UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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

For the transition period from _______ to _______

Commission File Number: 000-56230

KONA GOLD BEVERAGE, INC.
(Exact name of registrant as specified in its charter)

Delaware	20-1915692
(State of incorporation)	(I.R.S. Employer Identification No.)
746 North Drive, Suite A, Melbourne, Florida	32934
(Address of principal executive offices)	(Zip Code)

(844) 714-2224
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	KGKG	OTC Markets Group Inc.

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

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

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

The number of shares of the issuer’s common stock, par value $0.0001 per share, outstanding as of November 13, 2023 was 2,453,312,419.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KONA GOLD BEVERAGE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash	$ 369,931	$ 39,788
Accounts receivable, net of allowance for doubtful accounts of $154,224 and $145,579, respectively	(120,288)	79,529
Inventory, net of reserve for obsolescence of $80,000, respectively	333,990	859,179
Other current assets	50,306	45,262
Total current assets	633,939	1,023,758
NON-CURRENT ASSETS		
Property, plant and equipment, net	279,134	348,064
Right-of-use asset, net	434,402	762,464
Intangible property, net	47,006	66,201
Deposits	7,100	15,125
Total assets	$ 1,401,581	$ 2,215,612
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 1,849,053	$ 1,379,227
Accrued compensation	325,279	137,083
Notes payable, net of discount of $83,973 and $218,481, respectively, current	903,264	712,499
Notes payable - related parties, current	1,829,000	1,785,651
Acquisition obligations, current	652,788	659,550
Lease liabilities, current	178,074	209,685
Convertible debt, net of discount of $236,783 and $183,940, respectively	662,974	411,060
Total current liabilities	6,400,432	5,294,755
NON-CURRENT LIABILITIES		
Notes payable, net of current	56,835	57,055
Lease liabilities, net of current	296,983	629,197
Total liabilities	6,754,250	5,981,007
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred Stock, $.00001 par value, 5,702,000 shares authorized, 989,000 and 988,000 issued and outstanding, respectively	10	10
Common Stock, $.00001 par value, 10,500,000,000 authorized, 2,382,423,530 and 2,000,276,378, issued and outstanding, respectively	23,824	20,003
Common stock issuable (169,998,860 shares)	1,386,489	1,386,497
Additional paid-in capital	20,495,431	18,441,303
Accumulated deficit	(27,258,423)	(23,613,208)
Total stockholders' deficit	(5,352,669)	(3,765,395)
Total liabilities and stockholders' deficit	$ 1,401,581	$ 2,215,612

See notes to condensed consolidated financial statements.

KONA GOLD BEVERAGE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Nine Months Ended September 30, 2023 and 2022
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
REVENUES, NET	$ 687,797	$ 1,130,546	$ 2,892,213	$ 3,299,075
COST OF REVENUES	501,056	873,319	2,230,601	2,608,712
Gross profit	186,741	257,227	661,612	690,363
OPERATING EXPENSES				
Selling, general and administrative expenses	656,607	1,075,044	2,858,287	3,045,895
LOSS FROM OPERATIONS	(469,866)	(817,817)	(2,196,675)	(2,355,532)
OTHER INCOME (EXPENSE)				
Gain on extinguishment of debt	42,151	-	42,151	-
Gain on divestiture	345,619	-	345,619	-
Interest expense	(176,434)	(253,855)	(779,396)	(867,209)
Financing costs	(5,173)	-	(294,173)	(260,000)
Change in the fair value of derivative liability	-	148,000	-	(1,523,000)
Gain (loss) on extinguishment of debt	(256,792)	(268,810)	(770,312)	(1,141,850)
Other income (expense)	2,403	425	7,571	5,447
NET LOSS	$ (518,092)	$ (1,192,057)	$ (3,645,215)	$ (6,142,144)
NET LOSS PER COMMON SHARES:				
Basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES:				
Basic and diluted	2,340,337,120	1,760,650,640	2,156,953,058	1,580,864,982

See notes to condensed consolidated financial statements.

KONA GOLD BEVERAGE, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Three Months Ended September 30, 2023
(Unaudited)

	Common Stock $.00001 Par		Preferred Stock $.00001 Par		Common Shares Issuable		Additional Paid	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficit	Deficit
Balance June 30, 2023	2,294,940,557	$ 22,949	989,000	$ 10	169,998,860	$1,386,489	$20,094,053	$ (26,740,331)	$ (5,236,830)
Common stock issued for conversion of convertible debt and accrued interest	70,000,000	700					314,300		315,000
Common stock issued for ELOC	17,482,973	175					78,498		78,673
Warrants related to convertible notes							8,580		8,580
Net loss								(518,092)	(518,092)
Balance September 30, 2023 (Unaudited)	2,382,423,530	$ 23,824	989,000	$ 10	169,998,860	$1,386,489	$20,495,431	$ (27,258,423)	$ (5,352,669)

For the Nine Months Ended September 30, 2023
(Unaudited)

	Common Stock $.00001 Par		Preferred Stock $.00001 Par		Common Shares Issuable		Additional Paid	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficit	Deficit
Balance December 31, 2022	2,000,276,378	$ 20,003	988,000	$ 10	169,999,860	$1,386,497	$18,441,303	$ (23,613,208)	$ (3,765,395)
Common stock issued for conversion of convertible debt and accrued interest	269,500,000	2,695					1,201,055		1,203,751
Common stock issued for financing costs (LOC)	28,000,000	280					125,720		126,000
Common stock issued for ELOC	17,482,973	175					78,498		78,673
Warrants related to							296,250		296,250

convertible notes									
Warrants issued for financing costs (ELOC)							163,000		163,000
Common stock issued upon cashless exercise of warrants	67,164,179	671					(671)		-
Preferred stock issued to a related party for common stock issuable			1,000	-	(1000)	(8)	185,008		185,000
Warrants related to services rendered							5,269		5,269
Net loss								(3,645,215)	(3,645,215)
Balance September 30, 2023 (Unaudited)	2,382,423,530	$ 23,824	989,000	$ 10	169,998,860	$1,386,489	$20,495,431	$ (27,258,423)	$ (5,352,669)

For the Three Months Ended September 30, 2022
(Unaudited)

	Common Stock $.00001 Par		Preferred Stock $.00001 Par		Common Shares Issuable		Additional Paid-	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficit	Deficit
June 30, 2022	1,709,122,945	$ 17,091	988,000	$ 10	170,000,000	$1,386,497	$16,855,382	$ (21,250,260)	$ (2,991,280)
Common stock issued for conversion of convertible debt and accrued interest	97,335,291	974					609,709		610,683
Warrants related to convertible notes							223,000		223,000
Net loss								(1,192,057)	(1,192,057)
Balance September 30, 2022 (Unaudited)	1,806,458,236	$ 18,065	988,000	$ 10	170,000,000	$1,386,497	$17,688,091	$ (22,442,317)	$ (3,349,654)

For the Nine Months Ended September 30, 2022
(Unaudited)

	Common Stock $.00001 Par		Preferred Stock $.00001 Par		Common Shares Issuable		Additional Paid-	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	in Capital	Deficit	Deficit
Balance December 31, 2021	1,004,709,546	$ 10,047	988,000	$ 10	170,000,000	$1,386,497	$10,778,761	$ (16,300,173)	$ (4,124,858)
Common stock issued for conversion of convertible debt and accrued interest	775,748,690	7,758					6,462,090		6,469,848
Common stock issued with note payable recorded as debt discount	25,000,000	250					134,750		135,000
Common stock issued with	1,000,000	10					8,490		8,500

employment agreement									
Warrants related to convertible notes							304,000		304,000
Net loss								(6,142,144)	(6,142,144)
Balance September 30, 2022 (Unaudited)	1,806,458,236	$ 18,065	988,000	$ 10	170,000,000	$1,386,497	$17,688,091	$ (22,442,317)	$ (3,349,654)

See notes to condensed consolidated financial statements.

KONA GOLD BEVERAGE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2023 and 2022
(Unaudited)

	Nine Months Ended September 30, 2023 (Unaudited)	Nine Months Ended September 30, 2022 (Unaudited)
CASH USED IN OPERATING ACTIVITIES:		
Net loss	$ (3,645,215)	$ (6,142,144)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	70,353	67,018
Change in allowance for doubtful accounts	8,645	35
Change in inventory reserves	-	-
Right-of-use asset amortization	79,792	143,320
Amortization of debt discount	631,542	702,675
Amortization of intangible assets	10,719	7,316
Preferred stock issued for common stock issuable	185,000	
Fair value of warrants issued for financing costs	367,673	
Fair value of warrants issued for services	5,269	260,000
Loss on sale of property and equipment	(1,423)	-
Gain on extinguishment of debt	(42,151)	-
Loss on extinguishment of debt	728,056	1,141,855
Loss on termination of operating lease	9,601	-
Gain on change in fair value of derivative liabilities	-	1,523,000
Common stock issued for compensation	-	8,500
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	191,172	(40,147)
Decrease (increase) in inventory	525,188	(433,068)
Decrease (increase) in prepaids	-	278,707
Decrease (increase) in other current assets	(5,044)	12,475
Decrease (increase) in deposits	1,775	-
Increase (decrease) in accounts payable and accrued expenses	759,235	645,765
Increase (decrease) in accrued compensation	188,195	(170,000)
Increase (decrease) in lease liability	(97,106)	(153,890)
Net cash used in operating activities	(28,724)	(2,148,583)
CASH USED IN INVESTING ACTIVITIES:		
Purchase of purchase property, plant and equipment	-	(42,923)
Changes in intellectual property	8,475	-
Net provided by investing activities	8,475	(42,923)
CASH PROVIDED BY FINANCING ACTIVITIES:		
Proceeds from note payable - related party	222,000	260,000
Repayment of note payable - related party	(136,500)	(4,500)
Changes in acquisition obligations	(6,762)	(11,446)
Principal repayments of finance lease obligation	(5,594)	(3,798)
Proceeds from notes payable, net of expenses	800,930	542,000
Repayment of notes payable	(1,251,656)	(5,598)
Proceeds from convertible debentures payable, net of expenses	727,974	981,816
Net cash provided by financing activities	350,392	1,758,474
Net cash increase (decrease) for period	330,143	(433,032)
Cash at beginning of period	39,788	703,825
Cash at end of period	$ 369,931	$ 270,793

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for income taxes	$	-	$	-
Cash paid for interest	$	14,947	$	533

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Fair value of common shares issued as debt discount on note payable	$	-	$	135,000
Termination of right of use asset	$	248,270	$	-
Termination of operating lease liability	$	261,125	$	-
Note payable issued on termination of lease liability	$	16,206	$	-
Vendor line of credit reclassified to notes payable	$		$	
Common shares issued on conversion of debentures and accrued interest	$	315,000	$	6,469,848
Fair value of warrants issued upon issuance of convertible notes	$	296,250	$	-
Derivative liability recorded on issuance of convertible note	$	-	$	680,000
Note payable on vehicle purchase	$	-	$	46,576

See notes to condensed consolidated financial statements.

KONA GOLD BEVERAGE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2023 and 2022

NOTE 1 – OPERATIONS AND GOING CONCERN

The Company was formerly known as Kona Gold Solutions, Inc., and in October 2020, changed its name to Kona Gold Beverage, Inc., a Delaware corporation ("Kona Gold," the "Company," "we," "us," or "our"). As of September 30, 2023, the Company has three wholly-owned subsidiaries: Kona Gold LLC, a Delaware limited liability company ("Kona"), HighDrate LLC, a Florida limited liability company ("HighDrate"), and Gold Leaf Distribution LLC, a Florida limited liability company ("Gold Leaf"). Kona focuses on the development and marketing of functional and better-for-you beverages: Ooh La Lemin Lemonades that are available in a variety of sparkling and non-sparkling flavors and Kona Gold Energy Drinks that are low-to-zero calorie functional beverages that are high in B vitamins, amino acids, and omegas. HighDrate focuses on the development and marketing of CBD-infused energy waters geared to the fitness and wellness markets. Gold Leaf focuses on the distribution of premium beverages and snacks in key markets, all of which complement our current product offerings.

The Company currently sells its products through resellers, the Company's websites, and distributors that span across 18 states. The Company's products are available in wide variety of stores, including convenience and grocery stores, smoke shops, and gift shops.

As used herein, the terms "Kona Gold," the "Company," "we," "us," or "our", refer to Kona Gold individually or, as the context requires, collectively with its subsidiaries on a consolidated basis.

Effects of COVID-19

In January 2020, the WHO announced a global health emergency because of a new strain of coronavirus (known as COVID-19) that originated in Wuhan, China and generated significant risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in global exposure. The COVID-19 pandemic is disrupting businesses and affecting production and sales across a range of industries, as well as causing volatility in the financial markets. The extent of the impact of the COVID-19 pandemic on the Company's consumer demand, sales, and financial performance will depend on certain developments, including, among other things, the duration and spread of the outbreak and the impact on the Company's consumers and employees, all of which are uncertain and cannot be predicted. Management is actively monitoring this situation and potential impacts on our financial condition, liquidity, and results of operations.

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, in the nine months ended September 30, 2023, the Company recorded a net loss of $3,645,215 and cash used in operations of $28,724 and had a stockholders' deficit of $5,352,669 as of that date. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the financial statements being issued. In addition, the Company's independent registered public accounting firm, in its report on our December 31, 2022 financial statements, has raised substantial doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At September 30, 2023, the Company had cash on hand in the amount of $369,931. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case or equity financing.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. These consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles (“GAAP”) in the United States.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Those estimates and assumptions include estimates for reserves of uncollectible accounts receivable, assumptions used in valuing inventories at net realizable value, impairment testing of recorded long-term tangible and intangible assets, the valuation allowance for deferred tax assets, accruals for potential liabilities, assumptions made in valuing stock instruments issued for services, and assumptions used in valuing warrant liabilities, and assumptions used in the determination of the Company’s liquidity.

Accounts Receivable

Accounts receivable are generally recorded at the invoiced amounts net of an allowance for expected losses. The Company evaluates the collectability of its trade accounts receivable based on a number of factors. In circumstances where the Company becomes aware of a specific customer’s inability to meet its financial obligations to the Company, a specific reserve for bad debts is estimated and recorded, which reduces the recognized receivable to the estimated amount the Company believes will ultimately be collected. In addition to specific customer identification of potential bad debts, bad debt charges are recorded based on the Company’s historical losses and an overall assessment of past due trade accounts receivable outstanding.

The allowance for accounts receivable is established through a provision reducing the carrying value of receivables. At September 30, 2023 and December 31, 2022, the allowance was $154,224 and $145,579, respectively.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (“ASC 606”). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which include (1) identifying the contract or agreement with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied.

Revenue and costs of sales are recognized when control of the products transfers to our customer, which generally occurs upon shipment from our facilities. The Company’s performance obligations are satisfied at that time. The Company does not have any significant contracts with customers requiring performance beyond delivery, and contracts with customers contain no incentives or discounts that could cause revenue to be allocated or adjusted over time. Shipping and handling activities are performed before the customer obtains control of the goods and therefore represent a fulfillment activity rather than a promised service to the customer.

All of the Company's products are offered for sale as finished goods only, and there are no performance obligations required post-shipment for customers to derive the expected value from them.

The Company does not allow for returns, except for damaged products when the damage occurred pre-fulfillment. Damaged product returns have historically been insignificant. Because of this, the stand-alone nature of our products, and our assessment of performance obligations and transaction pricing for our sales contracts, we do not currently maintain a contract asset or liability balance for obligations. We assess our contracts and the reasonableness of our conclusions on a quarterly basis.

Sales are made to customers under terms allowing certain limited rights of return. The Company records an allowance for returns for each quarter for 3% of total sales. The Company recorded an allowance for sales return at the three months ending September 30, 2023 and 2022 of approximately $26,500 and $32,700, respectively, which is netted against revenue in the accompanying Consolidated Statements of Loss.

The following table presents our net revenues, by revenue source, and the period-over-period percentage change, for the period presented:

	Three Months Ended September 30,		
	2023	2022	
Revenue Source	**Revenue**	**Revenue**	**% Change**
Distributors	$ 69,317	$ 223,849	(69)%
Amazon	6,910	30,334	(77)%
Online Sales	7,710	7,998	(4)%
Retail	629,155	897,549	(30)%
Shipping	1,205	3,516	(66)%
Sales Returns and Allowances	(26,500)	(32,700)	(19)%
Net Revenues	$ 687,797	$ 1,130,546	(39)%

	Nine Months Ended September 30,		
	2023	2022	
Revenue Source	**Revenue**	**Revenue**	**% Change**
Distributors	$ 384,416	$ 635,605	(40)%
Amazon	31,828	110,478	(71)%
Online Sales	17,965	30,494	(41)%
Retail	2,545,841	2,616,679	(3)%
Shipping	3,163	10,319	(69)%
Sales Returns and Allowances	(91,000)	(104,500)	(13)%
Net Revenues	$ 2,892,213	$ 3,299,075	(12)%

The following table presents our net revenues by product lines for the period presented:

	Three Months September 30,		
	2023	2022	
Product Line	**Revenue**	**Revenue**	% Change
Energy Drinks	$ 4,327	$ 25,743	(83)%
CBD Energy Waters	14,604	13,686	7%
Lemonade Drinks	65,006	222,689	(71)%
Apparel	-	63	(100)%
Retail	629,155	897,549	(30)%
Shipping	1,205	3,516	(66)%
Sales returns and allowance	(26,500)	(32,700)	(19)%
Net Revenues	$ 687,797	$ 1,130,546	(39)%

	Nine Months September 30,		
	2023	2022	
Product Line	Revenue	Revenue	% Change
Energy Drinks	$ 16,749	$ 148,725	(89)%
CBD Energy Waters	36,329	56,388	(36)%
Lemonade Drinks	381,131	571,285	(33)%
Apparel	-	179	(100)%
Retail	2,545,841	2,616,679	(3)%
Shipping	3,163	10,319	(69)%
Sales returns and allowance	(91,000)	(104,500)	(13)%
Net Revenues	$ 2,892,213	$ 3,299,075	(12)%

Advertising Costs

Advertising costs are expensed as incurred and are included in selling and marketing expense. Advertising costs aggregated $98,351 and $118,807 for nine months ending September 30, 2023 and 2022, respectively.

Stock Compensation Expense

The Company periodically issues stock options and restricted stock awards to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for such grants issued and vesting based on ASC 718, *Compensation-Stock Compensation* whereby the value of the award is measured on the date of grant and recognized for employees as compensation expense on the straight-line basis over the vesting period. Recognition of compensation expense for non-employees is in the same period and manner as if the Company had paid cash for the services. The Company recognizes the fair value of stock-based compensation within its Statements of Operations with classification depending on the nature of the services rendered.

The fair value of the Company's stock options is estimated using the Black-Scholes-Merton Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the stock options or restricted stock, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes-Merton Option Pricing model and based on actual experience. The assumptions used in the Black-Scholes-Merton Option Pricing model could materially affect compensation expense recorded in future periods.

Loss per Common Share

Basic earnings (loss) per share is computed by dividing the net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding during the year. Diluted earnings (loss) per share is computed by dividing the net income applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued, using the treasury stock method. Potential common shares are excluded from the computation when their effect is antidilutive.

For the nine months ending September 30, 2023 and 2022, the calculations of basic and diluted loss per share are the same because potential dilutive securities would have had an anti-dilutive effect. The potentially dilutive securities consisted of the following:

	September 30, 2023	September 30, 2022
Warrants	448,859,099	278,333,333
Common stock equivalent of Series B Convertible Preferred Stock	488,000	488,000
Common stock equivalent of Series C Convertible Preferred Stock	1,000	-
Common stock equivalent of Series D Convertible Preferred Stock	500,000,000	500,000
Common stock issuable	169,998,860	169,999,860
Restricted common stock	9,600,000	333,838,293
Common stock on convertible debentures and accrued interest	1,228,147,778	783,159,486
Total	2,357,094,737	278,333,333

Fair Value of Financial Instruments

The Company uses various inputs in determining the fair value of its financial assets and liabilities and measures these assets on a recurring basis. Financial assets recorded at fair value are categorized by the level of subjectivity associated with the inputs used to measure their fair value. Accounting Standards Codification Section 820 defines the following levels of subjectivity associated with the inputs:

Level 1—Quoted prices in active markets for identical assets or liabilities.
Level 2—Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly.
Level 3—Unobservable inputs based on the Company's assumptions.

The carrying amounts of financial assets and liabilities, such as cash and cash equivalents, accounts receivable, short-term bank loans, accounts payable, notes payable and other payables, approximate their fair values because of the short maturity of these instruments. The carrying values of capital lease obligations and long-term financing obligations approximate their fair values because interest rates on these obligations are based on prevailing market interest rates.

Segments

During the 2022 fiscal year, the Company consolidated and restructured its operations. The Company now operates in one segment for the manufacture and distribution of our products. In accordance with the "Segment Reporting" Topic of the ASC, the Company's chief operating decision maker has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under "Segment Reporting" due to their similar customer base and similarities in: economic characteristics; nature of products and services; and procurement, manufacturing and distribution processes. Since the Company operates in one segment, all financial information required by "Segment Reporting" can be found in the accompanying financial statements.

Concentrations

The Company's cash balances on deposit with banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Generally, the Company's policy is to minimize borrowing costs by immediately applying cash receipts to borrowings against its credit facility. From time to time, however, the Company may be exposed to risk for the amounts of funds held in bank accounts in excess of the FDIC limit. To minimize the risk, the Company's policy is to maintain cash balances with high quality financial institutions.

Gross sales. During the three and nine months ended September 30, 2023 and 2022, no customers accounted for more than 10% of gross sales.

Accounts receivable. As of September 30, 2023, the Company had accounts receivable from two customers that comprised 12% and 10%, respectively, of its gross accounts receivable. As of December 31, 2022, the Company had accounts receivable from two customers that comprised 27% and 20%, respectively, of its gross accounts receivable.

Co-Packers. The raw materials used in the production of the Company's products are obtained by the Company's co-packers and consist primarily of materials such as the flavors, caffeine, sugars or sucralose, taurine, vitamins, CBD, and hemp seed protein contained in its beverages, the bottles in which its beverages are packaged, and the labeling on the outside of its beverages. These principal raw materials are subject to price and availability fluctuations. The Company currently relies on a few key co-packers, which in turn rely on a few key suppliers. The Company continually endeavors to have back-up co-packers, which co-packers would in turn depend on their third-party suppliers to supply certain of the flavors and concentrates that are used in the Company's beverages. The Company is also dependent on these co-packers to negotiate arrangements with their existing suppliers that would enable the Company to obtain access to certain of such concentrates or flavor formulas under certain extraordinary circumstances. Additionally, in a limited number of cases, the Company's co-packers may have contractual restrictions with their suppliers or the Company's co-packers may need to obtain regulatory approvals and licenses that may limit the co-packers' ability to enter into agreements with alternative suppliers. Contractual restrictions in the agreements the Company has with certain distributors may also limit the Company's ability to enter into agreements with alternative distributors. The Company believes that a satisfactory supply of co-packers will continue to be available at competitive prices, although there can be no assurance in this regard. With respect to Gold Leaf's operations, the Company continually endeavors to contract with additional beverage vendors to ensure the Company has adequate inventory. The Company believes that a satisfactory supply of vendors will continue to be available at competitive prices, although there can be no assurance in this regard.

Purchases from vendors. During the three months ended September 30, 2023, the Company's largest three vendors accounted for approximately 55%, 12%, and 10% of all purchases, respectively. During the year ended December 31, 2022, the Company's largest one vendor accounted for approximately 34% of all purchases, respectively.

Accounts payable. As of September 30, 2023, two vendors accounted for more than 10% the total accounts payable. The Company's largest two vendors accounted for 29%, and 17% of the total accounts payable, respectively. As of December 31, 2022, two vendors accounted for more than 10% the total accounts payable. The Company's largest two vendors accounted for 31%, and 18% of the total accounts payable, respectively.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses ("CECL") to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning January 1, 2023, and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

Other recent accounting pronouncements issued by the FASB, its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future financial statements.

NOTE 3 – DIVESTITURE

Proceeds from disposals during the nine months ended September 30, 2023 totaled $500,000, which primarily related to sales of our ownership interests in sparkling and non-sparkling Ooh La Lemin Lemonades.

NOTE 4 – INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or net realizable value, and net of reserves is comprised of the following:

	September 30, 2023	December 31, 2022
Raw materials	$ 70,915	$ 198,605
Finished goods, net	263,075	660,574
Total	$ 333,990	$ 859,179

At September 30, 2023 and December 31, 2022, inventory presented above is net of a reserve for slow moving and potentially obsolete inventory of $80,000, respectively.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Property and equipment is comprised of the following:

	September 30, 2023	December 31, 2022
Furniture and Fixtures	$ 78,944	$ 78,134
Computers and Software	36,667	36,667
Machinery & Equipment	118,616	118,003
Vehicles	310,348	310,348
Total cost	544,575	543,152
Accumulated depreciation	(265,441)	(195,088)
Property, plant and equipment, net	$ 279,134	$ 348,064

Depreciation for the nine months ended September 30, 2023 and 2022, was $72,982 and $67,018 respectively, and is included in selling, general and administrative expenses in the accompanying Condensed Consolidated Statements of Loss.

NOTE 6 – INTANGIBLE ASSETS

Intangible asset consisted of the following:

	September 30, 2023	December 31, 2022
Intangible Assets		
Trademarks	$ 81,750	$ 85,340
Website development	-	12,200

Accumulated amortization	(34,744)	(28,901)
Total Intangible Assets, net of amortization	$ 47,006	$ 68,639

During the nine months ended September 30, 2023 and 2022, the Company recorded amortization expense of $7,316, respectively. The following table summarizes the amortization expense to be recorded in future periods for intangible assets that are subject to amortization:

Year Ending	**Amortization**
2023 (remaining)	$ 2,044
2024	8,175
2025	8,175
2026	8,175
2027	8,175
Thereafter	12,262
Total	$ 47,006

NOTE 7 – NOTES PAYABLE – RELATED PARTIES

Notes payable with related parties consists of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Note payable – related party (a)	$ 1,310,500	$ 1,352,651
Note payable – related party (b)	345,000	260,000
Note payable – related party (c)	125,500	125,500
Note payable – related party (d)	48,000	47,500
Total notes payable – related parties	$ 1,829,000	$ 1,785,651

(a) On April 4, 2019, the Company entered into an unsecured Line of Credit Agreement with Robert Clark. Mr. Clark is the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $1,500,000. Advances under this line of credit bear interest at the rate of 3.75 percent per annum. The line of credit matures on April 4, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. During the nine months ending September 30, 2023, Mr. Clark absolved $42,151. At September 30, 2023 and December 31, 2022, outstanding principal was $1,310,500 and $1,352,651, respectively.

(b) On May 6, 2022, the Company entered into an unsecured Line of Credit Agreement with Robert Clark. Mr. Clark is the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $300,000. Advances under this line of credit bear interest at the rate of 3.75 percent per annum. The line of credit matures on May 6, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. During the period ended September 30, 2023, Mr. Clark made additional advances of $217,000, and $132,000 of that was repaid by the end of the period. At September 30, 2023 and December 31, 2022, outstanding principal was $345,000 and $260,000, respectively.

(c) On August 29, 2019, the Company entered into an unsecured Line of Credit Agreement with Robert Clark. Mr. Clark is the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $200,000. Advances under this line of credit bear interest at the rate of 3.75 percent per annum. The line of credit matures on August 29, 2023, at which time all outstanding principal amounts and accrued interest are due and payable. At September 30, 2023 and December 31, 2022, outstanding principal was $125,500 and $125,500, respectively.

(d) On February 19, 2019, the Company issued an unsecured Standard Promissory Note in Favor of Robert Clark, as lender, in the original principal amount of $70,000. Mr. Clark is the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The note bears no interest. Principal payments of $500 per month commenced in March 2019, with final payment due in March 2021. On March 15, 2022, the Company issued an Amendment to the original issued Standard Promissory Note in Favor of Robert Clark for the remaining outstanding principal of $58,000. On April 3, 2023, the Company issued an Amendment to the original issued Standard Promissory Note in Favor of Robert Clark for the remaining outstanding principal of $46,000 Principal payment of $500 per month, with final payment due in March 2024. The outstanding principal balance of this note at December 31, 2022 was $47,500. During the nine months ended September 30, 2023, the Company received an additional amount of $5,000 and made principal payments of $4,500, leaving an outstanding principal balance of $48,000 at September 30, 2023.

At December 31, 2022, accrued interest on notes payable to related parties was $153,959. During the nine months ended September 30, 2023, the Company added $49,551 of additional accrued interest, leaving an accrued interest balance on the notes payable to related parties of $203,510 at September 30, 2023. Accrued interest is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets.

NOTE 8 – NOTES PAYABLE

Notes payable consists of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Note payable (a)	$ 22,025	$ 26,994
Note payable (b)	39,730	44,550
Note payable (c)	39,261	40,103
Note payable (d)	205,576	250,000
Note payable (e)	291,043	626,388
Note payable (f)	62,857	-
Note payable (g)	77,968	-
Note payable (h)	-	-
Note payable (i)	289,406	-
Note payable (j)	16,206	-
Total notes payable	1,044,072	988,035
Less debt discount	(83,973)	(218,481)
Total notes payable, net	960,099	769,554
Notes payable, current portion	(903,264)	(712,499)
Notes payable, net of current portion	$ 56,835	$ 57,055

(a) On August 21, 2021, the Company financed the purchase of a vehicle for $34,763, after making a down payment of $20,000. The loan term is for 60 months, annual interest rate of 5.44%, with monthly principal and interest payments of $665, and secured by the purchased vehicle. At December 31, 2022, the loan balance was $26,994. During the nine months ended September 30, 2023, the Company made principal payments of $4,969, leaving a loan balance of $22,025 at September 30, 2023.

(b) On September 30, 2022, the Company financed the purchase of a vehicle for $46,576, after making a down payment. The loan term is for 60 months, annual interest rate of 9.44%, with monthly principal and interest payments of $980, and secured by the purchased vehicle. At December 31, 2022, the loan balance was $44,550. During the nine months ended September 30, 2023, the Company made principal payments of $4,820, leaving a loan balance of $39,730 at September 30, 2023.

(c) In April 2021, the Company entered into a Line of Credit Agreement with Wells Fargo Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $42,000. Advances under this line of credit bear interest at the rate of 11.50% per annum. The line of credit matures in 2023, at which time all outstanding principal amounts and accrued interest are due and payable. As of September 30, 2023 and December 31, 2022, the outstanding principal was $39,261 and $40,103, respectively, which was recorded as the current portion of loan payable on the accompanying Consolidated Balance Sheet.

(d) On March 25, 2022, the Company entered into a secured debenture with an otherwise unaffiliated individual in the principal amount of $250,000 that was due on March 23, 2023. On March 23, 2023, the Company entered into a First Amendment to Secured Debenture (the "First Amendment") to amend a Secured Debenture (the "Debenture"), dated as of March 25, 2022. The Debenture is amended and restated in its entirety with the following terms (i) maturity date was extended to March 24, 2024; (ii) interest accrues on the outstanding principal at a rate equal to 12% per annum; (iii) monthly payments of principal and interest shall be made in the amount of $22,212, starting April 24, 2023 until the maturity date, at which date the entirety of the balance of principal plus interest is due. The secured debenture is secured by nine identified motor vehicles of the Company. At December 31, 2022, the outstanding balance of the secured debentures amounted to $250,000. During the nine months ended September 30, 2023, the Company made principal payments of $44,424, leaving a loan balance of $ 205,576 at September 30, 2023.

In connection with the issuance of the original debenture in 2022, the Company issued to the lender 25 million shares of the Company's common stock at a price of $0.004 per share. The Company determined the fair value of the 25 million shares was $135,000, which was recorded as a debt discount against the secured debenture. At December 31, 2022, the unamortized debt discount was $31,531. During the nine months ended September 30, 2023, the Company amortized debt discount of $31,531 to interest expense on the loan, leaving no remaining unamortized debt discount at September 30, 2023.

(e) During the year ended December 31, 2022, the Company entered into secured non-interest-bearing advance agreements with unaffiliated third parties for the purchase of future receipts/revenues. Under the agreements, the Company received an aggregate lump sum payment of $561,957, and, in return, the purchaser received a secured right to collect a fix sum of future receipts/revenue of $798,456 to be collected by the Company. During the nine months ended September 30, 2023, the Company entered into additional secured non-interest bearing advance agreements for which the Company received an aggregate lump sum payment of $501,000, and, in return, the purchaser received a secured right to collect a fix sum of future receipts/revenue of $597,500 to be collected by the Company. In accordance with the agreements, the Company agreed to sell, assign, and transfer to the purchaser of all the Company's payments, receipts, settlements, and funds paid to or received by or for the account of the Company from time to time on and after the dates of the agreements in payment or settlement of the Company's existing and future accounts, payment intangibles, credit, debit, and/or stored value card transactions, contract rights, and other entitlements arising from or relating to the payment of monies from the Company's customers and/or other payors or obligors. The agreements require aggregate daily to weekly payments ranging from $1,291 to $1,958 The Company's obligations under the agreements are secured by the assets described above, and guaranteed by Robert Clark, the Company's Chief Executive Officer. As of December 31, 2022, the outstanding balance to be paid amounted to $626,388. During the nine months ended September 30, 2023, the Company entered into additional agreements of $586,750, and made payments of $922,096, leaving an aggregate outstanding amount to be paid of $291,043 at September 30, 2023.

During the year ended December 31, 2022, upon execution of the advance and receipt of funds, the Company recorded the difference of $236,499 between the cash collected and the face amount of the obligation as a "note discount" and will amortize the "note discount" as interest expense over the life of the advance. At December 31, 2022, the unamortized "note discount" was $186,950. During the nine months ended September 30, 2023, the recorded an additional unamortized "note discount" of $191,150 related to new advance agreements, and the Company amortized "note discount" of $294,127 to interest expense on the obligation. As of September 30, 2023, the unamortized "note discount" was $83,973.

(f) On March 9, 2023, the Company entered into a Line of Credit Agreement with American Express National Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $85,000. Advances under this line of credit bear interest at the rate of 19.32% per annum. The line of credit matures on September 9, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. The line of credit requires minimum monthly payments of $5,572. At September 30, 2023, the outstanding principal was $62,857.

(g) On March 7, 2023, the Company entered into a Line of Credit Agreement with Celtic Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $200,000. Advances under this line of credit bear interest at the rate of 35.90 percent per annum. The line of credit matures on March 7, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. At September 30, 2023, the outstanding principal was $77,968.

(h) On June 30, 2023, the Company entered into a note payable with IQ Financial, Inc. in the principal amount of $110,000, with an original issue discount of $10,000, resulting in net proceeds for $100,000. The note has no stated interest and is due on July 31, 2023. For so long as the note remains unpaid, the Company shall pay within two days of receipt of customer payments on specific customer invoices listed in the note payable. At September 30, 2023, there was no outstanding balance.

The original issue discount of $10,000 was recorded as a debt discount against the note payable, at September 30, 2023, there was no remaining unamortized debt discount.

(i) On May 15, 2023, the Company entered into a Revolving Credit Agreement (the "Revolver") with a vendor. The Revolver allows the Company to purchase goods from its vendor time to time. The unpaid principal balance of the Revolver may not exceed $250,000 through May 31, 2023, $225,000 through July 31, 2023, and $200,000 through $200,000 through December 31, 2023, at any one time. The Revolver has a maturity date of December 31, 2023 and bears no interest rate. At September 30, 2023, the outstanding balance of the Revolver was $289,406.

In connection with the issuance of the Revolver, the Company issued to the vendor 28 million shares of the Company's common stock at a price of $0.0045 per share. The Company determined the fair value of the 28 million shares was $126,000, which was recorded as financing costs in the condensed consolidated statement of operations during the nine months ended September 30, 2023.

(j) On June 2, 2023, the Company entered into a note payable with RFMD-LLC in the principal amount of $16,206, with an interest rate of 8% per annum, and a maturity date of December 31, 2023. The note was issued in related to the termination of an operating lease (see Note 10). At September 30, 2023, the outstanding principal was $16,206. original issue discount of $10,000, resulting in net proceeds for $100,000. The note has no stated interest and is due on July 31, 2023. For so long as the note remains unpaid, the Company shall pay within two days of receipt of customer payments on specific customer invoices listed in the note payable.

At December 31, 2022 on item (d), accrued interest on the notes payable was $1,874. During the nine months ended September 30, 2023, the Company added $11,795 of additional accrued interest on item (d), leaving $13,669 of accrued interest balance on the notes payable item (d) at September 30, 2023. Accrued interest is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets.

As of December 31, 2022, the unamortized debt discount was $218,481. During the nine months ended September 30, 2023, the Company added $201,150 of debt discount related to the issuance of debentures, and amortized debt discount of $335,658 to interest expense on the loans. As of September 30, 2023, the unamortized debt discount was $83,973.

NOTE 9 – SECURED CONVERTIBLE DEBENTURES

Secured debentures that are payable to an otherwise unaffiliated third party consists of the following as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Mast Hill Note 1	119,306	595,000
Mast Hill Note 2	431,744	-
Mast Hill Note 3	230,000	-
Mast Hill Note 4	55,707	-
Mast Hill Note 5	63,000	-
Less debt discount	(236,783)	(183,940)
Secured debentures, net	$ 662,974	$ 411,060

Mast Hill

On July 28, 2022, the Company issued senior secured debentures to an otherwise unaffiliated third-party investor (the "Investor") in the aggregate of $595,000. The debentures bear interest at a rate of 10% per annum, mature on July 28, 2023, and is convertible into shares of our common stock at a conversion price of $0.0045 per share. If the Company issues subsequent equity instruments at an effective price per share that is lower than the conversion price of $0.0045 per shares, then the conversion price shall be reduced, at the option of the Holder, to a price equal to the Weighted Average Price (as defined), provided, further, that if the conversion price is equal to or less than $0.003, then the conversion price shall be reduced at the option of the Holder to a price equal to the lower price. The senior secured debentures is secured by all of the Company's assets and the assets of each of its subsidiaries pursuant to the Security Agreement. The security interest granted to the Investor under the Security Agreement was subordinate to the continuing security interest that remains in effect pursuant to the previous grant of a security interest in connection with a then outstanding debenture to an earlier investor all tangible and intangible assets. In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 100 million shares of the Company's common stock, which expire on July 28, 2027. The warrants are exercisable at $0.0045 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $223,000; and (b) original issue discounts of $92,325 of the debentures for a total of $315,325 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. As of December 31, 2022, the unamortized debt discount was $183,940. During the nine months ended September 30, 2023, the Company amortized debt discount of $168,607 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $15,333.

As of December 31, 2022 the balance due under the obligation was $595,000. During the nine months ended September 30, 2023, the Company converted $475,694 of principal and accrued interest into 239,500,000 shares of common stock with a fair value of $1,075,355 resulting in a loss on extinguishment of debt of $513,520. As of September 30, 2023, $119,306 was due under the note.

Mast Hill Debenture 2

On March 13, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $475,000. The debenture bears interest at a rate of 10% per annum, matures on March 13, 2024, and is convertible into shares of our common stock at a conversion price of $0.0045 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on May 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on May 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 80 million shares of the Company's common stock, which expire on March 13, 2028. The warrants are exercisable at $0.0045 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $150,000; and (b) original issue discounts and fees of $74,000 of the debentures for a total of $224,000 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $78,987 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $145,013.

During the nine months ended September 30, 2023, the Company made principal payments of $43,256. As of September 30, 2023, $431,744 was due under the note.

M*ast Hill Debenture 3*

On April 25, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $230,000. The debenture bears interest at a rate of 10% per annum, matures on April 25, 2024, and is convertible into shares of our common stock at a conversion price of $0.0040 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on May 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on May 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 43.6 million shares of the Company's common stock, which expire on April 25, 2028. The warrants are exercisable at $0.0040 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $56,000; and (b) original issue discounts and fees of $28,000 of the debentures for a total of $84,300 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $32,649 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $51,651.

As of September 30, 2023, $230,000 was due under the note.

M*ast Hill Debenture 4*

On June 14, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $55,706. The debenture bears interest at a rate of 10% per annum, matures on June 14, 2024, and is convertible into shares of our common stock at a conversion price of $0.0040 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on July 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on July 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to approximately 20.9 million shares of the Company's common stock, which expire on June 14, 2028. The warrants are exercisable at $0.0040 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $19,000; and (b) original issue discounts and fees of $8,457 of the debentures for a total of $27,457 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $15,028 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $12,429.

As of September 30, 2023, $55,707 was due under the note.

M*ast Hill Debenture 5*

On August 10, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $63,000. The debenture bears interest at a rate of 12% per annum, matures on June 14, 2024, and is convertible into shares of our common stock at a conversion price of $0.0030 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $1,000 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on July 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on July 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to approximately 28.6 million shares of the Company's common stock, which expire on August 10, 2028. The warrants are exercisable at $0.0030 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $8,580; and (b) original issue discounts and fees of $4,390 of the debentures for a total of $12,970 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended

September 30, 2023, the Company amortized debt discount of $613 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $12,357.

As of September 30, 2023, $63,000 was due under the note.

As of September 30, 2023, no shares of common stock were potentially issuable under the conversion terms of the outstanding debentures.

At December 31, 2022, accrued interest on the convertible notes payable was $25,756. During the nine months ended September 30, 2023, the Company added $60,934 of additional accrued interest, and converted $67,569 of accrued interest, leaving an accrued interest balance on the convertible notes payable of $19,121 at September 30, 2023. Accrued interest is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets.

As of December 31, 2022, the unamortized debt discount was $183,940. During the nine months ended September 30, 2023, the Company added $348,727 related to the issuance of secured debentures, and amortized debt discount of $295,884 to interest expense on the loans. As of September 30, 2023, the unamortized debt discount was $236,783.

NOTE 10 – ACQUISITION OBLIGATION

On January 21, 2021, the Company entered into an Agreement and Plan of Merger with S and S and its shareholders and acquired all of the capital stock of S and S. In consideration thereof, the Company issued to them an aggregate of nine million restricted shares of Kona Gold Beverage, Inc.'s common stock (the "Acquisition Stock") of a fair value of $243,000. The Company did not grant them any registration rights in respect of the shares of Acquisition Stock. The Company also agreed to pay an aggregate of $1,050,000 (the "Aggregate Acquisition Payments"), the majority of which is allocated to certain creditors of S and S (including one of the S and S's legacy shareholders) and approximately $89,249 was allocated and paid to the five S and S legacy shareholders on a pro rata basis. The Company paid approximately $400,000 of the Aggregate Acquisition Payments at the closing of the transaction. The remaining Aggregate Acquisition Payments, including the Remaining Acquisition Payments, are scheduled to be paid in monthly installments, in arrears on the tenth calendar day of each month, commencing on March 10, 2021, at a rate equivalent to $2.00 per case of Lemin Superior Lemonade (the product line of S and S that we have now branded as Ooh La Lemin) that we sell until the Aggregate Acquisition Payments have been paid in full. The balance payable under the obligation was $659,550 at December 31, 2022. During the period ended September 30, 2023, the Company paid $6,762 of the remaining Aggregate Acquisition Payments, leaving an acquisition obligation balance of $652,788 at September 30, 2023

NOTE 11 – LEASE LIABILITIES

The Company determines whether a contract is, or contains, a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset during the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The Company leases its office and warehouse locations, and certain warehouse equipment. Leases with an initial term of 12 months or less are not included on the balance sheets.

Operating Leases

The Company leases approximately 4,500 square feet of corporate office and warehouse space located at 746 North Drive, Suite A, Melbourne, Florida 32934. The lease is for a five-year term and expires on May 31, 2023. The monthly base rent increases annually by 3 percent. In May 2023, the Company extended the lease through May 31, 2024. The initial monthly base rent was approximately $4,628, plus state taxes.

The Company leases a 30,000 square foot warehouse and main distribution hub in Greer, South Carolina. The lease is for a 63-month term that commenced in May 2019 and expires on August 1, 2026. Beginning in April 2020, the Company's monthly rent includes monthly base payments of $10,200, plus applicable monthly CAM fees ("Common Area Maintenance"). The monthly base rent increases annually by 2 percent.

The Company leases a 10,000 square foot building in Conway, South Carolina. The lease is for a 62-month period that commenced in October 2021 and expires in November 2026. The Company's monthly rent is approximately $7,261 plus applicable monthly CAM fees (Common Area Maintenance). The monthly base rent increases annually by 1.5 percent. In October 2021, the Company recognized an operating lease right of use ("ROU") asset and lease liability of $345,649, related to the Conway, South Carolina operating lease utilizing a present value rate of 10%.

On June 1, 2023, the Company entered into a lease termination agreement with its landlord for its building in Conway, South Carolina. The Company's deposit of $7,500 was applied to outstanding rent, and the Company recorded the removal of its right-of-use asset of $248,270, and corresponding operating lease liability of $261,125 on June 1, 2023. Furthermore, the Company recorded a loss on termination of the lease of $9,601 during the nine months ended September 30, 2023, which is included in selling, general and administrative expenses in the condensed consolidated statements of operations. The Company issued the Landlord a promissory note for $16,206, with interest at a rate of 8% per annum, and a maturity date of December 31, 2023. The lease agreement was terminated effective June 30, 2023.

Finance Leases

On March 17, 2020, the Company entered into a lease agreement for equipment. The finance lease is for a 62-month term that commenced in April 2020 and expires in March 2025. The agreement includes monthly payments of $676.

During the nine months ended September 30, 2023 and 2022, lease costs totaled $136,726 and $152,841, respectively.

Our ROU asset balance was $762,464 as of December 31, 2022. During the nine months ended September 30, 2023, the Company recorded amortization of ROU assets of $79,792 related to its leases and removed an ROU asset of $248,270, resulting in an ROU asset balance of $434,402 as of September 30, 2023.

As of December 31, 2022, lease liabilities totaled $838,882, comprised of finance lease liabilities of $17,824 and operating lease liabilities of $821,058. During the nine months ended September 30, 2023, the Company made payments of $5,594 against its finance lease liability, $97,106 against its operating lease liability and removed $261,125 against its terminated operating lease liability. At September 30, 2023, lease liabilities totaled $475,057, of which the current portion of lease liabilities was $178,074, leaving a long-term lease liabilities balance of $296,983.

As of September 30, 2023, the weighted average remaining lease terms for operating lease and finance lease are 1.50 years and 3.81 years, respectively. As of September 30, 2023, the weighted average discount rate for operating lease is 10.00% and 2.09% for finance lease.

Future minimum lease payments under the leases are as follows:

Years Ending December 31,		Amount
2023 (remaining)	$	57,521
2024		197,491
2025		170,059
2026		113,790
2027 and thereafter		-
Total payments		538,861
Less: Amount representing interest		(63,804)
Present value of net minimum lease payments		475,057
Less: Current portion		(178,074)
Non-current portion	$	296,983

NOTE 12 – STOCKHOLDERS' EQUITY

Preferred Stock

The Company's issued and outstanding preferred stock, par value $0.00001 per share, at September 30, 2023 and December 31, 2022 was 989,000 and 988,000, respectively. The Board, without further stockholder approval, may issue preferred stock in one or more series from time to time and fix or alter the designations, relative rights, priorities, preferences, qualifications, limitations and restrictions of the shares of each series.

Series A Preferred Stock

The Company had authorized 4,000,000 shares of Series A Preferred Stock, par value of $0.00001 per share (the "Series A Preferred Stock"), of which no shares were issued or outstanding at September 30, 2023 and December 31, 2022, respectively. Each share of Series A Preferred Stock, when outstanding, could have been converted into one share of Common Stock.

Series B Preferred Stock

The Company had authorized 1,200,000 shares of Series B Preferred Stock, par value of $0.00001 per share (the "Series B Preferred Stock"), of which 488,000 were issued and outstanding at September 30, 2023 and December 31, 2022, respectively. Each share of Series B Preferred Stock may be converted into one share of Common Stock.

Series C Preferred Stock

On February 13, 2023, the Company increased the authorized number of Series C Preferred Stock from 250 to 2,000 shares, par value $0.00001 per share (the "Series C Preferred Stock"), by filing a Certificate of Designation of the Preferences, Rights, and Limitations of the Series C Preferred Stock with the Secretary of State of the State of Delaware. On July 8, 2020, the Company amended the terms of the Series C Preferred Stock filed a Certificate of Designation of the Preferences, Rights, and Limitations of the Series C Preferred Stock with the Secretary of State of the State of Delaware. The holders of shares of the Series Preferred C Stock are now entitled to 2,000,000 votes for every share of our Series Preferred C Stock held. The holders of the Series Preferred C Stock are not entitled to receive dividends. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment will be made to the holders of any stock ranking junior to the Series C Preferred Stock, the holders of the Series C Preferred Stock will be entitled to be paid out of the Company's assets an amount equal to $1.00 in the aggregate for all issued and outstanding shares of the Series C Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations, and the like with respect to such shares) (the "Preference Value"). After the payment of the full applicable Preference Value of each share of the Series C Preferred Stock, our remaining assets legally available for distribution, if any, will be distributed ratably to the holders of the Common Stock. The Series C Preferred Stock has conversion rights, whereby each share of the Series C Preferred Stock automatically converts into one share of Common Stock on the one-year anniversary of the issuance date.

At September 30, 2023, 1,000 shares of Series C Preferred Stock were issued and outstanding, and at December 31, 2022, no shares of Series C Preferred Stock were issued and outstanding.

Series D Preferred Stock

The Company had authorized 500,000 shares of Series D Preferred Stock, par value of $0.00001 per share (the "Series D Preferred Stock"), of which 500,000 shares were issued and outstanding at September 30, 2023 and December 31, 2022, respectively. Each share of the Series D Preferred Stock may be converted into 1,000 shares of Common Stock.

Common Stock

On February 13, 2023, the Company increased the authorized number of shares of Common Stock from 2,500,000,000 to 10,500,000,000 shares, par value $0.00001 per share (the "Common Stock"), by filing a Certificate of Amendment to the amended and restated Certificate of Incorporation with the Secretary of State of the State of Delaware. The Company has authorized 10,500,000,000 shares of the Common Stock, of which 2,382,423,530 shares were issued and outstanding at September 30, 2023, and 2,000,276,378 shares were issued and outstanding at December 31, 2022, respectively.

Equity Transactions

During the nine months ended September 30, 2023, the Company issued an aggregate of 28,000,000 shares of Common Stock for payment of financing costs of $126,000.

During the nine months ended September 30, 2023, the Company issued an aggregate of 269,500,000 shares of Common Stock with a fair value of $1,212,750 upon the conversion of $493,366 of principal, and $60,934 of accrued interest on its secured convertible debentures, at an average price of $0.0020 resulting in a loss on extinguishment of debt of $654,450 (see Note 9).

During the nine months ended September 30, 2023, the Company issued an aggregate of 67,164,179 shares of Common Stock on the cashless exercise of warrants.

During the nine months ended September 30, 2023, the Company issued an aggregate of 17,482,973 shares of Common Stock with a fair value of $78,673 at an average price of $0.0011 for financing related to 2023 Equity Purchase Agreement (see 2023 Equity Purchase Agreement).

2023 Equity Purchase Agreement

Pursuant to an Equity Purchase Agreement (the "Purchase Agreement") dated as of March 30, 2023 (the "EPA"), the Company (i) agreed to sell to the same entity with whom we had entered into the Securities Purchase Agreement dated as of March 13, 2023 up to $5,000,000.00 (the "Maximum Commitment Amount") of shares of our Common Stock (the "Put Shares") and (ii) granted to that Investor a Common Stock Purchase Warrant (the "Warrant") that is exercisable for the purchase of up to an aggregate of 56,000,000 shares (the "Warrant Shares") of our Common Stock.

Upon the terms and conditions set forth in the Purchase Agreement, the Company has the right, but not the obligation, to direct the Investor, by delivery to the Investor of a Put Notice from time to time, to purchase shares of our Common Stock (i) in a minimum amount not less than $25,000.00 and (ii) in a maximum amount up to the lesser of (a) $500,000.00 or (b) 150% of the Average Daily Trading Value of our Common Stock (as defined in the Purchase Agreement). At any time and from time to time through and including March 30, 2025 (the "Commitment Period"), except as provided in the Purchase Agreement, the Company may deliver a Put Notice to the Investor.

The Commitment Period commences on the Execution Date, and ends on the earlier of (i) the date on which the Investor shall have purchased Put Shares pursuant to the Purchase Agreement equal to the Maximum Commitment Amount, (ii) March 30, 2025, (iii) written notice of termination by the Company to the Investor (which shall not occur during any Valuation Period or at any time that the Investor holds any of the Put Shares), (iv) the Registration Statement for the Put Shares is no longer effective after its initial effective date, or (v) the date that, pursuant to or within the meaning of any Bankruptcy Law, the Company commences a voluntary case or any person commences a proceeding against the Company, a Custodian is appointed for the Company or for all or substantially all of its property, or the Company makes a general assignment for the benefit of its creditors.

We also granted the Warrant to purchase up to an aggregate of the 56,000,000 Warrant Shares. The Warrant has a five-year term and is immediately exercisable at an exercise price of $0.0045 per share, subject to adjustment and is exercisable by the then-holder on a “cashless” basis. The Warrant contains an adjustment provision that, subject to certain exceptions, reduces the exercise price if we issue shares of Common Stock or common stock equivalents at a price lower than the then-current exercise price of the Warrant. Any stock splits, reverse stock splits, recapitalizations, mergers, combinations and asset sales, stock dividends, and similar events will result in an equitable adjustment of the exercise price of the Warrant and, in certain circumstances, the number of Warrant Shares. The Warrant is subject to an “exercise blocker,” such that the Investor cannot exercise any portion of the Warrant that would result in the Investor and its affiliates holding more than 4.99% of the then-issued and outstanding shares of Common Stock following such exercise (excluding, for purposes of such determination, shares of the Common Stock issuable upon exercise of the Warrant or Put Notice that had not then been exercised, respectively). The fair value of the warrants was determined to be $163,000 and was recorded as a finance cost in the statement of operations.

During the nine months ended September 30, 2023, the Company issued an aggregate of 17,482,973 shares of Common Stock with a fair value of $78,673 at an average price of $0.0011

NOTE 13 – SHARE BASED COMPENSATION

Common Stock Issuable

On August 12, 2015, the Company entered into an Employment Agreement with Robert Clark (the “Clark Employment Agreement”). On December 1, 2016, the Company entered into an Amendment to Employment Agreement (the “Clark Amendment”; and, together with the Clark Employment Agreement, the “Amended Clark Employment Agreement”). Pursuant to the terms of the Amendment Clark Employment Agreement, the Company agreed to issue, among other securities, 200,000,000 shares of the Common Stock. Immediately, Mr. Clark decided to defer receipt of 80,000,000 of such shares; thus leaving 120,000,000 shares of the Common Stock to be issued to him.

The 120,000,000 shares of the Common Stock were issued to Mr. Clark, as follows: (i) on October 28, 2015, the Company issued 30,000,000 of such shares; (ii) on March 2, 2016, the Company issued 40,000,000 of such, and (iii) on Mary 16, 2016, the Company issued 50,000,000 of such shares. On April 19, 2018, (i) 40,000,000 shares were cancelled and returned to the Company, and on July 31, 2019, (ii) an additional 50,000,000 shares were cancelled and returned to the Company. Accordingly, as of December 31, 2019, the Company owed to Mr. Clark an aggregate of 169,999,860 shares to be reissued to him upon his request pursuant to the terms of the oral agreement with him which were valued at $1,386,497 based on their fair value at the date of grant. The amounts are reflected as common stock issuable as of September 30, 2023 and December 31, 2022.

Issuance of Class C Preferred Stock to a related party

On February 16, 2023, we issued 1,000 shares of our Series C Preferred Stock to Robert Clark, CEO and major shareholder. The Company determined the fair value of the shares was $185,000 using a monte carlo valuation method. We issued these shares of common stock pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act as not involving a public offering.

Summary of Warrants

A summary of warrants for the nine months ended September 30, 2023 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance outstanding, December 31, 2022	278,333,333	0.0223
Warrants granted	257,689,945	0.0038
Warrants exercised	(67,164,179)	0.0149
Warrants expired or forfeited	(20,000,000)	-
Balance outstanding, September 30, 2023	448,859,099	$ 0.0137
Balance exercisable, September 30, 2023	448,859,099	$ 0.0137

Information relating to outstanding warrants at September 30, 2023, summarized by exercise price, is as follows:

	Outstanding			Exercisable	
Exercise Price Per Share	Shares	Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$ 0.0030 - 0.0048	290,525,766	4.49	$ 0.0043	290,525,766	$ 0.0043
$ 0.03	158,333,333	1.01	$ 0.03	158,333,333	$ 0.03
	448,859,099	3.17	$ 0.0146	448,859,099	$ 0.0146

Based on the fair market value of $0.0022 per share on September 30, 2023, there was no intrinsic value attributed to both the outstanding and exercisable warrants at September 30, 2023.

In connection with the issuance of senior convertible secured debentures on March 13, 2023 (see Note 9), the Company granted warrants with a relative fair value of $285,000 to purchase up to an aggregate of 80,000,000 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an exercise price of $0.0045 per share, subject to adjustment. The relative fair value of these warrants at grant date was $285,000, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0044 per share, the expected term of three years, volatility of 257%, dividend rate of 0%, and risk-free interest rate of 3.88%.

In connection with the issuance of 2023 Equity Purchase Agreement on March 30, 2023 (see Note 12), the Company granted warrants to purchase up to an aggregate of 56,000,000 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an exercise price of $0.0045 per share, subject to adjustment. The fair value of these warrants at grant date was $165,000, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0044 per share, the expected term of three years, volatility of 257%, dividend rate of 0%, and risk-free interest rate of 3.88%.

In connection with the issuance of senior convertible secured debentures on April 25, 2023 (see Note 9), the Company granted warrants with a relative fair value of $89,000 to purchase up to an aggregate of 43,600,000 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an exercise price of $0.0040 per share, subject to adjustment. The relative fair value of these warrants at grant date was $89,000, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0028 per share, the expected term of three years, volatility of 233%, dividend rate of 0%, and risk-free interest rate of 3.62%.

In connection with the issuance of senior convertible secured debentures on June 14, 2023 (see Note 9), the Company granted warrants with a relative fair value of $37,000 to purchase up to an aggregate of 20,889,945 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an exercise price of $0.0030 per share, subject to adjustment. The relative fair value of these warrants at grant date was $37,000, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0024 per share, the expected term of three years, volatility of 232%, dividend rate of 0%, and risk-free interest rate of 4.37%.

In connection with a broker that is assisting the Company in its financing transactions, the Company granted warrants to purchase up to an aggregate of 2,916,112 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an weighted average exercise price of $0.0043 per share, subject to adjustment. The fair value of these warrants at grant date was $5,269, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0026 per share, the expected term of three years, volatility of 225%, dividend rate of 0%, and weighted average risk-free interest rate of 3.28%.

In connection with the issuance of senior convertible secured debentures on August 8, 2023 (see Note 9), the Company granted warrants with a relative fair value of $8,580 to purchase up to an aggregate of 28,600,000 shares of the Common Stock. Each warrant has a five-year term from issuance and is immediately exercisable at an exercise price of $0.0030 per share, subject to adjustment. The relative fair value of these warrants at grant date was $8,580, which was determined using a Black-Scholes-Merton option pricing model with the following assumptions: fair value of our stock price of $0.0024 per share, the expected term of three years, volatility of 232%, dividend rate of 0%, and risk-free interest rate of 4.37%.

NOTE 14 – SUBSEQUENT EVENTS

Cashless Conversion of Secured Convertible Debentures

The Company issued an aggregate of 136,250,000 shares of Common Stock to Mast Hill upon the conversion of $127,121 of principal, and $17,029 of accrued interest at an exercise price of $0.00108. We issued these shares of common stock pursuant to the exception from registration provided by Section 3(a)(9) of the Securities Act, we did not receive any funds resulting from the conversions as we had received funds from Mast Hill Fund from the secured debentures that we sold in March 2023.

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

The following discussion and analysis of the results of operations and financial condition for the three and nine months ended September 30, 2023 and 2022 should be read in conjunction with the financial statements and related notes and the other financial information that are included elsewhere in this Quarterly Report. This discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations, and intentions. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Forward-looking statements are based upon estimates, forecasts, and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements," and "Description of Business" sections in this Annual Report. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements. We and our representatives may from time to time make written or oral statements that are "forward-looking," including statements contained in this Annual Report and other filings with the SEC, reports to our stockholders, and news releases. All statements that express expectations, estimates, forecasts, or projections are forward-looking statements. In addition, other written or oral statements which constitute forward-looking statements may be made by us or on our behalf. Words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," "project," "forecast," "may," "should," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties, and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in or suggested by such forward-looking statements.

We undertake no obligation to update or revise any of the forward-looking statements after the date of this Annual Reports to confirm forward-looking statements to actual results. Important factors on which such statements are based are assumptions concerning uncertainties, including, but not limited to, uncertainties associated with the following:

- Inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;
- Our failure to earn revenues or profits;
- Volatility or decline of our stock price;
- Potential fluctuation in our financial results;
- Rapid and significant changes in markets;
- Litigation with or legal claims and allegations by outside parties;
- Impacts from the COVID-19 pandemic; and
- Insufficient revenues to cover operating costs.

The following discussion should be read in conjunction with the financial statements and the notes thereto which are included in this Annual Report. This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ substantially from those anticipated in any forward-looking statements included in this discussion as a result of various factors.

Results of Operations

Overview

In the nine months ended September 30, 2023, the Company saw a decrease in growth compared to the same period of the prior year period.

We derive our revenue from sales of our products to online consumers, to resellers, and to distributors, Product sales to resellers include sales to convenience stores, grocery stores, and smoke and gift shops that complement our current product offering. Product sales to distributors include our Ooh La Lemin lemonade, our energy drinks, and our HighDrate CBD-infused energy waters. We also distribute our products and other companies' products at retail.

We have experienced and expect to continue to experience a decrease in our operations as we seek to reorganize and evaluate the Company's operations. We expect that revenue will decrease in fiscal year 2023 compared to fiscal year 2022, as the Company has sold its interest in Ooh La Lemin lemonades, and anticipates closing one of its two distribution centers located in Greer, SC during the remaining there months of fiscal year 2023. The following is a more detailed discussion of our financial condition and results of operations for the period presented.

Three Months ended September 30, 2023 compared to Three Months ended September 30, 2022

Overview

As reflected in the accompanying financial statements, during the three months ended September 30, 2023, we incurred a net loss of approximately $518,092, compared to a net loss of approximately $1.2 million for the three months ended September 30, 2022. As of September 30, 2023, we had a stockholders' deficit of approximately $5.4 million.

The following is a more detailed discussion of our financial condition and results of operations for the period presented, along with prior periods.

Revenue

The following table presents our net revenues, by revenue source, and the period-over-period percentage change, for the period presented:

	Three Months Ended September 30,		
	2023	2022	
Revenue Source	**Revenue**	**Revenue**	**% Change**
Distributors	$ 69,317	$ 223,849	(69)%
Amazon	6,910	30,334	(77)%
Online Sales	7,710	7,998	(4)%
Retail	629,155	897,549	(30)%
Shipping	1,205	3,516	(66)%
Sales Returns and Allowances	(26,500)	(32,700)	(19)%
Net Revenues	$ 687,797	$ 1,130,546	(39)%

The following table presents our net revenues by product lines for the period presented:

	Three Months September 30,		
	2023	2022	
Product Line	**Revenue**	**Revenue**	% Change
Energy Drinks	$ 4,327	$ 25,743	(83)%
CBD Energy Waters	14,604	13,686	7%
Lemonade Drinks	65,006	222,689	(71)%
Apparel	-	63	(100)%
Retail	629,155	897,549	(30)%
Shipping	1,205	3,516	(66)%
Sales returns and allowance	(26,500)	(32,700)	(19)%
Net Revenues	$ 687,797	$ 1,130,546	(39)%

During the three months ended September 30, 2023, we reported net revenues of approximately $687,797, which is a decrease of approximately $442,749, or approximately 39%, compared to net revenues of approximately $1.1 million for the three months ended September 30, 2022. A decrease of approximately $268,394 of our revenue is attributable to decreased retail revenue, while our remaining net revenue decreased in net revenue by approximately $174,335. We attribute the decrease in retail revenue to a loss of a vendor that we purchase certain products from and the subsequent loss in distribution to customers that we sold those products to. We attribute the decrease in remaining net revenue to financing the Company's product line. We anticipate that revenue will continue to decrease in fiscal year 2023 compared to fiscal year 2022, as the Company has sold its interest in Ooh La Lemin lemonades, and expects closing one of its two distribution centers located in Greer, SC during the remaining three months of fiscal year 2023. The Company anticipates evaluating and reorganize its operations in the remaining three months of fiscal year 2023.s

Cost of Revenues

Cost of revenues consists primarily of expenses associated with products sold to distributors and resellers, including product and shipping costs. Costs also include credit card fees, fees incurred for sales that occur on Amazon.com, and other transaction fees related to the processing of consumer transactions. Typically, we expect that the cost of revenues will increase as a direct correlation to increases in sales. Thus, our cost of revenues increases on an absolute basis versus on a percentage of sales basis. At the same time, when sales increase, thereby increasing our orders with our co-packers, our cost of products decreases because of the volume discounts we receive from our co-packers.

During the three months ended September 30, 2023, we reported cost of revenues of approximately $501,056, which is a decrease of approximately $372,263, or approximately 43%, compared to approximately $873,319 for the three months ended September 30, 2022. This decrease is attributed to the decrease in sales in both our products and retail distribution in 2023, compared to the prior year period. We expect that we will continue to see comparable cost of revenues to the revenues in the remaining fiscal year 2023. In addition, as the Company continues to evaluate and reorganize, we expect the cost of revenue to decrease.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses ("SG&A") expenses consist primarily of professional fees, salaries and wages, advertising, rent, travel expenses, sponsorships, and general office and administrative expenses related to maintaining our facilities. Selling, general and administrative expenses decreased in the three months ended September 30, 2023, to approximately $656,607 from approximately $1,075,044, a decrease of approximately $418,437 over the same period last year. The decrease was driven by decreased operating expenses associated with lower advertising costs, wages and salaries, legal expense related to corporate activity, and rent, vehicle, and shipping expenses associated with selling our ownership interests in Ooh La Lemin. We expect that, as we decrease our business operations, SG&A expenses will continue to decrease.

We expect that as we reorganize and evaluate our business operations, SG&A expenses will continue to decrease.

Other Income and Expenses

Other expense for the three months ended September 30, 2023 was approximately $48,226, as compared to other expense of approximately $374,240 for the three months ended September 30, 2022. The change was attributable to the decrease in interest expense of approximately $77,421 related to decreased debt levels and debt amortization, a gain on debt extinguishment of approximately $54,169, a gain on divestiture of approximately $345,619, other income of approximately $1,978, and was offset with the recording of an increase in financing costs of approximately $5,173 and the decrease in the change in the fair value of derivative liabilities of approximately $148,000.

Net Loss

We incurred a net loss of approximately $518,092 for the three months ended September 30, 2023, a decrease of approximately $673,965 compared to the prior year period in which we incurred a net loss of approximately $1.2 million. This net loss is primarily due to a decrease in other expenses and a decrease in SG&A expenses, as discussed above.

Nine months ended September 30, 2023 compared to Three Months ended September 30, 2022

Overview

As reflected in the accompanying financial statements, during the nine months ended September 30, 2023, we incurred a net loss of approximately $3.6 million and cash used in operations of approximately $28,724, compared to a net loss of approximately $6.1 million and use of cash in operations of approximately $2.1 million for the nine months ended September 30, 2022. As of September 30, 2023, we had a stockholders' deficit of approximately $5.4 million.

The following is a more detailed discussion of our financial condition and results of operations for the period presented, along with prior periods.

Revenue

The following table presents our net revenues, by revenue source, and the period-over-period percentage change, for the period presented:

	Nine Months Ended September 30,		
	2023	2022	
Revenue Source	**Revenue**	**Revenue**	**% Change**
Distributors	$ 384,416	$ 635,605	(40)%
Amazon	31,828	110,478	(71)%
Online Sales	17,965	30,494	(41)%
Retail	2,545,841	2,616,679	(3)%
Shipping	3,163	10,319	(69)%
Sales Returns and Allowances	(91,000)	(104,500)	(13)%
Net Revenues	$ 2,892,213	$ 3,299,075	(12)%

The following table presents our net revenues by product lines for the period presented:

	Nine Months September 30,		
	2023	2022	
Product Line	**Revenue**	**Revenue**	% Change
Energy Drinks	$ 16,749	$ 148,725	(89)%
CBD Energy Waters	36,329	56,388	(36)%
Lemonade Drinks	381,131	571,285	(33)%
Apparel	-	179	(100)%
Retail	2,545,841	2,616,679	(3)%
Shipping	3,163	10,319	(69)%
Sales returns and allowance	(91,000)	(104,500)	(13)%
Net Revenues	$ 2,892,213	$ 3,299,075	(12)%

During the nine months ended September 30, 2023, we reported net revenues of approximately $2.89 million, which is a decrease of approximately $406,862, or approximately 12%, compared to net revenues of approximately $3.299 million for the three months ended September 30, 2022. A decrease of approximately $70,838 of our revenue is attributable to a decrease in retail revenue, while our remaining net revenue decreased in net revenue by approximately $336,024. We attribute the decrease in retail revenue to a loss of a vendor that we purchase certain products from and the subsequent loss in distribution to customers that we sold those products to. We attribute the decrease in remaining net revenue to financing the Company's product line. We anticipate that revenue will continue to decrease in fiscal year 2023 compared to fiscal year 2022, as the Company has sold its interest in Ooh La Lemin lemonades, and expects closing one of its two distribution centers located in Greer, SC during the remaining three months of fiscal year 2023. The Company anticipates evaluating and reorganize its operations in the remaining three months of fiscal year 2023.

Cost of Revenues

Cost of revenues consists primarily of expenses associated with products sold to distributors and resellers, including product and shipping costs. Costs also include credit card fees, fees incurred for sales that occur on Amazon.com, and other transaction fees related to the processing of consumer transactions. Typically, we expect that the cost of revenues will increase as a direct correlation to increases in sales. Thus, our cost of revenues increases on an absolute basis versus on a percentage of sales basis. At the same time, when sales increase, thereby increasing our orders with our co-packers, our cost of products decreases because of the volume discounts we receive from our co-packers.

During the nine months ended September 30, 2023, we reported cost of revenues of approximately $2.2 million, which is a decrease of approximately $378,111, or approximately 14%, compared to approximately $2.6 million for the nine months ended September 30, 2022. This decrease is attributed to the decrease in sales in both our products and retail distribution in 2023, compared to the prior year period. We expect that we will continue to see comparable cost of revenues to the revenues in the remaining fiscal year 2023. In addition, as the Company continues to evaluate and reorganize, we expect the cost of revenue to decrease.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses ("SG&A") expenses consist primarily of professional fees, salaries and wages, advertising, rent, travel expenses, sponsorships, and general office and administrative expenses related to maintaining our facilities. Selling, general and administrative expenses decreased in the nine months ended September 30, 2023, to approximately $2.9 million from approximately $3 million, a decrease of approximately $187,608 over the same period last year. The decrease was driven by decreased operating expenses associated with lower advertising costs, wages and salaries, legal expense related to corporate activity, and rent, vehicle, and shipping expenses associated with selling our ownership interests in Ooh La Lemin. We expect that, as we decrease our business operations, SG&A expenses will continue to decrease.

We expect that as we reorganize and evaluate our business operations, SG&A expenses will continue to decrease.

Other Income and Expenses

Other expense for the nine months ended September 30, 2023 was approximately $1.4 million, as compared to other expense of approximately $3.8 million for the nine months ended September 30, 2022. The change was attributable to the decrease in interest expense of approximately $87,813 related to debt levels and debt amortization, the change in the fair value of derivative liabilities of approximately $1.5 million, which did not occur in the current period, gain on divestiture of approximately $345,619, and a gain on the loss on debt extinguishment of approximately $413,689, and was offset with increase in in the recording of financing costs of approximately 34,173.

Net Loss

We incurred a net loss of approximately $3.6 million for the nine months ended September 30, 2023, a decrease of approximately $2.5 million compared to the prior year period in which we incurred a net loss of approximately $6.1 million. This decrease in net loss is primarily due to a significant decrease in other expenses, as discussed above.

Liquidity and Capital Resources

Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying financial statements, in the nine months ended September 30, 2023, the Company recorded a net loss of $3,645,215 and cash used in operations of $28,724 and had a stockholders' deficit of $5,352,669 as of that date. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date of the financial statements being issued. In addition, the Company's independent registered public accounting firm, in its report on our December 31, 2022 financial statements, has raised substantial doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

At September 30, 2023, the Company had cash on hand in the amount of $369,931. The continuation of the Company as a going concern is dependent upon its ability to obtain necessary debt or equity financing to continue operations until it begins generating positive cash flow. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stockholders, in case or equity financing.

Notes Payable

Notes payable consists of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Note payable (a)	$ 22,025	$ 26,994
Note payable (b)	39,730	44,550
Note payable (c)	39,261	40,103
Note payable (d)	205,576	250,000
Note payable (e)	291,043	626,388
Note payable (f)	62,857	-
Note payable (g)	77,968	-
Note payable (h)	-	-
Note payable (i)	289,406	-
Note payable (j)	16,206	-
Total notes payable	1,044,072	988,035
Less debt discount	(83,973)	(218,481)
Total notes payable, net	960,099	769,554
Notes payable, current portion	(903,264)	(712,499)
Notes payable, net of current portion	$ 56,835	$ 57,055

(a) On August 21, 2021, the Company financed the purchase of a vehicle for $34,763, after making a down payment of $20,000. The loan term is for 60 months, annual interest rate of 5.44%, with monthly principal and interest payments of $665, and secured by the purchased vehicle. At December 31, 2022, the loan balance was $26,994. During the nine months ended September 30, 2023, the Company made principal payments of $4,969, leaving a loan balance of $22,025 at September 30, 2023.

(b) On September 30, 2022, the Company financed the purchase of a vehicle for $46,576, after making a down payment. The loan term is for 60 months, annual interest rate of 9.44%, with monthly principal and interest payments of $980, and secured by the purchased vehicle. At December 31, 2022, the loan balance was $44,550. During the nine months ended September 30, 2023, the Company made principal payments of $4,820, leaving a loan balance of $39,730 at September 30, 2023.

(c) In April 2021, the Company entered into a Line of Credit Agreement with Wells Fargo Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $42,000. Advances under this line of credit bear interest at the rate of 11.50% per annum. The line of credit matures in 2023, at which time all outstanding principal amounts and accrued interest are due and payable. As of September 30, 2023 and December 31, 2022, the outstanding principal was $39,261 and $40,103, respectively, which was recorded as the current portion of loan payable on the accompanying Consolidated Balance Sheet.

(d) On March 25, 2022, the Company entered into a secured debenture with an otherwise unaffiliated individual in the principal amount of $250,000 that was due on March 23, 2023. On March 23, 2023, the Company entered into a First Amendment to Secured Debenture (the "First Amendment") to amend a Secured Debenture (the "Debenture"), dated as of March 25, 2022. The Debenture is amended and restated in its entirety with the following terms (i) maturity date was extended to March 24, 2024; (ii) interest accrues on the outstanding principal at a rate equal to 12% per annum; (iii) monthly payments of principal and interest shall be made in the amount of $22,212, starting April 24, 2023 until the maturity date, at which date the entirety of the balance of principal plus interest is due. The secured debenture is secured by nine identified motor vehicles of the Company. At December 31, 2022, the outstanding balance of the secured debentures amounted to $250,000. During the nine months ended September 30, 2023, the Company made principal payments of $44,424, leaving a loan balance of $ 205,576 at September 30, 2023.

In connection with the issuance of the original debenture in 2022, the Company issued to the lender 25 million shares of the Company's common stock at a price of $0.004 per share. The Company determined the fair value of the 25 million shares was $135,000, which was recorded as a debt discount against the secured debenture. At December 31, 2022, the unamortized debt discount was $31,531. During the nine months ended September 30, 2023, the Company amortized debt discount of $31,531 to interest expense on the loan, leaving no remaining unamortized debt discount at September 30, 2023.

(e) During the year ended December 31, 2022, the Company entered into secured non-interest-bearing advance agreements with unaffiliated third parties for the purchase of future receipts/revenues. Under the agreements, the Company received an aggregate lump sum payment of $561,957, and, in return, the purchaser received a secured right to collect a fix sum of future receipts/revenue of $798,456 to be collected by the Company. During the nine months ended September 30, 2023, the Company entered into additional secured non-interest bearing advance agreements for which the Company received an aggregate lump sum payment of $501,000, and, in return, the purchaser received a secured right to collect a fix sum of future receipts/revenue of $597,500 to be collected by the Company. In accordance with the agreements, the Company agreed to sell, assign, and transfer to the purchaser of all the Company's payments, receipts, settlements, and funds paid to or received by or for the account of the Company from time to time on and after the dates of the agreements in payment or settlement of the Company's existing and future accounts, payment intangibles, credit, debit, and/or stored value card transactions, contract rights, and other entitlements arising from or relating to the payment of monies from the Company's customers and/or other payors or obligors. The agreements require aggregate daily to weekly payments ranging from $1,291 to $1,958 The Company's obligations under the agreements are secured by the assets described above, and guaranteed by Robert Clark, the Company's Chief Executive Officer. As of December 31, 2022, the outstanding balance to be paid amounted to $626,388. During the nine months ended September 30, 2023, the Company entered into additional agreements of $586,750, and made payments of $922,096, leaving an aggregate outstanding amount to be paid of $291,043 at September 30, 2023.

During the year ended December 31, 2022, upon execution of the advance and receipt of funds, the Company recorded the difference of $236,499 between the cash collected and the face amount of the obligation as a "note discount" and will amortize the "note discount" as interest expense over the life of the advance. At December 31, 2022, the unamortized "note discount" was $186,950. During the nine months ended September 30, 2023, the recorded an additional unamortized "note discount" of $191,150 related to new advance agreements, and the Company amortized "note discount" of $294,127 to interest expense on the obligation. As of September 30, 2023, the unamortized "note discount" was $83,973.

(f) On March 9, 2023, the Company entered into a Line of Credit Agreement with American Express National Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $85,000. Advances under this line of credit bear interest at the rate of 19.32% per annum. The line of credit matures on September 9, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. The line of credit requires minimum monthly payments of $5,572. At September 30, 2023, the outstanding principal was $62,857.

(g) On March 7, 2023, the Company entered into a Line of Credit Agreement with Celtic Bank. The Line of Credit is personally guaranteed by Robert Clark, the Company's President, Chief Executive Officer, Secretary, and Chairman of the Board. The agreement established a revolving line of credit in the amount of up to $200,000. Advances under this line of credit bear interest at the rate of 35.90 percent per annum. The line of credit matures on March 7, 2024, at which time all outstanding principal amounts and accrued interest are due and payable. At September 30, 2023, the outstanding principal was $77,968.

(h) On June 30, 2023, the Company entered into a note payable with IQ Financial, Inc. in the principal amount of $110,000, with an original issue discount of $10,000, resulting in net proceeds for $100,000. The note has no stated interest and is due on July 31, 2023. For so long as the note remains unpaid, the Company shall pay within two days of receipt of customer payments on specific customer invoices listed in the note payable. At September 30, 2023, there was no outstanding balance.

The original issue discount of $10,000 was recorded as a debt discount against the note payable, at September 30, 2023, there was no remaining unamortized debt discount.

(i) On May 15, 2023, the Company entered into a Revolving Credit Agreement (the "Revolver") with a vendor. The Revolver allows the Company to purchase goods from its vendor time to time. The unpaid principal balance of the Revolver may not exceed $250,000 through May 31, 2023, $225,000 through July 31, 2023, and $200,000 through $200,000 through December 31, 2023, at any one time. The Revolver has a maturity date of December 31, 2023 and bears no interest rate. At September 30, 2023, the outstanding balance of the Revolver was $289,406.

In connection with the issuance of the Revolver, the Company issued to the vendor 28 million shares of the Company's common stock at a price of $0.0045 per share. The Company determined the fair value of the 28 million shares was $126,000, which was recorded as financing costs in the condensed consolidated statement of operations during the nine months ended September 30, 2023.

(j) On June 2, 2023, the Company entered into a note payable with RFMD-LLC in the principal amount of $16,206, with an interest rate of 8% per annum, and a maturity date of December 31, 2023. The note was issued in related to the termination of an operating lease (see Note 10). At September 30, 2023, the outstanding principal was $16,206. original issue discount of $10,000, resulting in net proceeds for $100,000. The note has no stated interest and is due on July 31, 2023. For so long as the note remains unpaid, the Company shall pay within two days of receipt of customer payments on specific customer invoices listed in the note payable.

At December 31, 2022 on item (d), accrued interest on the notes payable was $1,874. During the nine months ended September 30, 2023, the Company added $11,795 of additional accrued interest on item (d), leaving $13,669 of accrued interest balance on the notes payable item (d) at September 30, 2023. Accrued interest is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets.

As of December 31, 2022, the unamortized debt discount was $218,481. During the nine months ended September 30, 2023, the Company added $201,150 of debt discount related to the issuance of debentures, and amortized debt discount of $335,658 to interest expense on the loans. As of September 30, 2023, the unamortized debt discount was $83,973.

Secured Convertible Debentures

Secured debentures that are payable to an otherwise unaffiliated third party consists of the following as of September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Mast Hill Note 1	119,306	595,000
Mast Hill Note 2	431,744	-
Mast Hill Note 3	230,000	-
Mast Hill Note 4	55,707	-
Mast Hill Note 5	63,000	-
Less debt discount	(236,783)	(183,940)
Secured debentures, net	$ 662,974	$ 411,060

Mast Hill

On July 28, 2022, the Company issued senior secured debentures to an otherwise unaffiliated third-party investor (the "Investor") in the aggregate of $595,000. The debentures bear interest at a rate of 10% per annum, mature on July 28, 2023, and is convertible into shares of our common stock at a conversion price of $0.0045 per share. If the Company issues subsequent equity instruments at an effective price per share that is lower than the conversion price of $0.0045 per shares, then the conversion price shall be reduced, at the option of the Holder, to a price equal to the Weighted Average Price (as defined), provided, further, that if the conversion price is equal to or less than $0.003, then the conversion price shall be reduced at the option of the Holder to a price equal to the lower price. The senior secured debentures is secured by all of the Company's assets and the assets of each of its subsidiaries pursuant to the Security Agreement. The security interest granted to the Investor under the Security Agreement was subordinate to the continuing security interest that remains in effect pursuant to the previous grant of a security interest in connection with a then outstanding debenture to an earlier investor all tangible and intangible assets. In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 100 million shares of the Company's common stock, which expire on July 28, 2027. The warrants are exercisable at $0.0045 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $223,000; and (b) original issue discounts of $92,325 of the debentures for a total of $315,325 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. As of December 31, 2022, the unamortized debt discount was $183,940. During the nine months ended September 30, 2023, the Company amortized debt discount of $168,607 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $15,333.

As of December 31, 2022 the balance due under the obligation was $595,000. During the nine months ended September 30, 2023, the Company converted $475,694 of principal and accrued interest into 239,500,000 shares of common stock with a fair value of $1,075,355 resulting in a loss on extinguishment of debt of $513,520. As of September 30, 2023, $119,306 was due under the note.

Mast Hill Debenture 2

On March 13, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $475,000. The debenture bears interest at a rate of 10% per annum, matures on March 13, 2024, and is convertible into shares of our common stock at a conversion price of $0.0045 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on May 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on May 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 80 million shares of the Company's common stock, which expire on March 13, 2028. The warrants are exercisable at $0.0045 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $150,000; and (b) original issue discounts and fees of $74,000 of the debentures for a total of $224,000 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $78,987 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $145,013.

During the nine months ended September 30, 2023, the Company made principal payments of $43,256. As of September 30, 2023, $431,744 was due under the note.

M*ast Hill Debenture 3*

On April 25, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $230,000. The debenture bears interest at a rate of 10% per annum, matures on April 25, 2024, and is convertible into shares of our common stock at a conversion price of $0.0040 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on May 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on May 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to 43.6 million shares of the Company's common stock, which expire on April 25, 2028. The warrants are exercisable at $0.0040 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $56,000; and (b) original issue discounts and fees of $28,000 of the debentures for a total of $84,300 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $32,649 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $51,651.

As of September 30, 2023, $230,000 was due under the note.

M*ast Hill Debenture 4*

On June 14, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $55,706. The debenture bears interest at a rate of 10% per annum, matures on June 14, 2024, and is convertible into shares of our common stock at a conversion price of $0.0040 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $750 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on July 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on July 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to approximately 20.9 million shares of the Company's common stock, which expire on June 14, 2028. The warrants are exercisable at $0.0040 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $19,000; and (b) original issue discounts and fees of $8,457 of the debentures for a total of $27,457 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $15,028 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $12,429.

As of September 30, 2023, $55,707 was due under the note.

M*ast Hill Debenture 5*

On August 10, 2023, the Company issued an additional senior secured debenture to the Investor in the aggregate of $63,000. The debenture bears interest at a rate of 12% per annum, matures on June 14, 2024, and is convertible into shares of our common stock at a conversion price of $0.0030 per share.

At our option, we have the right to redeem, in full, the outstanding principal and interest under the debenture prior to its maturity date; *provided*, *that*, as of the date of the then-holder's receipt of the redemption notice, there has not been an Event of Default. We must pay an amount equal to the principal amount being redeemed plus outstanding and accrued interest thereon, as well as a $1,000 administrative fee (the "Redemption Amount"). We must provide seven Trading Days' (as such term is defined in the debenture) prior notice to the then-holder of the debenture of our intent to make a redemption. If such notice of redemption is received six months after the Issue Date, the then-holder has the right to convert any or all of such to-be-prepaid amount into shares of our Common Stock in accordance with the conversion provisions of the debenture prior to such redemption.

Further, commencing on July 10, 2023, and continuing on the tenth day of each calendar month thereafter, we are required to redeem an amount equivalent to the sum of $2.00 for each 12-count case of our beverages that we sell in the ordinary course, calculated two months in arrears. Accordingly, the first redemption payment is due and payable on July 10, 2023 for the cases sold during the month of March, 2023. Mandatory redemption payments are based upon revenues recognized by us in accordance with US GAAP for each such month, rather than upon the receipt by us of funds received from sales during a relevant month. The above-referenced seven trading days' prior notice and conversion provisions do not apply to any of the mandatory redemption payments.

In connection with the issuances of the debentures, the Company granted to the Investor warrants to purchase up to approximately 28.6 million shares of the Company's common stock, which expire on August 10, 2028. The warrants are exercisable at $0.0030 per share. As a result of these issuances and grants, we incurred the following (a) relative fair value of the warrants granted of $8,580; and (b) original issue discounts and fees of $4,390 of the debentures for a total of $12,970 which was allocated as debt discount. The debt discount is being amortized to interest expense over the term of the corresponding debentures. During the nine months ended September 30, 2023, the Company amortized debt discount of $613 to interest expense on the loan. As of September 30, 2023, the unamortized debt discount was $12,357.

As of September 30, 2023, $63,000 was due under the note.

As of September 30, 2023, no shares of common stock were potentially issuable under the conversion terms of the outstanding debentures.

At December 31, 2022, accrued interest on the convertible notes payable was $25,756. During the nine months ended September 30, 2023, the Company added $60,934 of additional accrued interest, and converted $67,569 of accrued interest, leaving an accrued interest balance on the convertible notes payable of $19,121 at September 30, 2023. Accrued interest is included in accounts payable and accrued expenses in the accompanying Condensed Consolidated Balance Sheets.

As of December 31, 2022, the unamortized debt discount was $183,940. During the nine months ended September 30, 2023, the Company added $348,727 related to the issuance of secured debentures, and amortized debt discount of $295,884 to interest expense on the loans. As of September 30, 2023, the unamortized debt discount was $236,783.

Cash Flows

In summary, our use of cash has been as follows:

	For the Nine Months Ended September 30, 2023	
Net cash provided by operating activities	$	(28,724)
Net cash provided by investing activities	$	8,475
Net cash provided by financing activities	$	350,392

Operating Activities

Cash provided by or used in operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation, amortization, changes in allowance for doubtful accounts, loss on extinguishment of debt, and the change in the fair value of our derivative liabilities, and the effect of changes in working capital and other activities. Cash used inoperating activities for the nine months ended September 30, 2023 was approximately $28,724 and consisted of a net loss of approximately $3.6 million, adjustments for non-cash items, depreciation, amortization, loss on extinguishment of debt, loss on the change in fair value of derivative liabilities, which in the aggregate total approximately $2,053,076, and approximately $1,534,692 provided by working capital and other activities.

Investing Activities

Cash provided by investing activities for nine months ended September 30, 2023 was 8,475 and consisted of trademarks associated with the sale of the Company's interests in Ooh La Lemin.

Financing Activities

Cash provided by financing activities for nine months ended September 30, 2023 was approximately $350,392 and was comprised of proceeds from a notes payable of $800,930, proceeds from related party of $222,000, and proceeds from convertible debentures payable of $771,230, offset by payments on our line of credit to related party of $136,500, payments of our acquisition obligations of $6,762, payment of our note payable of $1,251,656, and payment of finance lease obligations of $5,994.

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies

Our discussion and analysis of results of operations and financial condition are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis, including those related to provisions for uncollectible accounts receivable, inventories, valuation of intangible assets, and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The accounting policies that we follow are set forth in Note 2, *Summary of Significant Accounting Policies*, of our consolidated financial statements for the quarter ended September 30, 2023. These accounting policies conform to accounting principles generally accepted in the United States, and have been consistently applied in the preparation of the consolidated financial statements.

Revenue Recognition and Deferred Revenue

We sell our products, which includes our hemp energy drink, CBD energy water, CBD water, and logo apparel, to online customers or through resellers and distributors. In evaluating the timing of the transfer of control of products to customers, we consider several indicators, including significant risks and rewards of products, our right to payment, and the legal title of the products. We recognize revenue from product sales to customers, distributors, and resellers when products that do not require further services by us are shipped, when there are no uncertainties surrounding customer acceptance, and when collectability is reasonably assured. Sales are made to customers under terms allowing certain limited rights of return. Amounts billed to customers in sales transactions related to shipping and handling, represent revenues earned for the goods provided and are included in net sales. Costs of shipping and handling are included in cost of products sold.

We also sell our products, and beverages purchased for resale from several other beverage manufacturers, to convenience stores, grocery stores, and smoke and gift shops. In evaluating the timing of the transfer of control of products to customers, we consider several indicators, including significant risks and rewards of products, our right to payment, and the legal title of the products. We recognize revenue from product sales to resellers when products that do not require further services by us are shipped or delivered, when there are no uncertainties surrounding customer acceptance and when collectability is reasonably assured. Cash received by us prior to shipment is recorded as deferred revenue. Sales are made to customers under terms allowing certain limited rights of return. Amounts billed to customers in sales transactions related to shipping and handling, represent revenues earned for the goods provided and are included in net sales. Costs of shipping and handling are included in cost of products sold.

We recognize revenue in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASC Topic 606”). The underlying principle of ASC Topic 606 is to recognize revenue to depict the transfer of goods or services to a customer at the amount expected to be collected. To apply these principles, ASC Topic 606 outlines a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which includes:

1. Identifying the contract(s) or agreement(s) with a customer;
2. Identifying the separate performance obligations in the contract or agreement;
3. Determining the transaction price;
4. Allocating the transaction price to the separate performance obligations in the contract or agreement; and
5. Recognizing revenue as each performance obligation is satisfied.

Pursuant to ASC Topic 606, we recognize revenue when performance obligations under the terms of a contract are satisfied, which occurs typically upon the transfer of control, including the risks and rewards of ownership. With respect to us, performance is deemed to occur upon shipment or delivery of products to our customers based on the written contract terms, which is also when control is transferred.

Our revenue earned is recognized when we satisfy a single performance obligation by transferring control of our products to a customer. We have determined that disaggregated revenue by net sales by revenue source would be meaningful and allow investors to understand our business activities, historical performance, or future prospects. Disaggregated sales by revenue source, which includes sales to distributors, online sales, sales through Amazon, and distribution sales. This is the same information used by our Chief Operating Decision Maker for evaluating the financial performance of our operations and making resource decisions. We also sell merchandise and apparel that comprises approximately 1% of our gross annual sales, and solely exists to promote our beverages. Merchandise and apparel sales are included with the gross sales for our one operating segment.

During the prior year, the Company consolidated and restructured its operations. The Company now operates in one segment for the manufacture and distribution of our products and those of otherwise unrelated beverage products. In accordance with the “Segment Reporting” Topic of the ASC, the Company’s chief operating decision maker has been identified as the Chief Executive Officer and President, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Existing guidance, which is based on a management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report annually entity-wide disclosures about products and services, major customers, and the countries in which the entity holds material assets and reports revenue. All material operating units qualify for aggregation under “Segment Reporting” due to their similar customer base and similarities in: economic characteristics; nature of products and services; and procurement, manufacturing and distribution processes. Since the Company operates in one segment, all financial information required by “Segment Reporting” can be found in the accompanying financial statements.

Stock-Based Compensation

FASB’s ASC Topic 718, Stock Compensation (formerly, FASB Statement 123R), prescribes accounting and reporting standards for all stock-based payment transactions in which employee and non-employee services are acquired. We measure the cost of employee and non-employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Fair value for restricted stock awards is valued using the closing price of our Common Stock on the date of grant. For our nine months ending September 30, 2023 and 2022, we recognized no stock-based compensation expense. See Note 12, *Share-Based Compensation,* of our consolidated financial statements for the nine months ended September 30, 2023, for an additional description of our stock-based compensation that had a material effect on our consolidated financial statements.

Emerging Growth Company Status

On April 5, 2012, the JOBS Act, was enacted. The JOBS Act provides that, among other things, an “emerging growth company” can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. As an emerging growth company, we have irrevocably elected to take “opt out” of taking advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth public companies on a case-by-case basis.

We intend to rely on certain of the other exemptions and reduced reporting requirements provided by the JOBS Act. As an emerging growth company, we are not required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b), and (ii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis).

We will remain an emerging growth company until the earlier to occur of (1) the last day of our fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenues of at least $1.07 billion, or (c) in which we are deemed to be a "large accelerated filer" under the rules of the SEC, which means the market value of our common shares that is held by non-affiliates exceeds $700 million as of the last day of our second quarter, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

We are also a "smaller reporting company" meaning that the market value of our stock held by non-affiliates plus the proposed aggregate amount of gross proceeds to us as a result of this offering is less than $700 million and our annual revenue was less than $100 million during the most recently completed fiscal year. We may continue to be a smaller reporting company after this offering if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue was less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

Recently Issued Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies* to our consolidated financial statements for the period ended September 30, 2023 for a discussion of recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A smaller reporting company is not required to provide the information required by this Item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure control and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2023, the period covered in this Report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company, together with, in some instances, certain of its directors and officers, is a defendant in legal actions involving breach of receivables contract and various other claims incident to the conduct of businesses. Management does expect the Company to suffer additional material liability by reason of these actions.

We know of no material proceedings in which any of our directors, officers, or affiliates, or any registered or beneficial stockholder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

None that has not been previously disclosed in a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed with or incorporated by reference into this Quarterly Report.

3.1	Amended and Restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
3.2	Amended and Restated By-Laws is incorporated herein by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
3.3	Certificate of Designation of the Preferences, Rights, and Limitations of the Series B Preferred Stock is incorporated herein by reference to Exhibit 3.3 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
3.4	Certificate of Designation of the Preferences, Rights, and Limitations of the Series C Preferred Stock is incorporated herein by reference to Exhibit 3.4 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
3.5	Certificate of Designation of the Preferences, Rights, and Limitations of the Series D Preferred Stock is incorporated herein by reference to Exhibit 3.5 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
3.6	Certificate of Amendment to Amendment and Restated Certificate of Incorporation, is incorporated herein by reference to Exhibit 3.6 of Amendment No. 1 to the Company Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
3.7	Certificate of Amendment to the amended and restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3.7 of the Company's Current Report on Form 8-K, filed with the SEC on February 17, 2023.
3.8	Certificate of Amendment to the amended and restated Certificate of Incorporation is incorporated herein by reference to Exhibit 3.8 of the Company's Current Report on Form 8-K, filed with the SEC on February 17, 2023.
4.1	Form of Debenture is incorporated herein by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
4.2	Warrant is incorporated herein by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.

4.3	Form of Stand-alone Debenture is incorporated herein by reference to Exhibit 4.3 of the Company's Registration Statement on Form S-1 (File No.333-239883), filed with the SEC on December 14, 2020.
4.4	Form of Secured Convertible Debenture of the registrant sold and issued to YAII PN, Ltd., on February 11, 2021 is incorporated herein by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
4.4a	Form of Secured Convertible Debenture of the registrant sold and issued to YAII PN, Ltd., on February 11, 2021 is incorporated herein by reference to Exhibit 4.4a of the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 15, 2021.
4.5	Form of Warrant of the registrant granted to YAII PN, Ltd., on February 11, 2021 is incorporated herein by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
4.6	Form of Secured Convertible Debenture of the registrant sold and issued to YAII PN, Ltd., effective August 23, 2021 is incorporated herein by reference to Exhibit 4.6 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
4.7	Form of Warrant of the registrant granted to YAII PN, Ltd., effective August 23, 2021 is incorporated here8in by reference to Exhibit 4.7 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
4.8	Form of Secured Convertible Debenture of the registrant sold and issued to YAII PN, Ltd., effective May 4, 2022 is incorporated herein by reference to Exhibit 4.8 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.
4.9	Form of Warrant of the registrant granted to YAII PN, Ltd., effective May 4, 2022 is incorporated herein by reference to Exhibit 4.9 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.
4.10	Form of Secured Convertible Senior Note of the registrant sold and issued to Mast Hill Fund, L.P., dated July 28, 2022 is incorporated herein by reference to Exhibit 4.10 of the Company's Current Report on Form 8-K, filed with the SEC on August 3, 2022.
4.11	Form of Warrant of the registrant granted to Mast Hill Fund, L.P., dated July 28, 2022 is incorporated herein by reference to Exhibit 4.11 of the Company's Current Report on Form 8-K, filed with the SEC on August 3, 2022.
4.12	Form of Secured Convertible Senior Note of the registrant sold and issued to Mast Hill Fund, L.P., for a transaction that closed and funded on March 15, 2023 is incorporated herein by reference to Exhibit 4.12 of the Company's Current Report on Form 8-K, filed with the SEC on March 21, 2023.
4.13	Form of Warrant of the registrant granted to Mast Hill Fund, L.P., for a transaction that closed and funded on March 15, 2023 is incorporated herein by reference to Exhibit 4.13 of the Company's Current Report on Form 8-K, filed with the SEC on March 21, 2023.
4.14	Form of Warrant of the registrant granted to Mast Hill Fund L.P., dated March 30, 2023 is incorporated herein by reference to Exhibit 4.14 of the Company's Annual Report on Form 10-K, filed with the SEC on March 31, 2023.
4.15	Form of Secured Convertible Senior Note of the registrant sold and issued to Mast Hill Fund, L.P., for a transaction that closed and funded on April 28, 2023 is incorporated herein by reference to Exhibit 4.15 of the Company's Current Report on Form 8-K, filed with the SEC on May 1, 2023.
4.16	Form of Warrant of the registrant granted to Mast Hill Fund, L.P., for a transaction that closed and funded on April 28, 2023 is incorporated herein by reference to Exhibit 4.16 of the Company's Current Report on Form 8-K, filed with the SEC on May 1, 2023.

10.1	Securities Purchase Agreement by and between the Company and YAII PN, Ltd., dated May 14, 2020 is incorporated herein by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.2	Registration Rights Agreement by and between the Company and YAII PN, Ltd., dated May 14, 2020 is incorporated herein by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.3	Independent Contractor Agreement by and between Kona Gold LLC and OPTN Companies Inc., dated April 15, 2020 is incorporated herein by reference to Exhibit 10.3 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.4	Board of Directors Offer Letter between the Company and Matthew Crystal, dated July 24, 2018 is incorporated herein by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.5	Board of Directors Offer Letter between the Company and William Jeffrey Outlaw, dated September 3, 2019 is incorporated herein by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.6	Form of Distribution Agreement is incorporated herein by reference to Exhibit 10.6 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.7	Membership Interest Purchase Agreement by and among Elev8 Hemp LLC, PLAD, Inc., and the Company, dated October 10, 2016, is incorporated herein by reference to Exhibit 10.7 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.8	Securities Exchange and Settlement Agreement by and between Elev8 Brands, Inc., and the Company, dated March 6, 2018, is incorporated herein by reference to Exhibit 10.8 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.9	Securities Exchange and Settlement Agreement by and between Elev8 Brands, Inc., and the Company, dated November 26, 2019 is incorporated herein by reference to Exhibit 10.9 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.10	Employment Agreement by and between Christopher Selinger and the Company, dated September 1, 2018 is incorporated herein by reference to Exhibit 10.10 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.

10.11	Lease Agreement by and between Kona Gold, LLC and Hay Investment Properties, Inc., dated June 1, 2018 is incorporated herein by reference to Exhibit 10.11 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.12	Triple Net Lease Agreement by and between Gold Leaf Distribution, LLC and 3090 S. Hwy 14, LLC, dated May 22, 2019 is incorporated herein by reference to Exhibit 10.12 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.13	Lease Modification Agreement by and between Gold Leaf Distribution, LLC and 3090 S. Hwy 14, LLC, dated April 21, 2020 is incorporated herein by reference to Exhibit 10.13 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.14	Line of Credit Agreement by and between Robert Clark and Gold Leaf Distribution, LLC, dated August 29, 2019 is incorporated herein by reference to Exhibit 10.14 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.15	Line of Credit Agreement by and between Robert Clark and Kona Gold, LLC, dated April 4, 2019 is incorporated herein by reference to Exhibit 10.15 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.16	Line of Credit Agreement by and between Matthew Nicoletti and Kona Gold, LLC, dated May 5, 2018 is incorporated herein by reference to Exhibit 10.16 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.17	Standard Promissory Note issued by Gold Leaf Distribution in favor of Robert Clark, dated February 19, 2019 is incorporated herein by reference to Exhibit 10.17 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.18	Standard Promissory Note issued by Kona Gold, LLC in favor of Robert Clark, dated January 15, 2019 is incorporated herein by reference to Exhibit 10.18 of Amendment No. 1 to the Company Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
10.19	Employment Agreement by and between the Company and Robert Clark, dated August 12, 2015 is incorporated herein by reference to Exhibit 10.19 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.

10.20	Employment Agreement by and between the Company and Lori Radcliffe, dated October 8, 2019 is incorporated herein by reference to Exhibit 10.20 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.20a	Employment Agreement Amendment by and between the Company and Lori Radcliffe, dated September 14, 2021 is incorporated herein by reference to Exhibit 10.20a of the Company's Registration Statement on Form S-1, filed with the SEC on September 22, 2021.
10.21	Amendment to Employment Agreement by and between the Company and Robert Clark, dated December 1, 2016 is incorporated herein by reference to Exhibit 10.21 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.22	Agreement by and between the Company and Ryan Dodd, dated May 1, 2019 is incorporated herein by reference to Exhibit 10.22 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.23	Amendment to Employment Agreement by and between Christopher Selinger and Kona Gold Solutions, Inc., dated May 1, 2020 is incorporated herein by reference to Exhibit 10.23of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.24	Amendment to Employment Agreement by and between Christopher Selinger and the Company, dated January 1, 2019 is incorporated herein by reference to Exhibit 10.24 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.25	Security Agreement by and between the Company and YAII PN, Ltd., dated May 14, 2020 is incorporated herein by reference to Exhibit 10.25 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.26	Line of Credit and Security Agreement Modification Agreement by and between Kona Gold LLC and Robert Clark, dated April 1, 2020 is incorporated herein by reference to Exhibit 10.26 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.
10.27	Line of Credit and Security Agreement Modification Agreement by and between Gold Leaf Distribution LLC and Robert Clark, dated April 1, 2020 is incorporated herein by reference to Exhibit 10.27 of the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on July 16, 2020.

10.28	Terms of Oral Agreement between the Company and Robert Clark is incorporated herein by reference to Exhibit 10.28 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
10.29	Waiver Agreement by and between the Company and YAII PN, Ltd., dated October 14, 2020, is incorporated herein by reference to Exhibit 10.29 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
10.30	Paycheck Protection Promissory Note issued in favor of Wells Fargo Bank, N.A. dated May 4, 2020, is incorporated herein by reference to Exhibit 10.30 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
10.31	Paycheck Protection Promissory Note issued in favor of Wells Fargo Bank, N.A. dated May 4, 2020, is incorporated herein by reference to Exhibit 10.31 of Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on October 26, 2020.
10.32	Securities Purchase Agreement by and between the Company and YAII PN, Ltd., dated November 30, 2020, is incorporated herein by reference to Exhibit 10.32 to the Company's Registration Statement on Form S-1 (File No.: 333-239883), filed with the SEC on December 14, 2020.
10.33	Form of Securities Purchase Agreement between the registrant and YAII PN, Ltd., for a transaction that closed on February 11, 2021 is incorporated herein by reference to Exhibit 10.28 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
10.34	Form of Registration Rights Agreement by and between the registrant and YAII PN, Ltd., for a transaction that closed on February 11, 2021 is incorporated herein by reference to Exhibit 10.29 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
10.35	Form of Amended and Restated Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed on February 11, 2021 is incorporated herein by reference to Exhibit 10.30 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
10.36	Form of Intellectual Property Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed on February 11, 2021 is incorporated herein by reference to Exhibit 10.31 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.
10.37	Form of Amended and Restated Global Guaranty Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed on February 11, 2021 is incorporated herein by reference to Exhibit 10.32 of the Company's Current Report on Form 8-K, filed with the SEC on February 18, 2021.

10.38	Form of Securities Purchase Agreement between the registrant and YAII PN, Ltd., for a transaction that closed and funded on August 23, 2021 is incorporated herein by reference to Exhibit 10.38 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
10.39	Form of Registration Rights Agreement by and between the registrant and YAII PN, Ltd., for a transaction that closed and funded on August 23, 2021 is incorporated herein by reference to Exhibit 10.39 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
10.40	Form of Second Amended and Restated Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on August 23, 2021 is incorporated herein by reference to Exhibit 10.40 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
10.41	Form of Intellectual Property Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on August 23, 2021 is incorporated herein by reference to Exhibit 10.41 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
10.42	Form of Second Amended and Restated Global Guaranty Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on August 23, 2021 is incorporated herein by reference to Exhibit 10.42 of the Company's Current Report on Form 8-K, filed with the SEC on August 23, 2021.
10.43	Agreement of Lease by and between Gold Leaf Distribution, LLC and RFMD-SC, LLC, dated August 30, 2021 is incorporated herein by reference to Exhibit 10.43 of the Company's Registration Statement on Form S-1, filed with the SEC on September 22, 2021.
10.44	Form of Securities Purchase Agreement between the registrant and YAII PN, Ltd., for a transaction that closed and funded on May 4, 2022 is incorporated herein by reference to Exhibit 10.44 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.
10.45	Form of Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on May 4, 2022 is incorporated herein by reference to Exhibit 10.45 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.
10.46	Form of Intellectual Property Security Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on May 4, 2022 is incorporated herein by reference to Exhibit 10.46 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.

10.47	Form of Global Guaranty Agreement of the registrant and its subsidiaries in favor of YAII PN, Ltd., for a transaction that closed and funded on May 4, 2022 is incorporated herein by reference to Exhibit 10.47 of the Company's Current Report on Form 8-K, filed with the SEC on May 5, 2022.
10.48	Form of Securities Purchase Agreement between the registrant and Mast Hill Fund, L.P., for a transaction that closed and funded on July 29, 2022 is incorporated herein by reference to Exhibit 10.48 of the Company's Current Report on Form 8-K, filed with the SEC on August 3, 2022.
10.49	Form of Security Agreement of the registrant and its subsidiaries in favor of Mast Hill Fund, L.P., for a transaction that closed and funded on July 29, 2022 is incorporated herein by reference to Exhibit 10.49 of the Company's Current Report on Form 8-K, filed with the SEC on August 3, 2022.
10.50	Revenue Purchase Agreement between the registrant and NewCo Capital Group VI, LLC, effective as of September 30, 2022 is incorporated herein by reference to Exhibit 10.50 of the Company's Amended Registration Statement on Form S-1 (File No.: 333-267199), filed with the SEC on October 14, 2022.
10.51	Revenue Purchase Agreement between the registrant and Cobalt Funding Solutions effective as of November 2, 2022 is incorporated herein by reference to Exhibit 10.51 of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2022, filed with the SEC on November 14, 2022.
10.52	Equity Purchase Agreement between the registrant and Mast Hill Funds L.P., dated as of March 30, 2023 is incorporated herein by reference to Exhibit 10.52 of the Company's Annual Report on Form 10-K, filed with the SEC on March 31, 2023.
10.53	Registration Rights Agreement between the registrant and Mast Hill Funds L.P., dated as of March 30, 2023 is incorporated herein by reference to Exhibit 10.53 of the Company's Annual Report on Form 10-K, filed with the SEC on March 31, 2023.
10.54	Form of Securities Purchase Agreement between the registrant and Mast Hill Fund, L.P., for a transaction that closed and funded on March 15, 2023 is incorporated herein by reference to Exhibit 10.52 of the Company's Current Report on Form 8-K, filed with the SEC on March 21, 2023.
10.55	Form of Security Agreement of the registrant and its subsidiaries in favor of Mast Hill Fund, L.P., for a transaction that closed and funded on March 15, 2023 is incorporated herein by reference to Exhibit 10.53 of the Company's Current Report on Form 8-K, filed with the SEC on March 21, 2023.
10.56	Form of Securities Purchase Agreement between the registrant and Mast Hill Fund, L.P., for a transaction that closed and funded on April 28, 2023 is incorporated herein by reference to Exhibit 10.56 of the Company's Current Report on Form 8-K, filed with the SEC on May 1, 2023.
10.57	Form of Security Agreement of the registrant and its subsidiaries in favor of Mast Hill Fund, L.P., for a transaction that closed and funded on April 28, 2023 is incorporated herein by reference to Exhibit 10.57 of the Company's Current Report on Form 8-K, filed with the SEC on May 1, 2023.
21.1	List of subsidiaries of the registrant is incorporated herein by reference to Exhibit 21.1 of the Company's Annual Report on Form 10-K, filed with the SEC on April 15, 2021.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
	*Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KONA GOLD BEVERAGE, INC.

November 14, 2023

By: */s/ Robert Clark*
Robert Clark
Chief Executive Officer