

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

Quarterly Report for the Period Ending: March 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

845,466,003 shares as of May 21, 2023.

845,466,003 shares as of March 31, 2023.

Shell Status

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 Control⁵ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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

"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

Transfer Agent

Name: Securities Transfer Corporation

Phone: (469) 633-0101

Email: smith@stctransfer.com

Address: 2901 N. Dallas Parkway, Suite 380

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	RMHB
Exact title and class of securities outstanding:	common stock
CUSIP:	77471R207
Par or stated value:	\$0.001
Total shares authorized:	3,000,000,000 as of date: 10/2/2022
Total shares outstanding:	845,466,003 as of date: 4/12/2023
Total number of shareholders of record:	312

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	preferred shares (Series F)
CUSIP (if applicable):	N/A
Par or stated value:	\$0.001
Total shares authorized:	1,680 <u>as of date: 12/29/2019</u>
Total shares outstanding (if applicable):	130 <u>as of date: 4/12/2023</u>
Total number of shareholders of record (if applicable):	1 <u>as of date: 4/12/2023</u>

Exact title and class of the security:	preferred shares (Series H)
CUSIP (if applicable):	N/A
Par or stated value:	\$0.001
Total shares authorized:	5,000 <u>as of date: 2/25/2020</u>
Total shares outstanding (if applicable):	11 <u>as of date: 4/12/2023</u>
Total number of shareholders of record (if applicable):	1 <u>as of date: 4/12/2023</u>

Exact title and class of the security:	preferred shares (Series I)
CUSIP (if applicable):	N/A
Par or stated value:	\$0.001
Total shares authorized:	1,000 <u>as of date: 5/21/2023</u>
Total shares outstanding (if applicable):	1,000 <u>as of date: 5/21/2023</u>
Total number of shareholders of record (if applicable):	<u>1 as of date: 5/21/2023</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

One share one vote, no preemptive rights, no dividends.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Series F preferred – 20,000 votes per share, 12% dividend, convertible into shares of the Company's common stock using the 20-day trailing volume weighted average low share price. Senior to all other preferred stock. Stated value \$1,200.

Series H preferred – One votes per share, 12% dividend, convertible into shares of the Company's common stock using the 5 preceding 120% days trailing volume weighted average low share price. Stated value \$1,200.

Series I preferred – One votes per share, no dividend, convertible into shares of the Company's common stock at 1 share preferred equals 1,000 shares common.

3. Describe any other material rights of common or preferred stockholders.

None except what is described herein.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None.

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.

Shares Outstanding as of Second Most Recent Period
End:

Opening Balance:

Date: 12/31/2020 Common: 397,890,016

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
13-Jan-21	New Issuance	68,966	Common	\$0.04	No	Timothy W. Harris	To purchase LLC interest	Restricted	Rule 144
3-Jun-21	New Issuance	1,150,000	Common	\$0.03	Yes	Silvia L. Santos	Conversion of Debt	Restricted	Rule 144
11-Jun-21	New Issuance	5,000,000	Common	\$0.04	No	Specter Capital (Janes Tehan)	Shares issued for consulting services	Restricted	Rule 144
11-Jun-21	New Issuance	1,000,000	Common	\$0.03	Yes	Specter Capital (Janes Tehan)	Issued pursuant to license agreement	Restricted	Rule 144
11-Jun-21	New Issuance	1,000,000	Common	\$0.03	Yes	William F. Foshage	Issued pursuant to license agreement	Restricted	Rule 144
24-Jun-21	New Issuance	300,000	Common	\$0.04	No	Mehrunnisa Khan	Shares issued in lieu of cash compensation	Restricted	Rule 144
28-Jun-21	New Issuance	1,750,000	Common	\$0.02	Yes	Ricardo Guevara	Purchase of shares	Restricted	Rule 144
6-Jul-21	New Issuance	727,272	Common	\$0.03	Yes	Atia Rani	Purchase of shares	Restricted	Rule 144
6-Jul-21	New Issuance	1,090,909	Common	\$0.03	Yes	Mohammad Kasif	Purchase of shares	Restricted	Rule 144
3-Aug-21	New Issuance	2,215,000	Common	\$0.03	Yes	Brian Potts	Shares issued in lieu of cash compensation	Restricted	Rule 144
2-Aug-21	New Issuance	10,714,286	Common	\$0.01	Yes	Ryan Bruning	Purchase of shares	Restricted	Rule 144
20-Aug-21	Cancellation	-10,000,000	Common			Jen Mielke	Return of shares	Restricted	Rule 144

9-Oct-21	Cancellation	-29,000,000	Common			Mogul Trading LLC (Rameel Sheikh)	Return of Shares	Restricted	Rule 144
15-Oct-21	Cancellation	-3,000,000	Common			Finn USA Enterprises, Inc. (Imran Kaiser)	Return of Shares	Restricted	Rule 144
15-Oct-21	Cancellation	-33,000,000	Common			Eagle Processing & Distribution, Inc. (Brian Wunch)	Return of Shares	Restricted	Rule 144
8-Mar-22	New Issuance	300,000	Common	0.0328	No	Christian Cardenas	Services	Restricted	Rule 144
30-Mar-22	New Issuance	6,602,123	Common	0.0263	No	Oscar Herrera	Services	Restricted	Rule 144
30-Mar-22	New Issuance	5,463,460	Common	0.0263	No	John Jay Saldi	Services	Restricted	Rule 144
30-Mar-22	New Issuance	4,000,000	Common	0.0263	No	Kathy Fernandez	Services	Restricted	Rule 144
30-Mar-22	New Issuance	12,738,447	Common	0.0263	No	Charles W. Smith	Services - RP	Restricted	Rule 144
30-Mar-22	New Issuance	13,459,912	Common	0.0263	No	David M. Seeberger	Services - RP	Restricted	Rule 144
12-Apr-22	New Issuance	68,333,333	Common	0.015	Yes	United American Holdings (Dr. Syed Naveed)	Cash	Restricted	Rule 144
12-Apr-22	New Issuance	12,666,667	Common	0.015	Yes	National Clinical Labs (Dr. Syed Naveed)	Cash	Restricted	Rule 144
6-May-22	New Issuance	22,909,091	Common	0.01375	Yes	United American Holdings (Dr. Syed Naveed)	Cash	Restricted	Rule 144
11-May-22	New Issuance	1,000,000	Common	0.01	Yes	Steven Craig Glickman	Cash	Restricted	Rule 144
26-Jul-22	New Issuance	7,500,000	Common	0.02	Yes	Specter Capital (James Tehan)	Cash	Restricted	Rule 144
12-Sep-22	New Issuance	35,000,000	Common	0.01	Yes	United American Holdings (Dr. Syed Naveed)	Cash	Restricted	Rule 144

12-Sep-22	New Issuance	10,000,000	Common	0.01	Yes	United American Holdings (Dr. Syed Naveed)	Cash	Restricted	Rule 144
25-Oct-22	New Issuance	150,000	Common	0.01	Yes	Azhar Qasmi	Services	Restricted	Rule 144
25-Oct-22	New Issuance	150,000	Common	0.01	Yes	Rehan Kaiser	Services	Restricted	Rule 144
25-Oct-22	New Issuance	3,000,000	Common	0.01	Yes	Thomas Fitzgerald, Sr.	Cash	Restricted	Rule 144
25-Oct-22	New Issuance	3,000,000	Common	0.01	Yes	Thomas Fitzgerald, Jr.	Cash	Restricted	Rule 144
30-Nov-22	New Issuance	714,286	Common	0.007	Yes	Zohar Shafi	Cash	Restricted	Rule 144
30-Nov-22	New Issuance	27,000,000	Common	0.013	No	Imran Kaiser	Services - RP	Restricted	Rule 144
30-Nov-22	New Issuance	714,286	Common	0.007	Yes	Kamran Kaiser	Cash	Restricted	Rule 144
28-Dec-22	New Issuance	54,545,454	Common	0.011	Yes	5566 Meadowbrook, LLC (Hasib Mobh)	Cash	Restricted	Rule 144
29-Dec-22	New Issuance	45,454,546	Common	0.005	Yes	Aishwayra Realty (Afzal Damanwala)	Debt Conversion	Restricted	Rule 144
29-Dec-22	New Issuance	54,545,454	Common	0.005	Yes	Aishwayra Realty (Afzal Damanwala)	Debt Conversion	Restricted	Rule 144
29-Dec-22	New Issuance	100,000,000	Common	0.005	Yes	Charles Smith	Debt Conversion	Restricted	Rule 144
24-Jan-23	New Issuance	5,000,000	Common	0.01	Yes	GHS Investments (Matt Schissler)	Debt settlement	Restricted	Rule 144
24-Feb-23	Cancellation	-100,001	Common			Dennis Radcliffe	Return of shares	Restricted	Rule 144
24-Feb-23	Cancellation	-125,001	Common			Crackerjack Classic LLC (Dennis Radcliffe)	Return of shares	Restricted	Rule 144
24-Feb-23	Cancellation	-12,501	Common			Crackerjack Classic LLC (Dennis Radcliffe)	Return of shares	Restricted	Rule 144

24-Feb-23	Cancellation	-100,001	Common			Kenneth Radcliffe	Return of shares	Restricted	Rule 144
1-Mar-23	New Issuance	175,000	Common	0.01	Yes	Thomas Fitzgerald, Sr.	Debt inducement	Restricted	Rule 144
1-Mar-23	New Issuance	175,000	Common	0.01	Yes	Thomas Fitzgerald, Jr.	Debt inducement	Restricted	Rule 144
2-Mar-23	New Issuance	2,214,285	Common	0.01	Yes	Anjum Kaiser	Cash	Restricted	Rule 144
2-Mar-23	New Issuance	300,000	Common	0.01	Yes	Ibrahim Mena	Cash	Restricted	Rule 144
2-Mar-23	New Issuance	785,714	Common	0.01	Yes	Kamran Kaiser	Cash	Restricted	Rule 144

Shares Outstanding on Date of This Report:

Ending Balance:

Ending date for the table 05/15/2023

Common: 845,466,003

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:									
<u>Opening Balance</u>									
Date <u>12/31/2020</u> Series F Preferred: <u>900</u>									
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.
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date <u>4/12/2023</u> Series F Preferred: <u>900</u>									

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2020</u> Series H Preferred: <u>11</u>									
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.
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date <u>4/12/2023</u> Series H Preferred: <u>11</u>									

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date <u>12/31/2020</u> Series I Preferred: <u>0</u>									
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.
	New	1,000	Preferred	\$0.001	No	Chuck Smith	Allow for an increase in the number of common shares	Restricted	N/A
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date <u>5/21/2023</u> Series I Preferred: <u>1,000</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:

Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

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	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance
7/24/2018	215,636	157,500	58,136	1/24/2021	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
8/13/2018	263,953	157,500	106,453	2/13/2021	Convertible at \$0.01 per share	GHS Investments, LLC (Matt Schissler)	Loan
5/3/2019	174,698	113,400	61,298	12/13/2020	Convertible at \$0.02 per share	GHS Investments, LLC (Matt Schissler)	Loan
5/16/2019	261,181	169,539	91,642	12/13/2020	Convertible at \$0.02 per share	GHS Investments, LLC (Matt Schissler)	Loan
6/7/2019	173,147	112,393	60,754	12/13/2020	Convertible at \$0.02 per share	GHS Investments, LLC (Matt Schissler)	Loan
11/27/2019	47,817	31,000	16,817	3/1/2021	Convertible at \$0.02 per share	GHS Investments, LLC (Matt Schissler)	Loan
12/31/2019	48,819	31,000	17,819	9/30/2020	Convertible at \$0.023 per share	GHS Investments, LLC (Matt Schissler)	Loan
2/19/2020	229,524	183,750	45,774	8/19/2021	Convertible at 40% of the lowest closing price in last 20 trading days	Eagle Equities, LLC (Motty Borenstein)	Loan
3/27/2020	142,702	115,000	27,702	9/27/2021	Convertible at 40% of the lowest closing price in last 20 trading days	Eagle Equities, LLC (Motty Borenstein)	Loan
5/19/2017	105,073	79,000	26,073	11/19/2017	Convertible at \$0.1278 per share	LSW Holdings (Lili Li)	Loan
7/11/2017	136,094	100,000	36,094	1/11/2018	Convertible at \$0.1278 per share	LSW Holdings (Lili Li)	Loan
4/1/2021	23,500	23,500	0	4/1/2022	Convertible at \$0.0075 per share	Ann Weiringa	Loan
10/13/2021	100,000	100,000	0	11/1/2022	Convertible at \$0.01 per share	Eagle Processing (Brice Wunch)	Loan
12/14/2021	57,664	50,000	7,664	6/14/2022	Convertible at \$0.0075 per share	Steve Baxter	Loan
12/27/2021	61,727	52,500	9,227	12/27/2022	Convertible at \$0.0075 per share	Ryan Brunning	Loan
3/23/2022	57,048	50,000	7,048	12/31/2022	Convertible at \$0.0075 per share	Steve Baxter	Loan
4/15/2022	114,384	100,000	14,384	4/30/2023	Convertible at \$0.0075 per share	Steve Baxter	Loan
5/5/2022	85,171	75,000	10,171	5/5/2023	Convertible at \$0.0075 per share	Steve Baxter	Loan
5/23/2022	0	250,000	0	7/22/2022	Convertible at \$0.01 per share	Surani Capital (Sharjeel Surani)	Loan
12/13/2022	26,110	25,000	1,110	11/30/2023	Convertible at \$0.0075 per share	Steve Baxter	Loan
2/24/2023	76,079	75,000	1,079	2/24/2024	Convertible at \$0.0050 per share	Steve Baxter	Loan

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

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

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 beverages. RMHB also markets 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.

B. 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. ("RMP"), an active Nevada corporation (Subsidiary)
- Rocky Mountain NexBev, Inc. ("NexBev")
- 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 inactive Nevada corporation (Subsidiary)
- Sweet Rock, LLC ("Sweet Rock"), an inactive 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.

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.

5) 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 to 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 subleases its production facility at 1000 Shiloh Rd, Suite 200, Plano, TX for \$31,195 per month. The lease terminated on April 30, 2023. The Company leases warehouse space on a month-to-month basis from Legendz Way Distribution Solutions, Grand Prairie, Texas.

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

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, 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.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

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.

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	Names of control person(s) if a corporate entity
Dr. Syed Naved	Board Member	Dallas, TX	148,909,091	Common	17.79%	
Charles Smith	COO / Chairman of the Board	Highland Village, Texas	132,791,792	Common	15.86%	
Aishwayra Realty	Shareholder	Dallas, TX	100,000,000	Common	11.95%	Afzal Damanwala
5566 Meadowbrook	Shareholder	Dallas, TX	54,545,454	Common	6.52%	Hasib Mobh
David Seeberger	CEO / President/ Board Member	Dallas Texas	35,356,307	Common	4.22%	
Imran Kaiser	SVP - Rocky Mountain Productions, Inc,	Irving, TX	27,000,000	Common	3.23%	
Dean Blythe	Board Member	The Colony, Texas	1,850,001	Common	0.22%	
Winton Morrison	Board Member	Kingston, NY	460,829	Common	0.06%	
AS A CLASS (COMMON)			500,913,474		59.84%	
GHS Investments, LLC	>5% shareholder	Jericho, NY	900	Series F Preferred	100%	Matt Schissler
Leonard Cusenza	>5% shareholder	Mount Pleasant, MI	11	Series H Preferred	100%	

Legal/Disciplinary History

A. 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.

See notes to the financial statements.

8) Third Party Providers

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

Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	<u>Joe Laxague, Esq.</u>
Firm:	<u>The Crone Law Group, P.C.</u>
Address 1:	<u>1 East Liberty, Suite 600</u>
Address 2:	<u>Reno, NV 89501</u>
Phone:	<u>(775) 234-5221</u>
Email:	<u>jlaxague@cronelawgroup.com</u>

Accountant or Auditor

Name: David Ostrower
Firm: Avail CFO, LLC
Address 1: 4950 NW 54th Street
Address 2: Coconut Creek, FL 33073-3732
Phone: (954) 778-1207
Email: dostrower@availcfo.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

All other means of Investor Communication:

Twitter: _____
Discord: _____
LinkedIn: _____
Facebook: _____
[Other]: _____

Other Service Providers

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

Name: _____
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) 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)¹:

Name: **David Ostrower**
Title: **Managing Director, AVAIL CFO, LLC.**
Relationship to Issuer: **Outside accountant**

Describe the qualifications of the person or persons who prepared the financial statements: **Over 20 years experience filing financial statements for public companies on the NYSE, AMEX, NASDAQ and OTCMARKET.**

Provide the following financial statements 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.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

Important Notes:

- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- All financial statements for a fiscal period must be published together with the disclosure statement in one Annual or Quarterly Report.

Financial Statements for the three months ended March 31, 2023 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.

⁶ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by a person with sufficient financial skills.

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 Disclosure Statement for 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.

June 6, 2023

/s/ David Seeberger

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

Principal Financial Officer:

I, Charles Smith certify that:

1. I have reviewed this Disclosure Statement for 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.

June 6, 2023

/s/ Charles Smith

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

Rocky Mountain High Brands, Inc. and Subsidiaries

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Consolidated Statements of Cash Flows (Unaudited)	4
Notes to Consolidated Financial Statements (Unaudited)	5 - 30

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<u>Assets</u>		
Current Assets		
Cash	-	\$ -
Accounts receivable - net	298,555	239,760
Inventory	470,141	521,364
Deposits	50,691	-
Prepays and other	57,255	7,966
Total Current Assets	<u>876,641</u>	<u>769,090</u>
Property and equipment - net	1,341,593	1,253,324
Intangibles	344,480	350,670
Goodwill	<u>579,950</u>	<u>579,950</u>
Total Assets	<u><u>\$ 3,142,663</u></u>	<u><u>\$ 2,953,034</u></u>
<u>Liabilities and Stockholders' Deficit</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,702,044	\$ 2,677,618
Common stock payable	80,268	43,988
Convertible notes payable - net	1,700,858	1,643,818
Loans payable - other	1,647,942	1,490,942
Loans payable - related party	179,592	182,592
Deferred revenue	220,392	226,410
Derivative liabilities	2,266,624	7,758,776
Total Current Liabilities	<u>8,797,721</u>	<u>14,024,144</u>
Long Term Liabilities		
Notes payable - government - SBA	<u>177,017</u>	<u>300,200</u>
Total Long Term Liabilities	<u>177,017</u>	<u>300,200</u>
Total Liabilities	<u>8,974,737</u>	<u>14,324,344</u>
Stockholders' Deficit		
Preferred stock, Class F, \$0.001 par value, 1,680 shares designated, 900 and 900 issued and outstanding, respectively	1	1
Preferred stock, Class H, \$0.001 par value, 5,000 shares designated, 11 and 11 issued and outstanding, respectively	-	-
Preferred stock, Class I, \$0.001 par value, 1,000 shares designated, 1,000 and 0 issued and outstanding, respectively	-	-
Common stock, \$0.001 par value, 3,000,000,000 shares authorized 845,466,003 and 837,153,508 shares issued and outstanding, respectively	845,466	837,153
Additional paid-in capital	49,942,308	49,871,545
Accumulated deficit	<u>(56,619,848)</u>	<u>(62,080,009)</u>
Stockholders' Deficit	<u>(5,832,074)</u>	<u>(11,371,310)</u>
Total Liabilities and Stockholders' Deficit	<u><u>\$ 3,142,663</u></u>	<u><u>\$ 2,953,034</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 Operations
(Unaudited)

	For the Three Months Ended March 31,	
	2023	2022
Sales - net	\$ 2,466,714	\$ 121,352
Cost of sales	<u>1,408,119</u>	<u>35,060</u>
Gross Profit	1,058,594	86,292
General and administrative expenses	1,276,304	1,427,782
Loss from operations	<u>(217,709)</u>	<u>(1,341,490)</u>
Other income (expense)		
Interest expense	(147,104)	(2,570)
Change in fair value of derivative liabilities	5,702,790	-
Gain/(Loss) on extinguishment of debt	123,183	.
Total other expense - net	<u>5,678,869</u>	<u>(2,570)</u>
Net gain/(loss) available to common stockholders	<u>\$ 5,461,160</u>	<u>(1,344,060)</u>
Gain/(loss) per share - basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.00</u>
Weighted average number of shares - basic and diluted	<u>841,593,541</u>	<u>390,470,391</u>

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 Year Ended December 31, 2022
(Unaudited)

	Preferred Stock - Series F		Preferred Stock - Series H		Preferred Stock - Series I		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Stockholders' Deficit
December 31, 2021	900	\$ 1	11	\$ -	-	\$ -	347,906,449	\$ 347,906	\$ 45,005,411	\$ (52,496,325)	\$ (7,143,007)
Stock issued for cash	-	-	-	-	-	-	219,383,117	219,383	2,590,617	-	2,810,000
Stock issued for services	-	-	-	-	-	-	16,665,583	16,666	418,699	-	435,365
Stock issued for services - related party	-	-	-	-	-	-	53,198,359	53,198	986,818	-	1,040,016
Stock issued for the conversion of debt	-	-	-	-	-	-	200,000,000	200,000	800,000	-	1,000,000
Warrants issued for services - related party	-	-	-	-	-	-	-	-	70,000	-	70,000
Net loss - 2022	-	-	-	-	-	-	-	-	-	(9,583,684)	(9,583,684)
December 31, 2022	900	\$ 1	11	\$ -	-	\$ -	837,153,508	837,153	49,871,545	(62,080,009)	(11,371,310)
Issuance of Series I preferred shares	-	-	-	-	-	1	-	-	-	-	1
Conversion of Series I preferred shares to common	-	-	-	-	-	(1)	-	-	-	(999)	(1,000)
Stock issued for cash	-	-	-	-	-	-	3,299,999	3,300	20,700	-	24,000
Stock issued for the conversion of debt	-	-	-	-	-	-	5,000,000	5,000	45,000	-	50,000
Stock issued for the inducement of debt	-	-	-	-	-	-	350,000	350	4,725	-	5,075
Cancellation of common stock	-	-	-	-	-	-	(337,504)	(338)	338	-	-
Net gain - 2022	-	-	-	-	-	-	-	-	-	5,461,160	5,461,160
March 31, 2023	900	\$ 1	11	\$ -	-	\$ -	845,466,003	845,466	49,942,308	(56,619,848)	(5,832,074)

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 Three Months Ended March 31,	
	2023	2022
Operating activities		
Net loss	\$ 5,461,160	(1,344,060)
Adjustments to reconcile net loss to net cash provided by (used in) operations		
Stock based compensation - non-related party	-	1,121,381
Stock issued for the conversion of debt and Accrued interest	50,000	-
Stock issued for debt inducement	5,075	-
Conversion of preferred Series I shares to common	(999)	-
Non-cash interest expense/Amortization of debt discount	57,040	(70,000)
Change in fair value of intangibles	6,191	(244,734)
Change in fair value of derivative liability	(5,702,790)	-
Derivative Expense	135,637	-
(Gain) loss on extinguishment of debt	(123,183)	-
Bad debt expense	(7,326)	-
Depreciation and amortization expense	73,644	-
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(51,469)	(32,951)
Inventory	51,223	(332,734)
Deposits	(50,691)	-
Prepays and other	(49,289)	(6,054)
Increase (decrease) in		
Accounts payable and accrued expenses	147,610	(244,615)
Accounts payable and accrued expenses - related party	36,280	1,072,105
Deferred revenue	(6,018)	145,629
Net cash provided by (used in) operating activities	32,096	63,967
Investing activities		
Acquisition of property and equipment	(161,913)	(90,467)
Net cash used in investing activities	(161,913)	(90,467)
Financing investing		
Proceeds from loans payable	157,000	(148,444)
Proceeds from loans payable - related party	(3,000)	83,735
Proceeds from issuance of convertible notes	75,000	120,000
Debt forgiveness - SBA	(123,183)	-
Proceeds from notes payable	-	(23,786)
Proceeds from issuance of common stock	24,000	-
Net cash provided by financing activities	129,817	31,505
Net increase (decrease) in cash	-	5,005
Cash - beginning of period	-	73,114
Cash - end of period	\$ -	78,119
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ (20,680)	-
Cash paid for income tax	\$ -	-
Supplemental disclosure of non-cash investing and financing activities		
Debt discount recorded in connection with derivative liability	\$ 75,000	-

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

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
2023 AND 2022
UNAUDITED

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 diversified and dynamic Company committed to making a difference by raising the quality and expectations in beverages. We are committed to producing healthier beverages with innovative flavors designed to help people feel inspired.

Our enriched flavor-infused waters with CBD sold under the brand of Hempd™ are market disrupters. These innovative drinks were formulated by our own talented team who are transcending the beverage frontier with their creativity and passion for healthier alternatives to the sugar-laden drinks that dominate the market today. Hempd™ currently offers four unique flavors including Peach Mango, Pineapple Coconut, Dragon Fruit, and Raspberry Lemonade with zero calories.

Our state-of-the-art co-packing facility, Rocky Mountain Productions, Inc., specializes in cold fill beverages, concentrates and ready-to-drink beverages and is uniquely positioned to co-pack our brand drinks as well as private label with all the best-in-class services needed to get products ready for market.

Our Eagle Spirit® is a high alkaline spring water that has a high pH, an all-natural refreshing taste, and is sourced from sacred Native American soil rich in history and culture. The name of Eagle Spirit represents great power and balance, dignity with grace, and a symbolism as to live in balance with heaven and earth.

In June 2021, the Company entered into a trademark license agreement with AGS Labs, Inc. to produce certain AGS Great Choice products. These products are National Brand Equivalent (NBE) products and compare with national brands, such as Pedialyte beverages. The NBE market is a rapidly growing market, and the Company is exploring adding additional NBE product and business lines. The Agreement also granted to the Company an option to purchase the above-mentioned Great Choice national brand equivalents and the “Great Choice” trademark. The purchase was finalized in March 2022.

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
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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
Rocky Mountain NextBev, Inc. ("RMNB")	July 6, 2022	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

Coronavirus ("COVID-19") Pandemic

During the three months ended March 31, 2023, the Company's financial results and operations were not materially adversely impacted by the COVID-19 pandemic. The extent to which the Company's future financial results could be impacted by the COVID-19 pandemic depends on future developments that are highly uncertain and cannot be predicted at this time. The Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities.

These estimates may change, as new events occur, and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

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.

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
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As reflected in the accompanying consolidated financial statements, for the three months ended March 31, 2023, the Company had:

- Net gain of \$5,461,160; and
- Net cash used in operations was \$32,096

Additionally, at March 31, 2023, the Company had:

- Accumulated deficit of \$56,619,848
- Stockholders' deficit of \$5,832,074; and
- Working capital deficit of \$7,921,079.

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. The Company had no cash on hand at March 31, 2023. 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 March 31, 2023, and our current capital structure including equity-based instruments and our obligations and debts.

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.

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
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Management's strategic plans include the following:

- Pursuing additional capital raising opportunities (debt or equity),
- Continue to execute on our strategic planning while increasing operational efficiency,
- 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 subsidiaries. All intercompany transactions and balances have been eliminated.

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by us is included in Non-controlling Interests in the consolidated financial statements.

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.

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.

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
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At March 31, 2023 and December 31, 2022, goodwill was \$579,950 and \$579,950, respectively.

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 96% 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.

Significant estimates during the three months ended March 31, 2023 and the year ended December 31, 2022, 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

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
2023 AND 2022
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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.

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 March 31, 2023 and December 31, 2022, respectively, the carrying amounts of these instruments approximated their fair

ROCKY MOUNTAIN HIGH BRANDS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31,
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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.

At March 31, 2023 and 2022, 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 March 31, 2023 and 2022,

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respectively. For the months ended March 31, 2023 and 2022, the Company recorded bad debt expense of \$0 and \$0, respectively.

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

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 March 31, 2023 and December 31, 2022 inventory consisted of:

Classification	March 31, 2023	December 31, 2022
Finished goods	\$ -	\$ 10,428
Raw materials and packaging	470,141	510,936
Total Inventory	<u>\$ 470,141</u>	<u>\$ 521,364</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 three months ended March 31, 2023 and 2022, impairment expense was \$0 and \$0, 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.

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During the three months ended March 31, 2023 and 2022, impairment expense was \$0 and \$0, respectively.

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.

During the three months ended March 31, 2023 and 2022, impairment expense was \$0 and \$0, 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 model to determine fair value.

Upon conversion of a note for shares of common stock, 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 debt 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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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.

Operating Lease

From time to time we may enter into operating lease or sub-lease agreements, including our corporate headquarters. We account for leases in accordance with ASC Topic 842: *Leases*, which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating. We determine if an arrangement is a lease, or contains a lease, at inception and record the lease in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data.

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We have lease agreements with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our leases, where we are the lessee, do not include an option to extend the lease term. Our lease also includes an option to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease term would include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, included as a component of general and administrative expenses, in the accompanying consolidated statements of operations.

Certain operating leases provide for annual increases to lease payments based on an index or rate, our lease has no stated increase, payments were fixed at lease inception. We calculate the present value of future lease payments based on the index or rate at the lease commencement date. Differences between the calculated lease payment and actual payment are expensed as incurred.

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

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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.

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 March 31, 2023 and 2022, 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

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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.

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.

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 March 31, 2023 and December 31, 2022, the Company had deferred revenue of \$220,392 and \$226,410, respectively.

The following represents the Company's disaggregation of revenues for the years ended March 31, 2023 and 2022:

	<u>3/31/2023</u>		<u>12/31/2022</u>	
<u>Revenue</u>	<u>Revenue</u>	<u>% of Revenues</u>	<u>Revenue</u>	<u>% of Revenues</u>
Retailer	2,366,182	96%	2,307,978	94%
Private label	100,532	4%	158,736	6%
Total Revenues	<u>\$2,466,714</u>	<u>100%</u>	<u>\$2,466,714</u>	<u>100%</u>

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All private label revenue was derived from one customer for the three months ended March 31, 2023 and 2022, respectively.

Cost of Revenues

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

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 March 31, 2023 and 2022, 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 three months ended March 31, 2023 and 2022, respectively.

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 2019, 2020 or 2021. 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

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any material adjustments to our income tax provision for the three months ended March 31, 2023 and 2022, 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 \$0 and \$0 in marketing and advertising costs during the three months ended March 31, 2023 and 2022, respectively.

Stock-Based Compensation

The Company accounts 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.

The Company uses 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 fair value of stock-based 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

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.

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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 and expensed over the requisite service period or at the date of issuance if there is not a service period.

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 March 31, 2023 and December 31, 2022 were as follows:

	<u>3/31/2023</u>	<u>12/31/2022</u>	<u>Shares Outstanding</u>	<u>Stock Price @ March 31, 2023</u>
Series F, redeemable preferred stock	89,109	89,109	900	0.0101
Series G, redeemable preferred stock	-	-		
Series H, redeemable preferred stock	1,089	1,089	11	0.0101
Series I, redeemable preferred stock	1,000,000	-		
Convertible notes & related accrued interest (exercise price \$0.0014 - \$0.023/share)	405,665,055	387,447,275		0.0195
Warrants (exercise price \$0.001/share)	70,000,000	70,000,000		0.0195
Total common stock equivalents	<u>476,755,254</u>	<u>457,537,473</u>		

The convertible notes contain exercise prices that have a discount to market and cause variability into 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 March 31, 2023, the Company has sufficient authorized shares of common stock (3,000,000,000) 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

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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.

Recent Accounting Standards

There were no new accounting standards adopted that had an impact on the Company's financial statements during the 52 weeks ended March 31, 2023.

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:

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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>Estimated Useful Lives (Years)</u>
Production equipment	\$ 2,062,965	\$ 1,901,053	1 - 7
Leasehold improvements	81,060	81,060	1 - 7
Furniture and equipment	32,413	32,412	3 - 5
Computers	9,704	9,704	1 - 3
	<u>2,186,142</u>	<u>2,024,229</u>	
Accumulated depreciation	844,549	770,905	
Total property and equipment - net	<u>\$ 1,341,593</u>	<u>\$ 1,253,324</u>	

Depreciation expense for the three months ended March 31, 2023 and 2022, was \$73,644 and \$57,747, respectively.

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

Note 4 – Debt

The following represents a summary of the Company’s convertible notes payable, notes payable – government - SBA, loans payable – related party and loans payable – other, key terms, and outstanding balances at March 31, 2023, respectively:

Convertible Notes Payable

Balance - December 31, 2021	<u>1,293,542</u>
Proceeds from the issuance of notes	250,000
Repayment of convertible debt	(250,000)
Debt discount	(250,000)
Amortization of debt discount	600,276
Balance - December 31, 2022	<u>1,643,818</u>
Proceeds from the issuance of notes	75,000
Debt discount	(75,000)
Amortization of debt discount	57,040
Balance - March 31, 2023	<u>1,700,858</u>

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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.

<u>Terms</u>	<u>SBA - PPP Loan #1</u>	<u>SBA - PPP Loan #2</u>	<u>Total</u>
Issuance dates of notes	April 29, 2020	April 5, 2021	
Maturity date	April 29, 2022	April 5, 2026	
Interest rate	1%	1%	
Collateral	Unsecured	Unsecured	
Balance - December 31, 2021	150,100	-	150,100
Proceeds from issuance of notes	-	150,100	150,100
Balance - December 31, 2022	\$ 150,100	\$ 150,100	\$ 300,200
Proceeds from issuance of notes	\$ -	\$ -	-
Debt Forgiveness		\$ (123,183)	(123,183)
Balance - March 31, 2023	\$ 150,100	\$ 26,917	\$ 177,017

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Loans Payable – Related Party

<u>Terms</u>	<u>Loans Payable Related Party</u>
Issuance dates of loans	Various
Maturity date	Due on Demand
Interest rate	0%
Collateral	Unsecured
Balance - December 31, 2020	357,629
Proceeds from issuance of loans	308,077
Balance - December 31, 2021	\$ 665,706
Conversion of debt to stock	\$ (500,000)
Proceeds from issuance of loans	16,886
Balance - December 31, 2022	\$ 182,592
Reclassification of Debt to Equity	\$ (3,000)
	<u>\$ 179,592</u>

Loans Payable – Other

<u>Terms</u>	<u>Loans Payable</u>
Issuance dates of loans	Various
Maturity date	Due on Demand
Interest rate	0%
Collateral	Unsecured
Balance - December 31, 2021	\$ -
Proceeds from issuance of loans	\$ -
Balance - December 31, 2022	\$ 1,490,942
Proceeds from issuance of loans	157,000
Balance - March 31, 2022	<u>\$ 1,647,942</u>

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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>March 31, 2023</u>	<u>December 31, 2022</u>
Expected term (years)	0.16 - 0.95 years	0.1 - 1.25 years
Expected volatility	555%	129% - 644%
Expected dividends	0%	0%
Risk free interest rate	4.68%	0.05% - 0.18%

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 March 31, 2023 and December 31, 2022:

Derivative liability - December 31, 2022	\$ 7,223,845
Fair value at commitment date	\$ 210,637
Fair value mark to market adjustment	\$ (5,167,858)
Derivative liability - March 31, 2023	\$ 2,266,624

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.

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Liabilities measured at fair value on a recurring basis consisted of the following at March 31, 2023 and December 31, 2022:

	<u>March 31, 2023</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>\$ 2,266,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,266,624</u>

	<u>December 31, 2022</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>\$ 7,223,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,223,845</u>

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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.

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. Grisaffi has appealed to the Texas Supreme Court and the Supremed Court has not yet decided if it will accept or refuse the appeal by Grisaffi. On November 19, 2019, Grisaffi filed a chapter 11 bankruptcy in the UnitedStates 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 conducting proceedings to locate assets of Grisaffi.

Note 8 – Stockholders’ Deficit

At March 31, 2023 and December 31, 2022, the Company had various classes of stock:

Common Stock

- 3,000,000,000 shares authorized (Increased from 1,000,000,000 in October 2022)
- Par value - \$0.001
- Voting at 1 vote per share

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

Series F, Convertible Preferred Stock

- 1,680 shares designated
- 900 and 900 shares issued and outstanding at March 31, 2023 and December 31, 2022, 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 0 issued and outstanding at March 31, 2023 and December 31, 2022, 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

Series H, Convertible Preferred Stock

- 5,000 shares designated
- 11 and 11 issued and outstanding at March 31, 2023 and December 31, 2022, 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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Series I, Convertible Preferred Stock

- 1,000 shares designated
- 1,000 and 0 issued and outstanding at March 31, 2023 and December 31, 2022, respectively
- Stated value - \$.001/share
- Par value - \$0.001
- Non-voting
- 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 – 1,000:1 to common

Equity Transactions for the three months ended March 31, 2023

Stock Issued for Cash – Common Stock

The Company issued 3,299,999 shares of common stock for \$24,000 (\$0.007 - \$0.01/share).

Stock Issued for Services – Common Stock

The Company issued no shares of common stock for services rendered.

Stock Issued for Services Related Party – Common Stock

The Company issued no shares of common stock for services rendered to related parties.

Stock Issued for Conversion of Debt – Common Stock

The Company issued 5,000,000 shares of common stock for debt, having a fair value of \$50,000 (\$0.01/share).

Stock Issued for Inducement of Debt – Common Stock

The Company issued 350,000 shares of common stock to induce a lender into giving the company funds, having a fair value of \$5,075 (\$0.015/share).

Cancellation of Common Stock

The Company cancelled 337,504 shares of common stock at par value (\$0.001/share).

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Equity Transactions for the Year Ended December 31, 2022

Stock Issued for Cash – Common Stock

The Company issued 219,383,117 shares of common stock for \$2,810,000 (\$0.007 - \$0.02/share).

Stock Issued for Services – Common Stock

The Company issued 16,665,583 shares of common stock for services rendered, having a fair value of \$435,365 (\$0.01 - \$0.033/share), based upon the quoted closing trading price.

Stock Issued for Services Related Party – Common Stock

The Company issued 53,198,359 shares of common stock for services rendered, having a fair value of \$1,040,017 (\$0.013 - \$0.026/share), based upon the quoted closing trading price.

Stock Issued for Conversion of Debt – Common Stock

The Company issued 200,000,000 shares of common stock for debt, having a fair value of \$1,000,000 (\$0.005/share), based upon the quoted closing trading price.

Note 9 – Subsequent Events

New Facility (Right-of-Use Operating Lease)

On March 28, 2023, Rocky Mountain Productions, Inc. (a subsidiary of the Company) entered into a lease agreement for a new facility at 3540 14th Street, Plano, Texas 75074. The company plans on moving into the new facility in May 2023 and will no longer use the 1000 Shiloh Road facility. The lease term is 7 years and base rent for this location is as set forth below. The Company will account for this new lease pursuant ASC 842, "Leases".

\$50,691.38 per month for months 1 through 24, inclusively;
\$52,465.58 per month for months 25 through 36, inclusively;
\$54,301.87 per month for months 37 through 48, inclusively;
\$56,202.44 per month for months 49 through 60, inclusively;
\$58,169.52 per month for months 61 through 72, inclusively; and
\$60,205.46 per month for months 73 through 84, inclusively.