

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

**FORM 10-K**

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

For the fiscal year ended December 31, 2021

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: 000-53162

**Iconic Brands, Inc.**

(Exact name of registrant as specified in its charter)

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

Registrant's telephone number, including area code: (631) 464-4050

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	ICNB	OTC Markets Group

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Ex-change Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of the voting stock and non-voting common equity held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter ended June 30, 2021 was \$6,228,000 based upon the closing price of the registrant's common stock of \$0.40 on the OTCQB as of that date.

As of June 13, 2022, there were 97,086,968 shares of common stock, par value \$0.001, issued and outstanding.

ICONIC BRANDS, INC.  
FORM 10-K ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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#### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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

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” of this Annual Report on Form 10-K, and our other filings with the U.S. Securities and Exchange Commission.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. 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 Annual Report on Form 10-K or to reflect the occurrence of unanticipated events, except as required by applicable law.

## PART I

Throughout this Annual Report on Form 10-K, the “Company,” “Iconic,” “we,” “us,” and “our” refers to Iconic Brands, Inc. and its subsidiaries.

### ITEM 1. BUSINESS

#### Overview

Iconic Brands, Inc (“we,” “us,” “our,” “Iconic” or the “Company”) is engaged in the development and sale of alcohol and non-alcohol brands that are “better-for-you” (“BFY”) and “better-for-the-planet”. TopPop, our wholly owned subsidiary, produces low calorie, “ready to go” products, ready-to-freeze (“RTF”) products and ready-to-drink (“RTD”) products in sustainable, flexible and stand-up pouch packaging. TopPop is also a leader in the “cocktails-to-go” pouches and alcohol ice-pop market. Our brands include “Bellissima” by Christie Brinkley, a premium BFY collection of Prosecco, Sparkling Wines, and Still Wines, all certified vegan and made with organic grapes. Bellissima is strategically positioned with its Zero Sugar Wines. We operate in multiple states, sell and distribute across the globe and have Fortune 500 customers that include some of the world’s largest alcohol beverage companies and brands. United Distributors, Inc., (“United”) is our 100% owned subsidiary which sells our Bellissima, Bella, Sonja Sangria and other alcohol beverages to state distributors. United holds all applicable state and federal licenses in order to sell these products to state distributors in accordance with the United States three tier distribution platform.

We have expertise in developing, from product inception to wholesale distribution or direct to consumer through the QVC distribution channel, and in branding alcohol beverages for our company and for third parties. We market and place products into national distribution through long-standing industry relationships approximately 45 national or regional alcoholic beverage distributors. We currently market and sell the following product lines:

- *Bellissima Prosecco* – these products comprise a line of all-natural and vegan Prosecco and Sparkling Wines made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose. The Bellissima line of Prosecco and Sparkling Wines includes two new flavor profiles, a Zero Sugar/Zero Carb Sparkling Rose and a Rose Prosecco;
- *Bellissima Zero Sugar Still Wines* – this line of five still wines was launched in March 2022 and are certified vegan and are made with organic grapes.
- *Bella Sprizz Aperitifs* - 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;
- *Ready-to-Freeze and Ready-to-Drink Alcoholic Products* – these products are currently produced under contract for third-party national and regional brands and for our Boozy Pops<sup>®</sup> product line; and
- *BiVi Vodka* – a celebrity-branded vodka that we have sold since 2018 under the brand “BiVi 100 percent Sicilian Vodka” and which currently does not represent a material portion of our sales.

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

As a result of our July 2021 acquisition of 100% of the equity of TopPop, we are now a vertically integrated company for the development, production and distribution of alcoholic brands. TopPop is a premier product development, contract manufacturing and packaging company that specializes in flexible packaging applications in the food, beverage and health categories. It has the federal and state licenses necessary to manufacture and blend malt, wine and spirits-based products. In June 2020, TopPop opened a 27,000-square-foot FDA-approved manufacturing facility in Marlton, New Jersey with a Safe Quality Food certification. In September 2021, TopPop leased an additional 65,000 square feet facility for manufacturing in Pennsauken, New Jersey. Construction is now complete, and the facility reached full-scale production capability at the end of March 2022. The facility includes approximately \$4 million of high-speed packaging equipment and is expected to triple our production capacity.

For its first product line, TopPop identified the single serve, RTD and RTF as ripe for product and packaging innovation. TopPop introduced an alcohol-infused ice pop in June 2020 and began marketing the concept to major alcohol companies. In addition, it developed its own product line trademarked under the name BoozyPopz<sup>®</sup> which is expected to be sold through e-commerce platforms and wholesaled directly to sports and entertainment venues. TopPop manufactured approximately 8 million ice pops from its launch in June 2020 through December 31, 2020 and manufactured approximately 42 million ice pops during the year ended December 31, 2021. TopPop has also developed a pipeline for the single serve, RTD alcohol cocktail market and anticipates launching a line of products in this market in 2022. TopPop designs and markets flexible packaging for its RTD and RTF products with formulations that are low calorie and contain healthy and natural ingredients. With the planned opening of TopPop's new facility at the end of the first quarter of 2022, we expect to have the capacity to manufacture over 150 million units in 2022.

We believe TopPop brings to us additional synergies and opportunities for cross-promoting new and existing products to a broader customer base and better positions our company to establish and support our brands and to create sustainable packaging solutions to the consumable goods market. We believe our focus on lifestyle branding and the rising "Better-for-You," "Better-for-the-Planet" consumer categories has made us a leader in developing celebrity brands worldwide, such as our Bellissima Prosecco by Christie Brinkley. Our mission is to be an industry leader in the brand development, marketing and sales of alcoholic beverages and related products by capitalizing on our ability to procure products from around the world and to develop unique and innovative packaging to create brand and product line extensions. We plan to leverage our relationships to add value to our products and to create brand awareness in unbranded niche categories.

#### **Segments**

The Company has two reportable segments: the development and sale of alcohol and non-alcohol brands that are BFY and "better-for-the-planet" (Branded Beverages segment) and the packaging of low calorie, "ready to go" products, RTF products and RTD products in sustainable, flexible and stand-up pouch packaging. See Note 15 – Segment Reporting.

#### **Brands and Products**

##### *Bellissima Prosecco, Bellissima Sparkling Wines and Bellissima Still Wines*

We market and sell a line of all-natural and vegan prosecco, sparkling wines and still wines made with organic grapes. The prosecco and sparkling wines include two zero sugar options, a zero carb glera grape option, and a zero sugar, zero carb rose option. Our line of sparkling wine also includes a DOC Brut and a sparkling rose, as well as a DOC pink prosecco. Our zero sugar and less-than-one-gram of carbs still wine collection currently consists of a cabernet sauvignon, a chardonnay, a pinot grigio, a rose and a merlot. We market and sell these products under the Bellissima brand name pursuant to a license agreement entered into between our Bellissima Spirits LLC ("Bellissima Spirits") subsidiary, and Christie Brinkley, Inc., an entity owned by supermodel and entrepreneur Christie Brinkley ("CBI"), on November 12, 2015, which agreement was amended on June 30, 2017 and further amended on April 22, 2022 (as amended, the "Bellissima Agreement"). During her career, Christie Brinkley has appeared on over 500 magazine covers worldwide, served as a spokeswoman for CoverGirl, and performed on Broadway, in television and in film.

The Bellissima products are produced at a winery located in Treviso, Italy. Bellissima's winery partners manage the procurement of all raw materials required to produce a finished product of the Bellissima sparkling wine and still wine collections.

##### *Bella Sprizz Aperitifs*

We have also developed, and now market and sell, a line of aperitifs in partnership with Christie Brinkley under the brand name Bella Sprizz. This line of aperitifs consists of three different expressions, a classic Italian aperitif typically used in making a "Spritz," or as we prefer to say "Sprizz." The second product in the line is an all-natural elderflower aperitif that may be added as a component to a consumer's favorite cocktail or simply added to another spirit, such as a glass of our Bellissima Zero Sugar. We also offer "Bella Bitter," a classic Italian bitter that can be served over ice with a garnish, such as a squeeze of a fresh orange, or added as a component in making a superior Negroni, a popular Italian cocktail.

##### *Sonja Productions LLC*

We have signed a brand licensing agreement (the "Sonja Agreement") with Sonja Productions LLC, a company owned by Sonja Morgan ("Sonja Productions"), pursuant to which we obtained the exclusive right to use certain of Sonja Productions' intellectual property in connection with the marketing, distribution and sale of red sangria using Sonja's name, image, signature and likeness in connection therewith. Pursuant to the Sonja Agreement, we will pay Sonja Productions a royalty of 10% of the net sales of all products sold during the term of the Sonja Agreement, including direct-to-consumer sales.

### *Private Label Manufacturing and Distribution*

In addition to developing celebrity brands, we develop and supply products for national restaurant chains, consumer good companies, and national retailers with high-quality, private label products through our designated in-market wholesalers. We believe that private labeling presents a significant opportunity for growth of our business. We provide full-service, turnkey private labeling-enabled expertise in product sourcing, product development, brand development, marketing and distribution.

We previously marketed and sold 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. Currently, we are in the process of developing a Hooters product that will be produced by TopPop, pursuant to an amended agreement.

TopPop is also launching its own brand of RTF products under the name BoozyPopz® using an e-commerce distribution channel.

### *Flexible Packaging*

Our recently acquired TopPop subsidiary specializes in flexible packaging for alcohol products as an alternative to cans and bottles. We believe the trend in beverage, liquid and lotion packaging has been to move away from bottles and cans and toward flexible stand-up pouches. In particular, beverage brands continue to develop packaging with the objective of accentuating the entire experience of the consumer associated with holding, opening, drinking, and enjoying beverages. We believe flexible packaging offers numerous benefits in the marketing, packaging and distribution of alcohol. In addition, we believe flexible, stand-up pouches create design opportunities to have the package stand out and appeal to consumers.

The key advantages of flexible packaging over cans and bottles for alcohol products include the following:

- *Barrier Protection* - Barrier material used in specialized alcohol pouches provides an oxygen barrier with a longer shelf life.
- *Product Differentiation* - Disruptive marketers can use standout packaging formats to differentiate themselves from long-established brands in traditional containers. New pouches developed specifically for the alcohol sector can provide greater stability and offer better shelf presence in stores.
- *Millennial and Gen Z Appeal* - Flexible packaging has been shown to appeal to millennials and Gen Z'ers due to the increased portability and reduced weight.
- *Sustainability* - Pouches offer an estimated 80-85% reduction in carbon footprint compared to glass. Pouches also compare favorably compared to cans, as they easily can be flattened and recycled after the liquid is consumed, unlike cans, which must be crushed and recycled in trash cans or recycling bins.
- *Supply Chain Efficiency* - Reduced packaging material also has a ripple effect on the supply chain, with less space needed to store and transport the product, which improves total supply chain efficiencies and costs.

TopPop also has other initiatives in place regarding recycling for its product packages and continues to work with vendors toward increasingly sustainable solutions.

### **Industry Overview**

According to Statista, a leading research firm for a number of consumer goods markets, the U.S. alcoholic beverages market was valued at approximately \$255 billion in 2021 and is expected to grow by 5.92% annually between 2021 and 2025. Recent market data shows that from 2011 to 2019, sales increased by 30%, with an average increase of roughly 4.3% annually. Much of this growth is attributed to a shift toward spirits; the sales of the spirits category have increased substantially since 2018, averaging over 13% sales growth per year.

According to Euromonitor International, a leading provider of global business intelligence, market analysis and consumer insights, in 2019, the “high end” and “super premium” categories experienced larger sales growth than the “premium” and “value” categories. Within the wine category, there has been a shift in consumer behavior towards Sparkling Wine and Rosé. Prosecco and Sparkling Rosé in particular have seen high growth rates.

This shift in consumer behavior toward premium offerings, sparkling wines and seeking new experience continued in 2020 and is forecast to continue in the next years. Despite a challenging COVID-19 environment, the alcohol e-commerce industry is seeing continued growth. According to IWSR, a leading source of data and research on the global beverage alcohol market, U.S. alcohol e-commerce approached approximately \$5.6 billion in 2020, up from roughly \$3 billion in 2019. This growth was largely driven by the omni-channel segment as supermarkets and traditional retailers have sought to rapidly enhance their online offering.

According to Euromonitor Internationals, starting in 2021, the alcoholic drinks market will begin to recover after the pandemic effect on 2020 sales. Spirits are expected to see a return to positive growth in 2021. Compared to previous years, more consumption occasions will remain in the home, and e-commerce sales will continue growth. Within the wine category, sparkling wine is expected to record the highest total volume compound annual growth rate (CAGR), signaling that this category will be well positioned for recovery post-COVID-19.

According to Beverage Daily, new young consumers are looking for ethical brands that address causes they care about, which often includes the planet, animals welfare and social inclusivity, among others.

In addition, the direct-to-consumer channel is predicted to grow by nearly \$3 billion in value between 2019 and 2024, at a CAGR of 24% over the five-year period, according to IWSR.

RTF adult ice pops and RTD single-serve cocktails are a fast-growing segment in the alcohol beverage industry and have grown in popularity in recent years. According to Grand View Research, the global RTD cocktails market size was valued at over \$700 million in 2020 and is expected to grow at a CAGR of 12% from 2021 to 2028.

Currently, the celebrity-branded alcoholic beverage industry is a largely consolidated industry, in which the largest companies control a significant portion of industry revenues. This includes existing distillery companies that use their own liquor and parent brands to promote their products. These companies have a significant advantage over smaller industry participants because they already have large bottling facilities and established brands.

Industry market share has also increased slightly during recent years as larger companies acquired smaller firms. For example, Sammy Hagar sold an 80% stake to Gruppo Campari for \$80 million, Bethenny Frankel sold her Skinny Girl Cocktail brand to Fortune Brands' Beam Global for an estimated \$100 million in 2011, and George Clooney sold his tequila company to Diageo for approximately \$1 billion.

Entrants and products in the celebrity-branded alcoholic beverage industry include, but are not limited to, Casamigos Tequila and George Clooney (2013), Ciroc Vodka and Sean Combs (2007), Skinnygirl Margarita and Bethenny Frankel (2011) and Cabo Wabo Tequila and Sammy Hagar (1996).

Given the trends discussed above, we believe that there is a substantial opportunity in this market due to the rising popularity of celebrity-branded alcoholic beverages.

#### **Sales and Marketing**

We intend to utilize the strength of our management team and industry consultants to focus on brands that will consistently meet the needs of customers and consumers around the world. We aim to gain brand loyalty by partnering with well-known celebrities and/or national chains, such as we have with Christie Brinkley and Sonja Morgan, and have in the past with Chase Elliott and Hooters. We also intend to engage in targeted and national advertising and promotional campaigns, host celebrity and other sponsored events, and to offer distribution incentives. We hope to attain national exposure in order to drive both awareness and sales of our products in their markets. In addition, we expect that on and off-premise promotions, led by our sales management team, will pay off in increased awareness and higher sales.

We intend to kick off promotional campaigns with launch parties, supported by on-premise samplings, contests, on and off-premise giveaways, as well as social media campaigns, the launch of additional bottle sizes, and specialty drinks and menus. Product brochures, press kits, signage, banners, public relations, product placement, sponsorships and internet-based marketing will also be utilized to maximize brand exposure and awareness.

Examples of some of our promotional activities have included:

- In February 2020, Christie Brinkley hosted a series of Après Ski events at The Snow Lodge in Aspen, CO (starting on February 14, 2020 - Valentine's Day). The events included an ice bar and featured Bellissima Prosecco and Sparkling Wines, wines made with organic grapes, with *Bambinis* (375ml) available in all three expressions. In addition, the highlight of the evening series showcased Bellissima's partner, Christie Brinkley, as their celebrity mixologist throughout the evening;
- In 2021, Bellissima participated in a "One Tree Planted" campaign, in which it donated a tree for every bottle of Bellissima that was sold, to help the fire torn regions in California. Through Bellissima's partnership with One Tree Planted, it helped plant 10,000 trees in California.
- Hooters Spirits launched its premium line of alcohol beverages in August 2019 with first tastings taking place in and around Bristol, Tennessee. The No. 9 Hooters Spirits Chevrolet show car was at each event with the world-famous Hooters Girls on-site taking pictures with customers and fans. The debut events led up to the 2019 NASCAR Cup Series Bass Pro Shops 500 on August 17, 2019 at Bristol Motor Speedway, where Chase Elliott drove the Hendricks Motorsports No. 9 Hooters Spirits Chevrolet Camaro ZL1 1LE to a top-five finish; and
- We have in the past also supported the rollout of the Hooters product line with marketing initiatives to help raise awareness of the brand, both inside and outside of the Hooters restaurants, which included event launches, contests and giveaways, such as an autographed Chase Elliott No. 9 Hooters Spirits Chevy Camaro ZL1 diecast giveaway.

We also plan to participate in consumer trade shows where wholesalers and retailers are also invited. This will allow our sales team to meet with many of the wholesalers and retailers who are otherwise hard to reach. Advertising and promotion will also be achieved through staff training of on-premise locations; bartenders and wait-staff will be trained to fully understand our products and market them to customers. Incentives will then be offered to motivate sales efforts.

Since public relations activity can be used as an effective promotional tool to promote brands, we plan to participate in high-profile public events to create an affinity for our brands that will resonate with their target markets, help build brand loyalty and ultimately drive sales. Among the numerous high-profile promotional and sampling campaigns that we have hosted are events at NASCAR races and events at selected Hooters locations for The College Football National Championship Game.

TopPop has engaged a major marketing agency to promote its RTD and RTF products in flexible packaging to sports and entertainment and venues.

Finally, we engage in direct-to-consumer (DTC) sales events, such as sales through QVC and websites.

### **Production and Suppliers**

Bringing a wine brand to market involves several stages, including name choice, bottle selection, label or print design, raw material procurement, bottle-filling, and bottle packaging in various configurations for shipment. Labelling can have a large impact on consumers' purchasing practices. We conduct market research to validate the consistency of our wine labels with our brand narrative. Packaging also continues to be a key driver of brand perception. For our traditional bottling, we often seek shapes or forms that are unique and will add value to our brand awareness in the marketplace. We are exploring "active lifestyle packaging" alternatives to traditional bottling that provides an opportunity for our customers to enjoy our "Better for You" and "Better for the Planet" wine products in non-traditional settings, including bottles with screw-off caps, aluminum cans, and smaller size bottles and cans that can be taken on-the-go and are ideal for in-store point of purchase sales, and through our TopPop subsidiary, pouches and other non-traditional packaging.

All of our wine products are developed and produced by a premier certified grower of organic grapes that is located in the Veneto region of Italy. This arrangement has allowed us to commence our operations and to build our wine brands without having to incur the considerable overhead costs involved with the purchase or full-time lease of a production facility. Under our arrangement with our winery partner, we are actively involved in the development and production of each product category within each brand. To achieve unique flavor profiles for our brands, including for the development and production our Prosecco, Sparkling Wines and newly-released Still Wines, we collaborate with our wine maker, which has substantial expertise in blending wines with unique profiles. . Once the final profile is approved and quality control standards are met, our winery partner produces the liquid in bulk and using unique production practices, bottles our wines for export to the United States and several international markets. This process includes the bulk production of the "juice" and the bottling of the product and packaging into cases configured to our specifications.

Our relationship with our winery partner reduces our internal overhead expenses and allows us to benefit from that company's increased purchasing power. Our winery provides these services on a purchase order basis, which are subject to the parties' mutual agreement. This agreement outlines the schedule for placing orders, the responsibility and schedule for delivery of production materials, procedures for establishing the wine bottling date and delivery date. We have an open credit line with our winery partner and we provide payment via wire transfer in Euros. From time to time, we may provide an advance payment for the procurement of materials that we refer to as "dry goods", such as the caps, corks, bottles, cartons and all other materials required to produce the finished product. If there is an opportunity to secure extra "juice," we have the ability to purchase it by providing advance payment. We maintain approval rights for all components and finished products throughout the process.

The ability and willingness of our winery partner to supply and provide services to us pursuant to purchase orders may be affected by competing orders placed by other companies, the demands of those companies or other factors. If our winery partner becomes unable or unwilling to supply and provide services to us, we believe we can obtain comparable supplies and services from alternative suppliers. However, there can be no assurance that alternative suppliers will be available when required on terms that are acceptable to us, or at all, or that alternative suppliers will allocate sufficient capacity to us in order to meet our requirements. Given our long-standing relationships with our winery partner, we believe we have the ability to receive certain preferences over its other customers.

Our TopPop manufacturing and packaging operation purchases the alcohol for its products from various bulk alcohol suppliers in the United States. In addition, a number of TopPop's largest customers purchase and deliver the alcohol required to manufacture clients' products to our licensed TopPop facility, given their bulk purchasing capabilities. TopPop also purchases various other raw materials including, but not limited to cartons, liquid and labels. We generally purchase these raw materials from multiple suppliers and historically have not experienced significant shortages.

#### **Intellectual Property**

We strive to protect the reputation of our brands. We establish, protect and defend our intellectual property in a number of ways, including through employee and third-party nondisclosure agreements, copyright laws, domestic and foreign trademark protections, intellectual property licenses and social media and information security policies for employees. We have been granted 11 trademark registrations in the United States, and we have filed, and expect to continue to file, trademark applications seeking to protect any newly-developed brands.

We also rely on, and carefully protect, proprietary knowledge and expertise, including the sources of certain supplies, formulations, production processes, innovation regarding product development and other trade secrets necessary to maintain and enhance our competitive position.

## ***Bellissima Agreements***

We market and sell our Bellissima Prosecco and Sparkling Wine products under a license granted by the Bellissima Agreement. Under the Bellissima Agreement, we were granted the right to use Christie Brinkley's endorsement, signature and other intellectual property in connection with the sale of the products. We have agreed to guarantee certain of the obligations of Bellissima Spirits under the Bellissima Agreement and to indemnify CBI and Christie Brinkley against third-party claims.

Pursuant to the Bellissima Agreement, Bellissima Spirits is obligated to pay CBI a royalty fee equal to 10% of the monthly gross sales (12.5% for sales in excess of defined Case Break Points) of Bellissima branded products payable monthly. CBI has the right to terminate the endorsement if Bellissima Spirits fails to sell at least 20,000 cases each year. In addition, upon a liquidity event of either Bellissima Spirits or our company, CBI is entitled to 22.5% of, in the case of a liquidity event of Bellissima Spirits, the net proceeds generated from such liquidity event, or in the case of a liquidity event of our company, an amount equal to 22.5% of the appraised value of Bellissima Spirits. For purposes of such agreement, the term "liquidity event" means generally, any of the following:

- a sale of all or substantially all of the assets of Bellissima Spirits or our company;
- a change of control of Bellissima Spirits or our company;
- a sale of equity following which the members of Bellissima Spirits or the stockholders of our company, immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Bellissima Spirits or our company; or
- a merger, consolidation or similar transaction involving Bellissima Spirits or our company, following which the members of Bellissima Spirits or the stockholders of our company, immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Bellissima Spirits or our company.

On April 22, 2022, pursuant to an amendment to the Bellissima Agreement, we agreed to grant CBI options to purchase 1,500,000 shares of common stock (the "CB Options"). The exercise price per share of the CB Options will be equal to the fair market value of our common stock on the date the CB Options are granted, as determined in good faith by our board of directors. The CB Options will vest in equal quarterly installments over two years.

On October 23, 2019, United entered into a Marketing and Order Processing Services Agreement (the "Marketing Agreement") with QVC, Inc. ("QVC") pursuant to which United granted to QVC an exclusive worldwide right to promote the Bellissima Spirits products through direct response television programs. The initial license period commenced on October 23, 2019 and expires on December 4, 2021. 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 Marketing Agreement, the license continually renews for additional two-year periods. The Marketing Agreement provides for United's payment of "Marketing Feed" (payable no less than monthly) to QVC in amounts agreed to between United and QVC from time to time.

Our Bellissima product line is owned by Bellissima Spirits, of which we, Mr. DeCicco, Ms. Faltings and an unaffiliated third party are members. Pursuant to the Bellissima Spirits Operating Agreement, upon a liquidity event of Bellissima Spirits, each of Mr. DeCicco, Ms. Faltings and the unaffiliated third party are entitled to 15.34%, 15.33% and 15.33%, respectively, of the net proceeds of such liquidity event, with us receiving the balance of such net proceeds. On April 15, 2022, we entered into a Second Amended and Restated Limited Liability Company Agreement of Bellissima Spirits, which provides that upon (i) a sale of all or substantially all of our assets, (ii) a change of control of us, (iii) a sale of equity following which our shareholders immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in us, or (iv) a merger, consolidation or similar transaction involving us, each of Mr. DeCicco, Ms. Faltings and the unaffiliated third party will be entitled to sell their interests in Bellissima Spirits to us in exchange for the value of the equity interest in Bellissima Spirits that they would have received upon the sale of Bellissima Spirits, which value will be determined by an independent third-party appraiser.

## ***Distribution***

### ***Private Label***

Prior to our acquisition of United in July 2021, we marketed and sold our private label Hooters products pursuant to a marketing and distribution agreement entered into between us and United, effective as of April 1, 2019. Under such agreement, we had been granted the right to market and distribute the Hooters Spirits products line to (a) "Hooters" branded restaurants; (b) liquor distributors; and (c) off-premise, retail establishments (with all sales being made through distributors licensed to conduct business in the state of such sale) in the United States, Europe and Asia for a period of five years. The agreement provided for United to receive a fee of \$1.00 per case of product sold to any wholesaler for retailer distribution.

United obtained the rights to manufacture, market, distribute and sell certain alcoholic products bearing the Hooters trademarks in North America, Europe, Asia and Australia pursuant to a brand licensing agreement that it had entered into with Hooters on July 23, 2018 (the "Hooters Agreement"). Pursuant to the Hooters Agreement, United was granted a non-exclusive license to use the "Hooters" trademarks to manufacture, market, distribute and sell certain alcoholic products bearing the Hooters trademarks in North America, Europe, Asia and Australia for a period that expired on December 31, 2020. Under the Hooters Agreement, United paid Hooters an advance of \$30,000, and agreed to pay royalties to Hooters of 6% of net sales (as defined) of all products during the term. In addition, the agreement also provided for United's payment of a marketing contribution equal to 2% of the prior year's net sales of the licensed products. If United failed to spend the required marketing contribution in any calendar year, the deficiency would be paid to Hooters. In November of 2021, we amended the contract with Hooters, which, among other items, would allow for TopPop to produce a ready to drink product line and would discontinue the sale of the branded alcohol products.

By law, United can only sell our alcoholic products to licensed United States wholesalers or distributors. Wholesalers and distributors then sell the product to licensed retailers for "on" or "off" premise consumption. An "on" premise retailer is an establishment where the alcohol is consumed, such as a bar or restaurant, and an "off" premise retailer is an establishment where alcohol is sold for consumption elsewhere, such as a liquor store or, in some state, a supermarket. Accordingly, our products are shipped to the United States by United either directly to its distributors or to United's warehouse. Products that are shipped to United's warehouse are then shipped via ground freight to wholesalers or distributors to fulfill orders as they are placed.

TopPop is currently in negotiations with global alcohol beverage companies, including two of the five largest beer producers in the world, to license some of their brands for use by TopPop in the development and sale of new RTD and RTF products.

We have registered trademarks in the United States associated with our BiVi and Bella Sprizz brands or products. In addition, Richard DeCicco, our Chairman of the Board and President, owns the rights to a trademark depicting an image of the Botticelli Venus that is used on certain of our Bellissima and Bella Sprizz products. We use that trademark with the permission of Mr. DeCicco.

Our other brands, such as Bellissima Prosecco and Sparkling Wines or Hooters branded spirits, are either protected under trademarks owned by the licensors or under common law use, and we use them with the licensors' permission pursuant to the agreements that we or our subsidiaries have entered into with them.

We intend to apply for new trademarks on an ongoing basis as we develop new brands or products. We regard our trademarks, service marks, copyrights, domain names, trade dress, and similar intellectual property as very important to our business.

We enforce and protect our trademark rights against third parties infringing or denigrating our trademarks by opposing registration of infringing trademarks, and initiating litigation as necessary.

#### **Competition**

The beverage alcohol industry is highly competitive. We compete on the basis of quality, price, brand recognition and distribution strength, as well as providing consumers with unique brands with special attributes that set our brands apart from the rest. Our beverage alcohol products compete with other alcoholic and non-alcoholic beverages for consumer purchases, as well as shelf space in retail stores, restaurant presence and wholesaler attention. We compete with numerous multinational producers and distributors of beverage alcohol products, some of which have greater resources than we do. Our competitors include, but are not limited to, Gallo, Mionetto, Gruppo Campari, Constellation Brands, William Grant and Sons and Jim Beam Brands.

As TopPop products are relatively new in the marketplace, there is not yet significant competition in the manufacturing and sale of such products to or for the account of third parties. We expect competition to intensify with the expected increase in the popularity of RTD and RTF products in flexible packaging.

#### **Governmental Regulation of the Wine and Spirits Industry**

The production and sale of malt, wine and spirits is subject to extensive regulation by the U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau and state liquor commissions and agencies.

In addition, most states in which our products are sold impose varying excise taxes on the sale of alcoholic beverages. Prompted by growing government budget shortfalls and public reaction against alcohol abuse, government entities often consider legislation that could potentially affect the taxation of alcoholic beverages. Excise tax rates being considered are often substantial. The ultimate effects of such legislation, if passed, cannot be assessed accurately. Any increase in the taxes imposed on our products can be expected to have a potentially adverse impact on overall sales of such products. However, the impact may not be proportionate to that experienced by distributors of other alcoholic beverages and may not be the same in every state.

The agreements we have in place with United and Dan Kay International provide the required licensing conduits that allow us to capture the sales relative to alcoholic beverages in the United States. The United States alcohol beverage business is based upon what is known as a "three-tier system." The three tiers consist of an import or supplier tier if the product is domestically produced. The second tier is the wholesale tier. The third tier is known as the retail tier, consisting of an on and off premise split. The import/supplier tier sells to the wholesale tier that then sells to the retail tier.

We possess the import/supplier tier licensing as well as the required licenses in the states in which we sell alcoholic beverages to the wholesale tier. Prior to our recent acquisition of United, we had contracted with United to facilitate the sales of our products using the licensing United has in place. This is a common third party provider relationship in the United States alcohol beverage business.

We contract with Dan-Kay International (an entity controlled by Richard DeCicco) for warehousing services for the alcohol beverage products that come to rest in the United States. Dan-Kay maintains a required New York State warehousing license. This license has a level allowing the third-party warehousing classified as "product of others."

#### **Employees**

As of December 31, 2021, we employed 41 full-time employees and 8 consultants. Of our full-time employees at that date, 12 were in corporate administration, 8 were in marketing and sales, 21 were in production and distribution. We are not a party to any collective bargaining agreements. We believe that we maintain good relations with our employees.

#### **Corporate History**

We were incorporated in the State of Nevada on October 21, 2005 (under the name Paw Spa, Inc.). On May 7, 2009, we changed our name to Iconic Brands, Inc.

Effective December 31, 2016, we closed on (i) a May 15, 2015 agreement to acquire a 51% interest in BiVi LLC, and (ii) a December 13, 2016 agreement to acquire a 51% interest in Bellissima Spirits LLC. These transactions involved entities under common control of our Chief Executive Officer and represented a change in reporting entity.

BiVi LLC was organized under the laws of the State of Nevada on May 4, 2015 and Bellissima Spirits LLC was organized under the laws of the State of Nevada on November 23, 2015.

On July 26, 2021, we acquired 100% of the equity of TopPop LLC, a limited liability company organized under the laws of the State of New Jersey on September 5, 2019.

## Availability of Certain Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act are available free of charge on our website, [www.iconicbrandsusa.com](http://www.iconicbrandsusa.com), as soon as reasonably practicable after the electronic filing of such reports with the Securities and Exchange Commission.

## ITEM 1A. RISK FACTORS

*An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors and the other information in this Annual Report on Form 10-K before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the value and trading price of our common stock could decline, and you may lose all or part of your investment.*

### Risk Factors Related to the Business of the Company

#### *We face significant risks relating to our recent acquisition.*

Our recent acquisition of TopPop involves a number of significant risks and uncertainties that may adversely affect us, including the following:

- our inability to realize anticipated synergies or other expected benefits or cost savings;
- the diversion of financial resources to the new operations or acquired businesses;
- our failure to successfully integrate acquired systems, business processes, policies and procedures;
- our exposure to unknown liabilities and unforeseen costs that were not discovered during due diligence;
- the potential loss of key employees, suppliers or customers;
- potential delays in the opening of the new TopPop manufacturing facility due to regulatory and equipment factors, such as late issuance by the State of New Jersey of alcohol manufacturing and licensing approvals or supply chain delays in the delivery of new capital equipment;
- wars (such as the recent outbreak of hostilities between Russia and Ukraine), pandemics, weather and natural or man-made disasters; and
- other challenges associated with managing the larger, more complex and integrated combined businesses.

If one or more of these risks and uncertainties were to materialize, we could experience reduced sales, higher costs, lower profitability and other adverse impacts to our operations and businesses.

#### *We have a history of losses, and may not achieve or maintain profitability in the future.*

We have a history of losses and have historically raised capital to meet our needs. Our net losses for the years ended December 31, 2021 and 2020 were \$10,463,994 and \$3,571,602, respectively, and our accumulated deficit as of December 31, 2021 was \$36,961,344. We may sustain losses in the future as we continue to implement our business plan, and there can be no assurance that we will ever generate sufficient revenues to maintain profitability in the future.

*If we fail to obtain the capital necessary to fund our operations, we will be unable to continue our operations and you will likely lose your entire investment.*

We will need to continue to seek capital from time to time to continue to execute our business plan. Our business or operations may change in a manner that would consume available funds more rapidly than anticipated and substantial additional funding may be required to maintain operations, fund expansion, develop new or enhanced products, acquire complementary products, business or technologies or otherwise respond to competitive pressures and opportunities. In addition, we may need to accelerate the growth of our sales capabilities and distribution beyond what is currently envisioned, and this would require additional capital. However, we may not be able to secure funding when we need it or on favorable terms. If we cannot raise adequate funds to satisfy our capital requirements, we will have to curtail or cease our operations.

*Even if we can raise additional funding, we may be required to do so on terms that are dilutive to you.*

The capital markets have been unpredictable in the recent past. The amount of capital that a company such as ours is able to raise often depends on variables that are beyond our control. As a result, we may not be able to secure financing on terms attractive to us, or at all. If we are able to consummate a financing arrangement, the amount raised may not be sufficient to meet our future needs. If adequate funds are not available on acceptable terms, or at all, our business, including our results of operations, financial condition and our continued viability will be materially adversely affected.

*We rely on one supplier for the production and supply of our wine products*

All of our wine products are produced and supplied by one supplier. While we work closely with this supplier in the development and production of our wine products, we have no long-term agreement with this supplier for the development, production or purchase of products, and our products are developed, produced and acquired by us from this supplier only through purchase orders that are negotiated on a case-by-case basis. At the current time, we have ordered, and our supplier has agreed to produce, our currently estimated needs through the end of 2022. However, if our supplier is unwilling or unable to supply to us the wine products we market and sell in the quantities we require, or at all, or otherwise elects to terminate its business relationship with us, we may not be able to obtain alternative products from other suppliers on acceptable terms, in a timely manner, or at all, and our business may be materially and adversely impacted. We do not currently have any alternative suppliers from which we can obtain the quality or quantity of wine products.

Further, any increase in distribution prices, increase in the prices charged by our single supplier or failure to perform by the supplier could cause our costs to increase or could cause us to experience short-term unavailability of our wine products. Failure to identify an alternate source of supply for these products may result in significant cost increases and an inability to provide our wine. If these events occur, it may reduce our profitability or may cause us to increase our prices. In addition, any material interruptions in our supply chain, or interruptions in service by common carriers that ship goods within our distribution channels, may result in significant cost increases and reduce sales, which could harm our business, financial condition and results of operations and may have a material adverse impact on our business.

*Widespread health developments, including the recent global COVID-19 pandemic, could materially and adversely affect our business, financial condition and results of operations.*

Our business has been, and may continue to be, impacted by the fear of exposure to or actual effects of the COVID-19 pandemic in countries where we operate or our customers are located, such as recommendations or mandates from governmental authorities to close businesses, limit travel, avoid large gatherings or to self-quarantine, as well as temporary closures or decreased operations of the facilities of our customers, distributors or suppliers. These impacts include, but are not limited to:

- Significant reductions in demand or significant volatility in demand for one or more of our products, which may be caused by, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other restrictions, store or restaurant closures, or financial hardship, shifts in demand away from one or more of our higher priced products to lower priced products, or stockpiling or similar activity, reduced options for marketing and promotion of products or other restrictions in connection with the COVID-19 pandemic; if prolonged, such impacts can further increase the difficulty of operating our business, including accurately planning and forecasting;
- Our inability to meet our consumers' and customers' needs and achieve costs targets due to disruptions in our manufacturing and supply arrangements caused by the loss or disruption of essential manufacturing and supply elements such as raw materials or purchased finished goods, logistics, reduction or loss of workforce due to the insufficiency or failure of our safety protocols, or other manufacturing and supply capability;
- Failure of third parties on which we rely, including our suppliers, bottlers, distributors, contract manufacturers, contractors, commercial banks and external business partners, to meet their obligations to us or to timely meet those obligations, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties; or
- Significant changes in the conditions of the markets in which we manufacture, sell or distribute our products, including quarantines, governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to perform necessary business functions, restrict or prevent consumers from having access to our products, or otherwise prevent our third-party bottlers, distributors, partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products.

All of these impacts could place limitations on our ability to execute on our business plan and materially and adversely affect our business, financial condition and results of operations. We continue to monitor the situation, have actively implemented policies and procedures to address the situation, and may adjust our current policies and procedures as more information and guidance become available to address the evolving situation. The impact of COVID-19 may also exacerbate other risks discussed in this Report, any of which could have a material effect on us. This situation is changing rapidly and additional impacts may arise that we are not aware of currently.

***We face risks related to our inventory, and if we fail to accurately predict demand for our products, we may face write-downs or other charges.***

We are exposed to inventory risks that may adversely affect our operating results as a result of new product launches, changes in product cycles and pricing, limited shelf-life of certain of our products, changes in consumer demand, and other factors. Demand for our products can change significantly between the time of production and the date of sale. If we are unable to accurately predict the demand for our products, we may face write-downs or other charges, which could have a material adverse effect on our business or operations.

***Disruptions in our supply chain could have a substantial adverse impact on our ability to produce our products and the cost of our raw materials.***

We are exposed to production risks, especially in the case of Bellissima Prosecco and Sparking Wines, due to weather conditions. The growing and harvesting of the grapes that we need to make our wines are directly affected by the weather conditions. Adverse weather conditions may decrease the availability of grapes thereby increasing the cost of grapes which would have a material adverse effect on our business and operations.

In addition, we produce our wines at two production facilities located in Sicily, Italy and Treviso, Italy. A disruption from fire or other catastrophic event at either of these facilities could halt production and have a material adverse effect on our financial condition.

***Contamination and degradation of product quality from diseases, pests and weather conditions may have a material adverse effect on our business and results of operation.***

Our success depends upon the positive image that consumers have of our brands and of the safety and quality of our products. Contamination, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for our brands, could adversely affect their sales. Various diseases, pests, fungi, viruses, drought, frosts and certain other weather conditions could affect the quality and quantity of grapes and other agricultural raw materials available, decreasing the supply and quality of our products. We cannot guarantee that our grape suppliers or our suppliers of other agricultural raw materials will succeed in preventing contamination in existing vineyards or fields or that we will succeed in preventing contamination in our existing vineyards or future vineyards we may acquire. Future government restrictions regarding the use of certain materials used in growing grapes or other agricultural raw materials may increase vineyard costs and/or reduce production of grapes or other crops. It is also possible that a supplier may not provide materials or product components which meet our required standards or may falsify documentation associated with the fulfillment of those requirements.

Product contamination or tampering or the failure to maintain our standards for product quality, safety and integrity, including with respect to raw materials, naturally occurring compounds, packaging materials or product components obtained from suppliers, may also reduce demand for our products or cause production and delivery disruptions. Contaminants or other defects in raw materials, packaging materials or product components purchased from third parties and used in the production of our wine or spirits products could lead to low beverage quality as well as illness among, or injury to, consumers of our products and may result in reduced sales of the affected brand or all our brands.

If any of our products become unsafe or unfit for consumption, are misbranded, or cause injury, we may have to engage in a product recall and/or be subject to liability and incur additional costs. A widespread product recall, multiple product recalls, or a significant product liability judgment could cause our products to be unavailable for a period, which could further reduce consumer demand and brand equity thereby adversely affecting our business and results of operations.

***Climate change and environmental regulatory compliance may have an adverse effect on our operations.***

Our business depends upon agricultural activity and natural resources. There has been much public discussion related to concerns that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. Decreased availability of our raw materials may increase the cost of goods for our products. Severe weather events or changes in the frequency or intensity of weather events can also disrupt our supply chain, which may affect production operations, insurance cost and coverage, as well as delivery of our products to wholesalers, retailers and consumers. Natural disasters such as floods and earthquakes may also negatively impact the ability of consumers to purchase our products.

We may experience significant future increases in the costs associated with environmental regulatory compliance, including fees, licenses, and the cost of capital improvements for our operating facilities to meet environmental regulatory requirements. In addition, we may be party to various environmental remediation obligations arising in the normal course of our business or relating to historical activities of businesses we acquire. Due to regulatory complexities, uncertainties inherent in litigation and the risk of unidentified contaminants in our current and former properties, the potential exists for remediation, liability and indemnification costs to differ materially from the costs that we have estimated. We may incur costs associated with environmental compliance arising from events we cannot control, such as unusually severe floods, hurricanes, earthquakes or fires. We cannot assure you that our costs in relation to these matters will not exceed our projections or otherwise have a material adverse effect upon our business, liquidity, financial condition or results of operations.

***A potential decline in the consumption of the products we sell could have a material adverse effect on our business.***

Our business depends upon consumers' consumption of our wine and spirits brands. Consumer preferences and tastes may shift due to, among other reasons, changing taste preferences, demographics or perceived value. Consequently, any material shift in consumer preferences and taste away from our, wine and spirits brands could have a negative impact on our business, liquidity, financial condition and/or results of operations. Consumer preferences may shift due to a variety of factors, including changes in demographic or social trends, public health policies, and changes in leisure, dining and beverage consumption patterns. A limited or general decline in consumption of our products could occur in the future due to a variety of factors, including:

- a general decline in economic or geopolitical conditions;
- concern about the health consequences of consuming beverage alcohol products and about drinking and driving;
- a general decline in the consumption of beverage alcohol products in on-premise establishments, such as may result from stricter laws relating to driving while under the influence of alcohol;
- the increased activity of anti-alcohol groups;
- increased federal, state, provincial and foreign excise or other taxes on beverage alcohol products and possible restrictions on beverage alcohol advertising and marketing;
- inflation; and
- wars (such as the recent outbreak of hostilities between Russia and Ukraine), pandemics, weather and natural or man-made disasters.

Our wine products face significant competition which could adversely affect our business.

The wine industry is highly competitive. Our wines compete in several super-premium and ultra-premium wine market segments with many other domestic and foreign wines. Our wines also compete with other alcoholic and, to a lesser degree, non-alcoholic beverages, for shelf space in retail stores and for marketing focus by independent distributors, many of which carry extensive brand portfolios. In addition, the wine industry has experienced significant consolidation. Many competitors have greater financial, technical, marketing and public relations resources.

Our sales could be negatively affected by numerous factors including:

- our inability to maintain or increase prices;
- new entrants in our market or categories;
- the decision of wholesalers, retailers or consumers to purchase competitors' products instead of ours; or
- a general decline in beverage alcohol consumption due to consumer dietary preference changes or consumers substituting legalized marijuana or other similar products in lieu of beverage alcohol.

Furthermore, sales could also be affected by pricing, purchasing, financing, operational, advertising or promotional decisions made by wholesalers, state and other local agencies, and retailers which could affect their supply of, or consumer demand for, our products. We could also experience higher than expected selling, general and administrative expenses if we find it necessary to increase the number of our personnel or our advertising or marketing expenditures to maintain our competitive position or for other reasons. We cannot guarantee that we will be able to increase our prices to pass along to our customers any increased costs we incur. Our sales may be harmed to the extent we are not able to compete successfully against wine or alternative beverage producers.

***Our business depends on the effectiveness of our advertising and marketing programs, including the strength of our social media presence, to attract and retain members and subscribers.***

Our business success depends on our ability to attract and retain consumers which depends significantly on the effectiveness of our advertising and marketing practices. In addition, from time-to-time, we use brand ambassadors, spokespersons and social media influencers in our advertising and marketing programs to communicate with consumers. Actions taken by these individuals that harm their personal reputation or image, or include the cessation of using our products, could have an adverse impact on the advertising and marketing campaigns in which they are featured. We and our brand ambassadors, spokespersons and social media influencers also use social media channels as a means of communicating with consumers. Unauthorized or inappropriate use of these channels could result in harmful publicity or negative consumer experiences, which could have an adverse impact on the effectiveness of our marketing in these channels. In addition, substantial negative commentary by others on social media platforms could have an adverse impact on our reputation and ability to attract and retain members and subscribers. If our advertising and marketing campaigns do not generate a sufficient number of consumers, our business, financial condition and results of operations could be adversely affected.

***The loss of one or more of our current customers could adversely affect our results of operations.***

Our business is dependent not only on securing new customers but also on maintaining current customers. One of our customers, QVC, Inc., accounted for approximately 32% of our sales for the year ended December 31, 2021. At December 31, 2021, QVC, Inc., accounted for an aggregate of approximately 21% of our accounts receivable. Unless we are able to retain our existing customers, or secure new customers if we lose one or more of our significant customers, our revenue and results of operations would be adversely affected. In addition, the default on payments by one or more of these significant customers may negatively impact our cash flow and current assets.

*Any changes to our relationship with QVC or retail outlets may have a material adverse effect on our business.*

For the year ended December 31, 2021, we had direct response sales of approximately \$1,600,000 million, respectively, which represented almost all of our direct to consumer sales for the year. These sales were made pursuant to the Marketing Agreement between United and QVC, which currently extends through December 4, 2021. Our agreements with other direct retail partners are informal and therefore subject to change. If the Marketing Agreement is terminated, one or more of the direct retail partners chose to purchase fewer products, or we are forced to reduce the prices at which we currently sell our products, our sales and profits would be reduced and the business would be harmed.

*We may engage in strategic transactions that fail to enhance shareholder value.*

From time to time, we may consider possible strategic transactions, including potential acquisitions or licensing of products or technologies or acquisition of companies, and other alternatives with the goal of maximizing shareholder value. If we do complete a strategic transaction, implementation of such transaction may impair shareholder value or otherwise adversely affect our business. There can be no assurance that our acquisitions will perform as expected in the future. For example, we may be unable to successfully integrate the operations of and/or the acquired assets of the businesses we acquire into our operations and we may not realize the anticipated efficiencies and synergies of such acquisitions. In addition, acquisitions require significant managerial attention, which may be diverted from our other operations. If the businesses or products we acquire do not achieve their intended results, our business, financial condition, and results of operations could be materially and adversely affected.

*We may not be successful in hiring and retaining key employees, including executive officers.*

Our future operations and successes depend in large part upon the strength of our management team. We rely heavily on the continued service of Richard DeCicco, our Chairman of the Board and President, Larry Romer, our Chief Executive Officer, John Cosenza, our Chief Operating Officer, David Allen, our Chief Financial Officer, and Rosanne Faltings, our Vice President and a member of our board of directors. Accordingly, if any of such persons terminates his or her employment with us, such a departure may have a material adverse effect on our business, and our future success depends on our ability to identify, attract, hire or engage, retain and motivate other well-qualified personnel. There can be no assurance that these professionals will be available in the market, or that we will be able to retain existing professionals or to meet or to continue to meet their compensation requirements. Furthermore, the cost base in relation to such compensation, which may include equity compensation, may increase significantly, which could have a material adverse effect on us. Failure to establish and maintain an effective management team and work force could adversely affect our ability to operate, grow and manage our business.

*Our operations may be adversely affected by our failure to maintain or renegotiate supply, manufacturing or license agreements on favorable terms.*

Our business involves a number of supply, manufacturing or license agreements for brands owned by us or by other companies. There can be no assurance that we will be able to renegotiate our rights on favorable terms when these agreements expire or that they will not be terminated. Failure to renew such agreements could have an adverse impact on our business and financial results.

*Class action or other litigation relating to alcohol abuse or the misuse of alcohol could adversely affect our business.*

There has been increased public attention directed at the beverage alcohol industry, which we believe is due to concern over problems related to alcohol abuse, including drinking and driving, underage drinking and health consequences from the misuse of alcohol. Several beverage alcohol producers have been sued in several courts regarding alleged advertising practices relating to underage consumers. Adverse developments in these or similar lawsuits or a significant decline in the social acceptability of beverage alcohol products that results from these lawsuits could materially adversely affect our business.

***Regulatory decisions and changes in the legal and regulatory environment could increase our costs and liabilities or limit our business activities.***

Our operations are subject to extensive regulatory requirements relating to production, distribution, importation, marketing, advertising, sales, pricing, labelling, packaging, product liability, antitrust, labor, pensions, compliance and control systems, and environmental issues. Changes in any such applicable laws, regulations or governmental or regulatory policies and/or practices could cause us to incur material additional costs or liabilities that could adversely affect our business. In particular, governmental bodies in jurisdictions where we operate may impose new labelling, product or production requirements, limitations on the marketing, advertising and/or promotion activities used to market beverage alcohol, restrictions on retail outlets, restrictions on importation and distribution or other restrictions on the locations or occasions where beverage alcohol is sold which directly or indirectly limit the sales of our products. Regulatory authorities may also have enforcement power that can subject us to actions such as product recalls, product seizures or other sanctions which could have an adverse effect on our sales or damage our reputation. Any changes to the regulatory environment in which we operate could also cause us to incur material additional costs or liabilities, which could adversely affect our performance.

In addition, most states in which our wines and spirits are sold impose varying excise taxes on the sale of alcoholic beverages. Prompted by growing government budget shortfalls and public reaction against alcohol abuse, government entities often consider legislation that could potentially affect the taxation of alcoholic beverages. Excise tax rates being considered are often substantial. The ultimate effects of such legislation, if passed, cannot be assessed accurately. Any increase in the taxes imposed on wines and spirits can be expected to have a potentially adverse impact on overall sales of such products. However, the impact may not be proportionate to that experienced by distributors of other alcoholic beverages and may not be the same in every state.

***We are subject to cybersecurity risks.***

Cybersecurity risks and attacks continue to increase. Cybersecurity attacks are evolving and not always predictable. Attacks include malicious software, threats to information technology infrastructure, denial-of-service attacks on websites, attempts to gain unauthorized access to data, and other breaches. Data breaches can originate with authorized or unauthorized persons. Authorized persons could inadvertently or intentionally release confidential or proprietary information, and recipients could misuse data. Such events could lead to interruption of our operations or business, unauthorized release or use of information, compromise of data, damage to our reputation, damage to our customers or vendors, and increased costs to prevent, respond to or mitigate any events.

**Risks Related To Our Common stock**

***The market price of our common stock may be volatile and may be affected by market conditions beyond our control.***

The market price of our common stock is subject to significant fluctuations in response to, among other factors:

- variations in our operating results and market conditions specific to companies in our industry;
- changes in financial estimates or recommendations by securities analysts;
- announcements of innovations or new products or services by us or our competitors;
- the emergence of new competitors;
- operating and market price performance of other companies that investors deem comparable;
- changes in our board or management;
- sales or purchases of our common stock by insiders;
- commencement of, or involvement in, litigation;
- changes in governmental regulations; and
- general economic conditions and slow or negative growth of related markets.

In addition, if the market for stocks in our industry or the stock market in general, experiences a loss of investor confidence, the market price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause the price of our common stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to the board of directors and management.

*Future sales and issuances of our securities could result in additional dilution of the percentage ownership of our stockholders and could cause our share price to fall.*

We expect that significant additional capital will be needed in the future to continue our planned operations, including continuing activities as an operating public company. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

*Financial reporting obligations of being a public company in the United States are expensive and time-consuming, and our management will be required to devote substantial time to compliance matters.*

As a publicly traded company we incur significant legal, accounting and other expenses. The obligations of being a public company in the United States require significant expenditures and places significant demands on our management and other personnel, including costs resulting from public company reporting obligations under the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act. These rules require the establishment and maintenance of effective disclosure and financial controls and procedures, internal control over financial reporting and changes in corporate governance practices, among many other complex rules that are often difficult to implement, monitor and maintain compliance with. In addition, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements and to keep pace with new regulations, otherwise we may fall out of compliance and risk becoming subject to litigation or being delisted, among other potential problems.

*As a result of the late filing of this annual report on Form 10-K, our common stock has been temporarily removed from the OTCQB Market, and moved to the OTC Pink Limited Information tier of the OTC Markets Group, Inc. Although our expectation is that our common stock will be moved back to the OTCQB Market, there can be no guaranty that this will occur. If our common stock is relisted on the OTCQB, there is no guaranty that it will remain on the OTCQB, and such a failure to do so may make it more difficult for investors to resell their shares.*

As a result of the late filing of this annual report on Form 10-K, our common stock has been temporarily removed from the OTCQB Market, and moved for quotation on the OTC Pink Limited Information tier maintained by OTC Markets Group, Inc. Upon the filing of this report and our quarterly report on Form 10-Q for the period ended March 31, 2022, and the completion of other required corporate actions that we expect to finalize shortly, we expect our common stock to be moved back to OTCQB Market. Although our expectation is that our common stock will be moved back to the OTCQB Market, there can be no guaranty that this will occur. A failure to return our common stock to the OTCQB Market may reduce the potential market for our common stock by reducing the number of potential investors, which may make it more difficult for investors in our common stock to dispose of their shares.

Further, even if we do return to the OTCQB, the OTCQB requires a minimum bid price of \$0.01 and that we file our Exchange Act reports on a timely basis. If the bid price goes below \$0.01 or we fail to file our Exchange Act reports on the timeline required by OTC Markets Group, Inc. in the future, we may again be removed from the OTCQB. If we are again removed from the OTCQB, our stock would be quoted on the OTC Pink tier. Broker-dealers often decline to trade in over-the-counter stocks that are quoted on the OTC Pink tier given the market for such securities are often limited, the stocks are more volatile, and the risk to investors is greater. These factors may reduce the potential market for our common stock by reducing the number of potential investors. This may make it more difficult for investors in our common stock to dispose of their shares.

*Our common stock is subject to the "penny stock" rules of the SEC and the trading market in the securities is limited, which makes transactions in the stock cumbersome and may reduce the value of an investment in the stock.*

Rule 15c-9 under the Exchange Act establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (a) that a broker or dealer approve a person's account for transactions in penny stocks; and (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form: (a) sets forth the basis on which the broker or dealer made the suitability determination; and (b) confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our common stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker or dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

***We have no independent directors and no board committees. This may hinder our board of directors' effectiveness in fulfilling the typical functions of a board and of committees thereof.***

Currently, we have no independent directors, nor do we have an audit committee, compensation committee or nominating and corporate governance committee at this time. Independent board members, audit committees, compensation committees and nominating and corporate governance committees with independent directors play a crucial role in the corporate governance process, assessing a company's processes relating to its risks and control environment, overseeing financial reporting, preventing self-dealing by company executives and evaluating internal and independent audit processes. The lack of an independent board or board committees prevents the board of directors from being independent from management in its judgments and decisions and its ability to pursue the board's responsibilities without undue influence. We may have difficulty attracting and retaining directors with the requisite qualifications. If we are unable to attract and retain qualified, independent directors, the management of our business could be compromised. In addition, our board of directors does not have a "financial expert".

***We do not intend to pay cash dividends on our shares of common stock so any returns will be limited to the value of our shares.***

We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the increase, if any, of our share price.

***Our Articles of Incorporation, as amended ("Articles of Incorporation"), our Restated Bylaws, and Nevada law may have anti-takeover effects that could discourage, delay or prevent a change in control, which may cause our stock price to decline.***

Our Articles of Incorporation, Bylaws, and Nevada law could make it more difficult for a third party to acquire us, even if closing such a transaction would be beneficial to our stockholders. We are authorized to issue up to 100,000,000 shares of preferred stock, of which 45,000 shares have been designated as Series A-2 Preferred Stock and 38,830 are issued and outstanding as June 13, 2022. Our authorized but undesignated preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our board of directors without further action by stockholders. The terms of any series of preferred stock may include voting rights (including the right to vote as a series on particular matters), preferences as to dividend, liquidation, conversion and redemption rights and sinking fund provisions. The issuance of any preferred stock could materially adversely affect the rights of the holders of our common stock, and therefore, reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party and thereby preserve control by the present management.

Provisions of our Articles of Incorporation, our Bylaws and Nevada law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, the Articles of Incorporation, our Bylaws and Nevada law, as applicable, among other things:

- provide the board of directors with the ability to alter the Bylaws without stockholder approval; and
- provide that vacancies on the board of directors may be filled by a majority of directors in office, although less than a quorum.

We have identified a material weakness in our internal control over financial reporting that could, if not remediated, result in material misstatements in our financial statements.

In connection with the audit of our consolidated financial statements as of and for the year ended December 31, 2021, we have concluded that there is a material weakness relating to our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Specifically, we identified a material weakness relating to the lack of segregation of duties. Although we need to take measures to fully mitigate such material weakness, the measures we have taken, and expect to take, to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that the identified material weakness will not result in a material misstatement of our annual or interim consolidated financial statements. If we are unable to correct material weaknesses or deficiencies in internal controls in a timely manner, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, will be adversely affected. This failure could negatively affect the market price and trading liquidity of our common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties, and materially and adversely impact our business and financial condition.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

On January 1, 2021, we executed a cancellable lease agreement with Dan Kay International for the lease of our office and warehouse space in North Amityville New York. The agreement has a term of three years from January 1, 2021 to January 1, 2024 and provides for monthly rent of \$4,893.

In addition, TopPop has executed a lease agreement to rent approximately 26,321 square feet of warehouse space in Marlton, NJ. The lease provides a term of five years commencing upon January 1, 2020 and terminating on December 31, 2024. The lease also provides for a monthly payment for common area use of \$4,430 and a security deposit of \$45,864.

Effective November 6, 2020, TopPop executed a lease agreement to rent approximately 14,758 square feet of warehouse space in Bellmawr, NJ. The lease provides for a lease term of two years commencing on December 1, 2020 and terminating on November 30, 2022. The lease provides for a security deposit of \$20,734.

Effective May 19, 2021, TopPop executed a lease agreement with Industrial Opportunities II LLC to rent approximately 63,347 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 76 months commencing upon September 1, 2021 and terminating on December 31, 2027. The lease provided a security deposit to Industrial Opportunities II LLC of \$64,931.

#### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Other than the following, we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

On April 7, 2022, the Office of the Attorney General of the State of New Jersey, Department of Law and Public Safety, Division of Alcoholic Beverage Control issued to TopPop a Notice of Charges (the "Notice") wherein the New Jersey Division of Alcoholic Beverage Control Board (the "Division") alleged that TopPop has committed certain violations of its permit issued by the Division for TopPop's manufacturing facilities located in Marlton, New Jersey. In the Notice, the Board alleged that TopPop (i) allowed such manufacturing facilities to be used in furtherance of, or to aid, an illegal activity or enterprise, and (ii) sold and delivered, or allowed the sale, service, delivery and consumption, of alcoholic beverages beyond the scope of TopPop's license, and conducted business with companies outside the scope of the license in an area which was not designated or described by TopPop in its license application as a place to be licensed for such sale, service or delivery of alcoholic beverages. The total penalty sought by the Division is a 90-day suspension of TopPop's permit for that manufacturing facility.

The Company is in preliminary discussions with the Division regarding a possible settlement of these proceedings. We intend to investigate the claims of the Division and, depending upon our findings, to seek a mutually acceptable resolution to this matter. Although the results of our investigation and of our future discussions with the Division cannot be predicted with certainty, we plan to vigorously pursue a settlement option and believe that the final outcome of this matter will not have a material adverse effect on our business, results of operations or financial condition.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

**Market Information**

Our common stock is quoted on the *OTCQB* tier of the marketplace maintained by OTC Markets Group, Inc. under the symbol "ICNB"; however, due to the late filing of this annual report on Form 10-K and our quarterly report on Form 10-Q for the period ended March 31, 2022, our common stock has been temporarily moved to the OTC Pink Limited Information tier of the OTC Markets Group, Inc. Upon the filing of this report and our quarterly report on Form 10-Q for the period ended March 31, 2022, and the completion of other required corporate actions that we expect to finalize shortly, we expect our common stock to be moved back to *OTCQB* Market.

**Stockholders**

As of June 13, 2022, there were 194 stockholders of record of our common stock. The actual number of holders of our common stock is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or held by other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

**Dividend Policy**

We have not declared any stock dividends to date. We have no present intention of paying any cash dividends on our common stock in the foreseeable future, as we intend to use earnings, if any, to generate growth. Shares of common stock can be issuable to the holders of our Series A-2 Preferred Stock, as a one-time dividend payment equal to 6% of the \$1,000 per share stated value of the outstanding Series A-2 Preferred Stock in cash or, at our option, in shares of common stock, or a combination thereof, depending on our trading price and subject to the potential adjustment in the event the average of the volume weighted average price of our common stock for each of the 15 consecutive trading days ending on the trading day immediately prior to July 26, 2022 is less than the conversion price then in effect. The payment by us of dividends, if any, in the future, is within the discretion of our board of directors and will depend upon, among other things, our earnings, capital requirements and financial condition, as well as other relevant factors. There are no material restrictions in our Articles of Incorporation, as amended, or Bylaws that restrict us from declaring dividends. To date, no dividends have been declared or paid.

## Recent Issuance of Unregistered Securities

The following issuances were exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, there was no solicitation and the investors were accredited or sophisticated:

On December 14, 2021, the Company issued 1.1 million shares of common stock as payment to two vendors.

On January 28, 2022 the Company issued 160,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On February 2, 2022, the Company issued 3,200 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 1, 2022, the Company issued 160,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 7, the Company issued 320,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 22, 2022, the Company issued 320,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 24, 2022, the Company issued 160,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 28, 2022, the Company issued 800,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

On March 31, 2022, the Company issued 320,000 shares of common stock upon an investor's conversion of preferred stock to common stock.

## ITEM 7. 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 of 1933 and Section 21E of the Securities Exchange Act of 1934). 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; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; 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; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.*

*You should read the following discussion and analysis of our financial condition and plan of operations together with and our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K. All amounts in this report are in U.S. dollars, unless otherwise noted.*

### Overview

We are engaged in the development and sale of alcohol and non-alcohol brands that are "better-for-you" ("BFY") and "better-for-the-planet". TopPop, our wholly owned subsidiary, produces low calorie, "ready to go" products, ready-to-freeze ("RTF") products and ready-to-drink ("RTD") products in sustainable, flexible and stand-up pouch packaging. TopPop is also a leader in the "cocktails-to-go" pouches and alcohol ice-pop market. Our brands include "Bellissima" by Christie Brinkley, a premium BFY collection of Prosecco, Sparkling Wines, and Still Wines, all certified vegan and made with organic grapes. Bellissima is strategically positioned with its Zero Sugar Wines. We operate in multiple states, sell and distribute across the globe and have Fortune 500 customers that include some of the world's largest alcohol beverage companies and brands. United Distributors, Inc., ("United") is our 100% owned subsidiary which sells our Bellissima, Bella, Sonja Sangria and other alcohol beverages to state distributors. United holds all applicable state and federal licenses in order to sell these products to state distributors in accordance with the United States three tier distribution platform.

We have expertise in developing, from product inception to wholesale distribution or direct to consumer through the QVC distribution channel, and in branding alcohol beverages for our company and for third parties. We market and place products into national distribution through long-standing industry relationships approximately 45 national or regional alcoholic beverage distributors. We currently market and sell the following product lines:

- *Bellissima Prosecco* – these products comprise a line of all-natural and vegan Prosecco and Sparkling Wines made with organic grapes, including a Zero Sugar, Zero Carb option, a DOC Brut and a Sparkling Rose. The Bellissima line of Prosecco and Sparkling Wines includes two new flavor profiles, a Zero Sugar/Zero Carb Sparkling Rose and a Rose Prosecco;
- *Bellissima Zero Sugar Still Wines* – this line of five still wines was launched in March 2022 and are certified vegan and are made with organic grapes.
- *Bella Sprizz Aperitifs* - 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;
- *Ready-to-Freeze and Ready-to-Drink Alcoholic Products* – these products are currently produced under contract for third-party national and regional brands and for our Boozy Pops<sup>®</sup> product line; and
- *BiVi Vodka* – a celebrity-branded vodka that we have sold since 2018 under the brand "BiVi 100 percent Sicilian Vodka" and which currently does not represent a material portion of our sales.

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

As a result of our July 2021 acquisition of 100% of the equity of TopPop, we are now a vertically integrated company for the development, production and distribution of alcoholic brands. TopPop is a premier product development, contract manufacturing and packaging company that specializes in flexible packaging applications in the food, beverage and health categories. It has the federal and state licenses necessary to manufacture and blend malt, wine and spirits-based products. In June 2020, TopPop opened a 27,000-square-foot FDA-approved manufacturing facility in Marlton, New Jersey with a Safe Quality Food certification. In September 2021, TopPop leased an additional 65,000 square feet facility for manufacturing in Pennsauken, New Jersey. Construction is now complete, and the facility reached full-scale production capability at the end of March 2022. The facility includes approximately \$4 million of high-speed packaging equipment and is expected to triple our production capacity.

For its first product line, TopPop identified the single serve, RTD and RTF as ripe for product and packaging innovation. TopPop introduced an alcohol-infused ice pop in June 2020 and began marketing the concept to major alcohol companies. In addition, it developed its own product line trademarked under the name BoozyPopz<sup>®</sup> which is expected to be sold through e-commerce platforms and wholesaled directly to sports and entertainment venues. TopPop manufactured approximately 8 million ice pops from its launch in June 2020 through December 31, 2020 and manufactured approximately 42 million ice pops during the year ended December 31, 2021. TopPop has also developed a pipeline for the single serve, RTD alcohol cocktail market and anticipates launching a line of products in this market in 2022. TopPop designs and markets flexible packaging for its RTD and RTF products with formulations that are low calorie and contain healthy and natural ingredients. With the opening of TopPop's new facility at the end of the first quarter of 2022, we expect to have the capacity to manufacture over 150 million units in 2022.

We believe TopPop brings to us additional synergies and opportunities for cross-promoting new and existing products to a broader customer base and better positions our company to establish and support our brands and to create sustainable packaging solutions to the consumable goods market. We believe our focus on lifestyle branding and the rising "Better-for-You," "Better-for-the-Planet" consumer categories has made us a leader in developing celebrity brands worldwide, such as our Bellissima Prosecco by Christie Brinkley. Our mission is to be an industry leader in the brand development, marketing and sales of alcoholic beverages and related products by capitalizing on our ability to procure products from around the world and to develop unique and innovative packaging to create brand and product line extensions. We plan to leverage our relationships to add value to our products and to create brand awareness in unbranded niche categories.

#### **Recent Developments**

##### *COVID-19*

As a result of COVID-19, we have seen a shift away from the traditional brick-and-mortar business to a direct-to-consumer business. Although we expect brick-and-mortar to rebound, we also expect the director-to-consumer model to stay post-COVID-19, as consumers embrace the convenience of having their alcoholic beverages delivered to their doorstep. As we expand our relationship with QVC and our own direct-to-consumer platform through our website, we believe we are well positioned to execute on this opportunity.

##### *TopPop Acquisition*

On July 26, 2021, we completed the acquisition of TopPop. In connection with such acquisition, the former TopPop members received, in the aggregate(a) \$3,694,273 in cash, net of cash acquired, by transfer of immediately available funds, (b) 26,009,600 shares of our common stock, which shares were valued in the aggregate at \$10,143,744, or \$0.39 per share, (c) \$5,042,467 aggregate principal amount of our promissory notes and (d) future additional payments as earnout consideration valued at \$20,204,505 to be paid in cash and stock. The earn-out payments, if any, will be made (i) following the 12-month period commencing on August 1, 2021, in an aggregate amount equal to the excess, if any, of: (A) 1.96 times TopPop's EBITDA for the period over (B) the aggregate amount of the closing promissory notes repaid in cash during period; provided, however, no such amount shall be payable if (i)(A) does not exceed (i)(B); and (ii) following the 12-month period commencing on August 1, 2022, in an aggregate amount equal to the excess, if any, of: (A) 1.96 times TopPop's EBITDA for such period over (B) the aggregate amount of the closing promissory notes repaid in cash during the period; provided, however, no such amount shall be payable if (ii)(A) does not exceed (ii)(B). The earn-out payments will be made, at the election of each former TopPop member, in cash or in shares of our common stock or a combination thereof, less any reserve for possible indemnification payments, provided that not less than 45% of the value of each earn-out payment shall be paid in common stock. If paid in shares of common stock, such shares shall be valued at the then-prevailing market rate.

#### *Series A-2 Convertible Preferred Stock Financing*

On July 26, 2021, we entered into securities purchase agreements dated as of July 26, 2021 with certain accredited investors for the sale of our newly-created Series A-2 Convertible Preferred Stock, par value \$0.001 per share (the "Series A-2 Preferred Stock"), shares of common stock, and warrants to purchase shares of common stock.

Pursuant to the purchase agreements, the shares of Series A-2 Preferred Stock, common stock and warrants were sold in two tranches, the first of which closed on July 26, 2021 for gross proceeds of \$18,372,354 for the sale of an aggregate of 18,800 shares of Series A-2 Preferred Stock, an aggregate of 6,711,997 shares of common stock, and warrants to purchase an aggregate of 73,338,203 shares of common stock. Of the \$18,372,354 gross proceeds we received upon the closing of the first tranche, \$15,603,385 was paid in cash net of fees of \$2,808,320.

The second tranche closed on January 5, 2022 in which the Company sold 12,257.76 shares of Series A-2 Preferred Stock, 4,781,004 shares of common stock and warrants to purchase 40,018,583 shares of common stock for gross proceeds of approximately \$12.2 million and net proceeds of approximately \$10.8 million after deduction of placement agent commissions and expenses of the offering. Such net proceeds are expected to be used by the Company for domestic and international expansion of its Bellissima brand, the expansion of the production facilities of the Company's TopPop subsidiary, new product launches, marketing, and other general working capital purposes.

The warrants are exercisable for a period of five years from the date of issuance at an exercise price of \$0.3125 per share. The Warrants may be exercised on a cashless basis if the shares of common stock underlying the warrants are not then registered for resale pursuant to an effective registration statement under the Securities Act.

In connection with this offering, we entered into a Placement Agency Agreement with Dawson James Securities, Inc. (the "Placement Agent"), pursuant to which at the closing of the first tranche under the purchase agreements we paid to the Placement Agent a cash fee in the amount of \$2,050,000 and at the closing of the second tranche under the purchase agreements we paid to the Placement Agent a cash fee in the amount of \$1,150,000. In addition, we agreed to pay to the Placement Agent a fee in connection with any cash exercise of any of the Warrants in an amount equal to 10% of the cash amount received by us upon any such exercise. Pursuant to the Placement Agency Agreement, as additional consideration for the services of the Placement Agent, we also issued to the Placement Agent or its designees in connection with the closing of the first tranche under the purchase agreements 2,194 shares of Series A-2 Preferred Stock and an additional 1,096 shares of Series A-2 Preferred Stock in connection with the closing of the second tranche under the purchase agreements. The fees paid to the Placement Agent were accounted for as financing costs and reduces the additional paid in capital from the financing.

#### *Redemption of Series F Convertible Preferred Stock*

On July 26, 2021, we entered into redemption agreements with two holders of our Series F Convertible Preferred Stock, pursuant to which we redeemed all their outstanding shares of our Series F Convertible Preferred Stock for an aggregate purchase price of \$225,000 in accordance with the terms of such redemption agreements. Any remaining outstanding shares of Series F Convertible Preferred Stock was exchanged pursuant to the following agreements.

#### *Exchange of Issued and Outstanding Series E, F and G Convertible Preferred Stock and Series E, F and G Common Stock Purchase Warrants*

On July 26, 2021, we entered into securities exchange agreements with the holders of our outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock (the "Existing Preferred Stock"), and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants (the "Existing Warrants" and together with the Existing Preferred Stock, collectively, the "Existing Securities"), pursuant to which such holders exchanged (i) all Existing Preferred Stock held by each holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all Existing Warrants held by each holder for shares of common stock. In connection with such exchange, 2,115,224 shares of Series E Convertible Preferred Stock, 2,189 shares of Series F Convertible Preferred Stock, 1,475 shares of Series G Convertible Preferred Stock were exchanged for an aggregate of 3,555 shares of Series A-2 Preferred Stock, Warrants to purchase an aggregate of 14,304,880 shares of common stock, and 2,209,517 shares of common stock for an aggregate value of \$3,663,651.

Upon such exchange, the Existing Securities were cancelled and all contractual (or similar) rights, preferences and obligations relating to such Existing Securities became null and void and of no further effect whatsoever.

*Exchange of Issued and Outstanding Series A Preferred Stock*

On July 26, 2021, we entered into a securities exchange agreement dated as of July 26, 2021 with Richard DeCicco, who, at the time of execution and delivery of such agreement, was our Chief Executive Officer, Chief Financial Officer, chairman of our board of directors and the holder of our one issued and outstanding share of Series A Preferred Stock, and is currently our Chairman of the Board and President. Pursuant to such agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of our common stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of our outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

*Purchase of all Issued and Outstanding Capital Stock of United Spirits, Inc.*

On July 26, 2021, we entered into a securities purchase agreement with Mr. DeCicco pursuant to which we purchased from Mr. DeCicco all of the issued and outstanding capital stock of United Spirits, Inc., a New York corporation ("United"). Pursuant to such purchase agreement, Mr. DeCicco transferred to us 100% of the issued and outstanding capital stock of United in exchange for a purchase price of \$1,000,000. The purchase agreement contains customary representations, warranties and covenants of the parties thereto, and the closing of the transactions contemplated by such purchase agreement was subject to the satisfaction of certain closing conditions, including, without limitation, certain approvals from various state liquor authorities. Prior to the closing of such transaction, we marketed and sold our wine and spirits products pursuant to an exclusive marketing and distribution agreement between United and us.

*Amended and Restated LLC Agreements of Bellissima Spirits LLC and BiVi LLC*

On July 26, 2021, we, and each other member identified therein, including Mr. DeCicco and Rosanne Faltings, our vice president of sales and a member of the Board, entered into an Amended and Restated Limited Liability Company Agreement dated as of July 26, 2021 of Bellissima and BiVi. Such agreement provides that the manager of Bellissima and BiVi, currently Mr. DeCicco, may cause Bellissima and BiVi to make distributions of available cash flow to the members pro rata in accordance with their cash flow ratios, of which we are entitled to 100% of any such distribution of available cash flow. Such agreement also provides that the manager shall cause Bellissima and BiVi to make distributions of net proceeds attributable to certain capital events to members pro rata in accordance with their membership interest percentage, of which we are entitled to 54% of any such distribution of net proceeds and Mr. DeCicco and Ms. Faltings are entitled to 15.34% and 15.33%, respectively. Transfers of membership interests in Bellissima and BiVi are generally restricted and such agreement provides for preemptive rights, rights of first refusal, and rights of co-sale, in each case, in accordance with the terms and conditions set forth therein.

On April 22, 2022 we entered into a Second Amended and Restated Limited Liability Company Agreement of Bellissima, which provides that upon (i) a sale of all or substantially all of our assets, (ii) a change of control of us, (iii) a sale of equity following which our shareholders immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in us, or (iv) a merger, consolidation or similar transaction involving us, each of Mr. DeCicco and Ms. Faltings will be entitled to sell their interest in Bellissima to us in exchange for the value of their equity interest in Bellissima that they would have received upon the sale of their equity interest in Bellissima, upon the sale of Bellissima, which value will be determined by an independent third-party appraiser.

**Results of Operations for the Years Ended December 31, 2021 and 2020**

*Introduction*

We had sales of \$4,960,016 and \$2,848,913 for the years ended December 31, 2021 and 2020, respectively. Our cost of sales was \$4,628,734 and \$1,330,441 for the years ended December 31, 2021 and 2020, respectively. Our operating expenses were \$10,592,867 and \$4,716,564, for the years ended December 31, 2021 and 2020, respectively. Our operating expenses consisted mostly of salaries, professional fees, royalties and fulfillment costs along with marketing and advertising costs, occupancy costs, and travel and entertainment.

## Revenues and Net Operating Loss

Our revenues, operating expenses, and net operating loss for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Increase / (Decrease)
Sales	\$ 4,960,016	\$ 2,848,913	\$ 2,111,103
Cost of Sales	4,628,734	1,330,441	3,298,293
Gross Profit	<u>331,282</u>	<u>1,518,472</u>	<u>(1,187,190)</u>
Operating expenses:			
Officers' compensation	627,000	415,000	212,000
Fulfillment Costs	287,466	536,255	(248,789)
Royalties	160,119	497,253	(337,135)
Professional fees	2,874,968	962,481	1,912,487
Travel and entertainment	194,785	41,208	153,577
Other operating expenses, including occupancy	<u>6,309,392</u>	<u>1,462,922</u>	<u>4,846,470</u>
Total general and administrative	10,453,730	3,915,119	6,538,611
Selling and marketing	716,727	801,445	(84,718)
Gain from the cancellation of accrued royalties	(577,590)	-	(577,590)
Total operating expenses	<u>10,592,867</u>	<u>4,716,564</u>	<u>5,876,303</u>
Net operating loss from continuing operations	(10,261,585)	(3,198,092)	(7,063,493)
Gain on forgiveness of PPP loan	28,458	-	28,458
Interest expense	(271,749)	-	(271,749)
Loss on Investment in Can B Corp	-	(483,472)	(483,472)
Net loss	(10,504,876)	(3,681,564)	(6,823,312)
Net loss attributable to noncontrolling interests in subsidiaries and variable interest entity	(40,882)	(109,962)	69,080
Net Loss attributable to Iconic Brands	<u>\$ (10,463,994)</u>	<u>\$ (3,571,602)</u>	<u>\$ (6,892,392)</u>

### Sales

Our sales are comprised of sales of BiVi Sicilian Vodka, Bellissima Prosecco and Sparkling Wine, the line of Hooters brand products and our RTF TopPop products. Sales were \$4,960,016 and \$2,848,913 for the years ended December 31, 2021 and 2020, respectively, which resulted in an increase of \$2,111,103 or approximately 74%. The increase was due primarily to \$2,192,119 sales from our newly acquired TopPop products.

### Cost of Sales

Cost of sales was \$4,628,734, or approximately 93% of sales, and \$1,330,441, or approximately 47% of sales, for the years ended December 31, 2021 and 2020, respectively. Cost of sales includes the cost of the products purchased from our suppliers, freight-in costs and import duties. Cost of sales for the year ended December 31, 2021 for our alcohol sales was approximately 51% of sales, which was similar to the prior year, while the costs associated with our TopPop acquisition were approximately 151% of sales. The increase was due to TopPop increased costs of production since July 25, 2021 from (i) significant labor costs and scrap costs from a large rework of a customer order due to an isolated error in blending of batched raw materials and lot coding by a vendor of TopPop, (ii) write down of perishable inventory as the summer production season wound down and a customer who ended production early who would not reimburse TopPop for unused raw materials. The targeted cost of goods for TopPop products is approximately 51% and we expect to achieve that margin in future years. Four semi-automated cartoning machines were purchased by TopPop to significantly reduce labor costs and will be installed during 1st quarter 2022 and the referenced batching and coding errors by the vendor have been process corrected and approved by the customer.

#### *Officers Compensation*

Officers' compensation was \$627,000 for the year ended December 31, 2021 and \$415,000 for the year ended December 31, 2020. This increase of \$212,000 was due to bonus payments and additional compensation for new officers.

#### *Fulfillment Costs*

Fulfillment costs were \$287,466 for the year ended December 31, 2021 and \$536,255 for the year ended December 31, 2020. This decrease of \$248,789 was primarily due to lower QVC sales in 2021.

#### *Professional and Consulting Fees*

Professional and consulting fees were \$2,874,968 for the year ended December 31, 2021, and \$962,481 for the year ended December 31, 2020, an increase of \$1,912,487. Professional and consulting fees consist primarily of legal and accounting services. The increase from 2020 to 2021 was primarily related to additional expenses of approximately \$1.6 million from the newly acquired TopPop in 2021.

#### *Royalties and Gain from Cancellation of Accrued Royalties*

We accrued royalty expenses of \$160,119 and recognized a gain from the cancellation of royalties of \$577,590 for the year ended December 31, 2021 compared to expenses of \$497,253 for the year ended December 31, 2020. Royalties decreased due primarily to the cancellation of accrued, but unpaid, royalties as part of the amended licensing agreement with Hooters signed in the fourth quarter of 2021.

#### *Selling and Marketing*

Selling and Marketing expenses were \$716,727 and \$801,445 for the years ended December 31, 2021 and 2020, respectively, which was a decrease of \$84,718, or 11%. Decrease is primarily due to the concentration of operating expenses towards the acquisition of TopPop in 2021 rather than on marketing activities. We expect marketing expenses to increase somewhat in 2022.

#### *Travel and Entertainment*

Travel and entertainment expenses were \$194,785 and \$41,208 for the years ended December 31, 2021 and 2020, respectively, an increase of \$153,577, or 373%, between the periods. The increase was a result of limited travel during the year ended December 31, 2020, due to the COVID-19 environment. During the year ended December 31, 2021, our personnel attended numerous product development events.

#### *Other Operating Expenses*

Other operating expenses were \$6,309,392 and \$1,462,922 for the years ended December 31, 2021 and 2020, respectively, an increase of \$4,846,470, or 373%, between the periods. The increase was primarily related to amortization of intangibles of approximately \$1,300,000, payroll costs of approximately \$2,200,000, equity based compensation to employees of approximately \$891,000 and rent expense of 424,523. Payroll costs have increased due to hiring additional personnel and with the acquisition of TopPop in 2021.

#### *Net Operating Loss*

We had a loss from operations of \$10,261,585 for the year ended December 31, 2021, and \$3,198,092 for the year ended December 31, 2020, an increase of \$7,063,493 or approximately 221%. Net operating loss increased as set forth above.

#### *Other Income (Expense)*

We had other nonoperating expenses of \$243,291 for the year ended December 31, 2021, primarily due to interest expense of \$271,749, while we had a loss on investment in and receivable from Can B Corp of \$483,472 for the year ended December 31, 2020.

#### *Net (income) Loss attributable to Noncontrolling Interests in Subsidiaries*

Net income attributable to noncontrolling interests in subsidiaries represented 49% of the net income of Bellissima and BiVi (of which we own 51%) and is accounted for as an increase in the net loss attributable to us. Net loss attributable to noncontrolling interests in subsidiaries for the year ended December 31, 2021 was \$40,882 compared to net loss of \$109,962 for the year ended December 31, 2020. With the acquisition of United, there is no longer a noncontrolling interest associated with this entity, as it is now a 100%-owned subsidiary, see note 5 in the Notes to the Consolidated Financial Statements.

#### *Net Loss Attributable to Iconic Brands, Inc.*

The net loss attributable to Iconic Brands, Inc. was \$10,463,994 for the year ended December 31, 2021 and \$3,571,602 for the year ended December 31, 2020, an increase of \$6,892,392 or approximately 193%. The net loss from Iconic Brands increased primarily because of the items described above.

#### **Liquidity and Capital Resources**

##### *Introduction*

During the year ended December 31, 2021, and December 31, 2020, we had negative operating cash flows. Our cash on hand as of December 31, 2021, was \$2,190,814. During 2021, cash used in operations was \$4,090,659. Of the equity financing that we entered into on July 26, 2021, the Company received approximately \$15.6 million, net of fees, from the first tranche and approximately \$10.8 million, net of fees, from the second tranche which closed on January 5, 2022. With the funding of the second tranche of the equity financing, we believe we have sufficient capital to fund our operations in the near term.

##### *Going Concern*

Our cash, current assets, total assets, current liabilities, and total liabilities as of December 31, 2021 and December 31, 2020, respectively, are as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>Change</u>
Cash	\$ 2,190,814	\$ 457,041	\$ 1,733,773
Total Current Assets	4,346,003	1,298,999	3,047,004
Total Assets	50,706,656	1,354,892	49,351,764
Total Current Liabilities	16,650,909	3,183,015	13,467,894
Total Liabilities	31,593,601	3,183,015	28,410,586

Our cash increased \$1,733,773 and total current assets increased \$3,047,004 because of our equity financing and acquisition of TopPop, respectively. Our total current liabilities increased \$13,467,894 primarily because of the current portion of contingent consideration, notes payable issued to the former owners of TopPop as consideration in the acquisition and operating lease liabilities from the warehouses that TopPop leases. Our total liabilities increased \$28,410,586 as a result of recognition of contingent payments associated with the TopPop acquisition of \$20,204,505. Our stockholders' equity increased from a deficit of \$1,828,123 to an equity balance of \$19,113,055 due primarily to the issuance of stock associated with the TopPop acquisition and the equity financing.

In order to repay our obligations in full or in part when due, we may be required to raise significant capital from other sources and to execute on our business plans for TopPop. There is no assurance, however, that we will be successful in these efforts. Please see the Risk Factors beginning on page 12 of this Annual Report Form 10-K.

##### Cash Requirements

Our cash on hand as of December 31, 2021 was \$2,190,814. On January 5, 2022, the Company closed the second tranche of the equity financing and sold 12,257 shares of Series A-2 Preferred Stock, 4,781,004 shares of common stock and warrants to purchase 40,018,583 shares of common stock for approximately \$10.8 million, net of fees. Such net proceeds are expected to be used by the Company for domestic and international expansion of its Bellissima brand, the expansion of the production facilities of the Company's TopPop subsidiary, new product launches, marketing, and other general working capital purposes. We anticipate that the funding from financing activities and product sales will be enough to sustain us for the next 12 months from the date of this filing.

## Sources and Uses of Cash

### *Operations*

Our net cash used in operating activities for the years ended December 31, 2021 and 2020 was \$4,090,659 and \$1,070,853, respectively, an increase of \$3,019,806. The use for operating activities included a net loss of \$10,504,876. Changes to working capital included increases of \$4,914,745 related to accounts receivable, \$474,085 for inventory partially offset by decrease of \$2,298,147 related to accounts payable and accrued expenses. The net loss was further offset by non-cash transactions of \$2,469,592 related to equity compensation, \$1,327,614 related to amortization of intangibles.

### *Investments*

For the year ended December 31, 2021, we used cash for investing activities of \$8,230,906. This cash was used for the acquisition of TopPop, United and purchases of fixed assets. For the year ended December 31, 2020, we used cash for investing activities of \$19,708 for the purchase of furniture and equipment.

### *Financing*

Our net cash provided from financing activities for the year ended December 31, 2021 was \$14,055,338 compared to \$1,283,964 of cash provided by financing activities for the year ended December 31, 2020. The significant inflow of cash in 2021 represents proceeds from the financing transaction of approximately \$15.6 million, net of fees, and proceeds from notes payable of approximately \$976,000, partially offset by the payment of notes payable of \$2,315,380.

### **Critical Accounting Policies and Estimates**

See Note 2 of the Notes to Consolidated Financial Statements for the years ended December 31, 2021 and 2020.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company we are not required to provide the information required by this Item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ICONIC BRANDS, INC. AND SUBSIDIARIES  
Index to the Consolidated Financial Statements  
Years Ended December 31, 2021 and 2020

<a href="#">Report of Independent Registered Public Accounting Firm 2021 (Mazars USA LLP, Fort Washington, PA, PCAOB ID339)</a>	F-2
<a href="#">Report of Independent Registered Public Accounting Firm 2020 – (Fei Qi CPA, Elmhurst, NY, PCAOB ID 6631)</a>	F-4
<a href="#">Balance Sheets as of December 31, 2021 and 2020</a>	F-5
<a href="#">Statements of Operations for the years ended December 31, 2021 and 2020</a>	F-6
<a href="#">Statement of Stockholders' Equity (Deficit) for the years ended December 31, 2021 and 2020</a>	F-7
<a href="#">Statements of Cash Flows for the years ended December 31, 2021 and 2020</a>	F-8
<a href="#">Notes to Financial Statements for the years ended December 31, 2021 and 2020</a>	F-9

To the Board of Directors and Stockholders of Iconic Brands, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of Iconic Brands, Inc. (the "Company") as of December 31, 2021, the related consolidated statements of operations, stockholders' equity, and cash flows, for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

**Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Acquisition**

During the year ended December 31, 2021, the Company entered into a Stock Purchase Agreement to acquire 100% of the issued and outstanding stock of TopPop LLC through a combination of cash, issuance of company stock, assumption of promissory notes, and future additional cash payments as earnout consideration.

The principal considerations for our determination that the accounting for and the valuation of the acquisition is a critical audit matter are that (1) the transaction requires the appropriate application of complex accounting authoritative guidance from the FASB's Accounting Standards Codification ("ASC"), (2) significant judgment is used by management when determining assumptions used in the fair value measurement of the acquired intangible assets, (3) there is a high degree of auditor judgement and subjectivity in performing procedures and evaluating management's significant accounting and valuation assumptions and (4) the audit effort involved the use of professionals with specialized skill and knowledge.

*The primary procedures we performed to address this critical audit matter included:*

- We evaluated and recomputed the methodology used in connection with the Company's acquisition and valuation process, including review of the appropriate accounting literature, valuation model, significant assumptions used, and the completeness and accuracy of the underlying data used;
- With the assistance of our valuation specialists, we assessed the weighted-average cost of capital including the risk-free rate of return and discount rate applied as well as the internal rate of return for the purchase price allocation valuation assumptions for the intangible assets;
- We assessed the appropriate interpretation and application used by management of the FASB's Accounting Standards Codification for the transaction including topic ASC 805 *Business Combinations*;
- We evaluated the reasonableness of the Company's projections of future cash flows by comparing the assumptions used in the projections to actual results and other information deemed necessary as well as tested the mathematical accuracy of the calculations;
- We evaluated the adequacy of the Company's disclosures in the financial statements related to the acquisition.

We have served as the Company's auditor since 2021.

/s/ Mazars USA LLP

Fort Washington, PA  
June 15, 2022

To the Board of Directors and Stockholders  
Of Iconic Brands Inc.,

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Iconic Brands Inc. (the "Company") as of December 31, 2020 and the related consolidated statements of operations, stockholders' deficiency, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Iconic Brands Inc. as of December 31, 2020 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Going Concern Uncertainty

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, the Company's present financial situation raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 2 (m). The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### Sales – Refer to Note 2 (m)

#### Critical Audit Matter Description

The Company's fiscal year 2020 sales increased by \$1,638,671 or 135% from 2019. The increase in sales is primarily due to revenue generated from one new customer, which accounted approximately 70% of total sales for the year.

How the Critical Audit Matter was Addressed in the Audit:

Our principal audit procedures related to the Company's sales included:

1. Reviewed the Company's revenue recognition process and ascertained the Company has adopted ASC 606.
2. Performed detail testing on sales, including the new customer that accounted for majority of the sales.
3. Performed sales cutoff procedures to verify sales are recorded in the proper period.
4. Considered the adequacy of the disclosure in the financial statements in relation to sales.

/s/ Fei Qi CPA  
Fei Qi CPA

Elmhurst, New York  
April 13, 2021

We have served as the Company's auditor from 2020 until December 2021.

**ICONIC BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 2,190,814	\$ 457,041
Accounts receivable	852,321	334,458
Inventory	1,228,351	507,500
Prepaid expense and other current assets	74,517	-
Total current assets	<u>4,346,003</u>	<u>1,298,999</u>
Right-of-use asset, net	3,074,864	45,381
Leasehold improvements, furniture, and equipment, net	5,556,964	10,512
Intangible assets	21,609,586	-
Goodwill	15,976,877	-
Other assets	142,362	-
Total assets	<u>\$ 50,706,656</u>	<u>\$ 1,354,892</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	2,713,046	\$ 3,089,773
Loans payable to officer and affiliated entity-noninterest bearing and due on demand	-	15,637
Notes payable	5,045,466	28,458
Deferred revenue	135,034	-
Other current liabilities	132,234	-
Current portion of operating lease liability	380,487	49,147
Contingent consideration	8,244,642	-
Total current liabilities	<u>16,650,909</u>	<u>3,183,015</u>
Operating lease liability, long term	2,835,828	-
Notes payable, long term	147,001	-
Contingent consideration, long term	11,959,863	-
Total liabilities	<u>31,593,601</u>	<u>3,183,015</u>
Stockholders' and members' equity:		
Preferred stock, \$0.001 par value; authorized 100,000,000 shares:		
Series A, no shares issued and outstanding at December 31, 2021; 1 share issued and outstanding at December 31, 2020	-	1
Series E, no shares issued and outstanding at December 31, 2021; 2,115,224 shares issued and outstanding at December 31, 2020	-	2,115
Series F (\$1,000 per share stated value), no shares issued and outstanding at December 31, 2021; 2,413.75 shares issued and outstanding at December 31, 2020	-	2,413,750
Series G (\$1,000 per share stated value), no shares issued and outstanding at December 31, 2021; 1,475 shares issued and outstanding at December 31, 2020	-	1,475,000
Series A-2, 26,623 shares issued and outstanding at December 31, 2021 and no shares issued and outstanding at December 31, 2020;	27	-
Common stock, \$0.001 par value; authorized 2,000,000,000 shares, 90,542,764 and 17,268,881 shares issued and outstanding respectively as of December 31, 2021 and 2020	90,544	17,269
Treasury stock, at cost – no shares issued and outstanding at December 31, 2021; 1,000,000 shares issued and outstanding at December 31, 2020	-	(516,528)
Additional paid-in capital	56,749,055	22,430,430
Accumulated deficit	(36,961,344)	(26,497,350)
Noncontrolling interests	(765,227)	(1,152,810)
Total stockholders' equity (deficit)	<u>19,113,055</u>	<u>(1,828,123)</u>
Total liabilities and stockholders' equity	<u>\$ 50,706,656</u>	<u>\$ 1,354,892</u>

*See accompanying notes to Consolidated Financial Statements.*

**ICONIC BRANDS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>REVENUE</b>		
Sales	\$ 4,960,016	\$ 2,848,913
Cost of sales	4,628,734	1,330,441
Gross Profit	<u>331,282</u>	<u>1,518,472</u>
<b>OPERATING (INCOME) EXPENSES</b>		
General and administrative expenses	10,453,730	3,915,119
Selling and marketing	716,727	801,445
Gain from the cancellation of accrued royalties	(577,590)	-
Total operating expenses	<u>10,592,867</u>	<u>4,716,564</u>
Loss from operations	(10,261,585)	(3,198,092)
Other income (expense):		
Gain on forgiveness of PPP loan	28,458	-
Interest expense	(271,749)	-
Loss on investment in and receivable from Can B Corp	-	(483,472)
Total other income (expense)	<u>(243,291)</u>	<u>(483,472)</u>
Net loss	\$ (10,504,876)	\$ (3,681,564)
Net loss attributable to noncontrolling interests in subsidiaries	<u>(40,882)</u>	<u>(109,962)</u>
Net loss attributable to Iconic Brands, Inc.	<u>(10,463,994)</u>	<u>(3,571,602)</u>
Basic and diluted loss per share	\$ (0.22)	\$ (0.22)
Weighted average number of shares outstanding	<u>48,378,549</u>	<u>16,367,218</u>

*See accompanying notes to Consolidated Financial Statements.*

ICONIC BRANDS, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Series A Preferred stock		Series E Preferred stock		Series F Preferred stock		Series G Preferred stock		Series A-2 Preferred stock		Common stock		Treasury stock		Additional paid-in capital	Subtotal	Noncontrolling interests	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
<b>Balance, December 31, 2019</b>	1	\$ 1	2,790,224	\$ 2,790	3,156	\$ 3,155,750	-	\$ -	-	-	14,576,681	\$ 14,577	-	\$ -	\$ 21,282,679	\$ 24,455,797	\$ (1,039,851)	\$ (22,925,748)	490,198
Sale of Series G Preferred Stock and warrants	-	-	-	-	-	-	1,475	1,475,000	-	-	-	-	-	-	-	1,475,000	-	-	1,475,000
Placement agent fees and stock-based compensation	-	-	-	-	-	-	-	-	-	-	375,000	375	-	-	(150,375)	(150,000)	-	-	(150,000)
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 services rendered and to be rendered	-	-	-	-	-	-	-	-	-	-	860,000	860	-	-	556,908	557,768	-	-	557,768
Issuance of common stock in exchange for Series F Preferred stock	-	-	-	-	(742)	(742,000)	-	-	-	-	1,187,200	1,187	-	-	740,813	-	-	-	-
Treasury stock acquired from Can B Corp	-	-	-	-	-	-	-	-	-	-	-	-	(1,000,000)	(516,528)	-	(516,528)	-	-	(516,528)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,997)	-	(2,997)
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(109,962)	(3,571,602)	(3,681,564)
<b>Balance, December 31, 2020</b>	1	1	2,115,224	2,115	2,414	2,413,750	1,475	1,475,000	-	-	17,268,881	17,269	(1,000,000)	(516,528)	22,430,430	25,822,037	(1,152,810)	(26,497,350)	(1,828,123)
Common stock and Series A-2 Preferred stock issued for cash, net of fees	-	-	-	-	-	-	-	-	18,800	19	6,711,997	6,712	-	-	15,596,654	15,603,385	-	-	15,603,385
Equity-based compensation	-	-	-	-	-	-	-	-	-	-	4,861,670	4,862	-	-	2,464,730	2,469,592	-	-	2,469,592
Common stock issued to purchase TopPop	-	-	-	-	-	-	-	-	-	-	26,009,600	26,010	-	-	10,117,734	10,143,744	-	-	10,143,744
Common stock issued for the exchange of Series A Preferred Stock	(1)	(1)	-	-	-	-	-	-	-	-	25,600,000	25,600	-	-	(25,599)	-	-	-	-
Common and preferred shares issued in exchange for old Series, E, F and G Preferred shares	-	-	(2,115,224)	(2,115)	(2,189)	(2,188,750)	(1,475)	(1,475,000)	3,555	4	2,209,517	2,210	-	-	3,663,651	-	-	-	-
Redemption of Series F Preferred stock	-	-	-	-	(225)	(225,000)	-	-	-	-	-	-	-	-	-	(225,000)	-	-	(225,000)
Purchase of United Spirits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,428,465)	(1,428,465)	428,465	-	(1,000,000)
Common stock issued to settle notes payable	-	-	-	-	-	-	-	-	4,268	4	547,200	547	-	-	4,438,157	4,438,708	-	-	4,438,708
Shares issued in exchange for old warrants	-	-	-	-	-	-	-	-	-	-	8,283,899	8,284	-	-	(8,284)	-	-	-	-
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000)	1,000,000	516,528	(515,528)	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	50,000	50	-	-	15,575	15,625	-	-	15,625
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,882)	(10,463,994)	(10,504,876)
<b>Balance, December 31, 2021</b>	-	-	-	-	-	-	-	-	26,623	27	90,542,764	90,544	-	-	56,749,055	56,839,626	(765,227)	(36,961,344)	19,113,055

See accompanying notes to Consolidated Financial Statements.

**ICONIC BRANDS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (10,504,876)	\$ (3,681,564)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation	119,746	29,196
Gain on forgiveness of PPP loan	(28,458)	-
Amortization of debt discounts	30,032	-
Amortization of right-of-use assets	283,256	-
Amortization of intangibles	1,327,614	-
Equity based compensation	2,469,592	557,768
Gain from the cancellation of accrued royalties	(577,590)	-
Loss on investment in and receivable from Can B Corp	-	483,472
Change in operating assets and liabilities:		
Accounts receivable	4,914,745	239,289
Inventory	474,085	66,300
Operating lease liabilities	(145,571)	-
Accounts payable and accrued expenses	(2,240,393)	1,234,686
Prepaid expense and other current assets	57,012	-
Other assets	(142,362)	-
Other current liabilities	132,234	-
Deferred revenue	(259,725)	-
Net cash used in operating activities	<u>(4,090,659)</u>	<u>(1,070,853)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of TopPop, net of cash acquired (Note 4)	(3,694,273)	-
Cash paid for outstanding shares of United Spirits	(1,000,000)	-
Purchase of fixed assets and leasehold improvements	<u>(3,536,633)</u>	<u>(19,708)</u>
Net cash used in investing activities	<u>(8,230,906)</u>	<u>(19,708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Common stock and Series A-2 Preferred stock issued for Cash, net of fees	15,603,385	-
Repayment of note payable	(2,315,380)	(40,000)
Proceeds from issuance of notes payable	976,708	28,458
Proceeds from exercise of warrants	15,625	-
Proceeds from sale of Series G Preferred stock and warrants (net of placement agent fees of \$150,000)	-	1,325,000
Redemption of Series F Preferred stock	(225,000)	-
Repayment of loan payable to related party	-	(29,494)
Net cash provided by financing activities	<u>14,055,338</u>	<u>1,283,964</u>
Net increase in cash	1,733,773	193,403
Cash at beginning of year	457,041	263,638
Cash at end of year	<u>\$ 2,190,814</u>	<u>\$ 457,041</u>
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Common and preferred shares issued in exchange for old Series, E, F and G Preferred shares	\$ 3,665,865	\$ -
Purchase and retirement of treasury stock	\$ (516,528)	\$ 516,528
Common stock issued to settle notes payable	\$ 4,438,708	\$ -
Recognition of right of use asset - operating lease	\$ 3,312,739	\$ -
Issuance of common stock in exchange for Series E Preferred stock	\$ -	\$ 675
Issuance of common stock in exchange for Series F Preferred Stock	\$ -	\$ 742,000

*See accompanying notes to Consolidated Financial Statements.*

**Iconic Brands, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**Years ended December 31, 2021 and December 31, 2020**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Iconic Brands, Inc., (“the Company”, or “Iconic”), was incorporated in the State of Nevada on October 21, 2005. As of December 31, 2021, the subsidiaries of Iconic are wholly-owned TopPop LLC (“TopPop”) and United Spirits Inc., (“United”), and 51% owned BiVi LLC (“BiVi”) and Bellissima Spirits LLC (“Bellissima”).

BiVi is the brand owner of “BiVi 100 percent Sicilian Vodka,” and Bellissima is the brand owner of Bellissima sparkling wines. BiVi was organized in Nevada on May 4, 2015. Bellissima was organized in Nevada on November 23, 2015.

On July 26, 2021, the Company acquired 100% TopPop LLC (“TopPop”). TopPop is organized as a limited liability company in the State of New Jersey on September 5, 2019. TopPop’s primary operation is the manufacture and packaging of single-serve, shelf-stable, ready-to-freeze ice pops, both alcohols infused and non-alcoholic. TopPop began operations in December 2019 (see note 4). Also on July 26, 2021, the company purchased all the outstanding stock of United (see note 5).

**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, its wholly owned subsidiaries United Spirits, Inc. (see Note 5), and TopPop, LLC (see Note 4) collectively, the “Company”. All inter-company balances and transactions have been eliminated in consolidation.

**(b) Use of Estimates**

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**(c) 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 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, and notes payable, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments.

Accounting guidance on fair value measurements requires that financial assets and liabilities be classified and disclosed in one of the following categories of the fair value hierarchy:

*Level 1* – Based on unadjusted quoted prices for identical assets or liabilities in an active market.

*Level 2* – Based on observable market-based inputs or unobservable inputs that are corroborated by market data.

*Level 3*– Based on unobservable inputs that reflect the entity’s own assumptions about the assumptions that a market participant would use in pricing the asset or liability.

We did not have any transfers between levels during the periods presented.

The following table sets forth the Company’s assets and liabilities which are measured at fair value on a recurring basis by level within the fair value hierarchy. The only financial instrument measured at fair value is the contingent consideration:

	As of December 31, 2021		
	Quoted Prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Contingent consideration	\$ -	\$ -	\$ 20,204,505

The fair value of the contingent consideration is based on the projected earnings of the business.

**(d) Cash**

The total amount of bank deposits (checking and savings accounts) that was not insured by the FDIC at year end was \$,442,162.

**(e) Accounts Receivable**

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 December 31, 2021 and December 31, 2020, the allowance for doubtful accounts was \$0 and \$83,617, respectively.

**(f) 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. Inventories at December 31, 2021 and December 31, 2020 consists of cases of BiVi Vodka and cases of Bellissima sparkling wines purchased from our Italian suppliers and cases of alcoholic beverages. Toppop inventory consists of raw materials, work in process and finished goods relating to the production cycle.

#### **(g) Revenue Recognition**

It is the Company's policy that revenues from product sales are recognized in accordance with ASC 606 "Revenue Recognition." Five basic steps must be followed before revenue can be recognized; (1) Identifying the contract(s) with a customer that creates enforceable rights and obligations; (2) Identifying the performance obligations in the contract, such as promising to transfer goods or services to a customer; (3) Determining the transaction price, meaning the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; (4) Allocating the transaction price to the performance obligations in the contract, which requires the company to allocate the transaction price to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract; and (5) Recognizing revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. Adoption of ASC 606 has not changed the timing and nature of the Company's revenue recognition and there has been no material effect on the Company's financial statements.

Our revenue (referred to in our financial statements as "sales") consists primarily of the sale of wine and spirits imported for cash or otherwise agreed-upon credit terms along with ready to freeze products manufactured by us. Our customers consist primarily of retailers. Our revenue generating activities have a single performance obligation and are recognized at the point in time when control transfers and our obligation has been fulfilled, which is when the related goods are shipped or delivered to the customer, depending upon the method of distribution, and shipping terms. For sales to QVC, product shipping is treated as fulfillment charges since products are being shipped by a third-party supplier. Revenue is measured as the amount of consideration we expect to receive in exchange for the sale of our product. The Company has no obligation to accept the return of products sold other than for replacement of damaged products. Historically, the Company has not had significant amounts of damaged products to replace. 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. Revenue associated with manufacturing and packaging business is recognized at a point in time when obligations under the terms of a contract with a customer are satisfied.

#### **(h) 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.

#### **(i) Equity-Based Compensation**

Equity-based compensation is accounted for at fair value in accordance with Accounting Standards Codification ("ASC") Topic 718, "Compensation-Stock Compensation". For the years ended December 31, 2021 and 2020, stock-based compensation was \$2,469,592 and \$557,768 respectively.

#### **(j) 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.

**(k) Net Loss per Share**

Basic net loss per common share is computed on the basis of the weighted average number of common shares outstanding during the period of the financial statements.

Diluted net loss per common share is computed on the basis of the weighted average number of common shares and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. At December 31, 2021 and 2020, the Company had 32,564,030 and 0 potentially dilutive shares of common stock related to common stock options and warrants, respectively, as determined using the treasury stock method. Dilutive securities having an anti-dilutive effect on diluted net loss per share are excluded from the calculation.

**(l) Recently Issued Accounting Pronouncements**

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.

In December 2019, the FASB issued amended guidance in the form of ASU No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." This ASU is intended to simplify various aspects related to accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for annual periods beginning after December 15, 2020 and interim periods within those annual periods, with early adoption permitted. The Company adopted this guidance on January 1, 2021. The adoption of this guidance did not have a material impact on its consolidated financial statements and related disclosures.

On August 5, 2020, the FASB issued ASU No. 2020-06 which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. ASU 2020-06 simplifies the guidance in U.S. GAAP on the issuer's accounting for convertible debt instruments. Such guidance includes multiple disparate sets of classification, measurement, and derecognition requirements whose interactions are complex. ASU 2020-06 is effective for annual periods beginning after December 15, 2021 and interim periods within those annual periods, with early adoption permitted. An entity that elects early adoption must adopt all the amendments in the same period. Most amendments within this ASU are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The company is in the initial stage of evaluating the impact of this new standard however it does not believe the guidance will have a material impact on our financial statements.

**(m) Business Acquisition Accounting**

The Company applies the acquisition method of accounting for those that meet the criteria of a business combination. The Company allocates the purchase price of its business acquisition based on the fair value of identifiable tangible and intangible assets. The difference between the total cost of the acquisition and the sum of the fair values of acquired tangible and identifiable intangible assets less liabilities is recorded as goodwill. Transaction costs are expensed as incurred in general and administrative expenses.

**(l) Leasehold improvements, furniture, and equipment, net**

Leasehold improvements, furniture, and equipment are recorded at cost. Depreciation of furniture and fixtures is provided using the straight-line method, generally over the terms of the lease. Repairs and maintenance expenditures, which do not extend the useful lives of the related assets, are expensed as incurred. Depreciation of machinery and equipment is based on the estimated useful lives of the assets

	Years
Machinery and equipment	3 - 10
Leasehold improvements	Lesser of term of lease or useful life
Furniture and fixtures	3 - 5

### 3. LOSS ON INVESTMENT IN AND RECEIVABLE FROM CAN B CORP.

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 equaled \$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, CANB effected a 1 share for 300 shares reverse stock split resulting in a reduction of the number of the Company's 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 418,714 shares of CANB common stock at December 31, 2020 was \$,073,835 and the Company recognized an unrealized gain of \$73,835 for the year ended December 31, 2020.

On July 29, 2020, the Company executed an exchange agreement with CANB and delivered the 418,714 shares of CANB common stock to CANB in exchange for CANB's delivery of 1,000,000 shares of common stock to the Company. The July 29, 2020 closing price of CANB common stock was \$0.95 per share. In the balance sheet as of December 31, 2020, the Company recorded treasury stock in the amount of \$16,528. The Company recognized a loss of \$557,307 from the Company's investment in CANB common stock in the year ended December 31, 2020.

### 4. ACQUISITION OF TOPPOP

On July 26, 2021, the Company entered into an acquisition agreement (the "TopPop Acquisition Agreement") with TopPop LLC, a New Jersey limited liability company ("TopPop"), and each of FrutaPop LLC ("Frutapop"), Innoaccel Investments LLC ("Innoaccel") and Thomas Martin ("Martin" and, together with Frutapop and Innoaccel, the "TopPop Members"), pursuant to which the TopPop Members sold to the Company and the Company acquired, all of the issued and outstanding membership interests of TopPop.

TopPop is a brand owner and contract manufacturing and packaging company specializing in flexible packaging solutions in the food, beverage and health categories. Its first branded and contract products are alcohol-infused ice pops. Its manufacturing facility in Marlton, New Jersey is registered by the Federal Drug Administration and holds a Safe Quality Food certification.

Upon consummation of the acquisition contemplated by the TopPop Acquisition Agreement, the TopPop Members received, in the aggregate: (a) \$3,694,273 in cash, net of cash acquired, by transfer of immediately available funds, (b) 26,009,600 shares of Company's common stock, par value \$0.001 per share (the "Common Stock"), which shares were valued in the aggregate at \$0,143,744, or \$0.39 per share at the date of acquisition, (c) \$5,042,467 aggregate principal amount of promissory notes of the Company (the "Promissory Notes") and (d) future additional payments as earnout consideration valued at \$20,204,505 to be paid in cash and stock. The earn-out payments, if any, will be made (i) following the 12-month period commencing on August 1, 2021, in an aggregate amount equal to the excess, if any, of: (A) 1.96 times TopPop's EBITDA for the period over (B) the aggregate amount of the closing promissory notes repaid in cash during period; provided, however, no such amount shall be payable if (i)(A) does not exceed (i)(B); and (ii) following the 12-month period commencing on August 1, 2022, in an aggregate amount equal to the excess, if any, of: (A) 1.96 times TopPop's EBITDA for such period over (B) the aggregate amount of the closing promissory notes repaid in cash during the period; provided, however, no such amount shall be payable if (ii)(A) does not exceed (ii)(B). The earn-out payments will be made, at the election of each former TopPop member, in cash or in shares of our common stock or a combination thereof, less any reserve for possible indemnification payments, provided that not less than 45% of the value of each earn-out payment shall be paid in common stock. If paid in shares of common stock, such shares shall be valued at the then-prevailing market rate.

The Promissory Notes bear interest at the rate of 10% per annum and mature on July 26, 2022. The Promissory Notes are not subject to pre-payment penalties; however, the Company may not pre-pay any amount on any Promissory Note without pre-paying a pro-rata portion of all Promissory Notes. In connection with the Promissory Notes, the Company granted to the TopPop Members a security interest in all of the Company's membership interests of TopPop pursuant to certain pledge agreements (the "Pledge Agreements") with each of the TopPop Members, each dated July 26, 2021. The Promissory Notes are not convertible into equity securities of the Company.

The Company accounted for the Acquisition of TopPop as a business combination using the purchase method of accounting as prescribed in Accounting Standards Codification 805, Business Combinations ("ASC 805") and ASC 820 – Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 805 and ASC 820, we used our best estimates and assumptions to accurately assign fair value to the tangible assets acquired, identifiable intangible assets and liabilities assumed as of the acquisition dates. Goodwill as of the acquisition date is measured as the excess of purchase consideration over the fair value of tangible and identifiable intangible assets acquired and liabilities assumed.

*Fair value of the acquisition*

The preliminary purchase price and related purchase price allocation (which are still in process and subject to change) are as follows:

Purchase price:	
Cash, net of cash acquired	\$ 3,694,273
Fair value of common stock	10,143,744
Contingent consideration	20,204,505
Note payable	5,042,467
<b>Total purchase price</b>	<b>39,084,989</b>
Assets acquired:	
Accounts receivable	5,432,608
Furniture and equipment	1,848,580
Inventory	1,194,936
Equipment deposit	320,810
Security deposit	131,529
Tradename / Trademarks	6,867,000
IP/Technology	849,000
Non-compete agreement	807,200
Customer Base	14,414,000
<b>Total assets acquired:</b>	<b>31,865,663</b>
Liabilities assumed:	
Accounts payable	(2,435,412)
Notes payable	(5,927,380)
Deferred revenue	(394,759)
<b>Total Liabilities assumed</b>	<b>(8,757,551)</b>
Net assets acquired	23,555,342
Excess purchase price "Goodwill"	<u>\$ 15,976,877</u>

The excess purchase price has been recorded as “goodwill” included as part of “Intangible assets” in the amount of \$5,976,877. The estimated useful life of the identifiable intangible assets is four to ten years. The goodwill is amortizable for tax purposes.

See Note 16 for the required pro forma information related to the business combination.

*Intangible assets*

Intangible assets consist of the following:

	Estimated Useful Lives	December 31, 2021	December 31, 2020
Tradename - Trademarks	5 years	\$ 6,867,000	\$ -
Intellectual Property	5 years	849,000	-
Customer Base	10 years	14,414,000	-
Non-Competes	4 years	807,200	-
		22,937,200	-
Less accumulated amortization		1,327,614	-
		<u>\$ 21,609,586</u>	<u>\$ -</u>

Intangible assets are amortized on a straight-line basis over the useful lives of the assets. Amortization expense amounted to \$1,327,614 and \$0 for the years ended December 31, 2021 and 2020, respectively.

Future amortization of intangible assets is as follows:

Future amortization of intangible assets for the years ending December 31,	Amount
2022	\$ 3,186,408
2023	3,186,408
2024	3,186,408
2025	3,102,323
2026	2,341,604
Thereafter	6,606,435
Total	<u>\$ 21,609,586</u>

## 5. UNITED SPIRITS, INC.

Until July 26, 2021, United Spirits, Inc. a New York Corporation (“United”) was owned and managed by Mr. Richard DeCicco, the controlling shareholder and president of the Company. United provides distribution services for Iconic, BiVi and Bellissima (see Note 12e). Since the Company was deemed the primary beneficiary, United was considered a variable interest entity (“VIE”) and consolidated. On July 26, 2021, the Company entered into a securities purchase agreement with Mr. DeCicco pursuant to which the Company purchased from Mr. DeCicco, and Mr. DeCicco sold, all of the issued and outstanding capital stock of United to the Company. Pursuant to the United Purchase Agreement, upon the closing of the transactions contemplated thereby, Mr. DeCicco transferred, and the Company acquired, 100% of the issued and outstanding capital stock of United in exchange for a purchase price of \$1,000,000. The United Purchase Agreement contains customary representations, warranties and covenants of the parties thereto, and the closing of the transactions contemplated by the United Purchase Agreement was subject to the satisfaction of certain closing conditions, including, without limitation, certain approvals from various state liquor authorities. Prior to the closing of the transactions contemplated by the United Purchase Agreement, the Company marketed and sold its wine and spirits products pursuant to an exclusive marketing and distribution agreement between the Company and United. After the closing, United became a wholly owned subsidiary of the Company and reduced the noncontrolling interest by \$428,465. The \$1,000,000 payment and the \$428,465 reduction in noncontrolling interest are presented as a component of equity.

## 6. LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET

Leasehold improvements, furniture, and equipment, net consisted of the following:

	December 31, 2021	December 31, 2020
Machinery and equipment	\$ 2,871,744	\$ -
Deposits on equipment	2,480,265	-
Leasehold improvements	154,389	31,000
Supplies	140,004	-
Furniture and fixtures	36,181	8,708
	5,682,583	39,708
Less accumulated depreciation	(125,619)	(29,196)
	<u>\$ 5,556,964</u>	<u>\$ 10,512</u>

During the year ended December 31, 2021, the Company paid a deposit of \$2,480,265 on equipment to be used at the TopPop facilities. As of December 31, 2021, the equipment was not yet placed in service.

Depreciation expense related to leasehold improvements, furniture, and equipment amounted to \$19,746 and \$29,196 for the years ended December 31, 2021 and 2020, respectively.

## 7. INVENTORIES

Inventories consisted of:

	December 31, 2021	December 31, 2020
Finished goods:		
Hooters brands	\$ -	\$ 259,837
Bellissima brands	384,717	163,258
BiVi brands	-	47,439
TopPop	728,305	-
Total finished goods	<u>1,113,022</u>	<u>470,534</u>
Work-in-process:		
TopPop	88,066	-
Raw materials:		
TopPop	27,263	-
Hooters brands	-	36,966
Total	<u>\$ 1,228,351</u>	<u>\$ 507,500</u>

## 8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of:

	December 31, 2021	December 31, 2020
Accounts payable	\$ 1,671,161	\$ 1,444,213
Accrued officers' compensation	780,701	851,300
Accrued royalties	178,013	792,295
Other	83,171	1,965
Total	<u>\$ 2,713,046</u>	<u>\$ 3,089,773</u>

## 9. NOTES PAYABLE

The changes in notes payable consisted of:

Balance as of December 31, 2020	\$ 28,458
Issuances of principal, net	976,708
Issued as consideration in TopPop acquisition	5,042,467
Notes payable assumed in TopPop acquisition	5,927,380
Payments on principal	(2,315,380)
Settled with issuance of common stock	(4,438,708)
PPP Forgiveness	(28,458)
Balance as of December 31, 2021	<u>\$ 5,192,467</u>

During the year ended December 31, 2021, the Company issued short term, noninterest bearing notes payable to investors in the aggregate of \$976,708, net of original issue discounts of \$30,032 in the aggregate.

On July 26, 2021, the Company assumed a \$3,762,000 original issue discount note, a \$2,015,380 note to a third party, and a \$150,000 SBA note from the acquisition of TopPop. The SBA note bears an interest rate of 3.75% per annum and matures on January 22, 2051. The Company also issued a promissory note of \$5,042,467 to the former owners of TopPop as part of the purchase consideration of TopPop. The promissory note bears an interest rate of 0% per annum and matures on July 26, 2022. The Company also paid \$300,000 towards the \$976,708 of notes payable and settled the remaining \$676,708 balance and \$3,762,000 of assumed notes payable with 547,200 shares of common stock and 4,268 of Series A-2 Preferred Stock for a total aggregate value of \$4,438,708.

As of December 31, 2021, the \$150,000 SBA note and \$5,042,467 note to former owners of TopPop are outstanding.

The future payments on principal of notes payable are as follows:

	<b>Amount</b>
Year ending December 31, 2022	\$ 5,045,466
Year ending December 31, 2023	3,114
Year ending December 31, 2024	3,233
Year ending December 31, 2025	3,356
Year ending December 31, 2026	3,484
Thereafter	133,814
<b>Total</b>	<b>\$ 5,192,467</b>

## 10. CAPITAL STOCK

### Preferred Stock

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 to 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, leaving 2,115,224 shares of Series E Preferred Stock outstanding on December 31, 2020.

During the year ended December 31, 2020, six holders converted a total of 742 shares of Series F Preferred Stock into a total of 1,187,200 shares of Iconic common stock, leaving 2,414 shares of Series F Preferred Stock outstanding on December 31, 2020.

On July 26, 2021, the Company entered into a securities exchange agreement dated as of July 26, 2021 (the "Series A Preferred Exchange Agreement"), with Mr. Richard DeCicco, who, at the time of execution and delivery of such agreement, was the Company's Chief Executive Officer, Chief Financial Officer, chairman of the Company's board of directors (the "Board") and the holder of the Company's one issued and outstanding share of Series A Preferred Stock. Pursuant to the Series A Preferred Exchange Agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of Common Stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of the Company's outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

On July 26, 2021, the Company filed a Certificate of Designation, Preferences and Rights of the Series A-2 Preferred Stock (the "Certificate of Designation") with the Secretary of State of Nevada, designating up to 45,000 shares of the Company's preferred stock as Series A-2 Preferred Stock. Also, on July 26, 2021, the Company sold 18,800 shares of newly formed Series A-2 Preferred Stock for cash. Series A-2 Preferred Stock has a par value of \$0.001 per share and a stated value equal to One Thousand Dollars (\$1,000). The holders shall be entitled to receive, and the Company shall pay, dividends on shares of Series A-2 Preferred Stock equal (on an as-if-converted-to Common Stock basis) to and in the same form as dividends actually paid on shares of Common Stock when, as and if such dividends are paid on shares of Common Stock. The Series A-2 Preferred Stock shall have no voting rights.

On July 26, 2021, the Company issued 4,268 shares of Series A-2 Preferred Stock and 547,200 shares of common stock to settle notes in the aggregate amount of \$438,708 of notes payable.

On July 26, 2021, the Company entered into securities exchange agreements (collectively, the "Exchange Agreement") with the holders of the Company's outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock, and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants pursuant to which the Holders exchanged (i) all existing Preferred Stock held by each Holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all existing warrants held by each Holder for shares of Common Stock. In connection with the Exchange, the Holders exchanged all of their existing securities for an aggregate of 3,555 shares of Series A-2 Preferred Stock, warrants to purchase 14,304,880 shares of Common Stock, and 2,209,517 shares of Common Stock. Upon the Exchange, the existing securities were cancelled and all contractual (or similar) rights, preferences and obligations relating to such existing securities became null and void and of no further effect whatsoever.

#### **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 500 shares of Series G Preferred Stock that 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 for a total fair value of \$01,018.

On January 26, 2020, the Company issued 150,000 shares of its common stock to a consulting firm for services rendered to the Company for a total fair value of \$00,500.

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 15, 2020 (see Note 11h) for a total fair value of \$7,500 which was charged to prepaid expenses and 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 for a total fair value of \$3,750.

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 70,000 shares of Iconic common stock.

From January 16, 2020, to February 24, 2020, two holders converted a total of 90 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 for a total fair value of \$67,750.

On June 1, 2020, the Company issued 75,000 shares of its common stock to a consultant for services rendered to the Company for a total fair value of \$1,750.

On June 2, 2020, the Company issued 50,000 shares of its common stock to a consulting firm Acquisition Agreement entity for services rendered to the Company for a total fair value of \$5,500.

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.

On July 26, 2021, the Company entered into an acquisition agreement with TopPop and each of FrutaPop LLC, Innoaccel Investments LLC and Thomas Martin and, together with FrutaPop and Innoaccel, pursuant to which the TopPop Members sold to the Company and the Company acquired, all of the issued and outstanding membership interests of TopPop (see note 4). Upon consummation of the acquisition, the Company issued 26,009,600 shares of common stock, valued at \$10,143,744.

The following events also occurred on July 26, 2021:

The Company sold 18,800 shares of Series A-2 Preferred stock and 6,711,997 shares of common stock for an aggregate of \$15,603,385, net of fees of \$2,808,320.

The Company entered into redemption agreements with two holders of our Series F Convertible Preferred Stock, pursuant to which the Company redeemed all outstanding shares of its Series F Convertible Preferred Stock for an aggregate purchase price of \$225,000 in accordance with the terms of such redemption agreements. Any remaining outstanding shares of Series F Convertible Preferred Stock was exchanged pursuant to the following exchange agreements.

The Company entered into securities exchange agreements (collectively, the "Exchange Agreement") with the holders of the Company's outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock, and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants pursuant to which the Holders exchanged (i) all existing Preferred Stock held by each Holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all existing warrants held by each Holder for shares of Common Stock. In connection with such exchange, 2,115,224 shares of Series E Convertible Preferred Stock, 2,189 shares of Series F Convertible Preferred Stock, 1,475 shares of Series G Convertible Preferred Stock were exchanged for an aggregate of 3,555 shares of Series A-2 Preferred Stock, Warrants to purchase an aggregate of 14,304,880 shares of common stock, and 2,209,517 shares of common stock for an aggregate value of \$6,663,651.

The Company entered into a securities exchange agreement dated as of July 26, 2021 (the "Series A Preferred Exchange Agreement"), with Richard DeCicco, who, at the time of execution and delivery of such agreement, was the Company's Chief Executive Officer, Chief Financial Officer, chairman of the Company's board of directors (the "Board") and the holder of the Company's one issued and outstanding share of Series A Preferred Stock. Pursuant to the Series A Preferred Exchange Agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of Common Stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of the Company's outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

During the year ended December 31, 2021, the Company issued and aggregate 4,861,670 shares of common stock to vendors for services and for officer's compensation. The Company recognized \$2,226,692 of expense related to the common stock issuances and \$242,900 of expense for the option awards.

During the year ended December 31, 2021, the Company issued 8,283,899 shares of common stock in exchange for retiring old outstanding warrants.

#### Warrants

On July 31, 2021, pursuant to the Series A-2 Preferred Stock financing and the purchase of TopPop, the Company granted 14,304,880 and 73,338,203 warrants to purchase common stock, respectively. The warrants expire in five years and have an exercise price of \$0.31 per share.

A summary of warrants activity for the period January 1, 2020, to December 31, 2021, as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Balance, January 1, 2020	9,475,198	\$ 1.11	2.22
Granted	1,180,000	1.25	3.04
Balance at December 31, 2020	10,655,198	1.12	2.31
Granted	87,643,083	0.31	4.57
Exercised	(50,000)	0.31	4.57
Expired	(400,000)	0.63	0.76
Forfeited	(10,255,198)	1.14	2.43
Outstanding at December 31, 2021	<u>87,593,083</u>	\$ 0.31	4.57

On July 26, 2021, 10,255,198 warrants were forfeited as part of the Exchange Agreement discussed above.

On December 27, 2021, an investor exercised warrants to purchase 50,000 shares of common stock at \$0.31 per share, or \$15,575.

#### Options

During the year ended December 31, 2021, the Company issued a total of 7,408,200 options to purchase our common stock at exercise prices between \$0.45 and \$0.57 respectively. Commencing on the grant date, the options vest pro ratably over three years and have a life of 10 years. For the year ended December 31, 2021 the Company recorded \$42,900 in stock-based compensation expense related to options.

The following table summarizes the activity of our stock options for the year ended December 31, 2021:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Outstanding at December 31, 2020	-	\$ -	-
Granted	7,408,200	\$ 0.45	
Exercised	-	\$ -	
Forfeited or expired	-	\$ -	
Outstanding at December 31, 2021	<u>7,408,200</u>	<u>\$ 0.45</u>	9.79
Outstanding and exercisable at December 31, 2021	<u>617,350</u>	<u>\$ 0.45</u>	9.79

The aggregate intrinsic value of outstanding options as of December 31, 2021 was \$298,544. The intrinsic value is calculated as the difference between the market value and the exercise price of the shares on December 31, 2021. The market values based on the closing bid price as of December 31, 2021 was \$0.49. There were no options outstanding as of December 31, 2020.

The following table summarizes the assumptions used for estimating the fair value of the stock options granted during 2021:

	For the years ended December 31,	
	2021	2020
Expected life (years)	5	N/A
Dividend yield	0%	N/A
Expected volatility	369-370%	N/A
Risk free interest rates	1.56-1.59%	N/A

As of December 31, 2021, there was approximately \$3,127,370 of unrecognized compensation cost related to unvested stock options granted and outstanding, net of estimated forfeitures. The cost is expected to be recognized on a weighted average basis over a period of 2.79 years.

#### Treasury Stock

During the first quarter in 2021, the Company retired 1,000,000 shares of treasury stock with a value of \$516,528 (see Note 3).

#### 11. INCOME TAXES

No income taxes were recorded in the years ended December 31, 2021 and 2020 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) before income taxes.

The sources of the difference are as follows:

	Years ended December 31,	
	2021	2020
Expected tax at 21%	\$ (2,196,879)	\$ (773,128)
Nontaxable unrealized gain on investment in and receivable from Can B Corp	-	101,529
Non deductible stock-based compensation	518,614	117,131
State tax net of federal benefit	(954,062)	-
Change in state tax rate	(1,077,991)	-
Other	(174,171)	-
Increase (decrease) in valuation allowance	<u>3,884,489</u>	<u>554,468</u>
Income tax provision	<u>\$ -</u>	<u>\$ -</u>

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Net operating loss carryforward	\$ 4,368,423	\$ 1,458,373
Stock based compensation	4,536,393	3,391,178
Intangibles	(155,470)	-
Accrued compensation	(11,049)	-
Right-of-use assets	39,762	-
Other	(44,019)	-
Total deferred tax assets	<u>\$ 8,734,040</u>	<u>\$ 4,849,551</u>
Less valuation allowance	<u>\$ (8,734,040)</u>	<u>\$ (4,849,551)</u>
Deferred income tax assets - net	<u>\$ -</u>	<u>\$ -</u>

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 December 31, 2021 and December 31, 2020 will be realized. Accordingly, the Company has maintained a 100% valuation allowance against the deferred tax asset in the financial statements at December 31, 2021 and December 31, 2020. The Company will continue to review this valuation allowance and make adjustments as appropriate. The change in the valuation allowance from 2020 to 2021 is an increase of \$3,884,000.

As of December 31, 2021, the Company had federal and state net operating loss carry forwards of \$6,121,000 and \$14,360,000 which may be used to offset future taxable income. Approximately \$1,521,000 of the federal NOL's will begin to expire in 2031 while \$14,599,000 will not expire.

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.

The Company's policy is to record interest and penalties associated with unrecognized tax benefits as additional income taxes in the statement of operations. As of December 31, 2021 and 2020 the Company had no unrecognized tax benefits. There were no changes in the Company's unrecognized tax benefits during the years ended December 31, 2021 and 2020. The Company did not recognize any interest or penalties during fiscal 2021 or 2020 related to unrecognized tax benefits.

Tax years 2018-2021 remain open to examination for federal income tax purposes and by other major taxing jurisdictions to which the Company is subject.

## 12. LEASES

On January 1, 2021, Iconic. executed a cancellable Lease Agreement with Dan Kay International (an entity controlled by Richard DeCicco) for the lease of the Company's office and warehouse space in North Amityville New York. The agreement has a term of three years from January 1, 2021 to January 1, 2024 and provides for monthly rent of \$4,893.

On November 12, 2019, TopPop LLC executed a lease agreement with Plymouth 4 East Stow LLC to rent approximately 26,321 square feet of warehouse space in Marlton, NJ. The lease provided a term of five years commencing upon January 1, 2020 and terminating on December 31, 2024. The lease also provided for a monthly payment to Plymouth 4 East Stow LLC for common area use of \$4,430 and a security deposit to the Landlord of \$45,864.

Effective November 6, 2020, TopPop LLC executed a lease agreement with Warehouse4Biz LLC to rent approximately 14,758 square feet of warehouse space in Bellmawr, NJ. The lease provided a lease term of two years commencing upon December 1, 2020 and terminating on November 30, 2022. The lease provided a security deposit to Warehouse4Biz LLC of \$20,734.

Effective May 19, 2021, TopPop LLC executed a lease agreement with Industrial Opportunities II LLC to rent approximately 63,347 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 76 months commencing upon September 1, 2021 and terminating on December 31, 2027. The lease provided a security deposit to Industrial Opportunities II LLC of \$64,931.

At December 31, 2021, the future undiscounted minimum lease payments under the noncancellable leases are as follows:

	<b>As of December 31, 2021</b>
Year ending December 31, 2022	\$ 669,919
Year ending December 31, 2023	602,358
Year ending December 31, 2024	559,951
Year ending December 31, 2025	576,750
Year ending December 31, 2026	594,052
Thereafter	1,876,563
Total undiscounted finance lease payments	4,879,593
Less: Imputed interest	1,663,278
Present value of finance lease liabilities	\$ 3,216,315

The operating lease liabilities of \$3,216,315 and \$49,147 as of December 31, 2021 and December 31, 2020, respectively, represents the discounted (at a 10% estimated incremental borrowing rate) value of the future lease payments at December 31, 2021 and December 31, 2020. The Company's weighted-average remaining lease term relating to its operating leases is 5.05 years.

For the years ended December 31, 2021 and 2020, occupancy expense attributed to these leases were \$24,523 and \$121,579, respectively.

## 13. COMMITMENTS AND CONTINGENCIES

### a. Iconic Guarantees

On May 26, 2015, 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. The Company 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 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. The Company 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 12a. 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. The Minimum Royalty Fee has been waived until such time as the parties agree to reinstate the Minimum Royalty Fee.

Pursuant to the License Agreement and Amendment No. 1 to the License Agreement effective September 30, 2017 with the Bellissima Licensor (see Note 11a. 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 “Hooters 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 Hooters 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 Hooters Agreement provides for United’s payment of Royalty Fees (payable quarterly) to Hooters 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.

On November 1, 2021, the Company amended its agreement with Hooters (the “Amended Agreement”) which will be effective until December 31, 2025 with an option to extend until 2028. Under the Amended Agreement, the Company must pay Hooters 10% of net sales of all products during the term. Both parties agreed that unpaid minimum royalties accrued under the original agreement is cancelled. During the year ended December 31, 2021, the parties cancelled \$577,590 of unpaid accrued royalties.

**d. Marketing and Order Processing Services Agreement**

During October 2019, United executed a Marketing and Order Processing Services Agreement (the “QVC 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 in 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 QVC Agreement, the License continually renews for additional two-year periods. In January 2022, the license renewed for another two years.

The QVC 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 years ended December 31, 2021 and 2020, the marketing fees expense was \$292,562 and \$461,861, respectively, and the direct response sales generated from QVC programs was \$1,599,732 and \$1,994,349, respectively.

**e. Distribution Agreement**

On May 1, 2015, BiVi entered into a Distribution Agreement with 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.

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, the Company 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.

**f. Concentration of sales**

For the year ended December 31, 2021 and 2020, sales consisted of:

	2021	2020
Bellissima product line:		
QVC direct response sales	\$ 1,599,732	\$ 1,994,349
Other	1,112,499	704,705
Total Bellissima	2,712,231	2,699,054
TopPop	2,192,119	-
Hooters product line	55,666	149,859
Total	<u>\$ 4,960,016</u>	<u>\$ 2,848,913</u>

Accounts receivable due from QVC direct response sales was \$227,617 and \$272,297 as of December 31, 2021 and 2020, respectively.

**g. Commission Agreements**

On July 10, 2019, the Company executed a Commission Agreement with CAA-GBA USA, LLC ("CCA-GBG"). The agreement provides CCA-GBG to receive 5% revenue generated with respect to the co-packing or related manufacturing deal for Anheuser-Busch, LLC. Additionally, CAA-GBG is also entitled to receive 5% of revenue for new business identified. The initial agreement expires on July 31, 2021 and automatically renews every year. The Company has decided to keep this agreement in place and no commissions were incurred under this agreement since the date of acquisition of TopPop (July 26, 2021) through December 31, 2021.

Effective December 11, 2019, the Company executed a Commission Agreement with Christopher J. Connolly. Mr. Connolly had agreed to provide sales representation services to Company for alcohol ice pop packing opportunities in exchange for commission. The agreement provides a commission 5% of gross revenue collected. The initial term is one year from the effective date. The agreement will renew automatically for 1-year terms unless the agreement is terminated. The Company has decided to keep this agreement in place and no commissions were incurred under this agreement since the date of acquisition of TopPop (July 26, 2021) through December 31, 2021.

#### 14. RELATED PARTY TRANSACTIONS

On July 26, 2021, the Company entered into a securities purchase agreement with Mr. Richard DeCicco, Chairman, pursuant to which the Company purchased from Mr. DeCicco, and Mr. DeCicco sold, all of the issued and outstanding capital stock of United (See Note 5).

On December 6, 2019 the Company executed a Financial Services Agreement with InnoAccel Solutions (“InnoAccel”), LLC, a controlling member of the Toppop. InnoAccel had agreed to provide financial and administrative services for the company in exchange for hourly compensations.

The Company has agreed to keep this agreement in place and for the year ended December 31, 2021 the company has recorded consulting expense of \$5,000.

#### 15. SEGMENT REPORTING

FASB Codification Topic 280, Segment Reporting, establishes standards for reporting financial and descriptive information about an enterprise’s reportable segments. The Company has two reportable segments: sale of branded alcoholic beverages and specialty packaging. The segments are determined based on several factors, including the nature of products and services, the nature of production processes, customer base, delivery channels and similar economic characteristics.

An operating segment’s performance is evaluated based on its pre-tax operating contribution, or segment income. Segment income is defined as net sales less cost of sales, segment selling, general and administrative expenses, research and development costs and stock-based compensation. It does not include other charges (income), net and interest and other, net.

	<b>Branded Beverages</b>	<b>Specialty Packaging (TopPop)</b>	<b>Corporate</b>	<b>Total</b>
<b>Balance sheet at December 31, 2021</b>				
Assets	\$ 2,925,694	\$ 47,780,962	\$ -	\$ 50,706,656
Liabilities	\$ 2,447,005	\$ 29,146,596	\$ -	\$ 31,593,601
<b>Balance sheet at December 31, 2020</b>				
Assets	\$ 1,354,892	\$ -	\$ -	\$ 1,354,892
Liabilities	\$ 3,183,015	\$ -	\$ -	\$ 3,183,015
<b>Income Statement for the year ended December 31, 2021</b>				
Net Sales	\$ 2,767,897	\$ 2,192,119	\$ -	\$ 4,960,016
Cost of Goods Sold	\$ 1,312,763	\$ 3,315,971	\$ -	\$ 4,628,734
Total operating expenses	\$ 3,806,375	\$ 3,444,754	\$ 3,341,738	\$ 10,592,867
Loss from operations	\$ (2,351,241)	\$ (4,568,606)	\$ (3,341,738)	\$ (10,261,585)
Interest expense	\$ -	\$ 238,607	\$ -	\$ 238,607
Depreciation and amortization	\$ 1,742	\$ 1,485,618	\$ -	\$ 1,487,360
<b>Income Statement for the year ended December 31, 2020</b>				
Net Sales	\$ 2,848,913	\$ -	\$ -	\$ 2,848,913
Cost of Goods Sold	\$ 1,330,441	\$ -	\$ -	\$ 1,330,441
Total operating expenses	\$ 3,664,366	\$ -	\$ 1,052,198	\$ 4,716,564
Loss from operations	\$ (2,145,894)	\$ -	\$ (1,052,198)	\$ (3,198,092)
Loss on investment in and receivable from Can B Corp	\$ -	\$ -	\$ 483,472	\$ 483,472
Depreciation and amortization	\$ 29,196	\$ -	\$ -	\$ 29,196

## 16. PROFORMA FINANCIAL STATEMENTS (UNAUDITED)

### Unaudited Supplemental Pro Forma Data

Unaudited pro forma results of operations for the years ended December 31, 2021 and 2020 as though the company acquired TopPop on January 1, 2020 is set forth below.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Sales	\$ 14,853,763	\$ 5,090,755
Cost of sales	11,077,756	3,064,113
Gross Profit	3,776,007	2,026,642
General and administrative expenses	11,123,461	10,734,747
Selling and marketing	998,741	899,125
Total Operating expenses	12,122,202	11,633,872
Operating Loss	(8,346,195)	(9,607,230)
Other (Expense) Income		
Loss on investment in and receivable from Can B Corp.	-	(483,472)
Interest expense	(448,024)	(621,693)
Gain on forgiveness of PPP loan	(28,458)	75,995
Total Other Income	(476,482)	(1,029,170)
Net loss	\$ (8,822,677)	\$ (10,636,400)
Net loss attributable to noncontrolling interests in subsidiaries	(40,882)	(109,962)
Net loss attributable to common stockholders:	\$ (8,781,795)	\$ (10,526,438)
Basic and Diluted Loss Per Common Share	\$ (0.10)	\$ (0.12)
Weighted Average Shares Outstanding – basic and diluted	87,715,476	87,199,430

These pro forma results are based on estimates and assumptions, which the Company believes are reasonable. They are not necessarily indicative of our consolidated results of operations in future periods or the results that actually would have been realized had we been a combined company during the periods presented. The pro forma results include adjustments in the 2020 calendar year primarily related to amortization of acquired intangible assets of \$3,555,380, interest expense on notes payable of \$376,200, and officer compensation of \$1,040,285.

### 17. SUBSEQUENT EVENTS

On January 5, 2022, the Company closed the second tranche of the equity financing and sold 12,257 shares of Series A-2 Preferred Stock, 4,781,004 shares of common stock and warrants to purchase 40,018,583 shares of common stock for gross proceeds of approximately \$12.2 million and net proceeds of approximately \$10.8 million after deduction of placement agent commissions and expenses of the offering. Such net proceeds are expected to be used by the Company for domestic and international expansion of its Bellissima brand, the expansion of the production facilities of the Company's TopPop subsidiary, new product launches, marketing, and other general working capital purposes.

Between January 2022 and May 2022, stockholders converted 701 shares of Series A-2 Preferred Stock into 1,763,200 shares of common stock at \$0.31 per share.

Pursuant to an amended licensing agreement entered into on April 22, 2022, the Company will grant 1,500,000 options to purchase common stock, subject to approval by the Board of Directors of Iconic, and subject to approval of Iconic's stock option and grant plan (as may be amended from time to time, the "Plan") by its stockholders. The exercise price per share of the Option will be equal to the fair market value of Iconic's common stock on the date the Option is granted, as determined in good faith by its Board of Directors. The Option will be subject to the terms and conditions, including vesting terms (two (2) year vesting in equal quarterly installments), as set forth in a stock option agreement. As of the date of this filing, the options were not yet granted.

As of April 15, 2022, the Company is late in filing its Annual Form 10K for the year ended December 31, 2021, and under the terms of the Securities Purchase Agreement signed on July 26, 2021, will incur a late filing penalty. The penalty will be calculated at a monthly rate of 1% of the subscription amount of the Securities offering.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On December 23, 2021, Mazars USA LLP (“Mazars”) was appointed as the new independent registered public accounting firm for Iconic Brands, Inc. (the “Company”). Prior to engaging Mazars on December 23, 2021, the Company had not consulted Mazars regarding the application of accounting principles to a specified transaction, completed or proposed, the type of audit opinion that might be rendered on our financial statements or a reportable event, nor did the Company consult with Mazars regarding any disagreements with the Company’s prior auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of the prior auditor, would have caused it to make a reference to the subject matter of the disagreements in connection with its reports.

Simultaneously with the appointment of Mazars, on December 23, 2021, Qi CPA LLC (“Fei Qi”) resigned as the independent registered public accounting firm for the Company. The decision to change audit firms from Fei Qi to Mazars was approved by the Company’s Board of Directors.

Since December 14, 2020, the date on which Fei Qi was engaged and through December 23, 2021, there were no disagreements with Fei Qi on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Fei Qi’s satisfaction, would have caused Fei Qi to make reference to the subject matter of the disagreement in its reports on the Company’s financial statements.

During the period from December 14, 2020 through December 23, 2021, there were no reportable events of the type described in Item 304(a)(1)(v) of Regulation S-K.

We authorized Fei Qi to respond fully to the inquiries of Mazars, and Fei Qi has provided us with a letter addressed to the U.S. Securities and Exchange Commission stating that it agrees with the above statements, as required by Item 304(a)(3) of Regulation S-K, which is attached as Exhibit 16.1 of our Current Report on Form 8-K filed December 23, 2021.

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e). Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our Principal Executive Officer and Principal Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Although our disclosure controls and procedures were designed to provide reasonable assurance of achieving their objectives and our Principal Executive Officer and Principal Financial Officer have determined that our disclosure controls and procedures are effective at doing so, a control system, 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 a 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.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the company’s operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

## Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified the following material weakness:

As of December 31, 2021, we did not maintain effective controls over the control environment. In the past, we were a small start-up company with only two full time employees and lacked the ability to have adequate segregation of duties and adequate oversight of the financial statement preparation process. Further, the Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level controls have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

To address these internal control deficiencies, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

We have been working and are currently working to remediate the material weaknesses described above, including assessing the need for additional remediation steps and implementing additional measures to remediate the underlying causes that gave rise to the material weaknesses by (i) adding additional personnel in the future when working capital permits; (ii) working with our independent registered public accounting firm to refine our internal procedures; and (iii) performing a complete review of its internal controls during 2022.

Management is continually evaluating the internal controls and makes improvements on an ongoing basis. Where necessary the Company proactively provides additional resources and consultants to make such improvements. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, have a material adverse effect on our business, results of operations and financial condition, as well as impair our ability to meet our quarterly, annual and other reporting requirements under the Securities Exchange Act of 1934 in a timely manner, and require us to incur additional costs or to divert management resources.

Because of these material weaknesses, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2021 based on the criteria established in "Internal Control-Integrated Framework" issued by the COSO.

### Independent Registered Accountant's Internal Control Attestation

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the exemption provided to issuers that are not "large accelerated filers" nor "accelerated filers" under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

### Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting through the date of this report or during the twelve months ended December 31, 2021, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

### ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names, ages and biographical information of each of our current directors and executive officers, and the positions within our company held by each person. Our directors serve a one-year term until their successors are elected and qualified, or until such director's earlier death, resignation or removal. Our executive officers are appointed annually by our board of directors and serve at the pleasure of our board.

Name	Age	Position(s)
Larry Romer	68	Chief Executive Officer
Richard DeCicco	63	President and Chairman of the Board of Directors
David Allen	67	Chief Financial Officer
John Cosenza	53	Chief Operating Officer
Tom Martin	62	President and Chief Operating Officer of TopPop LLC
Roseann Faltings	63	Director

**Larry Romer** has served as our Chief Executive Officer since July 2021. Mr. Romer is a 40 plus year veteran of the beverage business holding senior management positions with The Coca-Cola Bottling Company of New York, The Paddington Corporation, Jim Beam Brands Company and Southern Glazer's Wine and Spirits, LLC. From 2005 until March 2021, Mr. Romer was Senior Vice President and General Manager of the Sapphire Division at Southern Glazer's Wine and Spirits, LLC. Prior to his employment at Southern Glazer's Wine and Spirits, LLC, from 1993 until 2005, Mr. Romer was Regional Vice President of Jim Beam Brands Company. From 1985 until 1993, Mr. Romer was State Manager and Regional Vice President of The Paddington Corporation. Prior to The Paddington Corporation, from 1976 until 1985, Mr. Romer was a District Manager at The Coca-Cola Bottling Company of New York. Mr. Romer holds a bachelor's degree in Health and Physical Education from Manhattan College and a master's degree in Health and Physical Education from Adelphi University.

**Richard DeCicco** has served as our Chief Executive Officer, President and member our board since 2007. With over 43 years of experience in the global liquor industry, Mr. DeCicco has been a senior executive and a leader in the wine and spirits industry. Previously, Mr. DeCicco served as President of Harbrew Imports Ltd. since its inception in 1999. From September 1997 until 1999, Mr. DeCicco was a consultant for individuals entering the alcohol beverage business. From May 1990 until September 1997, Mr. DeCicco was the Chief Executive Officer and President of Harbor Industries, a production facility. In addition to having been the national provider for The Paddington Corporation brands from 1990 to 1997, Mr. DeCicco pioneered what is now known within the field as Value Added Packaging. We believe Mr. DeCicco is qualified to serve as a member of our board because of his experience in and relationships within the industry. Mr. DeCicco is the President of United Spirits Inc.

**John Cosenza** has served as our Chief Operating Officer since July 2021, and prior to that was employed by us in an advisory role since April 2021. Mr. Cosenza started his career at Anheuser-Busch ("AB") in April 2000 as Senior Corporate Social Responsibility Manager, until December 2008. From January 2009 until February 2010, Mr. Cosenza served as District Manager at AB. From February 2021 then served as Category Manager at AB from February 2020 until March 2021. Mr. Cosenza has an MBA in finance from Long Island University, and a bachelor's degree in Sports Management and Athletic Administration from St. John's University.

**David Allen** has served as our Chief Financial Officer since July 2021. Mr. Allen has over 22 years of experience serving as the chief financial officer of public companies and over 40 years of experience as a certified public accountant, starting his career with Arthur Andersen & Co. Mr. Allen has served as our Chief Financial Officer since July 2021. Prior to Charlie's Holdings, Inc., he served as Chief Financial Officer of Charles Holdings, Inc. from April 2019 to May 2021 (OTC: CHUC). Prior to that, from December 2014 until January 2018, Mr. Allen served as the Chief Financial Officer of WPCS International, Inc. (NASDAQ: WPCS). From 2007 to 2013, Mr. Allen served as the Chief Financial Officer and Executive Vice President of Administration at Converted Organics, Inc. (NASDAQ: COIN). From 1999 to 2004 he served as Chief Financial Officer, and later Chief Executive Officer, of Milbrook Press, Inc. (NASDAQ: MILB). During the periods not listed above, Mr. Allen held various consulting roles at both public and private companies. Additionally, Mr. Allen has been a member of the board of directors and the Chairman of the Audit Committee of Marimed, Inc. (OTC: MRMD) since June 2019, and was a member of the board of directors and Chairman of the Audit Committee of Charlie's Holdings, Inc. (OTC: CHUC) from May 2021 until October 2021. From 2004 to 2017, Mr. Allen served as Chief Financial Officer of Bailey's Express, Inc., a privately held trucking corporation, which filed for Chapter 11 bankruptcy in July 2017; he served as the Chapter 11 Plan Administrator for the bankruptcy case from inception until the case was finalized in December 2020. Mr. Allen is a licensed CPA and holds a bachelor's degree in accounting and a master's degree in taxation from Bentley College.

**Tom Martin** was a co-founder of TopPop and has been its President and Chief Operating Officer since its incorporation in 2019. Mr. Martin has been in the primary and secondary packaging industry for over 40 years. From 1991 to 1997, Mr. Martin served as Director for the printing, contract packaging and machine groups at Sancoa International. In 1997, he co-founded Slate Packaging, where he served as President and Chief Executive Officer until 2005, where he built a printing, equipment and contract packaging business that was later sold to a large Kansas City printing company. From 2005 to 2012, Mr. Martin was an Executive Vice President at Klocke of America, a food, cosmetic and health care contract manufacturing business. From 2012 to 2019, he was employed at Universal Synergetic dba THEM of NJ, as Vice President and General Manager, where he produced ready-to-use, single-format retail food, beverage, liquor and cosmetic products. Mr. Martin holds an AAS degree in Engineering from Rutgers University in Camden, New Jersey.

**Roseann Faltings** has served as a member of our board of directors since May 2015 and as an officer since 2003, most recently as our Vice President of Celebrity Partnership Relations. Ms. Faltings is an international liquor industry veteran of more than 18 years with experience in brand development, marketing, sales and distribution across the beer, wine and spirits categories. Throughout her executive career, Ms. Faltings has worked on United Spirits' brand portfolio, including Bellissima by Christie Brinkley, as well as Danny DeVito's Premium Limoncello, Yanjing Beer (the national beer of China), Johnny Bench 5 Scotch Whisky and other private label products. Ms. Faltings was Director of Sales and Marketing of Harbrew Imports Ltd., a predecessor of Iconic, beginning in 2003 until 2005. In 2005, Ms. Faltings was appointed VP of Sales and Marketing of Iconic and served as a Vice President since that time. Ms. Faltings received her bachelor's degree in Business Administration from New York Institute of Technology. We believe Ms. Faltings is qualified to serve as a member of our board because of her marketing and executive management expertise within our industry and her strong relationships within the U.S. distribution and wholesale supply chain.

#### **Family Relationships**

Richard DeCicco and Roseann Faltings live in the same household, but are not married.

#### **Arrangements between Officers and Directors**

Except as set forth herein, to our knowledge, there is no arrangement or understanding between any of our officers or directors and any other person pursuant to which the officer or director was selected to serve as an officer or director.

#### **Involvement in Certain Legal Proceedings**

We are not aware of any of our directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

#### **Committees of Our Board of Directors**

Our board of directors does not maintain a separate audit, nominating and corporate governance or compensation committee. Functions customarily performed by such committees are performed by our board of directors as a whole. We do not currently have an "audit committee financial expert" since we currently do not have an audit committee.

#### **Delinquent Section 16(a) Reports**

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. To our knowledge, based solely upon a review of Forms 3, 4, and 5 filed with the SEC during the fiscal year ended December 31, 2021, we believe that, our directors, executive officers, and greater than 10% beneficial owners have complied with all applicable filing requirements during the fiscal year ended December 31, 2021.

## Code of Ethics

We have not adopted a written code of ethics, primarily because we believe and understand that our officers and directors adhere to and follow ethical standards without the necessity of a written policy. Our business operations are not complex and are very limited. We seek advice and counsel from outside experts such as our lawyers and accountants on matters relating to corporate governance and financial reporting. As our business has expanded through the acquisition of TopPop in July 2021, we expect to adopt a written code of ethics in 2022.

## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth the compensation paid or accrued during the fiscal years ended December 31, 2021 and 2020 to our principal executive officer and one additional officer (collectively, the "named executive officers"). We had no other executive officers during such fiscal years.

Name and Principal Position	Year	Annual Salary (\$)	Restricted Common Stock (3) (\$)	Stock Option (4) (\$)	Total (\$)
Richard DeCicco	2021	265,000	120,000	238,492	623,492
Chief Executive Officer, Chief Financial Officer and President(1)	2020	265,000	—	—	265,000
Roseann Faltings	2021	187,500	40,000	179,994	407,994
Board Member and Vice President	2020	150,000	—	—	150,000
Larry Romer	2021	187,500	—	224,992	412,492
Chief Executive Officer (2)	2020	—	—	—	—
David Allen	2021	146,250	322,125	202,493	670,868
Chief Financial Officer (2)	2020	60,000	51,750	—	111,750
Tom Martin	2021	106,250	—	202,493	308,743
Chief Operating Officer of TopPop (2)	2020	—	—	—	—
John Cosenza	2021	168,750	—	202,493	371,243
Chief Operating Officer (2)	2020	—	—	—	—

- (1) Mr. DeCicco resigned the positions of Chief Executive Officer and Chief Financial Officer on July 26, 2021 in connection with our acquisition of TopPop and the completion of our financing and restructuring transactions that were consummated on such date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments."
- (2) On July 26, 2021, we entered into two-year employment agreements with Larry Romer, David Allen, Tom Martin and John Cosenza.
- (3) Represents fair value of common shares issued in May 2021 and July 2021
- (4) Stock options were issued on September 21, 2021, and vest over three years. The dollar value in the column above represents the aggregate grant date fair value of stock option awards determined in accordance with FASB ASC Topic 718. The assumptions used in the valuation of these awards are set forth in the notes to our financial statements

### Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards				
	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date
Larry Romer	—	500,000	—	\$ 0.45	10/12/2031
Richard DeCicco	—	530,000	—	\$ 0.45	10/12/2031
Roseann Faltings	—	400,000	—	\$ 0.45	10/12/2031
David Allen	—	450,000	—	\$ 0.45	10/12/2031
John Cosenza	—	450,000	—	\$ 0.45	10/21/2031
Tom Martin	—	450,000	—	\$ 0.45	10/12/2031

### 2021 Long-Term Incentive Plan

On August 16, 2021, our board of directors adopted our 2021 Long-Term Incentive Plan (the "2021 Incentive Plan") to provide an additional means to attract, motivate, retain and reward selected employees and other eligible persons. Our stockholders approved the plan on or about August 16, 2021. Employees, officers, directors and consultants that provide services to us or one of our subsidiaries may be selected to receive awards under the 2021 Incentive Plan.

Our board of directors, or one or more committees appointed by our Board or another committee (within delegated authority), administers the 2021 Incentive Plan. The administrator of the 2021 Incentive Plan has broad authority to:

- select participants and determine the types of awards that they are to receive;
- determine the number of shares that are to be subject to awards and the terms and conditions of awards, including the price (if any) to be paid for the shares or the award and establish the vesting conditions (if applicable) of such shares or awards;
- cancel, modify or waive our rights with respect to, or modify, discontinue, suspend or terminate any or all outstanding awards, subject to any required consents;
- construe and interpret the terms of the 2021 Incentive Plan and any agreements relating to the 2021 Incentive Plan;
- accelerate or extend the vesting or exercisability or extend the term of any or all outstanding awards subject to any required consent;
- subject to the other provisions of the 2021 Incentive Plan, make certain adjustments to an outstanding award and authorize the termination, conversion, substitution or succession of an award; and
- allow the purchase price of an award or shares of our common stock to be paid in the form of cash, check or electronic funds transfer, by the delivery of previously-owned shares of our common stock or by a reduction of the number of shares deliverable pursuant to the award, by services rendered by the recipient of the award, by notice and third party payment or cashless exercise on such terms as the administrator may authorize or any other form permitted by law.

A total of 18,540,000 shares of our common stock are reserved for issuance with respect to awards granted under the 2021 Incentive Plan. Any shares subject to awards that are not paid, delivered or exercised before they expire or are cancelled or terminated, or fail to vest, as well as shares used to pay the purchase or exercise price of awards or related tax withholding obligations, will become available for other award grants under the 2021 Incentive Plan. As of the date hereof, stock option grants to purchase an aggregate of 7,408,200 shares of common stock have been made under the 2021 Incentive Plan and 11,131,800 shares authorized under the 2021 Incentive Plan remain available for award purposes.

Awards under the 2021 Incentive Plan may be in the form of incentive or nonqualified stock options, stock appreciation rights, stock bonuses, restricted stock, stock units and other forms of awards including cash awards. The administrator may also grant awards under the plan that are intended to be performance-based awards within the meaning of Section 162(m) of the U.S. Internal Revenue Code. Awards under the plan generally will not be transferable other than by will or the laws of descent and distribution, except that the plan administrator may authorize certain transfers.

Nonqualified and incentive stock options may not be granted at prices below the fair market value of the common stock on the date of grant. Incentive stock options must have an exercise price that is at least equal to the fair market value of our common stock, or 110% of fair market value of our common stock in the case of incentive stock option grants to any 10% owner of our common stock, on the date of grant. These and other awards may also be issued solely or in part for services. Awards are generally paid in cash or shares of our common stock. The plan administrator may provide for the deferred payment of awards and may determine the terms applicable to deferrals.

As is customary in incentive plans of this nature, the number and type of shares available under the 2021 Incentive Plan and any outstanding awards, as well as the exercise or purchase prices of awards, will be subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the stockholders. In no case (except due to an adjustment referred to above or any repricing that may be approved by our stockholders) will any adjustment be made to a stock option or stock appreciation right award under the 2021 Incentive Plan (by amendment, cancellation and re-grant, exchange or other means) that would constitute a repricing of the per-share exercise or base price of the award.

Generally, and subject to limited exceptions set forth in the 2021 Incentive Plan, if we dissolve or undergo certain corporate transactions such as a merger, business combination or other reorganization, or a sale of all or substantially all of our assets, all awards then-outstanding under the 2021 Incentive Plan will become fully vested or paid, as applicable, and will terminate or be terminated in such circumstances, unless the plan administrator provides for the assumption, substitution or other continuation of the award. The plan administrator also has the discretion to establish other change-in-control provisions with respect to awards granted under the 2021 Incentive Plan. For example, the administrator could provide for the acceleration of vesting or payment of an award in connection with a corporate event that is not described above and provide that any such acceleration shall be automatic upon the occurrence of any such event.

Our board of directors may amend or terminate the 2021 Incentive Plan at any time, but no such action will affect any outstanding award in any manner materially adverse to a participant without the consent of the participant. Plan amendments will be submitted to stockholders for their approval as required by applicable law or any applicable listing agency. The 2021 Incentive Plan is not exclusive, and our board of directors and Compensation Committee may grant stock and performance incentives or other compensation, in stock or cash, under other plans or authority.

The 2021 Incentive Plan will terminate on August 16, 2031. However, the plan administrator will retain its authority until all outstanding awards are exercised or terminated. The maximum term of options, stock appreciation rights and other rights to acquire common stock under the 2021 Incentive Plan is ten years after the initial date of the award.

#### Non-Employee Director Compensation

We do not currently have an established policy to provide compensation to members of our board of directors for their services in that capacity.

#### Employment Agreements

On July 26, 2021, we entered into two-year employment agreements with each of Messrs. DeCicco, Romer, Allen, Martin and Cosenza, and with Ms. Faltings. Unless earlier terminated, at the end of the initial term or any renewal term, each agreement automatically renews for additional two-year terms until either we or the executive provides the other party with a timely notice of non-renewal.

The following is a summary of the compensation arrangements set forth in each employment agreement described above:

Executive	Title	Annual Base Salary	Annual Targeted Bonus
<b>Richard DeCicco</b>	Chairman of the Board and President	\$ 265,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>Larry Romer</b>	Chief Executive Officer	\$ 250,000	Determined by the Board, with a target of 35% of Annual Base Salary
<b>David Allen</b>	Chief Financial Officer	\$ 250,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>Tom Martin</b>	Chief Operating Officer — TopPop LLC	\$ 250,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>John Cosenza</b>	Chief Operating Officer	\$ 225,000	Determined by the Board, with a target of 25% of Annual Base Salary
<b>Roseann Faltings</b>	Board Member and Vice President	\$ 200,000	Determined by the Board, with a target of 25% of Annual Base Salary

Each executive is also eligible to receive employee stock option grants and/or restricted stock grants during the term of their employment, with the amount, frequency and other details of such grants determined by the Board.

Pursuant to the terms of Mr. Romer's employment agreement, if we consummate a sale of its "Bellissima"™ product line during the term of the agreement (the "Bellissima Sale"), Mr. Romer will be entitled to receive a payment equal to two and a half percent (2.5%) of the net proceeds received by us in connection with such sale. In addition, Mr. Romer has entered into a letter agreement with Mr. DeCicco and Ms. Faltings pursuant to which, in the event a Bellissima Sale is consummated during the term of Mr. Romer's employment, Mr. DeCicco and Ms. Faltings will pay Mr. Romer an amount equal to a total of two and a half percent (2.5%) of the net proceeds received by Mr. DeCicco and Ms. Faltings in connection with such sale.

Under the employment agreements, each executive will be entitled to severance in the event that we terminate his or her employment without Cause (as defined in the applicable employment agreement), his or her employment is terminated as a result of a Disability (as defined in the applicable employment agreement), or, in the case of Messrs. DeCicco and Allen, and Ms. Faltings, he or she resigns from his or her employment for Good Reason (as defined in the applicable employment agreement). The severance for Messrs. DeCicco and Allen, and Ms. Faltings would be a lump sum amount equal to: (i) 24 months of base salary at the then current rate, plus (ii) a prorated bonus for the year of termination equal to the target bonus multiplied by a fraction, the numerator of which is the number of days such executive was employed by us in the year of termination and the denominator being 365; plus (iii) a bonus for the severance period equal to 2x the target bonus. The severance for Mr. Romer would be a lump sum amount equal to: (i) 12 months of base salary at his then current rate, plus (ii) a prorated bonus for the year of termination equal to his target bonus multiplied by a fraction, the numerator of which is the number of days Mr. Romer was employed by us in the year of termination and the denominator being 365. The severance for Mr. Cosenza would be a lump sum amount equal to: (i) six months of base salary at his then current rate, plus (ii) a prorated bonus for the year of termination equal to his target bonus multiplied by a fraction, the numerator of which is the number of days Mr. Cosenza was employed by us in the year of termination and the denominator being 365.

Additionally, if an executive elects to continue to receive group health insurance coverage under our group health plan pursuant to COBRA, we will reimburse such executive for his or her monthly COBRA premiums for the duration of the applicable severance period; provided that the executive must show adequate documentation of his or her payment of the COBRA premiums and in the event that the executive becomes ineligible for COBRA coverage or fails to provide adequate documentation of his or her payment of the COBRA premiums, we shall no longer have any obligation to reimburse such COBRA amounts. An executive's entitlement to the severance benefits described above is conditioned upon such executive's timely executing an effective general release of claims in favor of us in connection with his or her termination of employment.

In connection with the execution of his or her employment agreement, each executive also executed our standard confidentiality, restrictive covenant, and assignment agreement, containing customary confidentiality restrictions and work-product provisions, as well as customary non-competition, non-service, and non-solicitation covenants with respect to our employees, consultants and customers

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information regarding the beneficial ownership of our common stock as of June 13, 2022 by:

- each person known by us to be a beneficial owner of more than 5% of our outstanding common stock;
- each of our directors;
- each of our executive officers; and
- all directors and executive officers as a group.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days after the filing of this Form 10-K. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as indicated by footnote, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

In the table below, the percentage of beneficial ownership of our common stock is based on 97,106,948 shares of our common stock outstanding as of the filing of this Form 10-K ("Filing Date"). Unless otherwise noted below, the address of the persons listed on the table is c/o Iconic Brands, Inc., 44 Seabro Avenue, Amityville, NY.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class (%) <sup>(1)</sup>
Named Executive Officers and Directors		
Richard DeCicco	24,686,893	25.42%
Roseann Faltings	600,200	*
Larry Romer <sup>(2)</sup>	640,000	*
John Cosenza <sup>(3)</sup>	640,000	*
David Allen	1,000,000	1.03
Tom Martin	7,388,219	7.61
Executive Officers and Directors as a Group (6 persons)	34,101,980	35.12
Other 5% Stockholders		
Hudson Bay Master Fund, Ltd. <sup>(4)</sup>	5,454,112	5.62

\* Indicates less than 1%.

- (1) The percentages in the table have been calculated on the basis of treating as outstanding for a particular person, all shares of our capital stock outstanding on the Filing Date. On the Filing Date, there were 97,106,948 shares of our common stock outstanding. To calculate a stockholder's percentage of beneficial ownership, we include in the numerator and denominator the common stock outstanding and all shares of our common stock issuable to that person in the event of the conversion of Series A-2 Preferred Stock or the exercise of Warrants owned by that person which are exercisable within 60 days of the filing of this Form 10-K. Common stock options and derivative securities held by other stockholders are disregarded in this calculation. Therefore, the denominator used in calculating beneficial ownership among our stockholders may differ. Unless we have indicated otherwise, each person named in the table has sole voting power and sole investment power for the shares listed opposite such person's name.
- (2) Includes 320,000 shares of common stock and 320,000 shares of common stock issuable upon exercise of outstanding Warrants held by Mr. Romer.
- (3) Includes 320,000 shares of common stock and 320,000 shares of common stock issuable upon exercise of outstanding Warrants held by Mr. Cosenza.
- (4) Includes 3,265,312 shares of common stock underlying Series A-2 Preferred Stock and 3,265,312 shares of common stock underlying the Warrants. Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., has voting and investment power over these securities. Sander Gerber is the managing member of Hudson Bay Capital GP LLC, which is the general partner of Hudson Bay Capital Management LP. Each of Hudson Bay Master Fund Ltd. and Sander Gerber disclaims beneficial ownership over these securities. Hudson Bay Master Fund, Ltd.'s address is C/o Hudson Bay Capital Management LP, 28 Havemeyer Place, 2nd Floor, Greenwich, CT 06830.

From time to time, the number of our shares held in the "street name" accounts of various securities dealers for the benefit of their clients or in centralized securities depositories may exceed 5% of the total shares of our common stock outstanding.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The following includes a summary of transactions during our fiscal years ended December 31, 2021 and December 31, 2020 to which we have been a party, including transactions in which the amount involved in the transaction exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described elsewhere in this Annual Report on Form 10-K. We are not otherwise a party to a current related party transaction, and no transaction is currently proposed, in which the amount of the transaction exceeds the lesser of \$120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which a related person had or will have a direct or indirect material interest.

#### United Spirits

Prior to our acquisition of United on July 26, 2021, United was owned and managed by Richard DeCicco, our Chairman of the Board and President. During the year ended December 31, 2020 and up to July 31, 2021, total payments to United amounted to \$30,680, all of which remained accrued and unpaid as of December 31, 2020.

On July 26, 2021, we entered into an acquisition agreement with Richard DeCicco for the purchase of United. See “Business—Recent Developments” for more information.

#### Exchange of Shares

On July 26, 2021, the Company entered into a securities exchange agreement (the “Series A Preferred Exchange Agreement”), with Richard DeCicco, who, at the time of execution and delivery of such agreement, was the Company’s Chief Executive Officer, Chief Financial Officer, chairman of the Company’s board of directors (the “Board”) and the holder of the Company’s one issued and outstanding share of Series A Preferred Stock. Pursuant to the Series A Preferred Exchange Agreement, Mr. DeCicco exchanged his one share of Series A Preferred Stock for 25,600,000 shares of Common Stock. Upon such exchange, the Series A Preferred Stock, which previously gave Mr. DeCicco two votes for every one vote of the Company’s outstanding voting securities, was cancelled and all contractual (or similar) rights, preferences and obligations relating to such Series A Preferred Stock became null and void and of no further effect whatsoever.

On July 26, 2021, the Company entered into securities exchange agreements (collectively, the “Exchange Agreement”) with the holders (each a “Holder” and collectively, the “Holders”) of the Company’s outstanding (a) Series E Convertible Preferred Stock, Series F Convertible Preferred Stock and Series G Convertible Preferred Stock (the “Existing Preferred Stock”), and (b) Series E Common Stock Purchase Warrants, Series F Common Stock Purchase Warrants and Series G Common Stock Purchase Warrants (the “Existing Warrants” and together with the Existing Preferred Stock, collectively, the “Existing Securities”), pursuant to which the Holders exchanged (the “Exchange”) (i) all Existing Preferred Stock held by each Holder for shares of Series A-2 Preferred Stock and Warrants, and (ii) all Existing Warrants held by each Holder for shares of Common Stock. In connection with the Exchange, the Holders exchanged all of their Existing Securities for an aggregate of 3,704.80 shares of Series A-2 Preferred Stock, Warrants to purchase 14,304,880 shares of Common Stock, and 2,449,517 shares of Common Stock. Upon the Exchange, the Existing Securities were cancelled and all contractual (or similar) rights, preferences and obligations relating to such Existing Securities became null and void and of no further effect whatsoever.

There were no share exchanges in 2020.

#### Distribution Agreements

On May 1, 2016, Bellissima entered into a distribution agreement with United, which was then owned and managed by Richard DeCicco, for United to distribute and wholesale Bellissima’s product and to act as the licensed importer and wholesaler. The distribution agreement provided United the exclusive right for a term of ten years to sell Bellissima’s product for an agreed distribution fee equal to \$1.00 per case of product sold.

On May 1, 2015, BiVi entered into the distribution agreement with United for United to distribute and wholesale BiVi’s products and to act as the licensed importer and wholesaler. Pursuant to the distribution agreement, United had the exclusive right to sell our products until 2025 for a distribution fee of \$1.00 per case of product sold.

Prior to our acquisition of United, we marketed and sold our private label Hooters products pursuant to a Marketing and Distribution Agreement entered into between us and United, effective as of April 1, 2019. Under such agreement, we had been granted the exclusive right to market and distribute the Hooters Spirits products line to (a) "Hooters" branded restaurants; (b) liquor distributors; and (c) off-premise, retail establishments (with all sales being made through distributors licensed to conduct business in the state of such sale) in the United States, Europe and Asia for a period of five years (which could have been extended by up to an additional five years by us upon written notice to United, so long as we were not in breach of the agreement). The agreement provided for United to receive a fee of \$1.00 per case of product sold to any wholesaler for retailer distribution.

#### *Lease Agreement*

We lease our office and warehouse space in North Amityville, New York from Dan Kay International, an entity controlled by Richard DeCicco. On January 1, 2021, we entered into a lease extension with Dan Kay International pursuant to which we extended the term of our lease to January 1, 2024 for \$4,892.89 per month.

#### *Amended and Restated LLC Agreements of Bellissima Spirits LLC and BiVi LLC*

On July 26, 2021, we, and each other member identified therein, including Mr. DeCicco and Rosanne Faltings, our vice president of sales and a member of the Board, entered into an Amended and Restated Limited Liability Company Agreement dated as of July 26, 2021 of Bellissima and BiVi. Such agreement provides that the manager of Bellissima and BiVi, currently Mr. DeCicco, may cause Bellissima and BiVi to make distributions of available cash flow to the members pro rata in accordance with their cash flow ratios, of which we are entitled to 100% of any such distribution of available cash flow. Such agreement also provides that the manager shall cause Bellissima and BiVi to make distributions of net proceeds attributable to certain capital events to members pro rata in accordance with their membership interest percentage, of which we are entitled to 54% of any such distribution of net proceeds and Mr. DeCicco and Ms. Faltings are entitled to 15.34% and 15.33%, respectively. Transfers of membership interests in Bellissima and BiVi are generally restricted and such agreement provides for preemptive rights, rights of first refusal, and rights of co-sale, in each case, in accordance with the terms and conditions set forth therein.

On April 22, 2022 we entered into a Second Amended and Restated Limited Liability Company Agreement of Bellissima, which provides that upon (i) a sale of all or substantially all of our assets, (ii) a change of control of us, (iii) a sale of equity following which our shareholders immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in us, or (iv) a merger, consolidation or similar transaction involving us, each of Mr. DeCicco and Ms. Faltings will be entitled to sell their interest in Bellissima to us in exchange for the value of their equity interest in Bellissima that they would have received upon the sale of their equity interest in Bellissima, upon the sale of Bellissima, which value will be determined by an independent third-party appraiser.

#### **Director Independence**

Our board of directors has determined that none of our directors are currently "independent" as that term is defined under NASDAQ Listing Rule 5605(a)(2).

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The following table presents fees for professional services rendered by Mazars, Fei Qi and BMKR, LLP for the years ended December 31, 2021 and 2020.

	Years Ended December 31,	
	2021	2020
<i>Mazars USA LLP</i>		
Audit Fees (1)	\$ 25,000	\$ —
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<i>Fei Qi, CPA</i>		
Audit Fees (1)	\$ 60,000	\$ 35,000
Audit Related Fees	7,500	—
Tax Fees	—	—
All Other Fees	—	—
<i>BMKR, LLP</i>		
Audit Fees (1)	\$ —	\$ 6,000
Audit Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
<b>Total</b>	<b>\$ 92,500</b>	<b>\$ 41,000</b>

(1) Audit fees were principally for audit and review services.

Of the fees described above for the year ended December 31, 2021 and 2020, all were pre-approved by our board of directors

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:

(1) The financial statements are filed as part of this Annual Report under “Item 8. Financial Statements and Supplementary Data.”

(2) The financial statement schedules are omitted because they are either not applicable or the information required is presented in the financial statements and notes thereto under “Item 8. Financial Statements and Supplementary Data.”

(3) The exhibits listed in the following Exhibit Index are filed, furnished or incorporated by reference as part of this Annual Report.

(b) Exhibits

See the Exhibit Index immediately preceding the signature page of this Annual Report.

<b>Exhibit No.</b>	<b>Description of Exhibits</b>
<a href="#">3.1</a>	<a href="#">Articles of Incorporation of Iconic Brands, Inc. (Incorporated by reference to our Form SB-2 filed on November 30, 2007)</a>
<a href="#">3.2</a>	<a href="#">Certificate of Amendment of the Articles of Incorporation (Incorporated by reference to our Current Report on Form 8-K filed on March 4, 2019)</a>
<a href="#">3.3</a>	<a href="#">Certificate of Correction to the Amendment of the Articles of Incorporation (Incorporated by reference to our Current Report on Form 8-K filed on March 4, 2019)</a>
<a href="#">3.4</a>	<a href="#">Certificate of Designation of Series A Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.5</a>	<a href="#">Certificate of Designation of Series B Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.6</a>	<a href="#">Certificate of Designation of Series C Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.7</a>	<a href="#">Certificate of Designation of Series D Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.8</a>	<a href="#">Certificate of Designation of Series E Preferred Stock (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">3.9</a>	<a href="#">Certificate of Designation of Series F Preferred Stock (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
<a href="#">3.10</a>	<a href="#">Certificate of Designation of Series G Preferred Stock (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
<a href="#">3.11</a>	<a href="#">Bylaws of Iconic Brands, Inc., as amended (Incorporated by reference to our Form SB-2 filed on November 30, 2007)</a>
<a href="#">4.1</a>	<a href="#">Description of registrant's securities (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.1</a>	<a href="#">License Agreement between BiVi LLC and Neighborhood Licensing, LLC, dated May 26, 2015 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.2</a>	<a href="#">Distribution Agreement by and between BiVi LLC and United Spirits, Inc., dated May 1, 2015 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.3</a>	<a href="#">Securities Exchange Agreement by and between the Company and BiVi LLC, dated May 15, 2015 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>
<a href="#">10.4</a>	<a href="#">License Agreement by and among Bellissima LLC and Christie Brinkley, Inc., dated November 12, 2015 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</a>
<a href="#">10.5</a>	<a href="#">Distribution Agreement by and between Bellissima Spirits LLC and United Spirits, Inc., dated May 1, 2016 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</a>

<a href="#"><u>10.6</u></a>	<a href="#"><u>Amendment No. 1 License Agreement by and among Bellissima LLC and Christie Brinkley, Inc., effective as of June 30, 2017 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</u></a>
<a href="#"><u>10.7</u></a>	<a href="#"><u>Securities Purchase Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd. and Gregory M. Castaldo, dated November 1, 2017 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.8</u></a>	<a href="#"><u>Registration Rights Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd. and Gregory M. Castaldo, dated November 1, 2017 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.9</u></a>	<a href="#"><u>Share Exchange Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.10</u></a>	<a href="#"><u>Amendment No. 1 to Securities Purchase Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.11</u></a>	<a href="#"><u>Amendment No. 1 to Registration Rights Agreement by and among the Company, The Special Equities Group, LLC, Iroquois Master Fund Ltd., Iroquois Capital Investment Group LLC and Gregory M. Castaldo, dated May 21, 2018 (Incorporated by reference to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.12</u></a>	<a href="#"><u>Amendment No. 1 to Securities Exchange Agreement by and between the Company and BiVi LLC, dated October 26, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</u></a>
<a href="#"><u>10.13</u></a>	<a href="#"><u>Extension of Lease Agreement by and between the Company and United Spirits, Inc., dated March 27, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on September 19, 2018)</u></a>
<a href="#"><u>10.14+</u></a>	<a href="#"><u>Employment Agreement by and between the Company and Richard DeCicco, dated April 1, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</u></a>
<a href="#"><u>10.15+</u></a>	<a href="#"><u>Employment Agreement by and between the Company and Roseann Faltings, dated April 1, 2018 (Incorporated by reference to Amendment No. 1 to our Registration Statement on Form S-1 filed on October 29, 2018)</u></a>
<a href="#"><u>10.16</u></a>	<a href="#"><u>Brand Licensing Agreement by and between United Spirits, Inc. and HI Limited Partnership dated as of July 23, 2018 (Incorporated by reference to our Annual Report on Form 10-K, filed on April 15, 2020)</u></a>
<a href="#"><u>10.17</u></a>	<a href="#"><u>Marketing and Distribution Agreement by and between the Company and United Spirits, Inc. dated April 1, 2019 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 19, 2019)</u></a>
<a href="#"><u>10.18</u></a>	<a href="#"><u>Form of Securities Purchase Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</u></a>
<a href="#"><u>10.19</u></a>	<a href="#"><u>Form of Warrant dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</u></a>

10.20	<a href="#">Form of Registration Rights Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>
10.21	<a href="#">Form of Lock-Up Agreement dated September 27, 2018 (Incorporated by reference to our Current Report on Form 8-K filed on October 4, 2018)</a>
10.22	<a href="#">Form of Warrant Exercise Agreement, dated as of May 2, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on May 9, 2019)</a>
10.23	<a href="#">Form of Warrant (Incorporated by reference to our Current Report on Form 8-K filed on May 9, 2019)</a>
10.24	<a href="#">Form of Securities Purchase Agreement dated July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
10.25	<a href="#">Form of Warrant dated July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
10.26	<a href="#">Form of Registration Rights Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
10.27	<a href="#">Form of Lock-Up Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
10.28	<a href="#">Form of Exchange Agreement July 17, 2019 (Incorporated by reference to our Current Report on Form 8-K filed on July 23, 2019)</a>
10.29	<a href="#">Form of Securities Purchase Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.30	<a href="#">Form of Warrant (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.31	<a href="#">Form of Registration Rights Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.32	<a href="#">Form of Lock-Up Agreement dated January 12, 2020 (Incorporated by reference to our Current Report on Form 8-K filed on January 13, 2020)</a>
10.33	<a href="#">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)</a>
10.34	<a href="#">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)</a>
10.35	<a href="#">Limited Liability Company Operating Agreement of Bellissima Spirits LLC, dated as of November 15, 2015 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 16, 2020)</a>
10.36	<a href="#">Limited Liability Company Operating Agreement of BIVI LLC, dated as of May 15, 2015 (Incorporated by reference to our Quarterly Report on Form 10-Q filed on November 16, 2020)</a>
10.37	<a href="#">Extension of Lease Agreement by and between the Company and Dan Kay International, dated January 1, 2021 (Incorporated by reference to our Annual Report on Form 10-K filed on April 13, 2021)</a>
10.38*	<a href="#">Amendment No. 2 to License Agreement by and among Bellissima LLC and Christie Brinkley, Inc., effective as of April 22, 2022</a>
10.39*	<a href="#">Second Amended and Restated Limited Liability Company Agreement of Bellissima Spirits LLC, dated as of April 22, 2022</a>
16.1	<a href="#">Letter regarding Change in Certifying Accountants (Incorporated by reference to our Current Report on Form 8-K filed on December 17, 2020)</a>
21.1*	Subsidiaries of registrant
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification by Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a), 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*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

+ Indicates a management contract or any compensatory plan, contract or arrangement.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**Iconic Brands, Inc.**

Dated: June 15, 2022

By: /s/ Larry Romer  
Larry Romer  
Its: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Larry Romer</u> Larry Romer	Chief Executive Officer (Principal Executive Officer)	Dated: June 15, 2022
<u>/s/ David Allen</u> David Allen	Chief Financial Officer (Principal Financial and Accounting Officer)	Dated: June 15, 2022
<u>/s/ Richard DeCicco</u> Richard DeCicco	President and Chairman of the Board	Dated: June 15, 2022
<u>/s/ Roseann Faltings</u> Roseann Faltings	Director	Dated: June 15, 2022

AMENDMENT NO. 2

TO

LICENSE AGREEMENT

This **AMENDMENT NO. 2**, dated as of April 22, 2022, (the “Amendment”) to License Agreement (defined below), between Christie Brinkley, Inc., a New York corporation (“Licensor”), Bellissima Spirits LLC, a Nevada limited liability company (“Licensee”), Iconic Brands, Inc., a Nevada corporation (“Iconic”), and, for limited purposes only, Christie Brinkley, individually (“Brinkley”).

**WHEREAS**, Licensor, Licensee, Iconic and Brinkley are parties to that certain License Agreement, dated as of November 12, 2015, as amended by that certain Amendment No. 1 effective as of June 30, 2017 (collectively, the “License Agreement”). Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the License Agreement; and

**WHEREAS**, the parties desire to amend the License Agreement as hereinafter set forth.

**NOW, THEREFORE**, in consideration of the premises and mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The License Agreement is hereby amended by deleting the “Grant of License” paragraph of Section 1 in its entirety and replacing it with the following:

“1. (a) Grant of License. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, during the term of this Agreement, the worldwide right and license to use the LP, in the form set forth in Exhibit “A,” in connection with the sale of organic Prosecco, zero-sugar sparkling and still wine, ice pops, and associated products as the parties may agree to by mutual written consent from time to time, under the Bellissima Brand authorized by Licensor pursuant to Section 7.1 of this Agreement (the “Authorized Products”). If Licensee desires to use any other aspect of the IP and Licensor provides its express written consent, the Parties shall amend Exhibit A from time to time to reflect the additional LP. If Licensee wishes to expand the Bellissima Brand beyond the Authorized Products to other products and use the LP in connection with those products, it must obtain Licensor’s prior written approval pursuant to Section 7.1 of this Agreement.

(b) Combined Mark. (i) Licensor acknowledges, agrees, and consents to Licensee, at Licensee’s sole cost and expense, initiating and along with Licensor, jointly filing, prosecuting and maintaining one (1) word mark application for the mark “BELLISSIMA CON AMORE, BY CHRISTIE BRINKLEY” (the “Combined Mark”), solely in connection with Authorized Products in the beverage category, and solely within Australia (the “CM Australia Application”). Licensor agrees to cooperate with Licensee in connection therewith, including executing (and/or causing Brinkley to execute, as applicable) any necessary documents reasonably requested by Licensee in furtherance thereof. Licensor shall have approval rights over any filings and prosecution of the Combined Mark, and any enforcement activities related thereto. Licensee shall reimburse Licensor its attorney’s fees and costs incurred in connection with the prosecution, maintenance, and enforcement activities relating to the Combined Mark, if any (and for the avoidance of doubt, Licensor shall be and remain responsible for all of its attorney’s fees and costs related to this Amendment). Except with respect to the CM Australia Application, Licensee shall not file, prosecute or register the Combined Mark in any jurisdiction without Licensor’s prior written approval in each instance. The parties acknowledge and agree that any application or resulting registration for the Combined Mark shall be expressly abandoned or withdrawn at the end of the Term.

(ii) With respect to the Combined Mark, each of the parties acknowledge that: (A) Licensor is the owner of all right, title and interest in and to the CHRISTIE BRINKLEY mark and is also the owner of the goodwill attached or which shall become attached to such mark in connection with the sale of Authorized Products utilizing the Combined Mark, and (B) Licensee is the owner of all right, title and interest in and to the BELLISSIMA mark and is also the owner of the goodwill attached or which shall become attached to such mark in connection with the sale of Authorized Products utilizing the Combined Mark. Sales of Authorized Products by Licensee shall be deemed to have been made for purposes of trademark registration for the benefit of Licensor and Licensee for their respective marks, and all uses of the Combined Mark shall inure to the benefit of Licensor and Licensee respectively, as applicable; provided, however, that neither party shall have any ownership right in and to the Combined Mark, such Combined Mark shall not be used by either party other than in connection with sales of Authorized Products during the Term (and any applicable Sell-Off Period), and all use of the Combined Mark shall otherwise be subject to Licensor's approval and the terms and conditions of this Agreement. Licensee shall not have the right to transfer or assign the Combined Mark to a third party without the prior written consent of Licensor.

(iii) Licensee shall indemnify, protect, defend and hold harmless Licensor, its members, managers, employees, agents, heirs, estate, successors and assigns, and Brinkley against any and all claims, losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) which it or they may suffer or incur in connection with any actual or threatened claim, demand, action or other proceeding by any third party (including any governmental authority) arising from or relating to the Combined Mark, and/or the import, sale, marketing or distribution of Authorized Products utilizing the Combined Mark. Licensor shall have the right to participate in the defense of any such claim, with counsel of its own choosing, and Licensee shall reimburse Licensor its reasonable attorney's fees and costs in connection therewith. Licensee shall not, without Licensor's written consent, settle or compromise any claim or consent to entry of any judgment.

(iv) Licensee acknowledges that Bonita Drinks Pty Ltd filed in its name, without authorization, Australia Trademark Application No. 2199303 for the mark CHRISTIE BRINKLEY'S BELLISSIMA. By no later than ten (10) business days following the publication of the CM Australia Application, Licensee shall expressly abandon or cause to be abandoned Application No. 2199303 and provide Licensor with written proof of same. In the event the CM Australia Application is not approved for publication, the parties shall discuss in good faith a mutually agreeable resolution with respect to branding in Australia for the Authorized Products."

2. For clarity, Sections 1.1, 1.2, 1.3, and 1.4 of the License Agreement shall remain unchanged, and as set forth in the License Agreement.
3. The License Agreement is hereby amended by deleting the last sentence of Section 6.2 in its entirety and replacing it with the following:  
“ Any trade name, domain name or other title or name containing any portion of the name “Christie Brinkley” approved by Licensor for use hereunder, excluding, for the avoidance of doubt, the “Bellissima” mark, shall be owned by Licensor and licensed to Licensee without charge, except as set forth herein, solely for the duration of and use in accordance with this agreement.”
4. Immediately upon the first to occur of a Licensee Liquidity Event or an Iconic Liquidity Event as described in Section 17.2, the right of Licensor to participate in any subsequent Licensee Liquidity Event or Iconic Liquidity Event and any other rights of Licensor under Section 17.2, shall terminate, provided that, for the avoidance of doubt, Licensor shall have the right to receive the amounts set forth in Section 17.2 that Licensor is entitled to that result from such first to occur Licensee Liquidity Event or Iconic Liquidity Event.
5. The License Agreement is hereby amended by deleting Exhibit A in its entirety and replacing it with the following:

**“EXHIBIT A**

APPROVED USES OF BRINKLEY’S NAME AND LIKENESS

-’CHRISTIE BRINKLEY’

-’BY CHRISTIE BRINKLEY’

-Christie Brinkley’s approved signature

-Approved likeness and other approved publicity rights of Christie Brinkley

-use of CHRISTIE BRINKLEY as incorporated within the Combined Mark”

6. As soon as reasonably practicable following the date hereof, Iconic shall (a) establish an advisory board or committee (the “Advisory Panel”), (b) prepare and provide to Brinkley for review a copy of all relevant documents related to the formation and operation of the Advisory Panel, including, as applicable, any charter for the Advisory Panel and any advisory agreement Iconic intends to use with members of the Advisory Panel (collectively, the “Advisory Panel Documents”), (c) consider and negotiate in good faith with respect to any comments Brinkley may have to the Advisory Panel Documents, and (d) subject to Brinkley’s execution of any applicable Advisory Panel Documents, appoint Brinkley as a member of the Advisory Panel.

7. As soon as reasonably practicable following the date hereof, and in any event within sixty (60) days following the date hereof, Iconic shall grant Brinkley an option (the "Option") to purchase One Million Five Hundred Thousand (1,500,000) shares of its common stock, par value \$.001 per share (the "Option Shares"), subject to approval by the Board of Directors of Iconic, and subject to approval of Iconic's stock option and grant plan (as may be amended from time to time, the "Plan") by its stockholders. The exercise price per share of the Option will be equal to the fair market value of Iconic's common stock on the date the Option is granted, as determined in good faith by its Board of Directors. The Option will be subject to the terms and conditions, including vesting terms (two (2) year vesting in equal quarterly installments), as set forth in a stock option agreement by and between Iconic and Brinkley, in the form attached hereto as Schedule A (the "Option Agreement"), and the Plan then in effect.
8. Except as modified by this Amendment, all terms and conditions of the License Agreement shall remain in full force and effect. This Amendment shall not be deemed a waiver of any term of condition of the License Agreement and shall not be deemed to prejudice any rights which Licensor may now have or may have in the future under or in connection with the License Agreement, as the same may be amended from time to time.
9. This Amendment may be signed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
10. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts made and to be performed in the State of New York, without regard to conflicts of law principles.

[signature appears on next page]

IN WITNESS WHEREOF, this Amendment has been executed and delivered by the parties hereto as of the date first above written.

CHRISTIE BRINKLEY, INC.

By: /s/ Christie Brinkley  
Name: Christie Brinkley  
Title: President

BELLISSIMA SPIRITS LLC

By: /s/ Richard DeCicco  
Name: Richard DeCicco  
Title: President

ICONIC BRANDS, INC.

By: /s/ Richard DeCicco  
Name: Richard DeCicco  
Title: President

Accepted to and Agreed:

/s/ Christie Brinkley  
Christie Brinkley

Schedule A

Form Stock Option Grant Agreement

**SECOND AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
BELLISSIMA SPIRITS LLC**

**THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT** (as it may be amended from time to time in accordance with its terms, this "Agreement") dated as of April 22, 2022 (the "Effective Date"), of Bellissima Spirits LLC, Nevada limited liability company (the "Company"), is entered into among the Persons listed on Annex A attached hereto or who are otherwise subsequently admitted as members of the Company pursuant to the terms of this Agreement (each such Person, in its capacity as a member of the Company, a "Member", and collectively, the "Members"). Certain capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in Annex B attached hereto.

RECITALS

WHEREAS, the Company was organized as a limited liability company under the laws of the State of Nevada on November 23, 2015 for the purpose of operating the business of the Company;

WHEREAS, the Company owns all of the intellectual property and know-how, whether protected, created or arising under domestic or international laws relating to the marketing or sale of wine or spirits under the (a) Bellissima brand name, which includes all Bellissima prosecco, sparkling wines and still wines products, or (b) the brand name Bella Sprizz, which includes all Bella Sprizz aperitifs and bitters products, including all: (i) trademarks and service marks (registered, unregistered, and those arising by common law), trade names, service names, brand names, trade dress rights, logos, corporate names, trade styles, logos, and other source or business identifiers and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, except for the Botticelli Venus trademark, which is owned by Richard DeCicco and registered with the U.S. Patent and Trademark Office under the Registration Number 4053608, Serial Number 77950336, Class 033; (ii) patents, (iii) internet domain names; (iv) copyrights and mask work, database and design rights, whether or not registered or published and any rights arising from artwork, package labeling, designs, publicity, advertising copy and promotional materials; (v) trade secrets, know-how and similar confidential and proprietary information protected by the Uniform Trade Secrets Act or similar legislation; (vi) applications, registrations, renewals and extensions relating to the foregoing; (vii) intellectual property rights arising from or relating to the foregoing; (viii) rights to sue and recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment of the foregoing; and (ix) contract rights relating to or under the foregoing;

WHEREAS, the Members entered into an operating agreement, dated as of November 15, 2015 (the "Original Operating Agreement"), which Original Operating Agreement was amended and restated as of July 26, 2021 (the Original Operating Agreement as so amended and restated, the "Operating Agreement"); and

WHEREAS, the parties hereto now desire to amend and restate the Operating Agreement and adopt and approve this Agreement as the operating agreement for the Company, to establish their respective rights and responsibilities and to govern their relationships as Members of the Company.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

**1. Name; Term.**

(a) The name of the Company is Bellissima Spirits, LLC. The business of the Company may be conducted under any other name deemed necessary or desirable by the Members. The Manager (as defined below) shall give notice to the Members of any change to the name of the Company.

(b) The Company was previously formed as a limited liability company pursuant to the provisions of the Nevada Revised Statutes (the “NRS”), the Company is currently covered by the NRS. The rights, duties and liabilities of the Members and the Manager (as defined below) shall be as provided in the NRS for members and manager except as provided herein. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the NRS in the absence of such provision, this Agreement shall, to the extent permitted by the NRS, control.

(c) The term of the Company commenced on the date the Articles of Organization was filed with the Secretary of State of the State of Nevada and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

**2. Purpose.** The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the NRS and engaging in any and all activities necessary or incidental to the foregoing.

**3. Registered Office; Registered Agent.** The address of the registered office of the Company in the State of Nevada is 3773 Howard Hughes Pkwy Ste 500S, Las Vegas, NV, 89169; and the name of the registered agent of the corporation in the State of Nevada at such address is Incorp Services, Inc.

**4. Principal Office.** The principal office address of the Company shall be 44Seabro Avenue, Amityville, NY 11701, or such other place as the Manager (as defined below) may determine from time to time.

**5. Members.**

(a) The name, mailing address and Membership Interest percentage of each Member is set forth in Annex A attached hereto. The Members are the sole members of the Company and agree to be bound by the terms of this Agreement.

(b) Additional Members (each an “Additional Member”, and collectively the “Additional Members”) may be admitted to the Company only with the Consent of the Manager. This Agreement shall be amended to reflect the Additional Members as parties, and Annex A shall be amended to set forth the information relating to said Additional Member(s), including the amount of their capital contributions and percent ownership. The Members acknowledge and agree that the admission of Additional Members will reduce their proportionate rights with respect to the Company, including without limitation their ownership interest, and hereby consent to the admission of Additional Members and to such reductions. The Additional Members shall be required to execute this Agreement, as so amended as a condition to admission.

(c) A Member shall not withdraw or resign as a Member except upon the written consent of the Manager. Withdrawal will not release a Member from any obligations and liabilities under this Agreement accrued or incurred before the effective date of withdrawal.

## 6. Transfer of Membership Interests.

(a) The Company shall require each Person that acquires any Membership Interest (pursuant to a Transfer or otherwise) after the date hereof, as a condition to the effectiveness of such acquisition, to execute a joinder to this Agreement, whereupon such Person shall be bound by, and entitled to the benefits of and subject to the obligations of, the provisions of this Agreement as a Member of the Company; provided, however, that the Transferring Member will not be released from liabilities as a Member solely as a result of such Transfer, both with respect to obligations to the Company and to third parties, incurred prior to such Transfer.

(b) No Transfer of any Membership Interest shall become effective unless and until: (i) such Transfer constitutes a Transfer of all of the Transferring Member's Membership Interest; (ii) the transferee (unless already subject to this Agreement) executes and delivers to the Company a joinder agreement, agreeing to be treated in the same manner as the Transferring Member pursuant to Section 6(a); and (iii) such Transfer is made in compliance with this Section 6. Any Transfer of a Membership Interest by a Member not made in accordance with this Section 6 shall be void *ab initio*.

### (c) Preemptive Rights.

(i) If the Company proposes to issue any additional Membership Interests to any Person after the date hereof ("Additional Membership Interests"), the Company shall, before such issuance, deliver to each Member a written notice offering to issue to the Members such Additional Membership Interests upon the terms set forth in this Section 6(c) (the "Preemptive Offer Notice"). The Preemptive Offer Notice shall state that the Company proposes to issue Additional Membership Interests and shall set forth the number and terms and conditions (including the purchase price) of such Additional Membership Interests. The offer (the "Preemptive Offer") shall remain open and irrevocable for a period of twenty (20) business days (the "Preemptive Offer Period") from the date of its delivery.

(ii) Each Member may accept the Preemptive Offer by delivering to the Company a notice (the "Purchase Notice") at any time during the Preemptive Offer Period. The Purchase Notice shall state the percentage (the "Preemptive Offer Percentage") of Additional Membership Interests such Member desires to purchase. If the sum of all Preemptive Offer Percentage exceeds the number of Additional Membership Interests, the Additional Membership Interests shall be allocated among the Members that delivered a Purchase Notice in accordance with their respective Membership Interest at the time of the Preemptive Offer.

(iii) The issuance of Additional Membership Interests to the Members shall be made on a business day, as designated by the Company, not more than sixty (60) days after expiration of the Preemptive Offer Period on those terms and conditions of the Preemptive Offer not inconsistent with this Section 6(c).

(iv) If the number of Additional Membership Interests exceeds the sum of all Preemptive Offer Percentages, the Company may issue such excess or any portion thereof on the terms and conditions set forth in the Preemptive Offer to any Person within ninety (90) days after expiration of the Preemptive Offer Period. If such issuance is not made within such ninety (90)-day period, the restrictions provided for in this Section 6(c) shall again become effective.

(d) Member's Right of First Refusal.

(i) If at any time a Member proposes to Transfer all or a portion of such Member's Membership Interest (a "Transferring Member"), then the Transferring Member shall promptly give the other Members (the "Non-Transferring Members") written notice of the Transferring Member's intention to make such Transfer (the "Transfer Notice"); provided, however, that this Section 6(d) shall not apply to any proposed transfer pursuant to Section 12 hereof. The Transfer Notice shall include (A) a description of the Membership Interest to be Transferred (the "Offered Interest"), (B) the name(s) and address(es) of the prospective transferee(s), (C) the consideration proposed to be paid by such prospective transferee(s) in exchange for the Offered Interest and (D) the material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Transferring Member has received a firm offer from the prospective transferee(s) and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(ii) The Non-Transferring Members shall have an option for a period of twenty (20) days from delivery of the Transfer Notice to elect to purchase the Offered Interest at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The Non-Transferring Members may exercise such purchase option and purchase the Offered Interest by notifying the Transferring Member in writing before the expiration of such twenty (20) day period. If any one or more of the Non-Transferring Members gives the Transferring Member notice that it desires to purchase such Offered Interest (the "Purchasing Member"), then payment for the Offered Interest shall be by check or wire transfer, against delivery of the Offered Interest to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than sixty (60) days after delivery to the Non-Transferring Members of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third-party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 6(d)(iii).

(iii) Should the purchase price specified in the Transfer Notice be payable in property other than cash or evidences of indebtedness, the Purchasing Members shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property. If the Transferring Member and the Purchasing Members cannot agree on such cash value within fifteen (15) days after delivery to the Non-Transferring Member of the Transfer Notice, the valuation shall be made by an appraiser of recognized standing mutually selected by the Transferring Member and the Purchasing Members or, if they cannot agree on an appraiser within twenty (20) days after delivery to the Non-Transferring Member of the Transfer Notice, each shall select an appraiser of recognized standing and those appraisers shall designate a third appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by the Transferring Member and the Purchasing Members. If the time for the closing of the Purchasing Member's purchase has expired but the determination of the value of the purchase price offered by the prospective transferee(s) has not been finalized, then such closing shall be held on or prior to the fifth business day after such valuation shall have been made pursuant to this Section 6(d)(iii).

(e) Right of Co-Sale. If any Non-Transferring Member does not exercise its right of refusal pursuant to Section 6(d), such Non-Transferring Member shall have the right to participate in such Transfer of Membership Interest (the "Participating Member") to such-third party transferee(s) on the same terms and conditions as specified in the Transfer Notice upon providing the Transferring Member with written notice of the Participating Member's intention to participate in such Transfer within thirty (30) days after delivery of the Transfer Notice.

(f) Notwithstanding anything herein to the contrary, the net proceeds of any Transfer of a Membership Interest governed by this Section 6 shall be apportioned in accordance with their respective distribution priorities set forth in Section 13(b), and after making all allocations required by this Agreement.

(g) Non-Exercise of Rights. If the Non-Transferring Members do not exercise their right of first refusal pursuant to Section 6(d) or their right of co-sale pursuant to Section 6(e), the Transferring Member shall have a period of thirty (30) days from the expiration of such rights in which to Transfer the Offered Interest upon the terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice, to the third-party transferee(s) identified in the Transfer Notice. The third-party transferee(s) shall acquire the Offered Interest free and clear of any subsequent right of first refusal or co-sale right under this Agreement. In the event that the Transferring Member does not consummate the Transfer of the Offered Interest within the thirty (30) day period from the expiration of these rights, the right of first refusal and co-sale rights of the Non-Transferring Members shall continue to be applicable to any subsequent disposition of the Offered Interest by the Transferring Member until such right lapses in accordance with the terms of this Agreement. Furthermore, the exercise or non-exercise of the rights of the Non-Transferring Members under Section 6(d) and Section 6(e) shall not adversely affect its rights to make subsequent purchases from the Non-Transferring Members or participate in subsequent Transfers of Membership Interests by the Non-Transferring Members.

**7. Powers.** The Company shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, granted under the laws of the State of Nevada. The Manager is hereby designated as an authorized person, within the meaning of the NRS, to execute, deliver and file any amendments and/or restatements to the Certificate of Formation of the Company and any other certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may wish to conduct business as well as such other agreements and instruments in connection with matters and transactions otherwise approved by the Company with respect to conduct of its business.

#### **8. Management.**

(a) Except for situations in which the approval of any Member(s) is specifically required by this Agreement, all management powers over the business and affairs of the Company shall be exclusively vested in one or more managers who shall be appointed by the Members. The Members hereby appoint Iconic Brands, Inc. as the sole Manager of the Company (the "Manager") and the Manager hereby accepts such appointment and agrees to be bound by the provisions of this Agreement. To the extent permitted by law, the Manager shall be the only person authorized to act on behalf of and to bind the Company in all respects, without any further consent, vote or approval of any of the Members, and the Manager's powers shall include, without limitation, the authority to negotiate, complete, execute and deliver any and all agreements, deeds, instruments, receipts, certificates and other documents on behalf of the Company, and to take all such other actions on behalf of the Company as the Manager may consider necessary, appropriate or advisable in connection with the management of the business and affairs of the Company. The Manager's acts on behalf of the Company shall be conclusive evidence of his, her or its authority to act on behalf of and to bind the Company.

(b) The Manager may resign at any time by giving written notice to the Members and may be removed by a vote of the Members holding a majority of the Membership Interests at any time upon written notice to the Manager. The resignation or removal of the Manager shall not affect his, her or its rights as a Member and shall not constitute a withdrawal of such Member. Further, unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Members, and the acceptance of the resignation shall not be necessary to make it effective.

(c) The Members agree that all determinations, decisions and actions made or taken by the Manager in accordance with this Agreement shall be conclusive and absolutely binding upon the Company, the Members and their respective successors, assigns and personal representatives. No other Member of the Company shall have any authority or right to act on behalf of or bind the Company, unless otherwise provided herein or unless specifically authorized by the Manager pursuant to a resolution expressly authorizing such action which resolution is duly adopted by the Manager.

(d) Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Manager as herein set forth.

(e) The Manager may appoint individuals as officers of the Company (the "Officers") as it deems necessary or desirable to carry on the business of the Company and the Manager may delegate to such Officers such power and authority as the Manager deems advisable. No Officer need be a Member of the Company. Any individual may hold two or more offices of the Company. Each Officer shall hold office until his successor is designated by the Manager or until his earlier death, resignation or removal. Any Officer may resign at any time upon written notice to the Manager. Any Officer may be removed by the Manager with or without cause at any time. A vacancy in any office occurring because of death, resignation, removal or otherwise, may, but need not, be filled by the Manager.

(f) The Manager and each duly appointed officer are authorized and empowered to open bank accounts and brokerage accounts on behalf of the Company with any banks or other financial institutions, and designate the persons authorized to sign checks, notes, drafts, bills of exchange, acceptances, undertakings or orders for payment of money from funds of the Company on deposit in such accounts, as may be deemed by the Manager or such duly appointed officer, or any of them, to be necessary, appropriate or otherwise in the best interests of the Company.

(g) The Manager shall keep the other Members reasonably informed on a timely basis of any material fact, information, litigation, employee relations or other matter that could reasonably be expected to have a material impact on the operations or financial position of the Company. The Manager shall provide all material information relating to the Company or the management or operation of the Company as any Member may reasonably request from time to time.

(h) Nothing contained in this Agreement shall prevent any Member, including the Manager, from engaging in any other activities or businesses, regardless of whether those activities or businesses are similar to or competitive with the Company. None of the Members shall be obligated to account to the Company or to the other Member for any profits or income earned or derived from other such activities or businesses. In addition, none of the Members shall be obligated to inform the Company or the other Member of any business opportunity of any type or description.

**9. Capital Contributions.** In connection with the execution of this Agreement, no additional contributions to the capital of the Company are being made by the Members.

**10. Additional Contributions.**

(a) No Member shall be required to make any additional Capital Contributions ("Additional Capital Contributions") to the Company. The Manager may, in its sole and absolute discretion, but shall in no event be obligated to, offer to one or more Members the opportunity to make Additional Capital Contributions in an amount deemed appropriate by the Manager in cash at any time that the Manager determines in its sole and absolute discretion.

(b) If the Manager at any time or from time to time determines to permit Additional Capital Contributions from Members, the Manager shall give Notice to each Member that the Company is permitting Additional Capital Contributions and the date on which funds from each Member who decides to make an Additional Capital Contribution will be due and payable.

**11. Required Consent for Capital Events.** Notwithstanding the anything to the contrary in this Agreement, the Company shall not enter into any transaction that would constitute or involve a Capital Event without the prior written consent of the Members holding in the aggregate a Membership Interest Percentage of at least eighty percent (80%).

**12. Put Rights To Iconic Brands, Inc.**

(a) In the event of, in one or a series of related transactions, (A) a sale of all or substantially all of the assets of Iconic Brands, Inc. ("Iconic Brands"), (B) a change of control of Iconic Brands, (C) a sale of equity following which the shareholders of Iconic Brands immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Iconic Brands, or (D) a merger, consolidation or similar transaction involving Iconic Brands following which the shareholders of Iconic Brands immediately prior to such transaction do not own, immediately following such transaction, a majority of the voting and economic rights in Iconic Brands, in each case which transaction results in cash or other consideration for Iconic Brands and/or its direct or indirect beneficial owners (any such event, an "Iconic Liquidity Event"), Iconic Brands shall, whether or not it is then a Member or otherwise has an ownership or other interest in the Company, within ten (10) business days of the date of occurrence of such Iconic Liquidity Event, notify each Member in writing of the occurrence of such Iconic Liquidity Event and engage, at its expense, an independent third-party appraiser reasonable acceptable to the Minority Member (the "Appraiser") to determine the enterprise value of the Company (the "Company Value"), which determination shall be completed within thirty (30) days of the date of such Iconic Liquidity Event. Within ten (10) days of its receipt of the Company Value from the Appraiser, Iconic Brands shall forward to each of the Members (i) a copy of each report or other written communication received by Iconic Brands from the Appraiser setting out its determination of the Company Value and (ii) notice to the Members (the "Put Notice") that each Member has the right to put and sell to Iconic Brands, and Iconic Brands will purchase, whether or not it is then a Member or otherwise has an ownership or other interest in the Company, from each Member who elects to sell, each such Member's Membership Interest pursuant to this Section 12.

(b) Upon the occurrence of an Iconic Liquidity Event, each Member shall have the right to put and sell its Membership Interest to Iconic Brands (its "Put Right"), and Iconic Brands shall be obligated to purchase from and pay to each Member that provides notice to Iconic Brands of its election to exercise its Put Right, the Membership Interest of such Member, for a purchase price equal to the product of the Membership Interest Percentage of such Member and the Company Value, less an amount equal to the product of Iconic Brands' expenses incurred in connection with such Iconic Liquidity Event and a fraction, the numerator of which is the Company Value and the denominator of which is the total gross proceeds to Iconic Brands and/or its direct or indirect beneficial owners in connection with such Iconic Liquidity Event.

(c) The Put Right provided for in this Section 12 may be exercised by a Member by delivery to Iconic Brands (and to the Manager if Iconic Brands is not then the Manager), within the ten (10) business day period following the delivery to the Members of the Put Notice (the "Election Period"), of a written notice that such Member has elected to exercise its Put Right (a "Put Election"). If a Member does not deliver a Put Election within the Election Period, the Member shall be deemed to have waived its Put Right with respect to such Iconic Liquidity Event. The closing of any sale pursuant to this Section 12 shall take place at Iconic Brand's principal place of business and on a date no later than five (5) business days following the termination of the Election Period, at which time the Members that have exercised their Put Election shall execute any documentation reasonably requested by Iconic Brands or the Manager to evidence and document such transfer and purchase of its Membership Interest and the Company shall tender to the Members that have exercised their Put Election the purchase price for such Membership Interests.

(d) The obligations of Iconic Brands under this Section 12 shall survive any transfer by Iconic Brands of its Membership Interests in the Company and shall be binding on Iconic Brands whether or not it is then a Member or otherwise has an ownership or other interest in the Company.

**13. Distribution.** Subject to applicable law, the Manager may cause the Company to make distributions in accordance with Section 13(a) and Section 13(b) below at such times and in such amounts as the Manager may determine in the Manager's sole discretion.

(a) Distributions of Available Cash Flow. The Manager may cause the Company to make distributions of Available Cash Flow to the Members pro rata in accordance with their Cash Flow Ratios.

(b) Distributions of Net Proceeds from Capital Events. The Manager shall cause the Company to make distributions of net proceeds attributable to Capital Events to the Members pro rata in accordance with their Membership Interest percentage as set forth opposite each Member's name in Annex A attached hereto (their "Membership Interest Percentage").

**14. Fiscal Year; Tax Matters.**

(a) The Fiscal Year of the Company for accounting and tax purposes shall begin on January 1 and end on December 31 of each year, except for the short taxable years in the years of the Company's formation and termination.

(b) If requested by the Manager, each Member shall, if able to do so, deliver to the Manager: (i) an affidavit in form satisfactory to the Manager that the applicable Member (or its members, as the case may be) is not subject to withholding under the provisions of any federal, state, local, foreign or other law; (ii) any certificate that the Manager may reasonably request with respect to any such laws; and (iii) any other form or instrument reasonably requested by the Manager relating to any Member's status under such law. If a Member fails or is unable to deliver to the Manager any such requested affidavit, certificate or other form or instrument reasonably satisfactory to the Manager, then the Manager may withhold amounts from such Member in accordance with Section 14(c) below.

(c) To the extent the Company is required by law to withhold or to make tax payments on behalf of or with respect to any Member ("Withholding Advances"), the Manager may withhold such amounts and make such tax payments as so required. All Withholding Advances made on behalf of a Member shall (i) be paid on demand by the Member on whose behalf such Withholding Advances were made, or (ii) with the consent of the Manager, in its sole discretion, be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Member or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Member. Notwithstanding the foregoing, whenever repayment of a Withholding Advance by a Member is made as described in clause (ii), for all other purposes of this Agreement such Member shall be treated as having received all distributions (whether before or upon dissolution) unreduced by the amount of such Withholding Advance. The liability and obligation of a Member under clause (i) of this Section 14(c) shall survive any sale, exchange, liquidation, retirement or other disposition of such Member's interest in the Company.

(d) Tax Status.

(i) It is the intention of the Company and the Members that the Company shall be treated as a U.S. corporation for federal and all relevant state income tax purposes. All provisions of this Agreement are to be construed to preserve the Company's tax status as a U.S. corporation.

(ii) Each Member shall, promptly upon request, provide to the Company duly completed and executed documentation and other documents, information and instruments required under any tax law or regulation applicable with respect to the Company or such Member that is necessary in order for the Company to (A) comply with the requirements imposed on the Company by any such tax law or regulation, or (B) avoid, mitigate, reduce or exempt the Company from the application of liability or other obligation under, or to enable the Company to elect not to have apply to it, any documentation, information collection, reporting, payment or withholding liability or obligation imposed on the Company by any such tax law or regulation. In the case of a Member that is (or becomes) treated as a partnership, S corporation, trust or other fiscally transparent entity or that is (or becomes) treated as an intermediary with respect to direct or indirect holders of interests in such Member for purposes of any such tax law or regulation, the obligation of such Member under the immediately preceding sentence shall include providing such documentation and other documents, information and instruments with respect to the direct or indirect holders of interests in such Member.

(e) The Company and the Members intend for the amendments made pursuant to this Agreement to be treated as a "recapitalization" of the Company within the meaning of Section 368(a)(1)(E) of the Code. The Company and each Member agrees not to take any position inconsistent with such characterization on any tax return, before any tax authority, or in any proceeding relating to taxes, unless otherwise required by a final determination by any tax authority.

**15. Books and Records.** Proper and complete records and books of account of the business of the Company shall be maintained at the Company's principal place of business. The Members and their duly authorized representatives may, for any reason reasonably related to their interest as Members of the Company, examine the Company's books of account. The Members shall maintain the records of the Company for three years following the termination of the Company.

**16. Liability of Members.** The Members shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the NRS.

**17. Minority Member's Right of First Refusal.**

(a) If at any time the Company proposes to Transfer all or substantially all of the assets of the Company, then the Company shall promptly give the Members written notice of the Company's intention to make such Transfer (the "Asset Sale Notice"). The Asset Sale Notice shall include (A) a description of the assets to be Transferred (the "Offered Assets"), (B) the name(s) and address(es) of the prospective transferee(s), (C) the consideration proposed to be paid by such prospective transferee(s) in exchange for the Offered Assets and (D) the material terms and conditions upon which the proposed Transfer is to be made. The Asset Sale Notice shall certify that the Company has received a firm offer from the prospective transferee(s) and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Asset Sale Notice. The Asset Sale Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(b) The Minority Member shall have an option for a period of twenty (20) days from delivery of the Asset Sale Notice to the Members to elect to purchase the Offered Assets at the same price and subject to the same material terms and conditions as described in the Asset Sale Notice. The Minority Member may exercise such purchase option and purchase the Offered Assets by notifying the Company in writing before the expiration of such twenty (20) day period. If the Minority Member gives the Company notice that he desires to purchase such Offered Assets, then payment for the Offered Assets shall be by check or wire transfer, against delivery of the Offered Assets to be purchased at a place agreed upon between the Company and the Minority Member and at the time of the scheduled closing therefor, which shall be no later than sixty (60) days after delivery to the Members of the Asset Sale Notice, unless the Asset Sale Notice contemplated a later closing with the prospective third-party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 17(c).

(c) Should the purchase price specified in the Asset Sale Notice be payable in property other than cash or evidences of indebtedness, the Minority Member shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property. If the Company and the Minority Member cannot agree on such cash value within fifteen (15) days after delivery to the Members of the Asset Sale Notice, the valuation shall be made by an appraiser of recognized standing mutually selected by the Company and the Minority Member or, if they cannot agree on an appraiser within twenty (20) days after delivery to the Members of the Asset Sale Notice, each shall select an appraiser of recognized standing and those appraisers shall designate a third appraiser of recognized standing, whose appraisal shall be determinative of such value. The cost of such appraisal shall be shared equally by the Company and the Minority Member. If the time for the closing of the Minority Member's purchase has expired but the determination of the value of the purchase price offered by the prospective transferee(s) has not been finalized, then such closing shall be held on or prior to the fifth business day after such valuation shall have been made pursuant to this Section 17(c).

**18. Dissolution.** The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the written consent of all of the Members, (ii) the death, retirement, resignation, expulsion, bankruptcy or dissolution of the Members or the occurrence of any other event which terminates the continued membership of the Members in the Company, including the disposition of all of the Members' interest in the Company, unless the business of the Company is continued by the consent of all of any remaining members of the Company within 90 days following the occurrence of any such event or in a manner permitted by the NRS, or (iii) the entry of a decree of judicial dissolution under the NRS.

**19. Procedures Upon Dissolution.** Upon dissolution of the Company, the Company shall be terminated, and the Manager, or if there is no Manager, such other Person(s) appointed in accordance with applicable law to wind up the Company's affairs (the "Liquidator(s)") shall liquidate the assets of the Company as promptly as possible, but in an orderly and businesslike manner so as to not involve undue sacrifice. The proceeds of liquidation shall be applied and distributed in the following order of priority:

(a) first, to the payment of the debts and liabilities of the Company (other than any loans or advances made by any of the Members to the Company) and the expenses of liquidation;

(b) second, to the creation of any reserves that the Liquidator(s) deem(s) reasonably necessary for the payment of any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the business and operation of the Company;

(c) third, to the payment of any loans or advances made by any of the Members to the Company; and

(d) thereafter, to the Members and the Manager in accordance with their respective distribution priorities set forth in Section 13(b) of this Agreement.

**20. Indemnification.** To the full extent permitted by the NRS and applicable law, the Company shall (a) indemnify the Manager, and any director or officer of the Company or such person's heirs, distributees, next of kin, successors, appointees, executors, administrators, legal representatives or assigns who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a Manager, director or officer of the Company or is or was serving at the request of the Company or as a Manager, director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, domestic or foreign, on or after the date hereof, against expenses, attorneys' fees, court costs, judgments, fines, amounts paid in settlement and other losses actually and reasonably incurred by such person in connection with such action, suit or proceeding and (b) advance expenses incurred by a Manager, officer or director in defending such civil or criminal action, suit or proceeding to the full extent authorized or permitted by the laws of the State of Nevada. A Manager shall have no personal liability to the Company or its members for monetary damages for breach of fiduciary duty as a Manager; provided, however, that the foregoing provision shall not eliminate the liability of a Manager for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or for any transaction from which the Manager derived an improper personal benefit. The provisions of this Section 20 shall survive the dissolution, liquidation, winding up and termination of the Company.

**21. Amendments.** This Agreement may not be amended or modified except by the unanimous written consent of the Members.

**22. Governing Law.** This Agreement shall be governed by, and construed under, the laws of the State of Nevada, all rights and remedies being governed by said laws. The Members intend the provisions of the NRS to be controlling as to any matters not set forth in this Agreement.

**23. Reimbursement.** The Company shall reimburse the Manager for all expenses incurred by him on behalf of the Company, including, without limitation, expenses incurred in connection with the establishment of the Company, all legal, audit and accounting expenses, investment expenses such as commissions, research fees, service contracts for quotation equipment and newswires, borrowing charges on securities sold short and other borrowing charges, custodian fees, bank service fees, fees or expenses associated with insuring the Company's assets, insurance premiums benefiting the Company and/or its Members and any reasonable expenses related to the purchase, sale or transmittal of the Company's assets as shall be determined by the Managers in their sole discretion. Any reimbursement by the Company to the Manager shall be treated as an expense of the Company that shall be deducted in computing net profits and net losses and such reimbursement shall be made out of the assets of the Company (including the proceeds of the initial sale of Membership Interests) to the extent possible. The Manager's determination of which expenses may be reimbursed, and the amount thereof shall be conclusive. The Manager shall be entitled to charge all Members in accordance with their ownership interest to the extent necessary in order to collect full reimbursement hereunder. The obligations of the Manager to be performed under this Agreement will not be affected by a failure of the Company to reimburse expenses.

**24. Assignments and Substitution.** A Member may not assign in whole or in part his or her limited liability company interest in the Company or cause an assignee of all or part of such interest to be admitted as a member of the Company without, in each case, the written consent of the Manager to such assignment and/or admission. The assignment of a limited liability company interest in the Company to a minor or person adjudged insane or incompetent is prohibited, and the consent of the Members to any such transfer or assignment shall be void and of no effect. Any purported assignment of a limited liability company interest in violation of the provisions of this Agreement shall be of no effect as between the Company and the purported assignee and shall be unenforceable as against the Company or the Members.

**25. Agreement in Counterparts.** This Agreement may be executed in any number of counterparts, and all counterparts so executed shall together constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

**26. Captions.** Captions contained in this Agreement are inserted as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

**27. Partial Invalidity.** If any provision of this Agreement is held to be invalid, unlawful or incapable of being enforced by reason of rule of law or public policy, all other provisions of this Agreement which can be given effect without such invalid, unlawful or unenforceable provisions shall, nevertheless, remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the day first above written.

**MEMBERS:**

**Richard DeCicco**

*/s/ Richard DeCicco* \_\_\_\_\_

**Roseann Faltings**

*/s/ Roseann Faltings* \_\_\_\_\_

**PNBM Holdings LLC**

By: */s/ Peter Levine* \_\_\_\_\_

Name: Peter Levine

Title: Manager

**Iconic Brands, Inc.**

By: */s/ Richard DeCicco* \_\_\_\_\_

Name: Richard DeCicco

Title: President

ANNEX A

<i>Name and Address of Member</i>	<i>Membership Interest Percentage</i>
Richard DeCicco 44 Seabro Avenue Amityville, NY 11710	15.34%
Roseann Faltings 44 Seabro Avenue Amityville, NY 11710	15.34%
PNBM Holdings LLC 3 Butternut Road Randolph, NJ 07869	15.33%
Iconic Brands, Inc. 44 Seabro Avenue Amityville, NY 11710	54.00%

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**ANNEX B**

**Definitions**

Definitions. When used in this Agreement, the following terms shall have the meanings set forth below:

“Additional Capital Contributions” is defined in Section 9.

“Additional Membership Interests” is defined in Section 6(c)(i).

“Agreement” means this amended and restated limited liability company agreement, as originally executed and as amended from time to time.

“Appraiser” is defined in Section 12(a).

“Asset Sale Notice” is defined in Section 17(a).

“Available Cash Flow” means the gross receipts and other miscellaneous revenue derived from Company operations (but not including proceeds from a Capital Event) less all cash operating expenses of the Company including, without limitation, (i) debt service on any Company loans, (ii) taxes and other fees incurred in connection with the operation of the Company, and (iii) increases, if any, in reserves established by the Manager from time to time for working capital and other purposes.

“Capital Contribution” means the total amount of cash and fair market value of property contributed to the Company by the Members.

“Capital Event” means any transaction or series of related transactions involving: (i) any merger, acquisition, consolidation, conversion, amalgamation, business combination, reorganization, recapitalization, tender offer, exchange offer or issuance of securities involving a change of ownership or control (whether in whole or in part and whether the Company will survive or exist after such change) of the Company; (ii) the issuance or sale by the Company of any Membership Interest, (iii) the Transfer of a Membership Interest by a Member, other than to another Member; (iv) the sale, exchange or other disposition of a capital asset of the Company; (v) any insurance or other payments derived from losses or damage to, or the involuntary conversion of, a capital asset; (vi) the refinancing of the Company’s indebtedness; and (vii) similar events. For purposes of this definition, the phrase “other disposition” includes a taking of all or substantially all of a property by eminent domain or the damage or destruction of all or substantially all of such property or any transaction not in the ordinary course of business which results in the Company’s receipt of cash or other consideration including condemnations, recoveries of damage awards and insurance proceeds.

“Cash Flow Ratios” of the Members with respect to any distribution of Available Cash Flow pursuant to Section 13(a) shall be as follows:

Iconic Brands, Inc.	100%
Richard DeCicco	0%
PNBM Holdings LLC	0%
Roseann Faltings	0%

“Code” means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Treasury Regulations.

“Company Value” is defined in Section 12(a).

“Election Period” is defined in Section 12(c).

“Iconic Brands” is defined in Section 12(a).

“Iconic Liquidity Event” is defined in Section 12(a).

“Manager” means a Person that manages the business and affairs of the Company as provided herein.

“Member” means a Person who acquires a Membership Interest, as permitted under this Agreement.

“Membership Interest” means a Member’s entire interest in the Company including the right to vote on or participate in the management, and the right to receive information concerning the business and affairs, of the Company.

“Membership Interest Percentage” is defined in Section 13(d).

“Minority Member” means Richard DeCicco, an individual residing at 44 Seabro Avenue, Amityville, New York 11710 and his successors and assigns.

“Non-Transferring Member” is defined in Section 5(f)(i).

“Offered Assets” is defined in Section 17(a).

“Offered Interest” is defined in Section 5(f)(i).

“Participating Member” is defined in Section 6(e).

“Person” means an individual, partnership, joint venture, corporation, limited liability company, trust or unincorporated organization, a government or any department, agency or political subdivision thereof, or any other entity.

“Preemptive Offer” is defined in Section 6(c)(i).

“Preemptive Offer Notice” is defined in Section 6(c)(i).

“Preemptive Offer Percentage” is defined in Section 6(c)(ii).

“Preemptive Offer Period” is defined in Section 6(c)(i).

“Purchase Notice” is defined in Section 6(c)(ii).

“Purchasing Member” is defined in Section 6(e)(ii).

“Put Election” is defined in Section 12(c).

“Put Notice” is defined in Section 12(a).

“Put Right” is defined in Section 12(b).

“Transfer” means any voluntary or involuntary transfer, sale, pledge or hypothecation or other disposition, whether directly or indirectly and whether through one or a series of transactions (including by way of a Change of Control of any Member), and, as a verb, voluntarily or involuntarily to transfer, sell, pledge or hypothecate or otherwise dispose of, whether directly or indirectly and whether through one or a series of transactions.

“Transfer Notice” is defined in Section 5(f)(i).

“Transferring Member” is defined in Section 5(f)(i).

“Treasury Regulations” means the final or temporary regulations that have been issued by the U.S. Department of Treasury pursuant to its authority under the Code, and any successor regulations.

“Withholding Advances” is defined in Section 14.

## List of Subsidiaries

<b>Name of Subsidiary</b>	<b>Percent Owned</b>	<b>Jurisdiction of Organization</b>
Bellissima Spirits LLC	54%	Nevada
BiVi LLC	54%	Nevada
United Spirits, Inc.	100%	New York
TopPop LLC	100%	New Jersey
Empire Wine and Spirits, LLC	60%	Nevada

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-262103) and the Registration Statement on Form S-1 (No. 333-261400) of Iconic Brands, Inc. of our report dated April 13, 2021, relating to the consolidated financial statements of Iconic Brands, Inc., appearing in the Annual Report on Form 10-K for the year ended December 31, 2021.

*/s/ Qi CPA LLC*

Qi CPA LLC

Valley Stream, New York

June 15, 2022

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

I, Larry Romer, certify that:

1. I have reviewed this annual report on Form 10-K 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. I am 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. I have disclosed, based on my 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: June 15, 2022

*/s/ Larry Romer*

\_\_\_\_\_  
Larry Romer  
Chief Executive Officer  
(Principal Executive Officer)

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

I, David Allen, certify that:

1. I have reviewed this annual report on Form 10-K 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. I am 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. I have disclosed, based on my 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: June 15, 2022

*/s/ David Allen*

\_\_\_\_\_  
David Allen  
Chief Financial Officer  
(Principal Financial Officer)

**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, Larry Romer, Chief Executive Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

- (1) The Company's annual report on Form 10-K for the period ended December 31, 2021 (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.

Date: June 15, 2022

By: /s/ Larry Romer

Larry Romer  
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.

**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, David Allen, Chief Financial Officer of Iconic Brands, Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

- (1) The Company's annual report on Form 10-K for the period ended December 31, 2021 (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.

Date: June 15, 2022

By: /s/ David Allen  
David Allen  
Chief Financial Officer  
(Principal Financial 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.