi appealed the Judgment described above. The Court of Appeals affirmed in part and reversed in part the Judgment and remanded it to the trial court for the purpose of the Company electing its remedy. The Company has elected its remedy of the \$3,500,000 judgment against Grisaffi. Grisaffi has again appealed this matter. On November 19, 2019, Grisaffi filed a chapter 11 bankruptcy in the United States Bankruptcy Court for the Northern District of Texas, Case No. 19-33855-sgj. The Company has filed an Adversary Proceeding to deny Grisaffi the ability to discharge the judgment. A Judgment of non dischargeability was obtained by the Company excepting its Judgment from discharge. The Chapter 11 case has been converted by the Bankruptcy Court to a Chapter 7 case. The Trustee who has been appointed is actively conducting proceedings to locate assets of Grisaffi.

Note 9 – Stockholders’ Deficit

At December 31, 2020, the Company had various classes of stock:

Common Stock

- 1,000,000,000 shares authorized (March 2020 an increase to the authorized shares from 200,000,000 to 1,000,000,000)
- Par value - \$0.001
- Voting at 1 vote per share

Stock Options

In 2017, the Company adopted the 2017 incentive plan (the “Plan”). The Company is authorized to grant up to 5,000,000 stock options with terms and conditions to be determined by the Board of Directors. At December 31, 2020 and 2019 there were no stock options issued and outstanding.

The Company has authorized 20,000,000 shares of preferred stock for issuance and designation. The following represents those series which have been issued.

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Series F, Convertible Preferred Stock

- 1,650 shares designated
- 900 and 130 shares issued and outstanding at December 31, 2020 and 2019, respectively
- Stated value - \$1,200/share
- Par value - \$0.001
- Non-voting
- Ranks senior to any other class of preferred stock
- Dividends – 12% on the stated value, if declared by the Board of Directors
- Liquidation preference – none
- Rights of redemption – stated value per share, at Company option
- Conversion – lowest daily VWAP of 20 preceding days – maximum 4.99% ownership

Series G, Convertible Preferred Stock

- 10,000 shares designated
- 0 and 10,000 issued and outstanding at December 31, 2020 and 2019, respectively
- Stated value - none
- Par value - \$0.001
- Voting at 20,000 votes for each share of Series G held
- Ranks junior to Series F, preferred stock and equivalent to all other series of preferred stock
- Dividends – none
- Liquidation preference – none
- Rights of redemption – none
- Conversion – convertible into common stock at a ratio 20 to 1
- All shares were owned by the Company's Chairman and Chief Operating Officer

Series H, Convertible Preferred Stock

- 5,000 shares designated
- 11 and 0 shares issued and outstanding at December 31, 2020 and 2019, respectively
- Stated value - \$1,000/share
- Par value - \$0.001
- Non-voting
- Ranks junior to Series F, preferred stock and equivalent to all other series of preferred stock
- Dividends – 14% on the stated value, if declared by the Board of Directors
- Liquidation preference – none
- Rights of redemption – none
- Conversion – 120% of VWAP of 5 preceding days – maximum 4.99% ownership

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Equity Transactions for the Year Ended December 31, 2020

Stock Issued for Cash – Series F, Preferred Stock

The Company issued 350 shares of Series F, preferred stock for \$350,000 (\$1,000/share).

Stock Issued for Cash – Series H, Preferred Stock

The Company issued 11 shares of Series H, preferred stock for \$11,000 (\$1,000/share).

Stock Issued for Services – Common Stock

The Company issued 135,748,429 shares of common stock for services rendered, having a fair value of \$4,391,149 (\$0.02 - \$0.048/share), based upon the quoted closing trading price.

Stock Issued from Conversion of Convertible Debt

The Company issued 22,413,568 shares of common stock in connection with the conversion of convertible debt, having a fair value of \$308,166 (\$0.01 - \$0.023/share), based upon the quoted closing trading price.

Stock Issued for Asset Purchase

The Company issued 31,700,000 shares of common stock in connection with the purchase of Raw Pharma's assets, having a fair value of \$742,230 (\$0.02 - \$0.046/share), based upon the quoted closing trading price. See Note 7.

Stock Issued for Purchase of Glove Hub USA, LLC

The Company authorized for issuance 15,000,000 shares of common stock in connection with the purchase of a 30% interest in Glove Hub USA, LLC, having a fair value of \$510,362 (\$0.034/share), based upon the quoted closing trading price. At December 31, 2020, 14,793,103 shares had been issued, the remaining 206,897 shares are expected to be issued in 2021. The investment is adjusted for the Company's proportionate share of gains and losses. There was no activity in 2020, and therefore, the value of the investment was equivalent to its purchase price.

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Conversion of Series G Preferred Stock to Common Stock – Related Party

The Company issued 500,000 shares of common stock in connection with the conversion of Series G preferred stock. The transaction was valued at \$500, (par value of \$0.001). These shares were held by the Company's Chairman and Chief Operating Officer.

Stock Issued in Settlement of Accounts Payable and Accrued Expenses

The Company issued 22,820,287 shares of common stock to various vendors to settle accounts payable. The shares had a fair value of \$494,756 (\$0.02 - \$0.022/share), based upon the quoted closing trading price.

Stock Issued to Acquire Machinery and Equipment

The Company issued 32,000,000 shares of common stock as a deposit on machinery and equipment to be used for bottling operations, having a fair value of \$1,600,000 (\$0.05/share), based upon the quoted closing trading price. The asset was never placed into service. In May 2021, the Company returned the equipment to the supplier as defective. The shares have not yet formally been cancelled but are expected to be by December 31, 2021.

Equity Transactions for the Year Ended December 31, 2019

Stock Issued for Cash – Series F, Preferred Stock

The Company issued 130 shares of Series F, preferred stock for \$130,000 (\$1,000/share).

Stock Issued for Cash – Common Stock

The Company issued 39,238,908 shares of common stock for \$2,225,285 (\$0.057/share).

Stock Issued for Services – Series G, Preferred Stock – Related Party

The Company issued 10,000 shares of Series G, preferred stock for services rendered, having a fair value of \$10,00 (\$1/share).

Stock Issued for Services – Common Stock

The Company issued 25,403 shares of common stock for services rendered, having a fair value of \$4,001 (\$0.158/share), based upon the quoted closing trading price.

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Beneficial Conversion Feature – Convertible Debt

The Company charged \$745,128 to additional paid in capital related to a beneficial conversion feature recorded on the commitment date related to convertible debt issued.

Forfeiture of Stock Options

The Company charged \$9,530 to additional paid in capital related to the cancellation and forfeiture of unvested stock options.

Acquisition of Sweet Rock, LLC

The Company acquired a 51% ownership in exchange for \$500. Sweet Rock has been inactive since 2020. During 2019, Sweet Rock had \$8,398 in marketing resulting in an allocation to non-controlling interest of \$4,123.

Reverse Stock Split

On April 22, 2019 the Company effected a 1-for-20 reverse stock split. All share and per share amounts have been retroactively restated to the earliest period presented.

Note 10 - Income Taxes

The Company's tax expense differs from the "expected" tax expense for the period are approximately as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Federal income tax benefit - 21%	\$ 5,060,000	\$ 4,620,000
Valuation allowance	<u>(5,060,000)</u>	<u>(4,620,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

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The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2020 and 2019 are approximately as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Deferred Tax Assets</u>		
Net operating loss carryforwards	440,000	630,000
Total deferred tax assets	440,000	630,000
Less: valuation allowance	(440,000)	(630,000)
Net deferred tax asset recorded	<u>\$ -</u>	<u>\$ -</u>

Deferred tax assets and liabilities are computed by applying the federal and state income tax rates in effect to the gross amounts of temporary differences and other tax attributes, such as net operating loss carryforwards. In assessing if the deferred tax assets will be realized, the Company considers whether it is more likely than not that some or all of these deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which these deductible temporary differences reverse.

During the year ended December 31, 2020 and 2019, the valuation allowance increased by approximately \$440,000 and \$630,000, respectively. The total valuation allowance results from the Company's estimate of its uncertainty in being unable to recover its net deferred tax assets.

At December 31, 2020, the Company has federal net operating loss carryforwards, which are available to offset future taxable income, of approximately \$24,000,000. The Company is in the process of analyzing their NOL and has not determined if the Company has had any change of control issues that could limit the future use of these NOL's. NOL carryforwards that were generated after 2017 of approximately \$8,000,000 may only be used to offset 80% of taxable income and are carried forward indefinitely.

These carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if the Company experienced one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change, as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. The Company has not completed an IRC Section 382/383 analysis. If a change in ownership were to have occurred, NOL and tax credit carryforwards could be eliminated or restricted.

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If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact the Company's effective tax rate.

The Company files corporate income tax returns in the United States jurisdiction. Due to the Company's net operating loss posture, all tax years are open and subject to income tax examination by tax authorities. The Company's policy is to recognize interest expense and penalties related to income tax matters as tax expense. At December 31, 2020 and 2019, there were no unrecognized tax benefits, and there are no significant accruals for interest related to unrecognized tax benefits or tax penalties.

Note 11 – Subsequent Events

In 2021, the Company issued an aggregate of 25,016,433 shares of common stock for cash, conversion of debt, services, and trademark licensing. Additionally, the Company cancelled 10,000,000 shares of common stock previously issued for services rendered.