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

FORM 10-Q

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

For the quarterly period ended March 31, 2020

or

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

For the transition period from_____to _____

Commission file number: 001-38448

EDISON NATION, INC.
(Exact Name of Registrant as Specified in Its Charter)

Nevada (State or Other Jurisdiction of Incorporation or Organization)	**82-2199200** (I.R.S. Employer Identification No.)
1 West Broad Street, Suite 1004 **Bethlehem, Pennsylvania, New Jersey** (Address of Principal Executive Offices)	**18018** (Zip Code)

(484) 893-0060
(Registrant's Telephone Number, Including Area Code)

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.
[X] 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).
[X] 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 [X]	Smaller Reporting Company [X]
	Emerging Growth Company [X]

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. [X]

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

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	**EDNT**	**Nasdaq**

As of June 26, 2020, there were 9,210,401 shares of the registrant's common stock outstanding.

EDISON NATION, INC.

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EXPLANATORY NOTE

The Company was unable to file this Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (the "Quarterly Report"), by the original deadline of May 15, 2020, without unreasonable effort or expense due to the outbreak of, and local, state, and federal governmental responses to, the Coronavirus Disease 2019 ("COVID-19") pandemic.

The Company's operations have experienced significant disruptions as a result of the circumstances surrounding the COVID-19 pandemic. The Company filed a Current Report on Form 8-K on May 13, 2020 supplementing the risk factors disclosed in Part I, Item 1A of its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the "Annual Report"), to address the impact of the COVID-19 pandemic on the Company. Such impacts include, but are not limited to, the institution of social distancing and sheltering-in-place requirements in many countries, states and communities where the Company and its customers operate., resulting in: temporary closures of nearly all of the Company's manufacturing operations, which have resulted in delays in the shipment of products to certain of our customers and ultimately, a suspension of our Asian operations in January 2020, the furlough of approximately 70% of the Company's employees, and the Company's issuance of a work-from-home policy to protect its remaining employees and their families from potential virus transmission among co-workers. The office closures, employee furloughs, and work-from-home policy have, in turn, caused a delay in the preparation and filing of the Quarterly Report with a majority of the Company's remaining employees working remotely to complete and file the Quarterly Report.

On March 4, 2020, the Securities and Exchange Commission issued an order (Release No. 34-88318) under Section 36 of the Securities Exchange Act of 1934 (the "Exchange Act") granting exemptions from specified provisions of the Exchange Act and certain rules thereunder, as superseded by a subsequent order (Release No. 34-88465) issued on March 25, 2020 (collectively, the "Order"). As previously disclosed in the Current Report on Form 8-K filed May 13, 2020, for the reasons discussed above, the Company is relying on the Order to delay the filing of this Quarterly Report.

USE OF MARKET AND INDUSTRY DATA

This Quarterly Report on Form 10-Q includes market and industry data that we have obtained from third-party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management's estimates and assumptions relating to such industries based on that knowledge). Management has developed its knowledge of such industries through its experience and participation in these industries. While our management believes the third-party sources referred to in this Quarterly Report on Form 10-Q are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this Quarterly Report on Form 10-Q or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, internally prepared and third-party market prospective information, in particular, are estimates only and there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Also, references in this Quarterly Report on Form 10-Q to any publications, reports, surveys or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey or article. The information in any such publication, report, survey or article is not incorporated by reference in this Quarterly Report on Form 10-Q.

Solely for convenience, we refer to trademarks in this Quarterly Report on Form 10-Q without the ® or the ™ or symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our own trademarks. Other service marks, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, if any, are the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks.

OTHER PERTINENT INFORMATION

Unless the context otherwise indicates, when used in this Quarterly Report on Form 10-Q, the terms "Edison Nation" "we," "us," "our," the "Company" and similar terms refer to Edison Nation, Inc., a Nevada corporation formerly known as Xspand Products Lab, Inc. and Idea Lab Products, Inc., and all of our subsidiaries and affiliates.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the period ended March 31, 2020 (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, the terms, timing and closing of our proposed acquisitions 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. The cautionary statements set forth in this Quarterly Report identify important factors which you should consider in evaluating our forward-looking statements. These factors include, among other things:

- Our ability to effectively execute our business plan;
- Our ability to manage our expansion, growth and operating expenses;
- Our ability to protect our brands and reputation;
- Our ability to repay our debts;
- Our ability to rely on third-party suppliers outside of the United States;
- Our ability to evaluate and measure our business, prospects and performance metrics;
- Our ability to compete and succeed in a highly competitive and evolving industry;
- Our ability to respond and adapt to changes in technology and customer behavior;
- Risks in connection with completed or potential acquisitions, dispositions and other strategic growth opportunities and initiatives;
- Risks related to the anticipated timing of the closing of any potential acquisitions;
- Risks related to the integration with regards to potential or completed acquisitions;
- Various risks related to health epidemics, pandemics and similar outbreaks, such as the coronavirus disease 2019 ("COVID-19") pandemic, which may have material adverse effects on our business, financial position, results of operations and/or cash flows.

This Quarterly Report on Form 10-Q also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties and contained in this Quarterly Report and, accordingly, we cannot guarantee their accuracy or completeness, though we do generally believe the data to be reliable. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. Our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including, but not limited to, the possibility that we may fail to preserve our expertise in consumer product development; that existing and potential distribution partners may opt to work with, or favor the products of, competitors if our competitors offer more favorable products or pricing terms; that we may be unable to maintain or grow sources of revenue; that we may be unable maintain profitability; that we may be unable to attract and retain key personnel; or that we may not be able to effectively manage, or to increase, our relationships with customers; that we may have unexpected increases in costs and expenses. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

PART I

INDEX TO FINANCIAL STATEMENTS

Edison Nation, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS

		March 31, 2020 (Unaudited)		December 31, 2019
Assets				
Current assets:				
Cash and cash equivalents	$	532,062	$	412,719
Accounts receivable, net		2,043,739		2,108,099
Inventory		1,300,136		1,369,225
Prepaid expenses and other current assets		883,992		917,433
Income tax receivable		147,889		147,889
Total current assets		4,907,818		4,955,365
Property and equipment, net		922,861		931,968
Right of use assets, net		654,277		732,100
Intangible assets, net		11,322,789		11,598,063
Goodwill		5,392,123		5,392,123
Total assets	$	23,199,868	$	23,609,619
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	$	3,176,725	$	7,397,650
Accrued expenses and other current liabilities		1,978,295		1,594,669
Deferred revenues		154,489		159,591
Current portion of operating leases liabilities		282,689		272,215
Income tax payable		8,446		22,919
Line of credit, net of debt issuance costs of $0 and $15,573, respectively		585,430		456,995
Current portion of convertible notes payable, net of debt issuance costs of $855,555		244,445		-
Current portion of notes payable, net of debt issuance costs of $245,819 and $212,848, respectively		1,341,079		1,365,675
Current portion of notes payable – related parties		1,118,751		1,686,352
Due to related party		9,138		17,253
Total current liabilities		8,899,487		12,973,319
Operating leases liabilities –net of current portion		396,962		482,212
Convertible notes payable – related parties, net of current portion, net of debt discount of $341,667 and $366,666, respectively		1,086,494		1,061,495
Notes payable, net of current portion		38,842		42,492
Notes payable – related parties, net of current portion		1,548,762		1,595,669
Total liabilities		11,970,547		16,155,187
Commitments and Contingencies (Note 7)				
Stockholders' equity				
Preferred stock, $0.001 par value, 30,000,000 shares authorized; 0 and 0 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	$	-	$	-
Common stock, $0.001 par value, 250,000,000 shares authorized; 8,676,501 and 8,015,756 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively		8,677		8,016
Additional paid-in-capital		28,790,704		26,259,575
Accumulated deficit		(17,225,970)		(18,495,461)
Total stockholders' equity attributable to Edison Nation, Inc.		11,573,411		7,772,130
Noncontrolling interests		(344,090)		(317,698)
Total stockholders' equity		11,229,321		7,454,432
Total liabilities and stockholders' equity	$	23,199,868	$	23,609,619

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

Edison Nation, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2020 (Unaudited)	2019 (Unaudited)
Revenues, net	$ 3,667,110	$ 5,738,534
Cost of revenues	2,418,412	3,945,558
Gross profit	1,248,698	1,792,976
Operating expenses:		
Selling, general and administrative	4,192,713	3,049,188
Operating loss	(2,944,015)	(1,256,212)
Other (expense) income:		
Rental income	25,704	25,704
Interest expense	(723,957)	(124,694)
Gain on divestiture	4,911,760	-
Total other income (expense), net	4,213,507	(98,990)
Income (loss) before income taxes	1,269,492	(1,355,202)
Income tax expense	-	23,195
Net income (loss)	$ 1,269,492	$ (1,378,397)
Net (loss) income attributable to noncontrolling interests	-	56,893
Net income (loss) attributable to Edison Nation, Inc.	1,269,492	(1,435,290)
Net income (loss) per share - basic	$ 0.16	$ (0.25)
Net income (loss) per share - diluted	$ 0.13	$ (0.25)
Weighted average number of common shares outstanding – basic	8,181,470	5,661,380
Weighted average number of common shares outstanding – diluted	9,637,421	5,661,380

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

Edison Nation, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in	Accumulated	Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Deficit	Interest	Equity
Balance, January 1, 2020	8,015,756	$ 8,016	$ 26,259,576	$ (18,495,462)	$ (317,698)	$ 7,454,432
Issuance of common stock to noteholders	160,000	160	201,164	-	-	201,324
Returned common stock from noteholder	(153,005)	(153)	153	-	-	-
Issuance of common stock to consultants	653,750	654	562,109	-	-	562,763
Issuance of warrants to noteholders and beneficial conversion option	-	-	1,018,953	-	-	1,018,953
Stock-based compensation	-	-	748,749	-	-	748,749
Divestiture of Cloud B	-	-	-	-	(26,392)	(26,392)
Net income	-	-	-	1,269,492	-	1,269,492
Balance, March 31, 2020 (Unaudited)	8,676,501	$ 8,677	$ 28,790,704	$ (17,225,970)	$ (344,090)	$ 11,229,321
Balance, January 1, 2019	5,654,830	$ 5,655	$ 20,548,164	$ (5,565,756)	$ 951,576	$ 15,939,639
Issuance of common stock to note holders	15,000	15	74,085	-	-	74,100
Issuance of common stock to vendors for services	10,500	10	52,490	-	-	52,500
Stock-based compensation	-	-	184,419	-	56,983	184,419
Net loss	-	-	-	(1,435,290)	-	(1,378,397)
Balance, March 31, 2019 (Unaudited)	5,680,330	$ 5,680	$ 20,859,158	$ (7,001,046)	$ 1,008,469	$ 14,872,261

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

Edison Nation, Inc. and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2020 (Unaudited)	2019 (Unaudited)
Cash Flow from Operating Activities		
Net income (loss) attributable to Edison Nation, Inc.	$ 1,269,492	$ (1,435,290)
Net income attributable to noncontrolling interests	-	56,893
Net income (loss)	1,269,492	(1,378,397)
Adjustments to reconcile net (income) loss to net cash used in operating activities:		
Depreciation and amortization	316,299	301,383
Amortization of financing costs	570,636	56,022
Stock-based compensation	1,319,511	362,419
Amortization of right of use asset	77,823	77,704
Gain on divestiture	(4,911,760)	-
Changes in assets and liabilities:		
Accounts receivable	64,359	(776,057)
Inventory	69,089	(437,635)
Prepaid expenses and other current assets	33,441	(1,004,133)
Accounts payable	(215,320)	840,943
Accrued expenses and other current liabilities	335,815	381,714
Operating lease liabilities	(74,776)	(73,473)
Due from related party	(8,115)	(42,686)
Net cash used in operating activities	(1,153,505)	(1,692,196)
Cash Flows from Investing Activities		
Purchases of property and equipment	(31,918)	(72,955)
Net cash used in investing activities	(31,918)	(72,955)
Cash Flows from Financing Activities		
Net borrowings under line of credit	112,862	(15,035)
Borrowings under convertible notes payable	1,100,000	-
Borrowings under notes payable	950,000	500,000
Repayments under notes payable	(672,773)	(3,336)
Repayments under notes payable- related parties	(14,508)	(27,263)
Fees paid for financing costs	(170,815)	(22,500)
Net cash provided by financing activities	1,304,766	431,866
Net increase (decrease) in cash and cash equivalents	119,343	(1,333,285)
Cash and cash equivalents - beginning of period	412,719	2,052,731
Cash and cash equivalents - end of period	$ 532,062	719,446
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$ 127,504	$ 52,640
Income taxes	$ -	$ 235,275
Noncash investing and financing activity:		
Shares issued to note holders	$ 368,000	$ 74,100

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

Note 1 — Basis of Presentation and Nature of Operations

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and with Form 10-Q and Article 10 of Regulation S-X of the United States Securities and Exchange Commission (the "SEC"). Accordingly, they do not contain all information and footnotes required by GAAP for annual financial statements. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of March 31, 2020 and the results of operations, changes in stockholders' equity, and cash flows for the periods presented. The results of operations for the three ended March 31, 2020 are not necessarily indicative of the operating results for the full fiscal year for any future period.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The Company's accounting policies are described in the Notes to Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2019, and updated, as necessary, in this Quarterly Report on Form 10-Q.

As used herein, the terms the "Company," "Edison Nation" "we," "us," "our" and similar refer to Edison Nation, Inc., a Nevada corporation incorporated on July 18, 2017 under the laws of the State of Nevada as Idea Lab X Products, Inc. and also formerly known as Xspand Products Lab, Inc. prior to its name change on September 12, 2018, and/or its wholly-owned and majority-owned operating subsidiaries, and/or where applicable, its management.

Edison Nation is a vertically-integrated, end-to-end, consumer product research & development, manufacturing, sales and fulfillment company. The Company's proprietary web-enabled platform provides a low risk, high reward platform and process to connect innovators of new product ideas with potential licensees.

As of March 31, 2020, Edison Nation, Inc. had six wholly-owned subsidiaries: S.R.M. Entertainment Limited ("SRM"), Scalematix, LLC ("Scalematix"), Ferguson Containers, Inc. ("Fergco"), CBAV1, LLC ("CB1"), Pirasta, LLC ("Pirasta") and Edison Nation Holdings, LLC. Edison Nation, Inc. owns 50% of Best Party Concepts, LLC. Edison Nation Holdings, LLC is the single member of Edison Nation, LLC and Everyday Edisons, LLC. Edison Nation, LLC is the single member of Safe TV Shop, LLC.

Liquidity

For the three months ended March 31, 2020, our operations lost approximately $2,900,000, of which approximately $2,284,000 was non-cash and approximately $366,000 was related to transaction costs and other non-recurring items

At March 31, 2020, we had total current assets of approximately $4,907,818 and current liabilities of approximately $8,899,487 resulting in negative working capital of approximately $3,991,669, of which $1,118,751 was related party notes payable and $530,815 was included in accrued expenses for unissued shares. At March 31, 2020, we had total assets of $23,199,868 and total liabilities of $11,970,547 resulting in stockholders' equity of $11,229,321.

The foregoing factors raise substantial doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date of issuance of these condensed financial statements. The ability to continue as a going concern is dependent upon the Company's ability to attract significant new sources of capital, attain a reasonable threshold of operating efficiencies and achieve profitable operations from the sale of its products.

The condensed financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The following is additional information on our operating losses and working capital:

The Company's operating loss for the three months ended March 31, 2020 included $2,284,269 related to depreciation, amortization (including amortization for financing costs and right of use asset) and stock-based compensation. In addition, approximately $365,732 was related to transaction costs, restructuring charges and other non-recurring and redundant costs which are being removed or reduced.

Management has considered possible mitigating factors within our management plans on our ability to continue for at least a year from the date these financial statements are filed. The following items are management plans to alleviate any going concern issues for at least the next twelve months from the date these condensed financial statements are available:

- Subsequent to March 31, 2020, the Company raised $1,089,853 through loan agreements.
- Raise further capital through the sale of addition equity.
- Borrow money under debt securities.
- The deferral of payments to related party debt holders for both principal of $1,118,751 and related interest expense.
- Annual cost saving initiatives related to synergies and the elimination of redundant costs of approximately $1,500,000.
- Possible sale of certain brands to other manufacturers.
- Edison Nation Medical's procurement of Personal Protective Equipment ("PPE") and subsequent sale to governmental agencies, educational facilities, medical facilities and distributors.
- Entry into joint ventures or total/partial acquisitions of operational entities to expand the sale of PPE through Edison Nation Medical

Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

Note 2 — Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Edison Nation, Inc. and its wholly-owned and majority owned subsidiaries.All intercompany balances and transactions have been eliminated.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, together with amounts disclosed in the related notes to the financial statements.

The Company's significant estimates used in these financial statements include, but are not limited to, accounts receivable reserves, the valuation allowance related to the Company's deferred tax assets, the recoverability and useful lives of long-lived assets, debt conversion features, stock-based compensation, certain assumptions related to the valuation of the reserved shares and the assets acquired and liabilities assumed related to the Company's acquisitions. 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.

Cash and Cash Equivalents

The Company has cash on deposit in several financial institutions which, at times, may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company has not experienced losses in such accounts and periodically evaluates the creditworthiness of its financial institutions. The Company reduces its credit risk by placing its cash and cash equivalents with major financial institutions. The Company had approximately $532,000 of cash and cash equivalents at March 31, 2020 of which approximately $249,000 was held in foreign bank accounts not covered by FDIC insurance limits as of March 31, 2020.

Accounts Receivable

No customers represented more than 10% of total accounts receivable.

Inventory

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.

Revenue Recognition

Generally, the Company considers all revenues as arising from contracts with customers. Revenue is recognized based on the five-step process outlined in the Accounting Standards Codification ("ASC") 606:

Step 1 – Identify the Contract with the Customer – A contract exists when (a) the parties to the contract have approved the contract and are committed to perform their respective obligations, (b) the entity can identify each party's rights regarding the goods or services to be transferred, (c) the entity can identify the payment terms for the goods or services to be transferred, (d) the contract has commercial substance and it is probably that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Note 2 — Summary of Significant Accounting Policies — (Continued)

Step 2 – Identify Performance Obligations in the Contract – Upon execution of a contract, the Company identifies as performance obligations each promise to transfer to the customer either (a) goods or services that are distinct, or (b) a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. To the extent a contract includes multiple promised goods or services, the Company must apply judgement to determine whether the goods or services are capable of being distinct within the context of the contract. If these criteria are not met, the goods or services are accounted for as a combined performance obligation.

Step 3 – Determine the Transaction Price – When (or as) a performance obligation is satisfied, the Company shall recognize as revenue the amount of the transaction price that is allocated to the performance obligation. The contract terms are used to determine the transaction price. Generally, all contracts include fixed consideration. If a contract did include variable consideration, the Company would determine the amount of variable consideration that should be included in the transaction price based on expected value method. Variable consideration would be included in the transaction price, if in the Company's judgement, it is probable that a significant future reversal of cumulative revenue under the contract would not occur.

Step 4 – Allocate the Transaction Price – After the transaction price has been determined, the next step is to allocate the transaction price to each performance obligation in the contract. If the contract only has one performance obligation, the entire transaction price will be applied to that obligation. If the contract has multiple performance obligations, the transaction price is allocated to the performance obligations based on the relative standalone selling price (SSP) at contract inception.

Step 5 – Satisfaction of the Performance Obligations (and Recognize Revenue) – Revenue is recognized when (or as) goods or services are transferred to a customer. The Company satisfies each of its performance obligations by transferring control of the promised good or service underlying that performance obligation to the customer. Control is the ability to direct the use of and obtain substantially all of the remaining benefits from an asset. It includes the ability to prevent other entities from directing the use of and obtaining the benefits from an asset. Indicators that control has passed to the customer include: a present obligation to pay; physical possession of the asset; legal title; risks and rewards of ownership; and acceptance of the asset(s). Performance obligations can be satisfied at a point in time or over time.

Substantially all of the Company's revenues continue to be recognized when control of the goods is transferred to the customer, which is upon shipment of the finished goods to the customer. All sales have fixed pricing and there are currently no material variable components included in the Company's revenue. Additionally, the Company will issue credits for defective merchandise, historically these credits for defective merchandise have not been material. Based on the Company's analysis of the new revenue standards, revenue recognition from the sale of finished goods to customers, which represents substantially all of the Company's revenues, was not impacted by the adoption of the new revenue standards.

Disaggregation of Revenue

The Company's primary revenue streams include the sale and/or licensing of consumer goods and packaging materials for innovative products. The Company's licensing business is not material and has not been separately disaggregated for segment purposes. The disaggregated Company's revenues for the three months ended March 31, 2020 and 2019 was as follows:

	For the Three Months Ended March 31,	
	2020	2019
Revenues:		
Product sales	$ 3,626,901	$ 5,637,350
Service revenues	-	25,597
Licensing revenues	40,209	75,587
Total revenues, net	$ 3,667,110	$ 5,738,534

Note 2 — Summary of Significant Accounting Policies — (Continued)

For the three months ended March 31, 2020 and 2019, the following customer represented more than 10% of total net revenues:

	For the Three Months Ended March 31,	
	2020	2019
Customer A	11%	*%
Customer B	*%	23%

* Customer did not represent greater than 10% of total net revenue.

For the three months ended March 31, 2020 and 2019, the following geographical regions represented more than 10% of total net revenues:

	For the Three Months Ended March 31,	
	2020	2019
North America	82%	77%
Europe	17%	19%

* Region did not represent greater than 10% of total net revenue.

Fair Value of Financial Instruments

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, accrued expenses and other current liabilities approximate fair values due to the short-term nature of these instruments. The carrying amount of the Company’s notes payable approximates fair value because the effective yields on these obligations, which include contractual interest rates, taken together with other features such as concurrent issuance of warrants, are comparable to rates of returns for instruments of similar credit risk. The loan held for investment was acquired at fair value, which resulted in a discount.

Sequencing Policy

Under ASC 815-40-35, the Company follows a sequencing policy whereby, in the event that reclassification of contracts from equity to assets or liabilities is necessary pursuant to ASC 815 due to the Company’s inability to demonstrate it has sufficient authorized shares as a result of certain securities with a potentially indeterminable number of shares, shares will be allocated on the basis of the earliest issuance date of potentially dilutive instruments, with the earliest grants receiving the first allocation of shares. Pursuant to ASC 815, issuance of securities to the Company’s employees or directors are not subject to the sequencing policy.

Note 2 — Summary of Significant Accounting Policies — (Continued)

Foreign Currency Translation

The Company uses the United States dollar as its functional and reporting currency since the majority of the Company's revenues, expenses, assets and liabilities are in the United States. Assets and liabilities in foreign currencies are translated using the exchange rate at the balance sheet date, while revenue and expense accounts are translated at the average exchange rates prevailing during the year. Equity accounts are translated at historical exchange rates. Gains and losses from foreign currency transactions and translation for the three months ended March 31, 2020 and 2019 and the cumulative translation gains and losses as of March 31, 2020 and December 31, 2019 were not material.

Note 2 — Summary of Significant Accounting Policies — (Continued)

Net Earnings or Loss per Share

Basic net income (loss) per common share is computed by dividing net loss 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.

As of March 31, 2020, the Company included 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 dilutive.

	March 31, 2020
Shares reserved in exchange for the cancellation of certain non-voting membership interest in Edison Nation Holdings, LLC	990,000
Convertible shares under notes payable	550,000
Warrants for noteholders	800,000
Restricted stock units	210,000
Shares to be issued	215,000
Total	2,765,000

As of March 31, 2020 and 2019, the Company excluded the common stock equivalents summarized below, which entitled 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, 2020	March 31, 2019
Selling Agent Warrants	160,492	65,626
Shares reserved in exchange for the cancellation of certain non-voting membership interest in Edison Nation Holdings, LLC	-	990,000
Options	80,000	290,000
Convertible shares under notes payable	285,632	285,632
Shares to be issued	-	12,500
Total	$ 526,124	$ 1,643,758

Net earnings per share data for the three months ended March 31, 2020 and 2019 were computed as follows:

	March 31, 2020		March 31, 2019	
	Basic	Diluted	Basic	Diluted
Net income (loss) attributable to Edison Nation, Inc.	$ 1,269,492	$ 1,269,492	$ (1,435,290)	$ (1,435,290)
Average shares outstanding- basic	8,181,470	8,181,470	5,661,380	5,661,380
Effect of dilutive securities:				
Options and other share-based awards	-	210,000	-	-
Shares reserved	-	990,000	-	-
Warrants for noteholders	-	81,807	-	-
Convertible shares under notes payable	-	46,337	-	-
Shares to be issued	-	127,807	-	-
	8,181,470	9,637,421	5,661,380	5,661,380
Net income (loss) attributable to Edison Nation, Inc. per share	$ 0.16	$ 0.13	$ (0.25)	$ (0.25)

Note 2 — Summary of Significant Accounting Policies — (Continued)

Recent Accounting Pronouncements

In August 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40), new accounting guidance that addresses the accounting for implementation costs associated with a hosted service. The guidance provides that implementation costs be evaluated for capitalization using the same criteria as that used for internal-use software development costs, with amortization expense being recorded in the same income statement expense line as the hosted service costs and over the expected term of the hosting arrangement. This guidance is effective for public business entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted. The guidance will be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company adopted this accounting guidance in the first quarter of 2020 and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In August 2018, the FASB issued new accounting guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. Among the changes, an entity will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019; early adoption is permitted. The Company adopted this accounting guidance in the first quarter of 2020 and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In October 2018, the FASB issued new accounting guidance for Variable Interest Entities, which requires indirect interests held through related parties in common control arrangements be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The guidance is effective for the Company's interim and annual reporting periods during the year ending December 31, 2020. Early adoption is permitted. The Company adopted this accounting guidance in the first quarter of 2020 and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In July 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-11, Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815): Part 1 – Accounting for Certain Financial Instruments with Down Round Features and Part 2 – Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with Scope Exception ("ASU No. 2017-11"). Part 1 of ASU No. 2017-11 addresses the complexity of accounting for certain financial instruments with down round features. Down round features are provisions in certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. Part II of ASU No. 2017-11 addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of extensive pending content in the FASB Accounting Standards Codification®. This pending content is the result of the indefinite deferral of accounting requirements about mandatorily redeemable financial instruments of certain nonpublic entities and certain mandatorily redeemable noncontrolling interests. For public business entities, the amendments in Part I of this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The amendments in Part II of this update do not require any transition guidance because those amendments do not have an accounting effect. The Company adopted this accounting guidance in the first quarter of 2020 and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

Note 2 — Summary of Significant Accounting Policies — (Continued)

Subsequent Events

The Company has evaluated subsequent events through the date which the financial statements were issued. Based upon such evaluation, except for items described in Note 10, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements.

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 deploys resources on a consolidated level to all brands of the Company and therefore the Company only identifies one reportable operating segment with multiple product offerings.

Note 3 — Acquisitions and Divestitures

Divestiture of Subsidiary

On February 17, 2020, the Company divested its Cloud B, Inc. subsidiary and entered into an Agreement for the Purchase and Sale of Cloud B, Inc.(the “Purchase Agreement”), with Pearl 33 Holdings, LLC (the “Buyer”), pursuant to which the Buyer purchased from the Company (and the Company sold and assigned) 80,065 shares of common stock of Cloud B (the “Cloud B Shares”) for $1.00 and an indemnification agreement as described below, constituting a 72.15% ownership interest in Cloud B, based on 110,964 shares of Cloud B’s common stock outstanding as of February 17, 2020. In accordance with the agreement, all of the liabilities of Cloud B were assumed by Pearl 33.

On February 17, 2020, as part of the sale of Cloud B, Inc., the Company entered into an indemnification agreement with Pearl 33 Holdings, LLC in connection with the divestiture of Cloud B, Inc., whereby pursuant to such agreement the Company is limited to the issuance of 150,000 shares of the Company’s common stock to the Buyer for indemnification of claims against Cloud B Inc. In addition, the Company shall indemnify the Buyer for expenses (including attorneys’ fees and all other costs, expenses and obligations) in connection with defending any Claim in connection with the Cloud B. The Company has recorded $405,000 related to the fair value of the 150,000 shares of common stock which will be issued to the Buyer.

The table below shows the assets and liabilities that the Company was relieved of in the transaction:

		February 17, 2020
Accounts payable		4,005,605
Accrued Expenses		370,289
Income Tax Payable		14,473
Notes Payable		900,000
Non-Controlling Interest		26,393
Shares to be issued to Buyer		(405,000)
Gain on divestiture	$	4,911,760

Note 4 — Inventory

As of March 31, 2020 and December 31, 2019, inventory consisted of the following:

		March 31, 2020		December 31, 2019
Raw materials	$	66,654	$	49,232
Finished goods		1,333,481		1,319,993
Reserve for obsolescence		(100,000)		-
Total inventory	$	1,300,135	$	1,369,225

Note 5 — Debt

As of March 31, 2020 and December 31, 2019, debt consisted of the following:

		March 31, 2020		December 31, 2019
Line of credit:				
Lines of credit	$	585,430	$	472,567
Debt issuance costs		-		(15,573)
Total lines of credit		585,430		456,995
Senior convertible notes payable:				
Senior convertible notes payable		1,428,161		1,428,161
Debt issuance costs		(341,667)		(366,666)
Total long-term senior convertible notes payable		1,086,494		1,061,495
Less: current portion of long-term notes payable		-		-
Noncurrent portion of long-term convertible notes payable		1,086,494		1,061,495
Notes payable:				
Notes payable		1,625,740		1,321,015
Debt issuance costs		(245,819)		(212,848)
Total long-term debt		1,379,921		1,108,433
Less: current portion of long-term debt		(1,341,079)		(1,278,789)
Noncurrent portion of long-term debt		38,842		42,492
Notes payable – related parties:				
Notes payable		2,667,513		3,282,021
Less: current portion of long-term debt – related parties		(1,118,751)		(1,686,352)
Noncurrent portion of long-term debt – related parties	$	1,548,762	$	1,595,669
Senior convertible notes payable:				
Senior convertible notes payable		1,100,000		-
Debt issuance costs		(855,555)		-
Total long-term senior convertible notes payable		244,445		-
Less: current portion of long-term notes payable		244,445		-
Noncurrent portion of long-term convertible notes payable		-		-

Convertible Notes Payable

On January 23, 2020, Edison Nation, Inc. (the "Company") entered into a $1,100,000 loan agreement the ("Loan Agreement") with Greentree Financial Group, Inc. (the "Investor"), pursuant to which the Investor purchased a 10% Convertible Promissory Note (the "Note") from the Company, and the Company issued to the Investor a three year warrant (the "Warrant") to purchase 550,000 shares of the Company's common stock, $0.001 per share ("Common Stock"). The Note is convertible at any time at a price of $2.00 per share, subject to certain adjustments to the conversion price set forth in the Note. The Note reiterates the registration rights set forth in the Loan Agreement and the Warrant. There is no prepayment penalty on the Note. If the Note is not prepaid by the 90th day after the effective date of the Registration Statement, the Investor is required to convert the entire amount of principal and interest outstanding on the Note at that time, at a price of $2.00 per share, unless an event of default (as such events are described in the Note) under the Note has occurred, in which case the Note would be mandatorily converted at a price equal to 50% of the lowest trading price of the Common Stock for the last 10 trading days immediately prior to, but not including, the date that the Note mandatorily converts. In the event that the average of the 15 lowest closing prices for the Company's common stock on NASDAQ or other primary trading market for the Company's common stock (the average of such lowest closing prices being herein referred to, the "True-up Price") during the period beginning on the effective date of the Registration Statement and ending on the 90th day after the effective date of the Registration Statement (the "Subsequent Pricing Period") is less than $2.00 per share, then the Company will issue the Lender additional shares of the Company's common stock (the "True-up Shares") within three days. No value has been assigned to the True-up Shares due to the contingency of an effective Registration Statement. The warrant has an exercise price of $2.00 per share, subject to certain adjustments to the exercise price set forth in the Warrant. The Warrant, as amended, expires on January 23, 2023. If the closing price per share of the Common Stock reported on the day immediately preceding an exercise of the Warrant is greater than $2.00 per share, the Warrant may be exercised cashlessly, based on a cashless exercise formula. The Warrant reiterates the registration rights set forth in the Loan Agreement and the Note. The Warrant also contains a repurchase provision, which at any time after the Registration Statement is effective and the Common Stock has traded at a price over $3.00 share for 20 consecutive days, gives the Company a 30-day option to repurchase any unexercised portion of the Warrant at a price of $1.00 per share. The $1,100,000 of proceeds from the Note will be used for general working capital purposes and for the repayment of debt. On January 24, 2020, the Company used $588,366 of the proceeds from the Note to pay off in full the 12% Convertible Promissory Note held by Labrys Fund, LP. Upon execution of the Loan Agreement, the Company issued to the Investor 100,000 shares of Common Stock (the "Origination Shares") as an origination fee, plus an additional 60,000 shares of Common Stock as consideration for advisory services. Pursuant to the Loan Agreement, the Company agreed to issue and sell to the Investor the Note, in the principal amount of $1,100,000.

On January 29, 2020, the Company and Greentree Financial Group, Inc. (the "Investor"), entered into an Amendment Agreement, amending the January 22, 2020 Loan Agreement, the Note, and the Warrant to: (i) correct the effective date set forth in the Loan Agreement, Note and Warrant to January 23, 2020 and the due date to October 23, 2020, (ii) clarify the terms of the registration right provision in the Loan Agreement such that the Company was required to register a total of 1,500,000 shares of Common Stock, which such amount of shares is the sum of 550,000 shares of Common Stock issuable upon conversion of the Note, 550,000 Warrant Shares, the 100,000 Origination Shares, and 300,000 shares of Common Stock to account for changes to the conversion and/or exercise price under the Note and Warrant, and (iii) to ensure that the total number of shares of Common Stock issued pursuant to the Loan Agreement, the Note, and/or the Warrant, each as amended, does not exceed 17.99% of the Company's issued and outstanding Common Stock as of January 23, 2020. The Company is subject to a $35,000 penalty on a monthly basis if a registration statement is not effective after 105 days from January 23, 2020. The Company recognized a beneficial conversion option of $586,785 related to the 550,000 shares of Common Stock issuable upon conversion of the Note, a debt discount of $296,891 based on the relative fair value related to the 550,000 Warrant Shares, a debt discount of $201,324 based on the relative fair value related to the 160,000 Origination and Advisory Shares.

Promissory Notes

On January 2, 2020, the Company entered into that certain Loan Agreement with Tiburon Opportunity Fund (the "Lender"), dated January 2, 2020 (the "Loan Agreement"). Pursuant to the terms of the Loan Agreement, the Lender agreed to loan the Company $400,000. The Loan is interest bearing at the rate of 1.5% per month through the term of the Loan. Additionally, the Loan Agreement provides that the Company shall pay the Lender the entire unpaid principal and all accrued interest upon thirty days' notice to the

Company, but in any event, the notice shall not be sooner than June 1, 2020. On April 24, 2020, the Company and Lender entered into a Debt Conversion Agreement whereby the Lender was given the right and elected to exercise that right to convert principal and interest of $424,000 of funds loaned to the Company into shares of the Company's common stock. The fair value of the Company's common stock was $2.08 on the date of conversion and the conversion price was $2.00 per share for a total of 212,000 shares of restricted common stock issued by the Company.

On January 2, 2020, Ed Roses, LLC (the "Partnership") entered into a Loan Agreement (the "Agreement") with Sook Hyun Lee (the "Lender"). Under the terms of the Agreement, the Lender agreed to lend $150,000 to the Partnership for general working capital. The Loan is due on April 15, 2020 (the "Maturity Date") and accrues interest at 15% per annum. The Agreement shall automatically renew at the Maturity date for successive 90-day periods unless written notice is remitted by either party. On the Maturity date, the Partnership shall pay the Lender all unpaid principal and interest and a $30,000 commitment fee. The Lender shall have a collateral interest in the accounts receivable of the Partnership, including but not limited to 7 Eleven receivables. As collateral, Edison Nation, Inc. placed 75,000 shares of common stock in reserve.

On January 10, 2020, the Company entered into a 5% Promissory Note Agreement with Equity Trust Company on behalf of Rawleigh Ralls ("Ralls") for an aggregate principal amount of $267,000 (the "Ralls Note"), pursuant to which Ralls purchased the Ralls Note from the Company for $250,000 and an original issue discount of $17,000, and the Company issued to Ralls a warrant (the "Ralls Warrant") to purchase 125,000 shares of the Company's common stock valued at $86,725 estimated using the Black-Scholes option-valuation model. The proceeds from the Ralls Note will be used for general working capital needs of the Company. The Company will also issue 33,000 incentive shares to Ralls valued at $79,860 based on the closing stock price on January 10, 2020. The fair value of the warrants and incentive shares have been recorded as debt discount. The maturity date of the Ralls Note is July 10, 2020.

On January 15, 2020, the Company entered into a 5% Promissory Note Agreement with Paul J. Solit & Julie B. Solit ("Solits") for an aggregate principal amount of $107,000 (the "Solit Note"), pursuant to which the Solits purchased the Solit Note from the Company for $100,000 and an original issue discount of $7,000, and the Company issued to the Solits a warrant (the "Solit Warrant") to purchase 50,000 shares of the Company's common stock valued at $31,755 estimated using the Black-Scholes option-valuation model. The proceeds from the Solit Note will be used for general working capital needs of the Company. The Company will also issue 13,000 incentive shares to the Solits valued at $30,420 based on the closing stock price on January 15, 2020. The fair value of the warrants and incentive shares have been recorded as debt discount. The maturity date of the Solit Note is July 15, 2020.

On January 17, 2020, the Company entered into a 5% Promissory Note Agreement with Richard O'Leary ("O'Leary") for an aggregate principal amount of $53,500 (the "O'Leary Note"), pursuant to which O'Leary purchased the O'Leary Note from the Company for $50,000 and an original issue discount of $3,500, and the Company issued to O'Leary a warrant (the "O'Leary Warrant") to purchase 25,000 shares of the Company's common stock valued at $16,797 estimated using the Black-Scholes option-valuation model. The proceeds from the O'Leary Note will be used for general working capital needs of the Company. The Company will also issue 6,500 incentive shares to O'Leary valued at $15,535 based on the closing stock price on January 17, 2020. The fair value of the warrants and incentive shares have been recorded as debt discount. The maturity date of the O'Leary Note is July 17, 2020.

Note 5 — Debt — (Continued)

On March 6, 2019, Edison Nation, Inc. (the "Company") entered into a securities purchase agreement (the "SPA") with an accredited investor (the "Investor") pursuant to which the Investor purchased a 2% unsecured, senior convertible promissory note (the "Note") from the Company. The Note was in the amount of $560,000 with an original issue discount of $60,000. The Company issued 15,000 shares of its common stock ("Common Stock") valued at $74,100 based on the share price on the date of issuance to the Investor as additional consideration for the purchase of the Note. The Under the terms of the SPA, the Investor will have piggyback registration rights in the event the Company files a Form S-1 or Form S-3 within six months from March 6, 2019, as well as a pro rata right of first refusal in respect of participation in any debt or equity financings undertaken by the Company during the 18 months following March 6, 2019. The Company is also subject to certain customary negative covenants under the SPA, including but not limited to, the requirement to maintain its corporate existence and assets subject to certain exceptions, and to not to make any offers or sales of any security under circumstances that would have the effect of establishing rights or otherwise benefitting other investors in a manner more favorable in any material respect than those rights and benefits established in favor of the Investor under the terms of the SPA and the Note. The maturity date of the Note is six months from March 6, 2019. All principal amounts and the interest thereon are convertible into shares Common Stock only in the event that an Event of Default occurs. On January 24, 2020, the Company paid the Investor $588,366 to pay the Note in full.

Receivables Financing

On February 21, 2020, the Company entered into a receivables financing arrangement for certain receivables of the Company not to exceed $1,250,000 at any one time. The agreement allows for borrowings up to 85% of the outstanding receivable based on the credit quality of the customer. The fee is between 1% and 2% of the total invoices financed.

In April 2019, we entered into a receivables financing arrangement for certain receivables of the Company. The agreement allows for borrowings up to 80% of the outstanding receivable based on the credit quality of the customer. The fee is between 1% and 2% of the total invoices financed.

On November 12, 2019, the Company entered into a Receivables Purchase Agreement with a financial institution (the "Receivables Purchase Agreement"), whereby the Company agreed to the sale of $250,000 of receivables for $200,000. The proceeds were used for general working capital.

On November 18, 2019, the Company entered into a Future Receivables Purchase Agreement with a financial institution (the "Future Receivables Purchase Agreement"), whereby the Company agreed to the sale of $337,500 of receivables for $250,000. The proceeds were used to fund our receivables for overseas distributors. Christopher B. Ferguson, our Chairman and Chief Executive Officer, personally guaranteed the prompt and complete performance of the Company's obligations under the Future Receivables Purchase Agreement.

The scheduled maturities of the debt for the next five years as of December 31, 2019, are as follows:

For the Years Ended December 31,	**Amount**
2020 (excluding the three months ended March 31, 2020)	3,737,443
2021	206,760
2022	1,419,285
2023	1,440,278
2024	-
Thereafter	-
	6,803,766
Less: debt discount	(595,088)
	$ 6,208,678

For the three months ended March 31, 2020, interest expense was $723,957 of which $76,634 was related party interest expense. For the three months ended March 31, 2019, interest expense was $125,073 of which $80,262 was related party interest expense.

Note 6 — Income Taxes

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	For the Three Months Ended March 31,	
	2020	**2019**
Tax at federal statutory rate	21.0%	21.0%
U.S. income subject to valuation allowance	-21.0%	-21.0%
State and local income taxes	0.0%	0.0%
Foreign income not subject to U.S. federal tax	0.0%	0.0%
Foreign tax	0.0%	-1.7%
Nondeductible expenses	0.0%	0.0%
Other	0.0%	-0.0%
Effective income tax rate	0.0%	-1.7%

The Company has determined that the gain on divestiture of $4,911,760 is a taxable transaction to the Company. The tax provision of approximately $1,030,000 would be offset by the utilization of the Company's net operating loss carryforwards. The Company has sufficient net operating losses carryforwards to cover any tax liabilities generated due to the divestment of Cloud B, Inc. The Company does not have any deferred income tax expense from the gain due to the Company recording a full valuation allowance against all net operating losses in prior periods.

Note 7 — Related Party Transactions

NL Penn Capital, LP and SRM Entertainment Group LLC

As of March 31, 2020 and December 31, 2019, due to related party consists of net amounts due to SRM Entertainment Group LLC ("SRM LLC") and NL Penn Capital, LP ("NL Penn"), the majority owner of both, which are owned by Chris Ferguson, our Chairman and Chief Executive Officer. The amount due to related parties is related to the acquisitions of Pirasta, LLC and Best Party Concepts, LLC offset by operating expenses that were paid by SRM and Edison Nation on behalf of SRM LLC and NL Penn. As of March 31, 2020 and December 31, 2019, the net amount due to related parties was $9,138 and $17,253, respectively. Such amounts are due currently.

Note 8— Commitments and Contingencies

Operating Leases

The Company has entered into non-cancellable operating leases for office, warehouse, and distribution facilities, with original lease periods expiring through 2021. In addition to minimum rent, certain of the leases require payment of real estate taxes, insurance, common area maintenance charges, and other executory costs. Differences between rent expense and rent paid are recognized as adjustments to operating lease right-of-use assets on the consolidated balance sheets.

As of March 31, 2020, the Company recorded operating lease liabilities of $482,212 and right of use assets for operating leases of $654,277. During the three months ended March 31, 2020, operating cash outflows relating to operating lease liabilities was $74,776 and the expense for right of use assets for operating leases was $77,823. As of March 31, 2020, the Company's operating leases had a weighted-average remaining term of 3.7 years and weighted-average discount rate of 4.5%. Excluded from the measurement of operating lease liabilities and operating lease right-of-use assets were certain office, warehouse and distribution contracts that either qualify for the short-term lease recognition exception.

On June 6, 2018, the Company's wholly owned subsidiary, Best Party Concepts, LLC, entered into a lease for office space in Newtown, PA, which expired on May 30, 2020 and was not renewed.

Total rent expense for the three months ended March 31, 2020 and 2019 was $146,287 and $144,433, respectively. Rent expense is included in general and administrative expense on the consolidated statements of operations.

Rental Income

Fergco leases a portion of the building located in Washington, New Jersey that it owns under a month to month lease. Total rental income related to the leased space for both the three months ended March 31, 2020 and 2019 was $25,704 and $25,704, respectively, and is included in other income on the consolidated statements of operations.

Legal Contingencies

The Company is involved in claims and litigation in the ordinary course of business, some of which seek monetary damages, including claims for punitive damages, which are not covered by insurance. For certain pending matters, accruals have not been established because such matters have not progressed sufficiently through discovery, and/or development of important factual information and legal information is insufficient to enable the Company to estimate a range of possible loss, if any. An adverse determination in one or more of these pending matters could have an adverse effect on the Company's consolidated financial position, results of operations or cash flows.

We are, and may in the future become, subject to various legal proceedings and claims that arise in or outside the ordinary course of business.

On April 14, 2020, Oceanside Traders, LLC ("Plaintiff") filed a complaint against Cloud B, Inc. and Edison Nation, Inc. (together the "Defendants") with the Superior Court of Ocean County, New Jersey alleging a breach of contract in that the Defendants failed to pay Plaintiff for goods sold in the amount of $141,007 plus $138,180 for overpayments and $279,187 for lost profits for a total of $443,383. A default judgment was entered against Edison Nation in the case in the amount of $284,248.91. The same day the default judgment was entered, the Company filed a motion to vacate on the grounds that Edison Nation was not properly served with the complaint.

On March 13, 2019, Rosenberg Fortuna & Laitman LLP and Mark Principe (together the "Plaintiffs") filed a complaint against Safe TV Shop, LLC (the "Defendant") with the Supreme Court of the State of New York, County of Nassau alleging a breach of indemnification arising out of the use of a certain packaging material. On February 12, 2020, the parties entered a Stipulation and Settlement and Consent Agreement, whereby the Plaintiff entered into a Consent Judgment in the amount of $50,000. The Company has accrued $50,000 for the amount of the judgment, but there have been no operations by the Plaintiff since the date of acquisition by the Company.

Note 9 — Stockholders' Equity

Preferred Stock

On March 25, 2020, the Company filed a certificate of amendment to the Company's articles of incorporation with the Secretary of State of the State of Nevada in order to: (i) increase the number of shares of the Company's authorized preferred stock, par value $0.001 per share, from 0 shares to 30,000,000 shares of preferred stock; (ii) clarify the application of the forum selection clause in the Company's amended and restated articles of incorporation, specifically that such clause does not apply to federal causes of actions arising under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (iii) include affirmative changes to correspond to the Company's First Amended and Restated Bylaws, confirming that the Company's shareholders may vote by written consent. As of March 31, 2020 and December 31, 2019, there were 0 and 0 shares of common stock issued and outstanding, respectively.

Stock-Based Compensation

On September 6, 2018, the Company's board of directors approved an amendment and restatement of the Company's omnibus incentive plan solely to reflect the Company's name change to Edison Nation, Inc. Thus, the Edison Nation, Inc. Omnibus Incentive Plan (the "Plan") which remains effective as of February 9, 2018, provides for the issuance of up to 1,764,705 shares of common stock to help align the interests of management and our stockholders and reward our executive officers for improved Company performance. Stock incentive awards under the Plan can be in the form of stock options, restricted stock units, performance awards and restricted stock that are made to employees, directors and service providers. Awards are subject to forfeiture until vesting conditions have been satisfied under the terms of the award. The exercise price of stock options are equal to the fair market value of the underlying Company common stock on the date of grant.

The following table summarizes stock option award activity for the three months ended March 31, 2020:

	Shares	Weighted Average Exercise Price	Remaining Contractual Life in Years	Aggregate Intrinsic Value
Balance, January 1, 2020	80,000	$ 7.01	3.7	-
Granted	-	-	-	-
Balance, March 31, 2020	80,000	$ 7.01	3.5	-
Exercisable, March 31, 2020	53,333	$ 7.01	3.5	-

As of March 31, 2020, there were 26,667 unvested options to purchase shares of the Company's common stock or $46,605 of total unrecognized equity-based compensation expense that the Company expected to recognize over a remaining weighted-average period of 1 year.

From time to time, the Company grants shares of common stock to consultants and non-employee vendors for services performed. The awards are valued at the market value of the underlying common stock at the date of grant and vest based on the terms of the contract which is usually upon grant.

Note 10 — Subsequent Events

On April 7, 2020, the Company entered into a Securities Purchase Agreement (the “Agreement”) with Jefferson Street Capital, LLC. (the “Investor”) wherein the Company issued the Investor a Convertible Promissory Note (the “Note”) in the amount of $168,000 ($18,000 OID). The $150,000 of proceeds from the Note will be used for general working capital purposes The Note has a term of six (6) months, is due on October 7, 2020 and has a one-time interest charge of 2%. In addition, the Company issued the Investor 10,700 shares of Common Stock (the “Origination Shares”) as an origination fee. The transaction closed on April 9, 2020. The Investor shall have the right at any time to convert all or any part of the outstanding and unpaid principal, interest, fees, or any other obligation owed pursuant to this Note into fully paid and non-assessable shares of Common Stock at a conversion price equal to $2.05 per share.

On April 7, 2020, the Company entered into a Securities Purchase Agreement (the “Agreement”) with BHP Capital NY Inc. (the “Investor”) wherein the Company issued the Investor a Convertible Promissory Note (the “Note”) in the amount of $168,000 ($18,000 OID). The $150,000 of proceeds from the Note will be used for general working capital purposes The Note has a term of six (6) months, is due on October 7, 2020 and has a one-time interest charge of 2%. In addition, the Company issued the Investor 10,700 shares of Common Stock (the “Origination Shares”) as an origination fee. The transaction closed on April 9, 2020. The Investor shall have the right at any time to convert all or any part of the outstanding and unpaid principal, interest, fees, or any other obligation owed pursuant to this Note into fully paid and non-assessable shares of Common Stock at a conversion price equal to $2.05 per share.

On April 13, 2020, we issued 12,500 shares of 12,500 shares of our common stock valued at $31,625 to Caro Partners, LLC for consulting services.

On April 15, 2020, Edison Nation, Inc. (the “Company”) entered into a loan agreement (“PPP Loan”) with First Choice Bank under the Paycheck Protection Program (the “PPP”), which is part of the recently enacted Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the United States Small Business Administration (“SBA”). The Company received proceeds of $789,852 from the PPP Loan. In accordance with the requirements of the PPP, the Company intends to use proceeds from the PPP Loan primarily for payroll costs, subject to thresholds, rent and utilities. The PPP Loan has a 1.00% interest rate per annum and matures on April 15, 2022 and is subject to the terms and conditions applicable to loans administered by the SBA under the PPP. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On April 24, 2020, the Company entered into a Consulting Agreement (the “Agreement”) with Tiburon (the “Consultant”). Under the terms of the Agreement, the Consultant is to provide business development services and consultation related to potential trade financing opportunities. The Agreement has a term of six (6) months. The Consultant is to be compensated ten thousand (10,000) shares of common stock upon execution of the Agreement and then shall receive six (6) additional monthly payments of eight thousand (8,000) shares of restricted common stock per month beginning on May 24, 2020 and ending on October 24, 2020.

On April 24, 2020, we issued 10,700 shares of our common stock valued at $18,725 to BHP Capital NY Inc. as origination shares as per the terms of the Securities Purchase Agreement dated April 7, 2020.

On April 24, 2020, we issued 10,700 shares of our common stock valued at $18,725 to Jefferson Street Capital, LLC as origination shares as per the terms of the Securities Purchase Agreement dated April 7, 2020.

On May 7, 2020, the Company entered into a Purchase of Inventory and Repurchase Agreement (the “Agreement”) with Fergco Bros, LLC (“Purchaser”). Under the terms of the Agreement, the Company assigned its rights, title and interest to inventory relating to its Edison Nation Medical customer, Orange County, CA (the “Inventory”) for payment in the amount of $100,000. The Company shall have the right to repurchase the Inventory for $105,000 in whole or periodic installments by May 15, 2020. On June 12, 2020, the Company made payment in the amount of $105,000 as payment in full.

On May 13, 2020, the Company’s wholly owned subsidiary, Ferguson Containers, Inc., entered into a Distributor Agreement with Marrone Bio Innovations, LLC (“Marrone”) for the distribution of Marrone’s Jet-Oxide 15% peroxyacetic acid-based sanitizer disinfectant.

May 17, 2020, the Company entered into an Amendment to Purchase of Inventory and Repurchase Agreement with the Purchasers-Assignees dated May 17, 2020. Under the terms of the Amendment, the repurchase date was extended to June 30, 2020 and the Company included the agreed to entitlement of 10,000 shares of common stock to the Purchaser-Assignees.

On May 19, 2020, the Company entered into an Amendment (the “Amendment”) to the Senior Secured Note (the “Note”) issued by the Company to 32 Entertainment, LLC (the “Lender”) dated December 4, 2019. Under the terms of the Amendment, the Company issued the Lender an Amended Subordinate Secured Note (the “Replacement Note”) in the principal amount of $200,000 that accrues interest at 16% annually and matures on May 21, 2021. On o May 28, 2020, the Company paid $50,000 toward the principal plus interest in the amount of $6,250 for a total of $56,250. The Lender shall also receive 40,000 restricted stock units and surrender the warrant issued to the Lender in the December 4, 2019 financing transaction.

On May 20, 2020 (the “Effective Date”), Edison Nation, Inc. (the “Company”) entered into an Agreement and Plan of Share Exchange (the “Share Exchange Agreement”) with PPE Brickell Supplies, LLC, a Florida limited liability company (“PPE”), and Graphene Holdings, LLC, a Wyoming limited liability company (“Graphene”, and together with PPE, the “Sellers”), whereby the Company purchased 25 membership units of Global Clean Supplies, LLC, a Nevada limited liability company (“Global”) from each of PPE and Graphene, for a total of fifty (50) units, representing fifty percent (50%) of the issued and outstanding units of Global (the “Purchase Units”).

On May 20, 2020, the Company entered into an Amended Limited Liability Company Agreement of Global (the “Amended LLC Agreement”). The Amended LLC Agreement amends the original Limited Liability Company Agreement of Global, dated May 13, 2020. The Amended LLC defines the operating rules of Global and the ownership percentage of each member: Edison Nation, Inc. 50%, PPE 25% and Graphene 25%.

On May 21, 2020, the Company issued 200,000 shares of common stock valued at $466,000 to PPE Brickell Supplies, LLC as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

On May 21, 2020, the Company issued 50,000 shares of common stock valued at $116,500 to Graphene Holdings, LLC as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

On May 21, 2020, the Company issued 50,000 shares of common stock valued at $116,500 to a Consultant for consulting services related to the Agreement and Plan of Share Exchange dated May 20, 2020.

On May 22, 2020, the Company issued 200,000 shares of common stock valued at $488,000 to Graphene Holdings as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

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

Overview

Edison Nation: End-to-end product innovation, development and commercialization

Edison Nation is a vertically-integrated, end-to-end, consumer product research and development, manufacturing, sales and fulfillment company.

The Company is the aggregation of six wholly owned subsidiaries whose operations and go-to-market strategy are vertically integrated under the Edison Nation corporate umbrella.

During the first quarter of 2019, Edison Nation rolled out its "One Company" initiative to integrate the acquired businesses into one cohesive operation.

Edison Nation's cornerstone business driver is its proprietary web-enabled new product development and licensing platform (www.edisonnation.com) that provides a low risk, high reward process to connect innovators of new product ideas with potential licensing partners.

Considered to be the "go-to" resource for independent innovators with great consumer product invention ideas, Edison Nation engages with over 140,000 registered online innovators and entrepreneurs to bring innovative, new products to market focusing on high-interest, high-velocity consumer categories.

Since its inception, Edison Nation has received over 100,000 idea submissions, with products selling in excess of $250 million at retail through the management of over 300 client product campaigns with distribution across diverse channels including ecommerce, mass merchandisers, specialty product chains, entertainment venues, national drug chains, and tele-shopping. These clients include many of the largest manufacturers and retailers in the world including Amazon, Bed Bath and Beyond, HSN, Rite Aid, P&G, and Black & Decker.

Edison Nation also creates, manufactures and markets its own products for the infant / toddler market under the Cloud b consumer brand name. In addition, the Company leverages its vertically integrated resources and capabilities to create licensed consumer products for large entertainment theme park enterprises, like Disney World and Universal Studios.

Edison Nation also creates, manufactures and markets its own products including the infant / toddler market under the Cloud b consumer brand name, innovative party products under the Best Party Concepts brand, and premium branded coloring activities under the Pirasta brand. Recently the company launched product lines for 911 Help Now, Master Sous and Smarter Specs. In addition, the Company leverages its vertically integrated resources and capabilities to create licensed consumer products for large entertainment theme park enterprises, like Disney World and Universal Studios as well as custom packaging solutions for large and small U. S. Based companies.

COVID-19

COVID-19 has caused and continues to cause significant loss of life and disruption to the global economy, including the curtailment of activities by businesses and consumers in much of the world as governments and others seek to limit the spread of the disease, and through business and transportation shutdowns and restrictions on people's movement and congregation.

As a result of the pandemic, we have experienced, and continue to experience, weakened demand for our traditional products. Many of our customers have been unable to sell our products in their stores and theme parks due to government-mandated closures and have deferred or significantly reduced orders for our products. We expect these trends to continue until such closures are significantly curtailed or lifted. In addition, the pandemic has reduced foot traffic in the stores where our products are sold that remain open, and the global economic impact of the pandemic has temporarily reduced consumer demand for our products as they focus on purchasing essential goods.

In the United States and Asia, many of our key accounts remain closed or are operating at significantly reduced volumes. As a result, we have made the strategic decision to expand our operations through our Edison Nation Medical ("Ed Med") division. Through Ed Med, the Company wholesales Personal Protective Equipment ("PPE") products through an online portal for hospitals, government agencies and distributors.

Given these factors, the Company anticipates that the greatest impact from the COVID-19 pandemic in fiscal 2020 occurred in the first quarter of 2020 and resulted in a net sales decline as compared to the first quarter of 2019.

In addition, certain of our suppliers and the manufacturers of certain of our products were adversely impacted by COVID-19. As a result, we faced delays or difficulty sourcing products, which negatively affected our business and financial results. Even if we are able to find alternate sources for such products, they may cost more and cause delays in our supply chain, which could adversely impact our profitability and financial condition.

We have taken actions to protect our employees in response to the pandemic, including closing our corporate offices and requiring our office employees to work from home. At our distribution centers, certain practices are in effect to safeguard workers, including a staggered work schedule, and we are continuing to monitor direction from local and national governments carefully. Additionally, our two retail locations have been closed until further notice.

As a result of the impact of COVID-19 on our financial results, and the anticipated future impact of the pandemic, we have implemented cost control measures and cash management actions, including:

- Furloughing a significant portion of our employees; and
- Implementing 20% salary reductions across our executive team and other members of upper level management; and
- Executing reductions in operating expenses, planned inventory levels and non-product development capital expenditures; and
- Proactively managing working capital, including reducing incoming inventory to align with anticipated sales.

Business Model

New product ideas have little value without the ability and skill required to commercialize them. The considerable investment and executional "know how" needed to initiate a process - from idea to product distribution - has always been a challenge for the individual innovator.

Edison Nation's business model is designed to take advantage of online marketplaces for our future growth mitigating new product development risk while allowing for optimized product monetization based on a product's likelihood to succeed.

To that end, Edison Nation empowers and enables innovators and entrepreneurs to develop and launch products, gain consumer adoption and achieve commercial scale efficiently at little to no cost.

The Edison Nation New Product Development & Commercialization Platform

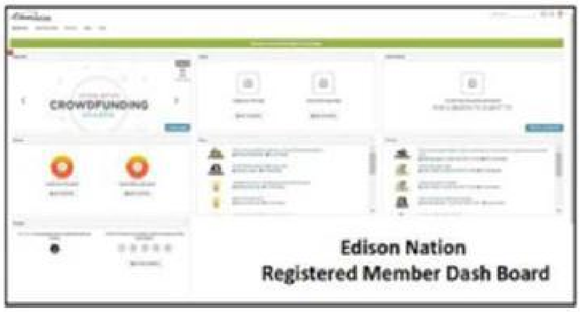
Indeed, the cornerstone of Edison Nation's competitive advantage is its proprietary and web-enabled new product development ("NPD") and commercialization platform. The platform can take a product from idea through ecommerce final sale in a matter of months versus a year or more for capital intensive and inefficient new product development protocols traditionally used by legacy manufacturers serving "big box" retailers.

The Company's web-enabled NPD platform is designed to optimize product licensing and commercialization through best-in-class digital technologies, sourcing / manufacturing expertise and one of the largest sets of go-to-market solutions. This unique set of resources and capabilities have proven to be a reliable catalyst for sales success.

In order to expand the Company's universe of registered innovators and entrepreneurs submitting ideas on the Edison Nation NPD web platform, the Company has entered a global agreement for distribution of two existing 13-episode seasons of the Company's Everyday Edison TV series with a leading digital media service company. The series will be available in its original English version as well as voiceover adaptations in German, French, and Spanish. Distribution is planned for Europe and the Middle East through digital content providers such as Amazon Prime Video.

Product Submission Aggregation

Interested innovators enter the Edison Nation web site to register for a free account by providing one's name and email address. The member then creates a username and password to use on the site. Once registered, the member is provided with their own unique, password protected dashboard by which they can begin submitting ideas and join online member forums to learn about industry trends, common questions, engage in member chats, and stay informed of the latest happenings at Edison Nation. They can also track the review progress of ideas they submit through their dashboard.



Edison Nation accepts ideas through a secure online submission process. Once a member explores the active searches in different product categories being run on the platform for potential licensees seeking new product ideas to be commercialized, the member can submit their new product ideas for processing. Edison Nation regularly works with different companies and retailers in various product categories to help them find new product ideas.

Registered members pay $25 to submit an idea. This submission fee covers a portion of the cost to review each idea submitted to the platform. There are no additional fees after the submission fee.

Although the platform might not have an active search that matches the innovator's idea, the Edison Nation Licensing Team hosts an ongoing search for new consumer product ideas in all categories.

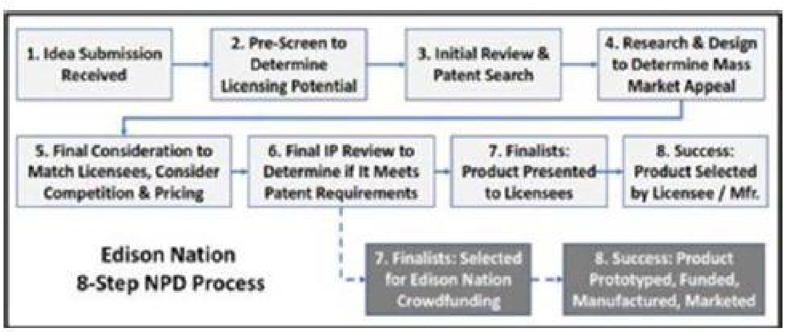
"Insider Membership" is Edison Nation's premium level of membership. Insiders receive feedback on all their ideas submitted and gain access to online features that aren't available to registered members. In addition, Insiders pay $20 for each idea submitted (20% discount vs. a registered member), can opt-in ideas for free, as well as receive other benefits. An annual membership costs $99, or $9.25 / month automatically debited from a credit card each month. Also included online is feedback to the innovator on the status of each stage of the process and notification when ideas are not selected to move forward during any stage in the review process.

Insiders also have access to the Insider Licensing Program (the "ILP"). The primary benefit of the ILP is having the Edison Nation Licensing team working directly on an innovator's behalf to help secure a licensing agreement with one of the company's manufacturing partners. If an idea is selected for commercialization by a retail partner, Edison Nation will invest in any necessary patent applications, filings and maintenance. The innovator's name is included on any patent or patent application that Edison Nation files on the member's behalf after the idea has been selected.

In addition to the above member programs, Edison Nation ASOTV (*"As Seen on TV"*) Team hosts a search for new products suitable for marketing via DRTV and subsequent distribution in national retail chains including mass merchandisers, specialty retail, drug chains and department stores.

Product Submission Review

Led by the Company's NPD Licensing Team (which has over 150 years of combined experience in a variety of industries and product categories), all ideas submitted by innovators through the Company's website are reviewed and assessed through an 8-stage process. Edison Nation's product idea review process is confidential with non-disclosure agreements executed with every participating registered or "Insider" member.



The NPD platform's database of over 85,000 product ideas helps determine which inventions have a substantial market opportunity quickly through proprietary algorithms that have been developed incorporating continuous learning from marketplace experience and changes in category requirements.

Selected ideas are assessed by the NPD Licensing Team based on nine key factors: competing products, uniqueness, retail pricing, liability & safety, marketability, manufacturing cost, patentability, consumer relevant features and benefits, and potential for commercialization.

The time required to review ideas depends upon different variables, such as: the number of searches concurrently running on Edison Nation platform, idea volume and complexity of the search, how many presentation dates to licensees are pending, the date an idea is submitted, etc.

Presentation dates to potential licensees are usually set a few weeks following the close of the search. After the presentation has been given to a licensing / retail partner, the partner has 45 days to 6 months to select ideas on which they will move forward.

The Insider Licensing Program (ILP program) incorporates a four-stage process:

- **Stage #1 — Preliminary Review:** The NPD licensing team performs a preliminary review to ensure an invention meets the program criteria. Factors that might stall an idea from moving forward include: an invention is cost-prohibitive, has engineering challenges, and/or major players in the marketplace have already launched products like it. If none of these apply, an idea will be approved and move on to the preparation phase.

- **Stage #2 — Preparation:** The NPD licensing team performs a best partner review. Edison Nation's retail and manufacturing contacts are assessed, and the team begins to plan which licensors would be the best fit for an idea. A gap analysis and visits the store shelves are executed to gain greater understanding of marketplace potential.

- **Stage #3 — Pitching:** At this phase, an idea can become a "Finalist." The NPD team begins to proactively pitch an idea to potential licensees using a proprietary presentation system. When a company expresses interest, the team proceeds into term sheets and negotiations while staying in constant contact with the prospect until the best possible deal is struck for the innovator.

- **Stage #4 — Outcome:** In the end, the market decides what products will be successful. There are no guarantees. If for some reason Edison Nation is not successful in finding a licensing partner, a complete debrief is given to the Insider.

Due to the public nature of licensing, Edison Nation only accepts ideas from Insiders that are patented or patent-pending. A valid provisional patent application is required. The cost of submitting an idea to the Insider Licensing Program is $100, and a member must be an "Insider" to be considered.

The Edison Nation ASOTV new product development process follows a six-stage protocol appropriate for the broadcast-based sales channel. For more information regarding the ASOTV process, the Edison Nation NPD platform, its features and member benefits, visit https://app.edisonnation.com/faq.

Acquisition of Intellectual Property

Once an innovator's idea is judged to be a potentially viable, commercial product and selected for potential commercialization, the Company acquires intellectual property rights from the innovator.

Once an innovator's intellectual property is secured, the innovator's product idea can then either be licensed to a manufacturer or retailer or developed and marketed directly by Edison Nation. In either case, Edison Nation serves as the point-of-contact with the innovator for term sheets, royalty negotiation and concluding licensing agreements. Edison Nation also maintains contact with the innovator to keep them engaged during product development.

In general, innovators are paid a percentage of the Company's revenue from the commercialization of the innovator's intellectual property. This percentage varies with the Company's investment in the development of the intellectual property, including whether the Company decides to license the innovator's idea for commercialization or instead, to directly develop and market the innovator's idea.

One Company Initiative

During the first quarter of 2019, Edison Nation began the process to consolidate all operating companies' businesses into distinct business units of Edison Nation, which allows the Company to focus on growing sales and leveraging operations. The units consist of:

● Innovate. The Edison Nation Platform. Responsible for the innovation platform that helps inventors go from idea to reality. This is accomplished by optimizing new product election process through deeper analytics to predict success on platforms like web marketplaces like Amazon. Driving brand awareness of the platform by producing content for inventors and innovators on media platforms including our own Everyday Edison's television show.

● Build and launch. Consolidating our teams of product designers and developers who take the product from the concept to the consumers hand. These are distributed by geography, industry skillset and expertise in the development process to ensure efficient product build and launch. The bulk of operations are part of this business unit, and the company will continue to develop this unit to meet the needs of our product launch schedule.

● Sell. Our Omni-channel sales effort is divided into three groups; (1) business-to-business revenue opportunities including traditional brick and mortar retailers (2) online market places and direct-to-consumer revenue opportunities, and (3) our NiTRO Team (Near Term Revenue Opportunities). NiTRO, identifies brands and products lines that would benefit from being part of Edison Nation. The team seeks to a find a mutually beneficial transaction to accomplish that goal.

Product Design and Development

With product design, product prototyping and creation of marketing assets all resourced with expert Edison Nation in-house capabilities, we have made protracted, high-cost, high-risk research and development models obsolete.

Edison Nation custom designs most products in-house for specific customers and their needs. We utilize our existing tooling to produce samples and prototypes for customer reviews, refinement and approval, as well as our in-house packaging design and fabrication resources.

The Company's design and product development professionals are dedicated to the commercialization and marketability of new product concepts advanced through the company's NPD platform and for licensors / partners like Disney World and Universal Studios.

No matter the product, Edison Nation's objective is to optimize its marketability, function, value and appearance for the benefit of the consumer end user. From concept and prototyping, through design-for-manufacture, special attention is paid to a product's utility, ease of use, lowest cost bill of materials, and how it "communicates" its features and benefits through design.

The combined experience and expertise of the Company's team spans many high-demand categories including household items, small appliances, kitchenware, and toys. The company's in-house capabilities are complimented by third-party engineering and prototyping contractors and category-specific expert resources within select manufacturers.

Paths to Market

After an innovator's idea has been selected and then developed, Edison Nation's NPD and commercialization platform - powered by team of experienced licensing experts and backed by our scalable manufacturing and fulfillment supply chain infrastructure - provides innovators with a clear and unencumbered set of paths to market.

Matching the Innovation with the Licensing Community

Edison Nation partners with many of the biggest and most well-known consumer products companies and retailers. They use the Company's platform as a "think engine" to develop targeted products, significantly reduce research and development expense, and expedite time to market.

Each potential licensee of an innovator's idea publishes an exclusive page on the Edison Nation web site with innovation goals and timeline for their search. Appropriate new product ideas are submitted in 100% confidence with all intellectual property safely guarded.

Once the search concludes, Edison Nation presents each with the best patent protected, or patentable ideas that can be selected for development.

Licensing partners and customers include Amazon, Bed, Bath & Beyond, Church & Dwight, Black & Decker, HSN, Worthington Industries, Pampered Chef, Boston America Corp., Walmart, Target, PetSmart, "As Seen on TV," Sunbeam, Home Depot, and Apothecary Products.

Manufacturing, Materials and Logistics

Once a product's path to market is successfully identified, Edison Nation produces and commercializes the product either through (i) licensing partnerships, or (ii) through a direct-to-market path via ecommerce or traditional retail distribution.

To provide greater flexibility in the manufacturing and delivery of products, and as part of a continuing effort to reduce manufacturing costs, Edison Nation has concentrated production of most of the Company's products in third-party manufacturers located in China and Hong Kong. The Company maintains a fully staffed Hong Kong office for sourcing, overseeing manufacturing and quality assurance.

Edison Nation's contracted manufacturing base continues to expand, from two major facilities to 4 to-date. These include three manufacturers required to produce Cloud b children's sleep products. Based on anticipated manufacturing requirements, this footprint may expand significantly by the end of 2019. The Company also continues to explore more efficient and expert manufacturing partners to gain greater economies of scale, potential consolidation, and cost savings on an on-going basis.

Products are also purchased from unrelated enterprises with specific expertise in the design, development, and manufacture those specialty products.

We base our production schedules on customer orders and forecasts, considering historical trends, results of market research, and current market information. Actual shipments of ordered products and order cancellation rates are affected by consumer acceptance of product lines, strength of competing products, marketing strategies of retailers, changes in buying patterns of both retailers and consumers, and overall economic conditions. Unexpected changes in these factors could result in a lack of product availability or excess inventory in a product line.

Most of our raw materials are available from numerous suppliers but may be subject to fluctuations in price.

Sales, Marketing and Advertising

Our Omni-channel sales effort is divided into three groups; (1) business-to-business revenue opportunities including traditional brick and mortar retailers (2) online market places and direct-to-consumer revenue opportunities, and (3) our NiTRO Team (Near Term Revenue Opportunities). NiTRO, identifies brands and products lines that would benefit from being part of Edison Nation. The team seeks to a find a mutually beneficial transaction to accomplish that goal.

Edison Nation's business to business team sells products through a diverse network of manufacturers, distributors and retailers. New customer prospects are gained through outbound sales calls, trade show participation, web searches, referrals from existing customers.

The online team for the company has expertise in selling products on platforms such as the Amazon marketplace as well as portals like Walmart.com and "crowd-funded" websites such as Kickstarter and Indiegogo.

The NiTRO team identifies small, unique brands that could benefit from becoming part of a larger consumer products organization with more resources. The team seeks to negotiate a mutually beneficial agreement whereby the respective branded products become part of Edison Nation's portfolio of consumer products.

In order to expand the Company's universe of registered innovators and entrepreneurs submitting ideas on the Edison Nation NPD web platform, the Company has entered a global agreement for distribution of two existing 13-episode seasons of the Company's Everyday Edison TV series with a leading digital media service company. The series will be available in its original English version as well as voiceover adaptations in German, French, and Spanish. Distribution is planned for Europe and the Middle East through digital content providers such as Amazon Prime Video.

Sources of Revenue

The Company aggressively pursues the following three sources of sales volume:

- Our branded products sold through traditional retail channels of distribution and other channels of business to business distribution.

- Our branded products sold through direct to consumer platforms such as the Amazon marketplace as well as portals like Walmart.com and "crowd-funded" websites such as Kickstarter and Indiegogo.

- Custom products and packaging solutions that the Company develops and manufactures for partners such as Disney, Marvel, Madison Square Garden and Universal Studios.

- Member idea submission and ILP program fees: $25 per submission (registered members); $20 per submission (Insider members); $100 per submission (ILP members)

- *Licensing agents*: We match an innovator's intellectual property with vertical product category leaders in a licensing structure whereby the innovator can earn up to 50% of the contracted licensing fee. Product categories include kitchenware, small appliances, toys, pet care, baby products, health & beauty aids, entertainment venue merchandise, and housewares.

- *Product principals*: We work with innovators directly, providing such innovators direct access to all of Edison Nation's resources. Depending on case-by-case factors, innovators may receive a range of up to 35% - 50% of profits.

Market Overview

The process for developing and launching consumer products has changed significantly in recent years. Previously, Fortune 500 and specialty consumer product companies funded multimillion-dollar NPD divisions to develop and launch products. These products were sold primarily on "big box" retail shelves supported by large marketing investments.

The emergence of ecommerce giants, including Amazon and Walmart.com, has disrupted traditional NPD and commercialization paths and has accelerated a consumer shift away from "brick and mortar" retailers. The result has been the bankruptcy or downsizing of many iconic retailers, including Toys R Us, JC Penney, Macy's, Sears, Kmart, Office Depot, Family Dollar, and K-B Toys, with a commensurate loss of shelf space and accessible locations.

Moreover, crowdfunding sites, like Kickstarter and Indiegogo, have also disrupted NPD process cycles and are now "mainstream."

These crowdfunding sites have enabled individual innovators and entrepreneurs to design, prototype and market unique products to millions of potential customers with significantly lower acquisition costs when compared to the capital and time required by legacy NPD processes.

Leveraging Evolving Market Opportunities for Growth

The Company believes that its anticipated growth will be driven by five macro factors including:

- The significant growth of ecommerce (14% CAGR, estimated to reach $4.9 trillion by 2021 (eMarketer 2018);
- The increasing velocity of "brick and mortar" retail closures, now surpassing Great Recession levels (Cushman & Wakefield / Moody's Analytics 2018);
- Product innovation and immediate delivery gratification driving consumer desire for next-generation products with distinctive sets of features and benefits without a reliance on brand awareness and familiarity;
- The rapid adoption of crowdsourcing to expedite successful new product launches; and
- Utilizing the opportunities to market products over the internet, rather than through traditional, commercial channels, to reach a much broader, higher qualified target market for brands and products.

In addition, we believe that by leveraging our expertise in helping companies launch thousands of new products and our ability to create unique, customized packaging, we intend to acquire small brands that have achieved approximately $1 million in retail sales over the trailing twelve-month period with a track record of generating free cash flow. In addition, we will seek to elevate the value of these acquired brands by improving each part of their launch process, based on our own marketing methodologies.

We believe our acquisition strategy will allow us to acquire small brands using a combination of shares of our common stock, cash and other consideration, such as earn-outs. We intend to use our acquisition strategy in order to acquire ten or more small brands per year for the next three years. In situations where we deem that a brand is not a "fit" for acquisition or partnership, we may provide the brand with certain manufacturing or consulting services that will assist the brand to achieve its goals.

Factors Which May Influence Future Results of Operations

The following is a description of factors which may influence our future results of operations, and which we believe are important to an understanding of our business and results of operations.

Cloud B, Inc. Transaction

On October 29, 2018, the Company entered into a Stock Purchase Agreement with a majority of the stockholders (the "Cloud B Sellers") of Cloud B, Inc., a California corporation ("Cloud B"). Pursuant to the terms of such Stock Purchase Agreement, the Company purchased 72.15% of the outstanding capital stock of Cloud B in exchange for 489,293 shares of restricted common stock of the Company. In addition, the Company entered into an Earn Out Agreement with the Cloud B Sellers, whereby, beginning in 2019, the Company will pay the Cloud B Sellers an annual amount equal to 8% multiplied by the incremental gross sales of Cloud B over its 2018 gross sales level. The Company does not anticipate any amounts to be paid under the Earn Out Agreement. The Earn Out Agreement expires on December 31, 2021. On February 17, 2020, the Company divested its interest in Cloud B, Inc. but maintained ownership of the intangible assets of the brand Cloud B through its senior secured position on the note.

HMNRTH, LLC Asset Acquisition

On March 11, 2020, the Company issued 238,750 shares of our common stock to acquire the assets of HMNRTH, LLC. The Company owes $70,850 to the principals of HMNRTH, LLC. The transaction was treated as an asset purchase and not accounted for as a business combination due to the limited inputs, processes and outputs.

Edison Nation Medical Operations

Edison Nation Holdings, LLC formed Edison Nation Medica ("EN Medical") in May of 2012. It was a partnership between Edison Nation and Carolinas Healthcare Systems (now called Atrium). Atrium is the 2nd largest healthcare system in the US. Carolina Health (Atrium) wanted a way to aggregate and commercialize the healthcare related innovations that were coming from their physicians, nurses, and patients, and Edison Nation offered a platform to provide that function.

EN Medical built out a separate platform, leveraging the Edison Nation model to look for ideas that improved patient care and lowered costs. EN collected some great ideas, but the market shifted and EN found that the licensing model was very difficult as big medical device companies wanted to acquire companies with sales versus just buying IP and prototypes.

Today, EN Medical operates an online portal granting hospitals, government agencies and distributors access to its catalog of medical supplies and hand sanitizers. EN Medical's website is located at www.edisonnationmedical.com.

Non-Employee Director Compensation

On September 26, 2018, the Compensation Committee of the board of directors approved the terms of compensation to be paid to non-employee directors for fiscal year 2018. Compensation for non-employee directors includes an annual retainer of $15,000, an annual committee meeting fee of $5,000, if such director chairs a committee of the board of directors, and an award of options to purchase 20,000 shares of the Company's common stock (the "Options"). The restricted stock underlying such Options were to vest one year after the grant date. However, the Options were never granted.

Accordingly, on November 15, 2019, in lieu of granting the Options, the Company granted the board of directors restricted stock units of 20,000 shares which vested immediately. In addition, on November 15, 2019, the Company granted each non-employee director restricted stock units of 30,000 shares, which vested on January 1, 2020.

Receivables Financing

On February 21, 2020, the Company entered into a receivables financing arrangement for certain receivables of the Company not to exceed $1,250,000 at any one time. The agreement allows for borrowings up to 85% of the outstanding receivable based on the credit quality of the customer. The fee is between 1% and 2% of the total invoices financed.

In April 2019, we entered into a receivables financing arrangement for certain receivables of the Company. The agreement allows for borrowing up to 80% of the outstanding receivable based on the credit quality of the customer. The fee is between 1% and 2% of the total invoice financed.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as the reported expenses during the reporting periods. The accounting estimates that require our most significant, difficult and subjective judgments have an impact on revenue recognition, the determination of share-based compensation and financial instruments. We evaluate our estimates and judgments on an ongoing basis. Actual results may differ materially from these estimates under different assumptions or conditions.

Our significant accounting policies are more fully described in Note 2 to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Components of our Results of Operations

Revenues

We sell consumer products across a variety of categories, including toys, plush, homewares and electronics, to retailers, distributors and manufacturers. We also sell consumer products directly to consumers through e-commerce channels.

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.

Selling, General and Administrative Expenses

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

Rental Income

We earn rental income from a month-to-month lease on a portion of the building located in Washington, New Jersey that we own.

Interest Expense, Net

Interest expense includes the cost of our borrowings under our debt arrangements.

Results of Operations

Three Months Ended March 31, 2020 versus Three Months Ended March 31, 2019

The following table sets forth information comparing the components of net (loss) income for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,		Period over Period Change	
	2020	2019	$	%
Revenues, net	$ 3,667,110	$ 5,738,534	$ (2,071,424)	-36.10%
Cost of revenues	2,418,412	3,945,558	(1,527,146)	-38.71%
Gross profit	1,248,698	1,792,976	(544,278)	-30.36%
Operating expenses:				
Selling, general and administrative	4,192,713	3,049,188	1,143,525	37.50%
Operating (loss)	(2,944,015)	(1,256,212)	(1,687,803)	134.36%
Other (expense) income:				
Rental income	25,704	25,704	-	0.0%
Interest (expense)	(723,957)	(124,694)	(599,263)	480.59%
Gain on divestirure	4,911,760	-	4,911,760	100.00%
Total other income (expense), net	4,213,507	(98,990)	4,312,497	4,356.50%
Income (loss) before income taxes	1,269,492	(1,355,202)	2,624,694	193.68%
Income tax expense	-	23,195	(23,195)	-100.00%
Net income (loss)	1,269,492	(1,378,397)	2,647,889	192.10%
Net income attributable to noncontrolling interests	-	56,893	(56,893)	-100.00%
Net income (loss) attributable to Edison Nation, Inc.	$ 1,269,492	$ (1,435,290)	$ 2,704,782	188.44%

Revenue

For the three months ended March 31, 2020, revenues decreased by $2,071,424 or 36.10%, as compared to the three months ended March 31, 2019. The decrease was primarily the result of decrease in business operations due to the COVID-19 pandemic in China and the US. The full impact of the COVID-19 outbreak to the Company's operations remains uncertain. Some of our larger customers, such as amusement parks remain closed or operating in a limited capacity. After operating at lower than planned production levels during most of the first quarter due to COVID-19, the Company's third-party manufacturing facilities in China are currently operating at planned capacity for this time of year. Manufacturing and warehouse partners outside of China are operating at varying levels of productivity depending on local government and safety considerations, with some markets operating at lower than normal production levels while other facilities have been closed entirely. The COVID-19 situation continues to be fluid, but we currently expect all manufacturing facilities to reopen in the third quarter, based upon our understanding of local governments directions at this time.

Cost of Revenues

For the three months ended March 31, 2020, cost of revenues decreased by $1,527,146 or 38.71%, as compared to the three months ended March 31, 2019. The decrease was primarily attributable to the decrease in total consolidated revenues.

Gross Profit

For the three months ended March 31, 2020, gross profit decreased by $544,278, or 30.36%, as compared to the three months ended March 31, 2019. The decrease was primarily a result of the decrease in revenues. For the three months ended March 31, 2020, gross margin increased to 34.05%, as compared to 31.24% for the three months ended March 31, 2019. The increase in gross margin was due to product mix of goods sold to customers through our Ed Roses business and our Cloud B branded products.

Operating Expenses

Selling, general and administrative expenses were $4,192,713 and $3,049,188 for the three months ended March 31, 2020 and 2019, respectively, representing an increase of $1,143,525, or 37.50%. The increase was primarily the result of an increase in stock-based compensation of approximately $1,100,000, selling fees related to Amazon of approximately $250,000 of selling expenses offset by a reduction in investor relations expense of approximately $150,000.

Rental Income

Rental income was $25,704 for both the three months ended March 31, 2020 and 2019.

Interest expense

Interest expense was $723,957 for the three months ended March 31, 2020 versus $124,694 in the previous three months ended March 31, 2019. The increase in interest expense was related to increased borrowings of debt during 2019.

Income tax expense

Income tax expense was $0 for the three months ended March 31, 2020, a decrease of $23,195 or 100.00%, compared to an expense of $23,195 for the three months ended March 31, 2019. The decrease was primarily due to the decrease in income from our foreign operations with no offset for income in the United States.

Non-GAAP Measures

EBITDA and Adjusted EBITDA

The Company defines EBITDA as net loss before interest, taxes and depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA, further adjusted to eliminate the impact of certain non-recurring items and other items that we do not consider in our evaluation of our ongoing operating performance from period to period. These items will include stock-based compensation, restructuring and severance costs, transaction costs, acquisition costs, certain other non-recurring charges and gains that the Company does not believe reflects the underlying business performance.

For the three months ended March 31, 2020 and 2019, EBITDA and Adjusted EBITDA consisted of the following:

	For the Three Months Ended March 31,	
	2020	**2019**
Net income (loss)	$ 1,269,492	$ (1,378,397)
Interest expense, net	723,957	124,696
Income tax gain (expense)	-	23,195
Depreciation and amortization	316,298	301,383
EBITDA	2,309,747	(929,123)
Stock-based compensation	1,319,511	309,919
Other non-cash stock-based charges	-	52,500
Restructuring and severance costs	242,136	36,385
Transaction and acquisition costs	82,736	223,538
Other non-recurring costs	40,860	104,174
Gain on divestiture	(4,911,760)	-
Adjusted EBITDA	$ (916,770)	$ (202,607)

EBITDA and Adjusted EBITDA is a financial measure that is not calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Management believes that because Adjusted EBITDA excludes (a) certain non-cash expenses (such as depreciation, amortization and stock-based compensation) and (b) expenses that are not reflective of the Company's core operating results over time (such as restructuring costs, litigation or dispute settlement charges or gains, and transaction-related costs), this measure provides investors with additional useful information to measure the Company's financial performance, particularly with respect to changes in performance from period to period. The Company's management uses EBITDA and Adjusted EBITDA (a) as a measure of operating performance, (b) for planning and forecasting in future periods, and (c) in communications with the Company's board of directors concerning the Company's financial performance. The Company's presentation of EBITDA and Adjusted EBITDA are not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation and should not be used by investors as a substitute or alternative to net income or any measure of financial performance calculated and presented in accordance with U.S. GAAP. Instead, management believes EBITDA and Adjusted EBITDA should be used to supplement the Company's financial measures derived in accordance with U.S. GAAP to provide a more complete understanding of the trends affecting the business.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool, and investors should not consider it in isolation or as a substitute for, or more meaningful than, amounts determined in accordance with U.S. GAAP. Some of the limitations to using non-GAAP measures as an analytical tool are (a) they do not reflect the Company's interest income and expense, or the requirements necessary to service interest or principal payments on the Company's debt, (b) they do not reflect future requirements for capital expenditures or contractual commitments, and (c) although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-GAAP measures do not reflect any cash requirements for such replacements.

Liquidity and Capital Resources

For the three months ended March 31, 2020, our operations lost approximately $2,900,000, of which approximately $2,284,000 was non-cash and approximately $366,000 was related to transaction costs and other non-recurring items

At March 31, 2020, we had total current assets of approximately $4,907,818 and current liabilities of approximately $8,899,487 resulting in negative working capital of approximately $3,991,669, of which $1,118,751 was related party notes payable and $530,815 was included in accrued expenses for unissued shares. At March 31, 2020, we had total assets of $23,199,868 and total liabilities of $11,970,547 resulting in stockholders' equity of $11,229,321.

The foregoing factors raise substantial doubt about the Company's ability to continue as a going concern for at least the next twelve months from the date of issuance of these condensed financial statements. The ability to continue as a going concern is dependent upon the Company's ability to attract significant new sources of capital, attain a reasonable threshold of operating efficiencies and achieve profitable operations from the sale of its products.

The condensed financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The following is additional information on our operating losses and working capital:

The Company's operating loss for the three months ended March 31, 2020 included $2,284,269 related to depreciation, amortization (including amortization for financing costs and right of use assets) and stock-based compensation. In addition, approximately $365,732 was related to transaction costs, restructuring charges and other non-recurring and redundant costs which are being removed or reduced.

Management has considered possible mitigating factors within our management plan on our ability to continue for at least a year from the date these financial statements are filed. The following items are management plans to alleviate any going concern issues for at least the next twelve months from the date these condensed financial statements are available:

- Subsequent to March 31, 2020, the Company raised $1,089,853 through loan agreements.
- Raise further capital through the sale of addition equity.
- Borrow money under debt securities.
- The deferral of payments to related party debt holders for both principal of $1,118,751 and related interest expense.
- Annual cost saving initiatives related to synergies and the elimination of redundant costs of approximately $1,500,000.
- Possible sale of certain brands to other manufacturers.
- Edison Nation Medical's procurement of Personal Protective Equipment ("PPE") and subsequent sale to governmental agencies, educational facilities, medical facilities and distributors.
- Entry into joint ventures or total/partial acquisitions of operational entities to expand the sale of PPE through Edison Nation Medical

Our operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our future capital requirements and the adequacy of our available funds will depend on many factors, including our ability to successfully commercialize our products and services, competing technological and market developments, and the need to enter into collaborations with other companies or acquire other companies or technologies to enhance or complement our product and service offerings.

Cash Flows

During the three months ended March 31, 2020 and 2019, our sources and uses of cash were as follows:

Cash Flows from Operating Activities

Net cash used in operating activities for the three months ended March 31, 2020 was $1,153,505 which included net income of $1,269,492 that included $204,493 of cash provided by changes in operating assets and liabilities, stock-based compensation of $1,319,511, depreciation and amortization of $316,299, amortization of financing costs of $570,636 and amortization of right of use assets of $77,823 which was offset by a gain on divestiture of a subsidiary of $4,911,760,. Net cash used in operating activities for the three months ended March 31, 2019 was $1,692,196 which included a net loss of $1,378,397 that included $1,111,327 of cash used by changes in operating assets and liabilities which was offset by stock-based compensation of $362,419, depreciation and amortization of $301,383, amortization of debt issuance costs of $56,022 and amortization of right of use assets of 77,704.

Cash Flows from Investing Activities

Net cash used in investing activities was $31,918 and $72,955 for the three months ended March 31, 2020 and 2019, respectively. Cash used in investing activities was attributable the purchase of property and equipment.

Cash Flows from Financing Activities

Cash provided by financing activities for the three months ended March 31, 2020 totaled $1,304,766 which related mostly to borrowings under convertible notes and borrowings under notes payable. Cash provided by financing activities for the three months ended March 31, 2019 totaled $431,866 which related mostly to net cash received borrowings under new debt instruments offset by repayments.

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any relationships with any organizations or financial partnerships, such as structured finance or special purpose entities, that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

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.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under Exchange Act (already defined).

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting as of March 31, 2020, we determined that, there were control deficiencies existing that constituted a material weakness.

This Quarterly Report does not include an attestation report of the Company's independent registered public accounting firm regarding internal controls over financial reporting because this is not required of the Company pursuant to Regulation S-K Item 308(b).

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2020, there were no changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of management, including our principal executive officer, we have not completed an evaluation of the effectiveness of our internal control over financial reporting based on the COSO Framework. Based on this evaluation under the COSO Framework, management concluded that our internal control over financial reporting was not effective as of March 31, 2020.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting.

However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of March 31, 2020, management completed an effective assessment of the Company's internal control over financial reporting based on the 2013 Committee of Sponsoring Organizations (COSO) framework. Management has concluded that as of March 31, 2020, our internal control over financial reporting was not effective to detect the inappropriate application of U.S. GAAP. Management identified the following material weaknesses set forth below in our internal control over financial reporting.

1. 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.

In 2019, the Company engaged an outside consultant who assisted in monitoring of our internal controls. The Company integrated to a single ERP system in 2019. The Company is continuing to utilize the services of the consultant for internal controls to further remediate the material weaknesses identified above as resources permit.

We are not required by current SEC rules to include, and do not include, an auditor's attestation report regarding our internal controls over financial reporting. Accordingly, our registered public accounting firm has not attested to management's reports on our internal control over financial reporting.

PART II

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

Not applicable to smaller reporting companies.

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

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

In connection with the foregoing, the Company relied upon the exemptions from registration provided by Rule 701 and Section 4(a)(2) under the Securities Exchange Act of 1933, as amended:

Issuance of common stock – Quarter ended March 31, 2020

On January 23, 2020, we issued 160,000 shares of our common stock to Greentree valued at $374,400 in connection with the Greentree Financing.

On March 16, 2020, we issued 238,750 shares of common stock valued at $477,500 as per the terms of the Asset Purchase Agreement dated March 11, 2020.

Issuance of common stock – Quarter ended June 30, 2020

On April 24, 2020, we issued 10,700 shares of our common stock valued at $21,935 to BHP Capital NY Inc. as origination shares as per the terms of the Securities Purchase Agreement dated April 7, 2020.

On April 24, 2020, we issued 10,700 shares of our common stock valued at $21,935 to Jefferson Street Capital, LLC as origination shares as per the terms of the Securities Purchase Agreement dated April 7, 2020.

On May 21, 2020, the Company issued 200,000 shares of common stock valued at $456,000 to PPE Brickell Supplies, LLC as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

On May 21, 2020, the Company issued 50,000 shares of common stock valued at $114,000 to Graphene Holdings, LLC as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

On May 21, 2020, the Company issued 50,000 shares of common stock valued at $114,000 to a Consultant for consulting services.

On May 22, 2020, the Company issued 200,000 shares of common stock valued at $466,000 to Graphene Holdings as per the terms of the Agreement and Plan of Share Exchange dated May 20, 2020.

Issuance of common stock - 2019

On March 6, 2019, we issued 15,000 shares of our common stock valued at $74,100 related to the borrowing of funds under a note payable.

On May 24, 2019, we issued 20,000 shares of our common stock valued at $62,000 to a note holder related to the borrowing of funds.

On June 18, 2019, we issued 15,000 shares of our common stock valued at $37,200 to a note holder to satisfy a portion of the payoff of one of our notes.

On July 16, 2019, we issued 20,000 shares of our common stock valued at $70,920 to note holders related to the borrowing of funds.

On August 26, 2019, we issued 181,005 shares of our common stock, of which 153,005 shares were reserved shares which were returnable upon repayment, valued at $713,159.70 to a note holder related to the borrowing of funds. These shares were returned in 2020 and are no longer outstanding.

On November 4, 2019, we issued 15,000 shares of our common stock valued at $29,880 to one of our note holders related to our borrowing of funds.

On November 21, 2019, we issued 1,175,000 shares of our common stock to investors at a purchase price of $2.00 per share in connection with the PIPE Transaction.

On December 5, 2019, we issued 45,000 shares of our common stock valued at $90,000 related to the acquisition of the assets of Uber Mom, LLC.

On December 19, 2019, we issued 10,000 shares of our common stock valued at $20,000 to 32 Entertainment, LLC, related to the borrowing of funds.

On December 31, 2019, we issued 10,000 shares of our common stock valued at $20,000 to Joseph Tropea, a note holder, related to the borrowing of funds.

Issuance of common stock under the Company's Equity Compensation Plan:

On May 8, 2018, we issued 61,900 shares of our common stock valued at $306,000 to various employees.

On August 17, 2018, we issued 50,000 shares of our common stock valued at $250,000 to a consultant for services provided.

On September 10, 2018, we issued 20,000 shares of our common stock valued at $100,000 to a consultant for services performed.

On September 20, 2018, we issued 5,000 shares of our common stock valued at $25,000 to a consultant for services performed.

On October 23, 2018, we issued 10,000 shares of our common stock valued at $50,000 to a consultant for services performed.

On November 6, 2018, we issued 2,000 shares of our common stock valued at $10,000 to a consultant for services performed.

On December 21, 2018, we issued 50,000 shares of our common stock valued at $251,000 to a consultant for services performed.

On December 27, 2018, we issued 18,797 shares of our common stock valued at $100,000 to a consultant for services performed.

On December 27, 2018, we issued 41,736 shares of our common stock valued at $250,000 to 2 employees.

On December 28, 2018, we issued 3,000 shares of our common stock valued at $15,000 to a consultant for services performed.

On March 13, 2019, we issued 10,500 shares of our common stock valued at $52,500 to two consultants for services performed.

On May 6, 2019, we issued 12,500 shares of our common stock valued at $47,625 to an innovator for the licensing of their product.

On May 24, 2019, we issued 10,000 shares of our common stock valued at $30,000 to a consultant for strategic consulting services.

On July 16, 2019, we issued 25,000 shares of our common stock valued at $98,500 to a consultant for strategic consulting services.

On July 16, 2019, we issued 50,000 shares of our common stock valued at $197,000 to a consultant for investor relations services.

On September 4, 2019, we issued 17,000 shares of our common stock under our plan valued at $54,250 to consultants for strategic consulting services.

On September 4, 2019, we issued 3,000 shares of our common stock under our plan valued at $8,850 to an employee.

On December 17, 2019, we issued 10,000 shares of our common stock valued at $20,000 to a consultant for strategic consulting services for our Amazon.com business.

On December 23, 2019, we issued 100,000 shares of our common stock valued at $200,000 to Phil Anderson, former Chief Strategic Officer, for satisfaction of surrendering his outstanding options.

On December 23, 2019, we issued 32,813 shares of our common stock valued at $65,626 to Phil Anderson, our former Chief Financial Officer and Chief Strategic Officer, for satisfaction of his remaining payments under his strategic consulting contract.

On December 31, 2019, we issued 23,923 shares of our common stock valued at $47,846 to 4 Keeps Roses, Inc, related to the joint venture of Ed Roses, LLC.

On January 13, 2020, we issued 50,000 shares of our common stock valued at $100,000 to Ridgewood LLC, a consultant for strategic consulting services for assistance with sales on Amazon.com.

On February 7, 2020, we issued 15,000 shares of our common stock to MZHCI, LLC valued at $40,350 in connection with the satisfaction of outstanding amounts due under a settlement agreement.

On March 16, 2020, the Company issued 300,000 shares of our common stock valued at $600,000 to a Consultant as per the terms of the Consulting Agreement dated September 12, 2019.

On March 16, 2020, the Company issued 50,000 shares of our common stock valued at $100,000 to a Consultant as per the terms of the Consulting Agreement dated September 12, 2019.

On April 13, 2020, we issued 12,500 shares of 12,500 shares of our common stock valued at $31,625 to Caro Partners, LLC for consulting services.

Use of Proceeds

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated By Reference to Form	Exhibit	Filing Date	Filed Herewith
3.1	Second Amended and Restated Articles of Incorporation of Edison Nation, Inc.	8-K	3.3	March 26, 2020	
10.1	Loan Agreement with Tiburon Opportunity Fund, dated January 2, 2020	S-1	10.29	February 12, 2020	
10.2	5% Note Agreement with Equity Trust Company, Custodian FBO: Rawleigh H. Ralls, dated January 10, 2020	S-1	10.30	February 12, 2020	
10.3	Common Stock Purchase Warrant with Equity Trust Company, Custodian FBO: Rawleigh H. Ralls, dated January 10, 2020	S-1	10.31	February 12, 2020	
10.4	5% Note Agreement with Paul J. Solit and Julie B. Solit, dated January 15, 2020	S-1	10.32	February 12, 2020	
10.5	Common Stock Purchase Warrant with Paul J. Solit and Julie B. Solit, dated January 15, 2020	S-1	10.33	February 12, 2020	
10.6	5% Note Agreement with Richard O'Leary, dated January 17, 2020	S-1	10.34	February 12, 2020	
10.7	Common Stock Purchase Warrant with Richard O'Leary, dated January 15, 2020	S-1	10.35	February 12, 2020	
10.8	Loan Agreement with Greentree Financial Group, Inc., dated January 23, 2020	8-K	10.1	January 29, 2020	
10.9	10% Convertible Promissory Note with Greentree Financial Group, Inc., dated January 23, 2020	8-K	10.2	January 29, 2020	
10.10	Common Stock Purchase Warrant with Greentree Financial Group, Inc., dated January 23, 2020	8-K	10.3	January 29, 2020	
10.11	Amendment Agreement with Greentree Financial Group, Inc., dated January 29, 2020	8-K	10.4	January 29, 2020	
10.12	Agreement for the Purchase and Sale of Common Stock of Cloud B, Inc. dated February 17, 2020	8-K	10.1	February 21, 2020	
10.13	Asset Purchase Agreement between HMNRTH, LLC, TCBM Holdings, LLC and Edison Nation, Inc. and Scalematix, LLC dated March 11, 2020	8-K	10.1	March 12, 2020	
10.14	Securities Purchase Agreement between Edison Nation, Inc. and Jefferson Street Capital, LLC dated April 7, 2020	8-K	10.3	April 27, 2020	
10.15	Convertible Promissory Note between Edison Nation, Inc. and Jefferson Street Capital, LLC dated April 7, 2020	8-K	10.4	April 27, 2020	
10.16	Securities Purchase Agreement between Edison Nation, Inc. and BHP Capital NY Inc. dated April 7, 2020	8-K	10.1	April 27, 2020	
10.17	Convertible Promissory Note between Edison Nation, Inc. and BHP Capital NY Inc dated April 7, 2020	8-K	10.2	April 27, 2020	
10.18	Promissory Note Small Business Administration-Paycheck Protection Program dated April 15, 2020	8-K	10.8	April 27, 2020	
10.19	Consulting Agreement between Edison Nation, Inc. and Tiburon dated April 24, 2020	8-K	10.5	April 27, 2020	
10.20	Debt Conversion Agreement between Edison Nation, Inc. and Tiburon Opportunity Fund dated April 24, 2020	8-K	10.6	April 27, 2020	
10.21	Distributor Agreement between Edison Nation Holdings, LLC and Marrone Bio Innovations, Inc. dated May 13, 2020	10-K	10.45	May 29, 2020	
10.22	Secured Line of Credit Agreement between Global Solutions, LLC, Edison Nation, Inc. and PPE Brickell Supplies, LLC dated May 20, 2020	8-K	10.1	May 26, 2020	
10.23	Security Agreement between Global Solutions, LLC, Edison Nation, Inc. and PPE Brickell Supplies, LLC dated May 20, 2020	8-K	10.2	May 26, 2020	
10.24	Agreement and Plan of Share Exchange Agreement between Edison Nation, Inc. PPE Brickell Supplies, LLC and Graphene Holdings, LLC dated May 20, 2020	8-K	10.3	May 26, 2020	
10.25	Amended Limited Liability Company Agreement of Global Clean Solutions, LLC dated May 20, 2020	8-K	10.4	May 26, 2020	
10.26	Purchase of Inventory and Repurchase Agreement between Edison Nation, Inc. and Fergco Bros, dated May 7, 2020	10-K	10.50	May 29, 2020	
10.27	Amendment to Purchase of Inventory and Repurchase Agreement between Edison Nation, Inc. and Fergco Bros, dated May 15, 2020	10-K	10.51	May 29, 2020	
10.28	Amendment to Senior Secured Note between Edison Nation, Inc. and 32 Entertainment, LLC dated May 19, 2020	10-K	10.52	May 29, 2020	
10.29	Amended Subordinate Secured Note between Edison Nation, Inc and 32 Entertainment, LLC dated May 19, 2020	10-K	10.53	May 29, 2020	
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				*
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				**
101.INS*	XBRL Instance Document				*
101.SCH*	XBRL Taxonomy Extension Schema Document				*
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document				*
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document				*
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document				*
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document				*

* Filed herewith.

** Furnished herewith.

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: June 29, 2020

EDISON NATION, INC.

By: */s/ Christopher B. Ferguson*

Christopher B. Ferguson
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.1

EDISON NATION, 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, Christopher B. Ferguson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Edison Nation, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(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: June 29, 2020

/s/ Christopher B. Ferguson
Christopher B. Ferguson
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

EDISON NATION, 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 Edison Nation, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer(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: June 29, 2020

/s/ Brett Vroman
Brett Vroman
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

EDISON NATION, 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, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "**Report**"), of Edison Nation, 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: June 29, 2020	*/s/ Christopher B. Ferguson*
	Christopher B. Ferguson Chief Executive Officer (Principal Executive Officer)
Date: June 29, 2020	*/s/ Brett Vroman*
	Brett Vroman Chief Financial Officer (Principal Financial Officer)