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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022
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)

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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

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

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

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

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

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

As of November 29, 2022, the registrant had 107,916,138 shares of common stock, $0.001 par value per share ("Common Stock"), issued and outstanding.

ICONIC BRANDS, INC.
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FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q may be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, 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" in our 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 Quarterly Report on Form 10-Q. Any forward-looking statements speak only as of the date on which they are made, and we disclaim any obligation to publicly update or release any revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by applicable law.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

ICONIC BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

		September 30, 2022		December 31, 2021
ASSETS				
Current assets:				
Cash	$	2,798,401	$	2,190,814
Accounts receivable		4,632,615		852,321
Inventory		1,851,401		1,228,351
Prepaid expense and other current assets		563,525		74,517
Total current assets		9,845,942		4,346,003
Right-of-use assets, net		5,129,412		3,074,864
Leasehold improvements, furniture, and equipment, net		7,553,053		5,556,964
Intangible assets		19,219,733		21,609,586
Goodwill		5,282,429		15,976,877
Other assets		421,198		142,362
Total assets	$	47,451,767	$	50,706,656
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	$	6,467,349	$	2,713,046
Notes payable		5,080,467		5,045,466
Factoring liability		1,063,323		-
Deferred revenue		136,626		135,034
Other current liabilities		177,233		132,234
Current portion of operating lease liability		538,001		380,487
Contingent consideration		7,219,844		8,244,642
Total current liabilities		20,682,843		16,650,909
Operating lease liability, long term		4,916,909		2,835,828
Notes payable, long term		158,666		147,001
Contingent consideration, long term		-		11,959,863
Total liabilities		25,758,418		31,593,601
Stockholders' and members' equity:				
Preferred stock, $0.001 par value; authorized 100,000,000 shares:		-		-
Series A-2 Preferred Stock, 37,773 shares issued and outstanding at September 30, 2022;26,623 shares issued and outstanding at December 31, 2021		38		27
Common Stock, $0.001 par value; authorized 2,000,000,000 shares, 107,212,138 shares issued and outstanding at September 30, 2022 and90,542,764 shares issued and outstanding at December 31, 2021		107,213		90,544

Additional paid-in capital	71,735,014	56,749,055
Accumulated deficit	(49,276,866)	(36,961,344)
Noncontrolling interests	(872,050)	(765,227)
Total stockholders’ equity	21,693,349	19,113,055
Total liabilities and stockholders’ equity	$ 47,451,767	$ 50,706,656

See accompanying notes to Unaudited Condensed Consolidated Financial Statements.

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ICONIC BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	**2021**
REVENUE		(Restated)		(Restated)
Sales	$ 3,162,422	$ 2,846,437	$ 13,863,440	$ 4,065,884
Cost of goods sold	2,546,965	2,151,088	9,672,678	2,794,927

Gross Profit	615,457	695,349	4,190,762	1,270,957
OPERATING EXPENSES				
General and administrative expenses	4,493,080	1,355,637	14,204,208	3,843,608
Selling and marketing	148,377	1,256,589	836,839	1,659,956
Total operating expenses	4,641,457	2,612,226	15,041,047	5,503,564
Loss from operations	(4,026,000)	(1,916,877)	(10,850,285)	(4,232,607)
Other income (expense):				
Change in fair value of contingent consideration	12,984,661	-	12,984,661	-
Loss on impairment of Goodwill	(10,694,448)	-	(10,694,448)	-
Gain on forgiveness of PPP loan	-	-	-	28,458
Interest expense	(191,764)	(452,539)	(619,050)	(483,293)
Other income (expense), net	8,935	(22,708)	16,783	(22,708)
Total other income (expense)	2,107,384	(475,247)	1,687,946	(477,543)
Net loss	$ (1,918,616)	$ (2,392,124)	$ (9,162,339)	$ (4,710,150)
Net loss attributable to noncontrolling interests in subsidiaries	(1,000)	(163,024)	(106,823)	(138,078)
Net loss attributable to Iconic Brands, Inc.	(1,917,616)	(2,229,100)	(9,055,516)	(4,572,072)
Dividend to preferred shareholders	(3,260,006)	-	(3,260,006)	-
Net loss attributable to common stockholders	(5,177,622)	(2,229,100)	(12,315,522)	(4,572,072)
Basic and diluted loss per common share	$ (0.05)	$ (0.03)	$ (0.12)	$ (0.14)
Weighted average number of shares outstanding, basic and diluted	104,959,149	69,757,489	98,967,135	34,394,031

See accompanying notes to Unaudited Condensed Consolidated Financial Statements.

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ICONIC BRANDS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	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	Non-Controlling interests	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance, December 31, 2020	-	$ 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	-	-	15,003,654	15,010,385	-	-	15,010,385
Issuance of common Stock for services	-	-	-	-	-	-	-	-	-	-	3,401,670	3,402	-	-	1,235,100	1,238,502	-	-	1,238,502
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 stock issued in exchange for old Series, E, F and G Preferred stock	-	-	(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	-	-	-	--
Buy back of Series F Preferred stock	-	-	-	-	(225)	(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	-	-	5,414,865	5,415,416	-	-	5,415,416
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)	-	-	-	-
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(138,078)	(4,572,072)	(4,710,150)
Balance, September 30, 2021	(1)	$ -	-	$ -	-	$ -	-	$ -	26,623	$ 27	89,032,764	$ 89,034	-	$ -	$56,112,558	$ 56,201,619	$ (862,423)	$ (31,069,422)	$ 24,269,774
Balance, June 30, 2021	1	$ 1	2,115,224	$ 2,115	2,414	$ 2,413,750	1,475	$ 1,475,000	-	$ -	18,170,551	$ 18,171	-	$ -	$22,682,752	$ 26,591,789	$ (1,127,864)	$ (28,840,322)	$ (3,376,397)
Common Stock and Series A-2 Preferred Stock issued for Cash, net of fees	-	-	-	-	-	-	-	-	18,800	19	6,711,997	6,712	-	-	15,003,654	15,010,385	-	-	15,010,385
Issuance of Common Stock for services	-	-	-	-	-	-	-	-	-	-	1,500,000	1,500	-	-	467,250	468,750	-	-	468,750
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 stock issued in exchange for old Series, E, F and G Preferred stock	-	-	(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	-	-	-	-
Buy back of Series F Preferred stock	-	-	-	-	(225)	(225,000)	-	-	-	-	-	-	-	-	225,000	-	-	-	-
Common Stock and Series A-2 Preferred Stock issued to settle notes payable	-	-	-	-	-	-	-	-	4,268	4	547,200	547	-	-	5,414,865	5,415,416	-	-	5,415,416
Shares issued in exchange for old warrants	-	-	-	-	-	-	-	-	-	-	8,283,899	8,284	-	-	(8,284)	-	-	-	-
Purchase of United Spirits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,428,465)	(1428,465)	428,465	-	1,000,000
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(163,024)	(2,229,100)	(2,392,124)
Balance, September 30, 2021	-	$ -	-	$ -	-	$ -	-	$ -	26,623	$ 27	89,032,764	$ 89,034	-	$ -	$56,112,558	$ 56,201,619	$ (862,423)	$ (31,069,422)	$ 24,269,774
Balance, December 31, 2021	-	$ -	-	$ -	-	$ -	-	$ -	26,623	$ 27	90,542,764	$ 90,544	-	$ -	$56,749,055	$ 56,839,626	$ (765,227)	$ (36,961,344)	$ 19,113,055
Common Stock and Series A-2 Preferred Stock issued for Cash, net of fees	-	-	-	-	-	-	-	-	12,258	12	4,301,004	4,301	-	-	10,993,763	10,998,076	-	-	10,998,076
Conversion of Series A-2 Preferred Stock for Common Stock	-	-	-	-	-	-	-	-	(1,108)	(1)	3,544,544	3,544	-	-	(3,543)	-	-	-	-
Equity-based compensation	-	-	-	-	-	-	-	-	-	-	13,000	13	-	-	744,544	744,557	-	-	744,557
Stock dividend issued on Series A-2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	8,810,826	8,811	-	-	3,251,195	3,260,006	-	(3,260,006)	-
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106,823)	(9,055,516)	(9,162,339)

Balance, September 30, 2022	-	$ -	-	$ -	-	$ -	-	$ -	37,773	$ 38	107,212,138	$107,213	-	$ -	$71,735,014	$71,842,265	$ (872,050)	$ (49,276,866)	$ 21,693,349

Balance, June 30, 2022	-	$ -	-	$ -	-	$ -	-	$ -	38,180	$ 38	97,086,968	$ 97,088	-	$ -	$68,300,172	$68,397,298	$ (871,050)	$ (44,099,244)	$(23,427,004)
Equity-based compensation	-	-	-	-	-	-	-	-	-	-	13,000	13	-	-	184,949	184,962	-	-	184,962
Stock dividend issued on Series A-2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	8,810,826	8,811	-	-	3,251,195	3,260,006	-	(3,260,006)	-
Conversion of Series A-2 Preferred Stock for Common Stock	-	-	-	-	-	-	-	-	(407)	-	1,301,344	1,301	-	-	(1,301)	-	-	-	-
Net loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	(1,917,616)	(1,918,616)
Balance, September 30, 2022	-	$ -	-	$ -	-	$ -	-	$ -	37,773	$ 38	107,212,138	$107,213	-	$ -	$71,735,014	$71,842,265	$ (872,050)	$ (49,276,866)	$ 21,693,349

See accompanying notes to Unaudited Condensed Consolidated Financial Statements.

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ICONIC BRANDS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		(Restated)
Net loss	$ (9,162,339)	$ (4,710,150)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	571,106	36,308
Amortization of operating lease right-of-use assets	562,926	76,801
Amortization of debt discounts	-	30,032
Gain on forgiveness of PPP loan	-	(28,458)
Change in allowance for doubtful accounts	47,000	-
Provision for excess and obsolete inventory	40,000	-
Amortization of intangibles	2,389,853	-
Equity compensation	744,557	1,238,502
Change in fair value of contingent consideration	(12,984,661)	
Loss on impairment of Goodwill	10,694,448	
Change in operating assets and liabilities:		
Accounts receivable	(3,827,294)	2,937,788
Inventory	(663,050)	87,916
Equipment deposit	-	(1,834,520)
Operating lease liabilities	(378,879)	(80,567)
Accounts payable and accrued expenses	3,754,303	(1,776,018)
Prepaid expense and other current assets	(489,008)	(74,116)
Loans payable to officer and affiliated entity-noninterest bearing and due on demand	-	(15,637)
Other assets	(278,836)	(25,935)
Other current liabilities	44,999	35,713
Deferred revenue	1,592	(43,565)

Net cash used in operating activities	(8,933,283)	(4,145,906)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash paid from acquisition of TopPop	-	(3,547,770)
Cash paid for Acquisition of United Spirits	-	(1,000,000)
Fixed assets and leasehold improvements	(2,497,195)	-
Net cash used in investing activities	(2,497,195)	(4,547,770)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common Stock and Series A-2 Preferred Stock issued for Cash, net of fees	10,998,076	15,010,385
Net proceeds from factoring arrangement	1,063,323	-
Proceeds from note payable	-	924,280
Repayment of note payable	(23,334)	(2,015,380)
Net cash provided by financing activities	12,038,065	13,919,285
Net increase in cash	607,587	5,225,609
Cash and cash at beginning of year	2,190,814	457,041
Cash and cash at end of year	$ 2,798,401	$ 5,682,650
SUPPLEMENTAL DISCLOSURE OF CASH AND NON-CASH TRANSACTIONS:		
Cash paid for interest	$ 304,309	$ 677,430
Common and preferred stock issued in exchange for old Series, E, F and G Preferred stock	$ -	$ 3,665,865
Purchase and retirement of treasury stock	$ -	$ (516,528)
Common Stock issued to settle notes payable	$ -	$ 5,415,416
Recognition of right of use asset - operating lease	$ 2,617,474	$ -
Purchase of equipment with promissory note	$ 70,000	$ -
Conversion of Series A-2 Preferred Stock for Common Stock	$ 3,543	$ -

See accompanying notes to Unaudited Condensed Consolidated Financial Statements.

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Iconic Brands, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

Iconic Brands, Inc. ("Iconic"), was incorporated in the State of Nevada on October 21, 2005. As of September 30, 2022, the subsidiaries of Iconic are wholly-owned TopPop LLC ("TopPop") and United Spirits Inc., ("United")54% owned BiVi LLC ("BiVi") and Bellissima Spirits LLC ("Bellissima") and 60% owned Empire Wine and Spirits LLC ("Empire") which was organized on February 4, 2022.

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 December 1, 2015.

On July 26, 2021, Iconic acquired 100% of 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 alcohol and non-alcohol single-serve, shelf-stable, ready-to-freeze ice pops. TopPop began operations in December 2019 (see note 3). On July 26, 2021, Iconic purchased all of the outstanding common stock of United.

Empire was organized in the State of Nevada on February 4, 2022. During the three and nine months ended September 30, 2022, Empire had no business activity or operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The condensed unaudited consolidated interim financial statements include the accounts of Iconic, its two 54% owned subsidiaries, BiVi and Bellissima, 60% owned Empire, and its wholly-owned subsidiaries United and TopPop, (collectively, the "Company"). All inter-company balances and transactions have been eliminated in consolidation.

The Company has continuing losses from operations, net cash used in operating activities, a working capital deficiency of $10,836,901 and accumulated deficit of $49,276,866. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the filling of this document. There are no assurances that such additional funding will be achieved and that the company will succeed in its future operations.

The condensed unaudited consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the company be unable to continue as a going concern. The company's inability to obtain required funding in the near future or its inability to obtain funding on favorable terms will have a material adverse effect on its operations and strategic development plan for future growth. If the Company cannot successfully raise additional capital and implement its strategic development plan, its liquidity, financial condition, and business prospects will be materially and adversely affected and the Company may have to cease operations.

The accompanying condensed unaudited consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Restatement

While preparing its annual report for the year ended December 31, 2021, the Company identified an error in its accounting relating to the acquisition of the outstanding stock of one of the entities that are included in the consolidated financial statements. The Company erroneously recognized a $1,000,000 payment made to a shareholder and $428,465 balance in noncontrolling interest as components of general and administrative expenses. Since these are capital transactions, the amounts should have been recognized in additional paid in capital. The tables below summarize the impact on the restatements described above on the financial information previously reported on the Company's Form 10-Q for the nine months ended September 30, 2021. There was no impact to the cash used in operating expenses during the nine months ended September 30, 2021.

	Three months ended September 30, 2021		Nine months ended September 30, 2021	
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS	As Reported	As Restated	As Reported	As Restated
General and administrative expenses	2,784,102	1,355,637	5,272,073	3,843,608
Net loss	$ (3,820,589)	$ (2,392,124)	$ (6,138,615)	$ (4,710,150)
Basic and diluted loss per share	$ (0.05)	$ (0.03)	$ (0.18)	$ (0.14)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY				
Additional paid-in capital	57,541,023	56,112,558	57,541,023	56,112,558
Accumulated deficit	(32,497,887)	(31,069,422)	(32,497,887)	(31,069,422)

(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 or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

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

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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.

*Leve*l 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 September 30, 2022		
	Quoted Prices in active markets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Contingent consideration	$ -	$ -	$ 7,219,844

	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 Company's business. The TopPop business is a seasonal business in nature and expects largest demand in the third quarter. During the quarter ended September 30, 2022, the Company did not achieve the revenues it expected. Due to the significance of the shortfall during this period, the Company concluded that a triggering event occurred and as such, the Company reassessed the underlying assumptions used in its projected earnings. As a result of that analysis, it was determined that the fair value of the contingent consideration was reduced to $7,219,844 as of September 30, 2022 resulting in a gain from the change in fair value of contingent consideration of $12,984,661 for the three and nine months ended September 30, 2022.

Additionally resulting from the above, the Company recognized a loss on impairment of its goodwill of $10,694,418 during the three and nine months ended September 30, 2022.

(d) Cash

The total amount of bank deposits (checking and savings accounts) that was not insured by the FDIC at September 30, 2022 was approximately $2,038,000.

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

The Company extends unsecured credit to customers in the ordinary course of business but mitigates risk by performing credit checks and by actively pursuing past due accounts. The allowance for doubtful accounts is based on customer historical experience and the aging of the related accounts receivable. At September 30, 2022 and December 31, 2021, the allowance for doubtful accounts was $47,000 and $32,000, 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 September 30, 2022 and December 31, 2021 consist 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.

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(g) Revenue Recognition

It is the Company's policy that revenues from product sales are recognized in accordance with Accounting Standards Codification ("ASC 606") "Revenue Recognition." Five basic steps must be followed to recognize revenue; (1) Identify contract(s) with a customer that creates enforceable rights and obligations; (2) Identify performance obligations in the contract, such as promises to transfer goods or services to a customer; (3) Determine the transaction price, (i.e. the amount of consideration in a contract to which an entity believes it is entitled in exchange for transferring promised goods or services to a customer); (4) Allocate 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) Recognize 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 consolidated financial statements.

Our revenue (referred to in our consolidated financial statements as "sales") consists primarily of the sale of wine and spirits imported for cash or otherwise agreed-upon credit terms. 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. We have elected to treat shipping as a fulfillment activity. 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. 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 contact 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 ASC Topic 718, "Compensation-Stock Compensation". For the three and nine months ended September 30, 2022, equity-based compensation was $184,962 and $744,557, respectively. For the three and nine months ended September 30, 2021, equity-based compensation was and $468,750 and $1,238,502, 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.

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(k) Net Loss per Share

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

Diluted net loss per share of Common Stock is computed on the basis of the weighted average number of shares of Common Stock and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. As of September 30, 2022 and 2021, the Company had 136,519,866 and 87,593,083 potentially dilutive shares of Common Stock related to Common Stock options and warrants, respectively. 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.

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 adoption of this new guidance did not 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.

(n) 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

3. ACQUISITION OF TOPPOP

On July 26, 2021, Iconic entered into an acquisition agreement (the "TopPop Acquisition Agreement") with 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 Iconic and Iconic 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 by transfer of immediately available funds, (b) 26,009,600 shares of 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 promissory notes of the Company (the "Promissory Notes") and (d) future additional cash payments as earnout consideration (the "Total Consideration"). Under the TopPop acquisition agreement, earn-out payments, if any, were to be made (i) following the 12-month period commencing on August 1, 2021 (the "First Year"), in an amount (the "First Year Earn-out Amount") equal to each TopPop Member's pro rata portion of the excess, if any, of: (A) 1.96 times TopPop's EBITDA for the First Year over (B) the aggregate amount of the Promissory Notes repaid in cash during the First Year; provided, however, no First Year Earn-out Amount shall be payable if (i)(A) does not exceed (i)(B); and (ii) following the 12-month period commencing on August 1, 2022 (the "Second Year"), in an amount (the "Second Year Earn-out Amount") equal to each TopPop Member's pro rata portion of the excess, if any, of: (A) 1.96 times TopPop's EBITDA for the Second Year over (B) the aggregate amount of the Promissory Notes repaid in cash during the Second Year; provided, however, no Second Year Earn-out Amount shall be payable if (ii)(A) does not exceed (ii)(B). The earn-out payments shall be made, at the election of each TopPop Member, in cash or in shares of 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 shares of Common Stock. If paid in shares of Common Stock, such shares shall be valued at the then-prevailing market rate.

The Company originally calculated the First Year Earn-out Amount to be $8,244,642 and the Second Year Earn-out Amount to be $11,959,863. In connection with the requirement to record the contingent consideration at fair value for every reporting period, results as of and during the period ended September 30, 2022 required the Company to conclude that the value of the contingent consideration required to be made at the end of the Second Year must be decreased. The TopPop business is a seasonal business in nature and expects its largest demand in the third quarter. During the quarter ended September 30, 2022, the Company did not achieve the revenues it expected. Due to the significance of the shortfall during this period, the Company concluded that a triggering event occurred and as such, the Company reassessed the underlying assumptions used in its projected earnings. As a result of that analysis, it was determined that the fair value of the contingent consideration was reduced to $7,219,844 as of September 30, 2022. The change resulted in a gain from the change in fair value of the contingent consideration of $12,984,661 for the three and nine months ended September 30, 2022, as stated on the Consolidated Statement of Operations. Because of this triggering event, the Company further analyzed the value of its goodwill on the Balance Sheet as discussed further in this Note.

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 with each of the TopPop Members, each dated July 26, 2021. The Promissory Notes are not convertible into equity securities of the Company. Upon an event of default, the holders may exercise all rights and remedies available under the terms of the Promissory Notes or applicable laws, including to foreclose on certain collateral consisting of the membership interests of TopPop. Holders of approximately $3.55 million of these notes have agreed to extend the term until December 1, 2022, and have indicated that they will not seek cash settlement prior to August 2023. The Company has not received any demand for payment on any of the other notes.

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.

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Fair value of the acquisition

The following table summarizes the allocation of the purchase price as of the TopPop acquisition:

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
Total purchase price		39,084,989
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
Total assets acquired:		31,865,663
Liabilities assumed:		
Accounts payable		(2,435,412)
Notes payable		(5,927,380)
Deferred revenue		(394,759)
Total Liabilities assumed		(8,757,551)
Net assets acquired		23,108,112
Excess purchase price "Goodwill"	$	15,976,877

The excess purchase price has been recorded as "goodwill" included as part of "Intangible assets" in the amount of $15,976,877. The estimated useful life of the identifiable intangible assets is four to ten years. The goodwill is amortizable for tax purposes. See Note 14 for the required pro forma information related to the business combination.

As a result of delays in the revenue targets, management conducted a reassessment during the quarter ended September 30, 2022 and identified indicators of impairment related to the acquisition of TopPop. Upon completion, management compared the carrying values to the non-discounted pre-tax cash flow value of the TopPop business unit and it was determined that the intangibles were not impaired, but upon review of discounted cash flow value of the TopPop business unit, the fair value did not exceed the carrying value indicating an impairment of goodwill. During the three and nine months ended September 30, 2022, the Company recorded an impairment charge of $10,694,448 for goodwill.

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Changes in the value of goodwill:

Balance of goodwill as of January 1, 2022	$	15,976,877
Impairment of goodwill		(10,694,448)
Balance of goodwill as of September 30, 2022	$	5,282,429

Intangible assets

Intangible assets consist of the following:

	Estimated Useful Lives		September 30, 2022		December 31, 2021
Tradename - Trademarks	5 years	$	6,867,000	$	6,867,000
Intellectual Property	5 years		849,000		849,000
Customer Base	10 years		14,414,000		14,414,000
Non-Competes	4 years		807,200		807,200
			22,937,200		22,937,200
Less: accumulated amortization			3,717,467		1,327,614
		$	19,219,733	$	21,609,586

Intangible assets are amortized on a straight-line basis over the useful lives of the assets. Amortization expense amounted to $796,600 and $2,389,853 for the three and nine months ended September 30, 2022, respectively. There was no amortization expense during the nine months ended September 30, 2021.

Future amortization of intangible assets for the remainder of the current fiscal year and the next five years and thereafter:		Amount
Remainder of the year ended December 31, 2022	$	796,600
2023		3,186,400
2024		3,186,400
2025		3,102,317
2026		2,341,600
2027		1,441,400
Thereafter		5,165,016
Total	$	19,219,733

4. LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET

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

	September 30, 2022	December 31, 2021
Machinery and equipment	$ 7,544,093	$ 5,352,009
Leasehold improvements	374,429	154,389
Supplies	239,407	140,004
Furniture and fixtures	74,068	36,181
	8,231,997	5,682,583
Less accumulated depreciation	(678,944)	(125,619)
	$ 7,553,053	$ 5,556,964

Depreciation expense related to leasehold improvements, furniture, and equipment amounted to $227,307 and $571,106 for the three and nine months ended September 30, 2022, respectively.

5. INVENTORIES

Inventories consisted of:

	September 30, 2022	December 31, 2021
Finished goods:		
Bellissima brands	$ 982,925	$ 384,717
TopPop	292,665	728,305
Total finished goods	1,275,590	1,113,022
Work-in-process:		
TopPop	109,472	88,066
Raw materials:		

TopPop		95,739		27,263
Bellissima brands		370,600		-
Total raw materials		466,339		27,263
Total	$	1,851,401	$	1,228,351

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of:

		September 30, 2022		December 31, 2021
Accounts payable	$	4,641,936	$	1,367,787
Accrued officers' compensation		677,136		780,701
Accrued interest		594,707		215,056
Accrued commissions		213,622		88,318
Accrued royalties		111,458		178,013
Other		228,490		83,171
Total	$	6,467,349	$	2,713,046

On April 15, 2022, the Company was late in filing its Annual Report on Form 10-K for the year ended December 31, 2021, which was filed on June 15, 2022. On May 20, 2022, the Company was late in filing it Quarterly Report on Form 10-Q for the period ended March 31, 2022, which was filed on August 2, 2022. Under the terms of the Securities Purchase Agreement signed on July 26, 2021, the Company incurred a late filing penalty. Due to the penalty, the Company recognized $173,211 and $776,211 expenses for the three and nine months ended September 30, 2022, respectively, leaving a balance of $776,211 on the Balance Sheet as of September 30, 2022.

7. NOTES PAYABLE

In connection with the July 2021 acquisition of 100% of the equity of TopPop, on July 26, 2021, the Company issued to the sellers promissory notes in the aggregate principal amount of $4,900,000 (the "TopPop Notes"). The TopPop Notes bear interest at the rate of 10% per annum, matured on July 26, 2022 and are secured by all of the outstanding membership interest in TopPop. Holders of approximately $3.55 million of these notes have agreed to extend the term until December 1, 2022, and have indicated that they will not seek cash settlement prior to August 2023. The Company has not received any demand for payment on any of the other notes.

On July 26, 2021, the Company assumed a Small Business Administration (the "SBA note") from the acquisition of TopPop. The note bears an interest rate of 3.75% per annum and matures on January 22, 2051.

On August 29, 2022, the Company issued a $70,000 promissory note to a third party in exchange for machinery. Under the terms of the note, the Company will make six monthly payments beginning September 5, 2022. In the event of default, the entire balance becomes due immediately and will accrue 6% interest thereafter. As of September 30, 2022, the balance of the promissory note was $46,666 with no accrued interest.

As of September 30, 2022, notes payable consisted of $150,000 outstanding under the SBA note, $46,666 outstanding under a promissory note and $5,042,467 outstanding under notes held by former owners of TopPop.

The future payments on principal of notes payable are as follows:		Amount
Remainder of the year ending December 31, 2022	$	5,080,467
Year ending December 31, 2023		14,779
Year ending December 31, 2024		3,233
Year ending December 31, 2025		3,356
Year ending December 31, 2026		3,484
Thereafter		133,814
Total	$	5,239,133

Interest expense on these notes for the three and nine months ended September 30, 2022 was $191,764 and $619,050, respectively. Interest expense on notes payable for the three and nine months ended September 30, 2021 was $452,539 and $483,293, respectively.

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8. FACTORING LIABILITY

During the nine months ended September 30, 2022, the Company entered into a purchase and sale agreement with Prestige Capital Finance, LLC ("Prestige"). Under the agreement, Prestige has agreed to buy all of the Company's right, title, and interest in specific accounts receivable. Prestige has full recourse against the Company for advances if payments are not received for any reason. All credit risk is borne by the Company and not by Prestige. Prestige has agreed to pay a down payment to the Company of 80% of the face value of the specified receivables. The maximum outstanding balance of the advance is $2,000,000. Prestige's final purchase price of the accounts receivable is at a discount which is deducted from the face value of each account upon collection. The discount fee is based upon the number of days the account receivable is outstanding from the date of the down payment. The discount fee ranges from 1.95% if the receivable is paid within 30 days to 5.85% if paid within 90 days, plus an additional 1.5% for each 10-day period thereafter until the account is paid in full.

The outstanding balance is secured by an interest in virtually all assets of the Company, with a first security interest in accounts receivable. The agreement remains in effect through January 10, 2023 and will be automatically renewed for successive periods of one year each unless either party terminates the agreement in writing at least 60 days prior to the expiration of the initial term or any renewal term. Prestige may cancel the agreement at any time upon 60 days' notice.

The Company accounts for this agreement as a financing arrangement, with the down payments recorded as debt and repayment made when the applicable receivable is collected. As of September 30, 2022, there was an outstanding balance of $1,063,323 and accrued interest of $5,458. Interest expense for incurred during the three and nine months ended September 30, 2022 was $133,632 and $309,767, respectively.

9. CAPITAL STOCK

Treasury Stock

During the first quarter in 2021, the Company retired 1,000,000 shares of treasury stock with a value of $516,528.

Preferred Stock

On July 26, 2021, the Company filed a Certificate of Designation, Preferences and Rights of the Series A-2 Convertible Preferred Stock, par value $0.001 per share ("Series A-2 Preferred Stock") 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. The holders are entitled to receive, and the Company is obligated to 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 January 5, 2022, the Company closed the second tranche of the equity financing and issued 12,258 shares of Series A-2 Preferred Stock, 4,301,004 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 $10.9 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 TopPop, new product launches, marketing, and other general working capital purposes.

During the nine months ended September 30, 2022, stockholders converted 1,108 shares of Series A-2 Preferred Stock into 3,544,544 shares of Common Stock, par value $.001 per share, at $0.31 per share.

Common Stock

On March 23, 2021, the Company issued 401,670 shares of its Common Stock to an investors relations firm for services rendered to the Company. The $180,752 fair value of the 401,670 shares of Common Stock was expensed as investor relations.

On May 12, 2021, the Company issued a total of 1,100,000 shares of its Common Stock to 10 individuals for prior services rendered to the Company. The $429,000 fair value of the 1,100,000 shares of Common Stock was expensed as consulting fees in the nine months ended September 30, 2021.

On May 19, 2021, the Company issued 300,000 shares of its Common Stock to Richard DeCicco and 100,000 shares of its Common Stock to Roseann Faltings for prior services rendered to the Company. The $160,000 fair value of the 400,000 shares of Common Stock was expensed as officers' compensation in the nine months ended September 30, 2021.

On July 26, 2021, the Company entered into an acquisition agreement with TopPop and each of FrutaPop LLC, Innoaccel Investments LLC and Thomas Martin (collectively, 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 (see note 3). 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.

The Company issued 4,268 shares of Series A-2 Preferred Stock and 547,200 shares of Common Stock to settle $4,438,708 of notes payable.

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 (the "Exchange"). 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.

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 nine months ended September 30, 2021, the Company issued and aggregate 3,401,670 shares of Common Stock to vendors for services and for officer's compensation. The aggregate value of the Common Stock was $1,238,502.

During the nine months ended September 30, 2021, the Company issued 8,283,899 shares of Common Stock in exchange for retiring outstanding warrants.

On July 1, 2022, under the terms of the Certificate of Designation for the Series A-2 Preferred Stock filed on July 26, 2021, the Company calculated that it is obligated to pay a one-time 6% dividend on the subscription value of the initially issued Series A-2 Preferred Stock. On July 19, 2022, the Company issued shares of Common Stock to satisfy this dividend requirement and has calculated the number of shares of Common Stock to be issued as 8,810,826 at $0.37 per share.

On August 8, 2022, the Company issued 13,000 shares of restricted Common Stock to an employee pursuant to such employee's employment agreement.

Warrants

In connection with the second tranche of the equity financing, on January 5, 2022, the Company granted 40,018,583 warrants to purchase Common Stock. The warrants expire in five years and have an exercise price of $0.31 per share.

A summary of warrant activity for the period January 1, 2022, to September 30, 2022, as follows:

	Warrants	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Outstanding at January 1, 2022	87,593,083	$ 0.31	4.23
Granted	40,018,583	0.31	4.52
Outstanding at September 30, 2022	127,611,666	0.31	4.21

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Options

During the three and nine months ended September 30, 2022, the Company recognized $278,798 and $559,596, respectively, of expense for the option awards. There were no options outstanding as of September 30, 2021.

The following table summarizes the activity of our stock options for the nine months ended September 30, 2022:

	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term Outstanding
Outstanding at December 31, 2021	7,408,200	$ 0.45	9.79
Granted	1,500,000	0.41	9.85
Forfeited or expired	(1,034,200)	0.45	9.04
Outstanding at September 30, 2022	7,874,000	0.45	9

The outstanding options had no aggregate intrinsic value as of September 30, 2022. Intrinsic value is calculated as the difference between the market value and the exercise price of the shares on balance sheet date. The market values based on the closing bid price as of September 30, 2022 was $0.17.

As of September 30, 2022, there was approximately $2,537,000 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 approximately three years.

10. LEASES

On November 12, 2019, TopPop 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 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.

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, NY. The agreement has a term of three years from January 1, 2021 to January 1, 2024 and provides for monthly rent of $4,893.

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.

Effective February 9, 2022, TopPop executed a lease agreement to rent approximately 82,000 square feet of warehouse space in Pennsauken, NJ. The lease provided a lease term of 74 months (the first two months are rent free) commencing upon February 9, 2022 and terminating on March 31, 2028. The lease provided a security deposit to the landlord of $92,250 Per the lease agreement, TopPop was also required to post an additional deposit of $184,500. On May 31, 2022, TopPop sent the deposit to an escrow account held by the landlord's counsel.

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The future undiscounted minimum lease payments under the noncancellable leases for the remainder of the current fiscal year and the next five years and thereafter are as follows:

	As of September 30, 2022
Remainder of the year ending December 31, 2022	$ 300,169
Year ending December 31, 2023	1,168,312
Year ending December 31, 2024	1,142,884
Year ending December 31, 2025	1,177,170
Year ending December 31, 2026	1,212,485
Year ending December 31, 2027	1,248,889
Thereafter	1,425,074
Total undiscounted finance lease payments	$ 7,674,983
Less: Imputed interest	2,220,073
Present value of finance lease liabilities	$ 5,454,910

The operating lease liabilities of $5,454,910 and $3,216,315 as of September 30, 2022 and December 31, 2021, respectively, represents the discounted (at a 10% estimated incremental borrowing rate) value of the future lease payments at September 30, 2022 and December 31, 2021. The Company's weighted-average remaining lease term relating to its operating leases is 4.29 years.

For the three and nine months ended September 30, 2022, occupancy expense attributed to these leases were $463,062 and $1,308,524, respectively.

For the three and nine months ended September 30, 2021, occupancy expense was $115,161 and $169,001, respectively,

Effective June 1, 2022, the Company entered into a sublease agreement to rent out 30,000 square feet of space at one of its warehouses. The gross rent is $9 per square foot, or $22,500 per month for 36 months. During the three and nine months ended September 30, 2022, the Company recognized $22,500 of rental income that is presented with general and administrative expenses on the Statement of Operations.

11. 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 Spirits 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.

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b. Royalty Obligations of BiVi and Bellissima

Pursuant to the license agreement with the Bivi Licensor (see Note 11a. 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. As of the date of this filing, the Minimum Royalty Fee was not reinstated.

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. These appropriate thresholds were met during the year.

c. Brand Licensing Agreement relating to Hooters Marks

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

On November 1, 2021, the Company amended its agreement with Hooters (the "Amended Hooters Agreement") which will be effective until December 31, 2025 with an option to extend until 2028. Under the Amended Hooters Agreement, the Company must pay Hooters 10% of net sales of all products during the term.

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 QVC 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. The license automatically renewed on January 1, 2022.

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 nine months ended September 30, 2022 and 2021, the Marketing Fees expense (payable to QVC) was $86,153 and $131,450, respectively, and the direct response sales generated from QVC programs was $414,567 and $687,006, respectively.

e. Concentration of sales

For the three and nine months ended September 30, 2022 and 2021, sales consisted of:

	Three Months Ended September 30, 2022	Nine months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine months Ended September 30, 2021
Bellissima product line:				
QVC direct response sales	$ 236,329	$ 650,896	$ 338,483	$ 1,025,488
Other	614,867	1,643,357	462,454	957,311
Total Bellissima	851,196	2,294,253	800,937	1,982,799
BiVi product line	-	-	-	-
TopPop	2,311,226	11,569,187	2,045,500	2,045,500
Hooters product line	-	-	-	37,585
Total	$ 3,162,422	$ 13,863,440	$ 2,846,437	$ 4,065,884

TopPop's sales to one customer consisted of 54% and 52% of its total sales for the nine months ended September 30, 2022 and 2021, respectively. As of September 30, 2022 and December 31, 2021, 60% and 7%, respectively, of TopPop's accounts receivables were from that same customer.

f. Commission Agreements

On July 10, 2019, the Company executed a Commission Agreement with CAA-GBA USA, LLC ("CAA-GBG"). The agreement provides CAA-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 expired on July 31, 2021 and automatically renews every year. No commissions were incurred under this agreement since the date of acquisition of TopPop (July 26, 2021) through September 30, 2022. On May 23, 2022, CAA-GBG received notice of termination and the Commission Agreement ended on July 31, 2022.

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 September 30, 2022.

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12. RELATED PARTY TRANSACTIONS

On December 6, 2019, the Company executed a Financial Services Agreement with InnoAccel, 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 has recorded consulting expense of $45,000 and $137,894 for the three and nine months ended September 30, 2022, respectively.

13. 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.

	Branded Beverages	Specialty Packaging (TopPop)	Corporate	Total
Balance sheet at September 30, 2022				
Assets	$ 4,817,568	$ 42,634,199	$ -	$ 47,451,767
Liabilities	$ 3,417,081	$ 22,341,337	$ -	$ 25,758,418
Balance sheet at December 31, 2021				
Assets	$ 2,925,694	$ 47,780,962	$ -	$ 50,706,656
Liabilities	$ 2,447,005	$ 29,146,596	$ -	$ 31,593,601
Income Statement for the three months ended September 30, 2022:	**Branded Beverages**	**Specialty Packaging**	**Corporate**	**Total**
Net Sales	$ 902,258	$ 2,260,164	$ -	$ 3,162,422
Cost of sales	$ 531,278	$ 2,015,687	$ -	$ 2,546,965
Total operating expenses	$ 1,629,357	$ 2,764,116	$ 247,984	$ 4,641,457
Loss from operations	$ (1,258,377)	$ (2,519,639)	$ (247,984)	$ (4,026,000)
Interest expense	$ -	$ 191,764	$ -	$ 191,764
Depreciation and amortization	$ 4,535	$ 225,508	$ -	$ 230,043
Change in fair value of contingent consideration	$ -	$ 12,984,661	$ -	$ 12,984,661
Loss on impairment of Goodwill	$ -	$ (10,694,448)	$ -	$ (10,694,448)
Income Statement for the three months ended September 30, 2021 (Restated):				
Net Sales	$ 800,937	$ 2,045,500	$ -	$ 2,846,437
Cost of Goods Sold	$ (122,972)	$ 2,274,060	$ -	$ 2,151,088
Total operating expenses	$ 1,723,695	$ 727,616	$ 160,915	$ 2,612,226
Loss from operations	$ (799,786)	$ (956,176)	$ (160,915)	$ (1,916,877)
Depreciation and amortization	$ 6,182	$ 26,145	$ -	$ 32,327
Income Statement for the nine months ended September 30, 2022:	**Branded Beverages**	**Specialty Packaging**	**Corporate**	**Total**
Net Sales	$ 2,294,253	$ 11,569,187	$ -	$ 13,863,440
Cost of sales	$ 1,128,781	$ 8,543,897	$ -	$ 9,672,678
Total operating expenses	$ 5,695,728	$ 8,459,976	$ 885,343	$ 15,041,047
Loss from operations	$ (4,530,255)	$ (5,434,686)	$ (885,343)	$ (10,850,285)
Interest expense	$ -	$ 619,050	$ -	$ 619,050
Depreciation and amortization	$ 10,163	$ 560,943	$ -	$ 571,106
Change in fair value of contingent consideration	$ -	$ 12,984,661	$ -	$ 12,984,661
Loss on impairment of Goodwill	$ -	$ (10,694,448)	$ -	$ (10,694,448)
Income Statement for the nine months ended September 30, 2021 (Restated):				
Net Sales	$ 2,020,384	$ 2,045,500	$ -	$ 4,065,884
Cost of Goods Sold	$ 520,867	$ 2,274,060	$ -	$ 2,794,927
Total operating expenses	$ 4,534,575	$ 727,616	$ 241,373	$ 5,503,564
Loss from operations	$ (3,035,058)	$ 956,176	$ (241,373)	$ (4,232,607)
Depreciation and amortization	$ 10,163	$ 26,145	$ -	$ 36,308

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14. PROFORMA FINANCIAL STATEMENTS (UNAUDITED)

Unaudited Supplemental Pro Forma Data

Unaudited pro forma results of operations for the quarters ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2022	2021	2022
Sales	$ 4,515,648	$ 3,162,422	$ 13,959,631	$ 13,863,440
Cost of goods sold	3,568,367	2,546,965	9,310,893	9,672,678
Gross Profit	947,281	615,457	4,648,738	4,190,762
General and administrative expenses	3,416,493	4,493,080	9,922,808	14,204,208
Selling and marketing	1,482,981	148,377	1,938,961	836,839
Total Operating expenses	4,899,474	4,641,457	11,861,769	15,041,047
Operating income (loss)	(3,952,193)	(4,026,000)	(7,213,031)	(10,850,285)
Amortization of intangibles	-	-	-	-
Change in fair value of contingent consideration	-	12,984,661	-	12,984,661
Loss on impairment of Goodwill	-	(10,694,448)	-	(10,694,448)
Interest expense	(481,071)	(191,764)	(1,140,494)	(619,050)
Gain on forgiveness of PPP loan	-	8,935	28,458	16,783
Total other expense	(481,071)	2,107,384	(1,112,036)	1,687,946
Net Loss	$ (4,433,264)	$ (1,918,616)	$ (8,325,067)	$ (9,162,339)
Net (loss) income attributable to noncontrolling interests in subsidiaries	(163,024)	(1,000)	(138,078)	(106,823)
Net Loss attributable to Iconic Brands, Inc.	$ (4,270,241)	$ (1,917,616)	$ (8,186,990)	$ (9,055,516)
Dividend of common stock to preferred shareholders	-	(3,260,006)		(3,260,006)
Net loss attributable to common and preferred shareholders	(4,270,241)	(5,177,622)	(8,186,990)	(12,315,522)
Basic and Diluted Loss Per Common Share	$ (0.05)	$ (0.05)	$ (0.09)	$ (0.12)
Weighted Average Shares Outstanding- basic and diluted	88,632,764	104,959,149	87,098,148	98,967,135

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 quarter ended September 30, 2021, related to amortization of acquired intangible assets of $1,858,733 and interest expense on notes payable of $338,917. There are no proforma adjustments for the three and nine months ended September 30, 2022.

15. SUBSEQUENT EVENTS

During the period from October 1, 2022 to October 24, 2022, our stockholders converted 220 shares of Series A-2 Preferred Stock into704,000 shares of Common Stock.

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking (within the meaning of Section 27A of the Securities Act 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 (the "SEC").

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

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 Quarterly Report on Form 10-Q. 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, those discussed in the section titled "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and the risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2022. 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 also produces "cocktails-to-go" pouches and alcohol ice-pops. 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 is our 100% owned subsidiary that 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;

· *Sonja Sangria* – a celebrity Sangria that we have sold since the May 2021. This product is actively being marketed but does not represent a significant part of our sales;

· *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® 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 that develops, produces and distributes 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 a 64,000 square foot 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. In February 2022, TopPop leased an 82,000 square foot warehouse in Pennsauken, NJ.

For its first product line, TopPop identified the single serve, RTD and RTF as an opportunity 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® which is expected to be sold through e-commerce platforms and wholesaled directly to sports and entertainment venues. TopPop manufactured approximately eight 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 by the end of 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

Results of Operations for the Three Months Ended September 30, 2022 and 2021

Introduction

We had sales of $3,162,422 for the three months ended September 30, 2022, and $2,846,437 for the three months ended September 30, 2021, an increase of $315,985. Our operating expenses were $4,641,457 for the three months ended September 30, 2022, compared to $2,612,226 for the three months ended September 30, 2021, an increase of $2,029,231 or approximately 78%. Our net operating loss was $4,026,000 for the three months ended September 30, 2022, compared to $1,916,877 for the three months ended September 30, 2021, an increase of $2,109,123 or approximately 110%.

Revenues and Net Operating Loss

Our operations for the three months ended September 30, 2022, and 2021 were as follows:

ICONIC BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Increase / (Decrease)
REVENUE			
Sales	$ 3,162,422	$ 2,846,437	$ 315,985
Cost of goods sold	2,546,965	2,151,088	395,877
Gross Profit	615,457	695,349	(79,892)
OPERATING EXPENSES			
Officers' compensation	224,942	51,875	173,067
Professional and consulting fees	529,052	337,988	191,064
Royalties	64,300	135,766	(71,466)
Fulfillment costs	138,612	161,471	(22,859)
Travel and entertainment	92,974	118,682	(25,708)
Payroll	1,042,004	861,637	180,367
Amortization expense	796,600	-	796,600
Other operating expenses, including occupancy	1,604,596	873,842	730,754
General and administrative expenses:	4,493,080	2,541,261	1,951,819
Selling and marketing	148,377	70,965	77,412
Total operating expenses	4,641,457	2,612,226	2,029,231
Loss from operations	(4,026,000)	(1,916,877)	(2,109,123)
Other income (expense):			
Change in fair value of contingent consideration	12,984,661	-	12,984,661
Loss on impairment of Goodwill	(10,694,448)	-	(10,694,448)
Interest expense	(191,764)	(452,539)	260,775
Other income (expense)	8,935	(22,708)	31,643
Total other income (expense)	2,107,384	(475,247)	2,582,631
Net loss	$ (1,918,616)	$ (2,392,124)	$ 473,508

Net loss attributable to noncontrolling interests in subsidiaries	(1,000)	(163,024)	162,024
Net loss attributable to Iconic Brands, Inc.	$ (1,917,616)	$ (2,229,100)	$ 311,484
Dividend to preferred shareholders	(3,260,006)	-	(3,260,006)
Net loss attributable to common stockholders	(5,177,622)	(2,229,100)	(2,948,522)

Sales

Our sales are comprised of sales of BiVi Sicilian Vodka, Bellissima Prosecco and Sparkling Wine, the line of Hooters brand products and our ready to freeze ("RTF") TopPop products. Sales were $3,162,422 for the three months ended September 30, 2022, and $2,846,437 for the three months ended September 30, 2021, an increase of $315,985 or 11%. The increase is due to marginally increased sales from TopPop products and wine.

Cost of Sales

Cost of sales was $2,546,965, or approximately 81% of sales, for the three months ended September 30, 2022 and $2,151,088, or approximately 76% of sales, for the three months ended September 30, 2021. Cost of sales includes the cost of the products purchased from our suppliers, freight-in costs and import duties.

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Officers' Compensation

Officers' compensation was $224,942 for the three months ended September 30, 2022 and $51,875 for the three months ended September 30, 2021. The increase of $173,067 was due to the hiring of additional executives.

Professional and Consulting Fees

Professional and consulting fees were $529,052 for the three months ended September 30, 2022 and $337,988 for the three months ended September 30, 2021, an increase of $191,064. Professional and consulting fees consist primarily of legal and, accounting and auditing services.

Royalties

We expensed royalties of $64,300 for the three months ended September 30, 2022 compared to $135,766 for the three months ended September 30, 2021, a decrease of $71,466. Royalties decreased due primarily to lack of Hooters sales in 2022 compared to 2021.

Travel and Entertainment

Travel and entertainment expenses were $92,974 for the three months ended September 30, 2022 and $118,682 for the three months ended September 30, 2021, a decrease of $25,708. The increase was a result our personnel attended numerous product development events.

Payroll Expenses

Payroll expenses for the three months ended September 30, 2022 and 2021 were $1,042,004 and $861,637, respectively. The increase is due to the hiring of additional personnel at TopPop.

Amortization expense

The amortization expense of $796,600 was related to the amortization of intangibles from the TopPop acquisition in 2021. There was no amortization expense during the three months ended September 30, 2021.

Other Operating Expenses

Other operating expenses were $1,604,596 for the three months ended September 30, 2022 and $873,842 for the three months ended September 30, 2021, an increase of $730,754 or approximately 84%. The other operating expenses for the three months ended September 30, 2022 primarily includes the late filing penalties of $173,211 and approximately $463,000 of rent expense, $226,000 of depreciation expense, $178,000 of facility expenses and $185,000 of equity based compensation.

Selling and marketing

Marketing and advertising expenses were $148,377 for the three months ended September 30, 2022, and $70,965 for the three months ended September 30, 2021, an increase of $77,412. The increase resulted primarily from related expenses of TopPop as well as spending to increase the visibility of our products through website design and distributor promotions.

Net operating loss

We had a loss from operations of $4,026,000 for the three months ended September 30, 2022 and $1,916,877 for the three months ended September 30, 2021, an increase of $2,109,123, or approximately 110%. Our loss from operations increased, as set forth above.

Other Income and Expense

We had interest expense of $191,764 and $452,539 for the three months ended September 30, 2022 and 2021. The increase in 2021 is due to the interest accrued on the factoring liability and TopPop Note.

Loss on impairment of Goodwill

During the three months ended September 30, 2022, we recognized a loss on impairment of goodwill of $10,694,448 (see note 3 to the financial statements). There were no such gains or losses during the three months ended September 30, 2021.

Change in fair value of contingent consideration

During the three months ended September 30, 2022, we recognized a gain from the change in fair value of contingent consideration of $12,984,661 (see note 3 to the financial statements). There were no such gains or losses during the three months ended September 30, 2021.

Net (income) loss attributable to Noncontrolling Interests in Subsidiaries

Net loss attributable to noncontrolling interests in subsidiaries represented 46% of the net loss of Bellissima and BiVi and is accounted for as a reduction in the net loss attributable to our Company. Net loss for the three months ended September 30, 2022 was $1,000 compared to a net loss of $163,024 for the three months ended September 30, 2021.

Net Loss Attributable to Iconic Brands, Inc.

The net loss attributable to Iconic was $1,917,616 for the three months ended September 30, 2022 and $2,229,100 for the three months ended September 30, 2021, a decrease of $311,484 or approximately 14%. The net loss from Iconic decrease primarily as a result of the items described above.

Net loss attributable to common stockholders

The net loss attributable to common and preferred shareholders was $5,177,622 for the three months ended September 30, 2022 and $2,229,100 for the three months ended September 30, 2021, an increase of $2,948,522 or approximately 132%. The increase in net loss from the prior period is a result of the items described above and from the $3,200,006 common stock dividend to preferred shareholders.

Results of Operations for the Nine months Ended September 30, 2022 and 2021

Introduction

We had sales of $13,863,440 for the nine months ended September 30, 2022, and $4,065,884 for the nine months ended September 30, 2021, an increase of $9,797,556. Our operating expenses were $15,041,047 for the nine months ended September 30, 2022, compared to $5,503,564 for the nine months ended September 30, 2021, an increase of $9,537,483 or approximately 173%. Our net operating loss was $10,850,285 for the nine months ended September 30, 2022, compared to $4,232,607 for the nine months ended September 30, 2021, an increase of $6,617,678 or approximately 156%.

Our operations for the nine months ended September 30, 2022 and 2021 were as follows:

	September 30, 2022	September 30, 2021	Increase / (Decrease)
Sales	$ 13,863,440	$ 4,065,884	$ 9,797,556
Cost of Sales	9,672,678	2,794,927	6,877,751
Gross Profit	4,190,762	1,270,957	2,919,805
Operating expenses:			
Officers compensation	707,688	419,375	288,313
Professional and consulting	1,660,204	1,631,440	28,764
Royalties	158,446	339,908	(181,462)
Fulfillment costs	473,483	333,222	140,261
Travel and entertainment	331,282	87,710	243,572
Amortization expense	2,389,801	-	2,389,801
Payroll expense	3,409,341	1,202,193	2,207,148
Other operating expenses, including occupancy	5,073,963	1,187,136	3,886,827
General and administrative expenses	14,204,208	5,200,984	9,003,224
Selling and marketing	836,839	302,580	534,259
Total operating expenses	15,041,047	5,503,564	9,537,483
Loss from operations	(10,850,285)	(4,232,607)	(6,617,678)
Other income (expense):			
Change in fair value of contingent consideration	12,984,661	-	12,984,661
Loss on impairment of Goodwill	(10,694,448)	-	(10,694,448)
Gain on forgiveness of PPP loan	-	28,458	(28,458)
Interest expense	(619,050)	(483,293)	(135,757)
Other income (expense)	16,783	(22,708)	39,491
Total other income (expense)	1,687,946	(477,543)	2,165,489
Net loss	$ (9,162,339)	$ (4,710,150)	$ (4,452,189)
Net loss attributable to noncontrolling interests in subsidiaries	(106,823)	(138,078)	31,255
Net loss attributable to Iconic Brands, Inc.	$ (9,055,516)	$ (4,572,072)	$ (4,483,444)
Dividend to preferred shareholders	(3,260,006)	-	(3,260,006)
Net loss attributable to common stockholders	(12,315,522)	(4,572,072)	(7,743,450)

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 $13,863,440 for the nine months ended September 30, 2022, and $4,065,884 for the nine months ended September 30, 2021, an increase of $9,797,556 or 241%.

Cost of Sales

Cost of sales was $9,672,678, or approximately 70% of sales, for the nine months ended September 30, 2022 and $2,794,927, or approximately 69% of sales, for the nine months ended September 30, 2021. Cost of sales includes the cost of the products purchased from our suppliers, freight-in costs and import duties.

Officers Compensation

Officers' compensation was $707,688 for the nine months ended September 30, 2022 and $419,375 for the nine months ended September 30, 2021. This increase of $288,313 was due to the hiring of additional executives.

Professional and Consulting Fees

Professional and consulting fees were $1,660,204 for the nine months ended September 30, 2022 and $1,631,440 for the nine months ended September 30, 2021, an increase of $28,764. Professional and consulting fees consist primarily of legal, accounting and auditing services and investor relations.

Royalties

Royalties were $158,446 for the nine months ended September 30, 2022 and $339,908 for the nine months ended September 30, 2021, a decrease of $181,462. Royalties decreased due primarily to lack of Hooters sales in 2022 compared to 2021.

Fulfillment costs

Fulfillment costs expenses were $473,483 for the nine months ended September 30, 2022 and $333,222 for the nine months ended September 30, 2021. The increase was a result of higher QVC sales compared to the same period last year.

Travel and Entertainment

Travel and entertainment expenses were $331,282 for the nine months ended September 30, 2022 and $87,710 for the nine months ended September 30, 2021, an increase of $243,572. The increase was a result of limited travel during the nine months ended September 30, 2021 due to the COVID-19 environment. During the nine months ended September 30, 2022, our personnel attended numerous product development events.

Payroll Expenses

Payroll expenses for the nine months ended September 30, 2022 and 2021 was $3,409,341 and $1,202,193, respectively. The significant increase is due to the hiring of personnel and the additional employees from TopPop.

Amortization expense

The amortization expense of $2,389,801 was related to the amortization of intangibles from the TopPop acquisition in 2021. There was no amortization expense during the three months ended September 30, 2021.

Other Operating Expenses

Other operating expenses were $5,073,963 for the three months ended September 30, 2022 and $1,187,136 for the three months ended September 30, 2021, an increase of $3,886,827 or approximately 327%. The increase is primarily due to late filing penalties of $776,221 and approximately $1,309,000 of rent expense, $571,000 of depreciation expense, $661,000 of facility expenses, $417,082 of insurance related expenses. The expenses recorded during the nine months ended September 30, 2022 include nine months of activity from TopPop while the same period in 2021 only includes the activity from July 26, 2021, the acquisition date.

Selling and marketing

Marketing and advertising expenses were $836,839 for the nine months ended September 30, 2022, and $302,580 for the nine months ended September 30, 2021, an increase of $534,259. The increase resulted primarily from related expenses of TopPop as well as spending to increase the visibility of our products through website design and distributor promotions.

Income (Loss) from Operations

We had a loss from operations of $10,850,285 for the nine months ended September 30, 2022 and $4,232,607 for the nine months ended September 30, 2021, an increase of $6,617,678, or approximately 156%. Our loss from operations increased, as set forth above.

Other Income and Expense

We had interest expense of $619,050 and $483,293 for the nine months ended September 30, 2022 and 2021. The increase in 2021 is due to the interest accrued on the factoring liability and TopPop Note.

Loss on impairment of Goodwill

During the nine months ended September 30, 2022, we recognized a loss on impairment of goodwill of $10,694,448 (see note 3 to the financial statements). There were no such gains or losses during the nine months ended September 30, 2021.

Change in fair value of contingent consideration

During the nine months ended September 30, 2022, we recognized a gain from the change in fair value of contingent consideration of $12,984,661 (see note 3 to the financial statements). There were no such gains or losses during the nine months ended September 30, 2021.

Net (income) loss attributable to Noncontrolling Interests in Subsidiaries

Net loss attributable to noncontrolling interests in subsidiaries represented 46% of the net loss of Bellissima and BiVi and is accounted for as a reduction in the net loss attributable to our Company. Net loss for the nine months ended September 30, 2022 was $106,823 compared to a net loss of $138,078 for the nine months ended September 30, 2021.

Net Loss Attributable to Iconic Brands, Inc.

The net loss attributable to Iconic was $9,055,516 for the nine months ended September 30, 2022 and $4,572,072 for the nine months ended September 30, 2021, an increase of $4,483,444 or approximately 98%. The net loss from Iconic decrease primarily as a result of the items described above.

Net loss attributable to common stockholders

The net loss attributable to common and preferred shareholders was $12,315,522 for the nine months ended September 30, 2022 and $4,572,072 for the nine months ended September 30, 2021, an increase of $7,743,450 or approximately 169%. The increase in net loss from the prior period is a result of the items described above and from the $3,200,006 common stock dividend to preferred shareholders.

Liquidity and Capital Resources

Introduction

During the nine months ended September 30, 2022 and 2021, we had negative operating cash flows. Our cash on hand as of September 30, 2022, was $2,798,401. We raised $11 million, net of fees, through the funding of the second tranche of the equity financing on January 5, 2022. We have strong medium- to long-term cash needs. We anticipate that these needs will be satisfied through our cash flows from operations and additional financing activities, as necessary. Furthermore, of the $14,204,208 of general and administrative expenses, approximately $4,355,000 was non-cash related and we expect to increase sales in future periods.

Our cash, current assets, total assets, current liabilities, and total liabilities as of September 30, 2022 and December 31, 2021, respectively, were as follows:

	September 30, 2022	December 31, 2021	Change
Cash	$ 2,798,401	$ 2,190,814	$ 607,587
Total Current Assets	9,845,942	4,346,003	5,499,939
Total Assets	47,451,767	50,706,656	(3,254,889)
Total Current Liabilities	20,682,843	16,650,909	4,031,934
Total Liabilities	$ 25,758,418	$ 31,593,601	$ (5,835,183)

Our cash increased $607,587 and total current assets increased $5,499,939. Our total current liabilities increased $4,031,934, which represents an increase in accounts payable and accrued expenses and factoring liability. Our total liabilities decreased $5,835,183 as a result of a change in fair value of contingent consideration, partially offset by increase in accounts payable and accrued expenses.

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 that we will be successful in these efforts.

Cash Requirements

Our cash on hand as of November 30, 2022 was approximately $1,770,000. We anticipate that funding from product sales will not be sufficient to sustain our operations for the next 12 months. We intend to raise funds through equipment financing of already-purchased equipment, and plan to satisfy certain obligations by issuing capital stock; however, there is no guarantee that we will be successful in these efforts. These conditions raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the filling of this document.

Sources and Uses of Cash

Operations

Our net cash used in operating activities for the nine months ended September 30, 2022 and 2021 was $8,933,283 and $4,145,906, respectively, an increase of $4,787,377. Changes to working capital included increases of $3,827,294 related to accounts receivable and $663,050 for inventory, partially offset by a decrease of $3,754,303 related to accounts payable and accrued expenses. The net loss was further offset by non-cash transactions of $12,984,661 gain related to change in fair value of contingent consideration, $10,694,448 related to loss on impairment of goodwill, $2,389,853 of amortization of intangibles and $744,557 of stock-based compensation.

Investments

For the nine months ended September 30, 2022 and 2021 we used cash for investing activities of $2,497,195 and 4,547,770, respectively.

Financing

Our net cash provided from financing activities for the nine months ended September 30, 2022 was $12,038,065 compared to cash used of $13,919,285 for the nine months ended September 30, 2021. The large inflow of cash in 2022 resulted from the Financing Transaction (detailed herein under "Recent Developments") of the second tranche on January 5, 2022.

ITEM 3 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 4 Controls and Procedures

(a) 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 our 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 our Principal Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting as described in Item 9A in our Annual Report on Form 10-K for the fiscal ended December 31, 2021, filed with the SEC on June 15, 2022.

Our Principal Executive Officer and our Principal Financial Officer do not expect that our disclosure controls or internal controls will prevent all error and all fraud. Further, 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 typically employ fewer individuals and may 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.

(b) Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1 Legal Proceedings

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

On April 7, 2022, the Office of the Attorney General of the State of New Jersey, Department of Law and Public Safely, 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 Division 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.

On July 28, 2022, we entered a plea of non-vult to all charges, and received a Consent Order from the Division whereby we have agreed to pay a fine of $63,284, payable on or before December 6, 2022. We have also submitted a Corrective Action Plan addressing measures that we will take in the future to prevent future similar offenses.

ITEM 1A Risk Factors

Other than as described below, there have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022. The risk factors described in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022 and June 30, 2022 could materially affect our business operations, financial condition, or liquidity. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial may also impair our business operations, financial condition, and liquidity.

We are currently in default on our 10% promissory notes, and if we are unable to resolve such default, it could have an adverse impact on our business, results of operations and financial condition and is likely to negatively impact the price of our Common Stock.

In connection with our July 2021 acquisition of 100% of the equity of TopPop, on July 26, 2021, we issued to the sellers promissory notes in the aggregate principal amount of $4,900,000 (the "TopPop Notes"). The TopPop Notes bear interest at the rate of 10% per annum, matured on July 26, 2022 and are secured by all of the outstanding membership interest in TopPop. Under the terms of the TopPop Notes, we have a five-day grace period to July 31, 2022 before an event of default under the TopPop Notes occurs. Upon an event of default under the TopPop Notes, the holders of such TopPop Notes may exercise all rights and remedies available under the terms of the TopPop Notes or applicable laws, including to foreclose on certain collateral consisting of the membership interests of TopPop. On July 26, 2022, the total principal amount outstanding under the TopPop Notes was $4,900,000, exclusive of accrued and unpaid interest.

We are currently in discussions with holders of the TopPop Notes regarding possible solutions for the payment of the TopPop Notes, including the possible extension of the maturity date of the TopPop Notes for an additional year. There can be no assurance that our discussions will be successful and if we are not successful in finding an acceptable resolution to the existing default or the impending event of default, the noteholders will be able to seek judgement for the full amount due and may seek to foreclose on our assets. If this occurs, any such remedy will have a material adverse effect on our business, results of operations and financial condition and is likely to negatively impact the price of our Common Stock. Holders of approximately $3.55 million of these notes have agreed to extend the term until December 1, 2022, and have indicated that they will not seek cash settlement prior to August 2023. We expect to be able get further extension of the notes if needed.

There is substantial doubt about our ability to continue as a going concern.

Our cash on hand, which at September 30, 2022 was $2,798,000, is not expected to be sufficient to sustain our operations for the next 12 months. Our ability to continue as a going concern is dependent upon our ability in the future to generate revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet our obligations and repay our liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance our operations; however, there can be no certainty that such funds will be available at terms acceptable to us.

If we cannot raise the money that we need to continue to operate our business beyond the period indicated above, we may be forced to delay, scale back or eliminate some or all of our proposed operations. If any of these were to occur, there is a substantial risk that our business would fail. If we are unsuccessful in raising additional financing, we may need to curtail, discontinue, or cease operations. These conditions indicate the existence of material uncertainties that may cast significant doubt about our ability to continue as a going concern.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2022, the company issued 13,000 shares restricted common stock to an employee for services, 8,810,826 shares of restricted common stock for the payment of a 6% dividend on Preferred Series A2 stock and 1,301,344 shares of commons stock in exchange for the conversion of 407 shares of Preferred Series A2.

ITEM 3 Defaults Upon Senior Securities

None.

ITEM 4 Mine Safety Disclosures

Not applicable.

ITEM 5 Other Information

None.

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ITEM 6 Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibits	Incorporated by Reference Form	Filing Date	Exhibit Number
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).			

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SIGNATURES

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

		Iconic Brands, Inc.
Dated: December 2, 2022	By:	*/s/ Tom Martin*
		Tom Martin
	Its:	Chief Executive Officer
Dated: December 2, 2022	By:	*/s/ David Allen*
		David Allen
	Its:	Chief Financial Officer

EXHIBIT 31.1

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

I, Tom Martin, certify that:

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

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

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

4. 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: December 2, 2022

/s/ Tom Martin
Tom Martin
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

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

I, David Allen, certify that:

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

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

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

4. 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: December 2, 2022

/s/ David Allen
David Allen
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

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

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

(1) The Company’s quarterly report on Form 10-Q for the period ended September 30, 2022 (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: December 2, 2022

By: */s/ Tom Martin*
Tom Martin
Chief Executive Officer
(Principal Executive Officer)

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

EXHIBIT 32.2

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

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

(1) The Company's quarterly report on Form 10-Q for the period ended September 30, 2022 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: December 2, 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.