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

FORM 10-Q

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

For the period ended June 30, 2023

OR

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

For the transition period from __________to ___________

Commission File Number 001-41452

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
(f/k/a MassRoots, Inc.)
(Exact name of business as specified in its charter)

Delaware	**46-2612944**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4016 Raintree Rd, Ste 300, Chesapeake, VA	**23321**
(Address of principal executive offices)	(Zip code)

(757) 966-1432
(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	GWAV	The Nasdaq Stock Market, LLC

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 an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

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

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

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

As of August 14, 2023, there were 12,390,242 shares of the registrant’s common stock issued and outstanding.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Statements in this Quarterly Report on Form 10-Q may be "forward-looking statements."

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 SEC.

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023 *(Unaudited)*	December 31, 2022
ASSETS		
Current assets:		
Cash	$ 374,951	$ 821,804
Inventories	119,609	189,646
Accounts receivable	226,558	215,256
Prepaid expenses	609,484	12,838
Total current assets	1,330,602	1,239,544
Property and equipment, net	17,665,955	13,167,535
Advance for asset	82,769	1,193,380
Operating lease right of use assets, net - related party	1,372,943	2,419,338
Operating lease right of use assets, net	511,381	590,608

Licenses, net		17,551,050		18,614,750
Customer list, net		1,847,175		1,959,125
Intellectual property, net		1,973,400		2,277,000
Security deposit		31,893		6,893
Total assets	$	42,367,168	$	41,468,173
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Bank overdraft	$	180,337	$	-
Accounts payable and accrued expenses		5,908,450		5,035,330
Accrued payroll and related expenses		4,456,142		3,946,411
Contract liabilities		25,000		25,000
Factoring, net of unamortized debt discount of $2,185,819 and $1,221,022, respectively		6,718,684		4,893,207
Non-convertible notes payable, current portion, net of unamortized debt discount of $777,333 and $500,250, respectively		2,897,598		1,820,819
Due to related parties		1,925,970		317,781
Operating lease obligations, current portion - related party		1,377,913		2,742,140
Operating lease obligations, current portion		204,833		232,236
Total current liabilities		23,694,927		19,012,924
Operating lease obligations, less current portion - related party		83,430		-
Operating lease obligations, less current portion		314,008		116,262
Non-convertible notes payable, net of unamortized debt discount of $2,479,851 and $1,965,113, respectively		9,227,974		7,001,422
Total liabilities		33,320,339		26,130,608
Commitments and contingencies (See Note 9)				
Stockholders' equity:				
Preferred stock - 10,000,000 shares authorized:				
Preferred stock - Series Z, $0.001 par value, $20,000 stated value, 500 shares authorized; 250 and 322 shares issued and outstanding, respectively		-		-
Common stock, $0.001 par value, 1,200,000,000 and 500,000,000 shares authorized; 11,250,813 and 10,962,319 shares issued and outstanding, respectively		11,251		10,962
Additional paid in capital		377,595,330		377,595,618
Accumulated deficit		(368,559,752)		(362,269,015)
Total stockholders' equity (deficit)		9,046,829		15,337,565
Total liabilities and stockholders' equity	$	42,367,168	$	41,468,173

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues	$ 9,416,274	$ 10,704,151	$ 18,459,696	$ 20,625,389
Cost of Revenues	6,117,420	6,638,393	10,434,231	12,295,373
Gross Profit	3,298,854	4,065,758	8,025,465	8,330,016
Operating Expenses:				
Advertising	10,329	44,071	15,851	60,301
Payroll and related expense	1,497,279	1,591,640	3,448,538	2,881,440
Rent, utilities and property maintenance ($675,051 and $670,938; $1,350,103 and $1,183,876, to related party)	1,033,518	887,260	2,057,227	1,762,663
Hauling and equipment maintenance	569,416	1,033,556	1,820,133	1,833,994
Depreciation and amortization expense	1,350,728	941,611	2,619,581	1,815,367
Consulting, accounting and legal	202,174	155,360	475,247	521,312
Other general and administrative expenses	725,687	376,015	1,614,341	616,389
Total Operating Expenses	5,389,131	5,029,513	12,050,918	9,491,466

Loss From Operations	(2,090,277)	(963,755)	(4,025,453)	(1,161,450)
Other Income (Expense):				
Interest expense and amortization of debt discount	(891,849)	(13,171,392)	(3,057,353)	(32,577,069)
Gain on tax credit	717,064	-	717,064	
Change in fair value of derivative liabilities	-		-	14,264,476
Gain on settlement of non-convertible notes payable and advances	-		75,005	163,420
Total Other Income (Expense)	(174,785)	(13,171,392)	(2,265,284)	(18,149,173)
Net Loss Before Income Taxes	(2,265,062)	(14,135,147)	(6,290,737)	(19,310,623)
Provision for Income Taxes (Benefit)	-	-	-	-
Net Loss	(2,265,062)	(14,135,147)	(6,290,737)	(19,310,623)
Net Income (Loss) Per Common Share:				
Basic	$ (0.20)	$ (4.23)	$ (0.56)	$ (5.78)
Diluted	$ (0.20)	$ (4.23)	$ (0.56)	$ (5.78)
Weighted Average Common Shares Outstanding:				
Basic	11,250,813	3,340,416	11,230,093	3,340,416
Diluted	11,250,813	3,340,416	11,230,093	3,340,416

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited)

	Preferred Stock Series Z		Common Stock		Additional Paid	Accumulated	
	Shares	Amount	Shares	Amount	In Capital	Deficit	Total
Balance at December 31, 2022	322	$ -	10,962,319	$ 10,962	$377,595,618	$(362,269,015)	$15,337,565
Issuance of common stock upon conversion of Series Z Preferred	(72)	-	288,494	$ 289	(288)	$ -	1
Net loss	-	-	-	-	-	$ (6,290,737)	$ (6,290,737)
Balance at June 30, 2023	250	$ -	11,250,813	$ 11,251	$377,595,330	$(368,559,752)	$ 9,046,829

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2023
(Unaudited)

	Preferred Stock Series Z		Common Stock		Additional Paid	Accumulated	
	Shares	Amount	Shares	Amount	In Capital	Deficit	Total
Balance at March 31, 2023	250	$ -	11,250,813	$ 11,251	$377,595,330	$(366,294,690)	$11,311,891
Net loss	-	-	-	-	-	$ (2,265,062)	$ (2,265,062)
Balance at June 30, 2023	250	$ -	11,250,813	$ 11,251	$377,595,330	$(368,559,752)	$ 9,046,829

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022
(Unaudited)

	Series Z		Common Stock		Common Stock to be Issued		Additional Paid	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	In Capital	Deficit	Total
Balance at December 31, 2021	500	$ 1	3,331,916	$ 3,332	8,500	$ 8	$ 275,058,282	$(298,409,686)	$(23,348,063)
Issuance of common stock previously recorded as to be issued	-	-	8,500	$ 8	(8,500)	(8)	-	-	-
Elimination of derivative liabilities due to resolution of authorized share shortfall	-	-	-	-	$ -	-	$ 29,759,766		29,759,766
Net loss	-	-	-	-	-	-	-	$ (19,310,623)	$(19,310,623)
Balance at June 30, 2022	500	$ 1	3,340,416	$ 3,340	-	$ -	$ 304,818,048	$(317,720,309)	$(12,898,920)

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2022
(Unaudited)

	Preferred Stock Series Z		Common Stock		Common Stock to be Issued		Additional Paid	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	In Capital	Deficit	Total
Balance at March 31, 2022	500	$ 1	3,338,416	$ 3,338	2,000	$ 2	$ 304,818,048	$(303,585,162)	$ 1,236,227
Issuance of common stock previously recorded as to be issued	-	-	2,000	$ 2	(2,000)	(2)	-	-	-
Net loss	-	-	-	-	-	-	-	$ (14,135,147)	$(14,135,147)
Balance at June 30, 2022	500	$ 1	3,340,416	$ 3,340	-	$ -	$ 304,818,048	$(317,720,309)	$(12,898,920)

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
(Unaudited)

	For the Six Months Ended June 30 ,	
	2023	2022
Cash flows from operating activities:		
Net income (loss)	$ (6,290,737)	$ (19,310,623)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization of intangible assets	2,619,581	1,815,367
Amortization of right of use assets, net - related-party	1,140,331	997,027
Amortization of right of use asssets, net	184,757	210,114
Change in fair value of derivative liabilities	-	(14,264,476)
Interest and amortization of debt discount	3,057,053	32,577,069
Gain on settlement of non-convertible notes payable and accrued interest	(75,005)	(163,420)
Changes in operating assets and liabilities:		
Bank overdrafts	180,337	-
Changes in due to related party	1,608,189	(122,865)
Inventories	70,037	(122,154)

Accounts receivable	(11,301)	(82,925)
Prepaid expenses	(596,646)	(70,109)
Security deposit	(25,000)	2,437
Accounts payable and accrued expenses	503,252	58,462
Accrued payroll and related expenses	179,206	-
Contract liabilities	-	73,000
Environmental remediation	-	(22,207)
Principal payments made on operating lease liability - related-party	(1,269,496)	(1,008,459)
Principal payments made on operating lease liability	(40,425)	-
Net cash generated by operating activities	1,234,133	566,238
Cash flows from investing activities:		
Purchases of property and equipment - related party	-	(152,500)
Purchases of property and equipment	(826,422)	(2,394,823)
Net cash used in investing activities	(826,422)	(2,547,323)
Cash flows from financing activities:		
Proceeds from issuance of non-convertible notes payable	1,000,000	225,000
Repayment of a non-convertible notes payable	(1,301,846)	(162,039)
Proceeds from factoring	3,746,109	-
Repayments of factoring	(4,298,827)	-
Net cash provided by (used in) financing activities	(854,564)	62,961
Net decrease in cash	(446,853)	(1,918,124)
Cash, beginning of period	821,804	2,958,293
Cash, end of period	$ 374,951	$ 1,040,169
Supplemental disclosures of cash flow information:		
Cash paid during period for interest	$ 49,296	$ 195,000
Cash paid during period for taxes	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Reclassification of derivative liability to additional paid in capital due to elimination of authorized share shortfall	$ -	$ 29,719,392
Increase in right of use assets and operating lease liabilities	$ 199,466	$ 590,000
Note proceeds for equipment purchases	$ 3,059,634	$ 2,677,544
Issuance of common shares previously to be issued	$ -	$ 8
Equipment purchases in accounts payable and accrued expenses	$ -	$ 311,805
Common shares issued upon conversion of Series Z Preferred	$ 289	$ -
Factoring proceeds utilized for payoff of factoring liabilities	$ 5,004,393	$ -
Advance for asset by issuance of notes	$ 162,000	$ -

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

GREENWAVE TECHNOLOGY SOLUTIONS, INC.
Notes to Condensed Consolidated Financial Statements
June 30, 2023 (Unaudited)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Overview

Greenwave Technology Solutions, Inc. (“Greenwave” or the “Company”) was incorporated in the State of Delaware on April 26, 2013 as a technology platform developer under the name MassRoots, Inc. The Company sold its social media assets in October 2021 and has discontinued all operations related to this business. On September 30, 2021, we closed our acquisition of Empire Services, Inc. (“Empire”), which operates 13 metal recycling facilities in Virginia and North Carolina. The acquisition was effective October 1, 2021 upon the effectiveness of the Certificates of Merger in Virginia and Delaware.

In December 2022, we began offering hauling services to corporate clients. We haul sand, dirt, asphalt, metal, and other materials in a fleet of approximately 50 trucks which we own, manage, and maintain.

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Our condensed consolidated financial statements include the accounts of Empire Services, Inc., Empire Staffing, LLC, Liverman Metal Recycling, Inc., and Greenwave Elite Sports Facility, Inc., our wholly owned subsidiaries. All intercompany transactions were eliminated during consolidation.

Basis of Presentation

The interim unaudited condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the SEC. In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly the Company's results of operations for the three and six months ended June 30, 2023 and 2022, its cash flows for the six months ended June 30, 2023 and 2022, and its financial position as of June 30, 2023 have been made. The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim unaudited condensed consolidated financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 as filed with the SEC on March 31, 2023 and amended on April 13, 2023 (the "Annual Report"). The December 31, 2022 balance sheet is derived from those statements.

NOTE 2 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

As of June 30, 2023, the Company had cash of $374,951 and a working capital deficit (current liabilities in excess of current assets) of $22,364,325. The accumulated deficit as of June 30, 2023 was $368,559,752. These conditions raise substantial doubt about the Company's ability to continue as a going concern for one year from the issuance of the unaudited condensed consolidated financial statements.

In July 2023, the Company's downstream commenced operations, enabling the Company to recover millimeter-minus pieces of metal from Greenwave's automotive shred residue, which is on track to generate several hundred thousand dollars of additional high margin revenue per month. The Company believes it is generating positive cashflows from operating activities and may not need to raise any additional capital to continue operations. Further, the Company closed a $15 million private placement on July 31, 2023, retiring all outstanding merchant cash advances and reducing the Company's equipment debt. Should the Company choose to raise capital, it believes it can do so through non-equity based instruments such as non-convertible notes, lines of credit, and cash advances.

If the Company raises additional funds by issuing equity securities, its stockholders would experience dilution. Additional debt financing, if available, may involve covenants restricting its operations or its ability to incur additional debt. Any additional debt financing or additional equity that the Company raises may contain terms that are not favorable to it or its stockholders and require significant debt service payments, which diverts resources from other activities. The Company's ability to raise additional capital will be impacted by market conditions and the price of the Company's common stock.

Accordingly, the accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business for one year from the date the condensed consolidated financial statements are issued. The carrying amounts of assets and liabilities presented in the unaudited condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. The unaudited condensed consolidated financial statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Greenwave Technology Solutions, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include estimates used in the, payroll tax liabilities with interest and penalties, assumptions used in right-of-use and lease liability calculations, impairments of intangible assets acquired in business combination, estimated useful life of long-lived assets and finite life tangible assets, and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 825-10, "Financial Instruments" ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The estimated fair value of certain financial instruments, including cash, accounts payable and accrued liabilities are carried at historical cost basis, which approximates their fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the condensed consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company follows ASC 825-10, which permits entities to choose to measure many financial instruments and certain other items at fair value.

Cash

For purposes of the condensed consolidated statements of cash flows, the Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2023 and December 31, 2022, the Company had no cash equivalents. The Company maintains its cash in banks insured by the Federal Deposit Insurance Corporation in accounts that at times may be in excess of the federally insured limit of $250,000 per bank. The Company minimizes this risk by placing its cash deposits with major financial institutions. As of June 30, 2023 and December 31, 2022, the uninsured balances amounted to $35,309 and $434,399, respectively.

Accounts Receivable

Accounts receivable represent amounts primarily due from customers on product and other sales. These accounts receivable, which are reduced by an allowance for credit losses, are recorded at the invoiced amount and do not bear interest. The Company delivers shipments of scrap metal to customers and typically receives payment within 45 days of delivery.

The Company evaluates the collectability of its accounts receivable based on a combination of factors, including the aging of customer receivable balances, the financial condition of the Company's customers, historical collection rates, and economic trends. Management uses this evaluation to estimate the amount of customer receivables that may not be collected in the future and records a provision for expected credit losses. Accounts are written off when all efforts to collect have been exhausted. As of June 30, 2023 and December 31, 2022, the accounts receivable balances amounted to $226,558 and $215,256, respectively.

Property and Equipment, net

We state property and equipment at cost or, if acquired through a business combination, fair value at the date of acquisition. We calculate depreciation and amortization using the straight-line method over the estimated useful lives of the assets, except for our leasehold improvements, which are depreciated over the shorter of their estimated useful lives or their related lease term. Upon the sale or retirement of assets, the cost and related accumulated depreciation are removed from our accounts and the resulting gain or loss is credited or charged to income. We expense costs for repairs and maintenance when incurred. Our property and equipment is pledged as collateral for certain factoring advances and promissory notes, see *Note 8 – Factoring Advances and Non-Convertible Notes*.

Cost of Revenue

The Company's cost of revenue consists primarily of the costs of purchasing metal from its suppliers. For the Company's hauling business line, cost of revenue mainly consists of fuel and payroll for drivers.

Related Party Transactions

Parties are considered related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. The Company discloses all related party transactions. See *Note 16 – Related Party Transactions*.

Leases

The Company accounts for its leases under ASC 842, Leases. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the condensed consolidated balance sheet as both a right of use asset and lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate. Lease liabilities are increased by interest and reduced by payments each period, and the right of use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right of use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recorded when incurred.

In calculating the right of use asset and lease liability, the Company elected to combine lease and non-lease components. The Company excluded short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy election and recognizes rent expense on a straight-line basis over the lease term. See *Note 11 – Leases*.

Commitments and Contingencies

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Except as set forth below, we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results. See *Note 12 – Commitments and Contingencies*.

Revenue Recognition

The Company recognizes revenue when services are realized or realizable and earned, less estimated future doubtful accounts.

The Company's revenues are accounted for under ASC Topic 606, "Revenue From Contracts With Customers" ("ASC 606") and generally do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed at the point of sale and all consideration from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

In accordance with ASC 606, the Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company recognizes revenue in accordance with that core principle by applying the following:

(i) Identify the contract(s) with a customer;

(ii) Identify the performance obligation in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations in the contract; and

(v) Recognize revenue when (or as) the Company satisfies a performance obligation.

The Company primarily generates revenue by purchasing scrap metal from businesses and retail suppliers, processing it, and selling the ferrous and non-ferrous metals to clients.

The Company realizes revenue upon the fulfillment of its performance obligations to customers. As of June 30, 2023 and December 31, 2022, the Company had a contract liability of $25,000 and $25,000, respectively, for contracts under which the customer had paid for and the Company had not yet delivered.

Inventories

Although we ship the ferrous and non-ferrous metals we purchase from suppliers multiple times per day, we do maintain inventories. We calculate the value of the inventories we do carry, which consist of processed and unprocessed scrap metal (ferrous and nonferrous), used and salvaged vehicles, and supplies, based on the net realizable value or the cost of the inventories, whichever is less. We calculate the value of the inventory based on the first-in-first-out (FIFO) methodology. We calculate the value of finished products based on their net realizable value as their cost basis is not readily available. The value of our inventories was $119,609 and $189,646, respectively, as of June 30, 2023 and December 31, 2022.

Advertising

The Company charges the costs of advertising to expense as incurred. Advertising costs were $10,329 and $44,071 for the three months ended June 30, 2023 and 2022, respectively. Advertising costs were $ 15,851 and $60,301 for the six months ended June 30, 2023 and 2022, respectively.

Stock-Based Compensation

Stock-based compensation expense is measured at the grant date fair value of the award and is expensed over the requisite service period. For stock-based awards to employees, non-employees and directors, the Company calculates the fair value of the award on the date of grant using the Black-Scholes option pricing model. Determining the fair value of stock-based awards at the grant date under this model requires judgment, including estimating volatility, employee stock option exercise behaviors and forfeiture rates. The assumptions used in calculating the fair value of stock-based awards represent the Company’s best estimates, but these estimates involve inherent uncertainties and the application of management’s judgment.

Income Taxes

The Company follows ASC Subtopic 740-10, “Income Taxes” (“ASC 740-10”) for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period.

If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Convertible Instruments

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as freestanding derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur, and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional, as that term is described under ASC 480, “Distinguishing Liabilities From Equity.”

The Company records, when necessary, deemed dividends for: (i) warrant price protection, based on the difference between the fair value of the warrants immediately before and after the repricing (inclusive of any full ratchet provisions); (ii) the exchange of preferred shares for convertible notes, based on the amount of the face value of the convertible notes in excess of the carrying value of the preferred shares; (iii) the settlement of warrant provisions, based on the fair value of the common shares issued; and (iv) amortization of discount on preferred stock resulting from recognition of a beneficial conversion feature.

Derivative Financial Instruments

The Company classifies as equity any contracts that: (i) require physical settlement or net-share settlement; or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement) providing that such contracts are indexed to the Company's own stock. The Company classifies as assets or liabilities any contracts that: (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control); or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). The Company assesses classification of its common stock purchase warrants and other freestanding derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Environmental Remediation Liability

The operations of the Company, like those of other companies in its industry, are subject to various domestic and foreign environmental laws and regulations. These laws and regulations not only govern current operations and products, but also impose potential liability on the Company for past operations. Management expects environmental laws and regulations to impose increasingly stringent requirements upon the Company and the industry in the future. Management believes that the Company conducts its operations in compliance with applicable environmental laws and regulations and has implemented various programs designed to protect the environment and promote continued compliance.

The Company continuously assesses its potential liability for remediation-related activities and adjusts its environmental-related accruals as information becomes available upon which more accurate costs can be reasonably estimated and as additional accounting guidelines are issued. As of June 30, 2023 and December 31, 2022, the Company had accruals reported on the balance sheet as current liabilities of $0 and $0, respectively, as the Company had paid all civil penalties and completed all remediation activities required under the Virginia DEQ Consent Order dated June 30, 2021. See *Note 12—Commitments and Contingencies*.

Actual costs incurred may vary from the accrued estimates due to the inherent uncertainties involved including, among others, the nature and magnitude of the wastes involved, the various technologies that can be used for remediation and the determination of acceptable remediation with respect to a particular site. Additionally, costs for environmental-related activities may not be reasonably estimable and therefore would not be included in our current liabilities.

Management believes these contingent environmental-related liabilities have been resolved.

Long-Lived Assets

The Company reviews its property and equipment and any identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The test for impairment is required to be performed by management at least annually. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted operating cash flow expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. Intangible assets are stated at cost and reviewed annually to examine any impairments, usually assuming an estimated useful life of five to ten years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. The estimated useful lives of the Intellectual Property, Customer List, and Licenses assumed in the Empire acquisition is 5 years, 10 years, and 10 years, respectively. See *Note 7 – Amortization of Intangible Assets*.

Factoring Agreements

We have entered into factoring agreements with various financial institutions to receive cash for our future revenues. These transactions are treated as a debt instrument and are accounted for as a liability because the Company makes weekly payments towards the balance and fees. We utilize factoring arrangements as an integral part of our financing for working capital. Any change in the availability of these factoring arrangements could have a material adverse effect on our financial condition. As of June 30, 2023 and December 31, 2022, the Company owed $6,718,684 and $4,893,207, net debt discounts of $2,185,819 and $1,221,022, respectively for factoring advances. See "Note 9 – Advances, Non-Convertible and PPP Notes Payable."

Goodwill

Goodwill is the excess of the purchase price paid over the fair value of the net assets of the acquired business. Goodwill is tested annually at December 31 for impairment. The annual qualitative or quantitative assessments involve determining an estimate of the fair value of reporting units in order to evaluate whether an impairment of the current carrying amount of goodwill exists. A qualitative assessment evaluates whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step quantitative goodwill impairment test. The first step of a quantitative goodwill impairment test compares the fair value of the reporting unit to its carrying amount including goodwill. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss may be recognized. The amount of impairment loss is determined by comparing the implied fair value of the reporting unit's goodwill with the carrying amount. If the carrying amount exceeds the implied fair value then an impairment loss is recognized equal to that excess. The Company has adopted the provisions of Accounting Standards Update ("ASU")_2017-04, "Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" ("ASU 2017-04"). ASU 2017-04 requires goodwill impairments to be measured on the basis of the fair value of a reporting unit relative to the reporting unit's carrying amount rather than on the basis of the implied amount of goodwill relative to the goodwill balance of the reporting unit. Thus, ASU 2017-04 permits an entity to record a goodwill impairment that is entirely or partly due to a decline in the fair value of other assets that, under existing U.S. GAAP, would not be impaired or have a reduced carrying amount. Furthermore, ASU 2017-04 removes "the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test." Instead, all reporting units, even those with a zero or negative carrying amount will apply the same impairment test. Accordingly, the goodwill of reporting unit or entity with zero or negative carrying values will not be impaired, even when conditions underlying the reporting unit/entity may indicate that goodwill is impaired.

We test our goodwill for impairment annually, or, under certain circumstances, more frequently, such as when events or circumstances indicate there may be impairment. We are required to write down the value of goodwill only when our testing determines the recorded amount of goodwill exceeds the fair value. Our annual measurement date for testing goodwill impairment is December 31. We fully impaired our goodwill as of December 31, 2022.

None of the goodwill is deductible for income tax purposes.

Segment Reporting

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the Chief Financial Officer, or decision-making group, in deciding the method to allocate resources and assess performance. The Company currently has one reportable segment for financial reporting purposes, which represents the Company's core business.

Net Earnings (Loss) Per Common Share

The Company computes earnings (loss) per common share under ASC Subtopic 260-10, Earnings Per Share. Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods, as applicable.

The computation of basic and diluted income (loss) per share, for the three and six months ended June 30, 2023 and 2022 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities are as follows:

	June 30, 2023	June 30, 2022
Common shares issuable upon conversion of convertible notes	-	2,601,540
Options to purchase common shares	92,166	92,166
Warrants to purchase common shares	9,756,876	2,752,941
Common shares issuable upon conversion of preferred stock	1,013,500	661,006
Total potentially dilutive shares	10,862,542	6,107,653

On February 17, 2022 the Company effectuated a 1-for-300 reverse stock split. Pursuant to GAAP, the Company retrospectively recasted and restated the weighted-average common shares included within its condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022. The basic and diluted weighted-average common shares are retroactively converted to shares of the Company's common stock to conform to the recasted condensed consolidated statements of stockholders' equity.

Recent Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" (ASU 2021-08). which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, as if it had originated the contracts. Prior to ASU 2021-08, an acquirer generally recognizes contract assets acquired and contract liabilities assumed that arose from contracts with customers at fair value on the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. ASU 2021-08 is to be applied prospectively to business combinations occurring on or after the effective date of the amendment (or if adopted early as of an interim period, as of the beginning of the fiscal year that includes the interim period of early application). The adoption of ASU 2021-08 did not have an impact on the Company's condensed consolidated financial statements and related disclosures.

There are other various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*, which eliminates the probable initial recognition threshold for credit losses requiring, instead, that all financial assets (or group of financial assets) measured at amortized cost be presented at the net amount expected to be collected inclusive of the entity's current estimate of all lifetime expected credit losses. The ASU also applies to certain off-balance-sheet credit exposures such as unfunded commitments and non-derivative financial guarantees. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) in order to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The income statement under this ASU will reflect the initial recognition of current expected credit losses for newly recognized assets, as well as any increases or decreases of expected credit losses that have occurred during the period. ASU 2016-13 retains many currently-existing disclosures related to the credit quality of an entity's assets and the related allowance for credit losses amended to reflect the change to an expected credit loss methodology, as well as enhanced disclosures to provide information to users at a more disaggregated level. Upon adoption, ASU 2016-13 provides for a modified retrospective transition by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is effective, except for debt securities for which an other-than-temporary impairment has previously been recognized. For these debt securities, a prospective transition is provided in order to maintain the same amortized cost prior to and subsequent to the effective date of the ASU. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within those annual periods with early adoption permitted for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. The adoption of ASU 2016-13 did not have an impact on the Company's condensed consolidated financial statements and related disclosures.

NOTE 4 – CONCENTRATIONS OF RISK

Accounts Receivable

The Company has a concentration of credit risk with its accounts receivable balance. Three customers individually accounted for $52,590, $36,450, and $31,485, or 23%, 16%, and 14%, respectively, of our accounts receivable at June 30, 2023. The Company has adopted *(ASU) 2016-13* as of January 1, 2023 and not had a material impact on the Company's financial statements as of June 30, 2023.

Customer Concentrations

The Company has a concentration of customers. For the three months ended June 30, 2023, three customers individually accounted for $5,999,544, $538,219 and $486,488, or approximately 64%, 6% and 5% of our revenues, respectively. For the six months ended June 30, 2023, two customers individually accounted for $11,199,670 and $1,023,112, or approximately 61% and 6% of our revenues, respectively.

The Company's sales are concentrated in the Virginia and northeastern North Carolina markets.

NOTE 5 – INVENTORIES

Inventories as of June 30, 2023 and December 31, 2022 consisted of the following:

	June 30, 2023	December 31, 2022
Processed and unprocessed scrap metal	$ 119,609	$ 189,646
Finished products	-	-
Inventories	$ 119,609	$ 189,646

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and December 31, 2022 is summarized as follows:

	June 30, 2023	December 31, 2022
Machinery and Equipment	$ 10,806,704	$ 12,995,494
Furniture and Fixtures	6,128	6,128
Land	980,129	980,129
Buildings	724,170	724,170
Vehicles	7,063,234	20,000
Leaseholder Improvements	1,772,407	988,100
Subtotal	21,352,772	15,714,021
Less accumulated depreciation	(3,686,817)	(2,546,486)
Property and equipment, net	$ 17,665,955	$ 13,167,535

Depreciation expense for the three months ended June 30, 2023 and 2022 was $611,103 and $201,986, respectively. Depreciation expense for the six months ended June 30, 2023 and 2022 was $1,140,331 and $336,117, respectively.

NOTE 7 – AMORTIZATION OF INTANGIBLE ASSETS

All of the Company's current identified intangible assets were assumed upon consummation of the Empire acquisition on October 1, 2021. Identified intangible assets consisted of the following at the dates indicated below:

June 30, 2023

	Gross carrying amount	Accumulated amortization	Carrying value	Estimated remaining useful life
Intellectual Property	$ 3,036,000	$ (1,062,600)	$ 1,973,400	3.25 years
Customer List	2,239,000	(391,825)	1,847,175	8.25 years
Licenses	21,274,000	(3,722,950)	17,551,050	8.25 years
Total intangible assets, net	$ 26,549,000	$ (5,177,375)	$ 21,371,625	

	December 31, 2022			
	Gross carrying amount	Accumulated amortization	Carrying value	Remaining estimated useful life
Intellectual Property	$ 3,036,000	$ (759,000)	$ 2,277,000	4 years
Customer List	2,239,000	(279,875)	1,959,125	9 years
Licenses	21,274,000	(2,659,250)	18,614,750	9 years
Total finite-lived intangibles	26,549,000	(3,698,125)	22,850,875	
Total intangible assets, net	$ 26,549,000	$ (3,698,125)	$ 22,850,875	

Amortization expense for intangible assets was $739,625 and $739,625 for the three months ended June 30, 2023 and 2022, respectively. Amortization expense for intangible assets was $ 1,479,250 and $1,479,250 for the six months ended June 30, 2023 and 2022, respectively.

Total estimated amortization expense for our intangible assets for the years 2023 through 2027 is as follows:

Year ended December 31,	
2023 (remaining)	1,479,250
2024	2,958,500
2025	2,958,500
2026	2,806,700
2027	2,351,300
Thereafter	8,817,375

NOTE 8 – FACTORING ADVANCES AND NON-CONVERTIBLE NOTES PAYABLE

Factoring Advances

On December 8, 2022, the Company entered into a revenue factoring advance in the principal amount of $3,025,000 for a purchase price of $2,500,000. The Company's Chief Executive Officer was personally liable for this factoring advance. The Company was required to make weekly payments in the amount $60,020 through December 2023. The advance matured on December 15, 2023. There was amortization of debt discount of $0 and $492,540 during the three and six months ended June 30, 2023. The Company made cash repayments of $695,198 and the remaining $2,149,742 balance was repaid out of the proceeds of another advance during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the revenue factoring advance had a balance of $0 and $2,352,000, net an unamortized debt discount of $0 and $492,540, respectively.

On December 8, 2022, the Company entered into a revenue factoring advance in the principal amount of $1,815,000 for a purchase price of $1,470,000. The Company's Chief Executive Officer was personally liable for this factoring advance. The Company was required to make weekly payments in the amount $34,904 through December 2023. The advance matured on December 15, 2023. There was amortization of debt discount of $0 and $323,669 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $408,136 and the remaining $1,302,152 balance was repaid out of the proceeds of another advance during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the revenue factoring advance had a balance of $0 and $1,386,619 net an unamortized debt discount of $0 and $323,670, respectively.

On December 29, 2022, the Company entered into a revenue factoring advance in the principal amount of $1,474,000 for a purchase price of $1,067,000. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $28,346 through January 2024. The advance matures on January 4, 2024. There was amortization of debt discount of $98,467 and $196,935 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $708,654 during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the revenue factoring advance had a balance of $557,470 and $1,069,188 net an unamortized debt discount of $207,876 and $404,812, respectively.

On January 17, 2023, the Company entered into a revenue factoring advance in the principal amount of $770,000 for a purchase price of $550,000. There was an origination fee of $50,000. The Company's Chief Executive Officer was personally liable for this factoring advance. The Company was required to make weekly payments in the amount $24,062 through June 2023. The advance matured on June 17, 2023. There was amortization of debt discount of $0 and $270,000 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 192,500 and the remaining balance of $548,625 was repaid out of the proceeds of another advance during the six months ended June 30, 2023. There was a $0 and $28,875 gain on settlement of the advance during the three and six months ended June 30, 2023, respectively. As of June 30, 2023, the revenue factoring advance had a balance of $0.

On January 17, 2023, the Company entered into a revenue factoring advance in the principal amount of $1,400,000 for a purchase price of $1,000,000. There was an origination fee of $100,000. The Company's Chief Executive Officer was personally liable for this factoring advance. The Company was required to make weekly payments in the amount $43,750 through June 2023. The advance matured on June 17, 2023. There was amortization of debt discount of $0 and $500,000 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 350,000 and the remaining balance of $1,003,870 was repaid out of the proceeds of another advance during the six months ended June 30, 2023. There was a $0 and $46,130 gain on settlement of the advance during the three and six months ended June 30, 2023, respectively. As of June 30, 2023, the revenue factoring advance had a balance of $0.

On March 29, 2023, the Company entered into a revenue factoring advance in the principal amount of $2,902,500 for a purchase price of $2,250,000. There was an origination fee of $67,500. The proceeds of $2,182,500 were used to payoff other advances and there were no cash proceeds. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $54,764 through April 2024. The advance matures on April 24, 2024. There was amortization of debt discount of $156,070 and $161,371 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $657,171 during the six months ended June 30, 2023. As of June 30, 2023, the revenue factoring advance had a balance of $1,754,200, net an unamortized debt discount of $491,129.

On March 29, 2023, the Company entered into a revenue factoring advance in the principal amount of $4,386,000 for a purchase price of $3,400,000. There was an origination fee of $102,000. There were cash proceeds of $476,109 and the remaining proceeds of $2,821,891 were used to pay off other advances. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $82,755 through April 2024. The advance matures on April 24, 2024. There was amortization of debt discount of $240,341 and $243,849 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 993,057 during the six months ended June 30, 2023. As of June 30, 2023, the revenue factoring advance had a balance of $2,650,793 net an unamortized debt discount of $742,151.

On May 26, 2023, the Company entered into a revenue factoring advance in the principal amount of $917,000 for a purchase price of $700,000. There was an origination fee of $21,000. There were cash proceeds of $679,000. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $17,635 through May 2024. The advance matures on May 26, 2024. There was amortization of debt discount of $22,170 and $22,170 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 90,972 during the six months ended June 30, 2023. As of June 30, 2023, the revenue factoring advance had a balance of $610,198 net an unamortized debt discount of $215,830.

On May 26, 2023, the Company entered into a revenue factoring advance in the principal amount of $393,000 for a purchase price of $300,000. There was an origination fee of $9,000. There were cash proceeds of $291,000. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $7,558 through May 2024. The advance matures on May 26, 2024. There was amortization of debt discount of $9,501 and $9,501 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 37,788 during the six months ended June 30, 2023. As of June 30, 2023, the revenue factoring advance had a balance of $262,713 net an unamortized debt discount of $92,499.

On June 7, 2023, the Company entered into a revenue factoring advance in the principal amount of $1,400,000 for a purchase price of $910,000. There was an origination fee of $90,000. There were cash proceeds of $900,000 during the six months ended June 30, 2023 and $10,000 was an advance receivable as of June 30, 2023. The Company's Chief Executive Officer is personally liable for this factoring advance. The Company is required to make weekly payments in the amount $51,785 through March 2024. The advance matures on March 7, 2024. There was amortization of debt discount of $53,667 and $53,667 during the three and six months ended June 30, 2023, respectively. The Company made cash repayments of $ 165,355 during the six months ended June 30, 2023. As of June 30, 2023, the revenue factoring advance had a balance of $798,312 net an unamortized debt discount of $436,333.

The remaining advances are for Simple Agreements for Future Tokens, entered into with accredited investors issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended, by virtue of Section 4(a)(2) thereof and/or Regulation D thereunder in 2018. As of December 31, 2022, the Company owed $85,000 for Simple Agreements for Future Tokens.

Non-Convertible Notes Payable

On September 23, 2021, the Company entered into a Resolution Agreement with Sheppard, Mullin, Richter & Hampton concerning the $459,250.88 judgement entered against the Company (See *Note 12 – Commitments and Contingencies*). Under the terms of the Resolution Agreement, which the Company has classified as a non-convertible note, the Company was required to make a $25,000 initial payment by September 30, 2021 and is required to make $15,000 monthly payments from October 2021 to January 2023 with a final $10,000 payment due in February 2023. There was amortization of the debt discount of $0 and $3,182 during the three and six months ended June 30, 2023, respectively. During the six months ended June 30, 2023, the Company made $ 40,000 in payments towards the Resolution Agreement. As of June 30, 2023 and December 31, 2022, the Resolution Agreement had a balance of $ 0 and $38,284, net an unamortized debt discount of $0 and $3,182, respectively.

On April 11, 2022, the Company entered into a vehicle financing agreement with GM Financial for the purchase of a vehicle for use by the Company's Chief Executive Officer in the principal amount of $74,186. GM Financial financed $65,000 of the purchase price of the vehicle and the Company was required to make a $10,000 down payment. There was a $2,400 rebate applied to the purchase price. The Company is required to make 60 monthly payments of $1,236. During the six months ended June 30, 2023, the Company made $11,928 in payments towards the financing agreement. There was amortization of debt discount of $442 and $884 during the three and six months ended June 30, 2023, respectively. As of June 30, 2023 and December 31, 2022, the financing agreement had a balance of $49,070 and $60,114, net an unamortized debt discount of $7,006 and $7,890, respectively.

On April 21, 2022, the Company entered into a secured promissory note in the principal amount of $964,470 for the financing and installation of a piece of equipment in the amount $750,000. The Company is required to make monthly payments in the amount $6,665 through October 2022 and monthly payments of $19,260 until October 2026. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on October 21, 2026. During the six months ended June 30, 2023, the Company made $113,895 in payments towards the note. There was amortization of debt discount of $11,741 and $23,482 during the three and six months ended June 30, 2023, respectively. As of June 30, 2023 and December 31, 2022, the note had a balance of $647,373 and $732,550 net an unamortized debt discount of $156,547 and $180,030, respectively.

On September 1, 2022, the Company entered into a Deed of Trust note for the purchase of land and buildings. The note has a principal amount of $600,000, bears an interest rate of 6.5%, and matures on September 1, 2032. The Company is required to make monthly payments of $4,476 until September 1, 2032, when the remaining principal and accrued interest becomes due. The Company made principal and interest payments of $8,285 and $18,571, respectively, during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a principal balance of $587,669 and $595,954 and accrued interest of $3,035 and $3,184, respectively.

On September 1, 2022, the Company entered into an additional Deed of Trust note for the purchase of land and buildings. The note has a principal amount of $600,000, bears an interest rate of 6.5%, and matures on September 1, 2032. The Company is required to make monthly payments of $4,476 until September 1, 2032, when the remaining principal and accrued interest becomes due. The Company made principal and interest payments of $8,285 and $18,571, respectively, during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a principal balance of $587,669 and $595,954 and accrued interest of $3,035 and $3,184, respectively.

On September 14, 2022, the Company entered into a secured promissory note in the principal amount of $2,980,692 for a purchase price of $2,505,000. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount $82,797 through September 2025. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on September 14, 2025. There was amortization of debt discount of $39,509 and $79,018 during the three and six months ended June 30, 2023, respectively. There were payments of $579,579 towards the note during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a balance of $1,886,256, and $2,386,817 net an unamortized debt discount of $349,263 and $428,281, respectively.

On November 28, 2022, the Company entered into a secured promissory note in the principal amount of $1,539,630 for a purchase price of $1,078,502. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $10,410 through March 2023 and then monthly payments in the amount of $20,950 through March 2029. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on March 5, 2029. There was amortization of debt discount of $18,048 and $36,096 during the three and six months ended June 30, 2023, respectively. There were payments of $82,236 during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a balance of $1,038,980 and $1,085,120 net an unamortized debt discount of $418,414 and $454,510, respectively.

On November 28, 2022, the Company entered into a secured promissory note in the principal amount of $1,560,090 for a purchase price of $1,092,910. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $10,630 through March 2023 and then monthly payments in the amount of $21,225 through March 2029. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on March 5, 2029. There was amortization of debt discount of $18,285 and $36,570 during the three and six months ended June 30, 2023, respectively. There were payments of $84,970 during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a balance of $1,051,214 and $1,099,614 net an unamortized debt discount of $423,906 and $460,476, respectively.

On November 28, 2022, the Company entered into a secured promissory note in the principal amount of $1,597,860 for a purchase price of $1,119,334. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $10,860 through March 2023 and then monthly payments in the amount of $21,740 through March 2029. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on March 5, 2029. There was amortization of debt discount of $18,729 and $37,458 during the three and six months ended June 30, 2023, respectively. There were payments of $86,920 during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a balance of $1,076,739 and $1,126,201 net an unamortized debt discount of $432,200 and $471,659, respectively.

On December 15, 2022, the Company entered into a secured promissory note in the principal amount of $1,557,435 for a purchase price of $1,093,380. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $10,585 through March 2023 and then monthly payments in the amount of $21,190 through March 2029. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on March 15, 2029. There was amortization of debt discount of $18,302 and $36,604 during the three and six months ended June 30, 2023, respectively. There were payments of $63,530 during the six months ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the note had a balance of $1,069,707 and $1,096,634 net an unamortized debt discount of $424,198 and $460,801, respectively.

On January 10, 2023, the Company entered into a secured promissory note in the principal amount of $1,245,018 for a purchase price of $1,021,500. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $10,365 through March 2023 and then monthly payments in the amount of $34,008 through March 2026. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on March 10, 2026. There was amortization of debt discount of $17,417 and $32,705 during the three and six months ended June 30, 2023. There were payments of $65,103 during the six months ended June 30, 2023. As of June 30, 2023, the note had a balance of $989,102 net an unamortized debt discount of $190,813.

On January 12, 2023, the Company entered into a secured promissory note in the principal amount of $1,185,810 for a purchase price of $832,605. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $8,030 through April 2023 and then monthly payments in the amount of $16,135 through April 2028. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on April 12, 2028. There was amortization of debt discount of $16,583 and $30,770 during the three and six months ended June 30, 2023, respectively. There were payments of $32,120 during the six months ended June 30, 2023. As of June 30, 2023, the note had a balance of $831,255 net an unamortized debt discount of $322,435.

On February 23, 2023, the Company entered into a secured promissory note in the principal amount of $822,040 for a purchase price of $628,353. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $6,370 through June 2023 and then monthly payments in the amount of $16,595 through June 2027. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on June 23, 2027. There was amortization of debt discount of $11,026 and $15,069 during the three and six months ended June 30, 2023, respectively. There were payments of $12,740 during the six months ended June 30, 2023. As of June 30, 2023, the note had a balance of $630,682 net an unamortized debt discount of $178,618.

On February 24, 2023, the Company entered into a secured promissory note in the principal amount of $1,186,580 for a purchase price of $832,605. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $9,185 through June 2023 and then monthly payments in the amount of $23,955 through June 2027. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on June 24, 2027. There was amortization of debt discount of $15,915 and $22,104 during the three and six months ended June 30, 2023, respectively. There were payments of $18,370 during the six months ended June 30, 2023. As of June 30, 2023, the note had a balance of $910,735 net an unamortized debt discount of $257,475.

On March 1, 2023, the Company entered into a secured promissory note in the principal amount of $635,000. The note is secured by certain assets of the Company. The Company is required to make a payment in the amount of $63,500 on March 15, 2023 and then commencing on April 15, 2023, monthly payments in the amount of $14,138 through March 2027. The note bears an interest rate of 8.5%, is secured by certain assets of the Company, and matures on March 15, 2027. There were payments of $93,985 and $12,154 to principal and interest, respectively, during the six months ended June 30, 2023. As of June 30, 2023, the note had a balance of $541,015 and accrued interest of $3,654.

On April 12, 2023, the Company entered into a secured promissory note in the principal amount of $317,415 for a purchase price of $219,676. The note is secured by certain assets of the Company. The Company is required to make monthly payments in the amount of $2,245 through August 2023 and then monthly payments in the amount of $4,315 through July 2027. The note bears an interest rate of 10.6%, is secured by certain assets of the Company, and matures on July 12, 2029. There was amortization of debt discount of $3,432 and $3,432 during the three and six months ended June 30, 2023, respectively. As of June 30, 2023, the note had a balance of $223,108 net an unamortized debt discount of $94,307.

The following table details the current and long-term principal due under non-convertible notes as of June 30, 2023.

	Principal (Current)	Principal (Long Term)
GM Financial (Issued April 11, 2022)	$ 18,546	$ 37,529
Non-Convertible Note (Issued March 8, 2019)	5,000	-
Deed of Trust Note (Issued September 1, 2022)	53,712	533,957
Deed of Trust Note (Issued September 1, 2022)	53,712	533,957
Equipment Finance Note (Issued April 21, 2022)	231,120	572,800
Equipment Finance Note (Issued September 14, 2022)	993,564	1,241,955
Equipment Finance Note (Issued November 28, 2022)	251,400	1,205,994
Equipment Finance Note (Issued November 28, 2022)	254,700	1,220,420
Equipment Finance Note (Issued November 28, 2022)	260,880	1,250,060
Equipment Finance Note (Issued December 15, 2022)	254,280	1,239,625
Equipment Finance Note (Issued January 10, 2023)	408,069	771,819
Equipment Finance Note (Issued January 12, 2023)	193,620	960,070
Equipment Finance Note (Issued February 24, 2023)	287,460	880,750
Equipment Finance Note (Issued February 23, 2023)	193,620	615,680
Equipment Finance Note (Issued March 1, 2023)	169,678	371,364
Equipment Finance Note (Issued April 12, 2023)	45,570	271,845
Debt Discount	(777,333)	(2,479,851)
Total Principal of Non-Convertible Notes	$ 2,897,598	$ 9,227,974

Total principal payments due on non-convertible notes for 2023 through 2027 and thereafter is as follows:

Year ended December 31,	
2023 (remaining)	$ 1,834,965
2024	3,677,652
2025	3,512,258
2026	2,373,804
2027	1,872,716
Thereafter	2,111,361

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of June 30, 2023 and December 31, 2022, the Company owed accounts payable and accrued expenses of $5,908,450 and

$5,035,330, respectively. These are primarily comprised of payments to vendors, accrued interest on debt, and accrued legal bills.

	June 30, 2023	December 31, 2022
Accounts Payable	$ 2,087,383	$ 1,548,847
Credit Cards	308,307	206,669
Accrued Interest	1,895,040	1,708,965
Accrued Expenses	1,617,720	1,570,849
Total Accounts Payable and Accrued Expenses	$ 5,908,450	$ 5,035,330

NOTE 10 – ACCRUED PAYROLL AND RELATED EXPENSES

The Company is delinquent in filing its payroll taxes, primarily related to stock compensation awards in 2016 and 2017, but also including payroll for 2018, 2019, 2020, and 2021. Additionally, there is accrued payroll for the last three days of the year ended December 31, 2022 and ten days of the quarter ended June 30, 2023. As of June 30, 2023 and December 31, 2022, the Company owed payroll tax liabilities, including penalties, of $4,456,142 and $3,946,411, respectively, to federal and state taxing authorities. The actual liability may be higher or lower due to interest or penalties assessed by federal and state taxing authorities.

NOTE 11 – LEASES

Property Leases (Operating Leases)

The Company leases its facilities and certain automobiles under operating leases which expire on various dates through 2025. The Company determines if an arrangement is a lease at inception and whether it is a finance or operating leases. Right of Use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. When readily determinable, the Company uses the implicit rate in determining the present value of lease payments. The ROU asset also includes any fixed lease payments, including in-substance fixed lease payments and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Lease term is determined at lease commencement and includes any non-cancellable period for which the Company has the right to use the underlying asset, together with any options to extend that the Company is reasonably certain to exercise.

Upon effectiveness of the acquisition of Empire on October 1, 2021, the Company assumed $3,492,531 in ROU assets and $3,650,358 in lease liabilities for the leasing of scrap metal yards from an entity controlled by the Company's Chief Executive Officer. Under the terms of the leases, Empire was required to pay an aggregate of $145,821 per month from January to March 2022. On April 1, 2022, the Company entered into amendments to the leases for its Kelford and Carrolton yards, increasing the monthly rent payments by an aggregate of $50,000 per month for use of an automotive shredder and downstream processing system, respectively, being installed on those properties. The Company is required to pay $199,821 per month in rent for these facilities from April to December 2022 and increasing by 3% on January 1st of every year thereafter. On September 1, 2022, the Company terminated the lease for its Portsmouth yard on account of the Company purchasing the land underlying the lease, reducing the lease payment by $11,200 per month. The leases expire on January 1, 2024 and the Company has two options to extend the leases by 5 years per option. In the event the Company does not exercise the options, the leases will continue on a month-to-month basis. The Company cannot sublease any of the properties under the lease agreements.

Upon effectiveness of the acquisition of Empire on October 1, 2021, the Company assumed $30,699 in ROU assets and $31,061 in lease liabilities for an office lease. Under the terms of the lease, Empire is required to pay $1,150 per month and increasing by 3% on April 1st of every year beginning on April 1, 2022. The lease expires on March 31, 2024 and Empire was required to make a security deposit of $1,150. The Company does not have an option to extend the lease. The Company cannot sublease the office under the lease agreements.

On October 11, 2021, Empire entered into leasing agreements with a company owned by the Chief Executive Officer of Empire for the leasing of the Company's Virginia Beach metal recycling location. Under the terms of the leases, Empire is required to pay $9,677 for the prorated first month and $15,000 per month for the facilities beginning November 1, 2021 and increasing by 3% on January 1st of every year thereafter. The leases expire on January 1, 2024 and the Company has two options to extend the leases by 5 years per option. In the event the Company does not exercise the options, the leases will continue on a month-to-month basis. The Company cannot sublease any of the properties under the lease agreements.

On January 24, 2022, the Company entered into leasing agreements for 3,521 square feet of office space commencing upon the completion of tenant improvements which was expected to be on April 1, 2022 but shall be no later than May 1, 2022 ("Commencement Date"). Under the terms of the leases, the Company is required to pay $3,668 for the first twelve months of the lease and increasing by approximately 3% every 12 months thereafter until the expiration of the lease. The lease is for a period of five years from the Commencement Date and the Company was required to make a security deposit of $3,668. The Company does not have an option to extend the lease. The Company cannot sublease any of the office space under the lease agreement.

Effective February 1, 2022, the Company entered into an office space/land lease agreement with an entity owned by the Chief Executive Officer of Greenwave for the leasing of the Company's Fairmont metal scrap yard located at 406 Sandy Street, Fairmont, NC 28340. Under the terms of the lease, the Company is required to pay $8,000 per month for the facility beginning February 1, 2022 and increasing by 3% on January 1, 2023. The lease expires on January 1, 2024 and the Company has two options to extend the lease by 5 years per option. The Company also has the option to extend the term of the lease for an additional year for the next 5 years upon the same terms and conditions. In the event the Company does not exercise the options, the lease will continue on a month-to-month basis. The Company cannot sublease the property under the lease agreement.

Effective October 13, 2022, the Company entered into an office space/land lease agreement for the leasing of 900 Broad Street, Suite

C, Portsmouth, VA 23707. Under the terms of the lease, the Company is required to pay $4,300 per month for the facility beginning November 1, 2022 and increasing by 3% on January 1, 2023. The lease expires on December 31, 2027 and the Company has two options to extend the lease by 5 years per option. The Company also has the option to extend the term of the lease for an additional year for the next 5 years upon the same terms and conditions. In the event the Company does not exercise the options, the lease will continue a month-to-month basis. The Company cannot sublease the property under the lease agreement.

Effective January 1, 2023, the Company entered into an office space/land lease agreement with an entity owned by the Chief Executive Officer of Greenwave for the leasing of the Company's Chesapeake facility located at 101 Freeman Ave, Chesapeake, VA 23324. Under the terms of the lease, the Company is required to pay $9,000 per month for the facility beginning January 1, 2023 and increasing by 3% on January 1, 2024. The lease expires on January 1, 2025 and the Company has two options to extend the lease by5 years per option. The Company also has the option to extend the term of the lease for an additional year for the next 5 years upon the same terms and conditions. In the event the Company does not exercise the options, the lease will continue on a month-to-month basis. The Company cannot sublease the property under the lease agreement.

Automobile Leases (Operating Leases)

Upon effectiveness of the acquisition of Empire on October 1, 2021, the Company assumed $26,804 in ROU assets and $18,661 in lease liabilities for an automobile lease. Under the terms of the lease, Empire is required to pay $750 per month until the lease expires on February 18, 2025 and the Company does not have an option to renew or extend. The Company is responsible for any damage to the automobile under the terms of the lease.

Upon effectiveness of the acquisition of Empire on October 1, 2021, the Company assumed $34,261 in ROU assets and $27,757 in lease liabilities for an automobile lease. Under the terms of the lease, Empire is required to pay $650 per month until the lease expires on February 15, 2026 and the Company does not have an option to renew or extend. The Company is responsible for any damage to the automobile under the terms of the lease.

On December 23, 2021, Empire entered into a lease agreement for the leasing of an automobile.Under the terms of the lease, Empire was required to pay $18,000 for the first month and $1,000 per month thereafter for 60 months. The lease expires on December 23, 2025 and the Company does not have an option to renew or extend. The Company is responsible to any damage to the automobile under the terms of the lease.

On July 1, 2022, Empire entered into a lease agreement for the leasing of certain equipment.Under the terms of the lease, Empire was required to pay $2,930 per month thereafter for a period of 24 months. The lease expires on July 31, 2024 and the Company does not have an option to renew or extend. The Company is responsible to any damage to the equipment under the terms of the lease.

ROU assets and liabilities consist of the following:

	June 30, 2023	December 31, 2022
ROU assets – related party	$ 1,372,943	$ 2,419,338
ROU assets	511,381	590,608
Total ROU assets	1,884,324	3,009,946
Current portion of lease liabilities – related party	$ 1,377,913	$ 2,742,140
Current portion of lease liabilities	204,833	232,236
Long term lease liabilities – related party, net of current portion	83,430	-
Long term lease liabilities, net of current portion	314,008	116,262
Total lease liabilities	$ 1,980,184	$ 3,090,638

Aggregate minimum future commitments under non-cancelable operating leases and other obligations at June 30, 2023 were as follows:

Year ended December 31,	
2023 (remaining)	$ 1,437,571
2024	272,971
2025	139,545
2026	134,476
2027	42,430
Total Minimum Lease Payments	$ 2,026,993
Less: Imputed Interest	$ (46,809)
Present Value of Lease Payments	$ 1,980,184
Less: Current Portion	$ (1,582,746)
Long Term Portion	$ 397,438

The Company leases its facilities, automobiles, and offices under operating leases which expire on various dates through 2027. Rent expense related to these leases is recognized based on the payment amount charged under the lease. Rent expense for the three months ended June 30, 2023 and 2022 was $776,382 and $698,111, respectively. Rent expense for the six months ended June 30, 2023 and 2022 was $1,490,160 and $1,214,075, respectively. As of June 30, 2023, the leases had a weighted average remaining lease term of 1.86 years and a weighted average discount rate of 10%.

NOTE 12 – COMMITMENTS AND CONTINGENCES

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

Sheppard Mullin's Demand for Arbitration

On December 1, 2020, Sheppard, Mullin, Richter & Hampton LLP ("Sheppard Mullin"), the Company's former securities counsel, filed a demand for arbitration at JAMS in New York, New York against the Company, alleging the Company's breach of an engagement agreement dated January 4, 2018, and a failure of the Company to pay $487,390.73 of outstanding legal fees to Sheppard Mullin. Sheppard Mullin was awarded $459,251 in unpaid legal fees, disbursements and interest on June 25, 2021. A judgement confirming the arbitration award was entered on September 8, 2021 in the Federal District Court located in Denver, Colorado.

On September 23, 2021, the Company entered into a Resolution Agreement with Sheppard, Mullin, Richter & Hampton concerning the $459,250.88 judgement entered against the Company. Under the terms of the Resolution Agreement, the Company was required to make a $25,000 initial payment by September 30, 2021 and is required to make $15,000 monthly payments from October 2021 to January 2023 with a final $10,000 payment due in February 2023. The Company has made the October 2021 through February 2023 monthly payments.

NOTE 13 – STOCKHOLDERS' EQUITY

<u>Preferred Stock</u>

The Company is authorized to issue 10,000,000 shares of blank check preferred stock, par value $0.001 per share.

<u>Series Z</u>

On September 30, 2021, the Company authorized the issuance of 500 shares of Series Z Preferred Stock, par value $0.001 per share. The Series Z Preferred Stock has a $20,000 stated value per share and all 500 Series Z preferred shares, in aggregate, are convertible into 19.98% of the issued and outstanding common shares of the Company (post conversion). The conversion rate is applicable on a pro rata basis to each share of Series Z Preferred Stock upon conversion. This anti-dilutive conversion feature is in effect until such time an S-1 Registration Statement is declared effective by the SEC in conjunction with a NASDAQ listing. The Company credited additional paid in capital $7,237,572 for a deemed dividend for the trigger of a price protection provision in the Series Z Preferred Stock upon uplisting to NASDAQ.

As of June 30, 2023 and December 31, 2022, there were 250 and 322 shares of Series Z Preferred Stock issued and outstanding.

On January 23, 2023, 72 shares of Series Z Preferred Stock were converted into 288,494 shares of common stock.

<u>Common Stock</u>

The Company is authorized to issue 1,200,000,000 shares of common stock, par value $0.001 per share.

During the six months ended June 30, 2023, the Company issued 288,494 shares of common stock for the conversion of 72 shares of Series Z Preferred Stock.

As of June 30, 2023 and December 31, 2022, there were 11,250,813 and 10,962,319 shares, respectively, of common stock issued and outstanding.

NOTE 14 – WARRANTS

A summary of the warrant activity for the three months ended June 30, 2023 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2022	9,757,710	$ 5.61	5.14	$ 635
Granted	-			
Exercised	-			
Canceled/Exchanged	(834)	$ 0.12		
Outstanding at June 30, 2023	9,756,876	$ 5.61	3.64	$ -
Exercisable at June 30, 2023	9,756,876	$ 5.61	3.64	$ -

Exercise Price	Warrants Outstanding	Weighted Avg. Remaining Life	Warrants Exercisable
$ 5.50	9,238,816	3.65	9,238,816
7.52	518,060	3.42	518,060
	9,756,876	3.64	9,756,876

The aggregate intrinsic value of outstanding stock warrants was $0 based on warrants with an exercise price less than the Company's stock price of $0.76 as of June 30, 2023 which would have been received by the warrant holders had those holders exercised the warrants as of that date.

NOTE 15 – STOCK OPTIONS

Our stockholders approved our 2014 Equity Incentive Plan in June 2014 (the "2014 Plan"), our 2015 Equity Incentive Plan in December 2015 (the "2015 Plan"), our 2016 Equity Incentive Plan in October 2016 ("2016 Plan"), our 2017 Equity Incentive Plan in December 2016 ("2017 Plan"), our 2018 Equity Incentive Plan in June 2018 (the "2018 Plan"), our 2021 Equity Incentive Plan in September 2021 (the "2021 Plan" and together with the 2014 Plan, 2015 Plan, 2016 Plan, 2018 Plan, the "Prior Plans"), and our 2022 Equity Incentive Plan in November 2022 ("2022 Plan" , and together with the Prior Plans, the "Plans"). The Plans are identical, except for the number of shares reserved for issuance under each. As of June 30, 2023, the Company had granted an aggregate of 214,367 securities under the Plans since inception, with 567,300 shares available for future issuances. The Company made no grants under the plans during the three months ended June 30, 2023.

The Plans provide for the grant of incentive stock options to our employees and our subsidiaries' employees, and for the grant of stock options, stock bonus awards, restricted stock awards, performance stock awards and other forms of stock compensation to our employees, including officers, consultants and directors. The Prior Plans also provide that the grant of performance stock awards may be paid out in cash as determined by the committee administering the Prior Plans.

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option pricing model with a volatility figure derived from historical data. The Company accounts for the expected life of options based on the contractual life of the options.

There were no options issued during the six months ended June 30, 2023.

A summary of the stock option activity for the six months ended June 30, 2023 as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2022	92,166	$ 148.11	4.49	$ -
Granted	-			
Exercised	-			
Forfeiture/Cancelled	-			
Outstanding at June 30, 2023	92,166	$ 148.11	3.99	$ -
Exercisable at June 30, 2023	92,166	$ 148.11	3.99	$ -

Exercise Price	Number of Options	Remaining Life In Years	Number of Options Exercisable
$ 23.00-75.00	44,368	4.76	44,368
75.01-150.00	6,476	3.76	6,476
150.01-225.00	6,079	3.18	6,079
225.01-300.00	33,133	3.20	33,133
300.01-321.00	2,110	3.10	2,110
	92,166		92,166

The aggregate intrinsic value of outstanding stock options was $0, based on options with an exercise price less than the Company's stock price of $0.76 as of June 30, 2023, which would have been received by the option holders had those option holders exercised their options as of that date.

The fair value of all options that vested during the three months ended June 30, 2023 and 2022 was $0 and $0, respectively. The fair value of all options that vested during the six months ended June 30, 2023 and 2022 was $0 and $0, respectively. Unrecognized compensation expense of $0 as of June 30, 2023 will be expensed in future periods.

NOTE 16 – RELATED PARTY TRANSACTIONS

On January 1, 2023, the Company entered into a lease agreement for the Company's Chesapeake location with an entity controlled by the Company's Chief Executive Officer. Under the terms of the lease agreement, the Company pays $9,000 per month in rent, increasing 3% on January 1st of each year. The lease expires on January 1, 2025 and the Company has two options to extend the lease by a term of five years per option.

As of June 30, 2023, the Company leases 13 scrap yard facilities by an entity controlled by the Company's Chief Executive Officer, including the lease for the Chesapeake location described above. During the three and months ended June 30, 2023, the Company had a rent expense of $675,051 and $1,350,103, respectively to an entity controlled by the Company's Chief Executive Officer. Further, during the three and six months ended June 30, 2023, an entity controlled by the Company's Chief Executive Officer made an insurance down payment of $105,000 and debt payments of $189,615 on behalf of the Company. As of June 30, 2023 and December 31, 2022, the Company owed $1,925,970 and $317,781, respectively, in accrued rent and reimbursements to an entity controlled by the Company's Chief Executive Officer. *See Note 11 – Leases.*

NOTE 17 – SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the unaudited condensed consolidated financial statements are issued.

On July 12, 2023, J. Bryan Plumlee resigned from the Company's Board of Directors.

On July 12, 2023, the Company appointed Henry Sicignano III to its Board of Directors.

On July 3, 2023, the Company closed a bridge financing in the principal amount of $1,031,250 for a purchase price of $825,000 with certain accredited investors.

On July 28, 2023, the Company issued 1,013,500 shares of common stock to the Company's Chief Executive Officer for the exchange of 250 shares of Series Z preferred stock. On August 1, 2023, the Company filed a Certificate of Elimination to retire the class of Series Z preferred stock.

On July 31, 2023, the Company entered into a Purchase Agreement with certain institutional investors as purchasers whereby, the Company sold, and the investors purchased, approximately $15,000,000, which consisted of approximately $13,968,750 in cash and $1,031,250 of existing debt of the Company which was exchanged for the notes and warrants issued in this offering in principal amount of senior secured convertible notes and warrants. The transaction closed on August 1, 2023. The Senior Notes were issued with an original issue discount of 16.67%, do not bear interest, unless in the event of an event of default, in which case the notes bear interest at the rate of 18% per annum until such default has been cured, and mature after 24 months, on July 31, 2025. The Company will pay to the Investors an aggregate of $1,000,000 per month beginning on the last business day of the sixth (6th) full calendar month following the issuance thereof. The Senior Notes are convertible into shares of the Company's common stock, par value $0.001 per share ("Common Stock"), at a conversion price per share of $1.50, subject to adjustment under certain circumstances described in the Senior Notes. To secure its obligations thereunder and under the Purchase Agreement, the Company has granted a security interest over substantially all of its assets to the collateral agent for the benefit of the Investors, pursuant to a security agreement and a related trademark security agreement. The Company has the option to redeem the Senior Notes at a 10% redemption premium. The maturity date of the Senior Notes also may be extended by the holders under circumstances specified therein. Danny Meeks, the Company's Chief Executive Officer, and the Company's subsidiaries each guaranteed the Company's obligations under the Senior Notes. The Warrants are exercisable for five (5) years to purchase an aggregate of 4,420,460 shares of Common Stock at an exercise price of $0.01, subject to adjustment under certain circumstances described in the Warrants.

From August 1 to 3, 2023, the Company retired all outstanding merchant cash advances and made a principal payment of $2,000,000 on its equipment debt.

On July 31, 2023, the Company entered into a Bill of Sale with an entity wholly-owned by Danny Meeks, the Company's Chief Executive Officer, pursuant to which the Company agreed to purchase certain assets held by DWM in exchange for the issuance of a secured promissory note to DWM in an aggregate principal amount equal to $17,218,350.

On August 7, 2023, the Company issued 125,929 shares of common stock pursuant to its 2022 Employee Stock Option Plan.

On August 7, 2023, the Company appointed Jason Adelman to its Board of Directors.

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

You should read the following discussion and analysis in conjunction with our condensed consolidated financial statements and related notes contained in Part I, Item 1 of this Quarterly Report. Please also refer to the note about forward-looking information for information on such statements contained in this Quarterly Report immediately preceding Part I, Item 1.

Overview

We were formed on April 26, 2013 as a technology platform developer under the name MassRoots, Inc. In October 2021, we changed our corporate name from "MassRoots, Inc." to "Greenwave Technology Solutions, Inc." On September 30, 2021, we closed our acquisition of Empire Services, Inc. ("Empire"), which operates 13 metal recycling facilities and 1 metal processing facility in Virginia, North Carolina, and Ohio. The acquisition was deemed effective October 1, 2021 on the effective date of the Certificate of Merger in Virginia.

In December 2022, we began offering hauling services to corporate clients. We haul sand, dirt, asphalt, metal, and other materials in a fleet of approximately 50 trucks which we own, manage, and maintain.

Upon the acquisition of Empire, we transitioned into the scrap metal industry which involves collecting, classifying and processing appliances, construction material, end-of-life vehicles, boats, and industrial machinery. We process these items by crushing, shearing, shredding, separating, and sorting, into smaller pieces and categorize these recycled ferrous, nonferrous, and mixed metal pieces based on density and metal prior to sale. In cases of scrap cars, we remove the catalytic converters, aluminum wheels, and batteries for separate processing and sale prior to shredding the vehicle. We have designed our systems to maximize the value of metals produced from this process.

We operate an automotive shredder at our Kelford, North Carolina location and a second automotive shredder at our Carrollton, Virginia is expected to come online in the third quarter of 2023. Our shredders are designed to produce a denser product and, in concert with advanced separation equipment, more refined recycled ferrous metals, which are more valuable as they require less processing to produce recycled steel products. In totality, this process reduces large metal objects like auto bodies into baseball-sized pieces of shredded recycled metal.

The shredded pieces are then placed on a conveyor belt under magnetized drums to separate the ferrous metal from the mixed nonferrous metal and residue, producing consistent and high-quality ferrous scrap metal. The nonferrous metals and other materials then go through a number of additional mechanical systems which separate the nonferrous metal from any residue. The remaining nonferrous metal is further processed to sort the metal by type, grade, and quality prior to being sold as products, such as zorba (mainly aluminum), zurik (mainly stainless steel), and shredded insulated wire (mainly copper and aluminum).

In July 2023, Greenwave commenced operation of a downstream processing system at its Kelford, NC location, enabling the Company to recover millimeter-minus pieces of metal from the Company's automotive shred residue or, "fluff," as it is known in the industry. Greenwave is on track to generate additional high-margin revenues of several hundred thousand dollars of revenue per month from the sale of metals recovered by the downstream system. As Greenwave continues to optimize the operation of its downstream processing system, and brings a copper extraction component online, the Company could be able to increase its recovery yields.

One of our main corporate priorities is to open a facility with rail or deep-water port access to enable us to efficiently transport our products to domestic steel mills and overseas foundries. Because this would greatly expand the number of potential buyers of our processed scrap products, we believe opening a facility with port or rail access could result in an increase in both the revenue and profitability of our existing operations.

Empire is headquartered in Chesapeake, Virginia and has 144 full-time employees as of August 14, 2023.

Competitors

We compete with other metal recycling facility operators, such as Schnitzer Steel Industries, Inc. (NASDAQ:SCHN) and are focused on utilizing technology to create operating efficiencies and competitive advantages over our peers. We also compete with regional hauling companies.

Products and Services

Our main product is selling ferrous metal, which is used in the recycling and production of finished steel. It is categorized into heavy melting steel, plate and structural, and shredded scrap, with various grades of each of those categorized based on the content, size and consistency of the metal. All of these attributes affect the metal's value.

We also process nonferrous metals such as aluminum, copper, stainless steel, nickel, brass, titanium, lead, alloys and mixed metal products. Additionally, we sell the catalytic converters recovered from end-of-life vehicles to processors which extract the nonferrous precious metals such as platinum, palladium and rhodium.

We provide metal recycling services to a wide range of suppliers, including large corporations, industrial manufacturers, retail customers, and government organizations.

We also provide hauling services to corporate clients, hauling sand, asphalt, metal and other materials to job sites.

Pricing and Customers

Prices for our ferrous and nonferrous products are based on prevailing market rates and are subject to market cycles, worldwide steel demand, government regulations and policy, and supply of products that can be processed into recycled steel. Our main buyers adjust the prices they pay for scrap metal products based on market rates usually on a monthly or bi-weekly basis. We are usually paid for the scrap metal we deliver to customers within 14 days of delivery.

Based on any price changes from our customers or our other buyers, we in turn adjust the price for unprocessed scrap we pay suppliers in order to manage the impact on our operating income and cashflows.

The spread we are able to realize between the sales prices and the cost of purchasing scrap metal is determined by a number of factors, including transportation and processing costs. Historically, we have experienced sustained periods of stable or rising metal selling prices, which allow us to manage or increase our operating income. When selling prices decline, we adjust the prices we pay customers to minimize the impact to our operating income.

Prices for hauling services are primarily based on the current demand and range from $85 to $120 per hour.

Sources of Unprocessed Metal

Our main sources of unprocessed metal we purchase are end-of-life vehicles, old equipment, appliances and other consumer goods, and scrap metal from construction or manufacturing operations. We acquire this unprocessed metal from a wide base of suppliers including large corporations, industrial manufacturers, retail customers, and government organizations who unload their metal at our facilities or we pick it up and transport it from the supplier's location. Currently, our operations and main suppliers are located in the Hampton Roads and northeastern North Carolina markets. In the second quarter of 2023, we are expanding our operations by opening a metal recycling facility in Cleveland, Ohio.

Our supply of scrap metal is influenced by overall health of economic activity in the United States, changes in prices for recycled metal, and, to a lesser extent, seasonal factors such as severe weather conditions, which may prohibit or inhibit scrap metal collection.

For the Three Months Ended June 30, 2023 and 2022

	For the three months ended June 30,			
	2023	2022	$ Change	% Change
Revenue	$ 9,416,274	$ 10,704,151	$ (1,287,877)	(12.03)%
Gross Profit	3,298,854	4,065,758	(766,904)	(18.86)%
Operating Expenses	5,389,131	5,029,513	359,618	7.15%
Loss from Operations	(2,090,277)	(963,755)	(1,126,522)	116.89%
Other Expense	(174,785)	(13,171,392)	12,996,607	(98.67)%
Net Loss	$ (2,265,062)	$ (14,135,147)	$ 11,870,085	(83.98)%

Revenues

For the three months ended June 30, 2023, we generated $9,416,274 in revenues, as compared to $10,704,151 during the same period in 2022, decrease of $1,287,877. This decrease was primarily due to a decline in metal prices. The $9,416,274 in revenue includes $41,590 in rental income, $7,124,618 in revenue generated from the sale of metal, $2,239,184 generated from hauling services, and $10,882 in miscellaneous revenue, including from the sale of gas from scrap cars.

Our cost of revenues decreased to $6,117,420 for the three months ended June 30, 2023 from $6,638,393 during the same period in 2022, a decline of $520,973, primarily due to a decline in metal prices.

Our gross profit was $3,298,854 during the three months ended June 30, 2023, a decrease of $766,904 from $4,065,758 during the same period in 2022 primarily due to the addition of a new hauling business line, whose margins were smaller than margins realized on metal in 2022. Gross margins were 35% and 38% during the six months ended June 30, 2023 and 2022, respectively

Operating Expenses

For the three months ended June 30, 2023 and 2022, our operating expenses were $5,389,131 and $5,029,513 respectively, an increase of $359,618. There was a decrease in payroll and related expenses of $94,361 as payroll and related expenses were $1,497,279 for the three months ended June 30, 2023 as compared to $1,591,640 for the same period in 2022 which was primarily the result of the Company's Chief Executive Officer waiving his quarterly bonus. Advertising expense decreased by $33,742 to $10,329 for the three months ended June 30, 2023 as compared to $44,071 for the same period in 2022 as the Company focused on operations. Depreciation of fixed assets, along with amortization of intangible assets, increased by $409,117 to $1,350,728 for the three months ended June 30, 2023 from $941,611 in 2022 as a result of the Company acquiring more fixed assets during the fall of 2022. There were hauling and equipment maintenance costs of $569,416 during the three months ended June 30, 2023, as compared to $1,033,556 in 2022, a decrease of $464,140, due to the Company bringing hauling service in-house. Consulting, accounting, and legal expenses increased to $202,174 during the three months ended June 30, 2023 from $155,360 during the same period in 2022, an increase of $46,814 as a result of the Company working on a financing, which closed in July 2023. There was an increase in rent expenses as a result of the Company adding additional facilities, increasing $146,258 from $887,260 during the three months ended June 30, 2022 to $1,033,518 during the same period in 2023.

Our other general and administrative expenses increased to $725,687 for the three months ended June 30, 2023 from $376,015 for the same period in 2022, an increase of $349,672, as a result of the Company's operations expanding.

The increase of these expenditures resulted in our total operating expenses increasing to $5,389,131 during the three months ended June 30, 2023 compared to $5,029,513 during the three months ended June 30, 2022, an increase of $359,618.

Loss from Operations

Our loss from operations increased by $1,126,522 to $2,090,277 during the three months ended June 30, 2023, from $963,755 during the same period in 2022.

Other Expense

During the three months ended June 30, 2023, we incurred other expenses of $(174,785), as compared to $(13,171,392) for the same period in 2022, a decrease of $12,996,607. Interest expenses and amortization of debt discount decreased to $(891,849) during the three months ended June 30, 2023 from $(13,171,392) during the three months ended June 30, 2022. There was a gain on tax credit of $717,064 during the three months ended June 30, 2023, as compared to none during the same period in 2022.

Net Loss

Our net loss was $2,265,062 during the three months ended June 30, 2023 as compared to $14,135,147 during the same period in 2022, a decrease of $11,870,085, for the reasons discussed above.

For the Six Months Ended June 30, 2023 and 2022

	For the six months ended June 30,			
	2023	2022	$ Change	% Change
Revenue	$ 18,459,696	$ 20,625,389	$ (2,165,693)	(10.50)%
Gross Profit	8,025,465	8,330,016	(304,551)	(3.66)%
Operating Expenses	12,050,918	9,491,466	2,559,452	26.97%
Loss from Operations	(4,025,453)	(1,161,450)	(2,864,003)	246.59%
Other Expense	(2,265,284)	(18,149,173)	15,883,889	(87.52)%
Net Loss	$ (6,290,737)	$ (19,310,623)	$ 13,019,886	(67.42)%

Revenues

For the six months ended June 30, 2023, we generated $18,459,696 in revenues, as compared to $20,625,389 during the same period in 2022, decrease of $2,165,693. This decrease was primarily due to a decline in metal prices. The $18,459,696 in revenue includes $84,380 in rental income, $14,235,643 in revenue generated from the sale of metal, $4,112,163 generated from hauling services, and $27,510 in miscellaneous revenue, including from the sale of gas from scrap cars.

Our cost of revenues decreased to $10,434,231 for the six months ended June 30, 2023 from $12,295,373 during the same period in 2022, a decline of $1,861,142, primarily due to a decline in metal prices.

Our gross profit was $8,025,465 during the six months ended June 30, 2023, a decrease of $304,551 from $8,330,016 during the same period in 2022 primarily due to the decrease in revenue.

Operating Expenses

For the six months ended June 30, 2023 and 2022, our operating expenses were $12,050,918 and $9,491,466 respectively, an increase of $2,559,452. There was an increase in payroll and related expenses of $567,098 as payroll and related expenses were $3,448,538 for the six months ended June 30, 2023 as compared to $2,881,440 for the same period in 2022 which was primarily the result of the Company expanding its workforce. Advertising expense decreased by $44,450 to $15,851 for the six months ended June 30, 2023 as compared to $60,301 for the same period in 2022 as the Company focused on operations. Depreciation of fixed assets, along with amortization of intangible assets, increased by $804,214 to $2,619,581 for the six months ended June 30, 2023 from $1,815,367 in 2022 as a result of the Company acquiring more fixed assets during the fall of 2022. There were hauling and equipment maintenance costs of $1,820,133 during the six months ended June 30, 2023, as compared to $1,833,994 in 2022, a decrease of $13,861, due to the Company bringing hauling service in-house. Consulting, accounting, and legal expenses decreased to $475,247 during the six months ended June 30, 2023 from $521,312 during the same period in 2022, a decrease of $46,065 as a result of the Company incurring costs to uplist to Nasdaq in 2022. There was an increase in rent expenses as a result of the Company adding additional facilities, increasing $294,564 from $1,762,663 during the six months ended June 30, 2022 to $2,057,227 during the same period in 2023.

Our other general and administrative expenses increased to $1,614,341 for the six months ended June 30, 2023 from $616,389 for the same period in 2022, an increase of $997,952, as a result of the Company’s operations expanding.

The increase of these expenditures resulted in our total operating expenses increasing to $12,050,918 during the six months ended June 30, 2023 compared to $9,491,466 during the six months ended June 30, 2022, an increase of $2,559,452.

Loss from Operations

Our loss from operations increased by $2,864,003 to $4,025,453 during the six months ended June 30, 2023, from $1,161,450 during the same period in 2022.

Other Expense

During the six months ended June 30, 2023, we incurred other expenses of $(2,265,284), as compared to $(18,149,173) for the same period in 2022, a decrease of $15,883,889. Interest expenses and amortization of debt discount decreased to $(3,057,353) during the six months ended June 30, 2023 from $(32,577,069) during the six months ended June 30, 2022. There was a gain on tax credit of $717,064 during the six months ended June 30, 2023, as compared to none during the same period in 2022. There was no change in the fair value of derivative liabilities during the six months ended June 30, 2023, as compared to a gain of $14,264,476 during the six months ended June 30, 2022. There was a gain on settlement of non-convertible notes and advances of $75,005 and $163,420 for the six months ended June 30, 2023 and 2022, respectively.

Net Loss

Our net loss was $6,290,737 during the six months ended June 30, 2023 as compared to $19,310,623 during the same period in 2022, a change of $13,019,886, for the reasons discussed above.

Liquidity and Capital Resources

Net cash generated by operating activities for the six months ended June 30, 2023 was $1,234,133 as compared to $566,238 for the six months ended June 30, 2022. For the six months ended June 30, 2023, the cash flows generated by operating activities were driven by a net loss of $6,290,737, amortization of right of use assets (related-party) of $1,140,331, amortization of right of use assets of $184,757, depreciation and amortization of $2,619,581, accrual of due to related parties of $1,608,189, increase of prepaid expenses of $596,646, an increase of accounts payable and accrued expenses of $503,252, a decrease in operating lease liabilities of $40,425, a decrease in operating lease liabilities (related-party) of $1,269,496, a gain on the settlement of non-convertible notes and accrued interest of $75,005, interest and amortization of debt discount of $3,057,053, a decrease in accounts receivable of $11,301, decrease in inventories of $70,037, increase in security deposit of $25,000, accrued payroll and related expenses of $179,206, and bank overdrafts of $180,337. During the six months ended June 30, 2022, cash flows generated by operating activities were driven by a net loss of $19,310,623, amortization of right of use assets (related-party) of $210,114, amortization of right of use assets of $997,027, depreciation and amortization of $1,815,367, payment of accrued rent to a related party of $122,865, increase of prepaid expenses of $70,109, decrease of security deposit of $2,437, increase of accounts payable and accrued expenses of $58,462, a change in operating lease liabilities of $1,008,459, largely offset by a gain on the settlement of convertible notes and accrued interest of $163,420, interest and amortization of debt discount of $32,577,069, change in the value of derivative liabilities of $14,264,476, increase in accounts receivable of $82,925, increases in inventories of $122,154, and a decrease in environmental remediation liabilities of $22,207.

Net cash used in investing activities was $826,422 and $2,547,323 for the six months ended June 30, 2023 and 2022, respectively. For the six months ended June 30, 2023, there was cash used in the purchase of equipment of $826,422. For the six months ended June 30, 2022, there was cash used in the purchase of equipment of $2,394,823, of which $152,500 was paid to a related-party.

Net cash used by financing activities was $854,564 during the six months ended June 30, 2023, as compared to cash provided by financing activities of $62,961 during the six months ended June 30, 2022. During the six months ended June 30, 2023, the Company received $3,746,109 from the issuance of factoring advances and $1,000,000 from the issuance of non-convertible notes, while utilizing $1,301,846 in the repayment of non-convertible notes and utilizing $4,298,827 for the repayment of factoring advances. During the six months ended June 30, 2022, the Company utilized $162,039 towards payments on non-convertible notes and received $225,000 in proceeds from a non-convertible note.

Capital Resources

As of June 30, 2023, we had cash on hand of $374,951. We currently have no external sources of liquidity such as arrangements with credit institutions that will have or are reasonably likely to have a current or future effect on our financial condition or immediate access to capital.

Required Capital over the Next Fiscal Year

As of June 30, 2023, the Company had cash of $374,951 and a working capital deficit (current liabilities in excess of current assets) of $22,364,325. The accumulated deficit as of June 30, 2023 was $368,559,752. These conditions raise substantial doubt about the Company’s ability to continue as a going concern for one year from the issuance of the consolidated financial statements.

In July 2023, the Company’s downstream commenced operations, enabling the Company to recover millimeter-minus pieces of metal from Greenwave’s automotive shred residue, which is on track to generate several hundred thousand dollars of additional high margin revenue per month. The Company believes it is generating positive cashflows from operating activities and may not need to raise any additional capital to continue operations. Further, the Company closed a $15 million private placement on July 31, 2023, retiring all outstanding merchant cash advances and reducing the Company’s equipment debt. Should the Company choose to raise capital, it believes it can do so through non-equity based instruments such as non-convertible notes, lines of credit, and cash advances.

If the Company raises additional funds by issuing equity securities, its stockholders would experience dilution. Additional debt financing, if available, may involve covenants restricting its operations or its ability to incur additional debt. Any additional debt financing or additional equity that the Company raises may contain terms that are not favorable to it or its stockholders and require significant debt service payments, which diverts resources from other activities. The Company’s ability to raise additional capital will be impacted by market conditions and the price of the Company’s common stock. The accompanying unaudited condensed consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Contractual Obligations

Our contractual obligations are included in our notes to the condensed consolidated financial statements included in Part I, Item I of this Quarterly Report on Form 10-Q. To the extent that funds generated from our operations, together with our existing capital resources, are insufficient to meet future requirements, we will be required to obtain additional funds through equity or debt financings. No assurance can be given that any additional financing will be made available to us or will be available on acceptable terms should such a need arise.

Critical Accounting Policies and Estimates

For a discussion of our accounting policies and related items, please see the notes to the condensed consolidated financial statements, included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Pursuant to Rules 13a-15(b) and 15-d-15(b) under the Exchange Act, we carried out an evaluation, with the participation of our management, including our Chief Executive Officer (“CEO”) and Interim Chief Financial Officer (“CFO”) of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. The term “disclosure controls and procedures,” as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based upon such evaluation, our CEO and CFO concluded that our disclosure controls and procedures as of June 30, 2023 were not effective (at a reasonable assurance level) due to identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment.

To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our financial statements included in this Quarterly Report on Form 10-Q have been prepared in accordance with generally accepted accounting principles in the U.S. Accordingly, management believes that the financial statements included in this Quarterly Report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Our principal executive officer and principal financial officer do not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control 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. Due to 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, have been detected.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our management, including our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of June 30, 2023. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework (issued in 2013). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Based upon the assessments, management has concluded that as of June 30, 2023, there was a material weakness in our internal control over financial reporting due to the fact that we did not have an adequate process established to ensure appropriate levels of review of accounting and financial reporting matters, which resulted in our closing process not identifying all required adjustments and disclosures in a timely fashion.

We plan to take steps to enhance and improve the design of our internal control over financial reporting. To remediate our material weaknesses, we plan to appoint additional qualified personnel with the requisite knowledge to improve the levels of review of accounting and financial reporting matters; however, such remediation efforts are largely dependent upon our securing additional financing or generating significant revenue to cover the costs of implementing the changes required.

Until we remediate our material weakness in internal control over financial reporting such weaknesses could result in material misstatements in our financial statements not being prevented or detected.

Inherent Limitations on Effectiveness of Controls and Procedures

The Company’s management, including the Company’s CEO and CFO, does not expect that the Company’s internal control over financial reporting will prevent or detect all errors and all fraud. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s CEO and CFO has identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment. The small size of the Company’s accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation.

Because of the above material weakness, management has concluded that we did not maintain effective internal control over financial reporting as of June 30, 2023, based on the criteria established in “Internal Control-Integrated Framework” issued by the COSO.

This Quarterly Report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Quarterly Report.

Changes in Internal Control over Financial Reporting

During the most recent fiscal quarter, the Company began hiring additional accounting personnel to enhance its segregation of duties and establishment of procedures in an effort to ensure appropriate levels of review of accounting and financial reporting matters.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As disclosed in *Note 12 – Commitments and Contingencies* to the Company's Condensed Consolidated Financial Statements, the Company is engaged in certain legal matters and there have been no material developments since December 31, 2022 with respect to our legal proceedings, except as described in *Note 12 – Commitments and Contingencies*. The disclosures set forth in *Note 12 – Commitments and Contingencies* relating to certain legal matters are incorporated herein by reference.

ITEM 1A. RISK FACTORS

As a "smaller reporting company," we are not required to provide the information required by this Item 1A. Please see the Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2022 as filed with the SEC on March 31, 2023 as amended on April 13, 2023.

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

During the six months ended June 30, 2023, the Company issued 288,494 shares of common stock upon the conversion of 72 shares of Series Z Preferred Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(b) Exhibit Index

		Incorporated by Reference			
No.	Description	Form	Filing Number	Exhibit	Filing Date
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 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 Label Linkbase Document.				
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Filed or furnished herewith.

\+ Attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish copies of such omitted materials supplementally upon request by the U.S. Securities and Exchange Commission.

** Agreement with management or compensatory plan or arrangement

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.

GREENWAVE TECHNOLOGY SOLUTIONS, INC.

Date: August 14, 2023	By: */s/ Danny Meeks*
	Danny Meeks, Chief Executive Officer
	(Principal Executive Officer)
Date: August 14, 2023	By: */s/ Isaac Dietrich*
	Isaac Dietrich, Chief Financial Officer
	(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Danny Meeks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Greenwave Technology Solutions, Inc. for the period ended June 30, 2023;

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

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

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

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

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

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

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

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

    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.

Dated: August 14, 2023

By: */s/ Danny Meeks*
Danny Meeks
Chief Executive Officer
(*Principal Executive Officer*)

EX-31.2 3 ex31-2.htm

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Isaac Dietrich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Greenwave Technology Solutions, Inc. for the period ended June 30, 2023;

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

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

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

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

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

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

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

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

   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.

Dated: August 14, 2023

By: *\/s\/ Isaac Dietrich*
Isaac Dietrich
Chief Financial Officer
(*Principal Financial Officer*)

EX-32.1 4 ex32-1.htm

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Danny Meeks, in my capacity as Chief Executive Officer of Greenwave Technology Solutions, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Greenwave Technology Solutions, Inc. for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Greenwave Technology Solutions, Inc.

Dated: August 14, 2023

By: */s/ Danny Meeks*
Danny Meeks
Chief Executive Officer
(*Principal Executive Officer)*

EX-32.2 5 ex32-2.htm

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Isaac Dietrich, in my capacity as Chief Financial Officer of Greenwave Technology Solutions, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Greenwave Technology Solutions, Inc. for the quarter ended June 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Greenwave Technology Solutions, Inc.

Dated: August 14, 2023

By: */s/ Isaac Dietrich*

Isaac Dietrich
Chief Financial Officer
(*Principal Financial Officer)*