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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

or

☐ **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: 333-227420

ICONIC BRANDS, INC.

(Exact name of registrant as specified in its charter)

Nevada	**13-4362274**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
44 Seabro Avenue Amityville, NY	**11701**
(Address of principal executive offices)	(Zip Code)

(866) 219-8112
(Registrant's telephone number, including area code)

N/A
Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Securities registered pursuant to Section 12(b) of the Act: None.

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

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

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

Large accelerated filer	☐	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 ☒

As of August 14, 2020, the registrant had 17,448,481 shares of common stock, $0.001 par value per share, issued and outstanding.

ICONIC BRANDS, INC.

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FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q may be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are often, but not always, made through the use of words or phrases such as “believe,” “will,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” and “would.” These statements are based on current expectations, estimates and projections about our business based in part on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those set forth in “Item 1A. Risk Factors” in our Annual Report on Form 10-K, and our other filings with the U.S. Securities and Exchange Commission (the “SEC”).

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. Any forward-looking statements speak only as of the date on which they are made, and we disclaim any obligation to publicly update or release any revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by applicable law.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ICONIC BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
Three and Six Months Ended June 30, 2020 and 2019

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Iconic Brands, Inc. and Subsidiaries
Consolidated Balance Sheets

		June 30, 2020		December 31, 2019
		(Unaudited)		
Assets				
Current assets:				
Cash and cash equivalents	$	672,372	$	263,638
Accounts receivable (less allowance for doubtful accounts of $26,513 and $26,513, respectively)		513,617		573,747
Inventories		656,600		573,800
Prepaid expenses		84,309		-
Total current assets		1,926,898		1,411,185
Right-of-use assets, less accumulated amortization of $171,019 and $125,921, respectively		91,738		136,836
Leasehold improvements, furniture, and equipment (less accumulated depreciation and amortization of $9,666 and $0, respectively)		19,042		20,000
Investment in and receivable from Can B Corp		1,073,835		1,000,000
Total assets	$	3,111,513	$	2,568,021
Liabilities and Stockholders' Equity				
Current liabilities:				
Current portion of operating lease liabilities	$	72,861	$	90,982
Accounts payable and accrued expenses		1,962,133		1,852,563
Loans payable to officer and affiliated entity				
-noninterest bearing and due on demand		28,386		45,131
Notes payable		28,458		40,000
Total current liabilities		2,091,838		2,028,676
Non-current portion of operating lease liabilities		22,909		49,147
Total liabilities		2,114,747		2,077,823
Commitments and contingencies (Note 13)				
Stockholders' equity:				
Preferred stock, $.001 par value; authorized 100,000,000 shares:				
Series A, 1 and 1 share issued and outstanding, respectively		1		1
Series E, 2,115,224 and 2,790,224 shares issued and outstanding, respectively		2,115		2,790
Series F ($1,000 per share stated value), 2,413.75 and 3,155.75 shares issued and outstanding, respectively		2,413,750		3,155,750
Series G ($1,000 per share stated value), 1,475 and 0 shares issued and outstanding, respectively		1,475,000		-
Common stock, $.001 par value; authorized 200,000,000 shares, 17,268,881 and 14,576,681 shares issued and outstanding respectively		17,269		14,577
Additional paid-in capital		22,430,430		21,282,679
Accumulated deficit		(24,315,376)		(22,925,748)
Total Iconic Brands, Inc. stockholders' equity		2,023,189		1,530,049
Noncontrolling interests in subsidiaries and variable interest entity		(1,026,423)		(1,039,851)
Total stockholders' equity		996,766		490,198
Total liabilities and stockholders' equity	$	3,111,513	$	2,568,021

See notes to consolidated financial statements.

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Iconic Brands, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Sales	$ 1,055,600	$ 145,294	$ 1,461,486	$ 267,207
Cost of Sales	328,060	68,806	580,486	150,241
Gross profit	727,540	76,488	881,000	116,966
Operating expenses:				
Officers compensation	103,750	103,750	207,500	289,500
Professional and consulting fees	275,134	418,566	461,923	867,085
Royalties	21,584	78,279	37,548	153,467
Marketing and advertising	146,528	37,414	275,173	83,881
Fulfillment	196,687	-	246,687	-
Occupancy costs	23,911	27,932	46,162	55,555
Travel and entertainment	(279)	79,445	19,190	143,714
Investor relations	195,151	-	556,840	-
Other	303,011	110,605	480,012	285,631
Total operating expenses	1,265,477	855,991	2,331,035	1,878,833
Operating loss	(537,937)	(779,503)	(1,450,035)	(1,761,867)
Unrealized gain on investment in and receivable from Can B Corp	73,835	-	73,835	-
Net loss	(464,102)	(779,503)	(1,376,200)	(1,761,867)
Net loss (income) attributable to noncontrolling interests in subsidiaries and variable interest entity	(87,606)	90,396	(13,428)	400,093
Net loss attributable to Iconic Brands, Inc.	$ (551,708)	$ (689,107)	$ (1,389,628)	$ (1,361,774)
Net loss per common share – basic and diluted	$ (0.03)	$ (0.07)	$ (0.09)	$ (0.16)
Weighted average common shares Outstanding and to be issued to Escrow Agent – basic and diluted	16,514,400	10,543,700	15,965,555	8,351,552

See notes to consolidated financial statements.

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Iconic Brands, Inc. and Subsidiaries Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	Series A Preferred Stock, $.001 par		Series C Preferred Stock, $.001 par		Series D Preferred Stock, $.001 par		Series E Preferred Stock, $.001 par		Series F Preferred Stock, $1,000 stated value per share		Series G Preferred Stock, $1,000 stated value per share		Common Stock, $.001 par		Common Stock to be issued to Escrow Agent, $0.001 par		Additional Paid-in Capital	Noncontrolling Interests in Subsidiaries and Variable Interest Entity	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Six Months Ended June 30, 2020																				
Balance at January 1, 2020	1	$ 1	-	$ -	-	$ -	2,790,224	$ 2,790	3,156	$3,155,750	-	$ -	14,576,681	$ 14,577	-	-	$21,282,679	$ (1,039,851)	$ (22,925,748)	$ 490,19
Sale of Series G Preferred Stock and warrants	-	-	-	-	-	-	-	-	-	-	1,475	1,475,000	-	-	-	-	-	-	-	1,475,00
Placement agent fees and stock-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	375,000	375	-	-	(150,375)	-	-	(150,00
Issuance of common stock in exchange for Series E Preferred Stock	-	-	-	-	-	-	(675,000)	(675)	-	-	-	-	270,000	270	-	-	405	-	-	
Issuance of common stock in exchange for Series F Preferred Stock	-	-	-	-	-	-	-	-	(190)	(190,000)	-	-	304,000	304	-	-	189,696	-	-	
Issuance of common stock in exchange for services rendered and to be rendered	-	-	-	-	-	-	-	-	-	-	-	-	460,000	460	-	-	302,308	-	-	302,76
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(74,178)	(837,920)	(912,09
Balance at March 31, 2020	1	1	-	-	-	-	2,115,224	2,115	2,966	2,965,750	1,475	1,475,000	15,985,681	15,986	-	-	21,624,713	(1,114,029)	(23,763,668)	1,205,86
Issuance of common stock in exchange for Series F Preferred Stock	-	-	-	-	-	-	-	-	(552)	(552,000)	-	-	883,200	883	-	-	551,117	-	-	
Issuance of common stock in exchange for services	-	-	-	-	-	-	-	-	-	-	-	-	400,000	400	-	-	254,600	-	-	255,00
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87,606	(551,708)	(464,10
Balance at June 30, 2020	1	$ 1	-	-	-	-	2,115,224	$ 2,115	2,414	$2,413,750	1,475	$1,475,000	17,268,881	$ 17,269	-	-	$22,430,430	$ (1,026,423)	$ (24,315,376)	$ 996,76

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	Series A Preferred Stock, $.001 par		Series C Preferred Stock, $.001 par		Series D Preferred Stock, $.001 par		Series E Preferred Stock, $.001 par		Series F Preferred Stock, $1,000 stated value per share		Series G Preferred Stock, $1,000 stated value per share		Common Stock, $.001 par		Common Stock to be issued to Escrow Agent, $0.001 par		Additional Paid-in Capital	Noncontrolling Interests in Subsidiaries and Variable Interest Entity	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Six Months Ended June 30, 2019																				
Balance, January 1, 2019 (as previously reported)	1	$ 1	1,000	$ 1	10	$ -	6,602,994	$ 6,603	-	$ -	-	$ -	5,440,312	$ 5,440	534,203	$ 534	$18,798,438	$ (615,300)	$ (21,233,083)	$(3,037,366
Cumulative effect adjustment relating to reduction of derivative liability on warrants, pursuant to ASU 2017-11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,261,039	2,261,039
Balance, January 1, 2019 (as adjusted)	1	1	1,000	1	10	-	6,602,994	6,603	-	-	-	-	5,440,312	5,440	534,203	534	18,798,438	(615,300)	(18,972,044)	(776,327
Common stock issued to Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-	534,203	534	(534,203)	(534)	-	-	-	-
Sale of Series E Preferred Stock and warrants in connection with Securities Purchase Agreement dated September 27, 2018	-	-	-	-	-	-	1,362,520	1,363	-	-	-	-	-	-	-	-	339,267	-	-	340,630
Issuance of common stock in connection with Settlement and Release Agreement dated February 7, 2019	-	-	-	-	-	-	-	-	-	-	-	-	120,000	120	-	-	91,080	-	-	91,200
Issuance of common stock in connection with Business Development Agreement dated March 15, 2019	-	-	-	-	-	-	-	-	-	-	-	-	150,000	150	-	-	199,350	-	-	199,500
Issuance of common stock in exchange for the surrender of Series C Preferred Stock on March 27, 2019	-	-	(1,000)	(1)	-	-	-	-	-	-	-	-	1,000,000	1,000	-	-	(999)	-	-	-
Issuance of common stock in exchange for the surrender of Series D Preferred Stock on March 27, 2019	-	-	-	-	(10)	-	-	-	-	-	-	-	1,000,000	1,000	-	-	(1,000)	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	258	257
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(309,697)	(672,667)	(982,364
Balance, March 31, 2019	1	1	-	-	-	-	7,965,514	7,966	-	-	-	-	8,244,515	8,244	-	-	19,426,135	(924,997)	(19,644,453)	(1,127,104

Sale of Series E Preferred Stock and warrants in connection with Securities Purchase Agreement dated September 27, 2018	-	-	-	-	-	-	675,000	675	-	-	-	-	-	-	-	-	168,075	-	-	168,750
Issuance of common stock in exchange for Series E Preferred Stock on April 23, 2019 and May 17, 2019	-	-	-	-	-	-	(1,473,398)	(1,473)	-	-	-	-	589,359	589	-	-	884	-	-	-
Exercise of warrants at $0.32 per share pursuant to Warrant Exercise Agreements dated May 9, 2019	-	-	-	-	-	-	-	-	-	-	-	-	960,000	960	-	-	306,240	-	-	307,200
Issuance of common stock in connection with Share Exchange Agreement dated April 17, 2019	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000	-	-	1,248,000	-	-	1,250,000
Issuance of common stock in connection with Consulting Agreement dated April 15, 2019	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50	-	-	94,950	-	-	95,000
Issuance of common stock in connection with Consulting Agreement dated May 23, 2019	-	-	-	-	-	-	-	-	-	-	-	-	250,000	250	-	-	389,750	-	-	390,000
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(258)	(258
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(90,396)	(689,107)	(779,503
Balance, June 30, 2019	1	$ 1	-	$ -	-	$ -	7,167,116	$ 7,167	-	$ -	-	$ -	12,093,874	$ 12,094	-	$ -	$21,634,034	$ (1,015,393)	$ (20,333,818)	$ 304,085

See notes to consolidated financial statements.

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Iconic Brands, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating Activities:		
Net loss attributable to Iconic Brands, Inc.	$ (1,389,628)	$ (1,361,774)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Net income (loss) attributable to noncontrolling interests in subsidiaries and variable interest entity	13,428	(400,093)
Issuance of note payable to consultant	-	50,000
Stock-based compensation	517,832	775,700
Depreciation and amortization	9,666	-
Unrealized gain on investment in and receivable from Can B Corp	(73,835)	-
Changes in operating assets and liabilities:		
Accounts receivable	60,130	31,243
Inventories	(82,800)	65,784
Prepaid expenses	(44,373)	(2,266)
Accounts payable and accrued expenses	110,309	136,385
Net cash used in operating activities	(879,271)	(705,021)
Investing Activities:		
Leasehold improvements	-	(5,000)
Furniture and equipment	(8,708)	-
Net cash used in investing activities	(8,708)	(5,000)
Financing Activities:		
Proceeds from sale of Series G Preferred Stock and warrants (net of placement agent fees of $150,000)	1,325,000	-
Proceeds from sale of Series E Preferred Stock and warrants	-	509,300
Proceeds from exercise of warrants	-	307,200
Proceeds from note payable	28,458	-
Repayment of note payable	(40,000)	-
Loans payable to officer and affiliated entity	(16,745)	578
Net cash provided by financing activities	1,296,713	817,078
Increase (decrease) in cash and cash equivalents	408,734	107,057
Cash and cash equivalents, beginning of period	263,638	191,463
Cash and cash equivalents, end of period	$ 672,372	$ 298,520
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common stock in exchange for the surrender of Series C Preferred Stock and Series D Preferred Stock	$ -	$ 2,000
Issuance of common stock in exchange for Series E Preferred Stock	$ 270	$ 589
Issuance of common stock in exchange for Series F Preferred Stock	$ 1,187	$ -
Issuance of common stock and note payable in connection with acquisition of 51% of Green Grow Farms, Inc.	$ -	$ 1,450,000
Issuance of common stock to Escrow Agent in connection with Settlement Agreement and Amended Settlement Agreement	$ -	$ 534

See notes to consolidated financial statements.

1. ORGANIZATION AND NATURE OF BUSINESS

Iconic Brands, Inc., formerly Paw Spa, Inc. ("Iconic Brands" or "Iconic"), was incorporated in the State of Nevada on October 21, 2005. Effective December 31, 2016, Iconic closed on a May 15, 2015 agreement to acquire a 51% interest in BiVi LLC ("BiVi"), the brand owner of "BiVi 100 percent Sicilian Vodka," and closed on a December 13, 2016 agreement to acquire a 51% interest in Bellissima Spirits LLC ("Bellissima"), the brand owner of Bellissima sparkling wines. These transactions involved entities under common control of the Company's chief executive officer and represented a change in reporting entity. The financial statements of the Company have been retrospectively adjusted to reflect the operations of BiVi and Bellissima from their inception.

BiVi was organized in Nevada on May 4, 2015. Bellissima was organized in Nevada on November 23, 2015.

Effective May 9, 2019, Iconic closed on a May 9, 2019 Share Exchange Agreement to acquire a 51% interest in Green Grow Farms, Inc. ("Green Grow"), an entity organized on February 28, 2019 to grow hemp for CBD extraction. Effective December 31, 2019, Iconic sold its 51% interest in Green Grow Farms, Inc. to Can B Corp (see Note 3).

Reverse Stock Split

Effective January 18, 2019, the Company effectuated a 1 share for 250 shares reverse stock split which reduced the issued and outstanding shares of common stock at December 31, 2018 from 1,359,941,153 shares to 5,439,765 shares. The accompanying financial statements have been retrospectively adjusted to reflect this reverse stock split.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Iconic, its two 51% owned subsidiaries BiVi and Bellissima, and United Spirits, Inc., a variable interest entity of Iconic (see Note 6) (collectively, the "Company"). All inter-company balances and transactions have been eliminated in consolidation.

(b) Interim Financial Statements

The interim financial statements as of June 30, 2020 and for the three and six months ended June 30, 2020 and 2019 are unaudited and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. These statements reflect all normal and recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the information contained herein. Operating results for the three and six months ended June 30, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the Unites States have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. These unaudited financial statements should be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 2019 as included in our report on Form 10-K.

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(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(d) Fair Value of Financial Instruments

Generally accepted accounting principles require disclosing the fair value of financial instruments to the extent practicable for financial instruments which are recognized or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

In assessing the fair value of financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at the time. For certain instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, loans payable to officer and affiliated entity, and note payable, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

(e) Cash and Cash Equivalents

The Company considers all liquid investments purchased with original maturities of ninety days or less to be cash equivalents.

(f) Accounts Receivable, Net of Allowance for Doubtful Accounts

The Company extends unsecured credit to customers in the ordinary course of business but mitigates risk by performing credit checks and by actively pursuing past due accounts. The allowance for doubtful accounts is based on customer historical experience and the aging of the related accounts receivable. At June 30, 2020 and December 31, 2019, the allowance for doubtful accounts was $26,513 and $26,513, respectively.

(g) Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market, with due consideration given to obsolescence and to slow moving items. Inventory at June 30, 2020 and December 31, 2019 consists of cases of BiVi Vodka and cases of Bellissima sparkling wines purchased from our Italian suppliers, and cases of alcoholic beverages and packaging materials relating to our Hooters line of products introduced in August 2019.

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(h) Marketable Equity Securities

Marketable equity securities are recorded at fair value with unrealized gains and losses included in income. The Company has classified its investment in Can B Corp (see Note 3) as trading securities.

(i) Revenue Recognition

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" (Topic 606) which establishes revenue recognition standards. ASU 2014-19 was effective for annual reporting periods beginning after December 15, 2017. We adopted ASU 2014-09 effective January 1, 2018. ASU 2014-09 has not had a significant effect on the Company's financial position and results of operations.

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed or determinable, (3) collectability is reasonably assured, and (4) delivery has occurred . Persuasive evidence o f an arrangement and fixed price criteria are satisfied through purchase orders. Collectability criteria are satisfied through credit approvals. Delivery criteria are satisfied when the products are shipped to a customer and title and risk of loss passes to the customer in accordance with the terms of sale. The Company has no obligation to accept the return of products sold other than for replacement of damaged products. Other than quantity price discounts negotiated with customers prior to billing and delivery (which are reflected as a reduction in sales), the Company does not offer any sales incentives or other rebate arrangements to customers.

(j) Shipping and Handling Costs

Shipping and handling costs to deliver product to customers are reported as operating expenses in the accompanying statements of operations. Shipping and handling costs to purchase inventory are capitalized and expensed to cost of sales when revenue is recognized on the sale of product to customers.

(k) Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with Accounting Standards Codification ("ASC") Topic 718, "Compensation-Stock Compensation". For the three and six months ended June 30, 2020 and 2019, stock-based compensation was $274,751, $517,832, $485,000, and $775,700, respectively.

(l) Income Taxes

Income taxes are accounted for under the assets and liability method. Current income taxes are provided in accordance with the laws of the respective taxing authorities. Deferred income taxes are provided for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

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(m) Net Income (Loss) per Share

Basic net income (loss) per common share is computed on the basis of the weighted average number of common shares outstanding and to be issued to Escrow Agent (see Note 11) during the periods presented.

Diluted net income (loss) per common share is computed on the basis of the weighted average number of common shares and to be issued to Escrow Agent (see Note 11)and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. Dilutive securities having an anti-dilutive effect on diluted net income (loss) per share are excluded from the calculation.

(n) Recently Issued Accounting Pronouncements

Effective January 1, 2019, we adopted ASU 2016-2 (Topic 842) which establishes a new lease accounting model for lessees. Under the new guidance, lessees are required to recognize right of use assets and liabilities for most leases having terms of 12 months or more. We adopted this new accounting guidance using the effective date transition method, which permits entities to apply the new lease standards using a modified retrospective transition approach at the date of adoption. As such, historical periods will continue to be measured and presented under the previous guidance while current and future periods are subject to this new accounting guidance. Upon adoption we recorded a total of $223,503 for right-of-use assets related to our two operating leases (see Note 13g) and a total of $223,503 for lease liabilities.

On July 13, 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2017-11. Among other things, ASU 2017-11 provides guidance that eliminates the requirement to consider "down round" features when determining whether certain financial instruments or embedded features are indexed to an entity's stock and need to be classified as liabilities. ASU 2017-11 provides for entities to recognize the effect of a down round feature only when it is triggered and then as a dividend and a reduction to income available to common stockholders in basic earnings per share. The guidance is effective for annual periods beginning after December 15, 2018; early adoption is permitted. Accordingly, effective January 1, 2019, the Company reflected a $2,261,039 reduction of the derivative liability on warrants (see Note 10) and a $2,261,039 cumulative effect adjustment reduction of accumulated deficit.

Certain other accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

(o) Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has sustained significant net losses which have resulted in an accumulated deficit at June 30, 2020 of $24,315,376 and has experienced periodic cash flow difficulties, all of which raise substantial doubt regarding the Company's ability to continue as a going concern.

Continuation of the Company as a going concern is dependent upon obtaining additional working capital and attaining profitable operations. The management of the Company has developed a strategy which it believes will accomplish these objectives and which will enable the Company to continue operations for the coming year. However, there is no assurance that these objectives will be met. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from the outcome of this uncertainty.

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3. DISCONTINUED OPERATIONS

Effective December 31, 2019, the Company sold its 51% equity interest in Green Grow Farms, Inc. ("Green Grow") to Can B Corp. in exchange for 37,500,000 shares of Can B Corp. common stock and a Can B Corp. obligation to issue additional shares ("Additional Purchases Shares") of Can B Corp. common stock to the Company on June 30, 2020 in such number so that the aggregate value of the aggregate shares issued to the Company equals $1,000,000. We acquired this equity interest on May 9, 2019 in exchange for a $200,000 note payable to NY Farms Group Inc. and 2,000,000 shares of Company common stock valued at $1,250,000.

Effective March 6, 2020, Can B Corp. ("CANB") effected a 1 share for 300 shares reverse stock split resulting in a reduction of the number of our shares of CANB common stock from 37,500,000 shares to 125,000 shares. On July 8, 2020, CANB delivered 418,714 additional shares of CANB common stock required under the December 31, 2019 agreement. The fair value of the 543,714 shares of CANB common stock at June 30, 2020 was $1,073,835 and we recognized an unrealized gain of $73,835 in the quarterly period ended June 30, 2020.

On July 24, 2020 (see note 14), we executed an Exchange Agreement with CANB and delivered the 543,714 shares of CANB common stock to CANB in exchange for CANB's delivery of 1,000,000 shares of ICNB common stock to the Company.

4. INVESTMENT IN BIVI LLC

On May 15, 2015, Iconic entered into a Securities Exchange Agreement by and among the members of BiVi LLC, a Nevada limited liability company ("BiVi"), under which Iconic acquired a 51% majority interest in BiVi in exchange for the issuance of (a) 4,000 shares of restricted common stock and (b) 1,000 shares of newly created Series C Convertible Preferred Stock.

Prior to May 15, 2015, BiViwas beneficially owned and controlled by Richard DeCicco, the controlling shareholder and chief executive officer of Iconic Brands, Inc.

5. INVESTMENT IN BELLISSIMA SPIRITS LLC

On December 13, 2016, Iconic entered into a Securities Purchase Agreement with Bellissima Spirits LLC ("Bellissima") and Bellissima's members under which Iconic acquired a 51% majority interest in Bellissima in exchange for the issuance of a total of 10 shares of newly designated Iconic Series D Convertible Preferred Stock. Each share of Iconic Series D Convertible Preferred Stock was convertible into the equivalent of 5.1% of Iconic common stock issued and outstanding at the time of conversion.

Prior to December 13, 2016, Bellissima was controlled by Richard DeCicco, the controlling shareholder and chief executive officer of Iconic.

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6. UNITED SPIRITS, INC.

United Spirits, Inc. ("United") is owned and managed by Richard DeCicco, the controlling shareholder and chief executive officer of Iconic. United provides distribution services for Iconic, BiVi and Bellissima (see Note 13e) and is considered a variable interest entity ("VIE") of Iconic.Since Iconic has been determined to be the primary beneficiary of United, we have included United's assets, liabilities, and operations in the accompanying consolidated financial statements of Iconic. Summarized financial information of United follows:

Balance Sheets:	June 30, 2020	December 31, 2019
Cash and cash equivalents	$ 655,092	$ 130,454
Intercompany receivable from Iconic (A)	515,231	56,495
Right-of-use asset	30,327	54,955
Total assets	$ 1,200,650	$ 241,904
Accounts payable and accrued expenses	$ 203,461	$ 187,658
Loans payable to officer and affiliated entity	71,332	88,077
SBA Payroll Protection Program loan	28,458	-
Intercompany payable to Bellissima (A)	1,277,217	317,722
Intercompany payable to BiVi (A)	66,876	66,876
Operating lease liability	30,327	54,955
Total Liabilities	1,677,671	715,288
Noncontrolling interest in VIE	(477,021)	(473,384)
Total liabilities and stockholders' deficiency	$ 1,200,650	$ 241,904

Statements of operations:	Six months ended June 30, 2020	2019
Intercompany distribution income (A)	$ 6,615	$ 4,542
Royalty expense	-	127,500
Officers' compensation	-	82,000
Other operating expenses – net	10,252	36,450
Total operating expenses	10,252	245,950
Net income (loss)	$ (3,637)	$ (241,408)

(A) Eliminated in consolidation

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7. INVENTORIES

Inventories consist of:

	June 30, 2020	December 31, 2019
Finished goods:		
Hooters brands	$ 310,232	$ 286,123
Bellissima brands	261,711	199,580
BiVi brands	47,691	48,132
Total finished goods	619,634	533,835
Raw materials:		
Hooters brands	36,966	39,965
Total raw materials	36,966	39,965
Total	$ 656,600	$ 573,800

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of:

	June 30, 2020	December 31, 2019
Accounts payable	$ 767,758	$ 737,850
Accrued officers compensation	850,550	813,050
Accrued royalties	332,590	295,042
Other	11,235	6,621
Total	$ 1,962,133	$ 1,852,563

9. NOTES PAYABLE

Note payable consists of:

	June 30, 2020	December 31, 2019
Small Business Administration Payroll Protection Program forgivable loan payable	$ 28,458	$ -
Amount due to a former Bellissima consultant pursuant to a Settlement and Release Agreement dated February 7, 2019, due December 31, 2019	-	40,000
Total	$ 28,458	$ 40,000

10. DERIVATIVE LIABILITY ON WARRANTS

From September 2017 to November 2017, in connection with the sale of a total of 480,000 shares of common stock, the Company issued a total of 480,000 Common Stock Purchase Warrants (the “Warrants”) to the respective investors. The Warrants were exercisable into ICNB common stock at a price of $2.50 per share, were to expire five years from date of issuance, and contained “down round” price protection.

Effective May 21, 2018, in connection with the sale of a total of 120,000 shares of Series E Preferred Stock, the Company issued a total of 480,000 Warrants to four investors. These warrants were exercisable into ICNB common stock at a price of $2.50 per share, were to expire five years from date of issuance, and contained “down round” price protection.

The down round provision of the above Warrants required a reduction in the exercise price if there were future issuances of common stock equivalents at a lower price than the $2.50 exercise price of the Warrants. Accordingly, we recorded the $2,261,039 fair value of the Warrants at December 31, 2018 as a derivative liability.

Effective January 1, 2019 (see Note 2), the Company adopted ASU 2017-11 and reduced the $2,261,039 derivative liability on warrants at December 31, 2018 to $0 and recognized a $2,261,039 cumulative effect adjustment reduction of accumulated deficit.

11. CAPITAL STOCK

Preferred Stock

The one share of Series A Preferred Stock, which was issued to Richard DeCicco on September 10, 2009, entitles the holder to two votes for every share of Common Stock Deemed Outstanding and has no conversion or dividend rights.

The 1,000 shares of Series C Preferred Stock, which were issued to Richard DeCicco on May 15, 2015 pursuant to the Securities Exchange Agreement (see Note 4) for the Company's 51% investment in BiVi, entitled the holder in the event of a Sale (as defined) to receive out of the proceeds of such Sale (in whatever form, be it cash, securities, or other assets), a distribution from the Company equal to 76.93% of all such proceeds received by the Company prior to any distribution of such proceeds to all other classes of equity securities, including any series of preferred stock designated subsequent to this Series C Preferred Stock. Effective March 27, 2019, pursuant to a Preferred Stock Exchange Agreement, Mr. DeCicco exchanged the 1,000 shares of Series C Preferred Stock for 1,000,000 shares of Company common stock.

The 10 shares of Series D Preferred Stock, which were issued to Richard DeCicco and Roseann Faltings (5 shares each) on December 13, 2016 pursuant to the Securities Purchase Agreement (See Note 5) for the Company's 51% investment in Bellissima, entitled the holders to convert each share of Series D Preferred Stock to the equivalent of 5.1% of the common stock issued and outstanding at the time of conversion. Effective March 27, 2019, pursuant to a Preferred Stock Exchange Agreement, Mr. DeCicco and Ms. Faltings exchanged the 10 shares of Series D Preferred Stock for 1,000,000 shares of Company common stock (500,000 shares each).

Effective May 21, 2018, the Company entered into a Share Purchase Agreement with the four investors who purchased 480,000 shares of common stock pursuant to a Securities Purchase Agreement dated October 27, 2017. The Exchange Agreement provided for the exchange of the 480,000 shares of common stock for 1,200,000 shares of Series E Preferred Stock. Each share of Series E Preferred Stock is convertible into 0.4 shares of common stock, is entitled to 0.4 votes on all matters to come before the common stockholders or shareholders generally, is entitled to dividends on an as-converted-to-common stock basis, is entitled to a distribution preference of $0.25 upon liquidation, and is not redeemable.

Also effective May 21, 2018, the Company sold a total of 1,200,000 shares of Series E Preferred Stock and 480,000 warrants to the four investors referred to in the preceding paragraph for $300,000 cash pursuant to an Amendment No. 1 to Securities Purchase Agreement.

Effective October 4, 2018, the Company closed on the first tranche of the Securities Purchase Agreement dated September 27, 2018 with nine (9) accredited investors for the sale of an aggregate of 4,650,000 shares of our Series E convertible preferred stock and warrants to acquire 1,860,000 shares of our common stock (at an exercise price of $1.25 per share for a period of five years) for gross proceeds of $1,162,500. The first tranche sale was for 1,550,000 shares of our Series E Preferred stock and warrants to acquire 620,000 shares of our common stock for gross proceeds of $387,500.

As a condition to the closing of the first tranche, the Company entered into Securities Exchange Agreements with holders of convertible notes totaling $519,499 who exchanged their convertible notes for an aggregate of 2,077,994 shares of our Series E Preferred stock plus warrants to acquire 831,198 shares of our common stock. Also, holders of convertible notes totaling $76,569 exchanged their notes for an aggregate of 122,510 shares of our common stock and holders of convertible notes totaling $90,296 were paid off with cash.

On November 30, 2018 and December 20, 2018, the Company received two payments of $71,875 and $71,875 respectively (totaling $143,750) in exchange for 287,500 and 287,500 shares of Series E Preferred Stock (totaling 575,000 shares) respectively at $0.25 per share. These payments represented advance payments in connection with the second tranche of the Securities Purchase Agreement dated September 27, 2018 which closed February 7, 2019.

Effective February 7, 2019, the Company closed on the second tranche of the Securities Purchase Agreement dated September 27, 2018. The Company received the remaining $243,750 (of the $387,500 total second tranche proceeds) and issued the investors the remaining total of 975,000 shares of Series E Preferred Stock (of the 1,550,000 total second tranche shares) and warrants to acquire 620,000 shares of our common stock.

On February 12, 2019 and March 18, 2019, the Company received two payments of $71,880 and $25,000 respectively (totaling $96,880) in exchange for 287,520 and 100,000 shares of Series E Preferred Stock (totaling 387,520 shares) respectively at $0.25 per share. These payments represent advance payments in connection with the third tranche of the Securities Purchase Agreement dated September 27, 2018. Closing of the third tranche of $387,500 has not occurred.

On April 25, 2019 and September 4, 2019, the Company received payments of $71,875 and $96,875 respectively (totaling $168,750) in exchange for 287,500 and 387,500 shares of Series E Preferred Stock (totaling 675,000 shares) respectively at $0.25 per share. These payments represent advance payments in connection with the third tranche of the Securities Purchase Agreement dated September 27, 2018. Closing of the third tranche of $387,500 has not occurred.

On April 23, 2019, a holder converted 673,398 shares of Series E Preferred Stock into 269,359 shares of Iconic common stock.

On May 17, 2019, a holder converted 800,000 shares of Series E Preferred Stock into 320,000 shares of Iconic common stock.

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On July 18, 2019, Iconic entered into Securities Purchase Agreements with certain accredited investors (the “Investors”) for the sale of an aggregate of 3,125 shares of newly designated Series F Convertible Preferred Stock plus 5,000,000 warrants at a price of $1,000 per share of Series F Convertible Preferred Stock or for a total of $3,125,000 (which was collected in full from July 18, 2019 to August 2, 2019). On August 2, 2019, Iconic paid $322,500 in commissions and expenses to the placement agent of this offering. Each share of Series F Convertible Preferred Stock has a stated value of $1,000, is convertible into 1,600 shares of common stock (subject to adjustment under certain circumstances), has no voting rights, is entitled to dividends on an as-converted-to common stock basis, is entitled to a distribution preference of $1,000 upon liquidation, and is not redeemable. Each warrant is exercisable into one share of common stock at an exercise price of $0.625 per share (subject to adjustment under certain circumstances) for a period of five years from the date of issuance.

We also entered into separate Registration Rights Agreements with the Investors, pursuant to which the Company agreed to undertake to file a registration statement to register the resale of the shares underlying the Series F Convertible Preferred Stock and Warrants within thirty (30) days following the closing date (the “Filing Date”), to cause such registration statement to be declared effective within 60 days following the earlier of (i) the date that the registration statement is filed with the Securities and Exchange Commission (the “SEC”) and (ii) the Filing Date, and to maintain the effectiveness of the registration statement until all of such shares of Common Stock have been sold or are otherwise able to be sold pursuant to Rule 144 under the Securities Act, without any restrictions. We filed the Form S-1 registration statement on September 9, 2019 which was declared effective by the SEC on September 18, 2019. If we fail to maintain the effectiveness of the registration statement for the required time period, the Company is obligated to pay the Investors liquidated damages in the amount of 1% of their subscription amount, per month, until such event is satisfied.

Concurrently with the closing of the financing transaction described above, we entered into Securities Exchange Agreements with certain holders of our Series E Convertible Preferred Stock and exchanged their 2,725,000 shares of Series E Convertible Preferred Stock for an aggregate of 681.25 shares of our Series F Convertible Preferred Stock.

From July 26, 2019 to August 28, 2019, three holders converted a total of 1,000,000 shares of Series E Preferred Stock into a total of 400,000 shares of Iconic common stock.

From September 19, 2019 to September 27, 2019, three holders converted a total of 14.20 shares of Series E Preferred Stock into a total of 227,200 shares of Iconic common stock.

On October 25, 2019 and December 28, 2019, two holders converted a total of 651,892 shares of Series E Preferred Stock into a total of 260,757 shares of Iconic common stock.

From October 2, 2019 to December 31, 2019, six holders converted a total of 508.50 shares of Series F Preferred Stock into a total of 813,600 shares of Iconic common stock.

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On January 12, 2020, the Company entered into securities purchase agreements with certain accredited investors for the sale of a total of 1,500 shares of Series G Convertible Preferred Stock and warrants o purchase 1,200,000 shares of our common stock for gross proceeds of $1,500,000 (of which $1,475,000 was collected on January 13, 2020 and January 14, 2020). Each share of Series G Convertible Preferred Stock (designated on January 13, 2020) has a stated value of $1,000, is convertible into shares of common stock at a price of $1.25 per share (subject to adjustment under certain circumstances), has no voting rights, is entitled to dividends on an as-converted-to common stock basis, is entitled to a distribution preference of $1,000 upon liquidation, and is not redeemable. Each warrant is exercisable into one share of common stock at an exercise price of $1.25 per share (subject to adjustment under certain circumstances) for a period of five years from the date of issuance.

On February 12, 2020, February 13, 2020, and February 14, 2020, three holders converted a total of 675,000 shares of Series E Preferred Stock into a total of 270,000 shares of Iconic common stock.

From January 16, 2020 to February 24, 2020, two holders converted a total of 190 shares of Series F Preferred Stock into a total of 304,000 shares of Iconic common stock.

On May 29, 2020 and June 5, 2020, four holders converted a total of 552 shares of Series F Preferred Stock into a total of 883,200 shares of iconic common stock.

Common Stock

On March 28, 2017, the Company executed a Settlement Agreement and Release (the "Settlement Agreement") with 4 holders of convertible notes payable. Notes payable and accrued interest totaling $892,721 were satisfied through the Company's agreement to irrevocably reserve a total of 1,931,707 shares of its common stock and to deliver such shares in separate tranches to the Escrow Agent upon receipt of a conversion notice delivered by the Escrow Agent to the Company.

On May 5, 2017, the Company executed an Amended Settlement Agreement and Release (the "Amended Settlement Agreement") replacing the Settlement Agreement and Release dated March 28, 2017 (see preceding paragraph). The Amended Settlement Agreement is with 5 holders of convertible notes payable (the 4 holders who were parties to the Settlement Agreement and Release dated March 28, 2017 and one additional holder) and provided for the satisfaction of notes payable and accrued interest totaling $1,099,094 (a $206,373 increase from the $892,721 amount per the Settlement Agreement and Release dated March 28, 2017) through the Company's agreement to irrevocably reserve a total of 2,452,000 shares of its common stock (a 520,293 shares increase from the 1,931,707 shares per the Settlement Agreement and Release dated March 28, 2017) and deliver such shares in separate tranches to the Escrow Agent upon receipt of a conversion notice delivered by the Escrow Agent to the Company.

In the quarterly period ended June 30, 2017, the Company issued an aggregate of 284,777 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement. In the quarterly period ended September 30, 2017, the Company issued an aggregate of 253,333 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

From September 2017 to November 2017, pursuant to a Securities Purchase Agreement dated October 27, 2017 (the "SPA"), the Company issued a total of 480,000 shares of its common stock and 480,000 warrants to four investors for a total of $300,000 cash. The Warrants, which were exercised May 8, 2019 pursuant to Warrant Exercise Agreements, were exercisable into ICNB common stock at a price of $2.50 per share, were to expire five years from date of issuance, and contained "down round" price protection (see Note 10).

On January 2, 2018, the Company issued 103,447 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On January 19, 2018, the Company issued 216,127 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On March 14, 2018, the Company issued 126,667 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On April 5, 2018, the Company issued 172,000 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On April 9, 2018, the Company issued 280,296 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On April 12, 2018, the Company issued 481,151 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On August 14, 2018, the Company issued 51,938 shares of its common stock in settlement of convertible notes payable and accrued interest payable totaling $32,461.

On September 7, 2018, the Company issued 70,572 shares of its common stock in settlement of convertible notes payable and accrued interest payable totaling $44,108.

Effective May 21, 2018, the Company entered into a Share Purchase Agreement with the four investors who purchased 480,000 shares of common stock pursuant to a Securities Purchase Agreement dated October 27, 2017. The Exchange Agreement provided for the exchange of the 480,000 shares of common stock for 1,200,000 shares of Series E Preferred Stock. Each share of Series E Preferred Stock is convertible into 0.4 shares of common stock, is entitled to 0.4 votes on all matters to come before the common stockholders or shareholders generally, is entitled to dividends on an as-converted-to-common stock basis, is entitled to a distribution preference of $0.25 upon liquidation, and is not redeemable.

On January 16, 2019, the Company issued 436,125 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement.

On January 24, 2019, the Company issued 98,078 shares of its common stock to the Escrow Agent pursuant to the Amended Settlement Agreement. This issuance completed the Company's obligation to deliver shares of our common stock to the Escrow Agent.

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On February 7, 2019, the Company agreed to issue 120,000 shares of its common stock (issued April 18, 2019) and a $50,000 note payable due December 31, 2019 to a former Bellissima consultant pursuant to a Settlement and Release Agreement. The $141,200 total fair value of the note ($50,000) and the 120,000 shares of common stock ($91,200) was expensed as consulting fees in the three months ended March 31, 2019.

On March 15, 2019, the Company agreed to issue 150,000 shares of its common stock (issued April 8, 2019) to a consulting firm entity pursuant to a Business Development Agreement. The $199,500 fair value of the 150,000 shares of common stock was expensed as consulting fees in the three months ended March 31, 2019.

On March 27, 2019, the Company issued 1,000,000 shares of its common stock to Chief Executive Officer Richard DeCicco in exchange for the surrender of the 1,000 shares of Series C Preferred Stock owned by Mr. DeCicco.

On March 27, 2019, the Company issued a total of 1,000,000 shares of its common stock (500,000 shares to Chief Executive Officer Richard DeCicco; 500,000 shares to Vice President Roseann Faltings) in exchange for the surrender of the 5 shares each of Series D Preferred Stock owned by Mr. DeCicco and Ms. Faltings.

Effective April 15, 2019 the Company issued 50,000 shares of its common stock to a consulting firm entity pursuant to a Consulting Agreement. The $95,000 fair value of the 50,000 shares of Iconic common stock was expensed as consulting fees in the three months ended June 30, 2019.

On April 23, 2019, a stockholder converted 673,398 shares of Series E Preferred Stock into 269,359 shares of Iconic common stock.

On May 8, 2019, Iconic executed Warrant Exercise Agreements with four holders of Company warrants. The holders exercised a total of 960,000 warrants at an agreed price of $0.32 per share and paid the Company a total of $307,200. Pursuant to the Warrant Exercise Agreements, the holders were issued a total of 1,920,000 New Warrants which are exercisable into Company common stock at a price of $2.25 per share for a period of five years.

On May 9, 2019, Iconic closed on a Share Exchange Agreement (the “Agreement”) with Green Grow Farms, Inc. (“Green Grow”) and NY Farms Group Inc. (“NY Farms”). Pursuant to the Agreement, Iconic acquired a 51% equity interest in Green Grow in exchange for (i) note payable of $200,000 and (ii) 2,000,000 shares of Company common stock. Effective December 31, 2019, Iconic sold its 51% equity interest in Green Grow (see Note 3).

On May 17, 2019, a stockholder converted 800,000 shares of Series E Preferred Stock into 320,000 shares of Iconic common stock.

Effective May 23, 2019, the Company issued 250,000 shares of its common stock to a consulting firm entity pursuant to a Consulting Agreement. The $390,000 fair value of the 250,000 shares of Iconic common stock was expensed as consulting fees in the three months ended June 30, 2019.

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From July 26, 2019 to August 28, 2019, three holders converted a total of 1,000,000 shares of Series E Preferred Stock into a total of 400,000 shares of Iconic common stock.

On September 3, 2019, the Company issued a total of 781,250 shares of common stock to the placement agent and five associated individuals for services relating to the offering of 3,125 shares of Series F Preferred Stock which concluded on August 2, 2019 (see Preferred Stock above).

From September 19, 2019 to September 27, 2019, three holders converted a total of 14.2 shares of Series F Preferred Stock into a total of 227,200 shares of Iconic common stock.

On October 25, 2019 and December 26, 2019, two holders converted a total of 651,892 shares of Series E Preferred Stock into a total of 260,757 shares of Iconic common stock.

From October 2, 2019 to December 31, 2019, six holders converted a total of 508.50 shares of Series F Preferred Stock into a total of 813,600 shares of Iconic common stock.

On January 22, 2020, the Company issued a total of 375,000 shares of its common stock to the placement agent and four associated individuals for services relating to the offering of 1,500 shares of Series G Preferred Stock which concluded on January 14, 2020 (see Preferred Stock above).

On January 22, 2020, and February 27, 2020, the Company issued a total of 160,000 shares of its common stock to an investor relations firm for services rendered to the Company. The $101,018 total fair value of the 160,000 shares of Iconic common stock on the respective dates of issuance was expensed as investor relations in the three months ended March 31, 2020.

On January 26, 2020, the Company issued 150,000 shares of its common stock to a consulting firm for services rendered to the Company. The $100,500 fair value of the 150,000 shares of Iconic common stock was expensed as consulting fees in the three months ended March 31, 2020.

On February 24, 2020, the Company issued 100,000 shares of its common stock to William Clyde Elliot II pursuant to an Endorsement Agreement dated February 12, 2020 (see Note 13h). The $67,500 fair value of the 100,000 shares of Iconic common stock was charged to prepaid expenses and is being expensed over the term of the Endorsement Agreement.

On February 24, 2020, the Company issued 50,000 shares of its common stock to a consulting firm for services rendered to the Company. The $33,750 fair value of the 50,000 shares of Iconic common stock was expensed as consulting fees in the three months ended March 31, 2020.

On February 12, 2020, February 13, 2020, and February 14, 2020, three holders converted a total of 675,000 shares of Series E Preferred Stock into a total of 270,000 shares of Iconic common stock.

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From January 16, 2020 to February 24, 2020, two holders converted a total of 190 shares of Series F Preferred Stock into a total of 304,000 shares of Iconic common stock.

On May 1, 2020, the Company issued 275,000 shares of its common stock to an investor relations firm for services rendered to the Company. The $167,750 fair value of the 275,000 shares of Iconic common stock was expensed as investor relations in the three months ended June 30, 2020.

On June 1, 2020, the Company issued 75,000 shares of its common stock to a consultant for services rendered to the Company. The $51,750 fair value of the 75,000 shares of Iconic common stock was expensed as consulting fees in the three months ended June 30, 2020.

On June 2, 2020, the Company issued 50,000 shares of its common stock to a consulting firm entity for services rendered to the Company. The $35,500 fair value of the 50,000 shares of Iconic common stock was expensed as consulting fees in the three months ended June 30, 2020.

On May 29, 2020 and June 5, 2020, four holders converted a total of 552 shares of Series F Preferred Stock into a total of 883,200 shares of Iconic common stock.

Warrants

A summary of warrants activity for the period January 1, 2018 to June 30, 2020 follows:

Common shares Equivalent

Balance, January 1, 2018	534,000
Issued in the year ended December 31, 2018	2,361,198
Balance, December 31, 2018	2,895,198
Issued in the three months ended March 31, 2019	620,000
Balance, March 31, 2019	3,515,198
Exercise of warrants in connection with Warrant Exercise Agreements dated May 8, 2019	(960,000)
Issuance of New Warrants in connection with Warrant Exercise Agreements dated May 8, 2019	1,920,000
Balance, June 30, 2019	4,475,198
Issued in the three months ended September 30, 2019	5,000,000
Balance, September 30, 2019 and December 31, 2019	9,475,198
Issued in the three months ended March 31, 2020	1,180,000
Balance, March 31, 2020 and June 30, 2020	10,655,198

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Issued and outstanding warrants at June 30, 2020 consist of:

Year Granted	Number Common Shares Equivalent	Exercise Price Per Share		Expiration Date
2017	54,000	$	2.50	June 22, 2022 to June 30, 2022
2018	400,000	$	0.625	March 28, 2021
2018	30,000	$	2.50	May 21, 2023
2018	831,198	$	1.25	September 20, 2023
2018	620,000	$	1.25*	September 20, 2023
2019	620,000	$	1.25*	February 7, 2024
2019	1,920,000	$	2.25*	May 8, 2024
2019	5,000,000	$	0.625	August 2, 2024
2020	1,180,000	$	1.25	January 12, 2025
Total	10,655,198			

*** These warrants contain a "down round" provision and thus the exercise price is reduceable to $0.625 per share as a result of the Series F Preferred Stock financing which closed on August 2, 2019.**

Effective October 4, 2018, the Company closed on the first tranche of the Securities Purchase Agreement dated September 27, 2018 with nine (9) accredited investors for the sale of an aggregate of 4,650,000 shares of our Series E convertible preferred stock and warrants to acquire 1,860,000 shares of our common stock (at an exercise price of $1.25 per share for a period of five years) for gross proceeds of $1,162,500. The first tranche sale was for 1,550,000 shares of our Series E convertible preferred stock and warrants to acquire 620,000 shares of our common stock for gross proceeds of $387,500. The second tranche of $387,500 closed on February 7, 2019 and also was for 1,550,000 shares of our Series E convertible preferred stock and warrants to acquire 620,000 shares of our common stock.

On May 8, 2019, Iconic executed Warrant Exercise Agreements with four holders of Company warrants. The holders exercised a total of 960,000 warrants (which were acquired from September 2017 to November 2017 and on May 21, 2018) at an agreed price of $0.32 per share and paid the Company a total of $307,200. Pursuant to the Warrant Exercise Agreements, the holders were issued a total of 1,920,000 New Warrants which are exercisable into Company common stock at a price of $2.25 per share for a period of five years and contain "down round" price protection.

As discussed in Preferred Stock above, the Company issued a total of 5,000,000 warrants to investors as part of the offering of 3,125 shares of Series F Preferred Stock which concluded on August 2, 2019. Each warrant is exercisable into one share of common stock at an exercise price of $0.625 per share for a period of five years from the date of issuance and contains "down round" price protection.

As also discussed in Preferred Stock above, the Company issued a total of 1,180,000 warrants to investors as part of the offering of 1,500 shares of Series G Preferred Stock which concluded on January 14, 2020. Each warrant is exercisable into one share of common stock at an exercise price of $1.25 per share for a period of five years from the date of issuance and contains "down round" price protection.

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12. INCOME TAXES

No income taxes were recorded in the periods presented since the Company had taxable losses in these periods.

The provision for (benefit from) income taxes differs from the amount computed by applying the statutory United States federal income tax rate of 21% for the periods presented to income (loss) from continuing operations before income taxes. The sources of the difference are as follows:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Expected tax at 21%	$ (289,002)	$ (369,992)
Nontaxable unrealized gain on investment in and receivable from CAN B Corp.	(15,505)	-
Nondeductible stock-based compensation	108,745	162,897
Increase (decrease) in valuation allowance	195,762	207,095
Income tax provision	$ -	$ -

Significant components of the Company's deferred income tax assets are as follows:

	June 30, 2020	December 31, 2019
Net operating loss carryforward	$ 4,490,845	$ 4,295,083
Less valuation allowance	(4,490,845)	(4,295,083)
Deferred income tax assets - net	$ -	$ -

Based on management's present assessment, the Company has not yet determined that a deferred tax asset attributable to the future utilization of the net operating loss carryforward as of June 30, 2020 and December 31, 2019 will be realized. Accordingly, the Company has maintained a 100% valuation allowance against the deferred tax asset in the financial statements at June 30, 2020 and December 31, 2019. The Company will continue to review this valuation allowance and make adjustments as appropriate.

Current United States income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

All tax years remain subject to examination by major taxing jurisdictions.

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13. COMMITMENTS AND CONTINGENCIES

a. Iconic Guarantees

On May 26, 2015, BiVi LLC ("BiVi") entered into a License Agreement with Neighborhood Licensing, LLC (the "BiVi Licensor"), an entity owned by Chazz Palminteri ("Palminteri"), to use Palminteri's endorsement, signature and other intellectual property owned by the BiVi Licensor. Iconic has agreed to guarantee and act as surety for BiVi's obligations under certain sections of the License Agreement and to indemnify the BiVi Licensor and Palminteri against third party claims.

On November 12, 2015, Bellissima Spirits LLC ("Bellissima") entered into a License Agreement with Christie Brinkley, Inc. (the "Bellissima Licensor"), an entity owned by Christie Brinkley ("Brinkley"), to use Brinkley's endorsement, signature, and other intellectual property owned by the Bellissima Licensor. Iconic has agreed to guarantee and act as surety for Bellissima's obligations under certain sections of the License Agreement and to indemnify the Bellissima Licensor and Brinkley against third party claims.

b. Royalty Obligations of BiVi and Bellissima

Pursuant to the License Agreement with the Bivi Licensor (see Note 13a. above), BiVi is obligated to pay the BiVi Licensor a Royalty Fee equal to 5% of monthly gross sales of BiVi Brand products payable monthly subject to an annual Minimum Royalty Fee of $100,000 in year 1, $150,000 in year 2, $165,000 in year 3, $181,500 in year 4, $199,650 in year 5, and $219,615 in year 6 and each subsequent year.

Pursuant to the License Agreement and Amendment No. 1 to the License Agreement effective September 30, 2017 with the Bellissima Licensor (see Note 13a. above), Bellissima is obligated to pay the Bellissima Licensor a Royalty Fee equal to 10% of monthly gross sales (12.5% for sales in excess of defined Case Break Points) of Bellissima Brand products payable monthly. The Bellissima Licensor has the right to terminate the endorsement if Bellissima fails to sell 10,000 cases of Bellissima Brand products in year 1, 15,000 cases in year 2, or 20,000 cases in year 3 and each subsequent year.

c. Brand Licensing Agreement relating to Hooters Marks

On July 23, 2018, United Spirits, Inc. ("United") executed a Brand Licensing Agreement (the "Agreement") with HI Limited Partnership ("the Licensor"). The Agreement provides United a license to use certain "Hooters" Marks to manufacture, market, distribute, and sell alcoholic products.

The Initial Term of the Agreement is from July 23, 2018 through December 31, 2020. Provided that United is not in breach of any terms of the Agreement, United may extend the Term for an additional 3 years through December 31, 2023.

The Agreement provides for United's payment of Royalty Fees (payable quarterly) to the Licensor equal to 6% of the net sales of the licensed products subject to a minimum royalty fee of $65,000 for Agreement year 1 (ending December 31, 2018), $255,000 for Agreement year 2, $315,000 for Agreement year 3 and 4, $360,000 for Agreement year 5, and $420,000 for Agreement year 6.

The Agreement also provided for United's payment of an advance payment of $30,000 to the Licensor to be credited towards royalty fees payable to Licensor. On September 6, 2018, the $30,000 advance payment was paid to the Licensor. The Agreement also provides for United's payment of a marketing contribution equal to 2% of the prior year's net sales of the Licensed Products. If United fails to spend the required marketing contribution in any calendar year, the deficiency will be paid to Licensor.

For the six months ended June 30, 2020 and 2019, royalties expense under this Agreement was $7,186 and $127,500, respectively.

d. Marketing and Order Processing Services Agreement

During October 2019, United Spirits, Inc. ("United") executed a Marketing and Order Processing Services Agreement (the "Agreement") with QVC, Inc. ("QVC"). Among other things, the Agreement provides for United's grant to QVC of an exclusive worldwide right to promote the Bellissima products through direct response television programs.

The Initial License Period commenced October 2019 and expires December 2021 (i.e., two years after first airing of a Bellissima product). Unless either party notifies the other party in writing at least 30 days prior to the end of the Initial License Period or any Renewal License Period of its intent to terminate the Agreement, the License continually renews for additional two-year periods (each, a "Renewal License Period" in perpetuity).

The Agreement provides for United's payment of "Marketing Fees" (payable no less than monthly) to QVC in amounts agreed to between United and QVC from time to time. For the six months ended June 30, 2020, the Marketing Fees expense (payable to QVC) was $264,472 and the direct response sales generated from QVC programs was $1,094,869.

e. Distribution Agreement

On May 1, 2015, BiVi entered into a Distribution Agreement with United Spirits, Inc. ("United") for United to distribute and wholesale BiVi's product and to act as the licensed importer and wholesaler. The Distribution Agreement provides United the exclusive right for a term of ten years to sell BiVi's product for an agreed distribution fee equal to $1.00 per case of product sold. United is owned and managed by Richard DeCicco, the controlling shareholder and chief executive officer of Iconic.

In November 2015, Bellissima and United agreed to have United distribute and wholesale Bellissima's products under the same terms contained in the Distribution Agreement with BiVi described in the preceding paragraph.

Effective April 1, 2019, Iconic and United agreed to have United distribute and wholesale Hooters brand products under the same terms contained in the Distribution Agreement with BiVi described in the second preceding paragraph.

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f. Compensation Arrangements

Effective April 1, 2018, the Company executed Employment Agreements with its Chief Executive Officer Richard DeCicco ("DeCicco") and its Vice President of Sales and Marketing Roseann Faltings ("Faltings"). Both agreements have a term of 24 months (to June 30, 2020). The DeCicco Employment Agreement provides for a base salary at the rate of $265,000 per annum and a compensation stock award of 300,000 shares of Iconic common stock issuable upon the effective date of the planned reverse stock split. The Faltings Employment Agreement provides for a base salary at the rate of $150,000 per annum and a compensation stock award of 100,000 shares of Iconic common stock issuable upon the effective date of the planned reverse stock split.

For the year ended December 31, 2018, we accrued a total of $311,250 officers compensation pursuant to these two Employment Agreements. In 2018, the accrued compensation was allocated 50% to Iconic ($155,625), 40% to Bellissima ($124,500), and 10% to BiVi ($31,125). For the year ended December 31, 2019, we accrued a total of $415,000 officers compensation pursuant to these two Employment Agreements which was allocated 50% to Iconic ($207,500), 40% to Bellissima ($166,000), and 10% to BiVi ($41,500).

For the six months ended June 30, 2020, we accrued a total of $207,500 officers compensation pursuant to these two Employment Agreements which was allocated 50% to Iconic ($103,750) and 50% to Bellissima ($103,750).

As of June 30, 2020 and December 31, 2019, accrued officers compensation was $850,550 and $813,050, respectively.

g. Lease Agreements

On March 27, 2018, United Spirits, Inc. executed a lease extension for the Company's office and warehouse space in North Amityville New York. The extension has a term of three years from February 1, 2018 to January 31, 2021 and provides for monthly rent of $4,478.

On January 1, 2019, United Spirits, Inc. executed a lease agreement with the two officers of the Company to use part of their residence in Copiague, New York for Company office space. The agreement has a term of three years from January 1, 2019 to December 31, 2021 and provides for monthly rent of $3,930.

At June 30, 2020, the future minimum lease payments under these two non-cancellable operating leases were:

Year ended December 31, 2020	$	50,448
Year ended December 31, 2021		51,643
Total	$	102,091

The operating lease liabilities totaling $95,770 at June 30, 2020 as presented in the Consolidated Balance Sheets represents the discounted (at our 10% estimated incremental borrowing rate) value of the future lease payments of $102,091 at June 30, 2020.

h. Endorsement Agreement

In February 2020, Iconic executed an Endorsement Agreement with an entity ("CEE") controlled by Chase Elliott ("Elliott"), driver of the Hendrick Motorsports Number 9 NAPA/Hooter's Chevrolet in races of the NASCAR Cup Series. The agreement, which has a term ending on December 31, 2021, provides Iconic the right to utilize Elliott's name in connection with the promotion and distribution of Hooters brand products and requires CEE and Elliott to perform certain specified services for Iconic including certain promotional appearances. The agreement provides for compensation payable to CEE of (1) Initial Share Award of 100,000 shares of Iconic common stock (which was issued on February 24, 2020); (2) $75,000 year 2020 cash compensation (which was paid March 6, 2020); (3) $75,000 year 2021 cash compensation payable on or before February 15, 2021; and (4) Year 2021 Second Share Award of that number of shares of Iconic common stock equal to $75,000 based upon the average closing price of the common stock for the five trading days immediately preceding February 15, 2021.

For the six months ended June 30, 2020, we expensed $58,191 in license fees relating to the Endorsement Agreement. As of June 30, 2020, prepaid license fees relating to the Endorsement Agreement was $84,309.

i. Concentration of sales

For the six months ended June 30, 2020 and 2019, sales consisted of:

	2020	2019
Bellissima product line:		
QVC direct response sales	$ 1,094,869	$ -
Other	267,683	263,507
Total Bellissima	1,362,552	263,507
BiVi product line	-	3,700
Hooters product line	98,934	-
Total	$ 1,461,486	$ 267,207

j. Coronavirus

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of this virus began to cause some business disruption in our United States operations in March 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Company expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

14. SUBSEQUENT EVENTS

On July 29, 2020 (see Note 3), we executed an Exchange Agreement with Can B Corp. ("CANB") and delivered the 543,714 shares of CANB common stock (which we received in connection with our December 31, 2019 sale of our 51% equity interest in Green Grow Farms, Inc. to CANB) to CANB in exchange for CANB's delivery of 1,000,000 shares of Iconic common stock to the Company. The July 24, 2020 closing price of Iconic common stock was $0.44 per share. In the quarterly period ended September 30, 2020, we will recognize treasury stock in the amount of $440,000 and we will recognize a loss of $633,835 from our investment in CANB common stock.

On August 7, 2020, the Company issued an aggregate of $2,100,000 face amount of 5% Original Issue Discount Promissory Notes (the "Notes") to accredited investors for an aggregate purchase price of $2,000,000. The Notes are due on the earlier of: (i) September 4, 2020 (the "Maturity Date"); or (ii) the occurrence of an Event of Default (as defined). At the Company's sole option, and so long as no Event of Default has occurred and is continuing, the Maturity Date may be extended by thirty (30) calendar days in exchange for an increase to the original issue discount of the Notes to 10%. The Company may prepay, in whole or in part, the principal sum and interest under the Notes without the prior written consent of holders. The Notes are unsecured obligation of the Company, however the Company has agreed that is shall not incur any other indebtedness which is senior in preference to the Notes.

The outstanding principal amount of the Notes together with all accrued and unpaid interest thereunder shall be exchangeable into such securities as may be issued by the Company in the Qualified Financing (as defined). In addition, if the Notes have not been exchange in connection with a Qualified Financing, the holders shall have the right, in their sole discretion, to convert the principal balance of the Notes (including the original issue discount), in whole or in part, into securities of the Company (or its successor or parent) (a "Conversion") being issued in any private or public offering of equity securities of the Company (or its successor or parent) (an "Offering") announced while the Notes are outstanding, upon the terms and conditions of the Offering, at a rate equal to, for each $1 of principal amount of this Note surrendered, $1 of new consideration offered for such securities. Finally, at the holders sole option, to the extent that such Offering is not consummated at least two (2) business days prior to the Maturity Date, the holder shall be entitled to revoke its Conversion election and, upon such revocation, all outstanding amounts owing under the Notes shall be due and payable on the Maturity Date in accordance with the terms of the Notes.

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

Our management's discussion and analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; health epidemics such as COVID-19; and other risks that might be detailed from time to time in our filings with the SEC.

Although the forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this Quarterly Report on Form 10-Q and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

The following discussion and analysis of financial condition and results of operations of the Company is based upon, and should be read in conjunction with, the Company's unaudited financial statements and related notes elsewhere in this Quarterly Report on Form 10-Q, which have been prepared in accordance with accounting principles generally accepted in the United States.

Summary Overview

Overview

We are a lifestyle branding company with the highest expertise of developing, from inception to completion, alcoholic beverages for ourselves and third parties. We market and place products into national distribution through long-standing industry relationships. We are a leader in "Celebrity Branding" of beverages, procuring superior and unique products from around the world and branding our products with internationally recognized celebrities. We currently market and sell the following products:

- Bellissima Prosecco – these products comprise a line of all-natural and Vegan Prosecco and Sparkling Wine made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose;
- Bella Sprizz Apertifs - these products comprise a line of aperitifs consisting of three different expressions, a classic Italian aperitif, an all-natural elderflower aperitif and a classic Italian bitter;
- BiVi Vodka – this product is made from semolina wheat grown out of the rich volcanic soil and pure mountain spring water of Sicily; and
- Hooters Spirits – these products comprise a line of private-label premium spirits that are sold under the Hooters brand. The full line of Hooters Spirits includes Vodka, Gin, Rum (Dark & Light), Tequila (Silver & Gold), American Whiskey and Hooters Heat Cinnamon Whiskey.

In addition, we also develop private label spirits for domestic and international established chains.

Our mission is to be the industry leader in brand development, marketing, and sales of the alcoholic beverages by capitalizing on our ability to procure products from around the world. Our relationships with internationally recognized celebrities will be leveraged to add value to a product and create brand awareness in unbranded niche categories.

We market and sell a line of line of all-natural and Vegan Prosecco and Sparkling Wine made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose, pursuant to a License Agreement entered into between our majority-owned (51%) subsidiary, Bellissima Spirits LLC and Christie Brinkley, Inc., an entity owned by supermodel and entrepreneur Christie Brinkley.

We also market and sell a Vodka product, under the brand "BiVi 100 percent Sicilian Vodka," pursuant to a License Agreement entered into between our majority-owned (51%) subsidiary, BiVi LLC and Neighborhood Licensing, LLC, an entity owned by Chazz Palminteri.

In addition, we market and sell a line of private-label premium spirits under the Hooters brand, including Vodka, Gin, Rum (Dark & Light), Tequila (Silver & Gold), American Whiskey and Hooters Heat Cinnamon Whiskey, pursuant to a Marketing and Distribution Agreement entered into between us and United Spirits, Inc., a company owned and managed by Richard DeCicco, the President, Chief Executive Officer, Chief Financial Officer and Director of the Company, which we treat as a variable interest entity.

Recent Developments

Exchange Agreement

On August 4, 2020, we entered into an Exchange Agreement, effective as of July 29, 2020, with Can B Corp., a Florida corporation fka Canbiola, Inc. ("CANB"), pursuant to which we agreed to exchange the one million (1,000,000) shares of common stock of CANB (the "CANB Shares") that we owned for the five hundred forty-three thousand seven hundred fourteen (543,714) shares of the Company's common stock (the "ICNB Shares") that were owned by CANB. The ICNB Shares were originally issued by us, in May 2019, in connection with the purchase of Green Grow Farms, Inc. from New York Farms Group, Inc. In addition, as previously reported, we subsequently sold our interests in Green Grow to CANB for the CANB Shares pursuant to a Stock Purchase Agreement dated December 4, 2019, as amended on January 27, 2020.

5% Original Issue Discount Promissory Notes

On August 7, 2020, we issued an aggregate of $2,100,000 face amount of 5% Original Issue Discount Promissory Notes (the "Notes") to accredited investors for an aggregate purchase price of $2,000,000. The Notes are due on the earlier of: (i) September 4, 2020 (the "Maturity Date"); or (ii) the occurrence of an Event of Default (as defined). At our sole option, and so long as no Event of Default has occurred and is continuing, the Maturity Date may be extended by thirty (30) calendar days in exchange for an increase to the original issue discount of the Notes to 10%. We may prepay, in whole or in part, the principal sum and interest under the Notes without the prior written consent of holders. The Notes are unsecured obligations, however we have agreed that we shall not incur any other indebtedness which is senior in preference to the Notes.

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The outstanding principal amount of the Notes together with all accrued and unpaid interest thereunder shall be exchangeable into such securities as may be issued by us in a Qualified Financing (as defined). In addition, if the Notes have not been exchange in connection with a Qualified Financing, the holders shall have the right, in their sole discretion, to convert the principal balance of the Notes (including the original issue discount), in whole or in part, into securities of the Company (or its successor or parent) (a "Conversion") being issued in any private or public offering of equity securities of the Company (or its successor or parent) (an "Offering") announced while the Notes are outstanding, upon the terms and conditions of the Offering, at a rate equal to, for each $1 of principal amount of this Note surrendered, $1 of new consideration offered for such securities. Finally, at the holders sole option, to the extent that such Offering is not consummated at least two (2) business days prior to the Maturity Date, the holder shall be entitled to revoke its Conversion election and, upon such revocation, all outstanding amounts owing under the Notes shall be due and payable on the Maturity Date in accordance with the terms of the Notes.

Going Concern

As a result of our current financial condition, we have received a report from our independent registered public accounting firm for our financial statements for the years ended December 31, 2019 and 2018 that includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern. In order to continue as a going concern, we must effectively balance many factors and generate more revenue so that we can fund our operations from our sales and revenues. If we are not able to do this, we may not be able to continue as an operating company. Until we can grow revenues sufficient to meet our operating expenses, we must continue to raise capital by issuing debt or through the sale of our stock. There is no assurance that our cash flow will be adequate to satisfy our operating expenses and capital requirements.

Results of Operations for the Three Months Ended June 30, 2020 and 2019

Introduction

We had sales of $1,055,600 for the three months ended June 30, 2020 and $145,294 for the three months ended June 30, 2019, an increase of $910,306. Our operating expenses were $1,265,477 for the three months ended June 30, 2020, compared to $855,991 for the three months ended June 30, 2019, an increase of $409,486 or approximately 48%. Our net operating loss was ($537,937) for the three months ended June 30, 2020, compared to ($779,503) for the three months ended June 30, 2019, a decrease of $241,566 or approximately 31%.

We had sales of $1,461,486 for the six months ended June 30, 2020 and $267,207 for the six months ended June 30, 20219, an increase of $1,194,279. Our operating expenses were $2,331,035 for the six months ended June 30, 2020, compared to $1,878,833 for the six months ended June 30, 2019, an increase of $452,202 or approximately 24%. Our net operating loss was ($1,450,035) for the six months ended June 30, 2020, compared to ($1,761,867) for the six months ended June 30, 2019, a decrease of $311,832 or approximately 18%.

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Revenues and Net Operating Loss

Our operations for the three months ended June 30, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019	Increase / (Decrease)
Sales	$ 1,055,600	$ 145,294	$ 910,306
Cost of Sales	328,060	68,806	259,254
Gross Profit	727,540	76,488	651,052
Operating expenses:			
Officers compensation	103,750	103,750	
Professional and consulting	275,134	418,566	(143,432)
Royalties	21,584	78,279	(56,695)
Investor relations	195,151	-	195,151
Marketing and advertising	146,528	37,414	109,114
Travel and entertainment	(279)	79,445	(79,724)
Other operating expenses, including fulfillment and occupancy	523,609	138,537	385,072
Total operating expenses	1,265,477	855,991	409,486
Net operating income (loss)	(537,937)	(779,503)	(241,566)
Unrealized gain on investment	73,835	-	73,835
Net loss (income) attributable to noncontrolling interests in subsidiaries and variable interest entity	(87,606)	90,396	(178,002)
Net income (loss) attributable to Iconic Brands, Inc	(551,708)	(689,107)	(137,399)

Sales

Our sales are comprised of sales of BiVi Sicilian Vodka, Bellissima Prosecco and Sparkling Wine, and the line of Hooters brand products introduced in August 2019. Sales were $1,055,600 for the three months ended June 30, 2020 and $145,294 for the three months ended June 30, 2019, an increase of $910,306 or approximately 626%. The increase in sales was primarily due to continued expansion of the QVC Network sales of our Bellissima products, which accounted for $862,000 of sales for the three months ended June 30, 2020 as compared to $0 for the three months ended June 30, 2019.

Cost of Sales

Cost of sales was $328,060, or approximately 31% of sales, for the three months ended June 30, 2020 and $68,806, or approximately 47% of sales, for the three months ended June 30, 2019. Cost of sales includes the cost of the products purchased from our suppliers, freight-in costs and import duties. The decrease in cost of sales as a percentage of sales is due primarily to product mix and slightly lower production costs. There is a higher fulfillment cost associated with the sale of products on the QVC network which is detailed in the discussion below.

Officers Compensation

Officers compensation was $103,750 for the three months ended June 30, 2020 and 2019. Officers compensation is paid to our two executives.

Professional and Consulting Fees

Professional and consulting fees were $275,134 for the three months ended June 30, 2020 and $418,566 for the three months ended June 30, 2019, a decrease of $143,432. Professional and consulting fees consist primarily of legal and accounting and auditing services. The decrease was a result of lower professional fees incurred.

Royalties

Royalties were $21,584, or approximately 2% of sales, for the three months ended June 30, 2020 and $78,279 for the three months ended June 30, 2019, a decrease of $56,695 or approximately 54% of sales. Royalties decreased primarily due to the fact that sales to QVC in 2020 did not have a royalty associated with them whereas in 2019 we paid a royalty advance on our Hooters product line.

Marketing and Advertising

Marketing and advertising expenses were $146,528 for the three months ended June 30, 2020 and $37,414 for the three months ended June 30, 2019, an increase of $109,114 or approximately 291%. The increase was a result of marketing fees associated with the QVC sales channel.

Travel and Entertainment

Travel and entertainment expenses were $(279) for the three months ended June 30, 2020 and $79,445 for the three months ended June 30, 2019, a decrease of $79,724 or approximately 100%. The decrease is a result of limited to no travel during the three months ended June 30, 2020 due to the COVID-19 environment. During the three months ended June 30, 2019, Company personnel attended numerous product development events.

Investor relations

Investor relation expenses were $195,151 for the three months ended June 30, 2020 and $0 for the three months ended June 30, 2019, an increase of $195,151. The increase was primarily related to costs associated with investor relations, as well as stock based expenses incurred as a result of the issuance of shares to the our investor relations advisory firm.

Other Operating Expenses

Other operating expenses were $523,609 for the three months ended June 30, 2020 and $138,537 for the three months ended June 30, 2019, an increase of $385,072 or approximately 278%. The increase was primarily related to fulfillment costs of $197,000 associated with the sale of products on the QVC network.

Income (Loss) from Operations

We had a (loss) from operations of ($537,937) for the three months ended June 30, 2020 and ($779,503) for the three months ended June 30, 2019, an decrease of $241,566 or approximately 31%. Our loss from operations decreased, as set forth above, primarily because certain operating expenses, marketing and advertising and other operating expenses, increased, offset by an increase in sales.

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Net Loss attributable to Noncontrolling Interests in Subsidiaries and Variable Interest Entity

The net loss attributable to noncontrolling interests in subsidiaries and variable interest entity represents 49% of the net loss of Bellissima, BiVi and Green Grow (which we own 51%) and 100% of United Spirits (which we own 0%) and is accounted for as a reduction in the net loss attributable to the Company. This net loss was $(87.606) for the three months ended June 30, 2020 and generated income of $90,396 for the three months ended June 30, 2019, a decrease of $178,002.

Net Loss Attributable to Iconic Brands, Inc.

The net loss attributable to Iconic Brands, Inc. was ($551,708) for the three months ended June 30, 2020 and ($689,107) for the three months ended June 30, 2019, a decrease of $137,399 or approximately 20%. The net loss from Iconic Brands decreased primarily due to an increase in sales volume.

Results of Operations for the Six Months Ended June 30, 2020 and 2019

Our operations for the six months ended June 30, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019	Increase / (Decrease)
Sales	$ 1,461,486	$ 267,207	$ 1,194,279
Cost of Sales	580,486	150,241	430,245
Gross Profit	881,000	116,966	764,034
Operating expenses:			
Officers compensation	207,500	289,500	(82,000)
Professional and consulting	461,923	867,085	(405,162)
Royalties	37,548	153,467	(115,919)
Investor relations	556,840	-	556,840
Marketing and advertising	275,173	83,881	191,292
Travel and entertainment	19,190	143,714	(124,524)
Other operating expenses, including fulfillment and occupancy	772,861	341,186	431,675
Total operating expenses	2,331,035	1,878,833	452,202
Net operating income (loss)	(1,450,035)	(1,761,867)	(311,832)
Unrealized gain on investment	73,835	-	73,835
Net loss (income) attributable to noncontrolling interests in subsidiaries and variable interest entity	(13,428)	400,093	(413,521)
Net income (loss) attributable to Iconic Brands, Inc	(1,389,628)	(1,361,774)	(27,854)

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Sales

Our sales are comprised of sales of BiVi Sicilian Vodka, Bellissima Prosecco and Sparkling Wine, and the line of Hooters brand products introduced in August 2019. Sales were $1,461,486 for the six months ended June 30, 2020 and $267,207 for the six months ended June 30, 2019, an increase of $1,194,279 or approximately 446%. The increase in sales was primarily due to continued expansion of the QVC Network sales of our Bellissima products, which accounted for $1,104,000 of sales for the six months ended June 30, 2020 as compared to $0 for the six months ended June 30, 2019.

Cost of Sales

Cost of sales was $580,486, or approximately 40% of sales, for the six months ended June 30, 2020 and $150,241, or approximately 56% of sales, for the six months ended June 30, 2019. Cost of sales includes the cost of the products purchased from our suppliers, freight-in costs and import duties. The decrease in cost of sales as a percentage of sales is due primarily to product mix and slightly lower production costs. There is a higher fulfillment cost associated with the sale of products on the QVC network which is detailed in the discussion below.

Officers Compensation

Officers compensation was $207,500 for the six months ended June 30, 2020 and $289,500 for the six months ended June 30, 2019, a decrease of $82,000. Officers compensation in 2019 includes a catch-up accrual of $82,000 relating to employment agreements executed on April 1, 2018 with our two officers.

Professional and Consulting Fees

Professional and consulting fees were $461,923 for the six months ended June 30, 2020 and $867,085 for the six months ended June 30, 2019, a decrease of $405,162. Professional and consulting fees consist primarily of legal and accounting and auditing services. The decrease was a result of lower professional fees incurred.

Royalties

Royalties were $37,548, or approximately 2.5% of sales, for the six months ended June 30, 2020 and $153,467, or approximately 57% for the six months ended June 30, 2019, a decrease of $115,919. Royalties decreased primarily due to the fact that sales to QVC in 2020 did not have a royalty associated with them whereas in 2019 we paid a royalty advance on our Hooters product line.

Marketing and Advertising

Marketing and advertising expenses were $275,173 for the six months ended June 30, 2020 and $83,881 for the six months ended June 30, 2019, an increase of $191,292, or approximately 228%. The increase was a result of marketing fees associated with the QVC sales channel.

Travel and Entertainment

Travel and entertainment expenses were $19,190 for the six months ended June 30, 2020 and $143,714 for the six months ended June 30, 2019, a decrease of $124,524 or approximately 87%. The decrease is a result of limited to no travel during the six months ended June 30, 2020 due to the COVID-19 environment. During the six months ended June 30, 2019, Company personnel attended numerous product development events.

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Investor relations

Investor relation expenses were $556,840 for the six months ended June 30, 2020 and $0 for the six months ended June 30, 2019, an increase of $556,840. The increase was primarily related to costs associated with investor relations, as well as stock based expenses incurred as a result of the issuance of shares to the our investor relations advisory firm.

Other Operating Expenses

Other operating expenses were $772,861 for the six months ended June 30, 2020 and $341,186 for the six months ended June 30, 2019, an increase of $431,675 or approximately 127%. The increase was primarily related to fulfillment costs of $247,000 associated with the sale of products on the QVC network and costs associated with equity financing transactions.

Income (Loss) from Operations

We had a (loss) from operations of ($1,450,035) for the six months ended June 30, 2020 and ($1,761,867) for the six months ended June 30, 2019, an decrease of $311,832, or approximately 18%. Our loss from operations decreased, as set forth above, primarily because certain operating expenses, marketing and advertising and other operating expenses, increased, offset by an increase in sales.

Net Loss attributable to Noncontrolling Interests in Subsidiaries and Variable Interest Entity

The net loss attributable to noncontrolling interests in subsidiaries and variable interest entity represents 49% of the net loss of Bellissima, BiVi and Green Grow (which we own 51%) and 100% of United Spirits (which we own 0%) and is accounted for as a reduction in the net loss attributable to the Company. This net loss was ($13,428) for the six months ended June 30, 2020 and was income of $400,093 for the six months ended June 30, 2019, a decrease of $413,521.

Net Loss Attributable to Iconic Brands, Inc.

The net loss attributable to Iconic Brands, Inc. was ($1,389,628) for the six months ended June 30, 2020 and ($1,361,774) for the six months ended June 30, 2019, an increase of $27,854, or approximately 2%. The net loss from Iconic Brands increased primarily because of lower net income of $413,521 attributable to noncontrolling interests in subsidiaries and variable interest entity, higher operating costs of $452,202 offset by increased sales and resulting gross margin of $764,034

Liquidity and Capital Resources

Introduction

During the six months ended June 30, 2020 and June 30, 2019, we had negative operating cash flows. Our cash on hand as of June 30, 2020 was $672,372, which was derived from the sale of Series G preferred stock and warrants. Our monthly cash flow burn rate for 2019 was approximately $228,000, and our monthly burn rate through the six months ended June 30, 2020 was approximately $147,000. We have strong medium to long term cash needs. We anticipate that these needs will be satisfied through the issuance of debt or the sale of our securities until such time as our cash flows from operations will satisfy our cash flow needs.

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Our cash, current assets, total assets, current liabilities, and total liabilities as of June 30, 2020 and December 31, 2019, respectively, were as follows:

		June 30, 2020	December 31, 2019	Change
Cash	$	672,372	238,638	433,734
Total Current Assets		1,926,898	1,411,185	515,713
Total Assets		3,111,513	2,568,021	543,492
Total Current Liabilities		2,091,838	2,028,676	63,162
Total Liabilities	$	2,114,747	2,077,823	36,924

Our cash increased $433,734 and total current assets increased $515,713. Our total current liabilities increased $63,162 as our accounts payable and accrued expenses increased, reflecting our increase in professional and consulting fees. Our total liabilities increased $36,924. Our stockholders' equity increased from $490,198 to $996,766 due primarily to proceeds from the sale of preferred stock.

In order to repay our obligations in full or in part when due, we will be required to raise significant capital from other sources. There is no assurance, however, that we will be successful in these efforts.

Cash Requirements

Our cash on hand as of June 30, 2020 was $672,372. Based on our minimal sales and annualized monthly burn rate of approximately $147,000 per month, we will need to raise additional funding through strategic relationships, public or private equity or debt financings. If such funding is not available, or not available on terms acceptable to us, our current development plans may be curtailed.

We have funded our operations from proceeds from the sale of equity and debt securities. We will require significant additional capital to make the investments we need to execute our longer-term business plan. Our ability to successfully raise sufficient funds through the sale of debt or equity securities when needed is subject to many risks and uncertainties and, even if we are successful, future equity issuances would result in dilution to its existing stockholders and any future debt securities may contain covenants that limit our operations or ability to enter into certain transactions.

Sources and Uses of Cash

Operations

We had net cash used in operating activities for the six months ended June 30, 2020 of ($879,271), compared to ($705,021) for the six months ended June 30, 2019. For the six months ended June 30, 2020, the net cash used in operating activities consisted primarily of our net loss of ($1,389,628) plus a net loss attributable to non-controlling interests in our subsidiaries of ($13,428) and inventories of increase ($82,800), offset primarily by stock-based compensation of $517,832. For the six months ended June 30, 2019, the net cash used in operating activities consisted primarily of our net loss of ($1,361,774), offset by net income attributable to our subsidiaries of $400,093 and stock based compensation of $775,700.

Investments

Except for $8,708 of furniture purchases incurred in 2020 and $5,000 of leasehold improvements in 2019, we had no investing activities for the six months ended June 30, 2020 or June 30, 2019.

Financing

Our net cash provided by financing activities for the six months ended June 30, 2020 was $1,296,713, compared to $817,078 for the six months ended June 30, 2019, which consisted principally of proceeds from the sale of our Series G preferred stock and warrants.

January 2020 Financing

On January 12, 2020, we entered into securities purchase agreements (collectively, the "Purchase Agreement") with certain accredited investors for the sale of an aggregate of 1,500 shares of our series G convertible preferred stock (the "Series G Convertible Preferred Stock"), and warrants (the "Warrants") to purchase 1,200,000 shares of our common stock for gross proceeds of $1,500,000, before deducting placement agent and other offering expenses. The terms of the Series G Convertible Preferred Stock are set forth under Items 3.02 and 5.03 below.

The Warrants are exercisable for a period of five years from the date of issuance at an exercise price of $1.25 per share (the "Exercise Price"). The Investors may exercise the Warrants on a cashless basis if the shares of common stock underlying the Warrants are not then registered pursuant to an effective registration statement.

The conversion price of the Series G Convertible Preferred Stock and the exercise price of the Warrants are subject to anti-dilution adjustment for subsequent lower price issuances by us, as well as customary adjustments provisions for stock splits, stock dividends, recapitalizations and the like.

The Series G Convertible Preferred Stock and the Warrant each contain a beneficial ownership limitation that restricts each of the Investor's ability to exercise the Warrants and convert the Series G Convertible Preferred Stock such that the number of shares of our common stock held by each of them and their affiliates after such conversion or exercise does not exceed 4.99% or 9.99% (at the election of the Investor) of our then issued and outstanding shares of common stock.

The Purchase Agreement also provides that until the 18 month anniversary of the date of the Purchase Agreement, in the event of a subsequent financing (except for certain exempt issuances as provided in the Purchase Agreement) by us, each Investor that invested over $500,000 pursuant to the Purchase Agreement will have the right to participate in such subsequent financing up to an amount equal to the Investor's proportionate share of the subsequent financing based on such Investor's participation in this private placement on the same terms, conditions and price provided for in the subsequent financing up to an amount equal to 50% of the subsequent financing. The Purchase Agreements also provide that for as long as the Series G Convertible Preferred Stock or Warrants are outstanding, if we effect a subsequent financing, an Investor may elect, in its sole discretion, to exchange all or a portion of the Series G Convertible Preferred Stock then held by such Investor for any securities issued in a subsequent financing on a $1.00 for $1.00 basis, provided such subsequent financing is not a firm commitment underwritten offering.

From the date of the Purchase Agreement until the date that is the earlier of (i) nine (9) months following the date of the Purchase Agreement and (ii) the date that the VWAP for 10 consecutive Trading Days following January 12, 2020 is greater than $1.25, subject to adjustment, we shall not issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock or Common Stock Equivalents (as defined in the Purchase Agreement).

We also entered into separate Registration Rights Agreements with the Investors, pursuant to which we agreed to undertake to file a registration statement to register the resale of the shares underlying the Series G Convertible Preferred Stock and Warrants within ten (10) days following the date of written demand by the lead investor (the "Demand Date") , and to maintain the effectiveness of the registration statement until all of such shares of Common Stock have been sold or are otherwise able to be sold pursuant to Rule 144 under the Securities Act, without any restrictions. If we fail to file the registration statement or have it declared effective by the dates set forth above, among other things, we are obligated to pay the investors liquidated damages in the amount of 1% of their subscription amount, per month, until such events are satisfied.

Off-Balance Sheet Arrangements; Commitments and Contractual Obligations

As of June 30, 2020, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K and did not have any commitments or contractual obligations.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is not required to provide the information required by this Item as it is a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

We conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2020, to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, including to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2020, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses identified and described in our Annual Report on Internal Control Over Financial Reporting filed in our Annual Report on Form 10-K for the year ended December 31, 2019.

Our principal executive and financial officer does not expect that our disclosure controls or internal controls will prevent all errors and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our principal executive and financial officer is determined to make our disclosure controls and procedures effective; however, in designing an evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the system 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 all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

ITEM 1A. RISK FACTORS

The Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act.

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

Except as set forth below or previously reported on a Current Report on Form 8-K, we had no unregistered sales of equity securities during the quarter ended June 30, 2020.

On June 1, 2020, the Company issued 75,000 shares of its common stock to a consultant for services rendered to the Company.

On May 1, 2020, the Company issued 275,000 shares of its common stock to an investor relations firm for services rendered to the Company.

On June 2, 2020, the Company issued 50,000 shares of its common stock to a consulting firm for services rendered to the Company.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit No.	Description of Exhibits
10.1	Exchange Agreement by and among the Company and Can B Corp dated as of July 29, 2020 (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on August 10, 2020)
10.2	Form of 5% Original Issue Discount Promissory Note (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K filed on August 10, 2020)
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.DEF*	XBRL Definition Linkbase Document
101.LAB*	XBRL Labels Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document

* Filed herewith.

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SIGNATURES

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

Iconic Brands, Inc.

Dated: August 19, 2020

By: *<u>/s/ Richard J. DeCicco</u>*
Richard J. DeCicco
Its: Chief Executive Officer and Chief Financial Officer
(Principal Executive, Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF ICONIC BRANDS, INC.
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard DeCicco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Iconic Brands, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2020

/s/ Richard DeCicco
Richard DeCicco
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER OF ICONIC BRANDS, INC.
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard DeCicco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Iconic Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 19, 2020

/s/ Richard DeCicco
Richard DeCicco
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

STATEMENT OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Richard DeCicco, Chief Executive Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

(1) The Company's quarterly report on Form 10-Q for the period ended June 30, 2020 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 19, 2020

By: */s/ Richard DeCicco*
Richard DeCicco
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Iconic Brands, Inc., and will be retained by Iconic Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

STATEMENT OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 1350 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Richard DeCicco, Chief Financial Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

(1) The Company's quarterly report on Form 10-Q for the period ended June 30, 2020 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 19, 2020

By: *<u>/s/ Richard DeCicco</u>*
Richard DeCicco
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Iconic Brands, Inc., and will be retained by Iconic Brands, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.