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

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number: 000-55314

nFűsz, Inc.

(Exact name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction
of Incorporation or Organization)

90-1118043

(I.R.S. Employer
Identification Number)

**344 S. Hauser Blvd
Suite 414**

Los Angeles, CA 90036

(Address of Principal Executive Offices including Zip Code)

(855) 250-2300

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of August 10, 2017, 105,677,520 shares of the issuer's common stock, par value of \$0.0001 per share, were outstanding.

nFÜSZ, INC.
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PART I — FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

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nFÜSZ, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>June 30, 2017</i>	<i>December 31, 2016</i>
	<i>(Unaudited)</i>	
ASSETS		
Current assets:		
Cash	\$ 27,008	\$ 16,762
Accounts receivable	-	8,468
Prepaid expenses	33,101	10,871
Total current assets	60,109	36,101
Property and equipment, net	41,398	52,066
Other assets	9,073	16,036
Total assets	\$ 110,580	\$ 104,203
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 435,309	\$ 431,650
Accrued interest (including \$109,946 and \$118,451 payable to related parties)	215,557	118,137
Accrued officers' salary	386,279	200,028
Notes payable, net of discount of \$0 and \$48,942, respectively	125,000	177,358
Notes payable - related party	1,964,985	1,964,985
Convertible note payable, net of discount of \$105,061 and \$0, respectively	685,207	680,268
Total current liabilities	3,812,337	3,572,426
Notes Payable Series A Preferred, net of discount of \$20,857	294,143	-
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, \$0.0001 par value, 15,000,000 shares authorized, none issued or outstanding	-	-
Common stock, \$0.0001 par value, 200,000,000 shares authorized, 105,072,899 and 94,661,566 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	10,507	9,465
Additional paid in capital	20,235,598	17,815,732
Stock subscription	(20)	(20,020)
Accumulated deficit	(24,241,985)	(21,273,400)
Total stockholders' deficit	(3,995,900)	(3,468,223)
Total liabilities and stockholders' deficit	\$ 110,580	\$ 104,203

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net Sales	\$ -	\$ -	\$ -	\$ -
Research and development	92,240	83,366	181,840	119,816
General and administrative	1,352,028	1,047,580	1,970,028	1,556,539
Loss from operations	<u>(1,444,268)</u>	<u>(1,130,946)</u>	<u>(2,151,868)</u>	<u>(1,676,355)</u>
Other Income	-	31,525	-	31,593
Debt Extinguishment	(526,871)	-	(552,871)	-
Interest expense (including \$58,788 and \$69,034 to related parties for six months and \$116,930 and \$122,978 to related parties for three months)	(86,816)	(87,779)	(170,822)	(160,349)
Interest expense - amortization of debt discount	(53,346)	(100,452)	(93,024)	(179,822)
Net loss	<u>\$ (2,111,301)</u>	<u>\$ (1,287,652)</u>	<u>\$ (2,968,585)</u>	<u>\$ (1,984,933)</u>
Earnings per share - basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>102,734,185</u>	<u>73,186,149</u>	<u>99,184,826</u>	<u>65,067,157</u>

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT
(Unaudited)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Stock Subscription</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at December 31, 2016	94,661,566	\$ 9,465	\$ 17,815,732	\$ (20,020)	\$ (21,273,400)	\$ (3,468,223)
Fair value vested options	-	-	242,630	-	-	242,630
Proceeds from sale of common stock	6,275,000	628	429,372	20,000	-	450,000
Shares of common stock issued upon conversion of debt	462,000	46	110,834			110,880
Fair value of warrants issued to extinguish debt and accounts payable	-	-	517,291			517,291
Shares of common stock issued to settle accounts payable	400,000	40	55,960	-	-	56,000
Fair value of common shares, warrants and beneficial conversion feature of issued convertible note	50,000	5	99,995			100,000
Share based compensation - shares issued for services	3,224,333	323	963,784	-	-	964,107
Net loss	-	-	-	-	(2,968,585)	(2,968,585)
Balance at June 30, 2017	<u>105,072,899</u>	<u>\$ 10,507</u>	<u>\$ 20,235,598</u>	<u>\$ (20)</u>	<u>(24,241,985)</u>	<u>\$ (3,995,900)</u>

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

nFÜSZ, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Operating Activities:		
Net loss	\$ (2,968,585)	\$ (1,984,933)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	1,206,737	714,274
Debt extinguishment	552,871	-
Amortization of debt discount and debt issuance costs	93,024	179,822
Depreciation and amortization	10,668	11,652
Effect of changes in operating assets and liabilities:		
Accounts payable and accrued expenses	317,330	259,856
Accounts receivable	8,468	(34,362)
Other assets	6,963	-
Prepaid expenses and other current assets	(22,230)	(41,984)
Net cash used in operating activities	<u>(794,754)</u>	<u>(895,675)</u>
Financing Activities:		
Proceeds from sale of common stock	450,000	918,980
Proceeds from series A preferred stock	255,000	-
Proceeds from note payable	100,000	-
Proceeds from notes payable - related parties	-	82,446
Repurchases of common stock	-	(166,226)
Net cash provided by financing activities	<u>805,000</u>	<u>835,200</u>
Net change in cash	10,246	(60,475)
Cash - beginning of period	<u>16,762</u>	<u>103,019</u>
Cash - end of period	<u>\$ 27,008</u>	<u>\$ 42,544</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 67,364	\$ 6,250
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of note payable to common stock	\$ 110,880	\$ -
Fair value of common shares, warrants and beneficial conversion feature of issued convertible note	\$ 100,000	\$ -
Common stock issued to settle accounts payable	\$ 56,000	\$ -
Conversion of notes payable to convertible notes payable	\$ -	\$ 600,000
Conversion of notes payable to related parties to convertible notes payable	\$ -	\$ 332,446
Conversion of accrued payroll to related party note	\$ -	\$ 121,875
Conversion of accrued interest on notes payable to convertible notes payable	\$ -	\$ 66,463
Conversion of accrued interest on notes payable to related parties to convertible notes payable	\$ -	\$ 10,421

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

nFÜSZ, INC.
Notes to Condensed Consolidated Financial Statements
The Six Months Ended June 30, 2017 and 2016
(Unaudited)

1. DESCRIPTION OF BUSINESS

Organization

Cutaia Media Group, LLC (“CMG”) was a limited liability company formed on December 12, 2012 under the laws of the State of Nevada. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG was merged into bBooth, Inc. and bBooth, Inc. changed its name to bBooth (USA), Inc. The operations of CMG and bBooth (USA), Inc. are collectively referred to as “bBoothUSA”.

On October 16, 2014, bBoothUSA completed a Share Exchange Agreement with Global System Designs, Inc. (“GSD”) which was accounted for as a reverse merger transaction. In connection with the closing of the Share Exchange Agreement, GSD management was replaced by bBoothUSA management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, the registrant (referred to as “we,” “our,” or the “Company”) changed our corporate name from bBooth, Inc. to nFüsz, Inc. The name change was effected through a parent/subsidiary short-form merger of nFüsz, Inc., our wholly-owned Nevada subsidiary, formed solely for the purpose of the name change, with and into us. We were the surviving entity. To effectuate the merger, we filed Articles of Merger with the Secretary of State of the State of Nevada on April 4, 2017 and a Certificate of Correction with the Secretary of State of the State of Nevada on April 17, 2017. The merger became effective on April 21, 2017. Our board of directors approved the merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes, stockholder approval of the merger was not required.

On the effective date of the merger, our name was changed to “nFüsz, Inc.” and our Articles of Incorporation, as amended (the “Articles”), were further amended to reflect our new legal name. With the exception of the name change, there were no other changes to our Articles.

Nature of Business

The Company has developed proprietary interactive video technology which serves as the basis for certain products and services that it licenses under the brand name “Notifi”. Its NotifiCRM, NotifiADS, NotifiLINKS, and NotifiWEB products are cloud-based, SaaS, CRM, sales lead generation, advertising and social engagement software, accessible on mobile and desktop platforms, for sales-based organizations, consumer brands, marketing and advertising agencies, and artists and social influencers seeking greater levels of viewer engagement, and higher sales conversion rates. The Company’s NotifiCRM platform is enterprise scalable and incorporates unique, proprietary, push-to-screen, interactive audio/video messaging and interactive on-screen “virtual salesperson” communications technology. The Company’s NotifiLIVE service is a proprietary broadcast video platform allowing viewers to interact with broadcast video content by clicking on links embedded in people, objects, graphics or sponsors’ signage displayed on the screen. Viewers can experience NotifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying condensed consolidated financial statements are unaudited. These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the SEC. The condensed consolidated balance sheet as of December 31, 2016 included herein was derived from the audited consolidated financial statements as of that date.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position and results of operations for the interim periods reflected. Except as noted, all adjustments contained herein are of a normal recurring nature. Results of operations for the fiscal periods presented herein are not necessarily indicative of fiscal year-end results.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of nFusz, Inc. and its wholly owned subsidiary Songstagram, Inc. ("Songstagram"). All intercompany transactions have been eliminated in consolidation.

Going Concern

We have incurred operating losses since inception and have negative cash flows from operations. We had a stockholders' deficit of \$3,995,900 as of June 30, 2017 and utilized \$794,754 of cash for the period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. In addition, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2016 consolidated financial statements, has raised substantial doubt about the Company's ability to continue as a going concern.

Our continuation as a going concern is dependent on our ability to obtain additional financing until we can generate sufficient cash flows from operations to meet our obligations. We intend to continue to seek additional debt or equity financing to continue our operations. There is no assurance that we will ever be profitable or that debt or equity financing will be available to us. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should we be unable to continue as a going concern.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include accruals for potential liabilities, assumptions used in determining the fair value of share based payments, and realization of deferred tax assets. Amounts could materially change in the future.

Share Based Payment

The Company issues stock options, common stock, and equity interests as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation to employees in accordance with FASB ASC 718 "Compensation – Stock Compensation." Stock-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period.

The Company accounts for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50 "Equity - Based Payments to Non-Employees." Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

The Company values stock compensation based on the market price on the measurement date. As described above, for employees this is the date of grant, and for non-employees, this is the date of performance completion. The Company values stock options and warrants using the Black-Scholes option pricing model.

Net Loss Per Share

Basic net loss per share is computed by using the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental common shares issuable upon exercise of stock options. No dilutive potential common shares were included in the computation of diluted net loss per share because their impact was anti-dilutive. As of June 30, 2017, the Company had a total of 23,030,953 options and 20,540,456 warrants outstanding, which were excluded from the computation of net loss per share because they are anti-dilutive. As of June 30, 2016, the Company had total of 11,600,000 options and 16,449,734 warrants which were excluded from the computation of net loss per share because they are anti-dilutive.

Recent Accounting Pronouncements

On May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company's financial statements and disclosures.

In March 2016, the FASB issued the ASU 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The amendments in this ASU require, among other things, that all income tax effects of awards be recognized in the income statement when the awards vest or are settled. The ASU also allows for an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and allows for a policy election to account for forfeitures as they occur. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted for any entity in any interim or annual period. The Company is currently evaluating the expected impact that the standard could have on its financial statements and related disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017 and December 31, 2016.

	<u>June 30, 2017</u> (Unaudited)	<u>December 31, 2016</u>
Furniture and fixtures	\$ 56,890	\$ 56,890
Office equipment	50,669	50,669
	107,559	107,559
Less: accumulated depreciation	<u>(66,161)</u>	<u>(55,493)</u>
	<u>\$ 41,398</u>	<u>\$ 52,066</u>

Depreciation expense amounted to \$10,668 and \$11,652 for six months ended June 30, 2017 and 2016, respectively.

4. NOTES PAYABLE

The Company has the following notes payable as of June 30, 2017 and December 31, 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note payable (a)	March 21, 2015	March 20, 2018	12%	\$ 125,000	\$ 125,000	\$ 125,000
Note payable (b)	December 15, 2016	June 15, 2017	5%	\$ 101,300	-	101,300
Total notes payable					125,000	226,300
Debt discount					-	(48,942)
Total notes payable, net of debt discount					<u>\$ 125,000</u>	<u>\$ 177,358</u>

- (a) On March 21, 2015, the Company entered into an agreement with DelMorgan Group LLC (“DelMorgan”), pursuant to which DelMorgan agreed to act as the Company’s exclusive financial advisor. In connection with the agreement, the Company paid DelMorgan \$125,000, which was advanced by a third-party lender in exchange for an unsecured note payable issued by the Company bearing interest at the rate of 12% per annum payable monthly beginning on April 20, 2015.

Effective March 20, 2017, the Company entered into an extension agreement (the “Extension Agreement”) with DelMorgan to extend the maturity date of the Note to and including March 20, 2018. All other terms of the Note remain unchanged.

- (b) On December 15, 2016, the Company entered into an agreement with a buyer, whereby the Company agreed to issue and sell to the Buyer, and the Buyer agreed to purchase from the Company, (i) a non-interest bearing Note in the original principal amount of \$250,000, (ii) Warrants, and (iii) shares of the Company’s common stock in an amount equal to 30% of the purchase price of the respective tranche divided by the closing price of the Common Stock on the trading day immediately prior to the date of funding of the respective tranche (collectively, the “Inducement Shares”). The “Maturity Date” shall be six months from the date of each payment of Consideration. A one-time interest charge of five percent (5%) (“Interest Rate”) is to be applied on the Issuance Date to the original principal amount. In addition, there is a 10% Original Issue Discount that is to be prorated based on the consideration paid by the Buyer.

On December 16, 2016, the Buyer purchased for \$80,000 the first tranche of the Note and the respective securities to be issued and the Company sold to it including (i) a three-year warrant to acquire 176,000 shares of the Company’s common stock with an exercise price of \$0.25 per share, and (ii) 240,000 shares of the Company’s common stock.

Upon issuance of the note, the company accounted for an original issue discount of \$21,300, which consisted of (i) the 10% original issue discount of \$8,800, and (ii) the fixed interest of 5% which aggregated \$12,500 (such rate based on the entire funding due of \$250,000). The original issue discount will be accreted to interest expense over the life of the note, resulting in a net amount due the holder of \$101,300 at maturity. In addition, the (iii) the fair value of the 240,000 common shares of \$21,600 issued to the holder, and (iv) the relative fair value of the warrants of \$32,059 was considered as additional valuation discount to be amortized as interest expense over the life of the note.

The aggregate fair value of the original issue discount and the equity securities issued upon inception of the note of \$53,659 was recorded as a valuation discount. The balance of the valuation discount at December 31, 2016 was \$48,942. During the six months ended June 30, 2017, \$48,942 of this amount was amortized as interest expense.

On June 7, 2017, the Company converted the debt and issued the Buyer 462,000 shares of its Common Stock (the “Shares”) with a fair value of \$110,880 at the date of the agreement. In the event the Buyer does not realize sufficient proceeds through sales of the Shares, in accordance with the terms set forth herein, to equal \$92,400, after deduction of reasonable sale transaction-related expenses, the Company agrees to issue additional shares to make up the deficiency or to pay such deficiency in cash, at the Company’s option. The Parties agree that this “Make Whole” provision shall expire and be of no further force and effect on the date the sum of net proceeds realized from the sale of the initial issuance of 462,000 shares is equal to or greater than \$92,400; or any deficiency is paid in cash by the Company at its option; or June 7, 2018, whichever occurs first. The buyer agrees not to sell more than 10 percent (10%) of the total weekly volume of FUSZ common shares traded in the United States domestic over-the-counter stock market in any one week. The Buyer agrees, that upon request of the Company, to provide trading records to the Company reflecting all sales of the Shares, within 1 (one) business days following such request. As a result of this conversion, the Company recognized a loss on extinguishment of \$9,580 to account the difference between the fair value of the share issued and the note converted.

Total interest expense for notes payable for the six months ended June 30, 2017 and 2016 was \$7,500 and \$7,500 respectively. Total interest expense for notes payable for the three months ended June 30, 2017 and 2016 was \$3,750 and \$3,750, respectively.

5. NOTES PAYABLE – RELATED PARTIES

The Company has the following related parties notes payable as of June 30, 2017 and December 31, 2016:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note 1	Year 2015	August 8, 2018	12.0%	\$ 1,203,242	\$ 1,198,883	\$ 1,198,883
Note 2	December 1, 2015	August 8, 2018	12.0%	189,000	189,000	189,000
Note 3	December 1, 2015	April 1, 2017	12.0%	111,901	111,901	111,901
Note 4	August 4, 2016	August 4, 2017	12.0%	343,326	343,326	343,326
Note 5	August 4, 2016	August 4, 2017	12.0%	121,875	121,875	121,875
Total notes payable – related parties, net					\$ 1,964,985	\$ 1,964,985

- On various dates during the year ended December 31, 2015, Rory J. Cutaia, the Company’s majority shareholder and Chief Executive Officer, loaned the Company total principal amounts of \$1,203,242. The loans were unsecured and all due on demand, bearing interest at 12% per annum. On December 1, 2015, the Company entered into a Secured Convertible Note agreement with Mr. Cutaia whereby all outstanding principal and accrued interest owed to Mr. Cutaia from previous loans amounting to an aggregate total of \$1,248,883 and due on demand, was consolidated under a note payable agreement, bearing interest at 12% per annum, and converted from due on demand to due in full on April 1, 2017. In consideration for Mr. Cutaia’s agreement to consolidate the loans and extend the maturity date, the Company granted Mr. Cutaia a senior security interest in substantially all current and future assets of the Company. Per the terms of the agreement, at Mr. Cutaia’s discretion, he may convert up to \$374,665 of outstanding principal, plus accrued interest thereon, into shares of common stock at a conversion rate of \$0.07 per share.

On May 4, 2017, the Company entered into an extension agreement (the “Extension Agreement”) with Rory J. Cutaia to extend the maturity date of the \$1,198,883 Secured Note due on April 1, 2017 to and including August 1, 2018. In consideration for extending the Note the Company issued Mr. Cutaia 1,755,192 warrants at a price of \$0.355. All other terms of the Note remain unchanged. The Company determined that the extension of the note’s maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the recorded value of the original convertible note. As a result, Company recorded the fair value of the new note which approximates the original carrying value \$1,198,883 and expensed the entire fair value of the warrants granted of \$517,291 as part of loss on debt extinguishment. As of June 30, 2017, and December 31, 2016, the principal amount of the notes payable was \$1,198,883.

- On December 1, 2015, the Company entered into an Unsecured Convertible Note with Mr. Cutaia in the amount of \$189,000, bearing interest at 12% per annum, representing a portion of Mr. Cutaia’s accrued salary for 2015. The note extends the payment terms from on-demand to due in full on April 1, 2017. The outstanding principal and accrued interest may be converted at Mr. Cutaia’s discretion into shares of common stock at a conversion rate of \$0.07.

On May 4, 2017, the Company entered into an extension agreement (the “Extension Agreement”) with Rory J. Cutaia to extend the maturity date of the \$189,000 Unsecured Note due on April 1, 2017 to and including August 1, 2018. All other terms of the Note remain unchanged.

- On December 1, 2015, the Company entered into an Unsecured Note agreement with a consulting firm owned by Michael Psomas, a former member of the Company’s Board of Directors, in the amount of \$111,901 representing unpaid fees earned for consulting services previously rendered but unpaid as of November 30, 2015. The outstanding amounts bear interest at 12% per annum, and are due in full on April 1, 2017, and is currently past due.
- On April 4, 2016, the Company issued a secured convertible note to the Chief Executive Officer (“CEO”) and a director of the Company, in the amount of \$343,326, which represents additional sums of \$93,326 that the CEO advanced to the Company during the period from December 2015 through March 2016, and the conversion of \$250,000 other pre-existing notes. This note bears interest at the rate of 12% per annum, compounded annually and matures on August 4, 2017. The note is also convertible up to 30% of the principal balance into shares of the Company’s common stock at \$0.07 per share. In addition, the Company also issued 2,452,325 share purchase warrants, exercisable at \$0.07 per share until April 4, 2019, which warrants represent 50% of the amount of such note.
- On April 4, 2016, the Company issued an unsecured convertible note payable to the CEO in the amount of \$121,875, which represents the amount of the accrued but unpaid salary owed to the CEO for the period from December 2015 through March 2016. The note bears interest at the rate of 12% per annum, compounded annually and matures on August 4, 2017. The note is also convertible into shares of the Company’s common stock at \$0.07 per share, which approximated the trading price or the Company’s common stock on the date of the agreement.

Total interest expense for notes payable to related parties for the six months ended June 30, 2017 and 2016 was \$116,930 and \$122,978, respectively. Total interest expense for notes payable to related parties for the three months ended June 30, 2017 and 2016 was \$58,788 and \$69,034, respectively.

6. CONVERTIBLE NOTE PAYABLE

The Company has the following notes payable as of June 30, 2017 and December 31, 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note payable (a)	Various	August 4, 2017	12%	\$ 600,000	\$ 680,268	\$ 680,268
Note payable (b)	June 19, 2017	February 19, 2018	5%	\$ 110,000	110,000	-
Total notes payable					790,268	680,268
Debt discount					(105,061)	-
Total notes payable, net of debt discount					\$ 685,207	\$ 680,268

- (a) The Company entered into a series of unsecured loan agreement with Oceanside Strategies, Inc. (“Oceanside”) a third party-lender, in the aggregate principal amount of \$600,000 through December 31, 2015. The loans bear interest at rates ranging from 5% to 12% per annum and were due on demand.

On April 3, 2016, the Company issued an unsecured convertible note payable to Oceanside in the amount of \$680,268 (this amount includes \$600,000 principal amount and \$80,268 accrued and unpaid interest). This note superseded and replaced all previous notes and current liabilities due to Oceanside for sums Oceanside loaned to the Company in 2014 and 2015. This note bears interest at the rate of 12% per annum, compounded annually. In consideration for Oceanside’s agreement to convert the prior notes from current demand notes and extend the maturity date to December 4, 2016, the Company granted Oceanside the right to convert up to 30% of the amount of such note into shares of the Company’s common stock at \$0.07 per share and issued 2,429,530 share purchase warrants, exercisable at \$0.07 per share until April 4, 2019.

Effective December 30, 2016, the Company entered into an extension agreement (the “Extension Agreement”) with Oceanside to extend the maturity date of the Note to and including August 4, 2017. All other terms of the Note remain unchanged. In consideration for Oceanside’s agreement to extend the maturity date to August 4, 2017, the Company issued Oceanside 2,429,530 share purchase warrants, exercisable at \$0.08 per share until December 29, 2019.

- (b) On June 19, 2017, the Company issued an unsecured convertible note to Lucas Holdings in the amount of \$100,000 in exchange for 50,000 shares of common stock and a three-year warrant to acquire 330,000 shares of the Company’s common stock with an exercise price of \$.30 per share. The “Maturity Date” is February 18, 2018. A one-time interest charge of five percent (5%) (“Interest Rate”) is to be applied on the Issuance Date to the original principal amount. In addition, there is a 5% Original Issue Discount.

Upon issuance of the note, the company accounted for an original issue discount of \$10,000 which consisted of (i) the 5% original issue discount of \$5,000, and (ii) the fixed interest of 5% which aggregated \$5,000. The original issue discount of \$10,000 has been added to the note balance and will be accreted to interest expense over the life of the note, resulting in a net amount due the holder of \$110,000 at maturity. In addition, the (iii) the fair value of the 50,000 common shares of \$12,500 issued to the holder, (iv) the relative fair value of the warrants of \$40,180, and (v) a beneficial conversion feature of \$47,320 were considered as additional valuation discount and will be amortized as interest expense over the life of the note.

The aggregate fair value of the original issue discount and the equity securities issued upon inception of the note of \$110,000 has been recorded as a valuation discount. As of June 30, 2017, \$4,939 of this amount was amortized as interest expense, resulting in an unamortized balance of \$105,061 at June 30, 2017.

Total interest expense for convertible notes payable for the six months ended June 30, 2017 and 2016 was \$40,481 and \$40,704, respectively. Total interest expense for convertible notes payable for the three months ended June 30, 2017 and 2016 was \$20,352 and \$20,352, respectively.

7. CONVERTIBLE SERIES A PREFERRED STOCK

Effective February 14, 2017, the Company entered into a Securities Purchase Agreement, (the “Purchase Agreement”), by and between an otherwise unaffiliated, accredited investor (the “Purchaser”) and the Company in connection with our issuance and sale to the Purchaser of shares of Series A Preferred Stock under the terms and conditions as set forth in the Purchase Agreement (the “Sale”).

In connection with the Sale, our Board of Directors (our “Board”) authorized and approved a series of preferred stock to be known as “Series A Convertible Preferred Stock”, for which 1,050,000 shares, \$0.0001 par value per share, were authorized and a Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, (the “Certificate”), was filed with the Office of the Secretary of State of the State of Nevada (the “State”) to effectuate the authorization. Pursuant to the Purchase Agreement, the purchase of shares of our Series A Preferred Stock may occur in several tranches (each, a “Tranche”; and, collectively, the “Tranches”). The first Tranche of \$300,000 (\$315,000 in stated value, represented by 315,000 shares of our Series A Preferred Stock) closed simultaneously with the execution of the Purchase Agreement on February 14, 2017 (the “First Closing”), and each additional Tranche shall close at such times and on such financial terms as may be agreed to by the Purchaser and us. The net proceeds to us after offering costs was \$255,000.

The Series A PS has the following rights and privileges:

- Senior rights in terms preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company;
- Accrues dividends at a rate of 5% per annum;
- Mandatorily redeemable at an installment basis starting August 13, 2017 in the amount of \$63,000 plus accrued interest. The Company has the option to redeem the Series A shares in cash or in shares of common stock based upon the Company's 5 day Volume Weighted Average Price ("VWAP").

Pursuant to the terms of the Purchase Agreement, the shares of our Series A Preferred Stock issued in the First Closing are to be redeemed by us in five (5) equal weekly payments (each, a "Redemption Payment"), commencing in approximately 180 days from the First Closing. All but one of the Redemption Payments may be made by us in cash or in shares of our common stock, at our option. The Holder shall have the option to demand payment of one Installment Redemption Payment in shares of Common Stock. Redemption Payments made using shares of our common stock will be valued based upon a VWAP formula, tied to the then-current quoted price of shares of our common stock, described with greater particularity in the Purchase Agreement.

The Company considered the guidance of ASC 480-10, Distinguishing Liabilities From Equity to determine the appropriate treatment of the Series A shares. Pursuant to ASC 480-10, the Company determined that the Series A shares is an obligation to be settled, at the option of the Company, in cash or in variable number of shares with a fixed monetary value that should be recorded as a liability under ASC 480-10. As a result, the Company determined the fair value of the Series A to be \$300,000 upon issuance with the difference of \$15,000 from the face amount, and incurred legal fees of \$45,000, to be accounted as a debt discount which will be amortized over the term of the redemption period of the Series A shares.

As a result of this transaction, the Company recorded a liability of \$315,000 and a debt discount of \$60,000, upon issuance. As of June 30, 2017, the remaining unamortized discount was \$20,857 resulting in a net amount due of \$294,143.

8. EQUITY TRANSACTIONS

The Company's common stock activity for the six months ended June 30, 2017 is as follows:

Common Stock

Shares Issued for Services – During the period ended June 30, 2017, the Company issued 3,224,333 common shares to employees and vendors for services rendered with a fair value of \$964,107 and are expensed based on fair market value of the stock price at the date of grant.

Shares Issued to Settle Accounts Payable - During the period ended June 30, 2017, the Company amended an agreement with a vendor and issued 400,000 shares of common stock as full and final payment to the vendor on accounts payable owed of \$30,000. The fair value of the shares issued was \$56,000, a loss on extinguishment of debt totaling \$26,000 was recorded as part of the transaction.

Shares Issued from Stock Subscription – The Company issued stock subscription to investors. For the six months ended June 30, 2017, the Company issued 6,275,000 common shares for a net proceed of \$430,000.

The Company previously received \$20,000 related to the Subscription Receivable that was outstanding as of December 31, 2016.

Shares Issued from Conversion of Note Payable - During the period ended June 30, 2017, the Company converted a \$92,400 note payable into 462,000 shares of its Common Stock (the "Shares") with a fair value of \$110,880 (see Note 4).

Shares Issued as Part of Convertible Note Payable - During the period ended June 30 2017, the Company issued 50,000 shares of common stock with a fair market value of \$12,500 (see Note 6).

Stock Options

Effective October 16, 2014, the Company adopted the 2014 Stock Option Plan (the “Plan”) under the administration of the board of directors to retain the services of valued key employees and consultants of the Company.

At its discretion, the Company grants share option awards to certain employees and non-employees, as defined by ASC 718, Compensation—Stock Compensation, under the 204 Stock Option Plan (the “Plan”) and accounts for its share-based compensation in accordance with ASC 718.

A summary of option activity for the six months ended June 30, 2017 is presented below.

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2016	10,530,953	\$ 0.33	4.03	
Granted	12,500,000	0.17		
Exercised	-	-		
Forfeited or expired	-	-		
Outstanding at June 30, 2017	<u>23,030,953</u>	<u>\$ 0.26</u>	1.97	<u>\$ 1,443,767</u>
Vested and expected to vest at June 30, 2017	<u>9,614,625</u>	<u>\$ 0.34</u>		<u>\$ 480,923</u>
Exercisable at June 30, 2017	<u>6,389,286</u>	<u>\$ 0.46</u>		<u>\$ 153,142</u>

For the six months ended June 30, 2017, the Company approved and granted 5,500,000 non-qualified stock options to employees and 2,000,000 to a Director with an aggregate fair value of \$684,787. Each exercisable into one share of our common stock and vest 100% in three years from the grant date.

For the six months ended June 30, 2017, the Company approved and granted 5,000,000 non-qualified stock options to consultants with an aggregate fair value of \$1,228,046. Each exercisable into one share of our common stock. The options vest based on consultant achieving quantifiable milestones. As of June 30, 2017, the Company determined that the probability of the consultants achieving these milestones was probable. As a result, the Company record compensation expense of \$56,335 to account the estimated 296,527 options that vest.

The Company recognized \$242,630 in share-based compensation expense for the six months ended June 30, 2017. As of June 30, 2017, total unrecognized stock-based compensation expense was \$1,975,437, which is expected to be recognized as an operating expense through July 2020. The intrinsic value of the stock options outstanding at June 30, 2017 was approximately \$1,444,000.

The fair value of each share option award on the date of grant is estimated using the Black-Scholes method based on the following weighted-average assumptions:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2017	2016	2017	2016
Risk-free interest rate	1.77% - 1.89%	1.22 - 1.24	1.22% - 1.93%	1.22% - 1.65%
Average expected term (years)	5 years	5 years	5 years	5 years
Expected volatility	157.09%	100.18 – 101.25	153.07 – 160%	100.18 – 101.25
Expected dividend yield	-	-	-	-

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of measurement corresponding with the expected term of the share option award; the expected term represents the weighted-average period of time that share option awards granted are expected to be outstanding giving consideration to vesting schedules and historical participant exercise behavior; the expected volatility is based upon historical volatility of the Company's common stock; and the expected dividend yield is based upon the Company's current dividend rate and future expectations

Warrants

The Company has the following warrants outstanding as of June 30, 2017 all of which are exercisable:

	<u>Issuance Date</u>	<u>Expiration Date</u>	<u>Warrant Shares</u>	<u>Exercise Price</u>
Warrant #1	November 12, 2014	November 12, 2019	600,000	\$ 0.50
Warrant #2	March 21, 2015	March 20, 2018	48,000	\$ 0.10
Warrant #3	October 30, 2015	October 30, 2020	600,000	\$ 0.50
Warrant #4	December 1, 2015	November 30, 2018	9,719,879	\$ 0.07
Warrant #5	April 4, 2016	April 4, 2019	2,452,325	\$ 0.07
Warrant #6	April 4, 2016	April 4, 2019	2,429,530	\$ 0.07
Warrant #7	December 15, 2016	December 14, 2019	176,000	\$ 0.25
Warrant #8	December 30, 2016	December 29, 2019	2,429,530	\$ 0.08
Warrant #9	May 4, 2017	May 3, 2020	1,755,192	\$ 0.36
Warrant #10	June 19, 2017	June 30, 2020	330,000	\$ 0.30
Outstanding at June 30, 2017			<u>20,540,456</u>	

During the period ended June 30, 2017, the Company granted warrants to purchase 1,755,192 shares of common stock to an officer of the Company pursuant to an extinguishment of a note payable (see Note 5). In addition, the Company also granted warrants to purchase 330,000 shares of common stock pursuant to issuance of a convertible note payable (see Note 6).

The intrinsic value of the warrants outstanding at June 30, 2017 was \$2,365,362.

9. COMMITMENTS AND CONTINGENCIES

Litigation

We have one pending litigation, filed on September 19, 2016. The action is captioned as Multicore Technologies, an Indian Corporation, plaintiff, v. Rocky Wright, an individual, bBooth, Inc., a Nevada corporation, and Blabey, Inc, a Nevada corporation, defendants. The action is pending in the United States District Court for the Central District of California under Case No.: 2:16-cv-7026 DSF (AJWx). The First Amended Complaint was filed on January 27, 2017, alleging breach of Implied-in-fact Contract and Quantum Meruit relating to services Multicore allegedly performed on behalf of bBooth in connection with various web and mobile applications. Multicore is seeking damages of approximately \$157,000 plus interest and cost of suit. We filed an Answer denying Multicore's claims on March 13, 2017. We do not believe plaintiff's claims of an implied contract or quantum meruit have any basis in fact, nor do we believe they have any other viable claims against us. We intend to vigorously defend the action and have determined not to create a reserve in our financial statements for an unfavorable outcome.

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or any of our subsidiaries or has a material interest adverse to our company or any of our subsidiaries.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, 510,001 shares of common stock that were subject to vesting schedules and previously accounted for were issued.

The Company issued 94,620 shares of common stock to vendors subsequent to June 30, 2017, with a fair value of \$14,750 for services rendered.

Subsequent to June 30, 2017, the Company issued 300,000 non-qualified stock options with an exercise price of \$.25 to employees for services to be rendered. The options vest monthly based on consultant achieving quantifiable milestones.

Effective August 4, 2017, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia to extend the maturity date of the \$343,326 Unsecured Note due on August 4, 2017 to and including December 4, 2018. In consideration for extending the Note the Company issued Mr. Cutaia 1,329,157 warrants at a price of \$.15. All other terms of the Note remain unchanged.

Effective August 4, 2017, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia to extend the maturity date of the \$121,875 Unsecured Note due on August 4, 2017 to and including December 4, 2018. All other terms of the Note remain unchanged.

Effective August 4, 2017, the Company entered into an extension agreement (the "Extension Agreement") with Oceanside to extend the maturity date of the Note to and including April 4, 2018. All other terms of the Note remain unchanged. In consideration for Oceanside's agreement to extend the maturity date to April 4, 2018, the Company issued Oceanside 1,316,800 warrants at a price of \$.15. All other terms of the Note remain unchanged.

On July 7, 2017, the Company issued 52,500 shares of Series A Preferred stock for cash proceeds of \$50,000. The Series A Preferred stock has the same terms as described in Note 7, except that only one redemption payment shall be due on January 8, 2018, in the amount of \$52,500. As a result of this transaction the Company will record liability of \$52,500 and a debt discount of \$2,500 upon issuance.

On July 28, 2017, the Company has agreed to issue 262,500 shares of Series A Preferred stock for cash proceeds of \$250,000. \$125,000 was paid to the Company on July 28, 2017 and the remaining \$125,000 will be paid on or about August 28, 2017, unless the Company is in material, uncured default of the provisions of this Agreement. The Series A Preferred stock has the same terms as described in Note 7. As a result of this transaction, the Company will record liability of \$262,500 and debt discount of \$12,500 upon issuance.

Effective August 4, 2018, the Company issued the CEO 3,750,000 restricted shares of common stock with a fair value of \$562,500.

ITEM 1A – RISK FACTORS

Not applicable to smaller reporting companies.

ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This quarterly report contains “forward-looking statements”. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services, products or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “estimate,” “intend,” “continue,” “believe,” “expect” or “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this quarterly report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future changes make it clear that any projected results or events expressed or implied therein will not be realized. You are advised, however, to consult any further disclosures we make in future public filings, statements and press releases.

Forward-looking statements in this quarterly report include express or implied statements concerning our future revenues, expenditures, capital and funding requirements; the adequacy of our current cash and working capital to fund present and planned operations and financing needs; our proposed expansion of, and demand for, product offerings; the growth of our business and operations through acquisitions or otherwise; and future economic and other conditions both generally and in our specific geographic and product markets. These statements are based on currently available operating, financial and competitive information and are subject to various risks, uncertainties and assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements due to a number of factors including, but not limited to, those set forth below in the section entitled “Risk Factors” in this quarterly report, which you should carefully read. Given those risks, uncertainties and other factors, many of which are beyond our control, you should not place undue reliance on these forward-looking statements. You should be prepared to accept any and all of the risks associated with purchasing any securities of our company, including the possible loss of all of your investment.

In this quarterly report, unless otherwise specified, all references to “common shares” refer to the common shares in our capital stock.

As used in this quarterly report on Form 10-Q, the terms “we”, “us” “our” and “nFusz” refer to nFusz, Inc., a Nevada corporation unless otherwise specified.

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these condensed 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 at the date of the condensed consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following discussion should be read together with the information contained in the unaudited condensed consolidated financial statements and related notes included in Item 1 – Financial Statements, in this Form 10-Q.

Overview

The Company has developed proprietary interactive video technology which serves as the basis for certain products and services that it licenses under the brand name “Notifi”. Its NotifiCRM, NotifiADS, NotifiLINKS, and NotifiWEB products are cloud-based, SaaS, CRM, sales lead generation, advertising, and social engagement software, accessible on mobile and desktop platforms, for sales-based organizations, consumer brands, marketing and advertising agencies, and artists and social influencers seeking greater levels of viewer engagement and higher sales conversion rates. The Company’s NotifiCRM platform is enterprise scalable and incorporates unique, proprietary, push-to-screen, interactive audio/video messaging and interactive on-screen “virtual salesperson” communications technology. The Company’s NotifiLIVE service is a proprietary broadcast video platform allowing viewers to interact with broadcast video content by clicking on links embedded in people, objects, graphics or sponsors’ signage displayed on the screen. Viewers can experience NotifiLIVE interactive content and capabilities on most devices available in the market today without the need to download special software or proprietary video players.

The Company was previously engaged in the manufacture, marketing, and operation of audition booths deployed in shopping malls and other high-traffic venues in the United States and in the production of interactive television content. The audition booths were portable recording studio kiosks, branded and marketed as “bBooth,” in which customers could audition for TV shows such as American Idol. The kiosks were Internet connected and integrated into a social media, messaging, gaming, music streaming and video sharing app called bBoothGO.

Critical Accounting Policies

Our company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require that we make certain assumptions and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenue and expenses during each reporting period. On an ongoing basis, management evaluates its estimates, including those related to valuation of the fair value of financial instruments, share based compensation arrangements and long-lived assets. These estimates are based on historical experience and on various other factors that it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include the value of share based payments. Amounts could materially change in the future.

Long-Lived Assets

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. No impairment of long-lived assets was required for the six months ended June 30, 2017.

Stock- Compensation

The Company periodically issues stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. The Company accounts for stock option and warrant grants issued and vesting to employees based on the authoritative guidance provided by the Financial Accounting Standards Board whereas the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and warrant grants issued and vesting to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board whereas the value of the stock compensation is based upon the measurement date as determined at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option grant is estimated using the Black-Scholes Option Pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes Option Pricing model, and based on actual experience. The assumptions used in the Black-Scholes Option Pricing model could materially affect compensation expense recorded in future periods.

Recent Accounting Policies

For a summary of our recent accounting policies, refer to Note 2 of our unaudited condensed consolidated financial statements included under Item 1 – Financial Statements in this Form 10-Q.

Results of Operations for the Three Months Ended June 30, 2017 as Compared to the Three Months Ended June 30, 2016.

Revenues

We did not have any revenue in 2017 or 2016.

Operating Expenses

Research and development expenses were \$92,240 for the three months ended June 30, 2017, as compared to \$83,366 for the three months ended June 30, 2016. The increase was primarily due to an increase in fees for coders dedicated to software development enhancements and modifications.

General and administrative expenses for the three months ended June 30, 2017 and 2016 was \$1,352,028 and \$1,047,580, respectively. The increase was primarily due to an increase in stock based compensation expense of approximately \$395,000.

Other expense, net, for the three months ended June 30, 2017 amounted to \$667,034, which represented interest expense of \$86,816 on outstanding notes payable and \$53,346 as interest expense for amortization of debt discount. We also incurred a loss from debt extinguishment in the amount of \$526,871. The amount of other expense, net, was higher in 2017 as we did not have loss from debt extinguishment offset by lower amortization of debt discount as most of the debt discounts from 2016 were fully amortized in 2016.

Other Income

During 2016, we earned income from rental of our interactive booths of \$31,525. There was no similar transaction in 2017.

Results of Operations for the Six Months Ended June 30, 2017 as Compared to the Six Months Ended June 30, 2016.

Revenues

We did not have any revenue in 2017 or 2016.

Operating Expenses

Research and development expenses were \$181,840 for the six months ended June 30, 2017, as compared to \$119,816 for the six months ended June 30, 2016. The increase was primarily due to an increase in fees for coders dedicated to software development enhancements and modifications during.

General and administrative expenses for the six months ended June 30, 2017 and 2016 was \$1,970,028 and \$1,556,539, respectively. The increase was primarily due to an increase in stock based compensation expense of approximately \$492,000.

Other expense, net, for the six months ended June 30, 2017 amounted to \$816,717, which represented interest expense of \$170,822 on outstanding notes payable and \$93,024 as interest expense for amortization of debt discount. We also incurred a loss from debt extinguishment in the amount of \$552,871. The amount of other expense, net, was higher in 2017 as we did not have loss from debt extinguishment offset by lower amortization of debt discount as most of the debt discounts from 2016 were fully amortized in 2016.

Other Income

During 2016, we earned income from rental of our interactive booths of \$31,525. There was no similar transaction in 2017.

Liquidity and Capital Resources

The following is a summary of our cash flows from operating, investing and financing activities for the six months ended June 30, 2017 and 2016.

	For the Six Months Ended	
	June 30, 2017	June 30, 2016
Cash used in operating activities	\$ (794,754)	\$ (895,675)
Cash used in investing activities	-	-
Cash provided by financing activities	805,000	835,200
Increase / (Decrease) in cash	\$ 10,246	\$ (60,475)

For the six months ended June 30, 2017, our cash flows used in operating activities amounted to \$794,754 compared to cash used in 2016 of \$895,675. The change is due to an increase in business activity which resulted in an additional consulting, salary, and various operating expenses in 2017 compared to 2016.

Our cash provided by financing activities for the six months ended June 30, 2017 amounted to \$805,000 which represented \$450,000 of proceeds received from issuances of common stock, \$255,000 of proceeds received from the issuance of convertible series A preferred stock, and \$100,000 of proceeds from the issuance of convertible debt. Our cash provided by financing activities for the six months ended June 30, 2016 amounted to \$835,200 which represented \$918,980 of proceeds received from common stock subscriptions, \$82,446 of additional borrowings from our Chief Executive Officer offset by \$166,226 of repurchases of the Company's common stock.

As of June 30, 2017, we had cash of \$27,008. We estimate our operating expenses for the next three months may continue to exceed any revenues we generate, and we may need to raise capital through either debt or equity offerings to continue operations.

We are in the early stages of our business. We are required to fund growth from financing activities, and we intend to rely on a combination of equity and debt financings. Due to market conditions and the early stage of our operations, there is considerable risk that our company will not be able to raise such financings at all, or on terms that are not overly dilutive to our existing shareholders. We can offer no assurance that we will be able to raise such funds.

Going Concern

We have incurred operating losses since inception and have negative cash flows from operations. We had a stockholders' deficit of \$3,995,900 as of June 30, 2017 and utilized \$794,754 in cash for the period ended. As a result, our continuation as a going concern is dependent on our ability to obtain additional financing until we can generate sufficient cash flows from operations to meet our obligations. We intend to continue to seek additional debt or equity financing to continue our operations.

Our condensed consolidated financial statements have been prepared on a going concern basis, which implies we may not continue to meet our obligations and continue our operations for the next fiscal year. The continuation of our Company as a going concern is dependent upon our ability to obtain necessary debt or equity financing to continue operations until our Company begins generating positive cash flow.

There is no assurance that we will ever be profitable or that debt or equity financing will be available to us. The consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should we be unable to continue as a going concern.

NOTES PAYABLE

The Company has the following notes payable as of June 30, 2017 and December 31, 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note payable (a)	March 21, 2015	March 20, 2018	12%	\$ 125,000	\$ 125,000	\$ 125,000
Note payable (b)	December 15, 2016	June 15, 2017	5%	\$ 101,300	-	101,300
Total notes payable					125,000	226,300
Debt discount					-	(48,942)
Total notes payable, net of debt discount					\$ 125,000	\$ 177,358

- (a) On March 21, 2015 – The Company entered into an agreement with DelMorgan Group LLC (“DelMorgan”), pursuant to which DelMorgan agreed to act as the Company’s exclusive financial advisor. In connection with the agreement, the Company paid DelMorgan \$125,000, which was advanced by a third-party lender in exchange for an unsecured note payable issued by the Company bearing interest at the rate of 12% per annum payable monthly beginning on April 20, 2015.

Effective March 20, 2017, the Company entered into an extension agreement (the “Extension Agreement”) with DelMorgan to extend the maturity date of the Note to and including March 20, 2018. All other terms of the Note remain unchanged.

- (b) On December 15, 2016, the Company entered into an agreement with a buyer, whereby the Company agreed to issue and sell to the Buyer, and the Buyer agreed to purchase from the Company, (i) a non-interest bearing Note in the original principal amount of \$250,000, (ii) Warrants, and (iii) shares of the Company’s common stock in an amount equal to 30% of the purchase price of the respective tranche divided by the closing price of the Common Stock on the trading day immediately prior to the date of funding of the respective tranche (collectively, the “Inducement Shares”). The “Maturity Date” shall be six months from the date of each payment of Consideration. A one-time interest charge of five percent (5%) (“Interest Rate”) is to be applied on the Issuance Date to the original principal amount. In addition, there is a 10% Original Issue Discount that is to be prorated based on the consideration paid by the Buyer.

On December 16, 2016, the Buyer purchased for \$80,000 the first tranche of the Note and the respective securities to be issued and the Company sold to it including (i) a three-year warrant to acquire 176,000 shares of the Company’s common stock with an exercise price of \$0.25 per share, and (ii) 240,000 shares of the Company’s common stock.

Upon issuance of the note, the company accounted for an original issue discount of \$21,300, which consisted of (i) the 10% original issue discount of \$8,800, and (ii) the fixed interest of 5% which aggregated \$12,500 (such rate based on the entire funding due of \$250,000). The original issue discount will be accreted to interest expense over the life of the note, resulting in a net amount due the holder of \$101,300 at maturity. In addition, (iii) the fair value of the 240,000 common shares of \$21,600 issued to the holder, and (iv) the relative fair value of the warrants of \$32,059 was considered as additional valuation discount to be amortized as interest expense over the life of the note.

The aggregate fair value of the original issue discount and the equity securities issued upon inception of the note of \$53,659 was recorded as a valuation discount. The balance of the valuation discount at December 31, 2016 was \$48,942. During the six months ended June 30, 2017, \$48,942 of this amount was amortized as interest expense.

On June 7, 2017, the Company converted the debt and issued the Buyer 462,000 shares of its Common Stock (the “Shares”) with a fair value of \$110,880 at the date of the agreement. In the event the Buyer does not realize sufficient proceeds through sales of the Shares, in accordance with the terms set forth herein, to equal \$92,400, after deduction of reasonable sale transaction-related expenses, the Company agrees to issue additional shares to make up the deficiency or to pay such deficiency in cash, at the Company’s option. The Parties agree that this “Make Whole” provision shall expire and be of no further force and effect on the date the sum of net proceeds realized from the sale of the initial issuance of 462,000 shares is equal to or great than \$92,400; or any deficiency is paid in cash by the Company at its option; or June 7, 2018, whichever occurs first. The buyer agrees not to sell more than 10 percent (10%) of the total weekly volume of FUSZ common shares traded in the United States domestic over-the-counter stock market in any one week. The Buyer agrees, that upon request of the Company, to provide trading records to the Company reflecting all sales of the Shares, within 1 (one) business days following such request. As a result of this conversion, the Company recognized a loss on extinguishment of \$9,580 to account the difference between the fair value of the share issued and the note converted.

Total interest expense for notes payable for the six months ended June 30, 2017 and 2016 was \$7,500 and \$7,500 respectively. Total interest expense for notes payable for the three months ended June 30, 2017 and 2016 was \$3,750 and \$3,750, respectively.

NOTES PAYABLE – RELATED PARTIES

The Company has the following related parties notes payable:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note 1	Year 2015	August 8, 2018	12.0%	\$ 1,203,242	\$ 1,198,883	\$ 1,198,883
Note 2	December 1, 2015	August 8, 2018	12.0%	189,000	189,000	189,000
Note 3	December 1, 2015	April 1, 2017	12.0%	111,901	111,901	111,901
Note 4	August 4, 2016	August 4, 2017	12.0%	343,326	343,326	343,326
Note 5	August 4, 2016	August 4, 2017	12.0%	121,875	121,875	121,875
Total notes payable – related parties, net					\$ 1,964,985	\$ 1,964,985

- On various dates during the year ended December 31, 2015, Rory J. Cutaia, the Company's majority shareholder and Chief Executive Officer, loaned the Company total principal amounts of \$1,203,242. The loans were unsecured and all due on demand, bearing interest at 12% per annum. On December 1, 2015, the Company entered into a Secured Convertible Note agreement with Mr. Cutaia whereby all outstanding principal and accrued interest owed to Mr. Cutaia from previous loans amounting to an aggregate total of \$1,248,883 and due on demand, was consolidated under a note payable agreement, bearing interest at 12% per annum, and converted from due on demand to due in full on April 1, 2017. In consideration for Mr. Cutaia's agreement to consolidate the loans and extend the maturity date, the Company granted Mr. Cutaia a senior security interest in substantially all current and future assets of the Company. Per the terms of the agreement, at Mr. Cutaia's discretion, he may convert up to \$374,665 of outstanding principal, plus accrued interest thereon, into shares of common stock at a conversion rate of \$0.07 per share. +
- On May 4, 2017, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia to extend the maturity date of the \$1,248,883 Secured Note due on April 1, 2017 to and including August 1, 2018. In consideration for extending the Note the Company issued Mr. Cutaia 1,755,192 warrants at a price of \$0.355. All other terms of the Note remain unchanged. The Company determined that the extension of the note's maturity resulted in a debt extinguishment for accounting purposes since the fair value of the warrants granted was more than 10% of the recorded value of the original convertible note. As a result, Company recorded the fair value of the new note which approximates the original carrying value \$1,198,883 and expensed the entire fair value of the warrants granted of \$517,291 as part of loss on debt extinguishment. As of June 30, 2017, and December 31, 2016, the principal amount of the notes payable was \$1,198,883.
- On December 1, 2015, the Company entered into an Unsecured Convertible Note with Mr. Cutaia in the amount of \$189,000, bearing interest at 12% per annum, representing a portion of Mr. Cutaia's accrued salary for 2015. The note extends the payment terms from on-demand to due in full on April 1, 2017. The outstanding principal and accrued interest may be converted at Mr. Cutaia's discretion into shares of common stock at a conversion rate of \$0.07.
- On May 4, 2017, the Company entered into an extension agreement (the "Extension Agreement") with Rory J. Cutaia to extend the maturity date of the \$189,000 Unsecured Note due on April 1, 2017 to and including August 1, 2018. All other terms of the Note remain unchanged.

- On December 1, 2015, the Company entered into an Unsecured Note agreement with a consulting firm owned by Michael Psomas, a former member of the Company's Board of Directors, in the amount of \$111,901 representing unpaid fees earned for consulting services previously rendered but unpaid as of November 30, 2015. The outstanding amounts bear interest at 12% per annum, and are due in full on April 1, 2017, and is currently past due.
- On April 4, 2016, the Company issued a secured convertible note to the Chief Executive Officer ("CEO") and a director of the Company, in the amount of \$343,325, which represents additional sums of \$93,326 that the CEO advanced to the Company during the period from December 2015 through March 2016, and the conversion of \$250,000 other pre-existing notes. This note bears interest at the rate of 12% per annum, compounded annually. In consideration for this agreement to extend the repayment date to August 4, 2017, the Company granted to the CEO the right to convert up to 30% of the amount of the such note into shares of the Company's common stock at \$0.07 per share and issued 2,452,325 share purchase warrants, exercisable at \$0.07 per share until April 4, 2019, which warrants represent 50% of the amount of such note.
- On April 4, 2016, the Company issued an unsecured convertible note payable to the CEO in the amount of \$121,875, which represents the amount of the accrued but unpaid salary owed to the CEO for the period from December 2015 through March 2016. In consideration for this agreement to extend the payment date to August 4, 2017, the Company granted to the CEO the right to convert the amount of the such note into shares of the Company's common stock at \$0.07 per share, which approximated the trading price or the Company's common stock on the date of the agreement. This note bears interest at the rate of 12% per annum, compounded annually.

Total interest expense for notes payable to related parties for the six months ended June 30, 2017 and 2016 was \$116,930 and \$122,978, respectively. Total interest expense for notes payable to related parties for the three months ended June 30, 2017 and 2016 was \$58,788 and \$69,034, respectively.

CONVERTIBLE NOTE PAYABLE

The Company has the following notes payable as of June 30, 2017 and December 31, 2016:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at June 30, 2017 (Unaudited)	Balance at December 31, 2016
Note payable (a)	Various	August 4, 2017	12%	\$ 600,000	\$ 680,268	\$ 680,268
Note payable (b)	June 19, 2017	February 19, 2018	5%	\$ 110,000	110,000	-
Total notes payable					790,268	680,268
Debt discount					(105,061)	-
Total notes payable, net of debt discount					\$ 685,207	\$ 680,268

- (a) The Company entered into a series of unsecured loan agreement with Oceanside Strategies, Inc. ("Oceanside") a third party-lender, in the aggregate principal amount of \$600,000 through December 31, 2015. The loans bear interest at rates ranging from 5% to 12% per annum and were due on demand.

On April 3, 2016, the Company issued an unsecured convertible note payable to Oceanside in the amount of \$680,268 (this amount includes \$600,000 principal amount and \$80,268 accrued and unpaid interest). This note superseded and replaced all previous notes and current liabilities due to Oceanside for sums Oceanside loaned to the Company in 2014 and 2015. This note bears interest at the rate of 12% per annum, compounded annually. In consideration for Oceanside's agreement to convert the prior notes from current demand notes and extend the maturity date to December 4, 2016, the Company granted Oceanside the right to convert up to 30% of the amount of such note into shares of the Company's common stock at \$0.07 per share and issued 2,429,530 share purchase warrants, exercisable at \$0.07 per share until April 4, 2019.

Effective December 30, 2016, the Company entered into an extension agreement (the “Extension Agreement”) with Oceanside to extend the maturity date of the Note to and including August 4, 2017. All other terms of the Note remain unchanged. In consideration for Oceanside’s agreement to extend the maturity date to August 4, 2017, the Company issued Oceanside 2,429,530 share purchase warrants, exercisable at \$0.08 per share until December 29, 2019.

- (b) On June 19, 2017, the Company issued an unsecured convertible note to Lucas Holdings in the amount of \$100,000 in exchange for 50,000 shares of common stock and a three-year warrant to acquire 330,000 shares of the Company’s common stock with an exercise price of \$.30 per share. The “Maturity Date” is February 18, 2018. A one-time interest charge of five percent (5%) (“Interest Rate”) is to be applied on the Issuance Date to the original principal amount. In addition, there is a 5% Original Issue Discount.

Upon issuance of the note, the company accounted for an original issue discount of \$10,000 which consisted of (i) the 5% original issue discount of \$5,000, and (ii) the fixed interest of 5% which aggregated \$5,000. The original issue discount will be accreted to interest expense over the life of the note, resulting in a net amount due the holder of \$110,000 at maturity. In addition, the (iii) the fair value of the 50,000 common shares of \$12,500 issued to the holder, (iv) the relative fair value of the warrants of \$40,180, and (v) the relative fair value of the beneficial conversion feather of \$47,320 were considered as additional valuation discount and will be amortized as interest expense over the life of the note.

The aggregate fair value of the original issue discount and the equity securities issued upon inception of the note of \$110,000 has been recorded as a valuation discount. As of June 30, 2017, \$4,939 of this amount was amortized as interest expense.

Total interest expense for convertible notes payable for the six months ended June 30, 2017 and 2016 was \$40,481 and \$40,704, respectively. Total interest expense for convertible notes payable for the three months ended June 30, 2017 and 2016 was \$20,352 and \$20,352, respectively.

CONVERTIBLE SERIES A PREFERRED STOCK

Effective February 14, 2017, the Company entered into a Securities Purchase Agreement, (the “Purchase Agreement”), by and between an otherwise unaffiliated, accredited investor (the “Purchaser”) and the Company in connection with our issuance and sale to the Purchaser of shares of Series A Preferred Stock under the terms and conditions as set forth in the Purchase Agreement (the “Sale”).

In connection with the Sale, our Board of Directors (our “Board”) authorized and approved a series of preferred stock to be known as “Series A Convertible Preferred Stock”, for which 1,050,000 shares, \$0.0001 par value per share, were authorized and a Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, (the “Certificate”), was filed with the Office of the Secretary of State of the State of Nevada (the “State”) to effectuate the authorization. Pursuant to the Purchase Agreement, the purchase of shares of our Series A Preferred Stock may occur in several tranches (each, a “Tranche”; and, collectively, the “Tranches”). The first Tranche of \$300,000 (\$315,000 in stated value, represented by 315,000 shares of our Series A Preferred Stock) closed simultaneously with the execution of the Purchase Agreement on February 14, 2017 (the “First Closing”), and each additional Tranche shall close at such times and on such financial terms as may be agreed to by the Purchaser and us. The net proceeds to us after offering costs was \$255,000.

The Series A PS has the following rights and privileges:

- Senior rights in terms preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company;
- Accrues dividends at a rate of 5% per annum;
- Mandatorily redeemable at an installment basis starting August 13, 2017 in the amount of \$63,000 plus accrued interest. The Company has the option to redeem the Series A shares in cash or in shares of common stock based upon the Company’s 5 day Volume Weighted Average Price (“VWAP”).

Pursuant to the terms of the Purchase Agreement, the shares of our Series A Preferred Stock issued in the First Closing are to be redeemed by us in five (5) equal weekly payments (each, a “Redemption Payment”), commencing in approximately 180 days from the First Closing. All but one of the Redemption Payments may be made by us in cash or in shares of our common stock, at our option. The Holder shall have the option to demand payment of one Installment Redemption Payment in shares of Common Stock Redemption Payments made using shares of our common stock will be valued based upon a VWAP formula, tied to the then-current quoted price of shares of our common stock, described with greater particularity in the Purchase Agreement.

The Company considered the guidance of ASC 480-10, Distinguishing Liabilities From Equity to determine the appropriate treatment of the Series A shares. Pursuant to ASC 480-10, the Company determined that the Series A shares is an obligation to be settled, at the option of the Company, in cash or in variable number of shares with a fixed monetary value that should be recorded as a liability under ASC 480-10. As a result, the Company determined the fair value of the Series A to be \$300,000 upon issuance with the difference of \$15,000 from the face amount, and incurred legal fees of \$45,000, to be accounted as a debt discount which will be amortized over the term of the redemption period of the Series A shares.

As a result of this transaction, the Company recorded a liability of \$315,000 and a debt discount of \$60,000, upon issuance. As of June 30, 2017, the remaining unamortized discount was \$20,857 resulting in a net amount due of \$294,143.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

We carried out an evaluation under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 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 this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of June 30, 2017.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

We have one pending litigation filed on September 19, 2016. The action is captioned as Multicore Technologies, an Indian Corporation, plaintiff, v. Rocky Wright, an individual, bBooth, Inc., a Nevada corporation, and Blabeey, Inc, a Nevada corporation, defendants. The action is pending in the United States District Court for the Central District of California under Case No.: 2:16-cv-7026 DSF (AJWx). The First Amended Complaint was filed on January 27, 2017, alleging breach of Implied-in-fact Contract and Quantum Meruit relating to services Multicore allegedly performed on behalf of bBooth in connection with various web and mobile applications. Multicore is seeking damages of approximately \$157,000 plus interest and cost of suit. We filed an Answer denying Multicore's claims on March 13, 2017. We do not believe plaintiff's claims of an implied contract or quantum meruit have any basis in fact, nor do we believe they have any other viable claims against us. We intend to vigorously defend the action and have determined not to create a reserve in our financial statements for an unfavorable outcome.

We know of no other material pending legal proceedings to which our company or any of our subsidiaries is a party or of which any of our assets or properties, or the assets or properties of any of our subsidiaries, is the subject. In addition, we do not know of any such proceedings contemplated by any governmental authorities.

We know of no material proceedings in which any of our directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to our company or any of our subsidiaries or has a material interest adverse to our company or any of our subsidiaries.

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

Common Stock

Shares Issued for Services – The Company issued common shares to vendors for services rendered and are expensed based on fair market value of the stock price at the date of grant. For the six months ended June 30, 2017, the Company issued 3,224,333 shares of common stock to vendors and recorded stock compensation expense of \$963,779.

The Company amended an agreement with a vendor and issued 400,000 shares of common stock as full and final payment to the vendor on accounts payable owed of \$30,000. The fair value of the shares was \$56,000, a loss on extinguishment of debt totaling \$26,000 was recorded as part of the transaction. In addition, the Company extended the term for an additional six months and agreed to issue 700,000 shares of common stock for services to be rendered. The shares vest in equal installments every two months and will be valued based upon its vesting.

Shares Issued from Stock Subscription – The Company issued stock subscription to investors. For the six months ended June 30, 2017, the Company issued 6,275,000 common shares for a net proceed of \$430,000.

Shares Issued from Conversion of Note Payable - The Company converted a \$92,400 note payable into 462,000 shares of its Common Stock (the “Shares”). In the event the Buyer does not realize sufficient proceeds through sales of the Shares, in accordance with the terms set forth herein, to equal \$92,400, after deduction of reasonable sale transaction-related expenses, the Company agrees to issue additional shares to make up the deficiency or to pay such deficiency in cash, at the Company’s option. The Parties agree that this “Make Whole” provision shall expire and be of no further force and effect on the date the sum of net proceeds realized from the sale of the initial issuance of 462,000 shares is equal to or great than \$92,400; or any deficiency is paid in cash by the Company at its option; or June 7, 2018, whichever occurs first. The buyer agrees not to sell more than 10 percent (10%) of the total weekly volume of FUSZ common shares traded in the United States domestic over-the-counter stock market in any one week. The Buyer agrees, that upon request of the Company, to provide trading records to the Company reflecting all sales of the Shares, within 1 (one) business days following such request.

Preferred Stock - Effective February 14, 2017, the Company entered into a Securities Purchase Agreement, (the “Purchase Agreement”), by and between an otherwise unaffiliated, accredited investor (the “Purchaser”) and the Company in connection with our issuance and sale to the Purchaser of shares of Series A Preferred Stock under the terms and conditions as set forth in the Purchase Agreement (the “Sale”).

In connection with the Sale, our Board of Directors (our “Board”) authorized and approved a series of preferred stock to be known as “Series A Convertible Preferred Stock”, for which 1,050,000 shares, \$0.0001 par value per share, were authorized and a Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, (the “Certificate”), was filed with the Office of the Secretary of State of the State of Nevada (the “State”) to effectuate the authorization. Pursuant to the Purchase Agreement, the purchase of shares of our Series A Preferred Stock may occur in several tranches (each, a “Tranche”; and, collectively, the “Tranches”). The first Tranche of \$300,000 (\$315,000 in stated value, represented by 315,000 shares of our Series A Preferred Stock) closed simultaneously with the execution of the Purchase Agreement on February 14, 2017 (the “First Closing”), and each additional Tranche shall close at such times and on such financial terms as may be agreed to by the Purchaser and us.

Shares Issued as Part of Convertible Note Payable - The Company issued 50,000 shares of common stock with a fair market value of \$12,500.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 - OTHER INFORMATION

None.

ITEM 6 - EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into this Report:

<u>Exhibit No.</u>	<u>Description</u>
2.1 ⁽²⁾	Share Exchange Agreement dated as of August 11, 2014 by and among Global System Designs, Inc., bBooth (USA), Inc. (formerly bBooth, Inc.) and the stockholders of bBooth (USA), Inc. (formerly bBooth, Inc.)
3.1 ⁽¹⁾	Articles of Incorporation
3.2 ⁽¹⁾	Bylaws
3.3 ⁽²⁾	Certificate of Change
3.4 ⁽²⁾	Articles of Merger
10.1 ⁽²⁾	2014 Stock Option Plan
10.3 ⁽³⁾	Employment Agreement – Rory Cutaia
10.4 ⁽⁴⁾	Secured Promissory Note dated December 11, 2014 from Songstagram, Inc.
10.5 ⁽⁴⁾	Secured Promissory Note dated December 11, 2014 from Rocky Wright
10.6 ⁽⁴⁾	Security Agreement dated December 11, 2014 from Songstagram, Inc.
10.7 ⁽⁴⁾	Security Agreement dated December 11, 2014 from Rocky Wright
10.8 ⁽⁵⁾	Acquisition Agreement dated January 20, 2015 among our company, Songstagram, Inc. and Rocky Wright
10.9 ⁽⁵⁾	Surrender of Collateral, Consent to Strict Foreclosure and Release Agreement dated January 20, 2015 between our company and Songstagram, Inc.
10.10 ⁽⁵⁾	Form of Termination Agreement and Release dated January 20, 2015
10.11 ⁽⁶⁾	Settlement and Release Agreement dated February 6, 2015 among our company, Songstagram, Inc. and Jeff Franklin
10.12 ⁽⁷⁾	Engagement letter dated March 20, 2015 among bBooth, Inc., DelMorgan Group LLC and Globalist Capital, LLC
10.13 ⁽⁷⁾	Form of Note Purchase Agreement dated March 20, 2015
10.14 ⁽⁷⁾	Form of Warrant Certificate dated March 20, 2015
10.15 ⁽⁸⁾	12% Secured Convertible Note Issued to Rory J. Cutaia
10.16 ⁽⁸⁾	Security Agreement Issued to Rory J. Cutaia in Connection with 12% Secured Convertible Note
10.17 ⁽⁸⁾	12% Unsecured Convertible Note issued to Rory J. Cutaia
10.18 ⁽⁸⁾	12% Unsecured Note issued to Audit Prep Services, LLC
10.19 ⁽⁹⁾	Form of Stock Repurchase Agreements
10.20 ⁽¹⁰⁾	Form of Private Placement Subscription Agreement
10.21 ⁽¹⁰⁾	Form of 12% Secured Convertible Note Issued to Rory J. Cutaia
10.22 ⁽¹⁰⁾	Form of Security Agreement Issued to Rory J. Cutaia in Connection with 12% Secured Convertible Note
10.23 ⁽¹⁰⁾	Form of Warrant Agreement for Rory J. Cutaia
10.24 ⁽¹⁰⁾	Form of 12% Unsecured Convertible Note issued to Rory J. Cutaia
10.25 ⁽¹⁰⁾	Form of 12% Unsecured Convertible Note issued to Oceanside Strategies, Inc.
10.26 ⁽¹⁰⁾	Form of Warrant Agreement for Oceanside Strategies, Inc.
10.27 ⁽¹¹⁾	Private Placement Subscription Agreement
10.28 ⁽¹¹⁾	Form of Option Agreement for Messrs. Geiskopf and Cutaia
10.29 ⁽¹²⁾	July 12, 2016 Term Sheet with Nick Cannon
10.30 ⁽¹²⁾	Form of Option Agreement for Jeff Clayborne
10.31 ⁽¹³⁾	Form of Engagement Agreement dated August 8, 201 between bBooth, Inc. and International Monetary

10.32 ⁽¹⁴⁾	Private Placement Subscription Agreement
10.33 ⁽¹⁵⁾	April 2016 12% Unsecured Convertible Note issued to Oceanside Strategies, Inc.
10.34 ⁽¹⁵⁾	Extension Agreement and Amendment to 12% Unsecured Convertible Note issued to Oceanside Strategies, Inc.
10.35 ⁽¹⁵⁾	Warrant Agreement for Oceanside Strategies, Inc.
10.36 ⁽¹⁶⁾	Securities Purchase Agreement by and between the Company and the Purchaser, dated February 13, 2017
10.37 ⁽¹⁶⁾	Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, dated February 13, 2017
10.37(a) ⁽¹⁹⁾	Amended Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock, dated July 28, 2017
10.38 ⁽¹⁶⁾	Letter from Anton & Chia, LLP, dated February 15, 2017 to the Securities and Exchange Commission
10.39 ⁽¹⁷⁾	Articles of Merger, as filed with the Secretary of State of the State of Nevada on April 4, 2017
10.40 ⁽¹⁷⁾	Certificate of Correction, as filed with the Secretary of State of the State of Nevada on April 17, 2017
10.41 ⁽¹⁸⁾	On June 22, 2017, the Company moved its headquarters to 344. S. Hauser Blvd., Ste 414, Los Angeles CA 90036. The Company's telephone number remains the same; 855-250-2300.
14.1 ⁽²⁾	Code of Ethics and Business Conduct
21.1	Subsidiaries
	bBooth (USA), Inc. (Nevada)
	Global System Designs Inc. (Canada)
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

- (1) Previously filed as exhibits to our company's registration statement on Form S-1, on April 8, 2013, File Number 333-187782 and incorporated herein.
- (2) Previously filed as exhibits to our company's current report on Form 8-K on October 22, 2014 and incorporated herein.
- (3) Previously filed as an exhibit to our company's current report on Form 8-K on November 24, 2014 and incorporated herein.
- (4) Previously filed as an exhibit to our company's current report on Form 8-K on December 17, 2014 and incorporated herein.
- (5) Previously filed as an exhibit to our company's current report on Form 8-K on January 26, 2015 and incorporated herein.
- (6) Previously filed as an exhibit to our company's current report on Form 8-K on March 9, 2015 and incorporated herein.
- (7) Previously filed as an exhibit to our company's current report on Form 8-K on March 27, 2015 and incorporated herein.
- (8) Previously filed as an exhibit to our company's current report on Form 8-K on December 1, 2015 and incorporated herein.
- (9) Previously filed as an exhibit to our company's current report on Form 8-K on January 28, 2016 and incorporated herein.
- (10) Previously filed as an exhibit to our company's current report on Form 8-K on April 4, 2016 and incorporated herein.
- (11) Previously filed as an exhibit to our company's current report on Form 8-K on May 5, 2016 and incorporated herein.
- (12) Previously filed as an exhibit to our company's current report on Form 8-K on July 12, 2016 and incorporated herein.
- (13) Previously filed as an exhibit to our company's current report on Form 8-K on August 8, 2016 and incorporated herein.
- (14) Previously filed as an exhibit to our company's current report on Form 8-K on September 14, 2016 and incorporated herein.
- (15) Previously filed as an exhibit to our company's current report on Form 8-K on January 7, 2017 and incorporated herein.
- (16) Previously filed as an exhibit to our company's current report on Form 8-K on February 14, 2017 and incorporated herein.
- (17) Previously filed as an exhibit to our company's current report on Form 8-K on April 21, 2017 and incorporated herein.
- (18) Previously filed as an exhibit to our company's current report on Form 8-K on June 22, 2017 and incorporated herein.
- (19) Filed as an exhibit to our company's quarterly report on Form 10-Q on August 10, 2017 and incorporated herein.

SIGNATURES

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

nFÜSZ, INC.

June 30, 2017

By: /s/ Rory Cutaia
Rory J. Cutaia
President, Chief Executive Officer,
Secretary, and Director
(Principal Executive Officer)

June 30, 2017

By: /s/ Jeff Clayborne
Jeff Clayborne
Chief Financial Officer



BARBARA K. CEGAVSKE
 Secretary of State
 202 North Carson Street
 Carson City, Nevada 89701-4201
 (775) 884-5708
 Website: www.nvsos.gov



150503

**Amendment to
 Certificate of Designation
 After Issuance of Class or Series**
 (PURSUANT TO NRS 78.1955)

Filed in the office of <i>Barbara K. Cegavske</i>	Document Number 20170323295-64
Barbara K. Cegavske Secretary of State State of Nevada	Filing Date and Time 07/28/2017 3:10 PM
	Entity Number E0609422012-3

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ABOVE SPACE IS FOR OFFICE USE ONLY

**Certificate of Amendment to Certificate of Designation
 For Nevada Profit Corporations**
 (Pursuant to NRS 78.1955 - After Issuance of Class or Series)

1. Name of corporation:

nFusz, Inc.

2. Stockholder approval pursuant to statute has been obtained.

3. The class or series of stock being amended:

Series A Convertible Preferred Stock

4. By a resolution adopted by the board of directors, the certificate of designation is being amended as follows or the new class or series is:

A Amendment No. 1 to Section 3 (Dividends) of the Filed Certificate
 Sections 3(a), (b), and (c) of the Filed Certificate shall each be entitled Sections 3(W-a), (W-b),
 and (W-c), respectively, and shall relate only to those 315,000 shares of the Series A Convertible...

5. Effective date of filing: (optional)

(must not be later than 90 days after the certificate is filed)

6. Signature: (required)

nFUSZ, INC.

X

Signature of Officer

By:

Name: *Ray J. Cizala*

Title: Chief Executive Officer

Filing Fee: \$175.00

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS Amend Designation - After
 Revised: 1-5-16

Continued AMENDED TERMS OF SERIES A CONVERTIBLE PREFERRED STOCK

Preferred Stock that are issued on or around February 13, 2017.

B. Additional Sections to Section 3 (Dividends) of the Filed Certificate. Sections 3(X-a), (X-b), and (X-c), respectively, and shall relate only to those 52,500 shares of the Series A Convertible Preferred Stock that were issued on or around July 7, 2017.

(X-a) From and after July 7, 2017 (the “**Initial Issuance Date**”), each holder of a Preferred Share (each, a “**Holder**” and collectively, the “**Holder**s”) shall be entitled to receive dividends (the “**Dividends**”), which Dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of Common Stock or cash on the Stated Value (as defined below) of such Preferred Share at the Dividend Rate (as defined below), which shall be cumulative and shall continue to accrue whether or not declared and whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year. Dividends on the Preferred Shares shall commence accumulating on the Initial Issuance Date and shall be computed on the basis of a 365-day year and actual days elapsed. Dividends shall be payable on the following dates (each, a “**Dividend Date**”): (1) the first (1st) Dividend Date being October 5, 2017; and (ii) and each subsequent Dividend Date shall be solely in connection with and concurrently with Installment Redemption Payments. Notwithstanding anything to the contrary contained herein, unless otherwise agreed to by the Company and the Holders, the Company shall pay Cash Dividends (as defined below) to the Holders on the first (1st) Dividend Date.

(X-b) Dividends shall be payable on each Dividend Date, to the Holders of record of the Preferred Shares on the applicable Dividend Date, in shares of Common Stock (the “**Dividend Shares**”) so long as there has been no Equity Conditions Failure and so long as the delivery of Dividend Shares would not violate the provisions of Section 4; provided, however, that the Company may, at its option, pay Dividends on any Dividend Date in cash (the “**Cash Dividends**”) or in a combination of Cash Dividends and, so long as there has been no Equity Conditions Failure, Dividend Shares. The Company shall deliver a written notice (each, a “**Dividend Election Notice**”) to each Holder two (2) Trading Days prior to each Dividend Date (the date such notice is delivered to all of the Holders, the “**Dividend Notice Date**”), which notice (1) notifies the then-record Holders that the Company has elected to pay the accrued Dividends as Cash Dividends, Dividend Shares, or as a combination of Dividend Shares and Cash Dividends and, in any event, specifies the amount of the to-be-paid Dividends, if any, as Cash Dividends and the amount of the to-be-paid Dividends, if any, as Dividend Shares and (2) certifies that there has been no Equity Conditions Failure as of such time, if the Company has elected to pay any portion of the to-be-paid Dividends as Dividend Shares. Notwithstanding anything herein to the contrary, if no Equity Conditions Failure has occurred as of the Dividend Notice Date but an Equity Conditions Failure occurs at any time prior to the date on which a to-be-paid Dividend Shares are to be issued, (A) the Company shall provide each Holder with a subsequent notice to that effect and (B) unless such Holder waives the Equity Conditions Failure, such to-be-paid Dividends shall be paid as Cash Dividends. Dividends that are to be paid to each Holder in Dividend Shares shall be paid in a number of fully paid and non-assessable shares (rounded to the nearest whole share, with 0.50 or more of a share being rounded up to the nearest whole share and 0.49 or less of a share being rounded down to the nearest whole share) of Common Stock equal to the quotient of (1) the amount of Dividends payable to such Holder on such Dividend Date less any Cash Dividends paid and (2) the lesser of (i) the Redemption Price in effect on the applicable Dividend Date, and (ii) the VWAP on the Trading Day immediately preceding the Dividend Date.

(X-c) When any Dividend Shares are to be paid to any Holder, the Company shall (i) (A) provided that (x) the Company's transfer agent (the **Transfer Agent**) is participating in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (y) either a Registration Statement for the resale by the applicable Holder of the Dividend Shares or such Dividend Shares to be so issued are otherwise eligible for resale pursuant to Rule 144 (as defined in the Securities Purchase Agreement), credit such aggregate number of Dividend Shares to which such Holder shall be entitled to such Holder's or its designee's balance account with DTC through its Deposit and Withdrawal at Custodian system, or (B) if either of the immediately preceding clauses (x) or (y) is not satisfied, issue and deliver on the applicable Dividend Date, to the address set forth in the register maintained by the Company for such purpose pursuant to the Securities Purchase Agreement or to such address as specified by such Holder in writing to the Company at least two (2) Business Days prior to the applicable Dividend Date, a certificate, registered in the name of such Holder or its designee, for the number of Dividend Shares to which such Holder shall be entitled and (ii) with respect to each such payment of a Dividend, pay to such Holder, in cash by wire transfer of immediately available funds, the amount of any Cash Dividend. The Company shall pay any and all taxes that may be payable with respect to the issuance and delivery of Dividend Shares.

C. Additional Sections to Section 3 (Dividends) of the Filed Certificate. Sections 3(Y-a), (Y-b), and (Y-c), respectively, and shall relate only to the first 131,250 shares of the Series A Convertible Preferred Stock that are sold and issued subsequently to the date of this Amendment No 1.

(Y-a) From and after July 28, 2017 (the "**Initial Issuance Date**"), each holder of a Preferred Share (each, a "**Holder**" and collectively, the "**Holders**") shall be entitled to receive dividends (the "**Dividends**"), which Dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of Common Stock or cash on the Stated Value (as defined below) of such Preferred Share at the Dividend Rate (as defined below), which shall be cumulative and shall continue to accrue whether or not declared and whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year. Dividends on the Preferred Shares shall commence accumulating on the Initial Issuance Date and shall be computed on the basis of a 365-day year and actual days elapsed. Dividends shall be payable on the following dates (each, a "**Dividend Date**"): (i) the first (1st) Dividend Date being October 5, 2017; and (ii) and each subsequent Dividend Date shall be solely in connection with and concurrently with Installment Redemption Payments. Notwithstanding anything to the contrary contained herein, unless otherwise agreed to by the Company and the Holders, the Company shall pay Cash Dividends (as defined below) to the Holders on the first (1st) Dividend Date.

(Y-b) Dividends shall be payable on each Dividend Date, to the Holders of record of the Preferred Shares on the applicable Dividend Date, in shares of Common Stock (the “**Dividend Shares**”) so long as there has been no Equity Conditions Failure and so long as the delivery of Dividend Shares would not violate the provisions of Section 4; provided, however, that the Company may, at its option, pay Dividends on any Dividend Date in cash (the “**Cash Dividends**”) or in a combination of Cash Dividends and, so long as there has been no Equity Conditions Failure, Dividend Shares. The Company shall deliver a written notice (each, a “**Dividend Election Notice**”) to each Holder two (2) Trading Days prior to each Dividend Date (the date such notice is delivered to all of the Holders, the “**Dividend Notice Date**”), which notice (1) notifies the then-record Holders that the Company has elected to pay the accrued Dividends as Cash Dividends, Dividend Shares, or as a combination of Dividend Shares and Cash Dividends and, in any event, specifies the amount of the to-be-paid Dividends, if any, as Cash Dividends and the amount of the to-be-paid Dividends, if any, as Dividend Shares and (2) certifies that there has been no Equity Conditions Failure as of such time, if the Company has elected to pay any portion of the to-be-paid Dividends as Dividend Shares. Notwithstanding anything herein to the contrary, if no Equity Conditions Failure has occurred as of the Dividend Notice Date but an Equity Conditions Failure occurs at any time prior to the date on which a to-be-paid Dividend Shares are to be issued, (A) the Company shall provide each Holder with a subsequent notice to that effect and (B) unless such Holder waives the Equity Conditions Failure, such to-be-paid Dividends shall be paid as Cash Dividends. Dividends that are to be paid to each Holder in Dividend Shares shall be paid in a number of fully paid and non-assessable shares (rounded to the nearest whole share, with 0.50 or more of a share being rounded up to the nearest whole share and 0.49 or less of a share being rounded down to the nearest whole share) of Common Stock equal to the quotient of (1) the amount of Dividends payable to such Holder on such Dividend Date less any Cash Dividends paid and (2) the lesser of (i) the Redemption Price in effect on the applicable Dividend Date, and (ii) the VWAP on the Trading Day immediately preceding the Dividend Date.

(Y-c) When any Dividend Shares are to be paid to any Holder, the Company shall (i) (A) provided that (x) the Company’s transfer agent (the “**Transfer Agent**”) is participating in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer Program and (y) either a Registration Statement for the resale by the applicable Holder of the Dividend Shares or such Dividend Shares to be so issued are otherwise eligible for resale pursuant to Rule 144 (as defined in the Securities Purchase Agreement), credit such aggregate number of Dividend Shares to which such Holder shall be entitled to such Holder’s or its designee’s balance account with DTC through its Deposit and Withdrawal at Custodian system, or (B) if either of the immediately preceding clauses (x) or (y) is not satisfied, issue and deliver on the applicable Dividend Date, to the address set forth in the register maintained by the Company for such purpose pursuant to the Securities Purchase Agreement or to such address as specified by such Holder in writing to the Company at least two (2) Business Days prior to the applicable Dividend Date, a certificate, registered in the name of such Holder or its designee, for the number of Dividend Shares to which such Holder shall be entitled and (ii) with respect to each such payment of a Dividend, pay to such Holder, in cash by wire transfer of immediately available funds, the amount of any Cash Dividend. The Company shall pay any and all taxes that may be payable with respect to the issuance and delivery of Dividend Shares.

D. Amendment No. 1 to Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate Section 5(b) of the Filed Certificate shall be entitled Section 5(W-b) and shall relate only to those 315,000 shares of the Series A Convertible Preferred Stock that are issued on or around February 13, 2017.

E. Additional Section to Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate Section 5(X-b) shall relate only to those 52,500 shares of the Series A Convertible Preferred Stock that were issued on or around July 7, 2017.

X-(b) Mandatory Installment Redemption.

(i) On January 8, 2018, the Company shall redeem the Fifty-two Thousand Five Hundred Dollars (\$52,500) of Preferred Shares and any accrued but unpaid Dividends thereon on such date (the “**Installment Redemption Payment**”). The Installment Redemption Payment shall be made, at the Company’s option (subject to the Company’s compliance with the Equity Conditions (*i.e.*, there is no Equity Conditions Failure)) in (i) cash at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium or (ii) in shares of Common Stock (the “**Installment Redemption Shares**”) at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium divided by the lesser of (x) the Redemption Price (subject to adjustment for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock) or (y) the VWAP during the period commencing five (5) Trading Days prior to the Installment Redemption Payment (the “**Installment Redemption Price**”). In the event that the Company elects to not pay the Installment Redemption Payment in cash and the Equity Conditions are not met (*i.e.*, there is an Equity Conditions Failure), then each Holder shall be entitled to the redemption of the applicable Installment Redemption Payment at a price equal to the Triggering Event Redemption Price until such time that the Equity Conditions Failure is cured. For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4, Holder shall remain entitled to such shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the Installment Redemption Payment shall not decrease the amount of shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4 and any VWAP for the Installment Redemption Shares the VWAP during any Subsequent Installment Redemption Payment due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Installment Redemption Payment.

In the event that the Installment Redemption Price from the immediately prior Installment Redemption Payment, if any, is greater than the VWAP for the Installment Redemption Payment, then the Company shall make one make-whole payment to such Holder in additional shares of Common Stock (“**Installment Redemption Price Make-Whole Shares**”) to compensate the Holder for the loss of value for the immediately previous Installment Redemption Payment. The number of Installment Redemption Price Make-Whole Shares shall be determined by the quotient of (A) the Installment Redemption Payment (including the Redemption Premium) divided by (B) the VWAP calculated during the Make-Whole VWAP Period (the “**Make-Whole VWAP Price**”); and then subtracting from such result the number of shares of Common Stock issued in connection with the Installment Redemption Payment. Such Installment Redemption Price Make-Whole Shares shall be delivered to Holder by no later than the next Installment Redemption Payment or, if such Installment Redemption Price Make-Whole Shares relates to the final Installment Redemption Payment, then Installment Redemption Price Make-Whole Shares shall be delivered to Holder by no later than three Trading Days following the last Trading Day of the relevant Make-Whole VWAP Period. For the avoidance of doubt, the Make-Whole VWAP Period for the final Installment Redemption Payment shall be the

The Company’s obligations to deliver the Installment Redemption Price Make-Whole Shares shall continue even though a Triggering Event has occurred (for the avoidance of doubt, in such event the Redemption Price that is utilized shall be the Triggering Event Redemption Price in lieu of the Installment Redemption Price). For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4, Holder shall remain entitled to the amount of the Installment Redemption Price Make-Whole Shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the Make-Whole VWAP Period shall not decrease the amount of Installment Redemption Price Make-Whole Shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4 and any VWAP for the the VWAP during any Subsequent Make-Whole Period due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Make-Whole VWAP Period. Further, the Holder may demand the receipt of any portion of the Installment Redemption Price Make-Whole Shares prior to the receipt of the next Installment Redemption Payment. In such event, the Company shall deliver a separate Redemption Notice to the Holder with respect to the next Installment Redemption Payment.

(ii) On the Business Day immediately prior to each Installment Redemption Payment, the Company shall deliver to each Holder a written notice of each Installment Redemption Payment by facsimile or electronic mail in the form attached to the Filed Certificate as **Exhibit II**, which shall (A) certify that there has been no Equity Conditions Failure and (B) state the aggregate amount of the Preferred Shares which is being redeemed in such Installment Redemption Payment from such Holder and all of the other Holders of the Preferred Shares pursuant to this Section 5(b). Redemptions made pursuant to this Section 5(b) shall be made in accordance with Section 5(d).

(iii) Pursuant to the limitations set forth in Section 4, each Holder may defer all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) and have it be paid simultaneously with any future Installment Redemption Payment(s) or on any other date. For the avoidance of doubt, if a Holder defers all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) due to the limitations set forth in Section 4, such deferral alone shall not be deemed a Triggering Event.

F. Additional Section to Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate Section 5(Y-b) shall relate only to first 131,250 shares of the Series A Convertible Preferred Stock that are sold and issued subsequently to the date of this Amendment No. 1.

Y-(b) Mandatory Installment Redemption.

(i) Beginning on the earlier of the effectiveness of a Registration Statement and January 28, 2018, and so long as any Preferred Shares are outstanding, with respect to any Holder, the Company shall redeem Twenty-six Thousand Two Hundred Fifty Dollars (\$26,250) of the outstanding amount of Preferred Shares and any accrued but unpaid Dividends thereon on the first (1st) Business Day of each week (each, an **“Installment Redemption Payment”**) for five (5) consecutive weeks. Each Installment Redemption Payment shall be made, at the Company’s option (subject to the Company’s compliance with the Equity Conditions (*i.e.*, there is no Equity Conditions Failure)) in (i) cash at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium or (ii) in shares of Common Stock (the **“Installment Redemption Shares”**) at a price equal to the product of (A) the applicable Installment Redemption Payment multiplied by (B) the Redemption Premium divided by the lesser of (x) the Redemption Price (subject to adjustment for any share dividend, share split, share combination, reclassification or similar transaction that proportionately decreases or increases the Common Stock) or (y) the VWAP during the period commencing five (5) Trading Days prior to the Installment Redemption Payment (the **“Installment Redemption Price”**). Notwithstanding the foregoing, the Holder shall have the option to demand payment of one (1) Installment Redemption Payment in shares of Common Stock at price equal to the Installment Redemption Price, in lieu of the receipt of cash; provided, that the Holder shall give the Company at least one (1) week’s notice prior to the applicable Installment Redemption Payment. In the event that the Company elects to not pay an Installment Redemption Payment in cash and the Equity Conditions are not met (*i.e.*, there is an Equity Conditions Failure), then each Holder shall be entitled to the redemption of the applicable Installment Redemption Payment at a price equal to the Triggering Event Redemption Price until such time that the Equity Conditions Failure is cured. For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4, Holder shall remain entitled to such shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the original Installment Redemption Payment shall not decrease the amount of shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Shares due to the limitations set forth in Section 4 and any VWAP for the Installment Redemption Shares the VWAP during any Subsequent Installment Redemption Payment due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Installment Redemption Payment.

In the event that the Installment Redemption Price from the immediately prior Installment Redemption Payment is greater than the VWAP for the Installment Redemption Payment, then the Company shall make one make-whole payment to such Holder in additional shares of Common Stock (“**Installment Redemption Price Make-Whole Shares**”) to compensate the Holder for the loss of value for the immediately previous Installment Redemption Payment. The number of Installment Redemption Price Make-Whole Shares shall be determined by the quotient of (A) the Installment Redemption Payment (including the Redemption Premium) divided by (B) the VWAP calculated during the Make-Whole VWAP Period (the “**Make-Whole VWAP Price**”); and then subtracting from such result the number of shares of Common Stock issued in connection with the Installment Redemption Payment. Such Installment Redemption Price Make-Whole Shares shall be delivered to Holder by no later than the next Installment Redemption Payment or, if such Installment Redemption Price Make-Whole Shares relates to the final Installment Redemption Payment, then Installment Redemption Price Make-Whole Shares shall be delivered to Holder by no later than three Trading Days following the last Trading Day of the relevant Make-Whole VWAP Period. For the avoidance of doubt, the Make-Whole VWAP Period for the final Installment Redemption Payment shall be the

The Company’s obligations to deliver the Installment Redemption Price Make-Whole Shares shall continue even though a Triggering Event has occurred (for the avoidance of doubt, in such event the Redemption Price that is utilized shall be the Triggering Event Redemption Price in lieu of the Installment Redemption Price). For an example of the issuance of Installment Redemption Price Make-Whole Shares, see **Exhibit I** attached hereto. For the avoidance of doubt, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4, Holder shall remain entitled to the amount of the Installment Redemption Price Make-Whole Shares as originally calculated, *i.e.*, any weekly VWAP increase subsequent to the Make-Whole VWAP Period shall not decrease the amount of Installment Redemption Price Make-Whole Shares due to the Holder. However, if Holder defers the receipt of Installment Redemption Price Make-Whole Shares due to the limitations set forth in Section 4 and any VWAP for the the VWAP during any Subsequent Make-Whole Period due to the limitations set forth in Section 4, then such portion shall be subject to the pricing period of the Subsequent Make-Whole VWAP Period. Further, the Holder may demand the receipt of any portion of the Installment Redemption Price Make-Whole Shares prior to the receipt of the next Installment Redemption Payment. In such event, the Company shall deliver a separate Redemption Notice to the Holder with respect to the next Installment Redemption Payment.

(ii) On the Business Day immediately prior to each Installment Redemption Payment, the Company shall deliver to each Holder a written notice of each Installment Redemption Payment by facsimile or electronic mail in the form attached hereto as **Exhibit II**, which shall (A) certify that there has been no Equity Conditions Failure and (B) state the aggregate amount of the Preferred Shares which is being redeemed in such Installment Redemption Payment from such Holder and all of the other Holders of the Preferred Shares pursuant to this Section 5(b). Redemptions made pursuant to this Section 5(b) shall be made in accordance with Section 5(d).

(iii) Pursuant to the limitations set forth in Section 4, each Holder may defer all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) and have it be paid simultaneously with any future Installment Redemption Payment(s) or on any other date. For the avoidance of doubt, if a Holder defers all or any portion of any Installment Redemption Payment (including without limitation, any Installment Redemption Price Make-Whole Shares) due to the limitations set forth in Section 4, such deferral alone shall not be deemed a Triggering Event.

G. Application of Subsections 5(c) and 5(d) of Section 5 (Mandatory Installment Redemptions; Triggering Events) of the Filed Certificate Subsections 5(c) and 5(d) of Section 5 of the Filed Certificate shall apply both to the 367,500 shares of the Series A Convertible Preferred Stock that are issued and outstanding as of the date of this Amendment No. 1 and to those shares of the Series A Convertible Preferred Stock that are sold and issued subsequently to the date of this Amendment No. 1, in each case without amendment or modification hereby.

H. Application of Subsection 5(qq) of Section 5 (Certain Defined Terms) of the Filed Certificate. "Subscription Date: as defined in Subsection 5(qq) of Section 5 of the Filed Certificate shall mean (i) February 13, 2017 as to the 315,000 shares of the Series A Convertible Preferred Stock that are issued and outstanding as of the date of this Amendment No. 1, (ii) July 7, 2017, as to the 52,500 shares of the Series A Convertible Preferred Stock that are issued and outstanding as of the date of this Amendment No. 1, and (iii) July 28, 2017, as to the first 131,250 shares of Series A Convertible Preferred Stock that are sold and issued subsequently to the date of this Amendment No. 1.

IN WITNESS WHEREOF, the Corporation has caused this Amendment No. 1 to Certificate of Designations of Series A Convertible Preferred Stock of nFűsz, Inc. to be signed by its Chief Executive Officer on this 28th day of July, 2017.

nFűSZ, INC.

By: _____

Name: Rory J. Cutaia

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Rory J. Cutaia, certify that:

1. I have reviewed this quarterly report on Form 10-Q nFüz, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2017

/s/ Rory Cutaia

Rory Cutaia
President, Secretary, Chief Executive Officer, Director, and Principal Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff Clayborne, certify that:

1. I have reviewed this quarterly report on Form 10-Q of nFüzsz, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me 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 my 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 my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 10, 2017

/s/ Jeff Clayborne

Jeff Clayborne
Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Rory J. Cutaia, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. the quarterly report on Form 10-Q of nFüsz, Inc. for the quarterly period ended June 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of nFüsz Inc.

August 10, 2017

/s/ Rory Cutaia

Rory J. Cutaia

President, Secretary, Chief

Executive Officer, Director, and Principal Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Jeff Clayborne, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

1. the quarterly report on Form 10-Q of nFüsz, Inc. for the quarterly period ended June 30, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of nFüsz, Inc.

August 10, 2017

/s/ Jeff Clayborne

Jeff Clayborne

Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer
