

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

FORM 10-Q

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from _____ to _____

Commission file number: 001-38834

Verb Technology Company, 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)

Registrant's telephone number, including area code: (855) 250-2300

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

Title of Each Class

None

Name of each Exchange on which registered

None

Securities registered pursuant to Section 12(g) of the Act

Common stock with a par value of \$0.0001 per share

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates (based on the closing price of the registrant's common stock as quoted on the OTC Markets Group Inc.'s QTCQB® tier Venture Market as of the last business day of the registrant's most recently completed second fiscal quarter was approximately \$71,720,711.

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001	VERB	The Nasdaq Stock Market LLC
Common Stock Purchase Warrants	VERBW	The Nasdaq Stock Market LLC

As of May 15, 2019, there were 22,309,788 shares of common stock, \$0.0001 par value per share, outstanding.

VERB TECHNOLOGY COMPANY, INC.
TABLE OF CONTENTS

<u>PART I - FINANCIAL INFORMATION</u>	3
<u>ITEM 1 - FINANCIAL STATEMENTS</u>	3
<u>ITEM 1A - RISK FACTORS</u>	22
<u>ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	22
<u>ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	30
<u>ITEM 4 - CONTROLS AND PROCEDURES</u>	30
<u>PART II - OTHER INFORMATION</u>	30
<u>ITEM 1 - LEGAL PROCEEDINGS</u>	30
<u>ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	31
<u>ITEM 3 - DEFAULTS UPON SENIOR SECURITIES</u>	31
<u>ITEM 4 - MINE SAFETY DISCLOSURES</u>	32
<u>ITEM 5 - OTHER INFORMATION</u>	32
<u>ITEM 6 - EXHIBITS</u>	33
<u>SIGNATURES</u>	38

PART I — FINANCIAL INFORMATION

ITEM 1 – FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets	4
Condensed Consolidated Statements of Operations	5
Condensed Consolidated Statements of Stockholders Consolidated Statements of Stockholders Deficit	6
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	8-21

VERB TECHNOLOGY COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<i>March 31, 2019</i>	<i>December 31, 2018</i>
	(Unaudited)	
ASSETS		
Current assets:		
Cash	\$ 59,000	\$ 634,000
Prepaid expenses	212,000	83,000
Accounts receivable	7,000	1,000
Total current assets	278,000	718,000
Deferred offering costs	488,000	162,000
Property and equipment, net	7,000	11,000
Other assets	51,000	7,000
Total assets	\$ 824,000	\$ 898,000
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,171,000	\$ 1,148,000
Accrued officers' salary	205,000	188,000
Accrued interest (including \$45,000 and \$41,000 payable to related parties)	55,000	46,000
Note payable, net of discount of \$8,000 and \$0, respectively	355,000	-
Notes payable - related parties	170,000	112,000
Convertible notes payable, net of discount of \$533,000 and \$1,082,000, respectively	1,867,000	818,000
Derivative liability	2,020,000	2,576,000
Total current liabilities	6,843,000	4,888,000
Long-term liabilities:		
Notes payable - related parties	1,065,000	1,065,000
Total liabilities	7,908,000	5,953,000
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, 12,344,451 and 12,055,491 shares issued and outstanding as of March 31, 2019 and December 31, 2018	1,000	1,000
Additional paid-in capital	36,590,000	35,611,000
Accumulated deficit	(43,675,000)	(40,667,000)
Total stockholders' deficit	(7,084,000)	(5,055,000)
Total liabilities and stockholders' deficit	\$ 824,000	\$ 898,000

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

VERB TECHNOLOGY COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Quarter Ended	
	<i>March 31, 2019</i>	<i>March 31, 2018</i>
Net Sales	\$ 9,000	\$ 8,000
Operating Expenses:		
Cost of Revenue	30,000	1,000
Research and development	564,000	130,000
General and administrative	2,189,000	5,269,000
Total operating expenses	(2,783,000)	(5,400,000)
Loss from operations	(2,774,000)	(5,392,000)
Other income (expense)		
Other Income / (Expense)	-	(5,000)
Financing costs	(84,000)	(172,000)
Interest expense - amortization of debt discount	(1,054,000)	(748,000)
Change in fair value of derivative liability	944,000	(2,625,000)
Debt extinguishment, net	-	652,000
Interest expense (including \$35,000 and \$58,000 to related parties)	(40,000)	(204,000)
Total other expense	(234,000)	(3,102,000)
Net Loss	\$ (3,008,000)	\$ (8,494,000)
Loss per share - basic and diluted	\$ (0.25)	\$ (1.00)
Weighted average number of common shares outstanding - basic and diluted	12,239,044	8,490,595

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

VERB TECHNOLOGY COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT
(Unaudited)

Three months ended March 31, 2018	<u>Common Stock</u>		<u>Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 31, 2017	7,941,234	\$ 1,000	\$ 22,750,000	\$ (28,540,000)	\$ (5,789,000)
Common shares issued upon exercise of warrants	67,457	-	22,000	-	22,000
Derivative liability extinguished upon exercise of warrants	-	-	723,000	-	723,000
Proceeds from sale of common stock	1,093,938	-	2,279,000	-	2,279,000
Fair value of common shares issued for services	316,568	-	3,270,000	-	3,270,000
Fair value of common stock issued upon conversion of debt	492,200	-	2,277,000	-	2,277,000
Fair value of common stock issued upon conversion of accrued officer's salary	27,148	-	582,000	-	582,000
Common shares issued upon exercise of put option	203,207	-	1,000,000	-	1,000,000
Fair value of vested stock options	-	-	1,341,000	-	1,341,000
Net loss	-	-	-	(8,494,000)	(8,494,000)
Balance at March 31, 2018	10,141,752	\$ 1,000	\$ 34,244,000	\$ (37,034,000)	\$ (2,789,000)
Three months ended March 31, 2019	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 31, 2018	12,055,491	\$ 1,000	\$ 35,611,000	\$ (40,667,000)	\$ (5,055,000)
Common shares issued upon cashless exercise of warrants	148,714	-	-	-	-
Fair value of common stock upon issuance of convertible debt	16,667	-	128,000	-	128,000
Fair value of common shares issued for services	39,998	-	388,000	-	388,000
Beneficial holder round-up	83,581	-	-	-	-
Fair value of vested stock options	-	-	463,000	-	463,000
Net loss	-	-	-	(3,008,000)	(3,008,000)
Balance at March 31, 2019	12,344,451	\$ 1,000	\$ 36,590,000	\$ (43,675,000)	\$ (7,084,000)

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

VERB TECHNOLOGY COMPANY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Quarter Ended	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Operating Activities:		
Net loss	\$ (3,008,000)	\$ (8,494,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Fair value of common shares issued for services and vested stock options	851,000	4,610,000
Financing costs	84,000	172,000
Amortization of debt discount	1,054,000	748,000
Change in fair value of derivative liability	(944,000)	2,625,000
Debt extinguishment costs, net	-	(652,000)
Depreciation and amortization	4,000	5,000
Effect of changes in assets and liabilities:		
Accounts payable, accrued expenses, and accrued interest	1,047,000	(12,000)
Other assets	(44,000)	-
Deferred revenue	2,000	-
Accounts receivable	(6,000)	-
Prepaid expenses	(129,000)	5,000
Net cash used in operating activities	<u>(1,089,000)</u>	<u>(993,000)</u>
Financing Activities:		
Proceeds from convertible note payable	432,000	130,000
Proceeds from notes payable	350,000	-
Proceeds from related party note payable	58,000	-
Deferred offering costs	(326,000)	-
Proceeds from sale of common stock	-	2,279,000
Proceeds from exercise of put option	-	1,000,000
Proceeds from warrant exercise	-	22,000
Payment of convertible notes payable	-	(845,000)
Net cash provided by financing activities	<u>514,000</u>	<u>2,586,000</u>
Net change in cash	(575,000)	1,593,000
Cash - beginning of period	<u>634,000</u>	<u>11,000</u>
Cash - end of period	<u>\$ 59,000</u>	<u>\$ 1,604,000</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 32,000	\$ 259,000
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of note payable and accrued interest to common stock	\$ -	\$ 2,277,000
Common stock issued to settle accrued officers' salary	\$ -	\$ -
Fair value of derivative liability from issuance of convertible debt, inducement shares and warrant features	\$ 388,000	\$ 302,000
Fair value of warrants issued and beneficial conversion feature to extinguish debt	\$ -	\$ 723,000
Fair value of common shares, warrants and beneficial conversion feature of issued convertible note	\$ 128,000	\$ -
Common stock issued to settle accounts payable	\$ -	\$ 582,000

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

VERB TECHNOLOGY COMPANY, INC.
Notes to Condensed Consolidated Financial Statements
For the Three months Ended March 31, 2019 and 2018
(Unaudited)

1. DESCRIPTION OF BUSINESS

Organization

References in this document to the “Company,” “Verb,” “we,” “us,” or “our” are intended to mean Verb Technology Company, Inc.

Cutaia Media Group, LLC (“CMG”) was organized on December 12, 2012, as a limited liability company 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 merged into bBooth, Inc. and, thereafter, bBooth, Inc. changed its name to bBooth (USA), Inc., effective as of October 16, 2014.

On October 16, 2014, bBoothUSA was acquired by Global System Designs, Inc. (“GSD”), pursuant to a Share Exchange Agreement entered into with GSD (the “Share Exchange Agreement”). GSD was incorporated in the State of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD’s management was replaced by bBoothUSA’s management, and GSD changed its name to bBooth, Inc. The operations of CMG and bBooth (USA), Inc. became known as, and are referred to herein, as “bBoothUSA.”

Effective April 21, 2017, we 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 name-change merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name-change merger) with the Secretary of State of the State of Nevada on April 4, 2017 and April 17, 2017, respectively. The name-change merger became effective on April 21, 2017. Our board of directors approved the name-change merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the Nevada Revised Statutes (the “NRS”), stockholder approval of the name-change merger was not required.

Effective February 1, 2019, we changed our corporate name from nFüsz, Inc. to Verb Technology Company, Inc. The name change was effected through a parent/subsidiary short-form merger of Verb Technology Company, 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 name-change merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name-change merger) with the Secretary of State of the State of Nevada on January 31, 2019 and February 22, 2019, respectively. The name-change merger became effective on February 1, 2019. Our board of directors approved the name-change merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the NRS, stockholder approval of the name-merger was not required.

On February 1, 2019, we implemented a 1-for-15 reverse stock split (the “Reverse Stock Split”) of our common stock, \$0.0001 par value per share (the “Common Stock”). The Reverse Stock Split became effective upon commencement of trading of our Common Stock on February 4, 2019. As a result of the Reverse Stock Split, every fifteen (15) shares of our pre-Reverse Stock Split Common Stock were combined and reclassified into one share of our Common Stock. The number of shares of Common Stock subject to outstanding options, warrants, and convertible securities were also reduced by a factor of fifteen as of February 1, 2019. All historical share and per-share amounts reflected throughout our consolidated financial statements and other financial information in this Quarterly Report on Form 10-Q have been adjusted to reflect the Reverse Stock Split as if the split occurred as of the earliest period presented. The par value per share of our Common Stock was not affected by the Reverse Stock Split.

Nature of Business

We are an applications services provider, marketing cloud-based business software products under the brand name “Tagg” on a subscription basis. Our flagship product, TaggCRM, is a Customer Relationship Management (“CRM”) application that is distinguishable from other CRM programs because it utilizes interactive video as the primary means of communication between sales and marketing professionals and their clients or prospects. TaggCRM allows our users to create, distribute, and post interactive videos that contain on-screen clickable “Taggs,” which are interactive icons, buttons, and other on-screen elements, that when clicked, allow their prospects and customers to respond to our users’ call to action in real-time, in the video, while the video is playing, without leaving or stopping the video. For example, our technology allows a prospective customer or a prospect the ability to click on a product they see featured in a video and buy it, or to click on a calendar icon in the video to make an appointment with a salesperson, among many other features and functionality. Tagg videos can be distributed via email or text messaging and can be posted on social media. Our users report increased sales conversion rates compared to traditional, non-interactive video.

We developed the proprietary patent-pending interactive video technology that serves as the basis for all of our cloud, Software-as-a-Service (“SaaS”) Tagg applications. Our Tagg applications are accessible on all mobile and desktop devices and no software download is required to view the Tagg interactive videos. The Tagg applications also provide detailed analytics in the application dashboard that reflect when the videos were viewed, by whom, how many times, for how long, and what interactive Taggs were clicked-on in the video, among other things, all of which assist our users in focusing their sales and marketing efforts by identifying which clients or prospects have interest in the subject matter of the video. TaggCRM users receive a text message immediately notifying them that a customer prospect received their video and additional text messages notifying them when that customer or prospect watched the video and shared the video so they can follow-up in real-time.

Our Tagg application platform can accommodate any size sales or marketing campaign, and it is enterprise-class scalable to meet the needs of today’s global organizations.

Our TaggMED application is designed for physicians and other healthcare providers to create more efficient and effective interactive communications with patients. Patients are able to avoid unnecessary and inconvenient visits to their physicians’ or other healthcare providers’ offices by viewing and responding to interactive videos through in-video, on-screen clicks that are designed to assess the patient’s need for an office visit. If the patient’s responses to the interactive video indicate that an office visit is either necessary or desirable, the patient can schedule the office visit right in through video in real time. Patients can also download and print prescriptions, care instructions, and other physician distributed documents right from and through the video. TaggMED is offered on a subscription basis.

Our TaggEDU application is designed for teachers and school administrators for more effective communications with students, parents, and faculty. TaggEDU allows teachers to deliver interactive video lessons to students that are both more engaging and more effective. TaggEDU allows teachers to communicate with students through their mobile devices and computers to deliver lessons and tests/quizzes on the screen and in the Tagg video. The analytics capabilities of TaggEDU available on the application dashboard of the teacher or school administrator allow them to track which students watched the lesson, when, for how long, how many times, and track and report on test/quiz results. TaggEDU is offered on a subscription basis.

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, 2018 filed with the SEC. The condensed consolidated balance sheet as of December 31, 2018 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 consolidated financial statements include the accounts of Verb Technology Company, Inc. and its wholly-owned subsidiary.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, during the quarter ended March 31, 2019, the Company incurred a net loss of \$3,008,000, used cash in operations of \$1,089,000, and had a stockholders’ deficit of \$7,084,000 as of March 31, 2019. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date of the financial statements being issued. 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, 2018 consolidated financial statements, has raised substantial doubt about the Company’s ability to continue as a going concern.

In April 2019, the Company completed an underwritten public offering of units, which offering was made pursuant to the Company’s Registration Statement on Form S-1, as amended (File No. 333-226840) (the “Registration Statement”). The SEC declared the Registration Statement effective on April 4, 2019. The Company raised net proceeds of approximately \$18,940,000, of which \$15,000,000 was used to pay the cash portion of the purchase price to acquire Sound Concepts, Inc. (“Sound Concepts”) and \$2,025,000 was applied towards the payment of certain notes payable. See Note 10, Subsequent Events, to these unaudited consolidated financial statements for further information.

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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Significant estimates include assumptions made in analysis of impairment of long-term assets, realization of deferred tax assets, determining fair value of derivative liabilities, and value of equity instruments issued for services. Amounts could materially change in the future.

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2016-02, Leases (“ASU 2016-02”). 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 twelve 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 leases existing at, or entered into after, the beginning of the earliest period presented in the financial statements.

In February 2019, the Company signed a new lease agreement to move and expand the Company’s corporate headquarters. This lease is for approximately 4,900 square feet of new construction space, located at 2210 Newport Boulevard, Suite 200, Newport Beach, California 92663, on the Balboa Peninsula (the “Lease”). The Lease is for a term of 89 months, as a result of the Company having exercised its option to extend the Lease for an additional 24 months. The Company currently anticipates that the Lease will commence in July 2019. The average monthly base rent for the first 12 months of the Lease is approximately \$12,000 after rent abatement. For the next 53 months of the Lease, the average monthly base rent will be approximately \$27,000 and, for the final 24 months, will be approximately \$30,000. Pursuant to ASU 2016-02, the Company expects to record approximately \$1.7 million as a right-of-use asset and corresponding liability once the Company takes possession and control of the leased premises.

Revenue Recognition

We generate substantially all of our revenue from subscription services, which are comprised of subscription fees from customer accounts. Subscription service arrangements are generally non-cancelable and do not provide for refunds to customers in the event of cancellations or any other right of return. We record revenue net of sales or excise taxes.

The Company recognizes revenue in accordance with Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers (“ASC 606”). The underlying principle of ASC 606 is to recognize revenue to depict the transfer of goods or services to customers at the amount expected to be collected. ASC 606 creates a five-step model that requires entities to exercise judgment when considering the terms of contract(s), which includes (1) identifying the contract(s) or agreement(s) with a customer, (2) identifying our performance obligations in the contract or agreement, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations, and (5) recognizing revenue as each performance obligation is satisfied. Pursuant to ASC 606, revenue is recognized when performance obligations under the terms of a contract are satisfied, which occurs for the Company upon shipment or delivery of products or services to our customers based on written sales terms, which is also when control is transferred. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring the products or services to a customer.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company uses Level 3 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company’s derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjusted to fair value of derivatives.

Share Based Payments

The Company issues stock options, shares of 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.

From prior period up to December 31, 2018, the Company accounted 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.

In June 2018, the FASB issued ASU No. 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. The guidance was issued to simplify the accounting for share-based transactions by expanding the scope of Topic 718 from only being applicable to share-based payments to employees to also include share-based payment transactions for acquiring goods and services from nonemployees. As a result, nonemployee share-based transactions will be measured by estimating the fair value of the equity instruments at the grant date, taking into consideration the probability of satisfying performance conditions. We adopted ASU 2018-07 on January 1, 2019. The adoption of the standard did not have a material impact on our financial statements for the three months ended March 31, 2019 or the previously reported financial statements.

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 shares of Common Stock that were outstanding during the period. Dilutive potential shares of Common Stock consist of incremental shares of Common Stock issuable upon exercise of stock options. No dilutive potential shares of Common Stock were included in the computation of diluted net loss per share because their impact was anti-dilutive. As of March 31, 2019, and 2018, the Company had total outstanding options of 2,457,974 and 1,168,730, respectively, and warrants of 778,446 and 1,230,351, respectively, which were excluded from the computation of net loss per share because they are anti-dilutive.

Fair Value of Financial Instruments

The Company follows paragraph 825-10-50-10 of the FASB ASC for disclosures about the fair value of its financial instruments and paragraph 820-10-35-37 of the FASB ASC ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

- Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
- Level 3: Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amount of the Company's financial assets and liabilities, such as cash and cash equivalents, prepaid expenses, and accounts payable and accrued expenses approximate their fair value due to their short-term nature. The carrying values financing obligations approximate their fair values due to the fact that the interest rates on these obligations are based on prevailing market interest rates. The Company uses Level 3 inputs for its valuation methodology for the derivative liabilities.

Deferred Offering Costs

Deferred offering costs consist principally of legal, accounting, and underwriters' fees incurred related to the underwritten public offering of the Company's units, which each consisted of one share of Common Stock and one warrant to purchase one share of Common Stock. These deferred offering costs will be charged against the gross proceeds received in April 2019, concurrent with the closing of our public offering. For additional information, see Note 10, Subsequent Events, to these unaudited consolidated financial statements.

Property and Equipment

Property and equipment are recorded at historical cost and depreciated on a straight-line basis over their estimated useful lives of approximately five years once the individual assets are placed in service.

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 year ended December 31, 2018 and for the period ended March 31, 2019.

Recent Accounting Pronouncements

Management does not believe that recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC will have a material impact on the Company's present or future consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of March 31, 2019 and December 31, 2018.

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
	(Unaudited)	
Furniture and fixtures	\$ 57,000	\$ 57,000
Office equipment	51,000	51,000
	108,000	108,000
Less: accumulated depreciation	(101,000)	(97,000)
	<u>\$ 7,000</u>	<u>\$ 11,000</u>

Depreciation expense amounted to \$4,000 and \$5,000 for three months ended March 31, 2019 and 2018, respectively.

4. NOTE PAYABLE

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019	Balance at December 31, 2018
Note 1 (A)	March 22, 2019	April 10, 2019	5.0%	\$ 310,000	\$ 310,000	\$ -
Note 2 (B)	March 29, 2019	July 10, 2019	5.0%	53,000	53,000	-
Total notes payable – related parties					363,000	-
Debt discount					(8,000)	-
Total notes payable, net of debt discount					<u>\$ 355,000</u>	<u>\$ -</u>

(A) On March 22, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$310,000, in exchange for net proceeds of \$300,000, representing an original issue discount of \$10,000, which is included in the original principal amount. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after April 10, 2019.

As a result of the issuance of the note, the Company incurred aggregate costs of \$10,000 related to the note's original issue discount. The Company recorded these costs as a note discount and is being amortized over the term of the note.

As of March 31, 2019, the outstanding balance of the note amounted to \$310,000.

(B) On March 29, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$53,000, in exchange for net proceeds of \$50,000, representing an original issue discount of \$3,000, which is included in the original principal amount. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after July 10, 2019.

As a result of the issuance of the note, the Company incurred aggregate costs of \$3,000 related to the note's original issue discount. The Company recorded these costs as a note discount and is being amortized over the term of the note.

As of March 31, 2019, the outstanding balance of the note amounted to \$53,000.

5. NOTES PAYABLE – RELATED PARTIES

The Company has the following related parties notes payable as of March 31, 2019 and December 31, 2018:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019	Balance at December 31, 2018
Note 1 (A)	December 1, 2015	February 8, 2021	12.0%	\$ 1,249,000	\$ 825,000	\$ 825,000
Note 2 (B)	December 1, 2015	April 1, 2017	12.0%	112,000	112,000	112,000
Note 3 (C)	April 4, 2016	June 4, 2021	12.0%	343,000	240,000	240,000
Note 4 (D)	March 22, 2019	April 30, 2019	5.0%	58,000	58,000	-
Total notes payable – related parties					1,235,000	1,177,000
Non-current					(1,065,000)	(1,065,000)
Current					<u>\$ 170,000</u>	<u>\$ 112,000</u>

(A) On December 1, 2015, the Company issued a convertible note payable to Mr. Rory J. Cutaia, the Company's majority stockholder and Chief Executive Officer, to consolidate all loans and advances made by Mr. Cutaia to the Company as of that date. The note bears interest at a rate of 12% per annum, secured by the Company's assets, and will mature on February 8, 2021, as amended.

As of March 31, 2019, and December 31, 2018, the outstanding balance of the note amounted to \$825,000, respectively.

(B) On December 1, 2015, the Company issued a note payable to a former member of the Company's board of directors, in the amount of \$112,000 representing unpaid consulting fees as of November 30, 2015. The note is unsecured, bears interest rate of 12% per annum, and matured in April 2017. As of March 31, 2019, and December 31, 2018, the outstanding principal balance of the note was equal to \$112,000, respectively. As of March 31, 2019, the note was past due, and remains past due. The Company is currently in negotiations with the noteholder to settle the past due note.

(C) On April 4, 2016, the Company issued a convertible note to Mr. Cutaia, in the amount of \$343,000, to consolidate all advances made by Mr. Cutaia to the Company during the period December 2015 through March 2016. The note bears interest at a rate of 12% per annum, secured by the Company's assets, and will mature on June 4, 2021, as amended.

As of March 31, 2019, and December 31, 2018, the outstanding balance of the note amounted to \$240,000, respectively.

(D) On March 22, 2019, the Company issued a note payable to Mr. Jeff Clayborne, the Company's Chief Financial Officer, in the amount of \$58,000. The note is unsecured, bears interest at a rate of 5% per annum, and matures on April 30, 2019.

As of March 31, 2019, the outstanding balance of the note amounted to \$58,000. The note was subsequently paid in full in April 2019.

Total interest expense for notes payable to related parties was \$35,000 and \$58,000 for three months ended March 31, 2019 and 2018, respectively. The Company paid \$32,000 and \$126,000 in interest for the three months ended March 31, 2019 and 2018, respectively.

6. CONVERTIBLE NOTES PAYABLE

The Company has the following convertible notes payable as of March 31, 2019 and December 31, 2018:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019	Balance at December 31, 2018
Note payable (A)	October 19, 2018	April 19, 2019	10%	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Note payable (B)	October 30, 2018	April 29, 2019	5%	\$ 400,000	400,000	400,000
Note payable (C)	February 1, 2019	August 2, 2019	10%	\$ 500,000	500,000	-
Total notes payable					2,400,000	1,900,000
Debt discount					(533,000)	(1,082,000)
Total notes payable, net of debt discount					\$ 1,867,000	\$ 818,000

(A) On October 19, 2018, the Company issued an unsecured convertible note to Bellridge Capital, LP ("Bellridge"), an unaffiliated third-party, in the aggregate principal amount of \$1,500,000 in exchange for net proceeds of \$1,242,000, representing an original issue discount of \$150,000, and paid legal and financing expenses of \$109,000. In addition, the Company issued 96,667 shares of its Common Stock with a fair value of \$595,000. The note was unsecured and did not bear interest; however, the implied interest was determined to be 10% since the note was issued at 10% less than its face value. The note matured in April 2019. The note was also convertible into shares of the Company's Common Stock only on or after the occurrence of an uncured "Event of Default." Primarily, the Company would be in default if it did not repay the principal amount of the note, as required. The other events of default are standard for the type of transaction represented by the related securities purchase agreement and the note. In the event of a default, the conversion price in effect on any date on which some or all of the principal of the note is to be converted would be a price equal to 70% of the lowest VWAP during the ten trading days immediately preceding the date on which Bellridge provided its notice of conversion. Upon an Event of Default, the Company would owe Bellridge an amount equivalent to 110% of the then-outstanding principal amount of the note in addition to of all other amounts, costs, expenses, and liquidated damages that might also be due in respect thereof. The Company agreed that, on or after the occurrence of an Event of Default, it would reserve and keep available that number of shares of its Common Stock that equaled 200% of the number of such shares that potentially would be issuable pursuant to the terms of the securities purchase agreement and the note (assuming conversion in full of the note and on any date of determination). The Company determined that, because the conversion price is unknown, the Company could not determine if it had enough authorized shares to fulfill the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the note created a derivative with a fair value of \$1,273,000 at the date of issuance.

As a result of the issuance of the note, the Company incurred aggregate costs of \$2,126,000 related to the note's original issue discount, legal and financing expenses, the fair value of the Common Stock issued and the recognition of the derivative liability. The Company recorded these costs as a note discount up to the face value of the note of \$1,500,000 and the remaining \$626,000 as financing costs in October 2018. The note discount is being amortized over the six-month term of the note.

As of March 31, 2019, the outstanding balance of the note amounted to \$1,500,000 and unamortized debt discount was \$144,000. The note was subsequently paid off in May 2019.

- (B) On October 30, 2018, the Company issued two unsecured convertible notes to one current investor and one otherwise unaffiliated third-party in the aggregate principal amount of \$400,000. The notes bore interest at a rate of 5% per annum and matured on April 29, 2019. Upon the Company's consummation of its underwritten public offering of the Company's units, all, and not less than all, of (i) the outstanding principal amount and (ii) the accrued interest thereunder were converted into shares of the Company's Common Stock. The per-share conversion price equaled seventy-five percent (75%) of the effective offering price of the Common Stock in the Company's recent underwritten public offering. The Company determined that, because the conversion price was unknown, that the Company could not determine if it had enough authorized shares to fulfill the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the notes created a derivative with a fair value of \$302,000 at the date of issuance and was accounted as a debt discount and is being amortized over the term of the notes payable.

As of March 31, 2019, the outstanding balance of the note amounted to \$400,000 and unamortized debt discount was \$48,000. The note was subsequently converted into shares of restricted Common Stock in April 2019.

- (C) On February 1, 2019, the Company issued an unsecured convertible note to Bellridge, an unaffiliated third-party, in the aggregate principal amount of \$500,000 in exchange for net proceeds of \$432,000, representing an original issue discount of \$25,000, and paid legal and financing expenses of \$43,000. In addition, the Company issued 16,667 shares of its Common Stock with a fair value of \$128,000. The note is unsecured and does not bear interest; however, the implied interest was determined to be 10% since the note was issued at 10% less than its face value. The note matures in August 2019. The note is also convertible into shares of the Company's Common Stock only on or after the occurrence of an uncured "Event of Default." Primarily, the Company will be in default if it does not repay the principal amount of the note, as required. The other events of default are standard for the type of transaction represented by the related securities purchase agreement and the note. The conversion price in effect on any date on which some or all of the principal of the note is to be converted shall be a price equal to 70% of the lowest VWAP during the ten trading days immediately preceding the date on which Bellridge provides its notice of conversion. Upon an Event of Default, the Company will owe Bellridge an amount equivalent to 110% of the then-outstanding principal amount of the note in addition to of all other amounts, costs, expenses, and liquidated damages that might also be due in respect thereof. The Company has agreed that, on or after the occurrence of an Event of Default, it will reserve and keep available that number of shares of its Common Stock that is at least equal to 200% of the number of such shares that potentially would be issuable pursuant to the terms of the securities purchase agreement and the note (assuming conversion in full of the note and on any date of determination). The Company determined that, because the conversion price is unknown, the Company could not determine if it had enough authorized shares to fulfill the conversion obligation. As such, pursuant to current accounting guidelines, the Company determined that the conversion feature of the note created a derivative with a fair value of \$388,000 at the date of issuance.

In the event the note remains outstanding for sixty (60) calendar days subsequent to the original issue date, the Company is required to issue to Bellridge an aggregate of 8,606 shares of Common Stock. In addition, the principal amount of the note shall increase from \$500,000 to \$525,000.

As a result of the issuance of the note, the Company incurred aggregate costs of \$584,000 related to the note's original issue discount, legal and financing expenses, the fair value of the Common Stock issued and the recognition of the derivative liability. The Company recorded these costs as a note discount up to the face value of the note of \$500,000 and the remaining \$84,000 as financing costs. The note discount is being amortized over the six-month term of the note.

As of March 31, 2019, the outstanding balance of the note amounted to \$500,000 and unamortized debt discount was \$341,000. The note was subsequently paid off in May 2019.

Total interest expense for convertible notes payable was \$5,000 and \$126,000 for three months ended March 31, 2019 and 2018, respectively.

7. DERIVATIVE LIABILITY

Under authoritative guidance used by the FASB on determining whether an instrument (or embedded feature) is indexed to an entity's own stock, instruments that do not have fixed settlement provisions are deemed to be derivative instruments. The Company has issued certain convertible notes whose conversion prices contains reset provisions based on a future offering price and/or whose conversion prices are based on future market prices. However, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In addition, the Company also granted certain warrants that included a fundamental transaction provision that could give rise to an obligation to pay cash to the warrant holder.

As a result, the conversion option and warrants are classified as liabilities and are bifurcated from the debt host and accounted for as a derivative liability in accordance with ASC 815 and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The derivative liabilities were valued using a probability weighted average Black-Scholes-Merton pricing model with the following average assumptions:

	March 31, 2019	Upon Issuance	December 31, 2018
Stock Price	\$ 6.35	\$ 7.65	\$ 4.80
Exercise Price	\$ 3.76	\$ 5.63	\$ 2.70
Expected Life	1.34	0.50	1.78
Volatility	190%	164%	184%
Dividend Yield	0%	0%	0%
Risk-Free Interest Rate	2.35%	2.46%	2.46%
Fair Value	\$ 2,020,000	\$ 388,000	\$ 2,576,000

The expected life of the conversion feature of the notes and warrants was based on the remaining contractual term of the notes and warrants. The Company uses the historical volatility of its Common Stock to estimate the future volatility for its Common Stock. The expected dividend yield was based on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future. The risk-free interest rate was based on rates established by the Federal Reserve Bank. As of December 31, 2018, the Company had recorded a derivative liability of \$2,576,000.

During the quarter ended March 31, 2019, the Company recorded an additional derivative liability totaling \$388,000 as a result of the issuance of a convertible note. In addition, the Company also recorded a change in fair value of \$(944,000) to account the change in fair value of these derivative liabilities at March 31, 2019. At March 31, 2019, the fair value of the derivative liability amounted to \$2,020,000. The details of derivative liability transactions for the quarter ended March 31, 2019 and 2018 are as follows:

	March 31, 2019	March 31, 2018
Beginning Balance	\$ 2,576,000	\$ 1,251,000
Fair value upon issuance of notes payable and warrants	388,000	301,000
Change in fair value	(944,000)	2,625,000
Extinguishment	-	(1,719,000)
Additional paid in capital	-	(723,000)
Ending Balance	\$ 2,020,000	\$ 1,735,000

8. EQUITY TRANSACTIONS

The Company's Common Stock activity for the nine months ended March 31, 2019 is as follows:

Common Stock

Shares Issued for Services – During the period ended March 31, 2019, the Company issued 39,998 shares of Common Stock to vendors for services rendered with a fair value of \$388,000. These shares of Common Stock were valued based on the market value of the Company's stock price at the grant date or the date the Company entered into the agreement related to the issuance.

Shares Issued Upon Issuance of Convertible Note – In February 2019, the Company granted a note holder 16,667 shares of Common Stock with a fair value of \$128,000 as an inducement for the issuance of a note payable. For additional information, please see Note 6, Convertible Notes Payable, to these unaudited consolidated financial statements.

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 three months ended March 31, 2019 is presented below.

	<u>Options</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2018	2,478,974	\$ 5.25	2.93	\$ 2,660,000
Granted	160,667	7.84	-	-
Forfeited	(181,667)	5.81	-	-
Exercised	-	-	-	-
Outstanding at March 31, 2019	<u>2,457,974</u>	<u>\$ 5.44</u>	<u>2.69</u>	<u>\$ 4,332,000</u>
Vested March 31, 2019	1,287,303	\$ 4.75		\$ 3,350,000
Exercisable at March 31, 2019	826,751	\$ 5.08		\$ 1,740,000

During the three months ended March 31, 2019, the Company granted stock options to employees and consultants to purchase a total of 160,667 shares of Common Stock for services to be rendered. The options have an average exercise price of \$7.84 per share, expire in five years, and either (i) vest 50% on the grant date and the remaining 50% on the 12-month anniversary of the grant date or (ii) vest in three equal installments during the three years from the grant date. The total fair value of these options at the grant date was approximately \$1,170,000 using the Black-Scholes Option pricing model.

The total stock compensation expense recognized relating to vesting of stock options for the three months ended March 31, 2019 amounted to \$463,000. As of March 31, 2019, total unrecognized stock-based compensation expense was \$4.6 million, which is expected to be recognized as part of operating expense through February 2021.

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

	<u>Three Months Ended March 31,</u>	
	<u>2019</u>	<u>2018</u>
Risk-free interest rate	2.75%	2.25-2.66%
Average expected term (years)	5 years	5 years
Expected volatility	201.3%	184.5%
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 on the fact that the Company has not paid dividends in the past and does not expect to pay dividends in the future.

Warrants

The Company has the following warrants outstanding as of March 31, 2019, all of which are exercisable:

	<u>Warrants</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2018	940,412	\$ 3.60	2.32	\$ 1,974,000
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	(161,969)	1.05	-	-
Outstanding at March 31, 2019, all vested	<u>778,446</u>	<u>\$ 4.14</u>	<u>2.14</u>	<u>\$ 2,152,000</u>

During the three months ended March 31, 2019, a total of 161,969 warrants were exercised in cashless exercises for 148,714 shares of common stock at a weighted average exercise price of \$1.05.

9. COMMITMENTS AND CONTINGENCIES

Litigation

On April 24, 2018, EMA, commenced an action against us, styled *EMA Financial, LLC, a New York limited liability company, Plaintiff, against nFUSZ, Inc., Defendant*, United States District Court, Southern District of New York, case number 1:18-cv-03634-NRB. The Complaint sets forth four causes of action and seeks relief consisting of: (1) money damages, (2) injunctive relief, (3) liquidated damages, and (4) declaratory relief. All of the claims stem from our refusal to honor EMA's exercise notice in connection with a common stock purchase warrant that we had granted to it. We believe EMA's allegations are entirely without merit.

The circumstances giving rise to the dispute are as follows: on or about December 5, 2017, we issued a warrant to EMA as part of the consideration we were required to provide in connection with a contemporaneous convertible loan EMA made to us. The loan, which was evidenced by a convertible note, was for a term of one year. Our refusal to honor the warrant exercise notice was due to our good faith belief that EMA's interpretation of the cashless exercise provision of the warrant was, *inter alia*, (1) contrary to our direct conversations and agreements made with EMA prior to, and during the preparation of the loan and warrant agreements; (2) contradictory to the plain language on the face and body of the warrant agreement drafted by EMA; (3) wholly inconsistent with industry norms, standards, and practices; (4) was contrary to the cashless exercise method actually adopted by EMA's co-lender in the same transaction; and (5) was the result of a single letter mistakenly transposed in the cashless exercise formula drafted by EMA which if adopted, would result in a gross and unintended windfall in favor of EMA and adverse to us. Moreover, as set forth in our response to EMA's allegations, EMA's interpretation of the cashless exercise provision would have resulted in it being issued more shares of our Common Stock than it would have received if it exercised the warrant for cash (instead of less), and more than the amount of shares reflected on the face of the warrant agreement itself. The loan underlying the transaction was repaid, in full, approximately three months after it was issued, on March 8, 2018, together with all accrued interest, prior to any conversion or attempted conversion of the note.

On July 20, 2018, we filed an Answer to the Complaint, along with certain Affirmative Defenses, as well as Counterclaims seeking *inter alia*, to void the entire transaction for violation of New York's criminal usury laws and, alternatively, for reformation of the warrant conversion formula set forth in the Warrant Agreement so as to be consistent with the parties' intent and custom and practice in the industry.

The parties have undergone depositions and exchanged document production. Discovery was scheduled to end on January 31, 2019. Neither party has requested to extend the discovery period. Notwithstanding the pending action, in December 2018, EMA attempted to exercise the warrant through the Company's transfer agent utilizing the disputed cashless exercise formula. The transfer agent rejected EMA's request and notified the Company who promptly filed a motion for a preliminary injunction to enjoin EMA from making any further attempts to exercise the warrant in this manner during the pendency of the action. The Company is awaiting a decision from the Court on its preliminary injunction motion. As of the date of this Quarterly Report, the Court has not ruled on our motion. We intend to vigorously defend the action, as well as vigorously prosecute our counterclaims against EMA. The action is still pending.

In August 2014, a former employee and then current stockholder (the "Employee") entered into that certain Executive Employment Agreement (the "Employment Contract") with bBooth, Inc., our predecessor company. Section 3.1 of the Employment Contract provided, among other things, that Employee was employed to serve as our President and reported directly to Rory Cutaia, our Chief Executive Officer. Section 5.2 of Employment Contract provides, among other things, that Employee was entitled to receive a bonus (the "Bonus") from us if certain conditions are met. These specified conditions were never met.

On or about May 15, 2015, Employee ceased employment at the Company. More than eight months later, on or about January 20, 2016, the parties entered into a certain Stock Repurchase Agreement (the "Repurchase Agreement") pursuant to which we purchased all of Employee's shares of Common Stock for a purchase price of \$144,000. The Repurchase Agreement also provided, among other things, that Employee released us from all claims, causes of action, suits, and demands (the "Release").

Approximately two years later, in April 2018, at a time when the Company's share price was on the rise, Employee notified us by email that it is Employee's position that on or about May 15, 2015: (1) Employee was terminated "without cause" pursuant to Section 6.2 of the Employment Contract; or (2) Employee terminated employment with Company "for good reason" pursuant to Section 6.3 of the Employment Contract. Employee sought approximately \$300,000 in allegedly unpaid bonuses, plus 150,000 options priced at \$0.50 per share, which expired prior to exercise. We responded in or about April 2018 that Employee's claims lacked factual and legal merit, including that they are barred by the Release. The lack of response from Employee at that time appeared to indicate Employee's tacit acknowledgment and ratification of our rationale underpinning our denial of Employee's claims. Approximately eight (8) months later in December 2018, Employee resurfaced, renewing his claims. We responded by reminding Employee we consider his claims to be without merit, and that, in any event, they are barred by the Release. In our view, the Release set forth in the Repurchase Agreement coupled with the existing merger or integration clause likely shields the Company from liability, even assuming, arguendo, that the claims could be supported by credible evidence.

We know of no other material pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our assets or properties, or the assets or properties of any of our subsidiaries, are subject and, to the best of our knowledge, no adverse legal activity is anticipated or threatened. 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 us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

Board of Directors

The Company has committed an aggregate of \$270,000 in annual compensation to its three independent board members commencing on the date the Company became listed on the Nasdaq Stock Market, LLC ("Nasdaq"). The members will serve on the board until the annual meeting for the year in which their term expires or until their successors have been elected and qualified.

10. SUBSEQUENT EVENTS

Grant of Common Stock

Subsequent to March 31, 2019, the Company issued 25,772 shares of Common Stock to vendors for services rendered with a fair value of \$34,000. These shares of Common Stock were valued based on the market value of the Company's stock price at the grant date or the date the Company entered into the agreement related to the issuance.

Grant of Stock Options

Subsequent to March 31, 2019, the Company granted stock options to an employee to purchase a total 60,000 shares of Common Stock for services rendered. The options have an exercise price of \$3.13 per share, expire in five years and vest on grant date or over a period of three years from grant date. The total fair value of these options at the grant date was \$117,000 using the Black-Scholes option pricing model.

Convertible Note Additional Share Issuance

Subsequent to April 2, 2019, the Company issued Bellridge, an unaffiliated third-party entity 8,606 shares of Common Stock with an estimated value of \$55,000 as the note was not paid within 60 days of issuance (see Note 6).

Conversion of Accounts Payable

On April 30, 2019, the Company issued 4,142 shares of Common Stock as full and final payment to a vendor owed \$10,000. The fair value of the shares was \$10,000.

Conversion of Note Payable

On April 9, 2019, the Company issued 182,333 shares of restricted Common Stock upon the conversion of notes payable and accrued interest of \$410,000. For additional information, please see Note 6, Convertible Notes Payable, to these unaudited consolidated financial statements.

Issuance of Note Payable

On April 2, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$158,000, in exchange for net proceeds of \$150,000, representing an original issue discount of \$8,000, which is included in the original principal amount. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after July 10, 2019.

On April 30, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$500,000, in exchange for net proceeds of \$500,000. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after April 29, 2020.

Underwritten Public Offering

On April 4, 2019, we entered into an Underwriting Agreement (the “Underwriting Agreement”) with A.G.P./Alliance Global Partners, as representative of the several underwriters named therein (the “Underwriter” or “AGP”), relating to a firm commitment public offering (the “Public Offering”) of 6,389,776 units (the “Units”) consisting of an aggregate of (i) 6,389,776 shares (the “Firm Shares”) of Common Stock, and (ii) warrants to purchase up to 6,389,776 shares of Common Stock (the “Firm Warrants”); and the shares of Common Stock issuable from time to time upon exercise of the Firm Warrants, the “Firm Warrant Shares”), at a public offering price of \$3.13 per Unit. Pursuant to the terms of the Underwriting Agreement, we also granted the Underwriters an option, exercisable for 45 days, to purchase up to 958,466 additional Units, consisting of an aggregate of (x) 958,466 shares of Common Stock (the “Option Shares”; and, together with the Firm Shares, the “Shares”) and (y) warrants to purchase up to 958,466 shares of Common Stock (the “Option Warrants”; and, together, with the Firm Warrants, the “Warrants”; and the shares of Common Stock issuable from time to time upon exercise of the Option Warrants, the “Option Warrant Shares”; and, together with the Firm Warrant Shares, the “Warrant Shares”). The Warrants have an initial per share exercise price of \$3.443, subject to customary adjustments, are exercisable immediately, and will expire five years from the date of issuance, or April 9, 2024.

On April 9, 2019, we closed the Public Offering and issued 6,389,776 Units, consisting of an aggregate of 6,389,776 Firm Shares and Firm Warrants to purchase up to an aggregate of 6,389,776 Firm Warrant Shares. In connection with the closing, the Underwriter partially exercised its over-allotment option and purchased an additional 159,820 Units, consisting of an aggregate of 159,820 Option Shares and Option Warrants to purchase up to an aggregate of 159,820 Option Warrant Shares. We received gross proceeds of approximately \$20,500,000 before deducting underwriting discounts and commissions and other estimated offering expenses payable by the Company.

In connection with the Public Offering, we also issued the Underwriter warrants to purchase up to 319,488 shares of our Common Stock (the “Underwriter Warrants”), at an exercise price of \$3.913. The Underwriter Warrants are exercisable at any time, and from time to time, in whole or in part, during the four-year period commencing one year from the effective date of the Registration Statement.

Acquisition of Sound Concepts

On April 12, 2019, we completed our previously announced acquisition of Sound Concepts (the “Closing”) pursuant to the Agreement and Plan of Merger (the “Merger Agreement”), by and among Sound Concepts, NF Merger Sub, Inc., a Utah corporation (“Merger Sub 1”), NF Acquisition Company, LLC, a Utah limited liability company (“Merger Sub 2”), the shareholders of Sound Concepts (the “Shareholders”), the shareholders’ representative, and us. Pursuant to the Merger Agreement, we acquired Sound Concepts through a two-step merger, consisting of merging Merger 1 Sub with and into Sound Concepts, with Sound Concepts surviving the “first step” of the merger as our wholly-owned subsidiary (and the separate corporate existence of Merger Sub 1 ceased) and, immediately thereafter, merging Sound Concepts with and into Merger Sub 2, with Merger Sub 2 surviving the “second step” of the merger, such that, upon the conclusion of the “second step” of the merger, the separate corporate existence of Sound Concepts ceased and Merger Sub 2 continued its limited liability company existence under Utah law as the surviving entity and as our wholly-owned subsidiary under the name Verb Direct, LLC (“Verb Direct”). On the terms and subject to the conditions set forth in the Merger Agreement, at the Closing (the “Effective Time”), each share of Sound Concepts’ capital stock issued and outstanding immediately prior to the Effective Time (the “Sound Concepts Capital Stock”), was cancelled and converted into the right to receive a proportionate share of \$25,000,000 of value, payable through a combination of a cash payment by us of an aggregate of \$15,000,000 (the “Acquisition Cash Payment”), and the issuance of an aggregate of 3,194,888 restricted shares of our Common Stock, with a fair market value of \$10,000,000. The Acquisition Cash Payment was paid using a portion of the net proceeds we received as a result of our Public Offering of Units that closed on April 9, 2019.

At the Closing, the Shareholders purchased an aggregate of \$4,000,000 of unrestricted Units in our Public Offering at the same price and upon the same terms and conditions as all other investors who purchased Units in our Public Offering, such that our net cash outlay in connection with the Sound Concepts acquisition was approximately \$11,000,000.

In connection with the Closing, we also issued warrants to purchase up to 163,739 shares of Common Stock as compensation to AGP for certain advisory services provided with respect to the Sound Concepts acquisition (the “Advisory Warrants”). The Advisory Warrants have an exercise price of \$3.756. The estimated fair market value of the Advisory Warrants is \$1,281,000.

We believe that Sound Concepts’ business is highly complementary to our own, and the combination of their technology, customer base, and human capital with our own, including the integration of our interactive video technology into Brighttools, among other synergies and enhancements, will result in increased stockholder value.

The following proforma balance sheet reflects the Public Offering of shares and the acquisition of Sound Concepts as if these transactions occurred as of March 31, 2019.

	Verb Technology Company, Inc.		Sound Concepts		Pro Forma Adjustments			Pro Forma Combined (Unaudited)
	March 31, 2019 (Unaudited)		March 31, 2019 (Unaudited)		Sale of Units	Acquisition	Financing	
ASSETS								
Current assets:								
Cash	\$	59,000	\$	557,000	18,940,000	(15,000,000)	(2,025,000)	\$ 2,531,000
Accounts receivable, net		7,000		1,089,000				1,096,000
Inventory, net		-		216,000				216,000
Prepaid expenses		212,000		142,000				354,000
Advance to related party		-		-				-
Total current assets		278,000		2,004,000				4,197,000
Right-of-use-asset		-		1,282,000				1,282,000
Deferred offering costs		488,000		-	(488,000)			-
Property and equipment, net		7,000		58,000				65,000
Goodwill		-		-		24,857,000		24,857,000
Other assets		51,000		20,000				71,000
Total assets	\$	824,000	\$	3,364,000				\$ 30,472,000
LIABILITIES AND STOCKHOLDERS’ EQUITY (DEFICIT)								
Current liabilities:								
Accounts payable and accrued expenses	\$	2,171,000	\$	1,046,000		350,000		\$ 3,567,000
Accrued interest (including \$45,000 and \$41,000 payable to related parties)		55,000		103,000				158,000
Accrued officers’ salary		205,000		-				205,000
Customer deposits		-		463,000				463,000
Deferred revenue		-		321,000				321,000
Note payable, net of discount of \$8,000 and \$0, respectively		355,000		-				355,000
Notes payable - related party		170,000		-				170,000
Convertible notes payable, net of discount of \$533,000 and \$1,082,000, respectively		1,867,000		-			(1,515,000)	352,000
Operating lease liabilities		-		220,000				220,000
Derivative liability		2,020,000		-			(1,101,000)	919,000
Total current liabilities		6,843,000		2,153,000				6,730,000

Note payable	1,065,000	-			1,065,000
Operating lease liabilities	-	1,068,000			1,068,000
Total liabilities	7,908,000	3,221,000			8,863,000

Commitments and contingencies

Stockholders' equity (deficit)

Preferred stock	-	-			-
Common stock	1,000	3,000	1,000	(3,000)	2,000
Additional paid-in capital	36,590,000	465,000	18,451,000	9,535,000	65,041,000
Treasury stock	-	(445,000)		445,000	-
Retained earnings (accumulated deficit)	(43,675,000)	120,000		(470,000)	591,000
Total stockholders' equity (deficit)	(7,084,000)	143,000			21,609,000
Total liabilities and stockholders' equity (deficit)	\$ 824,000	\$ 3,364,000			\$ 30,472,000

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

The following discussion and analysis of the results of operations and financial condition of Verb for the three-month periods ended March 31, 2019 and 2018, should be read in conjunction with the financial statements and related notes and the other financial information that are included elsewhere in this Quarterly Report on Form 10-Q. This discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations, and intentions. Forward-looking statements are statements not based on historical fact and which relate to future operations, strategies, financial results, or other developments. Forward-looking statements are based upon estimates, forecasts, and assumptions that are inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to business decisions, are subject to change. These uncertainties and contingencies can affect actual results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf. We disclaim any obligation to update forward-looking statements. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors. We use words such as “anticipate,” “estimate,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could,” and similar expressions to identify forward-looking statements.

As used in this Quarterly Report on Form 10-Q, the terms “we,” “us,” “our,” and “Verb” refer to Verb Technology Company, Inc., a Nevada corporation unless otherwise specified.

Overview

CMG was organized as a limited liability company under the laws of the State of Nevada on December 12, 2012. On May 19, 2014, bBooth, Inc. was incorporated under the laws of the State of Nevada. On May 19, 2014, CMG merged into bBooth, Inc. and, thereafter, bBooth, Inc. changed its name to bBooth (USA), Inc., effective October 16, 2014. The operations of CMG and bBooth (USA), Inc., became known as, and are referred to in this Quarterly Report as, “bBoothUSA.”

On October 16, 2014, bBoothUSA was acquired by GSD, pursuant to the Share Exchange Agreement entered into with GSD. GSD was incorporated in the State of Nevada on November 27, 2012. The acquisition was accounted for as a reverse merger transaction. In connection with the closing of the transactions contemplated by the Share Exchange Agreement, GSD’s management was replaced by bBoothUSA’s management, and GSD changed its name to bBooth, Inc.

Effective April 21, 2017, we 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 name-change merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name-change merger) with the Secretary of State of the State of Nevada on April 4, 2017 and April 17, 2017, respectively. The name-change merger became effective on April 21, 2017. Our board of directors approved the name-change merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the NRS, stockholder approval of the name-change merger was not required.

Effective February 1, 2019, we changed our corporate name from nFüsz, Inc. to Verb Technology Company, Inc. The name change was effected through a parent/subsidiary short-form merger of Verb Technology Company, 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 name-change merger, we filed Articles of Merger and a Certificate of Correction (relative to the effective date of the name-change merger) with the Secretary of State of the State of Nevada on January 31, 2019 and February 22, 2019, respectively. The name-change merger became effective on February 1, 2019. Our board of directors approved the name-change merger, which resulted in the name change on that date. In accordance with Section 92A.180 of the NRS, stockholder approval of the name-merger was not required.

On February 1, 2019, we implemented a 1-for-15 Reverse Stock Split of our Common Stock. The Reverse Stock Split became effective upon commencement of trading of our Common Stock on February 4, 2019. As a result of the Reverse Stock Split, every fifteen (15) shares of our pre-Reverse Stock Split Common Stock were combined and reclassified into one share of our Common Stock. The number of shares of Common Stock subject to outstanding options, warrants, and convertible securities were also reduced by a factor of fifteen (15) as of February 1, 2019. All historical share and per share amounts reflected throughout our consolidated financial statements and other financial information in this report have been adjusted to reflect the Reverse Stock Split. The par value per share of our Common Stock was not affected by the Reverse Stock Split.

On April 12, 2019, we completed our previously announced acquisition of Sound Concepts through a two-step merger, consisting of merging Merger Sub 1 with and into Sound Concepts, with Sound Concepts surviving the “first step” of the merger as our wholly-owned subsidiary (and the separate corporate existence of Merger Sub 1 ceased) and, immediately thereafter, merging Sound Concepts with and into Merger Sub 2, with Merger Sub 2 surviving the “second step” of the merger, such that, upon the conclusion of the “second step” of the merger, the separate corporate existence of Sound Concepts ceased and Merger Sub 2 continued its limited liability company existence under Utah law as the surviving entity and as our wholly-owned subsidiary. As a result of the merger, Merger Sub 2’s corporate name changed to “Verb Direct, LLC.” On the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Time, each share of Sound Concepts Capital Stock issued and outstanding immediately prior to the Effective Time, was cancelled and converted into the right to receive a proportionate share of \$25,000,000 of value, payable through a combination of a cash payment by us of an aggregate of \$15,000,000, and the issuance of an aggregate of 3,194,888 restricted shares of our Common Stock, with a fair market value of \$10,000,000. The Acquisition Cash Payment was paid using a portion of the net proceeds we received as a result of our recent Public Offering of Units that closed on April 9, 2019.

Verb Direct (formerly Sound Concepts) is an established 25-year-old business with approximately 92 employees, based in American Fork, Utah, providing digital marketing and sales support services, including a video-based sales application, to the direct sales industry. Its sales application, offered as a SaaS application, is marketed under the brand name Brighttools and is offered as a white-labeled application to large corporate enterprises engaged in the network marketing and affiliate marketing industry. Verb Direct currently has approximately 87 clients in the network marketing and affiliate marketing sector, which include Young Living Essential Oils, LC, Isagenix International, LLC, Vasayo, LLC, Nerium International, LLC, Forever Living Products International, LLC, Seacret Spa, LLC, among many others. The Brighttools app is a comprehensive sales, lead generation, and customer relationship management tool specifically designed to meet the needs of direct sales representatives and others engaged in network marketing and affiliate marketing sales. The Brighttools app also incorporates recruiting tools, sales representative training, and education tools, and includes instant notification capabilities to notify sales reps on their mobile devices when a prospect has engaged in shared content. Brighttools allows sales reps to share sales and product video content with their prospects via email and text, post content directly to social media, access corporate sales and product training materials, and receive analytics data and other engagement information regarding their prospects’ interactions with the digital sales content distributed through the app. Brighttools also tracks customer purchases and allows corporate to monitor field activity to track the effectiveness of campaigns, as well as compliance. In addition, sales reps can order physical product samples and purchase customizable brochures, invites, thank-you cards, and more for direct delivery to customers and prospects all through the application. The synergies of the digital and physical tools provide sales reps with unique solutions to engage their prospects, acquire customers, close sales, and grow their businesses. Brighttools is available on, and compatible with, virtually all mobile devices and is currently in use in over 57 different countries. As of the date hereof, Verb Direct has more than 575,000 current users of its Brighttools app.

We believe that Verb Direct’s business is highly complementary to our own, and the combination of its technology, customer base, and human capital with our own, including the integration of our interactive video technology into Brighttools, among other synergies and enhancements, and, therefore, expect that, after the integration has been completed (which commenced at the end of our last fiscal year), this business combination should result in increases in net sales and operational profitability for the combined enterprise.

Results of Operations

Three Months Ended March 31, 2019 as Compared to the Three Months Ended March 31, 2018

The following is a comparison of our results of operations for the three months ended March 31, 2019 and 2018:

	<i>For the Quarter Ended</i>		<i>Change</i>
	<i>March 31, 2019</i>	<i>March 31, 2018</i>	
Net sales	\$ 9,000	\$ 8,000	\$ 1,000
Cost of revenue	30,000	1,000	29,000
Research and development expense	564,000	130,000	434,000
General and administrative expense	2,189,000	5,269,000	(3,080,000)
Loss from operations	2,774,000	5,392,000	(2,618,000)
Other income / (expense)	-	(5,000)	5,000
Other expense, net	(234,000)	(3,097,000)	2,863,000
Net loss	<u>\$ (3,008,000)</u>	<u>\$ (8,494,000)</u>	<u>\$ 5,486,000</u>

Revenues

Subscription revenues for the quarter ended March 31, 2019 were \$9,000, compared to \$8,000 for the quarter ended March 31, 2018. Subscription revenues remain virtually flat as the Company began integrating its technology with Verb Direct and enhancing its core platform to facilitate native integrations with Salesforce.com, Inc. (“Salesforce”), Microsoft Corporation (“Microsoft”), Adobe Inc. (“Adobe”), and other channel partners.

Operating Expenses

Cost of revenue expenses were \$30,000 for the quarter ended March 31, 2019, as compared to \$1,000 for the quarter ended March 31, 2018. Cost of revenues primarily consisted of web hosting costs that support the SaaS platform. The \$29,000 increase from the quarter ended March 31, 2018 is attributed to the launch of TaggLITE in January 2019.

Research and development expenses were \$564,000 for the quarter ended March 31, 2019, as compared to \$130,000 for the quarter ended March 31, 2018. Research and development expenses primarily consisted of fees paid to employees and vendors contracted to perform research projects and develop technology. For the quarter ended March 31, 2019 and 2018, our research and development initiatives supported our cloud-based products, or SaaS platform. Our research and development expenses increased by approximately \$434,000 for the quarter ended March 31, 2019, as compared to the quarter ended March 31, 2018, due to additional product development and testing to support the integration of Verb Direct and enhancements to the Company’s core platform to facilitate native integrations with Salesforce, Microsoft, Adobe, and other channel partners.

General and administrative expenses for the quarter ended March 31, 2019 were \$2,189,000 a decrease of \$3,080,000 as compared to for the quarter ended March 31, 2018. The decrease in general and administrative expenses was primarily due to a decrease in stock-based compensation expense of \$3,759,000, offset by an increase in professional service fees of \$508,000 related to our merger with Sound Concepts, the up-listing of our Common Stock to Nasdaq, and technology recruiting expense, an increase in labor related costs of \$80,000 related to growth in our operations, an increase in marketing costs of \$72,000 to drive awareness of our products and the then-upcoming merger with Sound Concepts, and an increase in travel costs of \$40,000 to support the underwriting and additional business opportunities.

Other expense, net, for the quarter ended March 31, 2019 equaled \$234,000, which represented interest expense for amortization of debt discount of \$1,054,000, financing costs of \$84,000 driven by derivative liabilities associated with convertible debt, and interest expense of \$40,000 on outstanding notes payable, offset by the change in the fair value of derivative liability of (\$944,000). Other expense, net, for the quarter ended March 31, 2018 equaled \$3,102,000, which represented a change in the fair value of derivative liability of \$2,625,000, interest expense for amortization of debt discount of \$748,000, \$204,000 of interest expense on outstanding notes payable, and \$172,000 of financing costs driven by derivative liabilities associated with convertible debt, offset by a gain on extinguishment totaling \$652,000. The amount of other expense, net, was lower for the quarter ended March 31, 2019 primarily due to the change in the fair value of derivative liability (\$3,569,000) and no gain on debt extinguishment during the quarter ended March 31, 2019.

Modified EBITDA

In addition to our GAAP results, we present Modified EBITDA as a supplemental measure of our performance. However, Modified EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to net income, income from operations or any other performance measure derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. We define Modified EBITDA as net income (loss), plus interest expense, depreciation and amortization, stock-based compensation, financing costs and changes in fair value of derivative liability.

Management considers our core operating performance to be that which our managers can affect in any particular period through their management of the resources that affect our underlying revenue and profit generating operations that period. Non-GAAP adjustments to our results prepared in accordance with GAAP are itemized below. Readers are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified EBITDA, readers should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Modified EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

	<i>For the Quarter Ended</i>	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Net loss	\$ (3,008,000)	\$ (8,494,000)
Adjustments:		
Other (income) / expense	-	5,000
Stock compensation expense	851,000	4,610,000
Financing costs	84,000	172,000
Amortization of debt discount	1,054,000	748,000
Change in fair value of derivative liability	(944,000)	2,625,000
Debt extinguishment, net	-	(652,000)
Interest expense	40,000	204,000
Depreciation	4,000	5,000
Total EBITDA adjustments	<u>1,089,000</u>	<u>7,717,000</u>
Modified EBITDA	\$ (1,919,000)	\$ (777,000)

The \$1,142,000 decrease in modified EBITDA for the three months ended March 31, 2019 compared to the same period in 2018, resulted from the increase in professional service fees of \$508,000 related to our merger with Sound Concepts, the up-listing of our Common Stock to Nasdaq, an increase in research and development of \$434,000 due to additional product development and testing to support the integration of Verb Direct and enhancements to the Company's core platform to facilitate native integrations with Salesforce, Microsoft, Adobe, and other channel partners, plus additional costs to support growth.

We present Modified EBITDA because we believe it assists investors and analysts in comparing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Modified EBITDA in developing our internal budgets, forecasts and strategic plan; in analyzing the effectiveness of our business strategies in evaluating potential acquisitions; and in making compensation decisions and in communications with our board of directors concerning our financial performance. Modified EBITDA has limitations as an analytical tool, which includes, among others, the following:

- Modified EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Modified EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Modified EBITDA does not reflect future interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and the Modified EBITDA does not reflect any cash requirements for such replacements.

Liquidity and Capital Resources

Going Concern

We have incurred operating losses and negative cash flows from operations since inception. As of March 31, 2019, we had a stockholders' deficit of \$7,084,000 and we incurred a net loss of \$3,008,000 during the quarter ended March 31, 2019. We also utilized cash in operations of \$1,089,000 during the quarter ended March 31, 2019. 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 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 in the amounts, on terms, and at times deemed acceptable to us, if at all. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, would increase our liabilities and future cash commitments. If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business, as planned, and as a result may be required to scale back or cease operations for our business, the results of which would be that our stockholders would lose some or all of their investment. 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.

Overview

As of March 31, 2019, we had cash of \$59,000. 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 we will not be able to raise such financings at all, or on terms that are not dilutive to our existing stockholders. We can offer no assurance that we will be able to raise such funds. If we are unable to raise the funds we require for all of our planned operations, we may be forced to reallocate funds from other planned uses and may suffer a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. As a result, our business may suffer, and we may be forced to reduce or discontinue operations.

Subsequent to March 31, 2019, we closed our previously announced Public Offering providing the Company with gross proceeds of approximately \$20,500,000 before deducting underwriting discounts and commissions and other estimated offering expenses payable by the Company. The proceeds were used to pay the Acquisition Cash Payment of \$15,000,000 in connection with the acquisition of Sound Concepts, pay principal and interest amounts outstanding under convertible debt in the amount of \$2,025,000, pay commissions and other offering expenses related to the Public Offering in the amount of \$2,100,000, and other operating expenses. In addition, the Company closed unsecured debt financing totaling \$658,000, or \$650,000 after deducting expenses.

We expect to use our cash as follows:

- To provide additional funding as required for our integration activities in connection with our acquisition of Sound Concepts;
- To fund the ongoing costs associated with the integration of our software with the Salesforce, platform;
- To fund the ongoing costs associated with the integration of our software with Microsoft Outlook, Microsoft Dynamics, and the Microsoft Office 365 platform, among other ongoing initiatives with Microsoft;
- To fund the ongoing costs associated with the integration of our software with the Odoo platform;
- To fund our ongoing development costs associated with the adaptation of our TaggMED product for certain clinical trial initiatives;
- To fund our general corporate working capital needs, including the costs of additional staff to facilitate the foregoing initiatives.

Cash Flows – Operating

For the quarter ended March 31, 2019, our cash flows used in operating activities amounted to \$1,089,000, compared to cash used for the quarter ended March 31, 2018 of \$993,000. The change is due to an increase in business activity, which resulted in an additional consulting expenses, salary, and various operating expense totaling \$1,143,000 for the quarter ended March 31, 2019, compared to the quarter ended March 31, 2018. The increases in business activity was offset by an increase in accounts payable of \$1,047,000.

Cash Flows – Financing

Our cash provided by financing activities for the quarter ended March 31, 2019 amounted to \$514,000, which represented \$432,000 of proceeds from the issuance of convertible debt, \$350,000 proceeds from the issuance of unsecured debt, \$58,000 of unsecured related party debt, offset by \$326,000 of deferred offering costs. Our cash provided by financing activities for the quarter ended March 31, 2018 amounted to \$2,586,000, which represented \$2,279,000 of proceeds received from the issuances of shares of our Common Stock, \$1,000,000 of proceeds from the issuance of shares of our Common Stock from the exercise of a put option, \$130,000 of proceeds from the issuance of convertible debt, and \$22,000 of proceeds from the exercise of warrants, offset by \$845,000 of convertible debt payments.

Notes Payable – Related Parties

The Company has the following outstanding notes payable to related parties at March 31, 2019 that are due in the current year:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019
Note 1 (A)	December 1, 2015	February 8, 2021	12.0%	\$ 1,249,000	\$ 825,000
Note 2 (B)	December 1, 2015	April 1, 2017	12.0%	112,000	112,000
Note 3 (C)	April 4, 2016	June 4, 2021	12.0%	343,000	240,000
Note 4 (D)	March 22, 2019	April 30, 2019	5.0%	58,000	58,000
Total notes payable – related parties					1,235,000
Non-current					(1,065,000)
Current					\$ 170,000

- (A) On December 1, 2015, the Company issued a convertible note payable to Mr. Rory J. Cutaia, the Company's majority stockholder and Chief Executive Officer, to consolidate all loans and advances made by Mr. Cutaia to the Company as of that date. The note bears interest at a rate of 12% per annum, is secured by the Company's assets, and will mature on February 8, 2021, as amended.
- (B) On December 1, 2015, the Company issued a note payable to a former member of the Company's board of directors, in the amount of \$112,000 representing unpaid consulting fees as of November 30, 2015. The note is unsecured, bears interest rate of 12% per annum, and matured in April 2017. As of March 31, 2019, the outstanding principal balance of the note was equal to \$112,000.
- (C) On April 4, 2016, the Company issued a convertible note to Mr. Cutaia, in the amount of \$343,000, to consolidate all advances made by Mr. Cutaia to the Company during the period December 2015 through March 2016. The note bears interest at a rate of 12% per annum, is secured by the Company's assets, and will mature on June 4, 2021, as amended.
- (D) On March 22, 2019, the Company issued a note payable to Mr. Jeff Clayborne, the Company's Chief Financial Officer, in the amount of \$58,000. The note is unsecured, bears interest at a rate of 5% per annum, and matures on April 30, 2019.

The note was subsequently paid in full in April 2019.

Convertible Notes Payable

The Company has the following outstanding convertible notes payable at March 31, 2019:

Note	Note Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019
Note payable (A)	October 19, 2018	April 19, 2019	10%	\$ 1,500,000	\$ 1,500,000
Note payable (B)	October 30, 2018	April 29, 2019	5%	\$ 400,000	400,000
Note payable (C)	February 1, 2019	August 1, 2019	10%	\$ 500,000	500,000
Total notes payable					2,400,000
Debt discount					(533,000)
Total notes payable, net of debt discount					\$ 1,867,000

(A) On October 19, 2018, the Company issued an unsecured convertible note to an otherwise unaffiliated third-party in the aggregate principal amount of \$1,500,000 in exchange for net proceeds of \$1,241,500, after an original issue discount of \$150,000 and legal and financing expenses of \$109,000. In addition, the Company issued 96,667 shares of its Common Stock. The note is convertible into shares of the Company's Common Stock only on or after the occurrence of an uncured "Event of Default." Primarily, the Company will be in default if it does not repay the principal amount of the note, as required. The events of default are customary for the type of transaction represented by the related securities purchase agreement and the note. The conversion price in effect on any date on which some or all of the principal of the note is to be converted is equal to 70% of the lowest VWAP during the ten trading days immediately preceding the date on which the third-party provided its notice of conversion. Upon an Event of Default, the Company will owe the third-party an amount equivalent to 110% of the then-outstanding principal amount of the note in addition to all other amounts, costs, expenses, and liquidated damages that might also be due in respect thereof. The Company has agreed that, on or after the occurrence of an Event of Default, it will reserve and keep available that number of shares of its Common Stock that is at least equal to 200% of the number of such shares that potentially would be issuable pursuant to the terms of the securities purchase agreement and the note (assuming conversion in full of the note and on any date of determination).

The note was subsequently paid off in May 2019.

(B) On October 30, 2018, we issued two unsecured convertible notes to one current investor and one otherwise unaffiliated third-party in the aggregate principal amount of \$400,000 in exchange for net proceeds of \$400,000. The notes bore interest at a rate of 5% per annum and matured on April 29, 2019. Upon the Company's consummation of the Public Offering of the Company's Common Stock, all, and not less than all, of (i) the principal and (ii) the accrued interest was converted into shares of the Company's Common Stock. The per-share conversion price equaled seventy-five percent (75%) of the effective offering price of the Common Stock in the Public Offering.

Subsequent to March 31, 2019, the note was converted into shares of restricted Common Stock.

(C) On February 1, 2019, the Company issued an unsecured convertible note to an otherwise unaffiliated third-party entity in the aggregate principal amount of \$500,000 in exchange for net proceeds of \$432,000, after an original issue discount of \$25,000 and legal and financing expenses of \$43,000. In addition, the Company issued 16,667 shares of its Common Stock. The note was convertible into shares of the Company's Common Stock only on or after the occurrence of an uncured "Event of Default." Primarily, the Company would have been in default if it did not repay the principal amount of the note, as required. The events of default were customary for the type of transaction represented by the related securities purchase agreement and the note. The conversion price in effect on any date on which some or all of the principal of the note was to be converted was equal to 70% of the lowest VWAP during the ten trading days immediately preceding the date on which the third-party provided its notice of conversion. Upon an Event of Default, the Company would have owed the third-party an amount equivalent to 110% of the then-outstanding principal amount of the note in addition to all other amounts, costs, expenses, and liquidated damages that might also be due in respect thereof. The Company agreed that, on or after the occurrence of an Event of Default, it would reserve and keep available that number of shares of its Common Stock that was at least equal to 200% of the number of such shares that potentially would be issuable pursuant to the terms of the securities purchase agreement and the note (assuming conversion in full of the note and on any date of determination).

In the event the note remains outstanding for sixty (60) calendar days subsequent to the original issue date, the Company was required to issue an aggregate of 8,606 shares of Common Stock. In addition, the principal amount of the note would increase from \$500,000 to \$525,000.

The note was subsequently paid off in May 2019.

Notes Payable

The Company has the following outstanding convertible notes payable at March 31, 2019:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance at March 31, 2019
Note 1 (A)	March 22, 2019	April 10, 2019	5.0%	310,000	310,000
Note 2 (B)	March 29, 2019	July 10, 2019	5.0%	53,000	53,000
Total notes payable – related parties					363,000
Debt discount					(8,000)
Total notes payable, net of debt discount					<u>\$ 355,000</u>

(A) On March 22, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$310,000, in exchange for net proceeds of \$300,000, representing an original issue discount of \$10,000, which is included in the original principal amount. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after April 10, 2019.

(B) On March 29, 2019, we issued an unsecured promissory note to an unaffiliated third-party in the aggregate principal amount of \$53,000, in exchange for net proceeds of \$50,000, representing an original issue discount of \$3,000, which is included in the original principal amount. The note is unsecured and bears interest on the principal amount at a rate of 5% per annum. The note is due on demand at any time after July 10, 2019.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are not required to provide the information under this Item.

Critical Accounting Policies

Our 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.

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 valuation of derivative liability, valuation of debt and equity instruments, share-based compensation arrangements, and realization of deferred tax assets. Amounts could materially change in the future.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company uses Level 3 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a probability weighted average Black-Scholes-Merton pricing model based on various assumptions. The Company's derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

Share-Based Payments

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.

In June 2018, the FASB issued ASU No. 2018-07, Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting ("ASU 2018-07"). ASU 2018-07 is intended to simplify aspects of share-based compensation issued to non-employees by making the guidance consistent with the accounting for employee share-based compensation. ASU 2018-07 is required to be adopted for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2018-07 on January 1, 2019. The adoption of this guidance did not have a material impact on our consolidated financial statements.

The Company values stock compensation based on the market price on the measurement date.

The Company values stock options using the Black-Scholes option pricing model. Assumptions used in the Black-Scholes model to value options issued during the nine months ended March 31, 2019 and 2018 are as follows:

	Three Months Ended March 31,	
	2019	2018
Risk-free interest rate	2.75%	2.25% - 2.66 %
Average expected term (years)	5 years	5 years
Expected volatility	201.3%	184.5%
Expected dividend yield	-	-

The risk-free interest rate is based on rates established by the Federal Reserve Bank. The expected term represents the weighted-average period of time that share option awards are expected to be outstanding giving consideration to vesting schedules and historical participant exercise before. The Company uses the historical volatility of its Common Stock to estimate the future volatility for its Common Stock. The expected dividend yield is based on the fact that the Company has not customarily paid dividends in the past and does not expect to pay dividends in the future.

Recently Issued Accounting Pronouncements

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.

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 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 March 31, 2019.

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 March 31, 2019 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

On April 24, 2018, EMA, commenced an action against us, styled *EMA Financial, LLC, a New York limited liability company, Plaintiff, against nFUSZ, Inc., Defendant*, United States District Court, Southern District of New York, case number 1:18-cv-03634-NRB. The Complaint sets forth four causes of action and seeks relief consisting of: (1) money damages, (2) injunctive relief, (3) liquidated damages, and (4) declaratory relief. All of the claims stem from our refusal to honor EMA's exercise notice in connection with a common stock purchase warrant that we had granted to it. We believe EMA's allegations are entirely without merit.

The circumstances giving rise to the dispute are as follows: on or about December 5, 2017, we issued a warrant to EMA as part of the consideration we were required to provide in connection with a contemporaneous convertible loan EMA made to us. The loan, which was evidenced by a convertible note, was for a term of one year. Our refusal to honor the warrant exercise notice was due to our good faith belief that EMA's interpretation of the cashless exercise provision of the warrant was, *inter alia*, (1) contrary to our direct conversations and agreements made with EMA prior to, and during the preparation of the loan and warrant agreements; (2) contradictory to the plain language on the face and body of the warrant agreement drafted by EMA; (3) wholly inconsistent with industry norms, standards, and practices; (4) was contrary to the cashless exercise method actually adopted by EMA's co-lender in the same transaction; and (5) was the result of a single letter mistakenly transposed in the cashless exercise formula drafted by EMA which if adopted, would result in a gross and unintended windfall in favor of EMA and adverse to us. Moreover, as set forth in our response to EMA's allegations, EMA's interpretation of the cashless exercise provision would have resulted in it being issued more shares of our Common Stock than it would have received if it exercised the warrant for cash (instead of less), and more than the amount of shares reflected on the face of the warrant agreement itself. The loan underlying the transaction was repaid, in full, approximately three months after it was issued, on March 8, 2018, together with all accrued interest, prior to any conversion or attempted conversion of the note.

On July 20, 2018, we filed an Answer to the Complaint, along with certain Affirmative Defenses, as well as Counterclaims seeking *inter alia*, to void the entire transaction for violation of New York's criminal usury laws and, alternatively, for reformation of the warrant conversion formula set forth in the Warrant Agreement so as to be consistent with the parties' intent and custom and practice in the industry.

The parties have undergone depositions and exchanged document production. Discovery was scheduled to end on January 31, 2019. Neither party has requested to extend the discovery period. Notwithstanding the pending action, in December 2018, EMA attempted to exercise the warrant through the Company's transfer agent utilizing the disputed cashless exercise formula. The transfer agent rejected EMA's request and notified the Company who promptly filed a motion for a preliminary injunction to enjoin EMA from making any further attempts to exercise the warrant in this manner during the pendency of the action. The Company is awaiting a decision from the Court on its preliminary injunction motion. As of the date of this Quarterly Report, the Court has not ruled on our motion. We intend to vigorously defend the action, as well as vigorously prosecute our counterclaims against EMA. The action is still pending.

In August 2014, the Employee entered into the Employment Contract with bBooth, Inc., our predecessor company. Section 3.1 of the Employment Contract provided, among other things, that Employee was employed to serve as our President and reported directly to Rory Cutaia, our Chief Executive Officer. Section 5.2 of Employment Contract provides, among other things, that Employee was entitled to receive the Bonus from us if certain conditions are met. These specified conditions were never met.

On or about May 15, 2015, Employee ceased employment at the Company. More than eight months later, on or about January 20, 2016, the parties entered into a certain Repurchase Agreement pursuant to which we purchased all of Employee's shares of Common Stock for a purchase price of \$144,000. The Repurchase Agreement also provided, among other things, that Employee released us from all claims, causes of action, suits, and demands.

Approximately two years later, in April 2018, at a time when the Company's share price was on the rise, Employee notified us by email that it is Employee's position that on or about May 15, 2015: (1) Employee was terminated "without cause" pursuant to Section 6.2 of the Employment Contract; or (2) Employee terminated employment with Company "for good reason" pursuant to Section 6.3 of the Employment Contract. Employee sought approximately \$300,000 in allegedly unpaid bonuses, plus 150,000 options priced at \$0.50 per share, which expired prior to exercise. We responded in or about April 2018 that Employee's claims lacked factual and legal merit, including that they are barred by the Release. The lack of response from Employee at that time appeared to indicate Employee's tacit acknowledgment and ratification of our rationale underpinning our denial of Employee's claims. Approximately eight (8) months later in December 2018, Employee resurfaced, renewing his claims. We responded by reminding Employee we consider his claims to be without merit, and that, in any event, they are barred by the Release. In our view, the Release set forth in the Repurchase Agreement coupled with the existing merger or integration clause likely shields the Company from liability, even assuming, *arguendo*, that the claims could be supported by credible evidence.

We know of no other material pending legal proceedings to which we or any of our subsidiaries is a party or to which any of our assets or properties, or the assets or properties of any of our subsidiaries, are subject and, to the best of our knowledge, no adverse legal activity is anticipated or threatened. 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 us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

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

Common Stock

Shares Issued for Services – During the three months ended March 31, 2019, we issued 39,998 shares of our Common Stock to consultants as payment for services to be rendered. The shares had an aggregate value of \$388,000, which was based on the closing price of our Common Stock as reported by the OTC Markets Group Inc.'s OTCQB® tier Venture Market (the "OTCQB") on the date of issuance, or \$4.35 per share.

Inducement Shares – On February 1, 2019, we issued 16,667 shares of our Common Stock as an inducement for the issuance of a \$500,000 convertible note. The shares had an aggregate value of \$128,000, which was based on the closing price of our Common Stock as reported by the OTCQB on the date of issuance, or \$7.65 per share.

Shares Issued from Exercise of Warrants – During the three months ended March 31, 2019, a total of 161,969 warrants were exercised and 148,714 shares of Common Stock were issued at a weighted average exercise price of \$1.05.

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:

Exhibit No.	Description
2.1	<u>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.), which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 15, 2014, and is incorporated herein by reference thereto.</u>
3.1	<u>Articles of Incorporation as filed with the Secretary of State of the State of Nevada on November 27, 2012, which was filed as Exhibit 3.1 to our Registration Statement on Form S-1 (File No. 333-187782) filed with the SEC on April 8, 2013, and is incorporated herein by reference thereto.</u>
3.2	<u>Bylaws, which were filed as Exhibit 3.2 to our Registration Statement on Form S-1 (File No. 333-187782) filed with the SEC on April 8, 2013, and is incorporated herein by reference thereto.</u>
3.3	<u>Certificate of Change as filed with the Secretary of State of the State of Nevada on October 6, 2014, which was filed as Exhibit 3.3 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.</u>
3.4	<u>Articles of Merger as filed with the Secretary of State of the State of Nevada on October 6, 2014, which was filed as Exhibit 3.4 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.</u>
3.5	<u>Articles of Merger as filed with the Secretary of State of the State of Nevada on April 4, 2017, which was filed as Exhibit 3.5 to our Current Report on Form 8-K filed with the SEC on April 24, 2017, and is incorporated herein by reference thereto.</u>
3.6	<u>Certificate of Correction as filed with the Secretary of State of the State of Nevada on April 17, 2017, which was filed as Exhibit 3.6 to our Current Report on Form 8-K filed with the SEC on April 24, 2017, and is incorporated herein by reference thereto.</u>
3.7	<u>Certificate of Change as filed with the Secretary of State of the State of Nevada on February 1, 2019, which was filed as Exhibit 3.7 to our Annual Report on Form 10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.</u>
3.8	<u>Articles of Merger as filed with the Secretary of State of the State of Nevada on January 31, 2019, which was filed as Exhibit 3.8 to our Annual Report on Form 10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.</u>
3.9	<u>Certificate of Correction as filed with the Secretary of State of the State of Nevada on February 22, 2019, which was filed as Exhibit 3.9 to Amendment No. 4 to our Registration Statement on Form S-1 (File No. 333-226840) filed with the SEC on March 14, 2019, and is incorporated herein by reference thereto.</u>
3.10*	<u>Articles of Merger of Sound Concepts, Inc. with and into NF Merger Sub, Inc. as filed with the Utah Division of Corporations and Commercial Code on April 12, 2019.</u>
3.11*	<u>Statement of Merger of Verb Direct, Inc., a Utah corporation with and into NF Acquisition Company, LLC as filed with the Utah Division of Corporations and Commercial Code on April 12, 2019.</u>
4.1	<u>Common Stock Purchase Warrant (First Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.2	<u>Common Stock Purchase Warrant (Second Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.3	<u>Common Stock Purchase Warrant (Third Warrant) dated September 15, 2017, issued to Kodiak Capital Group, LLC, which was filed as Exhibit 4.3 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.4	<u>Promissory Note (Commitment Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.4 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.5	<u>Promissory Note (First Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.5 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.6	<u>Promissory Note (Second Note), dated September 15, 2017, issued by the Company in favor of Kodiak Capital Group, LLC, which was filed as Exhibit 4.6 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.</u>
4.7	<u>Form of Warrant Certificate dated March 20, 2015, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.</u>
4.8	<u>12% Secured Convertible Note dated December 1, 2015, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.</u>
4.9	<u>12% Unsecured Convertible Note dated December 1, 2015, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.</u>
4.10	<u>12% Unsecured Note dated December 1, 2015, issued by the Company in favor of Audit Prep Services, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.</u>
4.11	<u>Form of 12% Secured Convertible Note dated April 4, 2016, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.</u>
4.12	<u>Form of Warrant Certificate dated April 4, 2016 issued to Rory J. Cutaia, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.</u>
4.13	<u>Form of 12% Unsecured Convertible Note dated April 4, 2016, issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.</u>
4.14	<u>Form of 12% Unsecured Convertible Note dated April 4, 2016, issued by the Company in favor of Oceanside Strategies, Inc., which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.</u>
4.15	<u>Form of Warrant Certificate dated April 4, 2016 issued to Oceanside Strategies, Inc., which was filed as Exhibit 10.7 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.</u>
4.16	<u>Amendment to 12% Unsecured Convertible Note dated December 30, 2016, issued by the Company in favor of Oceanside Strategies, Inc., which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 9, 2017, and is incorporated herein by reference thereto.</u>
4.17	<u>Warrant Certificate dated December 30, 2016 issued to Oceanside Strategies, Inc., which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 9, 2017, and is incorporated herein by reference thereto.</u>

- 4.18 [Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on February 13, 2017, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on February 21, 2017, and is incorporated herein by reference thereto.](#)
- 4.19 [Amendment to Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on July 28, 2017, which was filed as Exhibit 10.37 to our Quarterly Report on Form 10-Q filed with the SEC on August 10, 2017, and is incorporated herein by reference thereto.](#)
- 4.20 [8% Unsecured Convertible Note dated December 5, 2017 issued by the Company in favor of EMA Financial, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 4.21 [Common Stock Purchase Warrant dated December 5, 2017 issued to EMA Financial, LLC, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 4.22 [8% Unsecured Convertible Note dated December 5, 2017 issued by the Company in favor of Auctus Fund, LLC, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 4.23 [Common Stock Purchase Warrant dated December 5, 2017 issued to Auctus Fund, LLC, which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 4.24 [8% Unsecured Convertible Note dated December 13, 2017 issued by the Company in favor of PowerUp Lending Group, LTD., which was filed as Exhibit 10.8 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 4.25 [8% Unsecured Convertible Note dated January 11, 2018 issued by the Company in favor of EMA Financial, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 4.26 [Common Stock Purchase Warrant dated January 11, 2018 issued to EMA Financial, LLC, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 4.27 [8% Unsecured Convertible Note dated January 10, 2018 issued by the Company in favor of Auctus Fund, LLC, which was filed as Exhibit 10.5 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 4.28 [Common Stock Purchase Warrant dated January 10, 2018 issued to Auctus Fund, LLC, which was filed as Exhibit 10.6 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 4.29 [Amendment to Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on September 1, 2017, which was filed as Exhibit 4.27 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on August 14, 2018, and is incorporated herein by reference thereto.](#)
- 4.30 [Certificate of Withdrawal of Certificate of Designation of Series A Convertible Preferred Stock as filed with the Secretary of State of the State of Nevada on August 10, 2018, which was filed as Exhibit 4.28 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on August 14, 2018, and is incorporated herein by reference thereto.](#)
- 4.31 [Convertible Promissory Note dated October 30, 2018 issued in favor of Ira Gains, which was filed as Exhibit 4.31 to our Annual Report on Form 10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 4.32 [Convertible Promissory Note dated October 30, 2018 issued in favor of Gina Trippiedi, which was filed as Exhibit 4.32 to our Annual Report on Form 10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 4.33 [5% Original Issue Discount Promissory Note due August 1, 2019 issued in favor of Bellridge Capital, LP, which was filed as Exhibit 4.33 to our Annual Report on Form 10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 4.34 [Form of Investor Common Stock Purchase Warrant, which was filed as Exhibit 4.34 to Amendment No. 8 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on April 2, 2019, and is incorporated herein by reference thereto.](#)
- 4.35 [Form of Underwriter's Common Stock Purchase Warrant, which was filed as Exhibit 4.35 to Amendment No. 8 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on April 2, 2019, and is incorporated herein by reference thereto.](#)
- 4.36 [Form of Common Stock Purchase Warrant granted in favor of A.G.P./Alliance Global Partners, which was filed as Exhibit 4.36 to Amendment No. 4 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on March 14, 2019, and is incorporated herein by reference thereto.](#)
- 10.1 [2014 Stock Option Plan, which is filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 22, 2014, and is incorporated herein by reference thereto.](#)
- 10.2 [Employment Agreement dated November 1, 2014, by and between the Company and Rory Cutaia, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 24, 2014, and is incorporated herein by reference thereto.](#)

- 10.3 [Secured Promissory Note dated December 11, 2014 issued by Songstagram, Inc. in favor of the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.](#)
- 10.4 [Secured Promissory Note dated December 11, 2014 issued by Rocky Wright in favor of the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.](#)
- 10.5 [Security Agreement dated December 11, 2014 executed by Songstagram, Inc. in favor of the Company, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.](#)
- 10.6 [Security Agreement dated December 11, 2014 executed Rocky Wright in favor of the Company, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 17, 2014, and is incorporated herein by reference thereto.](#)
- 10.7 [Acquisition Agreement dated January 20, 2015 among Songstagram, Inc., Rocky Wright, and us, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.](#)
- 10.8 [Surrender of Collateral, Consent to Strict Foreclosure and Release Agreement dated January 20, 2015, by and between Songstagram, Inc. and the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.](#)
- 10.9 [Form of Termination Agreement and Release dated January 20, 2015, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on January 26, 2015, and is incorporated herein by reference thereto.](#)
- 10.10 [Settlement and Release Agreement dated February 6, 2015, by and among Songstagram, Inc., Jeff Franklin, and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 9, 2015, and is incorporated herein by reference thereto.](#)
- 10.11 [Engagement letter dated March 20, 2015, by and among DelMorgan Group LLC, Globalist Capital, LLC, and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.](#)
- 10.12 [Form of Note Purchase Agreement dated March 20, 2015, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on March 27, 2015, and is incorporated herein by reference thereto.](#)
- 10.13 [Security Agreement issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on December 7, 2015, and is incorporated herein by reference thereto.](#)
- 10.14 [Form of Stock Repurchase Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 16, 2016, and is incorporated herein by reference thereto.](#)
- 10.15 [Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.](#)
- 10.16 [Form of Security Agreement issued by the Company in favor of Rory J. Cutaia, which was filed as Exhibit 10.3 to our Current Report on Form 8-K filed with the SEC on April 11, 2016, and is incorporated herein by reference thereto.](#)
- 10.17 [Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.](#)
- 10.18 [Form of Option Agreement for Messrs. Geiskopf and Cutaia, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.](#)
- 10.19 [Term Sheet dated July 12, 2016, between Nick Cannon and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.](#)
- 10.20 [Form of Stock Option Agreement between Jeffrey R. Clayborne and the Company, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on May 19, 2016, and is incorporated herein by reference thereto.](#)

- 10.21 [Form of Consulting Agreement dated August 8, 2016, by and between International Monetary and the Company, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on August 15, 2016, and is incorporated herein by reference thereto.](#)
- 10.22 [Form of Private Placement Subscription Agreement, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 19, 2016, and is incorporated herein by reference thereto.](#)
- 10.23 [Securities Purchase Agreement dated February 13, 2017, by and between the Company and certain purchasers named therein, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on February 21, 2017, and is incorporated herein by reference thereto.](#)
- 10.24 [Equity Purchase Agreement, as corrected, dated September 15, 2017, by and between the Company and Kodiak Capital Group, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 27, 2017, and is incorporated herein by reference thereto.](#)
- 10.25 [Registration Rights Agreement dated September 15, 2017, by and between the Company and Kodiak Capital Group, LLC, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on October 2, 2017, and is incorporated herein by reference thereto.](#)
- 10.26 [Securities Purchase Agreement dated December 5, 2017, by and between the Company and EMA Financial, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 10.27 [Securities Purchase Agreement, dated December 5, 2017, by and between the Company and Auctus Fund, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 10.28 [Securities Purchase Agreement dated December 13, 2017, by and between the Company and PowerUp Lending Group, LTD, which was filed as Exhibit 10.7 to our Current Report on Form 8-K filed with the SEC on December 14, 2017, and is incorporated herein by reference thereto.](#)
- 10.29 [Securities Purchase Agreement dated January 11, 2018, by and between the Company and EMA Financial, LLC, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 10.30 [Securities Purchase Agreement, dated January 10, 2018, by and between the Company and Auctus Fund, LLC, which was filed as Exhibit 10.4 to our Current Report on Form 8-K filed with the SEC on January 26, 2018, and is incorporated herein by reference thereto.](#)
- 10.31 [SuiteCloud Developer Network Agreement, dated January 2, 2018, by and between the Company and Oracle, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 23, 2018, and is incorporated herein by reference thereto.](#)
- 10.32 [Lease Agreement, dated June 22, 2017, by and between La Park La Brea B LLC and the Company, which was filed as Exhibit 10.33 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on August 14, 2018, and is incorporated herein by reference thereto.](#)
- 10.33 [Renewal Amendment of Lease Agreement, dated May 1, 2018, by and between La Park La Brea B LLC and the Company, which was filed as Exhibit 10.34 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on August 14, 2018, and is incorporated herein by reference thereto.](#)
- 10.34 [Adobe Marketo LaunchPoint Accelerate Program Agreement, dated April 1, 2018, by and between the Company and Adobe Marketo, which was filed as Exhibit 10.35 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on August 14, 2018, and is incorporated herein by reference thereto.](#)
- 10.35 [Securities Purchase Agreement, dated October 19, 2018, which was filed as Exhibit 10.36 to our Current Report on Form 8-K filed with the SEC on October 25, 2018, and is incorporated herein by reference thereto.](#)
- 10.36 [10% Original Issue Discount Promissory Note, dated October 19, 2018, which was filed as Exhibit 10.37 to our Current Report on Form 8-K filed with the SEC on October 25, 2018, and is incorporated herein by reference thereto.](#)
- 10.37 [Agreement and Plan of Merger, dated November 8, 2018, by and among the Company, Sound Concepts, Inc., NF Merger Sub, Inc., NF Acquisition Company, LLC, the shareholders of Sound Concepts, Inc., and the shareholders' representative, which was filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 14, 2018, and is incorporated herein by reference thereto.](#)

- 10.38 [Letter Agreement dated November 8, 2018, by and among the Company, Sound Concepts, Inc., NF Merger Sub, Inc., NF Acquisition Company, LLC, the shareholders of Sound Concepts, Inc., and the shareholders' representative, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on November 14, 2018, and is incorporated herein by reference thereto.](#)
- 10.39 [Letter Agreement dated November 12, 2018, by and among the Company, Sound Concepts, Inc., NF Merger Sub, Inc., NF Acquisition Company, LLC, the shareholders of Sound Concepts, Inc., and the shareholders' representative, which was filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on November 14, 2018, and is incorporated herein by reference thereto.](#)
- 10.40 [Securities Purchase Agreement dated February 1, 2019 by and between the Company and Bellridge, which was filed as Exhibit 10.40 to our Annual Report on Form10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 10.41 [Lock-Up Agreement dated October 30, 2018, by and between the Company and Gina Trippiedi, which was filed as Exhibit 10.41 to our Annual Report on Form10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 10.42 [Lock-Up Agreement dated October 30, 2018, by and between the Company and Ira Gaines, which was filed as Exhibit 10.42 to our Annual Report on Form10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 10.43 [Partner Application Distribution Agreement dated February 4, 2019, by and between the Company and Salesforce, which was filed as Exhibit 10.43 to our Annual Report on Form10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 10.44 [Service Agreement dated December 21, 2018, by and between the Company and Major Tom, which was filed as Exhibit 10.44 to our Annual Report on Form10-K filed with the SEC on February 7, 2019, and is incorporated herein by reference thereto.](#)
- 10.45 [Lease Agreement dated February 5, 2019, by and between the Company and NPBeach Marina LLC, which was filed as Exhibit 10.45 to Amendment No. 3 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on February 19, 2019, and is incorporated herein by reference thereto.](#)
- 10.46 [Form of Warrant Agent Agreement by and between the Company and VStock Transfer, LLC, which was filed as Exhibit 10.46 to Amendment No. 4 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on March 14, 2019, and is incorporated herein by reference thereto.](#)
- 10.47 [Short-Term Demand Promissory Note of the Company in favor of David Martin, dated March 22, 2019, which was filed as Exhibit 10.47 to Amendment No. 8 to our Registration Statement on Form S-1 \(File No. 333-226840\) filed with the SEC on April 2, 2019, and is incorporated herein by reference thereto.](#)
- 10.48* [Short-Term Demand Promissory Note of the Company in favor of Amin Somani, dated April 2, 2019.](#)
- 10.49* [Demand Promissory Note of the Company in favor of Adam Wolfson dated April 30, 2019.](#)
- 31.1* [Certification of Principal Executive Officer Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934](#)
- 31.2* [Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Rule 13a-14\(a\) of the Securities Act of 1934](#)
- 32.1* [Certification of Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code](#)
- 32.2* [Certification of Principal Financial Officer and Principal Accounting Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code](#)
- 101.INS* XBRL Instance Document
- 101.SCH* XBRL Taxonomy Extension Schema
- 101.CAL* XBRL Taxonomy Extension Calculation Linkbase
- 101.DEF* XBRL Taxonomy Extension Definition Linkbase
- 101.LAB* XBRL Taxonomy Extension Label Linkbase
- 101.PRE* XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

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.

VERB TECHNOLOGY COMPANY, INC.

May 15, 2019

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

May 15, 2019

By: /s/ Jeff Clayborne
Jeff Clayborne
Chief Financial Officer
(Principal Accounting Officer)

ARTICLES OF MERGER

OF

**SOUND CONCEPTS, INC.,
a Utah corporation**

WITH AND INTO

**NF MERGER SUB, INC.,
a Utah corporation**

Pursuant to §16-10a-1105 of the Utah Revised Business Corporation Act (the “**Act**”), Sound Concepts, Inc., a Utah corporation (the “**Company**”); or, after the effective time of the merger, the “**Surviving Corporation**”), as the survivor in a merger with NF Merger Sub, Inc., a Utah corporation (“**Merger Sub**”), does hereby certify as follows:

FIRST: That an Agreement and Plan of Merger, dated November 8, 2018 (the “**Plan**”), has been adopted and approved by the Company and Merger Sub, the parties to the merger, in accordance with the requirements of §16-10a-1101 of the Act, an abbreviated form of which is attached hereto as Exhibit A.

SECOND: There is one (1) share of common stock of Merger Sub currently issued and outstanding and entitled to vote on the Plan. All of the shares of common stock of Merger Sub voted in favor of the Plan, which is a sufficient number of votes to approve the Plan.

THIRD: There are 122,413 shares of common stock of the Company currently issued and outstanding and entitled to vote on the Plan. All of the shares of common stock of the Company voted in favor of the Plan, which is a sufficient number of votes to approve the Plan.

FOURTH: The name of the Surviving Corporation shall be Verb Direct, Inc.

FIFTH: The effective time of the merger shall be at the time of filing of these Articles of Merger with the Utah Division of Corporations and Commercial Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned executes and delivers these Articles of Merger on this 10th day of April, 2019.

**SOUND CONCEPTS, INC.,
a Utah corporation**

By: /s/ McKinley Oswald
Name: McKinley Oswald
Its: Chief Executive Officer

**NF MERGER SUB, INC.,
a Utah corporation**

By: /s/ Rory Cutaia
Name: Rory Cutaia
Its: Chief Executive Officer

**AGREEMENT
AND
PLAN OF MERGER
(abbreviated)**

1. **The Merger.** On the terms and subject to the conditions set forth in an Agreement and Plan of Merger (the "**Merger Agreement**"), dated November 8, 2018, by and among nFüsz, Inc., a Nevada corporation and now known as Verb Technology Company, Inc. (the "**Parent**"), NF Merger Sub, Inc., a Utah corporation and a wholly-owned subsidiary of the Parent ("**Merger Sub 1**"), NF Acquisition Company, LLC, a Utah limited liability company and a wholly-owned subsidiary of the Parent ("**Merger Sub 2**"), Sound Concepts, Inc., a Utah corporation ("**Sound Concepts**" or, after the effective time of the merger, the "**Surviving Corporation**"), the shareholders of Sound Concepts (each, a "**Shareholder**"; and, collectively, the "**Shareholders**"), and the Shareholders' representative (the "**Representative**"), and in accordance with the applicable provisions of the Utah Revised Business Corporation Act (the "**URBCA**"), at the Effective Time (as defined below), Sound Concepts shall merge with and into Merger Sub 1 with Sound Concepts surviving the merger as a wholly-owned subsidiary of Parent (and the separate corporate existence of Merger Sub 1 shall cease) (the "**Merger**").

2. **Effective Time.** Subject to the provisions of the Merger Agreement, on the closing date, Sound Concepts, the Parent, and Merger Sub 1 shall cause the Articles of Merger (the "**Articles of Merger**") to be executed and filed with the Utah Division of Corporations and Commercial Code in accordance with the relevant provisions of the URBCA, and shall make all other filings or recordings required by the URBCA in connection with the Merger. The Merger shall become effective at such time as the Articles of Merger have been duly filed with the Utah Division of Corporations and Commercial Code in accordance with the URBCA or at such later date or time as may be agreed by Sound Concepts and the Parent in writing and specified in the Articles of Merger in accordance with the URBCA (the effective time of the Merger being hereinafter referred to as the "**Effective Time**").

3. **Effects of Merger.** The Merger shall have the effects set forth in the Merger Agreement and in the applicable provisions of the URBCA.

4. **Articles of Incorporation of the Surviving Corporation.** The Articles of Incorporation of Sound Concepts, as amended (the "**Articles**"), as in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation, as amended pursuant to the Articles of Merger filed with the Utah Division of Corporations and Commercial Code to effectuate the Merger, and such Articles shall continue in full force and effect until amended and changed in the manner prescribed by the provisions of the URBCA.

5. **Bylaws of the Surviving Corporation.** The Bylaws (the "**Bylaws**") of Sound Concepts as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation, and such Bylaws shall continue in full force and effect until changed, altered, or amended as therein provided and in the manner prescribed by the provisions of the Act.

6. **Directors and Officers of the Surviving Corporation.** The directors and officers of Sound Concepts in office immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation, all of whom shall hold their directorships and offices until the election or appointment and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the Bylaws of the Surviving Corporation.

7. **Effect of the Merger on Capital Stock of Sound Concepts and Merger Sub 1** At the Effective Time, as a result of the Merger, and without any action on the part of the Parent, Merger Sub 1, Sound Concepts, or any Shareholder:

- a. *Conversion of Sound Concept Shares.* Each share of Sound Concept's common stock, no par value per share (the "**Company Shares**"), issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive a proportionate share of the Closing Merger Consideration (as defined below), together with any amounts that may become payable in respect of such Company Share in the future from the Escrow Shares (as defined below) as provided in the Merger Agreement and the Escrow Agreement, at the respective times and subject to the contingencies specified therein. For purposes hereof, "**Closing Merger Consideration**" shall mean the sum of (a) cash in the amount equal to \$15,000,000 (the "**Cash Consideration**") plus (b) the sum of (i) the number of shares of Parent's common stock, par value \$0.0001 per share (the "**Parent Common Stock**"), obtained by dividing \$10,000,000 by the price per share of the Parent Common Stock as of the closing of the Merger (the "**Parent Shares**") less (ii) twenty-five percent of the number of Parent Shares (the "**Escrow Shares**"). The Escrow Shares shall have all of the attributes of the Parent Shares (e.g., the rights to receive dividends, if, when, and as declared by the Parent and the rights to vote) and, subject to the provisions of the Escrow Agreement, the Shareholders shall be the record and beneficial owners thereof. No fractional Parent Common Stock shall be issued as a result of the Merger. If any fractional Parent Common Stock would otherwise result from the Merger, the number of securities required to be issued to the applicable Shareholder shall be rounded up to the nearest whole number of Parent Shares.
- b. *Conversion of Merger Sub 1 Capital Stock.* Each share of common stock, par value \$0.001 per share, of Merger Sub 1 issued and outstanding immediately prior to the filing of the Articles of Merger shall be converted into and become one newly issued, fully paid, and non-assessable share of common stock of Sound Concepts.
- c. *Treasury Stock.* Any Company Shares held by Sound Concepts as treasury shares or by the Parent immediately prior to the filing of the Articles of Merger shall automatically be canceled and cease to exist as upon such filing and no consideration shall be delivered or deliverable therefor.

[Remainder of page is intentionally left blank.]

STATEMENT OF MERGER

OF

**VERB DIRECT, INC.,
a Utah corporation**

WITH AND INTO

**NF ACQUISITION COMPANY, LLC,
a Utah limited liability company**

Pursuant to §16-10a-1105 of the Utah Revised Business Corporation Act (the “**URBCA**”) and §48-3a-1025 of the Utah Revised Uniform Limited Liability Company Act (the “**URULLCA**”), NF Acquisition Company, LLC, a Utah limited liability company (the “**Company**”; or, after the effective time of the merger, the “**Surviving Entity**”), and Verb Direct, Inc., a Utah corporation (“**Verb Direct**”), do hereby certify as follows:

FIRST: That an Agreement and Plan of Merger (the “**Plan**”) has been adopted and approved by the Company and Verb Direct, the parties to the merger, in accordance with the requirements of §16-10a-1101 of the URBCA and §48-3a-1022 of the URULLCA, an abbreviated form of which is attached hereto as Exhibit A.

SECOND: There is one membership interest currently outstanding and entitled to vote on the Plan. The sole membership interest of the Company voted in favor of the Plan, which is a sufficient number of votes to approve the Plan.

THIRD: There is one share of common stock of Verb Direct currently outstanding and entitled to vote on the Plan. The sole share of common stock of Verb Direct voted in favor of the Plan, which is a sufficient number of votes to approve the Plan.

FOURTH: The name of the Surviving Entity shall be Verb Direct, LLC.

FIFTH: The effective time of the merger shall be at the time of filing of this Statement of Merger with the Utah Division of Corporations and Commercial Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned executes and delivers this Statement of Merger on this 10th day of April, 2019.

**NF ACQUISITION COMPANY, LLC,
a Utah limited liability company**

By: /s/ Rory Cutaia
Name: Rory Cutaia
Its: Chief Executive Officer

**VERB DIRECT, INC.,
a Utah corporation**

By: /s/ Jason Matheny
Name: Jason Matheny
Its: President

**AGREEMENT
AND
PLAN OF MERGER
(abbreviated)**

1. **The Merger.** On the terms and subject to the conditions set forth in an Agreement and Plan of Merger (the "**Merger Agreement**"), dated November 8, 2018, by and among nFüsz, Inc., a Nevada corporation, and now known as Verb Technology Company, Inc. (the "**Parent**"), NF Merger Sub, Inc., a Utah corporation and a wholly-owned subsidiary of the Parent ("**Merger Sub 1**"), NF Acquisition Company, LLC, a Utah limited liability company and a wholly-owned subsidiary of the Parent ("**Merger Sub 2**" or, after the effective time of the merger, the "**Surviving Entity**"), Sound Concepts, Inc., a Utah corporation, and now known as Verb Direct, Inc. ("**Verb Direct**"), the shareholders of Verb Direct (each, a "**Shareholder**"; and, collectively, the "**Shareholders**"), and the Shareholders' representative (the "**Representative**"), and in accordance of the applicable provisions of the Utah Revised Business Corporation Act (the "**URBCA**") and the Utah Revised Uniform Limited Liability Company Act (the "**URULLCA**"), at the Effective Time (as defined below), Verb Direct shall merge with and into Merger Sub 2 with Merger Sub 2 surviving the merger such that upon the conclusion of the merger, the separate corporate existence of Verb Direct shall cease and Merger Sub 2 shall continue its limited liability company existence under Utah law as the Surviving Entity in the merger and as a wholly-owned subsidiary of the Parent (the "**Merger**").

2. **Effective Time.** Subject to the provisions of the Merger Agreement, on the closing date, Verb Direct, the Parent, and Merger Sub 2 shall cause the Statement of Merger (the "**Statement of Merger**") to be executed and filed with the Utah Division of Corporations and Commercial Code in accordance with the relevant provisions of the URBCA and the URULLCA, as applicable, and shall make all other filings or recordings required by the URBCA and the URULLCA in connection with the Merger. The Merger shall become effective at such time as the Statement of Merger has been duly filed with the Utah Division of Corporations and Commercial Code in accordance with the URULLCA or at such later date or time as may be agreed by Verb Direct and the Parent in writing and specified in the Statement of Merger in accordance with the URULLCA (the effective time of the merger being hereinafter referred to as the "**Effective Time**").

3. **Effects of Merger.** The Merger shall have the effects set forth in the Merger Agreement and in the applicable provisions of the URULLCA.

4. **Certificate of Organization of the Surviving Entity.** The Certificate of Organization of the Surviving Entity (the "**Certificate**"), shall be amended as a result of the Merger to change the name of the Surviving Entity to a name virtually identical to the name in Verb Direct's Articles of Incorporation as in effect immediately prior to the Effective Time, and such amended Certificate shall remain in effect until thereafter amended in accordance with the terms thereof or as provided by applicable law.

5. **Operating Agreement of the Surviving Entity**. The Operating Agreement (the “**Operating Agreement**”) of the Surviving Entity shall remain in effect, except that the name of the Surviving Entity shall be virtually identical to the name of the Company and such amended Operating Agreement shall remain in effect until thereafter amended in accordance with the terms thereof, the Certificate of the Surviving Entity, or as provided by applicable law.

6. **Directors and Officers of the Surviving Entity**. From and after the Effective Time, the directors and officers of the Surviving Entity shall be as set forth on Exhibit C to the Merger Agreement until their respective successors have been duly elected or appointed and qualified or until their respective earlier death, resignation, or removal in accordance with the Certificate and Operating Agreement of the Surviving Entity.

7. **Effect of the Merger on Capital Stock of Verb Direct and Merger Sub 2**. At the Effective Time, as a result of the Merger, and without any action on the part of the Parent, Merger Sub 2, or Verb Direct, the one issued, fully paid, and non-assessable share of common stock of Verb Direct shall be converted into and become one newly issued, fully paid, and non-assessable membership unit of the Surviving Entity.

[Remainder of page is intentionally left blank.]

**SHORT-TERM
DEMAND PROMISSORY NOTE**

Principal: USD\$157,500

Date of Issue: April 2, 2019

FOR VALUE RECEIVED, the undersigned, VERB Technology Company, Inc. (the "**Borrower**") of 344 Hauser Blvd., Suite 414, Los Angeles, California, USA 90036, hereby promises to pay the principal amount of USD\$157,500 (the "**Principal**") to the order of Amin Somani (the "**Lender**") of 2902-667 Howe St., Vancouver, B.C., Canada, V6C 2E5.

1. **Demand.** Notwithstanding anything set out in this Demand Promissory Note, the Principal then outstanding, plus any accrued and unpaid interest thereon shall be due on demand at any time after July 10, 2019 (the "**Maturity Date**").
2. **Original Issue Discount (OID) and Interest.** This Note bears an OID of \$7,500, which is included in the original Principal amount. In addition to the OID, interest shall be payable on the Principal amount outstanding hereunder at a rate equal to five percent (5%) per annum which will accrue beginning on the Maturity Date and continue to accrue thereafter on any unpaid balance through the date of payment in full.
3. **Prepayment.** At any time, and from time to time, any portion of the Principal then outstanding, and any accrued and unpaid interest thereon, may be prepaid in whole or in part by the Borrower to the Lender, without penalty or bonus.
4. **Choice of Law; Jurisdiction.** Nevada law will apply to the interpretation and enforcement of this Demand Promissory Note. Any dispute in respect of this Note shall be adjudicated by a Court of competent jurisdiction located in Clark County, State of Nevada.
5. **Waiver.** The Borrower hereby waives presentment and notice of dishonor, protest and notice of protest. No delay by the Lender in exercising any power or right hereunder will operate as a waiver of power or right preclude other or further exercise thereof, or the exercise of any other power or right hereunder or otherwise; and no waiver whatever or modification of the terms thereof will be valid unless in writing signed by the Lender and then only to the extent therein set forth.

IN WITNESS WHEREOF the Borrower has executed this Short-Term Demand Promissory Note this 2nd day of April, 2019.

VERB Technology Company, Inc.,
by its authorized signatory:

/s/ Rory J. Cutaia

Name: Rory J. Cutaia

Title: Chief Executive Officer



DEMAND PROMISSORY NOTE

Principal: USD\$500,000

Date of Issue: April 30, 2019

FOR VALUE RECEIVED, the undersigned, VERB Technology Company, Inc. (the "**Borrower**") of 344 Hauser Blvd., Suite 414, Los Angeles, California, USA 90036, hereby promises to pay the principal amount of USD\$500,000 (the "**Principal**") to the order of Adam Wolfson (the "**Lender**") of _____.

1. **Demand.** Notwithstanding anything set out in this Demand Promissory Note, the Principal then outstanding, plus any accrued and unpaid interest thereon shall be due on demand at any time after April 29, 2020 (the "**Maturity Date**").
2. **Interest.** This Note bears interest on the Principal amount outstanding hereunder at a rate equal to five percent (5%) per annum which will accrue beginning on the Date of Issue and continue to accrue thereafter on any unpaid balance through the date of payment in full.
3. **Prepayment.** At any time, and from time to time, any portion of the Principal then outstanding, and any accrued and unpaid interest thereon, may be prepaid in whole or in part by the Borrower to the Lender, without penalty or bonus.
4. **Choice of Law; Jurisdiction.** Nevada law will apply to the interpretation and enforcement of this Demand Promissory Note. Any dispute in respect of this Note shall be adjudicated by a Court of competent jurisdiction located in Clark County, State of Nevada.
5. **Waiver.** The Borrower hereby waives presentment and notice of dishonor, protest and notice of protest. No delay by the Lender in exercising any power or right hereunder will operate as a waiver of power or right preclude other or further exercise thereof, or the exercise of any other power or right hereunder or otherwise; and no waiver whatever or modification of the terms thereof will be valid unless in writing signed by the Lender and then only to the extent therein set forth.

IN WITNESS WHEREOF the Borrower has executed this Demand Promissory Note this 30th day of April, 2019.

VERB Technology Company, Inc.
by its authorized signatory:

/s/ Rory Cutaia

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 Verb Technology Company, 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.

May 15, 2019

/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 Verb Technology Company, 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.

May 15, 2019

/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 Verb Technology Company, Inc. for the quarterly period ended March 31, 2019 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 Verb Technology Company, Inc.

May 15, 2019

/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 Verb Technology Company, Inc. for the quarterly period ended March 31, 2019 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.

May 15, 2019

/s/ Jeff Clayborne

Jeff Clayborne

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