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DELTA REPORT

10-Q

EIGHTCO HOLDINGS INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1356
CHANGES	2
DELETIONS	1350
ADDITIONS	4

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from _________ to _________

Commission file number: 001-41033

EIGHTCO HOLDINGS INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**87-2755739**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
101 Larry Holmes Drive, Suite 313	
Easton, Pennsylvania	**18042**
(Address of Principal Executive Offices)	(Zip Code)

(888)765-8933

(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	**OCTO**	**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 Section 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 the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☒
	Emerging Growth Company ☒

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of May 15, 2024, there were 8,752,487 shares of the registrant's common stock outstanding.

EIGHTCO HOLDINGS INC.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended March 31, 2024 (the “Quarterly Report”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements relate to future events including, without limitation, our ability to raise capital, our operational and strategic initiatives or our future financial performance. We have attempted to identify forward-looking statements by using terminology such as “anticipates,” “believes,” “expects,” “can,” “continue,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predict,” “should” or “will” or the negative of these terms or other comparable terminology. These statements are only predictions; uncertainties and other factors may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Our expectations are as of the date this Quarterly Report is filed, and we do not intend to update any of the forward-looking statements after the date this Quarterly Report is filed to confirm these statements to actual results, unless required by law.

You should not place undue reliance on forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties, and actual results may differ materially from those in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in “Risk Factors,” in Part II, Item 1A of this Report as well as information provided elsewhere in this Quarterly Report and our Annual Report on Form 10-K for the year ended December 31, 2023, as amended (the “Annual Report”), which was filed with the Securities and Exchange Commission (the “SEC”) on April 2, 2024. You should carefully consider that information before you make an investment decision.

These and other factors discussed above could cause results to differ materially from those expressed in the estimates made by any independent parties and by us.

OTHER PERTINENT INFORMATION

Unless the context otherwise indicates, when used in this Quarterly Report, the terms “Eightco,” “we,” “us,” “our,” the “Company” and similar terms refer to Eightco Holdings Inc., a Delaware corporation, and all of our consolidated subsidiaries and variable interest entities.

PART I - FINANCIAL INFORMATION
EIGHTCO HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 808,777	$ 5,247,836
Accounts receivable, net	2,553,645	1,873,950
Inventories	5,066,987	6,079,907
Prepaid expenses and other current assets	1,011,500	807,908
Total current assets	9,440,909	14,009,601
Property and equipment, net	694,980	744,559
Intangible assets, net	15,552,142	16,108,443
Goodwill	22,324,588	22,324,588
Loan held-for-investment	2,224,252	2,224,252
Total assets	50,236,871	$ 55,411,443
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,766,092	$ 2,135,596
Accounts payable – related parties	195,446	381,828
Accrued expenses and other current liabilities	603,310	747,775
Accrued expenses and other current liabilities – related parties	4,277,988	6,438,900
Current portion of convertible notes payable, net of debt discount of $0 and $277,750, respectively	-	4,637,250
Convertible notes payable – related parties,	11,500,000	11,500,000
Line of credit	3,700,000	3,200,000
Line of credit – related parties	3,500,000	3,425,000
Due to Former Parent	6,977,193	6,977,193
Total current liabilities	32,520,029	39,443,542
Convertible notes payable – related parties, net of debt discount of $1,500,000 and $1,750,000, respectively	14,198,734	14,133,700
Deferred tax liabilities	82,104	82,104
Contingent consideration	-	6,100,000
Total liabilities	$ 46,800,867	$ 59,759,346
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value, 10,000,000 shares authorized and 0 and 0 shares outstanding at March 31, 2024 and December 31, 2023, respectively	$ -	$ -
Common stock, $0.001 par value, 500,000,000 shares authorized and 8,537,310 and 4,706,419 shares outstanding at March 31, 2024 and December 31, 2023, respectively	8,537	4,706
Additional paid-in capital	111,626,872	108,617,178

Accumulated deficit	(108,330,717)	(113,278,588)
Foreign currency translation	545,826	723,303
Total stockholders' equity (deficit) attributable to Eightco Holdings Inc.	3,850,518	(3,933,401)
Non-controlling interest	(414,514)	(414,502)
Total stockholders' equity (deficit)	3,436,004	(4,347,903)
Total liabilities and stockholders' equity	$ 50,236,871	$ 55,411,443

See the accompanying notes to the condensed consolidated financial statements.

EIGHTCO HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended March 31, 2024	2023
Revenues, net	$ 9,619,820	$ 15,889,715
Cost of revenues	7,734,058	14,070,623
Gross profit	1,885,762	1,819,092
Operating expenses:		
Selling, general and administrative expenses	3,461,959	5,349,431
Restructuring and severance	1,414,838	-
Total operating expenses	4,876,797	5,349,431
Operating loss	(2,991,035)	(3,530,339)
Non-operating income (expense):		
Interest income (expense), net	(1,198,771)	(2,813,227)
Gain on forgiveness of interest	3,006,896	-
Loss on issuance of warrants	-	(43,541,211)
Gain on forgiveness of earnout	6,100,000	-
Other income	30,769	33,637
Total non-operating income (expense)	7,938,894	(46,320,801)
Net income (loss) before income tax expense	4,947,859	(49,851,140)
Income tax expense (benefit)	-	-
Net income (loss)	$ 4,947,859	$ (49,851,140)
Net income (loss) attributable to non-controlling interest	(12)	-
Net income (loss) attributable to Eightco Holdings Inc.	4,947,871	(49,851,140)
Net income (loss) per share:		
Net income (loss) per share basic	$ 0.99	$ (40.15)
Net income (loss) per share diluted	$ 0.72	$ (40.15)
Weighted average number of common shares outstanding – basic	4,989,196	1,241,624
Weighted average number of common shares outstanding – diluted	6,845,883	1,241,624

See the accompanying notes to the condensed consolidated financial statements.

EIGHTCO HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended March 31,	
	2024	**2023**
Net income (loss)	$ 4,947,859	$ (49,851,140)
Foreign currency translation – unrealized gain (loss)	(177,477)	51,365
Comprehensive income (loss)	$ 4,770,382	$ (49,799,775)

EIGHTCO HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid in	Non controlling	Retained Earnings (Accumulated)	Accumulated Other	
	Shares	Amount	Capital	Interest	Deficit	Income	Total
Balances, January 1, 2023	633,365	$ 633	$ 50,617,631	$ (316,509)	$ (44,958,199)	$ 467,668	$ 5,811,224
Issuance of common stock to note holders	774,333	774	7,742,559	-	-	-	7,743,333
Exercise of warrants	366,622	367	14,233	-	-	-	14,600
Share-based compensation	23,250	23	(23)	-	-	-	-
Issuance of warrants	-	-	47,876,820	-	-	-	47,876,820
Foreign currency translation	-	-	-	-	-	51,365	51,365
Net loss for the three months ended March 31, 2023	-	-	-	-	(49,851,140)	-	(49,851,140)
Balances, March 31, 2023	1,797,570	$ 1,797	$ 106,251,220	$ (316,509)	$ (94,809,339)	$ 519,033	$ 11,646,202
Balances, January 1, 2024	4,706,419	$ 4,706	$ 108,617,178	$ (414,502)	$ (113,278,588)	$ 723,303	$ (4,347,903)
Issuance of common stock - investors	865,856	866	709,134	-	-	-	710,000
Issuance of common stock - conversions	120,974	121	99,078	-	-	-	99,199
Issuance of common stock – settlement of cash warrants	252,169	252	206,527	-	-	-	206,779
Issuance of common stock to noteholders	1,473,165	1,473	1,206,527	-	-	-	1,208,000
Issuance of common stock to board of directors and former employees	389,833	390	262,526	-	-	-	262,916

Issuance of common stock to consultants	728,894	729	491,964	-	-	-	492,693
Share-based compensation expense	-	-	33,938	-	-	-	33,938
Foreign currency translation	-	-	-	-	-	(177,477)	(177,477)
Net income for the three months ended March 31, 2024	-	-	-	(12)	4,947,871	-	4,947,859
Balances, March 31, 2024	8,537,310	$ 8,537	$ 111,626,872	$ (414,514)	$ (108,330,717)	$ 545,826	$ 3,436,004

See the accompanying notes to the condensed consolidated financial statements.

EIGHTCO HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net income (loss)	$ 4,947,859	$ (49,851,140)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	605,796	626,077
Amortization of debt issuance costs	587,750	2,043,458
Loss on issuance of warrants	-	43,541,211
Provision for credit losses	-	608,356
Gain on sale	-	5,897
Share-based compensation	33,938	-
Amortization of prepaid share-based compensation	111,000	-
Gain on forgiveness of interest	(3,006,896)	-
Gain on forgiveness of earnout	(6,100,000)	-
Changes in assets and liabilities:		
Accounts receivable	(679,695)	(1,482,070)
Inventories	835,443	(3,323,971)
Prepaid expenses and other current assets	72,408	749,086
Accounts payable	(270,193)	(159,375)
Accrued expenses and other current liabilities	2,139,298	2,305,191
Net cash used in operating activities	(723,292)	(4,937,282)
Cash flows from investing activities:		
Purchases of property and equipment	-	(36,307)
Investment in developed technology	-	(77,491)
Proceeds from sale of property and equipment	-	181,000
Net cash provided by investing activities	-	67,202
Cash flows from financing activities:		
Net proceeds from issuance of common stock	710,000	14,598
Net borrowings under convertible notes	-	3,150,000
Net borrowings under line of credit	575,000	-
Fees paid for financing costs	-	(664,389)
Repayments under convertible notes payable	(4,915,000)	-
Repayments under convertible notes payable – related parties	(85,767)	(116,300)
Net cash provided by (used in) financing activities	(3,715,767)	2,383,909
Net increase (decrease) in cash and cash equivalents	(4,439,059)	(2,486,171)
Cash and cash equivalents, beginning of the year	5,247,836	5,580,431
Cash and cash equivalents, end of the period	$ 808,777	$ 3,094,260

Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 268,500	$ 444,781
Cash paid for income taxes	$ -	$ -
Issuance of warrants to noteholders and placement agent	$ -	$ 4,335,611
Issuance of common stock to line of credit holders	$ 60,000	$ -
Issuance of common stock to vendors for future services	$ 387,000	$ -
Issuance of common stock to employees and directors for settlement of liabilities	$ 262,916	$ -
Issuance of common stock to vendors for settlement of liabilities	$ 105,693	$ -
Issuance of common stock to noteholders for settlement of accrued interest	$ 1,148,000	$ -
Issuance of common stock to noteholders for settlement of cash warrant liabilities	$ 206,779	$ -
Original issue discount	$ -	$ 555,000
Convertible shares under notes payable	$ 99,199	$ 7,743,333

See the accompanying notes to the condensed consolidated financial statements.

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

As used herein, “Eightco” and the “Company” refer to Eightco Holdings Inc., a Delaware corporation originally incorporated on September 21, 2021 (date of inception) under the laws of the State of Nevada, and subsidiaries and/or where applicable, its management. On March 9, 2022, the Company converted to a Delaware corporation pursuant to a plan of conversion entered into with its former parent, Vinco Ventures, Inc. (“Vinco” or “Former Parent”). The Company operates in three main businesses: Forever 8 Inventory Cash Flow Solution, Web3 Business, and Packaging Business. Forever 8 Fund LLC (“Forever 8”), which focuses on purchasing inventory for e-commerce retailers, was acquired by the Company on October 1, 2022, and is part of its Inventory Solution Business. The Company previously sold BTC mining equipment and developed an NFT character set under its Web3 Business but has no intention of continuing this business at this time. The Packaging Business manufactures and sells custom packaging for a wide variety of products and helps customers generate brand awareness and promote brand image through packaging. Prior to the Separation (as defined below), the Company was 100% owned by Vinco.

As of March 31, 2024, Eightco had three wholly-owned subsidiaries: Forever 8, Ferguson Containers, Inc. (“Ferguson Containers”) and BlockHiro, LLC. Ferguson Containers owns 100% of 8co Holdings Shared Services, LLC. Eightco owns 51% of CW Machines, LLC which is consolidated under the voting interest entity model. Under the voting interest entity model, control is presumed by the holder of a majority voting interest unless noncontrolling shareholders have substantive participating rights. Forever 8 owns 100% of Forever 8 UK, Ltd and Forever 8 Fund EU Holdings BV.

During 2021, the Former Parent announced it plans to spin-off (the “Separation”) certain of its businesses. The Former Parent included Ferguson Containers as well as other subsidiaries of the Former Parent (the “Eightco Businesses”) as part of the spin-off. In anticipation of the Separation, the Former Parent contributed its assets and legal entities comprising the Eightco Businesses to facilitate the Separation. As a result of the Separation, the Company has become an independent, publicly traded company comprised of the Eightco Businesses as of June 30, 2022.

On March 29, 2022, Ferguson Containers ownership was assigned by the Former Parent to the Company. This transaction between entities under common control resulted in a change in reporting entity and required retrospective combination of the entities for all periods presented, as if the combination had been in effect since the inception of common control. Accordingly, the condensed consolidated financial statements of the Company reflect the accounting of the combined acquired subsidiaries at historical carrying values, except that equity reflects the equity of Eightco.

Basis of Presentation.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, the unaudited condensed financial statements included herein contain all adjustments necessary to present fairly the Company’s financial position and the results of its operations and cash flows for the interim periods presented. Such adjustments are of a normal recurring nature. The results of operations for the three months ended March 31, 2024 may not be indicative of results for the full year. These unaudited condensed financial statements should be read in conjunction with the audited financial statements and the notes to those statements for the year ended December 31, 2023 included in the Annual Report.

The Company is an emerging growth company as the term is used in The Jumpstart Our Business Startups Act, enacted on April 5, 2021 and has elected to comply with certain reduced public company reporting requirements.

EIGHTCO HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reverse Stock Split: On April 3, 2023, the Company filed a Certificate of Amendment (the “Certificate of Amendment”) to the Company’s Certificate of Incorporation (the “Certificate of Incorporation”) with the Secretary of State of the State of Delaware (1) to effect a 1-for-50 reverse stock split of the shares of the Company’s common stock, par value $0.001 per share (the “Common Stock”), either issued and outstanding or held by the Company as treasury stock (the “Reverse Stock Split”) and (2) to change the name of the Company from “Cryptyde, Inc.” to “Eightco Holdings Inc.” (the “Name Change”). Both the Reverse Stock Split and the Name Change were effective as of 4:05 p.m., New York time, on April 3, 2023. The Common Stock began trading on a reverse stock split-adjusted basis on the Nasdaq Capital Market on April 4, 2023. The trading symbol for the Common Stock following the Reverse Stock Split and the Name Change is “OCTO.” The new CUSIP number for the Common Stock following the Reverse Stock Split and the Name Change is 22890A203. All share, equity award, and per share amounts contained in the condensed consolidated financial statements have been adjusted to reflect the Reverse Stock Split for all prior periods presented.

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 amount of assets and liabilities and 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. Actual results could differ from these estimates. The Company’s significant estimates used in these condensed consolidated financial statements include, but are not limited to, fair value of warrants, revenue recognition and the determination of the economic useful life of depreciable property and equipment. Certain of the Company’s estimates could be affected by external conditions, including those unique to the Company and general economic conditions. It is reasonably possible that these external factors could have an effect on the Company’s estimates and could cause actual results to differ from those estimates.

Business Combinations. For business combinations that meet the accounting definition of a business, the Company determines and allocates the purchase price of an acquired company to the tangible and intangible assets acquired, the liabilities assumed, and noncontrolling interest, if applicable, as of the date of acquisition at fair value. Fair value may be estimated using comparable market data, a discounted cash flow method, or a combination of the two. In the discounted cash flow method, estimated future cash flows are based on management’s expectations for the future. Revenues and costs of the acquired companies are included in the Company’s operating results from the date of acquisition. The Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the acquisition date, and these estimates and assumptions are inherently uncertain and subject to refinement during the measurement period not to exceed one year from the acquisition date. As a result, any adjustment identified subsequent to the measurement period is included in operating results in the period in which the amount is determined.

Cash and Cash Equivalents. The Company considers all highly liquid, short-term investments with original maturities of six months or less when purchased to be cash equivalents.

Accounts Receivable. Accounts receivable are carried at their contractual amounts, less an estimated allowance for credit losses. Management estimates the allowance for credit losses using a loss-rate approach based on historical loss information, adjusted for management’s expectations about current and future economic conditions, as the basis to determine expected credit losses. Management exercises significant judgment in determining expected credit losses. Key inputs include macroeconomic factors, industry trends, the creditworthiness of counterparties, historical experience, the financial conditions of the customers, and the amount and age of past due accounts. Management believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the client base has not changed significantly. Receivables are considered past due if full payment is not received by the contractual due date. Past due accounts are generally written off against the allowance for credit losses only after all collection attempts have been exhausted. The allowance for credit losses was $67,350 as of March 31, 2024 and December 31, 2023.

Inventories. Inventory is recorded at the lower of cost or net realizable value on a first-in, first-out basis. The Company reduces the carrying value of inventories for those items that are potentially excess, obsolete, or slow moving based on changes in customer demand, technology developments, or other economic factors.

Property and Equipment. Property and equipment are stated at cost, net of accumulated depreciation and amortization, which is recorded commencing at the in-service date using the straight-line method over the estimated useful lives of the assets, as follows: 3 to 5 years for office equipment, 5 to 7 years for furniture and fixtures, 6 to 10 years for machinery and equipment, 10 to 15 years for building improvements, 5 years for software, 5 years for molds, 5 to 7 years for vehicles and 40 years for buildings. When fixed assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statements of comprehensive loss for the respective period. Minor additions and repairs are expensed in the period incurred. Major additions and repairs which extend the useful life of existing assets are capitalized and depreciated using the straight-line method over their remaining estimated useful lives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets and Long-lived Assets. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company assesses the recoverability of its long-lived assets using undiscounted cash flows. If an asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's fair value. We record intangible assets based on their fair value on the date of acquisition. Intangible assets include the cost of developed technology, customer relationships, trademarks and tradenames. Intangible assets are amortized utilizing the straight-line method over their remaining economic useful lives, as follows: 10 years for developed technology, 7 years for customer relationships and 7 years for trademarks and tradenames. The Company reviews long-lived assets and intangible assets for potential impairment annually and when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. In the event the expected undiscounted future cash flows resulting from the use of the asset is less than the carrying amount of the asset, an impairment loss is recorded equal to the excess of the asset's carrying value over its fair value. If an asset is determined to be impaired, the loss is measured based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including a discounted value of estimated future cash flows. In the event that management decides to no longer allocate resources to an asset, an impairment loss equal to the remaining carrying value of the asset is recorded. The Company did not record any impairment charges related to intangibles assets or long-lived assets during the three months ended March 31, 2024 and 2023, respectively.

Goodwill. Goodwill is recorded for the difference between the fair value of the purchase consideration over the fair value of the net identifiable tangible and intangible assets acquired. The Company performs an impairment assessment of goodwill on an annual basis as of December 31st, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill is assessed for impairment during the fourth quarter of each fiscal year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business. The Company may assess our goodwill for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of these assets is greater than their carrying value. When performing a qualitative test, the Company assesses various factors including industry and market conditions, macroeconomic conditions and performance of our businesses. If the results of the qualitative assessment indicate that it is more likely than not that the goodwill and other indefinite-lived intangible assets are impaired, a quantitative impairment analysis would be performed to determine if impairment is required. The Company may also elect to perform a quantitative analysis of goodwill initially rather than using a qualitative approach. The impairment testing for goodwill is performed at the reporting unit level. The valuation methods used in the quantitative fair value assessment, discounted cash flow and market multiples method, requires our management to make certain assumptions and estimates regarding certain industry trends and future profitability of the Company's reporting units. If the fair value of a reporting unit exceeds the related carrying value, the reporting unit's goodwill is considered not to be impaired and no further testing is performed. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded for the difference. The valuation of goodwill is affected by, among other things, the Company's business plan for the future and estimated results of future operations. Future events could cause the Company to conclude that impairment indicators exist, and, therefore, that goodwill may be impaired.

Contingent Liabilities. The Company, from time to time, may be involved in certain legal proceedings. Based upon consultation with outside counsel handling its defense in these matters and the Company's analysis of potential outcomes, if the Company determines that a loss arising from such matters is probable and can be reasonably estimated, an estimate of the contingent liability is recorded in its condensed consolidated financial statements. If only a range of estimated loss can be determined, an amount within the range that, based on estimates, assumptions and judgments, reflects the most likely outcome, is recorded as a contingent liability in the condensed consolidated financial statements. In situations where none of the estimates within the estimated range is a better estimate of probable loss than any other amount, the Company records the low end of the range. Any such accrual would be charged to expense in the appropriate period. Litigation expenses for these types of contingencies are recognized in the period in which the litigation services were provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, the Company recognizes revenue when it satisfies performance obligations, by transferring promised goods or services to customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for fulfilling those performance obligations. Revenue for product sales is recognized upon receipt by the customer. There are no contract assets or contract liabilities and therefore no unsatisfied performance obligations. One customer represented 56% of total revenues for the three months ended March 31, 2024.

Disaggregation of Revenue. The Company's primary revenue streams include the sale of consumer goods through our inventory management solutions business, the sale of corrugated packaging materials and the sale of mining equipment. There are no other material operations that were separately disaggregated for segment purposes.

Cost of Revenues. Cost of revenues includes freight charges, purchasing and receiving costs, depreciation and inspection costs.

Comprehensive income. The Company follows Accounting Standards Codification ("ASC") 220 in reporting comprehensive income. Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. For the three months ended March 31, 2024 and 2023, the Company recognized other comprehensive gain (loss) for foreign currency translation of $(177,477) and $51,365, respectively.

Foreign Currency Transactions and Translation. Eightco's functional currency is the United States Dollar ("USD") and the Forever 8 functional currency in which it operates is the Euro ("EUR").

For the purpose of presenting these condensed consolidated financial statements the reporting currency is USD. Forever 8 assets and liabilities are expressed in USDs at the exchange rate on the balance sheet date, equity accounts are translated at historical rates, and income and expense items are translated at the weighted average exchange rate during the period. The resulting translation adjustments are reported under accumulated other comprehensive income in the stockholders' equity section of the balance sheets.

Transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at the end of the reporting periods. Exchange differences arising on the settlement of monetary items and on translation of monetary items at period-end are included in statement of comprehensive loss.

Exchange rates used for the translations are as follows:

	March 31, 2024	December 31, 2023
Spot		
USD to EUR	$ 0.9259	$ 0.9009
USD to GBP	$ 0.8065	$ 0.7874
	March 31, 2024	**March 31, 2023**
Average		
USD to EUR	$ 0.9259	$ 0.9259
USD to GBP	$ 0.8130	$ 0.8130

Earnings Per Share. The Company follows ASC 260 when reporting Earnings Per Share resulting in the presentation of basic and diluted earnings per share. Basic net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of vested common shares outstanding during the period. Diluted net income per common share is computed by dividing net income by the weighted average number vested of common shares, plus the net impact of common shares (computed using the treasury stock method), if dilutive, resulting from the exercise of dilutive securities. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. For the three months ended March 31, 2024, the following common stock equivalents were included in the calculation of weighted average number of diluted common shares outstanding and diluted net income per share. For the three months ended March 31, 2023, the Company excluded the common stock equivalents summarized below, which entitle the holders thereof to ultimately acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	March 31, 2024	March 31, 2023
Convertible shares under notes payable	-	1,209,768

Warrants for noteholders	-	2,889,512
Warrants for equity investors	728,000	728,000
Warrants for placement agent	221,084	252,760
Shares reserved for issuance for preferred units of Forever 8 Fund, LLC	215,000	215,000
Convertible notes payable issued in acquisition of Forever 8 Fund, LLC	272,845	275,000
Shares reserved for contingent consideration for acquisition of Forever 8 Fund, LLC	-	140,000
Shares reserved as partial payment towards severance	419,759	-
Total common stock equivalents	1,856,688	5,710,040

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Financing Costs. Deferred financing costs include debt discounts and debt issuance costs related to a recognized debt liability and are presented in the balance sheet as a direct deduction from the carrying value of the debt liability. Amortization of deferred financing costs are included as a component of interest expense. Deferred financing costs are amortized using the straight-line method over the term of the recognized debt liability which approximates the effective interest method.

Income Taxes. The Company accounts for income taxes under the provisions of the FASB ASC Topic 740 “Income Taxes” (“ASC Topic 740”). The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of items that have been included or excluded in the condensed consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts (“temporary differences”) at enacted tax rates in effect for the years in which the temporary differences are expected to reverse. The Company utilizes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the Company’s condensed consolidated financial statements as of March 31, 2024 and 2023. The Company does not expect any significant changes in its unrecognized tax benefits within twelve months of the reporting date. The Company’s policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses in the consolidated statements of comprehensive income. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Fair Value Measurements. The Company measures the fair value of financial assets and liabilities based on the guidance of ASC 820 “Fair Value Measurements and Disclosures” (“ASC 820”) which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example, cash flow modeling inputs based on assumptions)

The carrying amounts of the Company’s financial instruments, such as cash, accounts receivable, accounts payable and other current liabilities approximate fair values due to the short-term nature of these instruments. The Company’s long-term debt consists of $25,698,734, of which $11,500,000 is current. The estimated fair value of this debt approximates the carrying value of these instruments, due to the interest rates on this debt approximating current market interest rates.

Concentration of Credit Risks. Financial instruments that potentially subject the Company to concentrations of credit risk are cash equivalents and accounts receivable. Cash and cash equivalents are invested in deposits with certain financial institutions and may, at times, exceed federally insured limits. The Company has not experienced any significant losses on its deposits of cash and cash equivalents. In regard to trade receivables, the Company performs ongoing evaluations of its customers’ financial condition as well as general economic conditions and, generally, requires no collateral from its customers. On March 31, 2024, the amount due from three customer represented approximately 17%, 12% and 11% of accounts receivable, respectively.

Leases. In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2021. Early adoption is permitted. The Company has adopted ASU 2016-02 as of January 1, 2022. The adoption of the standard did not have a material impact on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting PronouncementsAdopted. In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption.

Recently Issued Accounting Pronouncements Not Adopted. Management does not believe that any recently issued, but not yet effective, accounting standards could have a material effect on the Company's condensed consolidated financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

Segment Reporting. The Company uses "the management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. The Company's chief operating decision maker is the Chairman and Chief Executive Officer ("CEO") of the Company, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. The Company's primary revenue streams include the sale of consumer goods through our inventory management solutions business, which includes the sale of mining equipment, and the sale of corrugated packaging materials. There are no other material operations that were separately disaggregated for segment purposes.

3. GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred a loss since inception resulting in an accumulated deficit of $108,330,717as of March 31, 2024 and further losses are anticipated in the development of its business. Further, the Company has current liabilities in excess of current assets. These factors raise substantial doubts about the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements.

As of March 31, 2024, the Company had approximately $0.8 million in cash and cash equivalents as compared to $5.2 million at December 31, 2023. The Company expects that its current cash and cash equivalents, approximately $0.3 million as of the date of this quarterly report, will not be sufficient to support its projected operating requirements for at least the next 12 months from this date.

The Company expects to need additional capital in order to increase revenues above current levels. Any additional equity financing, if available, may not be on favorable terms and would likely be significantly dilutive to the Company's current stockholders, and debt financing, if available, may involve restrictive covenants. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, will likely have a materially adverse effect on our business, financial condition and results of operations. In 2023, the Company began reducing headcount to reduce the corporate overhead. The Company has continued to raise capital in 2024 and will continue to look to reduce costs in 2024. No assurance can be given that the Company will be successful in these efforts. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4. RESTRUCTURING AND SEVERANCE

Restructuring and severance charges consist of the following for the three months ended March 31, 2024 and 2023, respectively:

	March 31, 2024	March 31, 2023
Severance expense	$ 1,404,038	$ 800,000
Rent expense	10,800	283,686
Total restructuring and severance	$ 1,414,838	$ 1,083,686

The changes in the carrying amount of restructuring and severance liabilities for the period from January 1, 2024 through March 31, 2024 consisted of the following:

Balance, January 1, 2024	$ 2,250,000
Additions and adjustments	1,485,000
Payments and adjustments	(217,554)
Balance, March 31, 2024	$ 3,517,446

5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Trade accounts receivable	$ 2,620,995	$ 1,941,300
Less: allowance for credit losses	(67,350)	(67,350)
Total accounts receivable	$ 2,553,645	$ 1,873,950

6. INVENTORIES

Inventories consist of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Raw materials	$ 23,400	$ 22,116
Finished goods	5,643,587	6,657,791
Reserve for obsolescence	(600,000)	(600,000)
Total inventories	$ 5,066,987	$ 6,079,907

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7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Other current assets consist of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Advances for inventory purchases	$ 397,096	$ 517,228
Prepaid insurance	97,048	91,075
Deposits	443,119	4,994
Due from customer	-	106,846
Other	74,237	87,765
Total other current assets	$ 1,011,500	$ 807,908

8. LOAN HELD-FOR-INVESTMENT, RELATED PARTY

Loan held-for-investment, related party, represents a senior secured promissory note (the “Wattum Note”) from Wattum Management Inc., a non-controlling member of CW Machines, LLC, a related party. The Wattum Note bears interest of 5% per annum and matures on October 12, 2026 with the entire outstanding principal and accrued interest due at maturity date. The Wattum Note is secured by assets of Wattum Management, Inc. At March 31, 2024 and December 31, 2023, the principal amount of the loan held for investment was $2,224,252.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Land	$ -	$ -
Building and building improvements	781,985	781,985
Equipment and machinery	4,752,663	4,752,663
Furniture and fixtures	278,664	284,049
Office and computer equipment	5,297	-
Vehicles	585,854	585,854
	6,404,463	6,404,551
Less: accumulated depreciation	(5,709,483)	(5,659,992)
Total property and equipment, net	$ 694,980	$ 744,559

Depreciation and amortization expense was $49,491 and $199,282 for the three months ended March 31, 2024 and 2023, respectively.

10. INTANGIBLE ASSETS, NET

Intangible assets consist of the following at March 31, 2024 and December 31, 2023:

	Useful Lives	March 31, 2024	December 31, 2023
Customer relationships	7 years	$ 7,100,000	$ 7,100,000
Developed technology	10 years	9,700,000	10,219,775
Trademarks and tradenames	7 years	2,200,000	2,200,000
		19,000,000	19,519,775
Less: accumulated amortization		(3,447,858)	(3,411,332)
Total intangible assets, net		$ 15,552,142	$ 16,108,443

Amortization expense was $556,299and $578,608for the three months ended March 31, 2024 and 2023, respectively.

Amortization expense for the next five years is as follows:

For the years ending December 31,	
2024 (excluding the three months ended March 31, 2024)	$ 1,723,928

2025		2,298,571
2026		2,298,571
2027		2,298,571
2028		2,298,571
Thereafter		4,633,930
	$	15,552,142

11. GOODWILL

The changes in the carrying amount of goodwill for the period from January 1, 2024 through March 31, 2024 consisted of the following:

Balance, January 1, 2024	$	22,324,588
Additions and adjustments		-
Balance, March 31, 2024	$	22,324,588

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following at March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
Payroll and related benefits	$	3,082,883	$	1,831,499
Professional fees		58,000		-
Accrued taxes		208		-
Accrued settlement liability for equity holders of Forever 8		-		206,779
Accrued interest		418,779		3,741,155
Accrued rent		1,050,000		1,050,000
Other		271,428		357,242
Total accrued expenses and other current liabilities	$	4,881,298	$	7,186,675

13. DUE TO AND FROM FORMER PARENT

As of March 31, 2024 and December 31, 2023, the amount due to Vinco consists of net amounts related to management fees and borrowings for working capital and financing needs of Eightco as well as other operating expenses that were paid for on behalf of one to the other. As of March 31, 2024 and December 31, 2023, the net amount due to Former Parent was $6,977,193.

14. LINES OF CREDIT

Principal due under the lines of credit was as follows at March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
Lines of credit 15% - 18%	$	3,700,000	$	3,200,000

The lines of credit mature on June 30, 2024 with an extension available until September 30, 2024 at the Company's option.

Interest expense under lines of credit was $279,508 and $0 for the three months ended March 31, 2024 and 2023, respectively.

15. LINES OF CREDIT – RELATED PARTIES

Principal due under the lines of credit – related parties was as follows at March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
Lines of credit 15% - 18%	$	3,500,000	$	3,425,000

Interest expense under lines of credit – related parties was $169,962 and $69,375 for the three months ended March 31, 2024 and 2023, respectively.

16. CONVERTIBLE NOTES PAYABLE

Principal due under the convertible note payable was as follows at March 31, 2024 and December 31, 2023:

	March 31, 2024		December 31, 2023	
Note payable, 0%		-		4,637,250
Less: debt discount		-		-
Note payable, net	$	-	$	4,637,250

Interest expense under convertible notes payable was $277,750 and $1,793,458, of which $277,750 and $1,793,458 was related to amortization of the debt discount, for the three months ended March 31, 2024 and 2023, respectively. The Company recognized a gain on extinguishment of $490,000 related to the forgiveness of accrued debt issuance costs for the three months ended March 31, 2024.

16. CONVERTIBLE NOTES PAYABLE (continued)

March 2023 Offering

On March 15, 2023, Eightco entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Hudson Bay (the "Investor") for the issuance and sale of a Senior Secured Convertible Note with an initial principal amount of $5,555,000 (the "Note") at a conversion price of $6.245 per share of Common Stock, and a warrant (the "Warrant") to purchase up to 889,512 shares of Common Stock with an initial exercise price of $6.245 per share of Common Stock (the "Private Placement"). The purchase price of the Note was $5,000,000 with an original issue discount of $555,000.

In connection with the Private Placement, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement"), a Security and Pledge Agreement (the "Pledge Agreement"), and various ancillary certificates, disclosure schedules and exhibits in support thereof prior to the closing of the Securities Purchase Agreement.

Securities Purchase Agreement

The Securities Purchase Agreement provides for the purchase by Hudson Bay and the sale by the Company of the March 2023 Note and the March 2023 Warrant. The Securities Purchase Agreement contains representations and warranties of the Company and Hudson Bay that are typical for transactions of this type. The representations and warranties made by the Company in the Securities Purchase Agreement are qualified by reference to certain exceptions contained in disclosure schedules delivered to Hudson Bay. Accordingly, the representations and warranties contained in the Securities Purchase Agreement should not be relied upon by third parties who have not reviewed those disclosure schedules and the documentation surrounding the transaction as a whole.

The Securities Purchase Agreement closed upon the satisfaction of certain conditions of Hudson Bay and the Company that are typical for transactions of this type, as well certain other condition including the following:

- the Company delivered to Hudson Bay a lock up agreement (the "Lock-Up Agreement"), executed by each of the parties identified in the Securities Purchase Agreement;
- the Company received stockholder approval of a resolution to increase the number of authorized shares of the Company, and filed with the Delaware Secretary of State a Certificate of Amendment to the Company's Certificate of Incorporation causing the increase in the amount of authorized shares of the Company; and
- the Company, Hudson Bay and the certain creditors of the Company amended that certain Subordination Agreement, dated as of September 13, 2022, by and among the Company, the Investor and certain persons identified in that Subordination Agreement (the "Subordination Agreement Amendment").

The Securities Purchase Agreement also obligates the Company to indemnify Hudson Bay for certain losses resulting from (1) any misrepresentation or breach of any representation or warranty made by the Company or any subsidiary of the Company, (2) any breach of any obligation of the Company or, any subsidiary of the Company, of the Securities Purchase Agreement or any agreements and instruments entered into or connection with the Securities Purchase Agreement and (3) certain third party claims.

Senior Secured Convertible Note

The Company issued the Note upon the closing. The entire outstanding principal balance and any outstanding fees or interest is due and payable in full on January 15, 2024 ("Maturity Date"). The Note does not bear interest, provided, however, that the March 2023 Note will bear interest at 18% per annum upon the occurrence of an event of default (as described below).

The Maturity Date may be extended at the sole option of Hudson Bay for so long as certain events of default is continuing or for so long as an event is continuing that if not cured and with the passage of time would result in an event of default.

The March 2023 Note is convertible at the option of Hudson Bay into shares of Common Stock at a conversion price of $6.245 per share, subject to adjustment for stock splits, combinations or similar events (each a "Stock Combination Event"). If on the on the fifth trading day immediately following a Stock Combination Event, the conversion price then in effect on such fifth trading day (after giving effect to a proportional adjustment of the conversion price), is greater than the lowest weighted average price of the Common Stock during the twenty consecutive trading day period ending and including the trading day immediately preceding the fifth trading day after such Stock Combination Event (the "Event Market Price"), then the conversion price shall be adjusted to the Event Market Price.

The March 2023 Note contains certain limitations on conversion. It provides that no conversion may be made if, after giving effect to the conversion, Hudson Bay would own in excess of 9.99% of the Company's outstanding shares of Common Stock. This percentage may be increased or decreased to a percentage not to exceed 9.99%, at the option of Hudson Bay, except any increase will not be effective until 61-days' prior notice to the Company.

16. CONVERTIBLE NOTES PAYABLE (continued)

The conversion price of the March 2023 Note will be subject to adjustments for stock splits, combinations or similar events. In addition, the conversion price of the March 2023 Note will also subject to anti-dilution adjustment which, subject to specified exceptions, in the event that the Company issues or is deemed to have issued certain securities at a price lower than the then applicable conversion price, immediately reduces the conversion price of the March 2023 Note to equal the price at which the Company issues or is deemed to have issued its Common Stock.

The March 2023 Note imposes penalties on the Company for any failure to timely deliver any shares of its Common Stock issuable upon conversion.

The March 2023 Note contains events of default that are typical for transactions of this type, as well as the following events:

- the failure of any registration statement required by the Registration Rights Agreement to be filed within five trading days after the date required by the Registration Rights Agreement or the failure of any such registration statement to become effective within five trading days after the date required by the Registration Rights Agreement;
- the lapse or unavailability of any registration statement required by the Registration Rights Agreement for more than 5 consecutive trading days or more than an aggregate of 10 trading days in any 365-day period (other than certain allowable grace periods);
- the suspension from trading or failure of the Common Stock to be listed for trading on an eligible market for more than 2 consecutive trading days or more than an aggregate of 5 trading days in any 365-day period;
- the failure of the Company to issue shares upon conversion of the Note for more than 2 trading days after the relevant conversion date or a notice of the Company’s intention not to comply with a request for conversion;
- the failure for 2 consecutive trading days to have reserved for issuance 250% of the full number of shares issuable upon conversion in accordance to the terms of the March 2023 Note;
- the failure for 2 trading days to pay Hudson Bay principal, interest, late charges or other amounts when and as due under the March 2023 Note;
- the occurrence of any default under, redemption of or acceleration prior to maturity of any indebtedness of the Company or a subsidiary;
- the invalidity of any material provision of the Security Documents (defined below) or if the enforceability of validity of any material provision of the Security Documents is contested by the Company;
- the failure of the Security Documents to perfect or maintain Hudson Bay’s first priority security interest; and
- the failure to comply with certain covenants of the March 2023 Note.

If there is an event of default, then Hudson Bay has the right to request redemption of all or any portion of the March 2023 Note, at 130% of the sum of the outstanding principal, interest and late fees to be redeemed, provided that if certain conditions specified in the March 2023 Note are not satisfied, then Hudson Bay has the right to request redemption of all or any portion of the March 2023 Note, at 130% of the greater of (i) the sum of the outstanding principal, interest and late fees to be redeemed and (ii) the product of (a) the number of shares into which the March 2023 Note (including all principal, interest and late fees) subject to redemption may be converted and (b) the greatest closing sale price for the Common Stock beginning on the date immediately preceding the event of default and ending on the date the Company makes the entire payment required to be made upon the redemption provided, however, that if no Cash Release Event (as defined in the March 2023 Note) has occurred on or prior to the applicable of default redemption date, the principal amount used in calculating the applicable event of default redemption price on such event of default redemption date shall be decreased by the holder’s pro rata portion.

The March 2023 Note prohibits the Company from entering into certain transactions involving a change of control, unless the successor entity assumes in writing all of the obligations of the Company under the March 2023 Note and the other transaction documents. In the event of such a transaction, Hudson Bay will have the right to request redemption of the Note, at Redemption Variable Premium (as defined in the March 2023 Note) of the greater of (i) of the sum of the amount of principal, interest and late fees to be redeemed; and (ii) the product of (x) the sum of the amount of principal, interest and late fees to be redeemed and (y) the quotient determined by dividing (1) the greatest closing sale price of the shares of Common Stock during the period beginning on the date immediately preceding the earlier to occur of (A) the consummation of the applicable change of control and (B) the public announcement of such change of control and ending on the date Hudson Bay delivers a change of control redemption notice, by (2) the Conversion Price; or; (iii) Redemption Variable Premium of the product of (x) the number of shares into which the March 2023

Note (including all principal, interest and late fees) subject to such redemption may be converted multiplied by (y) the greatest closing sale price of the shares of Common Stock during the period beginning on the date immediately preceding the earlier to occur of (x) the consummation of the change of control and (y) the public announcement of such change of control and ending on the date Hudson Bay delivers the change of control redemption notice; provided, however, that if no Cash Release Event has occurred on or prior to the applicable change of control redemption date, the principal amount used in calculating the applicable change of control redemption price on such change of control.

16. CONVERTIBLE NOTES PAYABLE (continued)

If the Company issues options, convertible securities, warrants, stock, or similar securities to holders of its Common Stock, the holder of the March 2023 Note shall have the right to acquire the same as if it had converted its March 2023 Note.

Hudson Bay is entitled to receive any dividends paid or distributions made to the holders of the Common Stock on an "as if converted" to Common Stock basis.

The March 2023 Note contains a variety of covenants on the part of Company that are typical for transactions of this type, as well as the following covenants:

- the March 2023 Note ranks senior to all other indebtedness of the Company, except that certain permitted indebtedness ranks *pari passu* with the March 2023 Note;
- the Company will not incur other indebtedness, except for certain permitted indebtedness;
- the Company will not incur any liens, except for certain permitted liens;
- the Company will not, directly or indirectly, redeem or repay all or any portion of any permitted indebtedness if at the time such payment is due or is made or, after giving effect to such payment, an event constituting, or that with the passage of time and without being cured would constitute, an event of default has occurred and is continuing; and
- the Company will not redeem, repurchase or pay any dividend or distribution on its Common Stock or any other capital stock.

On March 23, 2023, the warrants issued were classified as equity with an initial grant date fair value of $4,532,673, of which $4,335,611 was recorded as a deferred debt discount, $197,061 of the excess fair value was immediately expensed as loss on issuance of warrants. The Company also incurred $664,389 of issuance expenses which were recorded as deferred debt discount. The fair value of the warrants was computed on the grant date using a per share price of $0.12 per share. The fair value was estimated using the Black Scholes option pricing models with the following assumptions:

	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life
Hudson Bay Warrant; March 2023	0.00 %	143.23 %	3.88 %	2.5 years
Palladium Capital Warrant; March 2023	0.00 %	143.23 %	3.88 %	2.5 years

On April 5, 2023, the warrants issued under the March 2023 Offering were adjusted under the terms and conditions to a strike price of $2.01 due to the reverse stock split. The adjustment resulted in a fair value of $3,387,604, of which $3,387,604 was immediately expensed as loss on issuance of warrants. The fair value was estimated using the Black Scholes option pricing models with the following assumptions:

	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life
Hudson Bay Warrant; March 2023	0.00 %	143.81 %	3.67 %	2.5 years
Palladium Capital Warrant; March 2023	0.00 %	143.81 %	3.67 %	2.5 years

On October 23, 2023 (the "Effective Date"), the Company entered into a Prepayment and Redemption Agreement (the "Prepayment Agreement"), by and between the Company and an accredited investor (the "Investor"), pursuant to which, among things, the Company agreed to prepay the Notes (as defined below) and to redeem the March 2023 Warrant (as defined below), subject to the conditions set forth therein.

As previously disclosed, pursuant to the Note Securities Purchase Agreement, the Company sold to the Investor the January 2022 Note, of which an aggregate principal amount of $2,000,000 remains outstanding. In addition, pursuant to the Securities Purchase Agreement (together with the Note Securities Purchase Agreement, the "SPAs") the Company sold to Hudson Bay the March 2023 Note, of which the entire aggregate principal amount remains outstanding (together with the January 2022 Note, the "Notes") and the March 2023 Warrant Common Stock.

Pursuant to the Prepayment Agreement, the Company agreed to make an aggregate payment of $8,215,000 (the "Aggregate Payment Amount") to Hudson Bay in six installments, of which an initial payment remitted in October 2023 of $3,000,000 was allocated towards repayment in full of the remaining $2,000,000 of the January 2022 Note, $340,000 partial repayment of the March 2023 Note and $660,000 for the redemption in full of the March 2023 Warrant (the "Initial Payment"). The remaining five installments, which range from $150,000 to $2,275,000 and are allocated towards the remaining principal of the March 2023 Note as specified in the Prepayment Agreement, are due on the fifteenth day of each month, beginning on November 15, 2023 and ending on March 15, 2024. At its option, the Company may prepay any monthly installment prior to its respective due date. During the three months ended March 31, 2024, the Company remitted a total of $4,900,000 in payments.

Any cash payments required to be made pursuant to the terms of the Notes shall be suspended as long as the Company timely makes the payments set forth in the Prepayment Agreement and no Event of Default (as defined in the Notes) (or an event that with the passage of time or the giving of notice would result in an Event of Default) occurs and is continuing. In addition, upon receipt by Hudson Bay of the Initial Payment, all of the aggregate principal amount outstanding of the March 2023 Note will no longer be convertible into shares of Common Stock, *provided* that any aggregate principal amount outstanding of the March 2023 Note shall again become convertible into shares of Common Stock if an Event of Default (or an event that with the passage of time or the giving of notice would result in an Event of Default) occurs and is continuing or in the event the Company fails to timely make the payments under the Prepayment Agreement.

Upon receipt by Hudson Bay of the Aggregate Payment Amount, the SPAs, the Notes, the March 2023 Warrant and any other transaction documents related to the SPAs shall terminate and be of no further force or effect, other than certain indemnification obligations in the SPAs. In the event that the conditions to closing shall not have occurred by on or before the fifth (5th) business day following the Effective Date, subject to certain conditions, Hudson Bay has the option to terminate the Prepayment Agreement at the close of business on such date.

On February 26, 2024, pursuant to the Prepayment Agreement, the Company paid to Hudson Bay a final payment of $365,000 in remaining principal due under the March 2023 Note.

January 2022 Offering

On January 26, 2022, the Company, entered into a Securities Purchase Agreement (the “Note Securities Purchase Agreement”) with an accredited investor (the “Note Investor”) for the issuance and sale of a Senior Convertible Note with an initial principal amount of $33,333,333 (the “January 2022 Note”) at a conversion price of $10.00 per share of Eightco’s Common Stock with a purchase amount of $30,000,000 and an original issue discount of $3,333,333, a warrant (the “January 2022 Warrant”) to purchase up to 66,667 shares of Common Stock with an initial exercise price of $10.00 per share of Common Stock (the “Note Private Placement”). In addition, the Company issued a warrant to the placement agent to purchase up to 1,067 shares of Common Stock with an initial exercise price of $10.00 per share of Common Stock. The warrants vest immediately, expiring on May 16, 2027 and had an estimated fair value of $3,905,548. The Company recorded a debt discount of $7,798,881 which consists of the original issue discount of $3,333,333, the fair value of the warrants of $3,905,548 and placement agent fees of $560,000. The discount will be amortized over the term of the convertible note payable. The entire outstanding principal balance and any outstanding fees or interest shall be due and payable in full on the third anniversary of the date the note is issued, May 5, 2022. The January 2022 Note does not bear interest, provided, however, that the Note will bear interest at 18% per annum upon the occurrence of an event of default. Eightco and the Note Investor closed the transaction contemplated by the Note Securities Purchase Agreement on May 5, 2022. In connection with the Note Private Placement, the Company also entered into a Registration Rights Agreement (the “January 2022 Registration Rights Agreement”) with the Note Investor, and, upon the closing, entered into a Security Agreement, a Pledge Agreement and various ancillary certificates, disclosure schedules and exhibits in support thereof prior to the closing of the Note Securities Purchase Agreement.

On July 28, 2022, the Company entered into an Amendment Agreement (the “July 2022 Amendment Agreement”) with the Note Investor to amend the Note Securities Purchase Agreement, the January 2022 Note, and that certain January 2022 Registration Rights Agreement.

Pursuant to the July 2022 Amendment Agreement, the Company released an aggregate of $29,000,000 (the “Released Funds”) from the restricted funds account maintained in accordance with the Note Securities Purchase Agreement (the “Restricted Funds Account”) and, going forward, must deposit 50% of any Warrant Exercise Cash (as defined in the July 2022 Amendment Agreement) into the Restricted Funds Account. As required by the July 2022 Amendment Agreement, the Company used $22,000,000 of the Released Funds to repurchase from the Investor $22,000,000 of the principal of the January 2022 Note. Pursuant to the July 2022 Amendment Agreement, the conversion price of the balance of the January 2022 Note that remains was voluntarily adjusted to $1.06 (the “Adjustment”). The July 2022 Amendment Agreement also amended the January 2022 Registration Rights Agreement. to require the Company to register (i) the number of shares of common stock equal to 200% of the shares issuable upon conversion of the January 2022 Note and (ii) the number of shares of common stock equal to 200% of the shares issuable upon exercise of the warrant issued under the Note Securities Purchase Agreement, assuming all cash has been released from the Restricted Funds Account and the number of shares of common stock issuable upon exercise of the January 2022 Warrant issued under the Note Securities Purchase Agreement has been adjusted in accordance with Section 3(c) of the warrant. The July 2022 Amendment Agreement requires the Company to register additional shares of its common stock underlying the January 2022 Note. Accordingly, the Company filed a registration statement on Form S-1 dated August 12, 2022 (the “August S-

1”) with the Securities and Exchange Commission. The August S-1 includes 301,007 shares of the Company’s common stock issuable upon the conversion of the January 2022 Note as a result of the Adjustment.

16. CONVERTIBLE NOTE PAYABLE (continued)

As a result of the Adjustment, the exercise price of (i) warrants to purchase up to 15,467 shares of the Company's Common Stock held by Palladium Capital Group, LLC, (ii) warrants to purchase up to 66,667 shares of the Company's Common Stock held by the Note Investor, and (iii) warrants to purchase up to 30,000 shares of the Company's Common Stock held by BHP Capital NY, Inc. was adjusted to $1.06 per share of the Company's Common Stock.

The July 2022 Amendment Agreement amends the January 2022 Note to permit the Company to enter into technology license agreements which obligate the Company to make cash payments of up to $10,000,000 (the "Cash Payment") and Common Stock issuances of up to 5,000 restricted shares, provided (i) the Cash Payments are not due until at least two years after the signing of such license agreements, and (ii) the Company must enter into an intercreditor agreement in connection with each license agreement. The July 2022 Amendment Agreement also amends the January 2022 Note to increase the permitted amount of a lien on indebtedness of the Company from $500,000 to $10,000,000.

The July 2022 Amendment Agreement grants the holder of the January 2022 Note the right, at any time after December 27, 2023, to force the Company to redeem all or any portion of the outstanding principal, interest or penalties on the January 2022 Note.

The parties also amended the Company's carve out to its financing standstill as set forth in the July 2022 Amendment Agreement.

On September 14, 2022, the Company and the Note Investor entered into a waiver (the "Waiver") to permit, subject to the terms and conditions set forth therein, the entry into a purchase agreement for Forever 8. Pursuant to the Waiver, the conversion price and exercise price of the January 2022 Note and the January 2022 Warrants, respectively, were voluntarily and irrevocably adjusted to equal $50.00, subject to further adjustment as set forth therein. As a result of the price adjustment feature, the number of shares of the Company's common stock issuable upon exercise of the January 2022 Warrants and conversion of the January 2022 Notes was increased upon the acquisition of Forever 8 on October 1, 2022.

As a result of the adjustment of the January 2022 Note and January 2022 Warrant conversion and exercise price, respectively, in the Waiver, the exercise price of (i) warrants to purchase up to 15,467 shares of the Company's Common Stock held by Palladium Capital Group, LLC, (ii) warrants to purchase up to 66,667 shares of the Company's Common Stock held by the Note Investor, and (iii) warrants to purchase up to 30,000 shares of the Company's Common Stock held by BHP Capital NY, Inc. was adjusted to $50.00 per share of the Company's Common Stock.

On January 6, 2023, the Company entered into a Second Amendment Agreement (the "Second Amendment Agreement") with Hudson Bay to amend the (i) Note Securities Purchase Agreement, (ii) the January 2022 Note, (iii) the January 2022 Registration Rights Agreement, and (iv) the January 2022 Warrant.

Pursuant to the Second Amendment Agreement, the conversion price of the balance of the January 2022 Note that remains outstanding was voluntarily adjusted to $10.00 per share of Common Stock.

The Second Amendment Agreement grants the Company the right to redeem all or a portion of the outstanding amount of the January 2022 Note (the "Redemption Right") upon 10 trading days' notice provided that (i) no Equity Conditions Failure (as defined in the January 2022 Note) exists and (ii) the Company has sufficient resources to effect the redemption. The Redemption Right is subject to certain other restrictions contained in the Second Amendment Agreement.

The Second Amendment Agreement provides that if Hudson Bay converts any portion of the January 2022 Note during the 10 consecutive trading day period starting on January 6, 2023 (the "Applicable Conversion Period"), Hudson Bay shall, on the first business day immediately following the end of the Applicable Conversion Period, release to the Company an amount of cash from the Control Account (as defined in the January 2022 Note) equal to 20% of the amount converted during the Applicable Conversion Period if the volume-weighted average price ("VWAP") of the common stock on each trading day during the Applicable Conversion Period equals or exceeds $10.00 and there is no circumstance or event that would, with or without the passage of time or the giving of notice, result in a material default, material breach or event of default under any Transaction Document (as defined in the Note Securities Purchase Agreement).

As a result of the voluntary adjustment to the conversion price of the January 2022 Note, the exercise price of the January 2022 Warrant was automatically adjusted to $10.00 per share of common stock and the number of shares issuable upon exercise of the January 2022 Warrant (the "HB Warrant Shares") was proportionately increased to 3,333,333 HB Warrant Shares. Pursuant to the Second Amendment Agreement, Hudson Bay agreed to waive the adjustment to the number of HB Warrant Shares issuable pursuant to the January 2022 Warrant to the extent such adjustment results in a number of HB Warrant Shares underlying the January 2022 Warrant exceeding 2,220,000. The Second Amendment Agreement provides that Hudson Bay (i) will not exercise January 2022 Warrants to purchase more than an aggregate of 1,500,000 HB Warrant Shares until March 2, 2023, provided such limitation will be waived upon the occurrence of an Event of Default (as defined in the January 2022 Note) or if the VWAP of the common stock on any trading day from January 6, 2023 until March 2, 2023 is less than $11.00 and (ii) will not exercise the

January 2022 Warrant until (x) such time as the aggregate principal amount outstanding of the January 2022 Note is equal to or less than the amount remaining in the Control Account or (y) the occurrence of an Event of Default (the “HB Initial Exercisability Date”). However, Hudson Bay may exercise Warrants for up to 200,000 shares of common stock prior to the HB Initial Exercisability Date if the VWAP of the common stock on any trading day during the period starting on March 1, 2023 and ending on and including March 31, 2023 is less than $10.00. If the VWAP of the common stock on each trading day from January 6, 2023 through March 1, 2023, is greater than $11.00, Hudson Bay will forfeit the right to purchase 720,000 HB Warrant Shares pursuant to the January 2022 Warrant, provided that there is no circumstance or event that would, with or without the passage of time or the giving of notice, result in a material default, material breach or event of default under any Transaction Document. Additionally, the exercise price of the January 2022 Warrant was voluntarily further adjusted to $0.01 per share of common stock in lieu of the investors taking less warrant shares. The VWAP of the common stock, from January 6, 2023 through March 1, 2023, was below $11.00, as such Hudson Bay did not forfeit the 720,000 HB Warrant Shares.

16. CONVERTIBLE NOTE PAYABLE (continued)

The Second Amendment Agreement required the Company to provide each stockholder entitled to vote at the next special or annual meeting of stockholders of the Company, which was required to be held no later than April 1, 2023, a proxy statement soliciting each such stockholder's affirmative vote at the stockholder meeting for approving the increase of the authorized shares of common stock from 250,000,000 to 500,000,000 ("Stockholder Approval"). The Stockholder Approval was obtained at the Company's special meeting of stockholders held on March 15, 2023.

The warrants issued by the Company were modified to reduce the exercise price, which also increased the number of warrants to purchase common stock. The warrant modification expense of $43,344,150 was computed on the modification date using a per share price of $0.32 per share. The fair value was estimated using the Black Scholes option pricing models with the following assumptions:

	Dividend Yield	Expected Volatility	Risk-free Interest Rate	Expected Life
Hudson Bay Warrant; as adjusted January 2023	0.00 %	142.28 %	4.10 %	2.5 years
Palladium Capital Warrant; as adjusted January 2023	0.00 %	142.28 %	4.10 %	2.5 years
BHP Warrant; as adjusted January 2023	0.00 %	142.28 %	4.10 %	2.5 years

17. CONVERTIBLE NOTES PAYABLE – RELATED PARTIES

The convertible notes payable, related party were issued as part of consideration for the acquisition of Forever 8. The discount was calculated based on the fair value of the instrument as of October 1, 2022. Principal due under the convertible note payable – related parties was as follows at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Notes payable, 12%	27,198,734	27,383,700
Less: current portion	11,500,000	11,500,000
Notes payable, long-term potion	$ 15,698,734	$ 15,883,700
Less: debt discount	1,500,000	1,750,000
Notes payable, long-term portion, net	14,198,734	14,133,700

Interest expense under convertible notes payable – related parties was $1,071,511 and $937,000, of which $250,000 and $250,000 was related to amortization of the debt discount, for the three months ended March 31, 2024 and 2023, respectively. The Company recognized a gain on extinguishment of $3,006,896 related to the forgiveness of accrued interest for the three months ended March 31, 2024.

On March 17, 2024, the Company entered into an agreement to amend certain provisions of the Seller Notes (the "Seller Notes Amendment") previously issued under the terms of the MIPA. Pursuant to the Seller Notes Amendment, the Sellers agreed, among other things, to (i) forgive, without the payment of any additional consideration, accrued interest on the Seller Notes in an aggregate amount of approximately $3.0 million, (ii) convert approximately $1.1 million of accrued interest on the Seller Notes into 1.4 million shares of common stock of the Company, and (iii) defer interest and any payments due on the Seller Notes until October 30, 2024. In addition, effective March 17, 2024, the Sellers waived any right to receive any earnout consideration as provide for in the MIPA. The Company recognized a gain on forgiveness of earnout of $6,100,000 for the three months ended March 31, 2024.

On March 27, 2024, the Company issued 120,974 shares of common stock to convert $99,199 of principal.

18. INCOME TAXES

Eightco is taxed as a corporation and pays corporate federal, state and local taxes on income.

Forever 8, BlockHiro, LLC and Cryptyde Shares Services, LLC are limited liability companies which are disregarded entities for income tax purposes and are owned 100% by Eightco and Ferguson Containers, respectively. The Company pays corporate federal, state and local taxes on income allocated to it from BlockHiro, LLC and 8co Holdings Shared Services, LLC.

CW Machines, LLC is a limited liability company for income tax purposes and is owned 51% by Eightco. The Company pays corporate federal, state and local taxes on income allocated to it from CW Machines, LLC.

Ferguson Containers is taxed as a corporation and pays corporate federal, state and local taxes on income.

Forever 8 UK Ltd. is taxed as a corporation and pays foreign taxes on income.

F8 Fund EU Holdings BV is taxed as a corporation and pays foreign taxes on income.

Income tax (benefit) expense was $0and $0 for the three months ended March 31, 2024 and 2023, respectively. The Company has recorded a full valuation allowance on net operating losses.

There are no unrecognized tax benefits and no accruals for uncertain tax positions.

As of March 31, 2024, the Company had a net operating loss carryforward for federal income tax purposes of approximately $8,755,550 and credit carryforwards are subject to annual limitations due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The Company's net operating loss carryforward begins to expire in 2041.

19. STOCKHOLDERS' EQUITY

Common Stock. Prior to the Separation, Vinco owned 100% of the issued and outstanding common stock of Eightco. Effective June 29, 2022, the Company separated from Vinco, and the distribution of its common stock was completed.

On March 16, 2023, the Company filed a Certificate of Amendment to the Company's Certificate of Incorporation with the Secretary of State of the State of Delaware to increase the number of authorized shares of the Company's common stock, par value $0.001 per share from 250,000,000 to 500,000,000 and to make a corresponding change to the number of authorized shares of capital stock, effective as of 4:05 p.m. (New York time) on March 16, 2023.

Common stock issuances during the three months ended March 31, 2024:

On January 30, 2024, the Company issued 56,235 shares of common stock valued at $34,866 to satisfy a portion of the outstanding severance due to the former employee.

On February 28, 2024, the Company issued 77,500 shares of common stock valued at $48,050 to satisfy a portion of the outstanding severance due to the former employee.

On February 22, 2024, the Company issued 128,894 shares of common stock value at $105,693 to satisfy outstanding fees for services performed due to the consultant.

On March 19, 2024, the Company issued 300,000 shares of common stock valued at $171,000 to a consultant for services performed related to investor relations.

On March 27, 2024, the Company issued 1,399,994 shares of common stock valued at $1,147,995 to satisfy a portion of the convertible notes payable due to the sellers of Forever 8.

On March 27, 2024, the Company issued 300,000 shares of common stock valued at $216,000 to a consultant for services performed related to Forever 8.

On March 27, 2024, the Company issued 256,098 shares of common stock valued at $180,000 to the independent board of directors to satisfy deferred amounts due for services performed.

On March 27, 2024, the Company issued 865,856 shares of common stock valued at $710,000 to investors related to proceeds received in a private investment in a public entity.

On March 27, 2024, the Company issued 252,169 shares of common stock valued at $206,799 to satisfy the cash settlement warrants assumed in the Forever 8 acquisition.

On March 27, 2024, the Company issued 120,974 shares of common stock valued at $99,199 to certain former Forever 8 security holders, pursuant to the settlement agreements by and among the Company and certain former Forever 8 security holders, as consideration for the immediate termination of the Company's obligation to deliver such to the former Forever 8 securityholders the consideration provided for in the MIPA.

On March 28, 2024, the Company issued 73,171 shares of common stock valued at $60,000 to certain holders of the Series D Loan and Security Agreement.

As of March 31, 2024 and December 31, 2023, the Company had 8,537,310 and 4,706,419 issued and outstanding shares of Common Stock, respectively.

Preferred Stock: On January 17, 2023, the board of directors of the Company declared a dividend of one one-thousandth of a share of Series A Preferred Stock, par value $0.001 per share ("Series A Preferred Stock"), for each outstanding share of the Company's common stock to stockholders of record at 5:00 p.m. Eastern Time on January 27, 2023.

On January 19, 2023, the Company filed a Certificate of Designation with the Delaware Secretary of State for its Series A Preferred Stock. The number of shares authorized for issuance is three hundred thousand (300,000).

As of March 31, 2024 and December 31, 2023, the Company had 0 and 0 issued and outstanding shares of Series A Preferred Stock, respectively. All shares of Series A Preferred Stock issued have been redeemed in accordance with the Certificate of Designations.

20. COMMITMENTS AND CONTINGENCIES

Operating Leases. The Company leases certain office space from an entity affiliated through common ownership under an operating lease agreement on a month-to-month basis.

On April 26, 2022, the Company entered into an assignment and assumption agreement with Vinco Ventures, Inc. whereby the parties agreed to transfer and assign to Eightco the lease agreement dated July 16, 2021 by and between Abdi R. Boozer-Jomehri (d/b/a Safety Harbor Centre, Inc.) and Edison Nation, LLC, a 100% owned subsidiary of Vinco (the "Safety Harbor Lease").

On October 19, 2022, the Company entered into a commercial lease agreement with Foxx Trot Tango, LLC to lease approximately 25 acres of land, including approximately 250,000 square feet of warehouse space in Sylvester, Georgia for $87,500 on a month-to-month basis, effective July 2022. On May 8, 2023, the Company elected to terminate the lease agreement effective as of June 30, 2023.

Rent expense was $66,144 and $33,000 for the three months ended March 31, 2024 and 2023, respectively. Rental payments are expensed in the statements of comprehensive income in the period to which they relate.

Emmersive Sellers: On April 17, 2021, the Former Parent entered into (and closed on) a certain Asset Contribution Agreement ("Asset Contribution Agreement") with Emmersive Entertainment, Inc. ("Emmersive"), pursuant to which Emmersive contributed/transferred to the Company the assets used for Emmersive's business, which include digital assets, software and certain physical assets (the "Contributed Assets") in consideration for, among other things, the Former Parent assuming certain obligations of Emmersive, hiring certain employees, and issuing preferred membership units ("Preferred Units") in EVNT Platform, LLC to Emmersive and/or its shareholders ("Preferred Members") pursuant to a First Amended and Restated Operating Agreement for the Former Parent dated as of April 17, 2021 ("Amended Operating Agreement"). Certain put rights are associated with Preferred Units, which if exercised by the Preferred Members, obligates the Former Parent to purchase the Preferred Units in exchange for shares of the Former Parent's common stock ("Put Rights"). In addition, the Preferred Members have the opportunity to earn Conditional Preferred Units if certain conditions are satisfied for earn out targets ("Earn-Out Targets").

On February 25, 2022, the Former Parent and Emmersive entered into a Termination and Release Agreement, terminating certain transaction documents dated April 17, 2021, and a Milestone Agreement for the earnout shares to be earned and any remaining consideration to be paid by Eightco with an effective date of the agreements upon the spin-off being declared effective ("Effective Date") Upon the spinoff, the agreements release Emmersive of the opportunity to earn the additional shares of common stock of the Former Parent from the Asset Contribution Agreement. The contingent consideration to be paid by Eightco upon the successful completion of the spin-off are described below:

Earned Shares: Issuance of 6,000 shares of common stock of Eightco ("Eightco Shares"). The Company recorded $609,000 of share-based compensation related to the Eightco Shares.

Milestone 1: In the event that the Company generates a minimum of $5,500,000 in annualized booked revenues from the operation of the Musician & Artist Platform ("Attributed Revenue") ending eight (8) months following the Effective Date ("Tranche 1 Milestone Date"), the Emmersive Parties shall receive 2,000 restricted Eightco Shares ("Tranche One") within thirty (30) after the Tranche 1 Milestone Date. In the event that the Company does not satisfy this milestone for any reason by the Tranche 1 Milestone Date, the Emmersive Parties shall have no rights to the additional Eightco Shares.

Milestone 2: After the Effective Date, in the event the Company generates a minimum of $26,500,000 in annualized Attributed Revenues in any three-calendar month period ending on or before September 30, 2023, from the Musician & Artist Platform, the Emmersive Parties shall receive an additional 2,000 restricted Eightco Shares ("Tranche Two"). In the event Milestone Two is achieved, then Milestone One shall also be deemed to have been achieved. In the event that the Company does not satisfy Milestone Two for any reason by September 30, 2023, the Emmersive Parties shall have no rights to Tranche Two.

Milestone 3: After the Effective Date in the event that Buyer generates a minimum of $60,000,000 in annualized Attributed Revenues in any three-calendar-month period ending on or before September 30, 2024, from the Musician & Artist Platform, the Emmersive Parties shall receive an additional 2,000 restricted Eightco Shares ("Tranche Three"). In the event Milestone Three is achieved, then Milestones One and Two shall also be deemed to have been achieved. In the event that the Company does not satisfy Milestone Three for any reason by September 30, 2024, time being of the essence, the Emmersive Parties shall have no rights to Tranche Three. In the event that the Company satisfies Milestone Three in the time prescribed they shall have the right to receive an additional 100,000 restricted shares of Eightco Shares ("Bonus Tranche"). In the event that the Company does not satisfy Milestone Three for any reason, the Emmersive Parties shall have no rights to the Bonus Tranche.

None of the above milestones were met as of March 31, 2024.

21. SEGMENTING REPORTING

The Company's principal operating segments coincide with the types of products to be sold. The products from which revenues are derived are consistent with the reporting structure of the Company's internal organization. The Company's two reportable segments for the three months ended March 31, 2024 were the Inventory Management Solutions segment and the Corrugated segment. The Company's chief operating decision maker has been identified as the Chairman and CEO, who reviews operating results to make decisions about allocating resources and assessing performance for the entire Company. Segment information is presented based upon the Company's management organization structure as of March 31, 2024 and the distinctive nature of each segment. Future changes to this internal financial structure may result in changes to the reportable segments disclosed. There are no inter-segment revenue transactions and, therefore, revenues are only to external customers.

Segment operating profit is determined based upon internal performance measures used by the chief operating decision maker. The Company derives the segment results from its internal management reporting system. The accounting policies the Company uses to derive reportable segment results are the same as those used for external reporting purposes. Management measures the performance of each reportable segment based upon several metrics, including net revenues, gross profit and operating loss. Management uses these results to evaluate the performance of, and to assign resources to, each of the reportable segments. The Company manages certain operating expenses separately at the corporate level and does not allocate such expenses to the segments. Segment income from operations excludes interest income/expense and other income or expenses and income taxes according to how a particular reportable segment's management is measured. Management does not consider impairment charges, and unallocated costs in measuring the performance of the reportable segments.

Segment information available with respect to these reportable business segments for the three months ended March 31, 2024 and 2023 was as follows:

	For the Three Months Ended March 31,	
	2024	**2023**
Revenues:		
Inventory Management Solutions	$ 7,958,697	$ 13,948,341
Corrugated	1,661,123	1,941,374
Total segment and consolidated revenues	$ 9,619,820	$ 15,889,715
Cost of revenues:		
Inventory Management Solutions	$ 6,569,687	$ 12,634,589
Corrugated	1,164,371	1,436,034
Total segment and consolidated cost of revenues	$ 7,734,058	$ 14,070,623
Gross profit:		
Inventory Management Solutions	$ 1,389,010	$ 1,313,752
Corrugated	496,752	505,340
Total segment and consolidated gross profit	$ 1,885,762	$ 1,819,092
Income (loss) from operations:		
Inventory Management Solutions	$ (794,053)	$ (492,234)
Corrugated	162,736	145,582
Corporate	(2,359,718)	(3,183,687)
Total segment and consolidated loss from operations	$ (2,991,035)	$ (3,530,339)
Depreciation and amortization:		
Inventory Management Solutions	$ 556,299	$ 576,580

Corrugated		49,497		49,497
Total segment and consolidated depreciation and amortization	$	605,796	$	626,077
Revenues by geography:				
North America	$	3,313,122	$	3,287,404
Europe		6,306,698		12,602,311
Total geography and consolidated revenues	$	9,619,820	$	15,889,715
Segment capital expenditures:				
Inventory Management Solutions	$ -		$	-
Corrugated		-		36,308
Corporate		-		-
Total segment and consolidated capital expenditures	$ -		$	36,308
Segment total assets:				
Inventory Management Solutions	$	45,452,208	$	50,777,175
Corrugated		1,881,212		2,494,147
Corporate		2,903,451		7,483,064
Total segment and consolidated assets	$	50,236,871	$	60,754,386

22. SUBSEQUENT EVENTS

On April 9, 2024, the Company issued a total of 125,000 shares of common stock valued at $86,000 to two consultants.

On April 10, 2024, the Company issued 89,177 shares of common stock valued at $34,866 to satisfy a portion of the outstanding severance due to the former employee.

On April 25, 2024, the Company entered into an At-The-Market Issuance Sales Agreement (the "ATM Agreement") with Univest Securities, LLC, as the sales agent (the "Agent"), pursuant to which the Company may offer and sell, from time to time through or to the Agent, as sales agent or principal, shares of common stock having an aggregate offering price of up to $2,000,000.

The Company will pay the Agent a commission of 3% of the aggregate gross sales prices of the shares of common stock under the ATM Agreement. The Company will also reimburse the Agent for fees and disbursements of counsel to the Agent in an amount not to exceed $37,000 in connection with the signing of the ATM Agreement.

The Company intends to use the net proceeds from the sale of shares of common stock pursuant to the ATM Agreement for working capital and general corporate purposes.

The ATM Agreement may be terminated (i) by the Company at any time in its sole discretion by giving five days' written notice to the Agent or (ii) by the Agent, at any time in its sole discretion by giving written notice to the Company.

On May 1, 2024, the Company sold 1,000 shares of common stock for net proceeds of $560 under the Company's ATM Agreement.

On May 6, 2024, the Company entered into an amendment (the "MIPA Amendment") to the MIPA. The MIPA had provided that the Sellers would be entitled to receive three potential earnout payments (the "Earnout Consideration) in cash (in the amount of a total of $37,000,000) or, at the Company's election, in up to 7,000,000 additional Preferred Units of Forever 8, upon the achievement of certain performance thresholds relating to cumulative collected revenues. Pursuant to the MIPA Amendment, the Sellers irrevocably waived their right to receive such Earnout Consideration regardless of whether or not the performance thresholds are met.

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

As explained above, unless otherwise indicated, the terms "we," "us," "our," "our Company," and "the Company" refer to Eightco Holdings Inc., together with its consolidated subsidiaries. The following discussion and analysis of the Company's financial condition and results of operations should be read together with the Company's financial statements and related notes appearing elsewhere in this Quarterly Report. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to the Company's plans and strategy for the Company's business and related financing, includes forward-looking statements involving risks and uncertainties and should be read together with the "Cautionary Note Regarding Forwarding- Looking Statements" section of this Quarterly Report. Such risks and uncertainties could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

As used herein, "Eightco" and the "Company" refer to Eightco Holdings Inc. and subsidiaries and/or where applicable, its management, a Delaware corporation originally incorporated on September 21, 2021 (date of inception) under the laws of the State of Nevada. On March 9, 2022, the Company converted to a Delaware corporation pursuant to a plan of conversion entered into with the Former Parent. On April 4, 2023, the Company changed its name to Eightco Holdings Inc. from Cryptyde, Inc. and its stock symbol to "OCTO." The Company is comprised of three main businesses, Forever 8 Inventory Cash Flow Solution, our Web3 Business, which includes the sale of BTC mining hardware, and our Packaging Business. Our Inventory Solution Business, Forever 8 Fund, LLC, a Delaware limited liability company focused on purchasing inventory for e-commerce retailers, which we acquired on October 1, 2022 ("Forever 8"). We no longer intend to generate revenue from our Web 3 Business. Our Packaging Business manufactures and sells custom packaging for a wide variety of products and through packaging helps customers generate brand awareness and promote brand image.

On June 29, 2022, the Company separated from its former parent company, Vinco Ventures Inc. ("Vinco"). As previously announced, we concluded a spin-off from Vinco (the "Separation") and continue operating our Web3 Business, our BTC Mining Hardware Business and our Packaging Business. The Separation occurred concurrently with the distribution (the "Distribution") of our common stock to stockholders of Vinco as of May 18, 2022 (the "Record Date") at a ratio of one share of our common stock for every ten shares of Vinco common stock held by the Vinco stockholders. Following the Separation, we are an independent, publicly traded company, and Vinco retains no ownership interest in our Company.

In connection with the Separation, we entered into a Separation and Distribution Agreement and other agreements with Vinco to effect the Separation and provide a framework for our relationship with Vinco after the Separation. These agreements provide for the allocation between us and our subsidiaries, on the one hand, and Vinco and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the Eightco Businesses, on the one hand, and Vinco's other current businesses, on the other hand, and govern the relationship between our Company and our subsidiaries, on the one hand, and Vinco and its subsidiaries, on the other hand, following the Separation. In addition to the Separation and Distribution Agreement, the other principal agreements entered into with Vinco include a Tax Matters Agreement and certain commercial agreements.

Executive Changes

O'Donnell Severance Agreement

On March 17, 2024, Kevin O'Donnell resigned as Executive Chairman and Interim Chief Executive Officer of the Company, effective immediately. Mr. O'Donnell's resignation was not the result of any disagreement regarding any matter relating to the Company's operations, policies, or practices.

In connection with Mr. O'Donnell's resignation from these positions, on March 17, 2024, the Company and Kevin O'Donnell entered into a General Release and Severance Agreement (the "O'Donnell Severance Agreement"), effective as of March 17, 2024 (the "O'Donnell Effective Date"). The O'Donnell Severance Agreement terminated the amended and restated employment agreement, by and between the Company and Mr. O'Donnell, effective as of October 21, 2022 (the "O'Donnell Employment Agreement"). Pursuant to the O'Donnell Severance Agreement, as of the O'Donnell Effective Date, the O'Donnell Employment Agreement shall terminate forever, and no party shall have any further obligation or liability thereunder except as related to any obligations that survive employment termination, including but not limited to the obligations set forth under the Employee Confidential Disclosure, Invention Assignment, Non-Competition, Non-Solicitation and Non-Interference Agreement, attached to the O'Donnell Employment Agreement.

Pursuant to the O'Donnell Severance Agreement, the Company will provide Mr. O'Donnell with (i) back pay wages through the Separation Date in the amount of $138,000, less all lawful and authorized withholdings and deductions, to be paid as soon as practicable following the O'Donnell Effective Date and (ii) severance equal to 24 months of Mr. O'Donnell's base salary, less all lawful and authorized withholdings and deductions, under the O'Donnell Employment Agreement. Pursuant to the O'Donnell Severance Agreement, the Company shall also provide Mr. O'Donnell with (i) reimbursement of the premiums associated with the continuation of Mr. O'Donnell's health insurance for the period commencing on the Separation Date through and including September 27, 2024, pursuant to applicable law, (ii) reimbursement of expenses in accordance with the Company's expense reimbursement policy, and (iii) the full vesting of any earned, outstanding and unvested shares of Common Stock subject to the Plan (as define below). The O'Donnell Severance Agreement also provides for a mutual waiver and release of any claims in connection with Mr. O'Donnell's employment, separation and departure from the Company, and for certain customary covenants regarding confidentiality.

Appointment of Paul Vassilakos as Executive Chairman and Chief Executive Officer

In connection with Mr. O'Donnell's resignation from his positions as Executive Chairman and Interim Chief Executive Officer, on March 17, 2024, the Board appointed Paul Vassilakos as Executive Chairman and Chief Executive Officer of the Company, effective immediately, to serve until a successor is chosen and qualified, or until his earlier resignation or removal.

In connection with Mr. Vassilakos' appointment as the Executive Chairman and Chief Executive Officer of the Company, on March 17, 2024, the Company and Mr. Vassilakos entered into an Employment Agreement (the "Vassilakos Employment Agreement"), which supersedes and replaces the Employment Agreement dated October 16, 2022, by and between Mr. Vassilakos, the Company and Forever 8. The Vassilakos Employment Agreement provides for an initial term of two years, unless earlier terminated in accordance therein, and automatic renewals for successive one (1) year terms unless either party provides timely written notice otherwise.

Pursuant to the terms of the Vassilakos Employment Agreement, Mr. Vassilakos will be entitled to a base salary payable at the annualized rate of $300,000 per year (the "Vassilakos Base Salary"). Mr. Vassilakos is eligible for an annual cash bonus opportunity equal to up to 75% of the Vassilakos Base Salary and awards of restricted stock units up to 100% of the Vassilakos Base Salary, subject to the terms and conditions of the Eightco Holdings Inc. 2022 Long-Term Incentive Plan (the "Plan") and the Company's form of restricted stock unit agreement (the "Vassilakos Bonus"), based on certain milestones to be determined in the sole and absolute discretion of the Board. Mr. Vassilakos may also be eligible for additional compensation in the sole and complete discretion of the Board or the Compensation Committee of the Board.

Mr. Vassilakos will be eligible to participate in all health, medical, dental and life insurance policies offered to employees of the Company, and the Company will pay all applicable premiums. The Company will reimburse Mr. Vassilakos for all reasonable out-of-pocket expenses incurred by him in the conduct of the Company's business. The Vassilakos Employment Agreement provides Mr. Vassilakos with four (4) weeks of paid vacation and five (5) days of paid personal time. The Vassilakos Employment Agreement also provides Mr. Vassilakos with liability insurance coverage and shall reimburse certain financial planning expenses incurred by Mr. Vassilakos. Pursuant to the terms and provisions of the Vassilakos Employment Agreement, Mr. Vassilakos and the Company have entered into a standard indemnification agreement (the "Indemnification Agreement").

In the event the Company terminates Mr. Vassilakos' employment without cause (as defined in the Vassilakos Employment Agreement), Mr. Vassilakos will receive (i) the Accrued Obligations (as defined in the Vassilakos Employment Agreement) and (ii) severance in the amount of equal to the Vassilakos Base Salary for twelve (12) months, less applicable payroll deductions and tax withholdings. In addition, this termination will cause the vesting of all equity awards subject to the terms of the Plan held by Mr. Vassilakos and entitle Mr. Vassilakos to reimbursement of premiums associated with the continuation of health insurance benefits provided under the Vassilakos Employment Agreement during the remaining Term of Employment (as defined in the Vassilakos Employment Agreement).

On March 17, 2024, the Board approved grants of fully vested stock options in the aggregate amount of 451,560 shares of Common Stock to certain officers, employees and consultants of the Company, subject to the terms and conditions of the Plan and the form of the nonqualified stock option agreement. The Board also approved grants of fully vested stock options outside of the Plan in the aggregate amount of 648,110 shares of Common Stock to certain officers, employees and consultants of the Company, subject to the terms and conditions of the form of the nonqualified stock option agreement.

On March 17, 2024, the Board approved compensation for services to be rendered by its independent directors in 2024 in the following amounts: (i) $40,000 in cash, paid quarterly in four installments during 2024, (ii) 42,500 fully-vested restricted shares of Common Stock, subject to the terms and conditions of the Plan and the Company's standard restricted stock award agreement and (iii) grants of fully vested stock options permitting each director to acquire up to 100,000 shares of Common Stock with (a) a date of grant as of March 17, 2024, (b) an exercise price equal to the greater of (x) the Fair Market Value (as defined in the Plan) on the date of grant and (y) $0.82 and (c) a five-year term, subject to the terms and conditions of the Plan and the form of the nonqualified stock option agreement.

On March 15, 2024, Forever 8 entered into the Series D Loan and Security Agreement (the "Series D Agreement"), with the lenders party thereto from to time (collectively, the "Lenders") for an amount of up to $5,000,000.

In connection with the Series D Agreement, on March 15, 2024, Forever 8 also entered into a Subordination Agreement (the "Subordination Agreement") with each of the Lenders, the several individuals, financial institutions or entities from time to time party thereto (collectively, the "Senior Lenders") and the collateral agent for the Senior Lenders. Forever 8 additionally entered into an Intercreditor Agreement (the "Intercreditor Agreement") with the lenders party thereto and the collateral agent for such lenders.

McFadden Severance Agreement and Amendment

On February 26, 2024, the Company and Brian McFadden entered into General Release and Severance Agreement, (the "McFadden Severance Agreement"), effective as of the eighth day following the McFadden Severance Agreement (the "McFadden Effective Date") in connection with Mr. McFadden's resignation as Chief Executive Officer of the Company, effective as of December 31, 2023 (the "Separation Date"). Pursuant to the McFadden Severance Agreement, Mr. McFadden is eligible to receive $146,683 in accrued but unpaid base salary through the Separation Date in four quarterly payments of $36,670.75 each, less all applicable tax withholdings, by December 31, 2024.

In consideration of the McFadden Severance Agreement, the release therein and Mr. McFadden's resignation as Chief Executive Officer of the Company, the Company shall provide Mr. McFadden severance pay in the gross amount of amount of $422,500, less all lawful and authorized withholdings and deductions (the "Severance Payment"), which Severance Payment shall be paid in four quarterly installments of $105,625 per each installment, payable at the Company's option in either cash or Common Stock, with the payment to be made as follows: (i) as of the McFadden Effective Date, on which such date Mr. McFadden shall be granted, in lieu of cash, 128,811 fully-vested restricted shares of the Common Stock at a price of $0.82 per share, which such shares of Common Stock subject to the terms and conditions of the Company's 2022 Long-Term Incentive Plan (the "Plan"), and as of each of (ii) April 1, 2024, (iii) July 1, 2024, and (iv) October 1, 2024, payable at the Company's option, in either cash or Common Stock. The shares of Common Stock to be issued to Mr. McFadden under installments (ii), (iii) and (iv), if applicable, shall be fully vested and the number of shares to be issued shall be determined based on the volume weighted average trading price of the Common Stock on the principal exchange on which the Common Stock is listed or admitted to trade during the period of 10 trading days immediately prior to the date of such issuance.

Pursuant to the McFadden Severance Agreement, the Company shall also reimburse to Mr. McFadden the premiums associated with the continuation of Mr. McFadden's health insurance for the period commencing on the Separation Date through December 31, 2024, pursuant to applicable law, and approved but unpaid business expenses through the Separation Date within 30 days following McFadden Effective Date.

Pursuant to the McFadden Severance Agreement, as of the Separation Date, the amended and restated employment agreement, by and between the Company and Mr. McFadden, effective as of September 27, 2022 (the "McFadden Employment Agreement"), shall terminate forever, and no party shall have any further obligation or liability thereunder except as related to any obligations that survive employment termination, including but not limited to the obligations set forth under the Employee Confidential Disclosure, Invention Assignment, Non-Competition, Non-Solicitation and Non-Interference Agreement (the "Restrictive Covenants Agreement"), attached to the McFadden Employment Agreement. Notwithstanding the foregoing, the Company has agreed to waive certain post-termination obligations as related to certain non-competition and non-compete provisions in the Restrictive Covenants Agreement.

Pursuant to the McFadden Severance Agreement, for a period of 8 weeks following the Separation Date, Mr. McFadden has agreed to reasonably cooperate with the Company in the transition of positions. Additionally, Mr. McFadden shall remain a director of the Company's board of directors (the "Board") under the standard terms, conditions, and bylaws of the Company from the Separation Date through March 31, 2024, at which time Mr. McFadden shall resign from the Board. The McFadden Severance Agreement also provides for a mutual waiver and release of any claims in connection with Mr. McFadden's employment, separation and departure from the Company, and for certain customary covenants regarding confidentiality.

On March 17, 2024, the Board approved the entry by the Company into the First Amendment to McFadden Severance Agreement to amend Mr. McFadden's end date of service on the Board to March 17, 2024.

Vroman Severance Agreement and Consulting Agreement

On February 26, 2024, the Company and Brett Vroman entered into General Release and Severance Agreement, (the "Vroman Severance Agreement"), effective as of the eighth date following the Vroman Severance Agreement (the "Vroman Effective Date") in connection with the termination of the amended and restated employment agreement, by and between the Company and Mr. Vroman, effective as of September 27, 2022 (the "Vroman Employment Agreement"). Pursuant to the Vroman Severance Agreement, as of the Separation Date, the Vroman Employment Agreement shall terminate forever, and no party shall have any further obligation or liability thereunder except as related to any obligations that survive employment termination, including but not limited to the obligations set forth under the Employee Confidential Disclosure, Invention Assignment, Non-Competition, Non-Solicitation and Non-Interference Agreement, attached to the Vroman Employment Agreement.

Additionally, on February 22, 2024, the Company and CXO Lite, LLC, a limited liability company organized under the laws of Pennsylvania, of which Mr. Vroman is the sole member, entered into a consulting agreement (the "Consulting Agreement") pursuant to which Mr. Vroman shall be engaged and continue to serve the Company as its Chief Financial Officer. Pursuant to the Consulting Agreement, the Company has agreed to compensate Mr. Vroman at a rate of $10,000 per month for services rendered as Chief Financial Officer of the Company, commencing as of January 1, 2024. The term of the Consulting Agreement shall automatically renew on a month-to-month basis unless terminated by either the Company or Mr. Vroman upon 30 days written notice to the other party. The Consulting Agreement additionally provides for certain customary covenants regarding confidentiality.

Pursuant to the Vroman Severance Agreement, the Company will provide Mr. Vroman with (i) back pay wages through the Separation Date in the amount of $151,615.46, less all lawful and authorized withholdings and deductions, to be paid as soon as practicable following the Vroman Effective Date and (ii) severance of 24 months of Mr. Vroman's base salary, less all lawful and authorized withholdings and deductions, under the Vroman Employment Agreement. Pursuant to the Vroman Severance Agreement, the Company shall also reimburse to Mr. Vroman the premiums associated with the continuation of Mr. Vroman's health insurance for the period commencing on the Separation Date through December 31, 2024, pursuant to applicable law, expenses in accordance with the Company's expense reimbursement policy, and the full vesting of any earned shares of Common Stock. The Vroman Severance Agreement also provides for a mutual waiver and release of any claims in connection with Mr. Vroman's employment, separation and departure from the Company, and for certain customary covenants regarding confidentiality.

Recent Financings

At-The-Market Issuance Sales Agreement

On April 25, 2024, the Company entered into an At-The-Market Issuance Sales Agreement (the "ATM Agreement") with Univest Securities, LLC, as the sales agent (the "Agent"), pursuant to which the Company may offer and sell, from time to time through or to the Agent, as sales agent or principal, shares of common stock having an aggregate offering price of up to $2,000,000.

The Company will pay the Agent a commission of 3% of the aggregate gross sales prices of the shares sold pursuant to the ATM Agreement. The Company will also reimburse the Agent for fees and disbursements of counsel to the Agent in an amount not to exceed $37,000 in connection with the signing of the ATM Agreement.

The Company intends to use the net proceeds from the sale of shares under the ATM Agreement for working capital and general corporate purposes.

As of the date of this filing, a total of 866,856 shares have been sold under the Agreement.

February 2024 Private Placement

On February 26, 2024, the "Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain investors (the "Investors"), pursuant to which the Company sold to the Investors an aggregate of 865,856 shares (the "Shares") of the Company's common stock at a purchase price of $0.82 per Share (the "Private Placement"). The Company received aggregate gross proceeds from the Private Placement of approximately $0.71 million. The Shares are being offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) and Regulation D promulgated thereunder for transactions not involving a public offering.

Series A Financing

On May 30, 2023, the Company's wholly owned subsidiary, Forever 8 (the "Borrower"), entered into a Loan and Security Agreement (the "Agreement") with several individuals, financial institutions and entities (collectively, the "Lenders"). Under the terms of the Agreement, each Lender will severally (and not jointly) make available to Borrower, in an amount not to exceed its respective Commitment, a Loan Advance amount to be determined by the Lender (as such amount may be increased, the "Aggregate Commitment") in the aggregate, of which (x) a certain amount will be deposited into an account of the Borrower in accordance with its written instructions (the "Initial Loan Advance") and (y) the remaining balance of the Aggregate Commitment after deducting the Initial Loan Advance shall be deposited into the Escrow Account (the "Escrow Funds"). The Borrower may, at any time, request an advance for all or a portion of the Escrow Funds (each such advance, a "Subsequent Draw").

The Borrower issued a Promissory Note (the "Note") to each of the Lenders in the amount of the Lender's respective Initial Loan Advance. The principal balance of the Initial Loan Advance and each Subsequent Draw shall bear interest thereon from the Closing Date and applicable Advance Date, respectively, at 15.00% per annum. The Borrower shall pay each Lender, according to its Applicable Percentage, an unused commitment fee on the actual daily amount of the Unused Commitment Amount during the immediately preceding calendar quarter at the rate of five percent (5.00%) *per annum* (the "Unused Commitment Fee"). In the event any payment is not paid on or within five (5) Business Days of the scheduled payment date, an amount equal to two percent (2.00%) of the past due amount shall be payable on demand, in addition to interest accruing. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, the Initial Loan Advance and all Subsequent Draws, including principal, interest, compounded interest, and professional fees thereupon, shall upon the election of the Lenders, bear interest at the Interest Rate, plus five (5) percentage points. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded.

As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Lenders a security interest in all of Borrower's right, title, and interest in and to all Inventory or Equipment and machinery, in each case, purchased (or refinanced) with the proceeds of the Initial Loan Advance and any Subsequent Draw, and, to the extent not otherwise included, all Proceeds of each of the foregoing and all products, additions, increases and accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing (collectively, the "Collateral").

As of the date of this filing, $3,425,000 has been committed by the Lenders.

Series B Financing

On October 6, 2023, the Borrower, entered into a Series B Loan and Security Agreement (the "Series B Agreement") with an individual (the "Lender"). Under the terms of the Series B Agreement, the Lender will make available to Borrower, in an amount not to exceed its respective Commitment, a Loan Advance amount to be determined by the Lender (as such amount may be increased, the "Aggregate Commitment") in the aggregate, of which (x) a certain amount will be deposited into an account of the Borrower in accordance with its written instructions (the "Initial Loan Advance") and (y) the remaining balance of the Aggregate Commitment after deducting the Initial Loan Advance shall be deposited into the Escrow Account (the "Escrow Funds"). The Borrower may, at any time, request an advance for all or a portion of the Escrow Funds (each such advance, a "Subsequent Draw").

The Borrower issued a Promissory Note (the "Note") to the Lender in the amount of the Lender's respective Initial Loan Advance. The principal balance of the Initial Loan Advance and each Subsequent Draw shall bear interest thereon from the Closing Date and applicable Advance Date, respectively, at 15.00% per annum. The Borrower shall pay each Lender, according to its Applicable Percentage, an unused commitment fee on the actual daily amount of the Unused Commitment Amount during the immediately preceding calendar quarter at the rate of five percent (5.00%) *per annum* (the "Unused Commitment Fee"). In the event any payment is not paid on or within five (5) Business Days of the scheduled payment date, an amount equal to two percent (2.00%) of the past due amount shall be payable on demand, in addition to interest accruing. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, the Initial Loan Advance and all Subsequent Draws, including principal, interest, compounded interest, and professional fees thereupon, shall upon the election of the Lender, bear interest at the Interest Rate, plus five (5) percentage points. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded.

As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Lender a security interest in all of Borrower's right, title, and interest in and to all Inventory or Equipment and machinery, in each case, purchased (or refinanced) with the proceeds of the Initial Loan Advance and any Subsequent Draw, and, to the extent not otherwise included, all Proceeds of each of the foregoing and all products, additions, increases and accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing (collectively, the "Collateral").

From October 12, 2023, through February 26, 2024, the Borrower entered into Lender Joinder Agreements (the "Joinder Agreement") with several individuals and entities (the "Subsequent Lenders"). Under the terms of the Joinder Agreement, the Subsequent Lenders agreed to become a Lender and be bound by the terms of the Series B Agreement as a Lender pursuant to Section 2.6 of the Series B Agreement.

As of the date of this filing, $275,000 has been committed by the Lenders.

Series C Financing

On October 19, 2023, the Borrower, entered into a Series C Loan and Security Agreement (the "Series C Agreement") with an individual (the "Lender"). Under the terms of the Series C Agreement, the Lender will make available to Borrower, in an amount not to exceed its respective Commitment, a Loan Advance amount to be determined by the Lender (as such amount may be increased, the "Aggregate Commitment") in the aggregate, of which (x) a certain amount will be deposited into an account of the Borrower in accordance with its written instructions (the "Initial Loan Advance") and (y) the remaining balance of the Aggregate Commitment after deducting the Initial Loan Advance shall be deposited into the Escrow Account (the "Escrow Funds"). The Borrower may, at any time, request an advance for all or a portion of the Escrow Funds (each such advance, a "Subsequent Draw").

The Borrower issued a Promissory Note (the "Note") to the Lender in the amount of the Lender's respective Initial Loan Advance. The principal balance of the Initial Loan Advance and each Subsequent Draw shall bear interest thereon from the Closing Date and applicable Advance Date, respectively, at 18.00% per annum. The Borrower shall pay the Lender, according to its Applicable Percentage, an unused commitment fee on the actual daily amount of the Unused Commitment Amount during the immediately preceding calendar quarter at the rate of five percent (5.00%) *per annum* (the "Unused Commitment Fee"). In the event any payment is not paid on or within five (5) Business Days of the scheduled payment date, an amount equal to two percent (2.00%) of the past due amount shall be payable on demand, in addition to interest accruing. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, the Initial Loan Advance and all Subsequent Draws, including principal, interest, compounded interest, and professional fees thereupon, shall upon the election of the Lenders, bear interest at the Interest Rate, plus five (5) percentage points. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded.

As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Lender a security interest in all of Borrower's right, title, and interest in and to all Inventory or Equipment and machinery, in each case, purchased (or refinanced) with the proceeds of the Initial Loan Advance and any Subsequent Draw, and, to the extent not otherwise included, all Proceeds of each of the foregoing and all products, additions, increases and accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing (collectively, the "Collateral").

As of the date of this filing, $2,900,000 has been committed by the Lenders.

Series D Financing

On March 15, 2024, Forever 8 entered into the Series D Loan and Security Agreement (the "Series D Agreement"), with the lenders party thereto from to time (collectively, the "Lenders") for an amount of up to $5,000,000.

In connection with the Series D Agreement, on March 15, 2024, Forever 8 also entered into a Subordination Agreement (the "Subordination Agreement") with each of the Lenders, the several individuals, financial institutions or entities from time to time party thereto (collectively, the "Senior Lenders") and the collateral agent for the Senior Lenders. Forever 8 additionally entered into an Intercreditor Agreement (the "Intercreditor Agreement") with the lenders party thereto and the collateral agent for such lenders. As of the date of this filing, a total of $250,000 has been committed by a Lender.

As of the date of this filing, $600,000 has been committed by the Lenders.

Nasdaq Deficiency Notice

On September 29, 2023, the Company received a written notice (the "Notice") from The Nasdaq Stock Market LLC ("Nasdaq") indicating that the Company was not in compliance with the minimum bid price requirement of $1.00 per share set forth in the Nasdaq Listing Rules (the "Minimum Bid Price Rule") based on the closing bid price of the Company's listed securities for the 31 consecutive business days from August 16, 2023 to September 28, 2023. In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company was provided 180 calendar days, or until March 27, 2024, to regain compliance with the Minimum Bid Price Rule. On March 28, 2024, the Company received a staff determination letter (the "Staff Determination Letter") from Nasdaq informing the Company that the Company had not regained compliance with the Minimum Bid Price Rule. The Staff Determination Letter noted that unless the Company requested an appeal of the staff's determination, the Company's securities would be scheduled for delisting from The Nasdaq Capital Market.

On April 9, 2024, the Company received a second staff determination letter (the "Additional Staff Determination Letter") from Nasdaq indicating that the Company was also not in compliance with a requirement of the rules for continued listing on Nasdaq that the Company maintain a minimum of $2,500,000 in stockholders' equity (the "Minimum Equity Rule").

The Company has requested and been granted a hearing to appeal the staff's determination (the "Hearing"). The Hearing has been scheduled for May 28, 2024 and Nasdaq will consider the matter of noncompliance with the Minimum Equity Rule, in addition to that of the Minimum Bid Price Rule, at such Hearing. The appeal stays the delisting of the Company's securities, which will continue to be listed on the Nasdaq Capital Market pending the appeal.

Neither the Staff Determination Letter nor the Additional Staff Determination Letter has any current effect on the listing or trading of the Company's securities on the Nasdaq Capital Market. The Company intends to resolve the deficiencies mentioned above and regain compliance with the Nasdaq Listing Rules; however, there is no guarantee that the Company will be able to do so. Ultimately, if the Company is not able to resolve the deficiencies and regain compliance with the Nasdaq Listing Rules, the Company's common stock may be delisted from Nasdaq.

Critical Accounting Policies and Significant Judgments and Estimates

There have been no changes to our critical accounting policies during the nine months ended September 30, 2023. Critical accounting policies and the significant accounting estimates made in accordance with such policies are regularly discussed with the Audit Committee of the Company's board of directors. Those policies are discussed under "Critical Accounting Policies" in our "Management's Discussion and Analysis of the Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022, as well as in our consolidated financial statements and the footnotes thereto, included in the Annual Report on Form 10-K.

Key Components of our Results of Operations

Revenues

We generate the majority of our revenues from inventory financing through our wholly owned subsidiary, Forever 8. In addition, we will generate revenues from the sale of corrugated custom packaging to a wide array of customers.

Cost of Revenues

Our cost of revenues includes inventory costs, materials and supplies costs, internal labor costs and related benefits, subcontractor costs, depreciation, overhead and shipping and handling costs. In addition, we will incur costs to purchase Bitcoin mining equipment which will be resold to customers and costs from the development of Web3 products and services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of selling, marketing, advertising, payroll, administrative, finance and professional expenses.

Restructuring and Severance Expenses

Restructuring and severance expenses consist of costs associated with organizational changes, including employee severance payments, benefits continuation, contract terminations, asset impairments, and other expenses related to restructuring initiatives.

Interest Expense and Income, Net

Interest expense includes the cost of our borrowings under our debt arrangements. Interest income includes the interest earned under our notes receivable.

Gain on Forgiveness of Interest

Gain on forgiveness of interest includes the gain recognized related to the forgiveness of accrued interest by the Sellers of Forever 8.

Gain on Forgiveness of Earnout

Gain on forgiveness of earnout includes the gain recognized related to the forfeiture of the earnout rights by the Sellers of Forever 8.

Other Income

Other income includes the interest income received the Wattum Note.

Results of Operations

Three Months Ended March 31, 2024 versus Three Months Ended March 31, 2023

The following table sets forth information comparing the components of net (loss) income for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,		Period over Period Change	
	2024	2023	$	%
Revenues, net	$ 9,619,820	$ 15,889,715	$ (6,269,895)	-39.46%
Cost of revenues	7,734,058	14,070,623	(6,336,565)	-45.03%
Gross profit	1,885,762	1,819,092	66,670	3.67%
Operating expenses:				
Selling, general and administrative	3,461,959	5,349,431	(1,887,472)	-35.28%
Restructuring and severance	1,414,838	-	1,414,838	100.00%
Operating (loss)	(2,991,035)	(3,530,339)	(539,304)	-15.28%
Other (expense) income:				
Interest income (expense)	(1,198,771)	(2,813,227)	4,621,352	-164.27%
Gain on forgiveness of interest	3,006,896	-	3,006,896	100.00%
Loss on issuance of warrants	-	(43,541,211)	(43,541,211)	-100.00%
Gain on forgiveness of earnout	6,100,000	-	6,100,000	100.00%
Other income	30,769	33,637	(2,868)	-8.53%
Total other income (expense), net	7,938,894	(46,320,801)	54,259,695	-117.14%
Income (loss) before income taxes	4,947,859	(49,851,140)	54,798,999	-109.93%
Income tax expense (benefit)	-	-	-	0.00%
Net income (loss)	$ 4,947,859	$ (49,851,140)	$ 54,798,999	$ -109.93%

Revenue

For the three months ended March 31, 2024, revenues decreased by $6,269,895 or 39.46%, as compared to the three months ended March 31, 2023. The decrease was largely attributable to the decreased sale of goods from revenue derived from the inventory management solutions business due to the Company's utilization of capital to repay its outstanding convertible notes payable.

Cost of Revenues

For the three months ended March 31, 2024, cost of revenues decreased by $6,336,565 or 45.03%, as compared to the three months ended March 31, 2023. The decrease was largely attributable to the decrease in total revenues for our inventory management solutions business.

Gross Profit

For the three months ended March 31, 2024, gross profit increased by $66,670 or 3.67%, as compared to the three months ended March 31, 2023. The increase was largely attributable to a decrease in lower margin sales in the inventory management solutions business.

Operating Expenses

Selling, general and administrative expenses were $3,461,959 and $5,349,431 for the three months ended March 31, 2024 and 2023, respectively, representing a decrease of $1,887,472, or 35.28%. The decrease was largely attributable to the decrease in professional fees, payroll costs, insurance expense, and rent expense.

Restructuring and severance were $1,414,838 and $0 for the three months ended March 31, 2024 and 2023, respectively, representing a increase of $1,414,838, or 100.00%. The increase was largely attributable to the payroll costs associated with the accrual of severance payments owed to past officers.

Interest Expense

Interest expense was $1,198,771, for the three months ended March 31, 2024, versus $2,813,227 for the three months ended March 31, 2023. The decrease in interest expense was largely attributable to the reduced borrowings under the convertible notes payable.

Gain on forgiveness of interest

Gain on forgiveness of interest was $3,006,896, for the three months ended March 31, 2024, versus $0 for the three months ended March 31, 2023. The increase in gain on forgiveness of interest was attributable to forgiveness of accrued interest by the Sellers of Forever 8.

Gain on forgiveness of earnout

Gain on forgiveness of earnout was $6,100,000 for the three months ended March 31, 2024 versus $0 for the three months ended March 31, 2023. The increase in change in fair value of earnout was related to the forfeiture of the earnout shares by the sellers of Forever 8.

Income tax expense

Income tax expense was $0 for the three months ended March 31, 2024 and 2023, respectively.

Net loss

Net income (loss) was $4,947,859 for the three months ended March 31, 2024, versus ($49,851,140) for the three months ended March 31, 2023. The increase in net income was largely attributable the Company’s other income in the amount of $7,938,894.

Liquidity and Capital Resources

As reflected in the accompany financial statements for the three months ended March 31, 2024, the Company had net income of $4.9 million and as of March 31, 2024, had stockholders' equity of $3.5 million and approximately $0.8 million in cash and cash equivalents as compared to $5.2 million at December 31, 2023. The Company expects that its current cash and cash equivalents are not sufficient to support its projected operating requirements for at least the next 12 months from this date. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern within one year of the date that the financial statements are issued.

The Company expects to need additional capital in order to maintain revenues at current levels. Any additional equity financing, if available, may not be on favorable terms and would likely be significantly dilutive to the Company's current stockholders, and debt financing, if available, may involve restrictive covenants. The Company's ability to access capital when needed is not assured and, if not achieved on a timely basis, will likely have a materially adverse effect on our business, financial condition and results of operations.

Cash Flows

Since inception, Eightco and its subsidiaries have primarily used its available cash to fund its operations. The following table sets forth a summary of cash flows for the periods presented:

	For the Three Months Ended March 31, 2024	For the Three Months Ended March 31, 2023
Cash (used in) provided by:		
Operating Activities	$ (723,292)	$ (4,937,282)
Investing Activities	-	67,202
Financing Activities	(3,715,767)	2,383,909
Net increase (decrease) in cash and restricted cash	$ (4,439,059)	$ (2,486,171)

Cash Flows for the Three Months Ended March 31, 2024 and 2023

Operating Activities

Net cash (used in) operating activities was ($723,376) during the three months ended March 31, 2024, which consisted primarily of net income of $4,947,859, depreciation and amortization of $605,796, amortization of debt issuance costs of $587,750 and changes in assets and liabilities of ($798,719) offset largely by a gain on forgiveness of interest of $3,006,896 and a gain on forgiveness of earnout of $6,100,000.

Net cash (used in) operating activities was ($4,937,282) during the three months ended March 31, 2023, which consisted primarily of a net loss of $49,851,140 offset largely by amortization of debt issuance costs of $2,043,458 and loss on issuance of warrants of $43,541,211 and changes in assets and liabilities of ($1,911,411).

Investing Activities

Net cash provided by investing activities was $0 during the three months ended March 31, 2024 compared to $67,202 for the three months ended March 31, 2023. The decrease in net cash provided by investing activities is largely attributable to no purchases or sales of long-lived assets.

Financing Activities

Net cash provided by (used in) financing activities was ($3,715,767) during the three months ended March 31, 2024 compared to $2,383,909 for the three months ended March 31, 2023. This decrease was largely attributable to proceeds the repayment of convertible notes payable in the amount of $4,915,000 offset by net borrowings under lines of credit of $575,000 and net proceeds from investors of $710,000.

Eightco has required funding from the Former Parent to launch operations. Ferguson Containers has historically had positive cash flows from operations. Since inception, Ferguson Container's operations have been funded principally through its operations.

The Company did not have any off-balance sheet arrangements as of March 31, 2024.

Known Trends, Events, Uncertainties and Factors That May Affect Future Operations

The impact of general economic conditions, actual and projected, including inflation, rising interest rates, lower consumer confidence, volatile capital markets, supply chain disruptions, uncertainty and volatility in the financial services sector and the impact of the Hamas-Israel and Russia-Ukraine conflicts, and government and business responses thereto, on the global economy and regional economies.

Contractual Obligations and Commitments

The Company has no debt covenants that require certain financial information to be met.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of the Company's financial condition and results of operations is based on the Company's combined financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP. The preparation of these financial statements requires us 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 revenue and expenses during the reported periods. In accordance with U.S. GAAP, the Company bases its estimates on historical experience and on various other assumptions the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

For information on the Company's significant accounting policies please refer to Note 2 to the Company's Financial Statements included in this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Principal Executive Officer and Principal Financial and Accounting Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report. Based on such evaluation, the Company's Principal Executive Officer and Principal Financial and Accounting Officer have concluded that, as of the end of such period covered by this Quarterly Report, the Company's disclosure controls and procedures were not effective to provide reasonable assurance that information that it is required to disclose in reports that the Company files with the SEC is recorded, processed, summarized and reported within the time periods specified by the Exchange Act rules and regulations due to the reasons set forth below.

As of December 31, 2023, management identified the following material weakness in our internal control over financial reporting: the Company was unable to provide a timely financial reporting package in connection with the year end audit. This was primarily the result of the Company's limited accounting personnel. This also limits the extent to which the Company can segregate incompatible duties and has a lack of controls in place to ensure that all material transactions and developments impacting the financial statements are reflected. There is a risk under the current circumstances that intentional or unintentional errors could occur and not be detected.

Management has concluded that the material weakness described above currently exists as of March 31, 2024. The Company plans to engage with outside consultants to strengthen its capabilities and help the Company in the design and assessment of its internal controls over financial reporting to further reduce and remediate existing control deficiencies during 2024 and 2025.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2024, there were no changes in our internal control over financial reporting that materially affected our internal control over financial reporting as of March 31, 2024.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company is party to legal actions that are routine and incidental to its business. However, based upon available information and in consultation with legal counsel, management does not expect the ultimate disposition of any or a combination of these actions to have a material adverse effect on the Company's assets, business, cash flow, condition (financial or otherwise), liquidity, prospects and\or results of operations.

ITEM 1A. RISK FACTORS

Our business and common stock are subject to a number of risks and uncertainties. The discussion of such risks and uncertainties may be found under "Risk Factors" in the Company's annual report on Form 10-K filed with the SEC on April 2, 2024. There have been no material changes to these risks during the three months ended March 31, 2024.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

Recent Sales of Unregistered Securities; Uses of Proceeds from Registered Securities

On February 22, 2024, the Company issued 128,894 shares of common stock value at $79,914 to satisfy outstanding fees for services performed due to the consultant.

On March 19, 2024, the Company issued 300,000 shares of common stock valued at $171,000 to a consultant for services performed related to investor relations.

On March 27, 2024, the Company issued 1,399,994 shares of common stock valued at $1,147,995 to satisfy a portion of the convertible notes payable due to the sellers of Forever 8.

On March 27, 2024, the Company issued 865,856 shares of common stock valued at $710,000 to investors related to proceeds received in a private investment in a public entity.

On March 27, 2024, the Company issued 252,169 shares of common stock valued at $206,799 to satisfy the cash settlement warrants assumed in the Forever 8 acquisition.

On March 27, 2024, the Company issued 120,974 shares of common stock valued at 99,199 to certain former Forever 8 security holders, pursuant to the settlement agreements by and among the Company and certain former Forever 8 security holders, as consideration for the immediate termination of the Company's obligation to deliver such to the former Forever 8 securityholders the consideration provided for in the MIPA.

On March 28, 2024, the Company issued 73,171 shares of common stock valued at $60,000 to certain holders of the Series D Loan and Security Agreement.

On April 9, 2024, the Company issued a total of 125,000 shares of common stock valued at $86,000 to two consultants.

The issuances were made pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2024, no director or officer adopted or terminated any (i) "Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K intending to satisfy the affirmative defense conditions of Rule 10b5–1(c) or (ii) "non-Rule 10b5-1 trading arrangement," as defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit No.	Description
10.1	Loan and Security Agreement and Promissory Note between Forever 8 Fund, LLC and Kevin O'Donnell (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated August 22, 2023)
10.2	Loan and Security Agreement and Promissory Note between Forever 8 Fund, LLC and Joseph Johnston (previously filed with the Securities and Exchange Commission as Exhibit 10.2 to the Current Report on Form 8-K dated August 22, 2023)
10.3	Loan and Security Agreement and Promissory Note between Forever 8 Fund, LLC and Todd Kuimjian (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated August 25, 2023)
10.4	Prepayment and Redemption Agreement, dated as of October 23, 2023, by and between Eightco Holdings Inc. and the investor signatory thereto (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated October 24, 2023)
10.5	Loan and Security Agreement Series B (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated October 24, 2023)
10.6	Lender Joinder Agreement (previously filed with the Securities and Exchange Commission as Exhibit 10.2 to the Current Report on Form 8-K dated October 24, 2023)
10.7	Loan and Security Agreement Series C (previously filed with the Securities and Exchange Commission as Exhibit 10.3 to the Current Report on Form 8-K dated October 24, 2023)
10.8	Form of Securities Purchase Agreement, dated as of February 26, 2024, by and between Eightco Holdings Inc. and the investors named therein (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed February 26, 2024)
10.9+	General Release and Severance Agreement, dated as of February 26, 2024, by and between Eightco Holdings Inc. and Brian McFadden (previously filed with the Securities and Exchange Commission as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed February 26, 2024)
10.10+	General Release and Severance Agreement, dated as of February 26, 2024, by and between Eightco Holdings Inc. and Brett Vroman (previously filed with the Securities and Exchange Commission as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed February 26, 2024)
10.11+	Consulting Agreement, dated as of February 22, 2024, by and between Eightco Holdings Inc. and CXO Lite, LLC (previously filed with the Securities and Exchange Commission as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed February 26, 2024)
10.12	Series D Loan and Guaranty Agreement, dated as of March 15, 2024 (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated March 18, 2024)
10.13	Subordination Agreement, dated as of March 15, 2024 (previously filed with the Securities and Exchange Commission as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.14	Intercreditor Agreement, dated as of March 15, 2024 (previously filed with the Securities and Exchange Commission as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.15	Seller Notes Amendment, dated as of March 17, 2024 (previously filed with the Securities and Exchange Commission as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.16+	First Amendment to the General Release and Severance Agreement, dated as of March 17, 2024, by and between Eightco Holdings Inc. and Brian McFadden (previously filed with the Securities and Exchange Commission as Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.17+	General Release and Severance Agreement, dated as of March 17, 2024, by and between Eightco Holdings Inc. and Kevin O'Donnell (previously filed with the Securities and Exchange Commission as Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed March 18, 2024)

10.18+	Employment Agreement, dated as of March 17, 2024, by and between Eightco Holdings Inc. and Paul Vassilakos (previously filed with the Securities and Exchange Commission as Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.19+	Indemnification Agreement, dated as of March 17, 2024, by and between Eightco Holdings Inc. and Paul Vassilakos (previously filed with the Securities and Exchange Commission as Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.20	Form of Non-Qualified Stock Option Agreement (previously filed with the Securities and Exchange Commission as Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed March 18, 2024)
10.21	At the Market Issuance Sales Agreement (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated April 25, 2024)
10.22	Amendment to Membership Interest Purchase Agreement (previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Current Report on Form 8-K dated May 7, 2024)
31.1*	Certification of the Chief Executive Officer of the Company, pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of the Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Chief Executive Officer and Chief Financial Officer of the Company, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1	Clawback policy (previously filed with the Securities and Exchange Commission as Exhibit 97.1 to the Annual Report on Form 10-K dated April 2, 2024)
101.INS*	Inline XBRL Instance Document – the XBRL 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 herewith.

** Furnished herewith.

\+ Management contrac t and/or compensatory plan or arrangement

SIGNATURES

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

Date: May 15, 2024

EIGHTCO HOLDINGS INC.

By:	*/s/ Paul Vassilakos*
Name:	Paul Vassilakos
Title:	Chief Executive Officer

EIGHTCO HOLDINGS INC.

By:	*/s/ Brett Vroman*
Name:	Brett Vroman
Title:	Chief Financial Officer

EXHIBIT 31.1

EIGHTCO HOLDINGS INC.
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Paul Vassilakos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eightco Holdings Inc.;

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

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

4. The registrant's other certifying officer(s) 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)) 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.

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

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

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

Date: May 15,August 14, 2024

/s/ Paul Vassilakos

Paul Vassilakos
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

EIGHTCO HOLDINGS INC.
CERTIFICATION PURSUANT TO RULE 13a-14 OR 15d-14 OF
THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Brett Vroman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eightco Holdings Inc.;

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

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

4. The registrant's other certifying officer(s) 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)) 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.

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

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

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

Date: May 15, August 14, 2024

/s/ Brett Vroman

Brett Vroman
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

EIGHTCO HOLDINGS INC.
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), of Eightco Holdings Inc. (the "**Company**"), each of the undersigned officers of the Company hereby certify, in their capacity as an executive officer of the Company, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Date: May 15, August 14, 2024

/s/ Paul Vassilakos

Paul Vassilakos
Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024 August 14, 2024

/s/ Brett Vroman

Brett Vroman
Chief Financial Officer
(Principal Financial Officer)

DISCLAIMER

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