

**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 **September 30, 2022**

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 No.)

3401 North Thanksgiving Way, Suite 240, Lehi, Utah

(Address of principal executive offices)

84043

(Zip Code)

(855) 250-2300

(Registrant's telephone number, including area code)

N/A

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

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

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

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

As of November 10, 2022, there were 116,166,300 shares of common stock, \$0.0001 par value per share, outstanding.

**VERB TECHNOLOGY COMPANY, INC.**  
**TABLE OF CONTENTS**

<a href="#"><u>CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS</u></a>	3
<a href="#"><u>PART I - FINANCIAL INFORMATION</u></a>	4
<a href="#"><u>ITEM 1 - FINANCIAL STATEMENTS (UNAUDITED)</u></a>	4
<a href="#"><u>ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></a>	26
<a href="#"><u>ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></a>	40
<a href="#"><u>ITEM 4 - CONTROLS AND PROCEDURES</u></a>	40
<a href="#"><u>PART II - OTHER INFORMATION</u></a>	42
<a href="#"><u>ITEM 1 - LEGAL PROCEEDINGS</u></a>	42
<a href="#"><u>ITEM 1A - RISK FACTORS</u></a>	42
<a href="#"><u>ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></a>	43
<a href="#"><u>ITEM 3 - DEFAULTS UPON SENIOR SECURITIES</u></a>	43
<a href="#"><u>ITEM 4 - MINE SAFETY DISCLOSURES</u></a>	43
<a href="#"><u>ITEM 5 - OTHER INFORMATION</u></a>	44
<a href="#"><u>ITEM 6 - EXHIBITS</u></a>	44
<a href="#"><u>SIGNATURES</u></a>	45

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the three months ended September 30, 2022 (this “Quarterly Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which statements are subject to considerable risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not statements of historical facts and can be identified by words such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “will,” “would” or similar expressions and the negatives of those expressions. Forward-looking statements also include the assumptions underlying or relating to such statements.

Our forward-looking statements are based on our management’s current beliefs, assumptions and expectations about future events and trends, which affect or may affect our business, strategy, operations, financial performance or liquidity. Although we believe these forward-looking statements are based upon reasonable assumptions, they are subject to numerous known and unknown risks and uncertainties and are made in light of information currently available to us. Some of the risks and uncertainties that may impact our forward-looking statements include, but are not limited to, the following factors:

- our incursion of significant net losses and uncertainty whether we will be able to achieve or maintain profitable operations;
- our ability to continue as a going concern;
- our ability to grow and compete in the future, and to execute our business strategy;
- our ability to maintain and expand our customer base and to convince our customers to increase the use of our services and/or platform;
- the competitive market in which we operate;
- our ability to increase the number of our strategic relationships and grow the revenues from our current strategic relationships;
- our ability to develop enhancements and new features to our existing service or acceptable new services that keep pace with technological developments;
- our ability to successfully launch new product platforms, including MARKET.live, the rate of adoption of these platforms and the revenue generated from these platforms;
- the novel coronavirus (“COVID-19”) pandemic, which has had a negative impact on our business, results of operations and financial condition;
- our ability to deliver our services, in light of our dependency on third-party Internet providers;
- our ability to raise additional capital or borrow additional funds to fund our operations and execute our business strategy, and the impact of these transactions on our business and existing stockholders;
- our ability to attract and retain qualified management personnel;
- our ability to pay our debt obligations as they become due;
- our susceptibility to security breaches and other disruptions; and
- global economic, political, and social trends, including inflation, rising interest rates, and recessionary concerns.

The foregoing list may not include all of the risk factors that impact the forward-looking statements made in this Quarterly Report. Our actual financial condition and results could differ materially from those expressed or implied by our forward-looking statements as a result of various additional factors, including those discussed in the sections titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Risk Factors*” in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission (the “SEC”) on March 31, 2022 (the “2021 Annual Report”), as well as in the other reports we file with the SEC. You should read this Quarterly Report and the other documents we file with the SEC with the understanding that our actual future results may be materially different from the results expressed or implied by our forward-looking statements.

We operate in an evolving environment. New risks and uncertainties emerge from time to time and it is not possible for our management to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual future results to be materially different from those expressed or implied by any forward-looking statements.

Forward-looking statements speak only as of the date they were made, and, except to the extent required by law or the rules of the Nasdaq Capital Market, we undertake no obligation to update or review any forward-looking statement because of new information, future events or other factors.

We qualify all of our forward-looking statements by these cautionary statements.

**PART I — FINANCIAL INFORMATION**

**ITEM 1 – FINANCIAL STATEMENTS**

<a href="#">Condensed Consolidated Balance Sheets as of September 30, 2022 (unaudited) and December 31, 2021</a>	5
<a href="#">Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2022 and 2021 (unaudited)</a>	6
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2022 and 2021 (unaudited)</a>	7-8
<a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2022 and 2021 (unaudited)</a>	9
<a href="#">Notes to Condensed Consolidated Financial Statements (unaudited)</a>	10-25

**VERB TECHNOLOGY COMPANY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share data)

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 921	\$ 937
Accounts receivable, net	1,438	1,382
Prepaid expenses and other current assets	738	875
<b>Total current assets</b>	<u>3,097</u>	<u>3,194</u>
Capitalized software development costs, net	6,444	4,348
Property and equipment, net	582	702
Operating lease right-of-use assets	1,624	2,177
Intangible assets, net	2,966	3,953
Goodwill	19,764	19,764
Other assets	306	293
<b>Total assets</b>	<u>\$ 34,783</u>	<u>\$ 34,431</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 3,833	\$ 3,751
Accrued expenses	2,096	3,500
Accrued officers' compensation	1,274	1,209
Advances on future receipts, net	2,197	4,181
Convertible notes payable, current	4,171	40
Deferred incentive compensation to officers, current	-	521
Operating lease liabilities, current	481	592
Contract liabilities	1,549	986
Derivative liability	795	3,155
<b>Total current liabilities</b>	<u>16,396</u>	<u>17,935</u>
<b>Long-term liabilities</b>		
Notes payable, non-current	150	875
Operating lease liabilities, non-current	1,705	2,299
<b>Total liabilities</b>	<u>18,251</u>	<u>21,109</u>
Commitments and contingencies (Note 13)		
<b>Stockholders' equity</b>		
Preferred stock, \$0.0001 par value, 15,000,000 shares authorized:		
Series A Convertible Preferred Stock, 6,000 shares authorized; 0 issued and outstanding as of September 30, 2022 and December 31, 2021	-	-
Class A units, 100 shares issued and authorized as of September 30, 2022 and December 31, 2021	-	-
Class B units, 2,642,159 shares authorized, 0 issued and outstanding as of September 30, 2022 and December 31, 2021	-	-
Common stock, \$0.0001 par value, 200,000,000 shares authorized, 102,604,851 and 72,942,948 shares issued and outstanding as of September 30, 2022 and December 31, 2021	10	7
Additional paid-in capital	153,940	129,342
Accumulated deficit	(137,418)	(116,027)
<b>Total stockholders' equity</b>	<u>16,532</u>	<u>13,322</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 34,783</u>	<u>\$ 34,431</u>

See accompanying notes to the condensed consolidated financial statements

**VERB TECHNOLOGY COMPANY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share and per share data)  
(unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenue</b>				
<b>Digital revenue</b>				
SaaS recurring subscription revenue	\$ 1,851	\$ 1,846	\$ 5,829	\$ 4,908
Other digital revenue	165	510	498	1,059
Total digital revenue	<u>2,016</u>	<u>2,356</u>	<u>6,327</u>	<u>5,967</u>
<b>Non-digital revenue</b>	<u>171</u>	<u>544</u>	<u>950</u>	<u>1,851</u>
Total revenue	<u>2,187</u>	<u>2,900</u>	<u>7,277</u>	<u>7,818</u>
<b>Cost of revenue</b>				
Digital	580	542	1,746	1,651
Non-digital	156	544	798	1,769
Total cost of revenue	<u>736</u>	<u>1,086</u>	<u>2,544</u>	<u>3,420</u>
<b>Gross margin</b>	<u>1,451</u>	<u>1,814</u>	<u>4,733</u>	<u>4,398</u>
<b>Operating expenses</b>				
Research and development	1,372	3,513	4,334	9,610
Depreciation and amortization	790	400	1,594	1,214
General and administrative	6,965	6,130	20,563	20,018
Total operating expenses	<u>9,127</u>	<u>10,043</u>	<u>26,491</u>	<u>30,842</u>
<b>Loss from operations</b>	<u>(7,676)</u>	<u>(8,229)</u>	<u>(21,758)</u>	<u>(26,444)</u>
<b>Other income (expense)</b>				
Interest expense	(550)	(525)	(1,948)	(1,629)
Change in fair value of derivative liability	198	(141)	2,360	(2,086)
Other income (expense), net	-	8	(45)	85
Debt extinguishment, net	-	82	-	1,112
Total other income (expense), net	<u>(352)</u>	<u>(576)</u>	<u>367</u>	<u>(2,518)</u>
<b>Net loss</b>	<u>\$ (8,028)</u>	<u>\$ (8,805)</u>	<u>\$ (21,391)</u>	<u>\$ (28,962)</u>
<b>Deemed dividends to Series A stockholders</b>	-	(348)	-	(348)
<b>Net loss to common stockholders</b>	<u>(8,028)</u>	<u>(9,153)</u>	<u>(21,391)</u>	<u>(29,310)</u>
Loss per share - basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.14)</u>	<u>\$ (0.23)</u>	<u>\$ (0.48)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>102,110,182</u>	<u>66,760,177</u>	<u>92,040,783</u>	<u>60,705,062</u>

See accompanying notes to the condensed consolidated financial statements

VERB TECHNOLOGY COMPANY, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(in thousands, except share and per share data)  
(unaudited)

For the nine months ended September 30, 2022:

	Preferred Stock		Class A Units		Class B Units		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
<b>Balance as of December 31, 2021</b>	-	\$ -	100	\$ -	-	\$ -	72,942,948	\$ 7	\$ 129,342	\$ (116,027)	\$ 13,322
Sale of common stock from public offering	-	-	-	-	-	-	25,844,250	3	20,147	-	20,150
Issuance of common stock for commitment fee related to equity line of credit agreement	-	-	-	-	-	-	607,287	-	-	-	-
Issuance of common stock from option exercise	-	-	-	-	-	-	332,730	-	377	-	377
Fair value of common shares issued for services	-	-	-	-	-	-	1,813,251	-	1,461	-	1,461
Fair value of common shares issued to settle accrued expenses	-	-	-	-	-	-	477,038	-	450	-	450
Fair value of vested restricted stock awards, stock options and warrants	-	-	-	-	-	-	587,347	-	2,163	-	2,163
Net loss	-	-	-	-	-	-	-	-	-	(21,391)	(21,391)
<b>Balance as of September 30, 2022</b>	-	\$ -	100	\$ -	-	\$ -	102,604,851	\$ 10	\$ 153,940	\$ (137,418)	\$ 16,532

For the three months ended September 30, 2022:

	Preferred Stock		Class A Units		Class B Units		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
<b>Balance as of June 30, 2022</b>	-	\$ -	100	\$ -	-	\$ -	101,958,787	\$ 10	\$ 152,910	\$ (129,390)	\$ 23,530
Fair value of common shares issued for services	-	-	-	-	-	-	521,951	-	335	-	335
Fair value of vested restricted stock awards, stock options and warrants	-	-	-	-	-	-	124,113	-	695	-	695
Net loss	-	-	-	-	-	-	-	-	-	(8,028)	(8,028)
<b>Balance as of September 30, 2022</b>	-	\$ -	100	\$ -	-	\$ -	102,604,851	\$ 10	\$ 153,940	\$ (137,418)	\$ 16,532

For the nine months ended September 30, 2021:

	Preferred Stock		Class A Units		Class B Units		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
<b>Balance as of December 31, 2020</b>	<b>2,006</b>	<b>\$ -</b>	<b>100</b>	<b>\$ -</b>	<b>2,642,159</b>	<b>\$ 3,065</b>	<b>47,795,009</b>	<b>\$ 5</b>	<b>\$ 89,216</b>	<b>\$ (81,541)</b>	<b>\$ 10,745</b>
Sale of common stock from public offering	-	-	-	-	-	-	11,915,000	2	18,849	-	18,851
Issuance of common stock from warrant exercise	-	-	-	-	-	-	2,254,411	-	2,784	-	2,784
Issuance of common stock from option exercise	-	-	-	-	-	-	509,465	-	569	-	569
Fair value of common shares issued to settle note payable – related party	-	-	-	-	-	-	194,175	-	200	-	200
Fair value of common shares issued to settle lawsuit	-	-	-	-	-	-	600,000	-	678	-	678
Conversion of Series A Preferred to common stock	(2,006)	-	-	-	-	-	1,978,728	-	348	-	348
Fair value of warrants issued to Series A preferred stockholders – deemed dividend	-	-	-	-	-	-	-	-	(348)	-	(348)
Fair value of common shares issued for services	-	-	-	-	-	-	1,198,610	-	1,926	-	1,926
Fair value of common shares issued to settle accounts payable	-	-	-	-	-	-	10,500	-	19	-	19
Fair value of vested restricted stock awards	-	-	-	-	-	-	889,212	-	1,285	-	1,285
Fair value of vested stock options and warrants	-	-	-	-	-	-	-	-	1,234	-	1,234
Extinguishment of derivative liability upon exercise of warrants	-	-	-	-	-	-	-	-	4,513	-	4,513
Fair value of common shares issued to settle accrued expenses	-	-	-	-	-	-	182,397	-	281	-	281
Fair value of warrants issued to officer to modify note payable	-	-	-	-	-	-	-	-	287	-	287
Conversion of Class B Units to common shares	-	-	-	-	(2,642,159)	(3,065)	2,642,159	-	3,065	-	-
Net loss	-	-	-	-	-	-	-	-	-	(28,962)	(28,962)
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>100</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>70,169,666</b>	<b>\$ 7</b>	<b>\$ 124,906</b>	<b>\$ (110,503)</b>	<b>\$ 14,410</b>

For the three months ended September 30, 2021:

	Preferred Stock		Class A Units		Class B Units		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	
<b>Balance as of June 30, 2021</b>	<b>1,706</b>	<b>\$ -</b>	<b>100</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>63,795,968</b>	<b>\$ 6</b>	<b>\$ 115,179</b>	<b>\$ (101,698)</b>	<b>\$ 13,487</b>
Sale of common stock from public offering	-	-	-	-	-	-	2,540,000	1	4,721	-	4,722
Issuance of common stock from warrant exercise	-	-	-	-	-	-	1,217,811	-	1,681	-	1,681
Conversion of Series A Preferred to common stock	(1,706)	-	-	-	-	-	1,706,000	-	348	-	348
Fair value of warrants issued to Series A preferred stockholders – deemed dividend	-	-	-	-	-	-	-	-	(348)	-	(348)
Fair value of common shares issued for services	-	-	-	-	-	-	81,143	-	157	-	157
Fair value of common shares issued to settle accounts payable	-	-	-	-	-	-	10,500	-	19	-	19
Fair value of vested restricted stock awards	-	-	-	-	-	-	641,509	-	380	-	380
Fair value of vested stock options and warrants	-	-	-	-	-	-	-	-	364	-	364
Extinguishment of derivative liability upon exercise of warrants	-	-	-	-	-	-	-	-	2,213	-	2,213
Fair value of common shares from option exercise	-	-	-	-	-	-	176,735	-	192	-	192
Net loss	-	-	-	-	-	-	-	-	-	(8,805)	(8,805)
<b>Balance as of September 30, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>100</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>70,169,666</b>	<b>\$ 7</b>	<b>\$ 124,906</b>	<b>\$ (110,503)</b>	<b>\$ 14,410</b>

See accompanying notes to the condensed consolidated financial statements

VERB TECHNOLOGY COMPANY, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

	Nine Months Ended September 30,	
	2022	2021
<b>Operating Activities:</b>		
Net loss	\$ (21,391)	\$ (28,962)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Share-based compensation	3,668	4,652
Amortization of debt discount	1,214	1,537
Amortization of debt issuance costs	390	-
Change in fair value of derivative liability	(2,360)	2,086
Debt extinguishment, net	-	(1,112)
Depreciation and amortization	1,594	1,214
Loss on lease termination	22	-
(Gain)/loss on disposal of property and equipment	10	(6)
Allowance for doubtful accounts	405	151
<b>Effect of changes in assets and liabilities:</b>		
Accounts receivable	(461)	(721)
Prepaid expenses and other current assets	146	(301)
Operating lease right-of-use assets	222	424
Other assets	(13)	-
Accounts payable, accrued expenses, and accrued interest	790	910
Contract liabilities	563	631
Deferred incentive compensation	(377)	(521)
Operating lease liabilities	(397)	(493)
Net cash used in operating activities	(15,975)	(20,511)
<b>Investing Activities:</b>		
Proceeds from sale of property and equipment	3	11
Capitalized software development costs	(4,299)	(41)
Purchases of property and equipment	(24)	(26)
Purchases of intangible assets	(82)	-
Net cash used in investing activities	(4,402)	(56)
<b>Financing Activities:</b>		
Proceeds from sale of common stock	20,150	18,851
Proceeds from convertible notes payable	6,000	-
Advances on future receipts	2,500	7,368
Proceeds from warrant exercise	-	2,784
Payments of convertible notes payable	(2,740)	-
Payments of advances on future receipts	(5,381)	(7,162)
Proceeds from option exercise	377	569
Payments for debt issuance costs	(545)	-
Net cash provided by financing activities	20,361	22,410
Net change in cash	(16)	1,843
Cash - beginning of period	937	1,815
Cash - end of period	\$ 921	\$ 3,658

See accompanying notes to the condensed consolidated financial statements

**VERB TECHNOLOGY COMPANY, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the Three and Nine Months Ended September 30, 2022 and 2021**  
**(in thousands, except share and per share data)**  
**(unaudited)**

**1. DESCRIPTION OF BUSINESS**

***Our Business***

References in this Quarterly Report to the “Company,” “Verb,” “we,” “us,” or “our” are to Verb Technology Company, Inc., together with its consolidated subsidiaries unless the context otherwise requires. Throughout this Quarterly Report, the terms “client” and “customer” are used interchangeably.

The Company is a SaaS applications platform developer. Our platform is comprised of a suite of interactive video-based sales enablement business software products marketed on a subscription basis. Our applications, available in both mobile and desktop versions, are offered as a fully integrated suite, as well as on a standalone basis, and include verbCRM, our Customer Relationship Management (“CRM”) application, verbLEARN, our Learning Management System application, verbLIVE, our Live Stream eCommerce application, verbPULSE, our business/augmented intelligence notification and sales coach application, and verbTEAMS, our self-onboarding video-based CRM and content management application for professional sports teams, small business and solopreneurs, with seamless synchronization with Salesforce, that also comes bundled with verbLIVE, and verbMAIL, our interactive video-based sales communication tool integrated into Microsoft Outlook. MARKET.live is our multi-vendor, multi-presenter, livestream social shopping platform that combines ecommerce and entertainment.

The Company also provides certain non-digital services to some of its enterprise clients such as printing and fulfillment services.

***Economic Disruption***

Our business is dependent in part on general economic conditions. Many jurisdictions in which our customers are located and our products are sold have experienced and could continue to experience unfavorable general economic conditions, such as inflation, increased interest rates and recessionary concerns, which could negatively affect demand for our products. Under difficult economic conditions, customers may seek to cease spending on our current products or fail to adopt our new products, which could negatively affect our financial performance. We cannot predict the timing or magnitude of an economic slowdown or the timing or strength of any economic recovery. These and other economic factors could have a material adverse effect on our business, financial condition, and results of operations.

***COVID-19***

As of the date of this filing, there continues to be concern regarding the ongoing impacts and disruptions caused by the COVID-19 pandemic in the regions in which the Company operates. Although the impacts of the pandemic on our business have not been material to date, a prolonged downturn in economic conditions as a result of the pandemic could have a material adverse effect on our customers and demand for our products. At this time, it is not possible for the Company to predict the duration or magnitude of the impacts of the pandemic, or other outbreaks of communicable diseases, on the Company’s business, financial condition and results of operations.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SUPPLEMENTAL DISCLOSURES**

***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, 2021 filed with the SEC on March 31, 2022 (the “2021 Annual Report”). The consolidated balance sheet as of December 31, 2021 included herein was derived from the audited consolidated financial statements as of that date.

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

***Principles of Consolidation***

The condensed consolidated financial statements have been prepared in accordance with GAAP and include the accounts of Verb, Verb Direct, LLC, Verb Acquisition Co., LLC, and verbMarketplace, LLC. All intercompany accounts have been eliminated in the consolidation.

## Going Concern

The accompanying condensed 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 condensed consolidated financial statements, during the nine months ended September 30, 2022, the Company incurred a net loss of \$21,391 and used cash in operations of \$15,975. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date these financial statements were issued. The Company's independent registered public accounting firm, in its report on the Company's consolidated financial statements for the year ended December 31, 2021, has also expressed substantial doubt about the Company's ability to continue as a going concern.

On January 12, 2022, the Company entered into a common stock purchase agreement (the "January Purchase Agreement") with Tumim Stone Capital LLC (the "Investor"). Pursuant to the agreement, the Company has the right, but not the obligation, to sell to the Investor, and the Investor is obligated to purchase, up to \$50,000 of newly issued shares (the "Total Commitment") of the Company's common stock, par value \$0.0001 per share (the "Common Stock") from time to time during the term of the agreement, subject to certain limitations and conditions. The Total Commitment is inclusive of 607,287 shares of Common Stock issued to the Investor as consideration for its commitment to purchase shares of Common Stock under the January Purchase Agreement. In connection with the January Purchase Agreement, the Company is restricted from entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein.

On January 12, 2022, the Company also entered into a securities purchase agreement (the "January Note Purchase Agreement") with three institutional investors (collectively, the "January Note Holders") providing for the sale and issuance of an aggregate original principal amount of \$6,300 in convertible notes due January 2023 (each, a "Note," and, collectively, the "Notes," and such financing, the "January Note Offering"). The Company and the January Note Holders also entered into a security agreement, dated January 12, 2022, in connection with the January Note Offering, pursuant to which the Company granted a security interest to the January Note Holders in substantially all of its assets. The January Note Purchase Agreement prohibits the Company from entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein. The January Note Purchase Agreement also gives the January Note Holders the right to require the Company to use up to 15% of the gross proceeds raised from future debt or equity financings to redeem the Notes, which redemptions have been elected by the January Note Holders as described below.

On April 20, 2022, the Company entered into a securities purchase agreement, which provides for the sale and issuance by the Company of an aggregate of (i) 14,666,667 shares of Common Stock, and (ii) warrants to purchase 14,666,667 shares of the Common Stock at an exercise price of \$0.75 per share, for aggregate gross proceeds of \$11,000 before deducting placement agent commissions and other offering expenses (the "April Registered Direct Offering"). As a result of this transaction, certain of the Company's Series A warrants which previously had exercise prices ranging from \$1.10 to \$2.10 per share had the exercise prices reduced to \$0.75 per share. The Company used a portion of the proceeds from the April Registered Direct Offering to repay \$1,650 in principal amount of the Notes issued pursuant to the January Note Offering.

As of September 30, 2022, the Company had cash of \$921.

The Company, through its Professional Employer Organization, filed for federal government assistance for the second and third quarters of 2021 in the aggregate amount of approximately \$1,500 through Employee Retention Credit ("ERC") provisions of the Consolidated Appropriations Act of 2021. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period due to the effects of the COVID-19 pandemic. As of September 30, 2022, the Company has yet to receive the funds and accordingly, the condensed consolidated financial statements do not reflect the effect of this credit.

Prior to September 30, 2022, the U.S. Small Business Administration ("SBA") approved an additional loan of \$350 which the Company expects to receive before the end of 2022.

On October 25, 2022, the Company entered into a securities purchase agreement (the "October Purchase Agreement"), which provides for the sale and issuance by the Company of an aggregate of (i) 12,500,000 shares of Common Stock, at a purchase price of \$0.32 per share, and (ii) warrants to purchase 12,500,000 shares of the common stock at an exercise price of \$0.34 per share, for aggregate gross proceeds of \$4,000 before deducting placement agent commissions and other offering expenses (the "October Registered Direct Offering"). As a result of this transaction, certain warrants which previously had an exercise price of \$0.75 per share, had the exercise price reduced to \$0.34 per share. Further, in connection with the October Purchase Agreement, the Company is restricted from (i) issuing or filing any registration statement to offer the sale of any Common Stock or securities convertible into or exercisable for shares of Common Stock until 75 days after the date thereof; and (ii) entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein. As a result of this transaction, the Company paid \$1,172 towards principal and accrued interest on the Notes. The Company and the January Note Holders also agreed to interest only payments with a final principal payment of \$2,545 due on the maturity date.

On November 7, 2022, the Company entered into a note purchase agreement (the "November Note Purchase Agreement") and promissory note with an institutional investor (the "November Note Holder") providing for the sale and issuance of an unsecured, non-convertible promissory in the original principal amount of \$5,470, which has an original issue discount of \$470, resulting in gross proceeds to the Company of approximately \$5,000 (the "November Note," and such financing, the "November Note Offering"). The November Note matures eighteen months following the date of issuance. Commencing six months from the date of issuance, the Company is required to make monthly cash redemption payments in an amount not to exceed \$600. The November Note may be repaid in whole or in part prior to the maturity date for a 10% premium. The November Note requires the Company to use 20% of the gross proceeds raised from future equity or debt financings, or the sale of any subsidiary or material asset, to prepay the November Note, subject to a cap on the aggregate prepayment amount. Until all obligations under the November Note have been paid in full, the Company is not permitted to grant a security interest in any of its assets, or to issue securities convertible into shares of Common Stock, subject in each case to certain exceptions. verbMarketplace, LLC entered into a guaranty, dated November 7, 2022, in connection with the November Note Offering, pursuant to which it guaranteed the obligations of the Company under the November Note in exchange for receiving a portion of the loan proceeds.

If the Company is unable to generate sufficient cash flow from operations to operate its business and pay its debt obligations as they become due, it will need to seek to raise additional capital, borrow additional funds, dispose of subsidiaries or assets, reduce or delay capital expenditures, or change its business strategy. However, in light of the restrictive covenants imposed by certain of the Company's prior financing arrangements, in combination with the recent decline in the trading price of the Common Stock, the Company may be unable to raise additional capital in sufficient amounts when needed to operate its business, service its debt or execute on its strategic plans. Further, notwithstanding such restrictions, there can be no assurance that debt or equity financing will be available in the amounts, on terms, or at times deemed acceptable by the Company. The issuance of additional equity securities would result in significant dilution in the equity interests of the Company's current stockholders and could include rights or preferences senior to those of the current stockholders. Borrowing additional funds would increase the Company's liabilities and future cash commitments and potentially impose significant operational or financial restrictions and require the Company to further encumber its assets. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the Company may be unable to continue to operate its business or pay its obligations as they become due, and as a result may be required to curtail or cease operations, which may result in stockholders or noteholders losing some or all of their investment.

For additional information, refer to Note 1 to the condensed consolidated financial statements, and the section titled "Risk Factors," within the 2021 Annual Report.



## *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 revenue and expenses during the reported periods. Management bases these estimates and assumptions upon historical experience, existing and known circumstances, and other factors that management believes to be reasonable. In addition, the Company has considered the potential impact of the pandemic, as well as certain macroeconomic factors, including inflation, rising interest rates, and recessionary concerns, on its business and operations.

Significant estimates include assumptions made in analysis of reserves for allowance of doubtful accounts, inventory, assumptions made in purchase price allocations, impairment testing of long-term assets, realization of deferred tax assets, determining fair value of derivative liabilities, and valuation of equity instruments issued for services. Some of those assumptions can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions.

## *Revenue Recognition*

The Company recognizes revenue in accordance with Financial Accounting Standard Board's ("FASB") ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The Company derives its revenue primarily from providing application services through the SaaS application, digital marketing and sales support services.

A description of our principal revenue generating activities is as follows:

1. Digital Revenue which is divided into two main categories:
  - a. SaaS recurring digital revenue based on contract-based subscriptions to Verb app products and platform services which include verbCRM, verbLEARN, verbLIVE, verbTEAMS, and verbPULSE. The revenue is recognized straight-line over the subscription period.
  - b. Non-SaaS, non-recurring digital revenue, which is revenue generated by the use of app products and in-app purchases, such as sampling and other services obtained through the app. The revenue for samples is recognized upon completion and shipment, while the design fees are recognized when the service has been rendered, collectability is reasonably assured, and the app is delivered to the customer.

Subscription revenue from the application services is recognized over the life of the estimated subscription period. The Company also charges certain customers setup or installation fees for the creation and development of websites and mobile applications. These fees are accounted for as part of contract liabilities and amortized over the estimated life of the agreement. Revenue is measured as the amount of consideration expected to be received in exchange for transferring the products or services to a customer.

2. Non-digital revenue, which is revenue generated from non-app, non-digital sources through ancillary services provided as an accommodation to clients and customers. These services include design, printing services, fulfillment and shipping services. The revenue is recognized upon completion and shipment of products or fulfillment to the customer. Effective April 1, 2022, the Company entered into a customer referral agreement with a third party for its cart site and printing business. Under the agreement, the Company earns a certain percentage for customer referrals and merchandise sales as well as cart site design fees, all of which will be recognized as non-digital revenue on a net basis.

The non-digital products sold by us are distinctly individual. The products are offered for sale solely as finished goods, and there are no performance obligations required post-shipment for customers to derive the expected value from them. Amounts related to shipping and handling that are billed to customers are reflected as part of revenue, and the related costs are reflected in cost of revenue in the accompanying condensed consolidated statements of operations. Historically, we have not experienced any significant payment delays from customers. The Company allows returns within 30 days of purchase from end-users. Customers may return purchased products under certain circumstances. Returns from customers during the three and nine months ended September 30, 2022 and 2021 were immaterial.

Revenue during the three and nine months ended September 30, 2022 and 2021 were substantially all generated from clients and customers located within the United States of America, though some utilize the Company's applications outside the United States of America.

### ***Cost of Revenue***

Cost of revenue primarily consists of the salaries of certain employees and contractors, digital content costs, purchase price of consumer products, packaging supplies, and customer shipping and handling expenses. Shipping costs to receive products from our suppliers are included in our inventory and recognized as cost of revenue upon sale of products to our customers.

### ***Contract Liabilities***

Contract liabilities represent consideration received from customers under revenue contracts for which the Company has not yet delivered or completed its performance obligation to the customer. Contract liabilities are recognized over the contract period.

### ***Capitalized Software Development Costs***

The Company capitalizes internal and external costs directly associated with developing internal-use software, and hosting arrangements that include an internal-use software license, during the application development stage of its projects. The Company's internal-use software is reported at cost less accumulated amortization. Amortization begins once the project has been completed and is ready for its intended use. The Company will amortize the asset on a straight-line basis over a period of three years, which is the estimated useful life. Software maintenance activities or minor upgrades are expensed in the period performed.

Amortization expense related to capitalized software development costs are recorded in depreciation and amortization in the condensed consolidated statements of operations.

### ***Goodwill and Intangible Assets***

Management reviews goodwill and indefinite lived intangible assets for impairment at least annually or whenever events or circumstances indicate a potential impairment. Management reviews all finite lived intangible assets for impairment when circumstances indicate that their carrying values may not be recoverable.

As of September 30, 2022, management concluded that there were no impairment indicators. If economic uncertainty increases and/or the global economy worsens, the Company's business, financial condition and results of operations may be sufficiently impacted to result in future impairment charges in the short-term. Management will continue to monitor the effects that macroeconomic conditions have on its business and operations and will review impairment indicators to the extent necessary in the upcoming months.

### ***Fair Value of Financial Instruments***

The Company follows the guidance of FASB ASC 820 and ASC 825 for disclosure and measurement of the fair value of its financial instruments. FASB ASC 820 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, ASC 820 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three 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 levels of fair value hierarchy defined by ASC 820 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, accounts payable and accrued expenses approximate their fair value due to their short-term nature. The carrying values of 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 2 inputs for its valuation methodology for derivative financial instruments.

### ***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 condensed 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 condensed consolidated 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 2 inputs for its valuation methodology for the derivative liabilities as their fair values were determined by using a Binomial pricing model. 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 Compensation***

The Company issues stock options, warrants, shares of common stock and restricted stock units as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation in accordance with FASB ASC 718, *Compensation – Stock Compensation*. Share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period. The fair value of restricted stock units is determined based on the number of shares granted and the quoted price of our common stock and is recognized as expense over the service period. Recognition of compensation expense for non-employees is in the same period and manner as if the Company had paid cash for services.

### ***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 or conversion.

As of September 30, 2022, and 2021, the Company had total outstanding options of 5,252,119 and 5,528,405, respectively, outstanding warrants of 25,651,407 and 11,008,302, respectively, outstanding restricted stock units of 2,071,849 and 2,109,999, respectively, the Notes that are convertible into 1,209,610 and 0 shares at \$3.00 per share, respectively, and convertible notes issued to a related party that are convertible into 808,900 and 742,278 shares at \$1.03 per share, respectively, which were all excluded from the computation of net loss per share because they are anti-dilutive due to the Company's net loss position during the reported periods.

### ***Concentration of Credit and Other Risks***

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and accounts receivable. Cash is deposited with a limited number of financial institutions. The balances held at any one financial institution at times may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits of up to \$250.

The Company evaluates the concentration of credit risk associated with key customers. During the three months ended September 30, 2022, we had one customer that accounted for 11% of our revenues. During the three months ended September 30, 2021, we had no customers that accounted for 10% of our revenues. During the nine months ended September 30, 2022 and 2021, we had no customers that accounted for 10% of our revenues.

The Company extends limited credit to customers based on an evaluation of their financial condition and other factors. The Company generally does not require collateral or other security to support accounts receivable. The Company performs ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts and sales credits. The Company believes that any concentration of credit risk in its accounts receivable is substantially mitigated by the Company's evaluation process, relatively short collection terms and credit worthiness of its customers.

As of September 30, 2022 and December 31, 2021, we had no customers that accounted for 10% of our accounts receivable.

The Company also evaluates the concentration of risk associated with key vendors. For the three and nine months ended September 30, 2022, we had two vendors that accounted for 54% and 45% and 11% and 16%, respectively, of our purchases individually and 65% and 61% in the aggregate. For the three and nine months ended September 30, 2021, we had two vendors that accounted for 17% and 31% and 16% and 20%, respectively, of our purchases individually and 48% and 36% in the aggregate. As of September 30, 2022 and December 31, 2021, we had one vendor that accounted for 42% and 40%, respectively, of accounts payable.

### ***Reclassification Adjustment***

The Company reclassified \$2,288 from net cash used in investing activities to net cash used in operating activities for the nine months ended September 30, 2021. This amount is now reported as accrued software development costs in the supplemental non-cash investing and financing activities as part of the supplemental cash flow information.

## Supplemental Cash Flow Information

	Nine Months Ended September 30,	
	2022	2021
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 203	\$ 112
Cash paid for income taxes	1	1
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Fair value of derivative liability extinguished	-	4,513
Fair value of common shares issued to settle accounts payable	-	19
Fair value of common shares issued to settle accrued expenses	450	281
Reclassification of Class B Units upon conversion to common stock	-	3,065
Fair value of common stock issued to settle notes payable – related party	-	200
Fair value of common stock received in exchange for employee’s payroll taxes	8	130
Fair value of common stock issued for future services	-	164
Discount recognized from advances on future receipts	900	2,484
Fair value of debt forgiveness	-	1,400
Fair value of warrants issued to Series A preferred stockholders – deemed dividend	-	348
Fair value of common stock issued to settle lawsuit	-	678
Accrued software development costs	291	2,288
Discount recognized from convertible notes payable	300	-
Derecognition of operating lease right-of-use assets	543	-
Derecognition of operating lease liabilities	521	-
Recognition of operating lease right-of-use asset and related lease liability	212	-

### Recent Accounting Pronouncements

#### Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06 (“ASU 2020-06”) “*Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)*.” ASU 2020-06 reduces the number of accounting models for convertible debt instruments by eliminating the cash conversion and beneficial conversion models. As a result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost as long as no other features require bifurcation and recognition as derivatives. By removing those separation models, the effective interest rate of convertible debt instruments will be closer to the coupon interest rate. Further, the diluted net income per share calculation for convertible instruments will require the Company to use the if-converted method. ASU 2020-06 will be effective January 1, 2024, for the Company and is to be adopted through a cumulative-effect adjustment to the opening balance of retained earnings. Early adoption is permitted, but no earlier than January 1, 2021, including interim periods within that year. Effective January 1, 2022, the Company early adopted ASU 2020-06 and that adoption did not have any material impact on the Company’s consolidated financial statements or the related disclosures.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Issuer’s Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*. ASU 2021-04 provides clarification and reduces diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (such as warrants) that remain equity classified after modification or exchange. An issuer measures the effect of a modification or exchange as the difference between the fair value of the modified or exchanged warrant and the fair value of that warrant immediately before modification or exchange. ASU 2021-04 introduces a recognition model that comprises four categories of transactions and the corresponding accounting treatment for each category (equity issuance, debt origination, debt modification, and modifications unrelated to equity issuance and debt origination or modification). ASU 2021-04 is effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. An entity should apply the guidance provided in ASU 2021-04 prospectively to modifications or exchanges occurring on or after the effective date. The Company adopted ASU 2021-04 effective January 1, 2022. The adoption of ASU 2021-04 did not have any material impact on the Company’s consolidated financial statements or the related disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 will require companies to recognize and measure contract assets and contract liabilities relating to contracts with customers that are acquired in a business combination in accordance with ASC 606. Under current GAAP, an acquirer generally recognizes assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers, at fair value on the acquisition date. ASU No. 2021-08 will result in the acquirer recording acquired contract assets and liabilities on the same basis that would have been recorded by the acquiree before the acquisition under ASC Topic 606. The ASU is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company adopted ASU 2021-08 effective January 1, 2022 on a prospective basis and the adoption impact of the new standard will depend on the magnitude of future acquisitions. The standard will not impact acquired contract assets or liabilities from business combinations occurring prior to the adoption date.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832)—Disclosures by Business Entities about Government Assistance*. ASU 2021-10 increases the transparency of government assistance including the disclosure of (1) the types of assistance, (2) an entity’s accounting for the assistance, and (3) the effect of the assistance on an entity’s financial statements. The ASU is effective for fiscal years beginning after December 15, 2021. The Company adopted this ASU as of January 1, 2022 on a prospective basis. The adoption of this standard did not have any material impact on the Company’s consolidated financial statements or the related disclosures.

#### Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses – Measurement of Credit Losses on Financial Instruments (“ASC 326”)*. The standard significantly changes how entities will measure credit losses for most financial assets, including accounts and notes receivables. The standard will replace today’s “incurred loss” approach with an “expected loss” model, under which companies will recognize allowances based on expected rather than incurred losses. Entities will apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. As a small business filer, ASU 2020-06 will be effective January 1, 2024, for the Company and the provisions of this update can be adopted using either the modified retrospective method or a fully retrospective method. Management is currently assessing the impact of adopting this standard on the Company’s consolidated financial statements or the related disclosures.

### 3. CAPITALIZED SOFTWARE DEVELOPMENT COSTS

In 2020, the Company began developing MARKET.live, a livestream ecommerce platform, and has capitalized \$6,838 and \$4,348 of internal and external development costs as of September 30, 2022 and December 31, 2021, respectively. In October 2021, the Company entered into a 10-year license and services agreement with a third party (the “Primary Contractor”) to develop certain components of MARKET.live. The Primary Contractor’s fees for developing such components, including the license fee, is \$5,750. The Primary Contractor was paid an additional \$500 bonus in April 2022 for services rendered pursuant to the license and service agreement. In addition, as of September 30, 2022 and December 31, 2021, the Company had paid or accrued \$524 and \$248, respectively, of other capitalized software development costs.

For the three and nine months ended September 30, 2022 and 2021, the Company amortized \$394 and \$0, respectively, and \$394 and \$0, respectively.

Capitalized software development costs, net consisted of the following:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Beginning balance	\$ 4,348	\$ -
Additions	2,490	4,348
Amortization	(394)	-
Ending balance	<u>\$ 6,444</u>	<u>\$ 4,348</u>

#### Option to Acquire Primary Contractor

In August 2021, the Company entered into a term sheet that provided the Company the option to purchase the Primary Contractor provided certain conditions are met. In November 2021, the Company exercised this option. The Company and the Primary Contractor subsequently reached an agreement-in-principle on the terms for the Company's acquisition of the Primary Contractor, the final consummation of which is subject to the execution of a share purchase agreement (the "SPA") and the completion of an audit of the Primary Contractor that is satisfactory to the Company (the "Primary Contractor Audit"), as well as the fulfillment by the Primary Contractor of certain other conditions set forth in the term sheet. The term sheet stipulates that if the Company had entered into the SPA and the Primary Contractor had the Primary Contractor Audit successfully completed prior to May 15, 2022 (or a subsequent mutually agreed upon date) and the Company thereafter determines not to consummate the acquisition of the Primary Contractor, the Company would have been liable for a \$1,000 break-up fee payable to the Primary Contractor. However, as of the date of the issuance of these financial statements, the SPA has not been executed and the Primary Contractor Audit is ongoing. The parties are in discussions regarding the transaction. Based on the term sheet, the purchase price for the Primary Contractor would be \$12,000, which can be paid in cash and/or stock, although the final terms of the acquisition will be set forth in the SPA. There can be no assurance that the acquisition will be completed on the terms set forth in the term sheet or at all.

#### 4. INTANGIBLE ASSETS

Intangible assets, net consisted of the following:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Amortizable finite-lived intangible assets	\$ 7,399	\$ 7,317
Accumulated amortization	(4,875)	(3,806)
Finite-lived intangible assets, net	<u>2,524</u>	<u>3,511</u>
Indefinite-lived intangible assets	<u>442</u>	<u>442</u>
Intangible assets, net	<u>\$ 2,966</u>	<u>\$ 3,953</u>

Amortizable finite-lived intangible assets are being amortized over a period of three to five years. There were no impairment charges incurred in the periods presented. During the three and nine months ended September 30, 2022 and 2021, the Company recorded amortization expense of \$352 and \$355, respectively, and \$1,069 and \$1,080, respectively.

The expected future amortization expense for amortizable finite-lived intangible assets as of September 30, 2022, is as follows:

<u>Year ending</u>	<u>Amortization</u>
2022 remaining	\$ 354
2023	1,386
2024	573
2025	211
Total amortization	<u>\$ 2,524</u>

#### 5. OPERATING LEASES

On January 3, 2022, the Company terminated the lease agreements relating to our office and warehouse leases in American Fork, Utah. In accordance with ASC 842, the Company derecognized the right-of-use assets of \$543 and the corresponding lease liabilities of \$521, resulting in a loss on lease termination of \$22.

On April 26, 2022, the Company entered into an office space sub-lease agreement. The agreement requires us to pay \$12 per month for an initial term of eighteen months, which increases by 3% per annum after twelve months. In accordance with ASC 842, the Company recognized a right-of-use asset and the related lease liability of \$212 on the commencement date of the lease.

The components of lease expense and supplemental cash flow information related to leases for the period are as follows:

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Lease cost</b>		
Operating lease cost (included in general and administrative expenses in the Company's condensed consolidated statements of operations)	\$ 373	\$ 524
<b>Other information</b>		
Cash paid for amounts included in the measurement of lease liabilities	\$ 458	\$ 593
Weighted average remaining lease term – operating leases (in years)	3.99	4.15
Weighted average discount rate – operating leases	4.2%	4.0%
	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>Operating leases</b>		
Right-of-use assets	\$ 1,624	\$ 2,177
Short-term operating lease liabilities	\$ 481	\$ 592
Long-term operating lease liabilities	1,705	2,299
Total operating lease liabilities	\$ 2,186	\$ 2,891
<b>Year ending</b>		<b>Operating Leases</b>
2022 remaining		\$ 150
2023		583
2024		472
2025		484
2026 and thereafter		705
Total lease payments		2,394
Less: Imputed interest/present value discount		(208)
Present value of lease liabilities		\$ 2,186

## 6. ADVANCES ON FUTURE RECEIPTS

The Company has the following advances on future receipts as of September 30, 2022 and December 31, 2021:

<b>Note</b>	<b>Issuance Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Borrowing</b>	<b>Balance as of September 30, 2022</b>	<b>Balance as of December 31, 2021</b>
Note 1	October 29, 2021	April 28, 2022	5%	\$ 2,120	\$ -	\$ 1,299
Note 2	October 29, 2021	July 25, 2022	28%	3,808	-	2,993
Note 3	December 23, 2021	June 22, 2022	5%	689	-	689
Note 4	August 25, 2022	May 11, 2023	26%	3,400	2,971	-
Total				\$ 10,017	2,971	4,981
Debt discount					(697)	(800)
Debt issuance costs					(77)	-
Net					\$ 2,197	\$ 4,181

#### Note 1

On October 29, 2021, the Company received secured advances from an unaffiliated third party totaling \$2,015 for the purchase of future receipts/revenues of \$2,120. During the nine months ended September 30, 2022, the Company paid \$1,270 and amortized \$41 of the debt discount. The note was paid in full on April 28, 2022. As of September 30, 2022, the outstanding balance of the note was \$0 and the unamortized balance of the debt discount was \$0.

#### Note 2

On October 29, 2021, the Company received secured advances from an unaffiliated third party totaling \$2,744 for the purchase of future receipts/revenues of \$3,808. During the nine months ended September 30, 2022, the Company paid \$2,993 and amortized \$694 of the debt discount. The note was paid in full on August 17, 2022. As of September 30, 2022, the outstanding balance of the note was \$0 and the unamortized balance of the debt discount was \$0.

#### Note 3

On December 23, 2021, the Company received secured advances from an unaffiliated third party totaling \$651 for the purchase of future receipts/revenues of \$689. During the nine months ended September 30, 2022, the Company paid \$689 and amortized \$36 of the debt discount. The note was paid in full on June 22, 2022. As of September 30, 2022, the outstanding balance of the note was \$0 and the unamortized balance of the debt discount was \$0.

#### Note 4

On August 25, 2022, the Company received secured advances from an unaffiliated third party totaling \$2,500 for the purchase of future receipts/revenues of \$3,400. In connection with the secured advance, the Company paid \$100 of debt issuance costs which will be amortized over the term using the effective interest rate method. During the nine months ended September 30, 2022, the Company paid \$429 and amortized \$203 and \$23 of the debt discount and debt issuance costs, respectively. As of September 30, 2022, the outstanding balance of the note was \$2,971 and the unamortized balance of the debt discount and debt issuance costs were \$697 and \$77, respectively.

### 7. CONVERTIBLE NOTES PAYABLE AND NOTES PAYABLE

The Company has the following outstanding notes payable as of September 30, 2022 and December 31, 2021:

Note	Issuance Date	Maturity Date	Interest Rate	Original Borrowing	Balance as of September 30, 2022	Balance as of December 31, 2021
Related party convertible note payable (A)	December 1, 2015	April 1, 2023	12.0%	\$ 1,249	\$ 725	\$ 725
Related party convertible note payable (B)	April 4, 2016	June 4, 2021	12.0%	343	40	40
Note payable (C)	May 15, 2020	May 15, 2050	3.75%	150	150	150
Convertible Notes Due 2023 (D)	January 12, 2022	January 12, 2023	6.0%	\$ 6,300	3,560	-
Debt discount					(61)	-
Debt issuance costs					(93)	-
Total notes payable					4,321	915
Non-current					(150)	(875)
Current					\$ 4,171	\$ 40

(A) On December 1, 2015, the Company issued a convertible note payable to Mr. Cutaia, the Company's Chief Executive Officer and a director, to consolidate all loans and advances made by Mr. Cutaia to the Company as of that date. On May 19, 2021, the Company amended the note to allow for conversion of the note at any time at the discretion of the holder at a fixed conversion price of \$1.03, which was the closing price of the common stock on the amendment date. On May 12, 2022, the maturity date of the note was extended to April 1, 2023. As of September 30, 2022, and December 31, 2021, the outstanding balance under the note was \$725.

(B) On April 4, 2016, the Company issued a convertible note payable to Mr. Cutaia, in the amount of \$343, to consolidate all advances made by Mr. Cutaia to the Company during the period December 2015 through March 2016. On May 19, 2021, the Company amended the note to allow for conversion of the note at any time at the discretion of the holder at a fixed conversion price of \$1.03, which was the closing price of the common stock on the amendment date. As of September 30, 2022 and December 31, 2021, the outstanding balance under the note was \$40.

- (C) On May 15, 2020, the Company executed an unsecured loan with the SBA under the Economic Injury Disaster Loan program in the amount of \$150. Installment payments, including principal and interest, began on October 26, 2022. Prior to September 30, 2022, the SBA approved an additional loan of \$350 which is expected to be received before the end of 2022. As of September 30, 2022, and December 31, 2021, the outstanding balance of the note amounted to \$150, respectively.
- (D) On January 12, 2022, the Company entered into the January Note Offering, which provided for the sale and issuance of an aggregate original principal amount of \$6,300 in Convertible Notes Due 2023. The Company and the January Note Holders also entered into a security agreement, dated January 12, 2022, in connection with the January Note Offering, pursuant to which the Company granted a security interest to the January Note Holders in substantially all of its assets. There are no financial covenants related to these notes payable.

The Company received \$6,000 in gross proceeds from the sale of the Notes. The Notes bear interest of 6.0% per annum, have an original issue discount of 5.0%, mature 12 months from the closing date, and have an initial conversion price of \$3.00, subject to adjustment in certain circumstances as set forth in the Notes.

In connection with the January Note Offering, the Company paid \$460 of debt issuance costs. The debt issuance costs and the debt discount of \$300 are being amortized over the term of the Notes using the effective interest rate method. During the nine months ended September 30, 2022, the Company amortized \$239 of debt discount and \$367 of debt issuance costs. As of September 30, 2022, the amount of unamortized debt discount and debt issuance costs was \$61 and \$93, respectively.

As of September 30, 2022, and December 31, 2021, the outstanding balance of the Notes amounted to \$3,560, and \$0, respectively. During the nine months ended September 30, 2022, the Company repaid \$2,740 in principal payments to January Note Holders pursuant to the terms of the Notes.

On October 28, 2022, the Company paid \$1,172 towards principal and accrued interest on the Notes. The Company and January Note Holders agreed to interest only payments with a final principal payment of \$2,545 due on the maturity date.

The following table provides a breakdown of interest expense for the periods presented:

	<b>Three Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Interest expense – amortization of debt discount	\$ 306	\$ 497
Interest expense – amortization of debt issuance costs	126	-
Interest expense – other	118	28
<b>Total interest expense</b>	<b>\$ 550</b>	<b>\$ 525</b>

Total interest expense for notes payable to related parties (see Notes A and B above) was \$23 and \$27 for the three months ended September 30, 2022 and 2021, respectively. The Company paid \$0 and \$78 in interest to related parties for the three months ended September 30, 2022 and 2021, respectively.

The following table provides a breakdown of interest expense for the periods presented:

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Interest expense – amortization of debt discount	\$ 1,214	\$ 1,537
Interest expense – amortization of debt issuance costs	390	-
Interest expense – other	344	92
<b>Total interest expense</b>	<b>\$ 1,948</b>	<b>\$ 1,629</b>

Total interest expense for notes payable to related parties (see Notes A and B above) was \$69 and \$88 for the nine months ended September 30, 2022 and 2021, respectively. The Company paid \$0 and \$112 in interest to related parties for the nine months ended September 30, 2022 and 2021, respectively.

## 8. DERIVATIVE LIABILITY

In prior years, the Company 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 fundamental transaction clause of these warrants is accounted for as a derivative liability in accordance with ASC 815 and are being re-measured every reporting period with the change in value reported in the Company's condensed consolidated statements of operations.

The derivative liabilities were valued using a Binomial pricing model with the following assumptions:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Stock Price	\$ 0.47	\$ 1.24
Exercise Price	\$ 0.75	\$ 1.11
Expected Life	2.23	2.97
Volatility	101%	119%
Dividend Yield	0%	0%
Risk-Free Interest Rate	4.23%	0.97%
Total Fair Value	<u>\$ 795</u>	<u>\$ 3,155</u>

The expected life of the warrants was based on the remaining contractual term of the instruments. 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.

During the nine months ended September 30, 2022, the Company recorded a gain of \$2,360 to account for the changes in the fair value of these derivative liabilities.

During the nine months ended September 30, 2021, the Company recorded expense of \$2,086 to account for the changes in the fair value of these derivative liabilities. In addition, 1,829,190 shares of the Series A warrants that were accounted for as a derivative liability were exercised and 33,334 shares were forfeited. As a result, the Company computed the fair value of the corresponding derivative liability one last time which amounted to \$4,513 and the extinguishment was accounted for as part of equity.

The details of derivative liability transactions for the nine months ended September 30, 2022 and 2021 are as follows:

	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 3,155	\$ 8,266
Change in fair value	(2,360)	2,086
Extinguishment	-	(4,513)
Ending balance	<u>\$ 795</u>	<u>\$ 5,839</u>

## 9. COMMON STOCK

The Company's common stock activity for the nine months ended September 30, 2022, was as follows:

During the nine months ended September 30, 2022, the Company issued 14,666,667 shares of common stock as part of the April Registered Direct Offering, which resulted in proceeds of \$10,242, net of offering costs of \$758.

During the nine months ended September 30, 2022, the Company issued 11,096,683 shares of common stock pursuant to the January Purchase Agreement, which resulted in proceeds of \$9,836, net of offering costs of \$197. In addition, the Company issued 607,287 shares of common stock as a commitment fee in connection with the consummation of the transactions contemplated by the January Purchase Agreement.

During the nine months ended September 30, 2022, the Company issued 1,813,251 shares of common stock to certain employees and vendors for services rendered and to be rendered with an aggregate grant date fair value of \$1,461. These shares of common stock were valued based on the closing price of the Company's common stock on the date of the issuance or the date the Company entered into the agreement related to the issuance.

During the nine months ended September 30, 2022, the Company issued 189,394 shares of common stock to the Company's Chief Executive Officer in lieu of the cash payment of a bonus accrued in a prior year, with an aggregate grant date fair value of \$100 based on the closing price of the Company's common stock on the date of issuance.

During the nine months ended September 30, 2022, the Company issued 227,136 shares of common stock to the Company's former Chief Financial Officer as part of a separation agreement, with an aggregate grant date fair value of \$277 based on the closing price of the Company's common stock on the date of issuance.

During the nine months ended September 30, 2022, the Company issued 587,347 shares of common stock to certain officers, employees and directors associated with the vesting of restricted stock units.

## 10. RESTRICTED STOCK UNITS

A summary of restricted stock unit activity for the nine months ended September 30, 2022, is presented below.

	<u>Shares</u>	<u>Weighted- Average Grant Date Fair Value</u>
Non-vested as of January 1, 2022	1,821,833	\$ 1.41
Granted	1,334,270	1.17
Vested/deemed vested	(587,347)	1.54
Forfeitures and other	(496,907)	1.33
Non-vested as of September 30, 2022	<u>2,071,849</u>	<u>\$ 1.24</u>

During the nine months ended September 30, 2022, the Company granted 1,334,270 restricted stock units to certain officers, employees and directors. The restricted stock units vest on various dates from January 2023 through March 2026. These restricted stock units were valued based on the closing price of the Company's common stock on the respective dates of issuance and had an aggregate grant date fair value of \$1,561, which is being amortized as share-based compensation expense over the respective vesting terms.

The total fair value of restricted stock units that vested during the three and nine months ended September 30, 2022, was \$311 and \$876, respectively. As of September 30, 2022, the remaining share-based compensation expense associated with previously issued restricted stock units was \$1,741 which will be recognized in future periods as the units vest. When calculating basic net loss per share, these shares are included in weighted average common shares outstanding from the time they vest.

## 11. STOCK OPTIONS

A summary of option activity for the nine months ended September 30, 2022, 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 as of January 1, 2022	5,404,223	\$ 1.72	2.24	\$ 107
Granted	2,741,555	1.06	-	-
Forfeited	(2,560,929)	1.70	-	-
Exercised	(332,730)	1.13	-	-
Outstanding as of September 30, 2022	<u>5,252,119</u>	<u>\$ 1.55</u>	<u>2.00</u>	<u>\$ 19</u>
Vested as of September 30, 2022	2,707,084	\$ 1.81	-	-
Exercisable as of September 30, 2022	1,686,439	\$ 2.22	-	-

As of September 30, 2022, the intrinsic value of the outstanding options was \$19.

During the nine months ended September 30, 2022, the Company granted stock options to certain employees and consultants to purchase a total of 2,741,555 shares of common stock for services rendered or to be rendered. The options have an average exercise price of \$1.06 per share, terms between one and five years, and vest between zero and four years from the respective grant dates. The total grant date fair value of these options was approximately \$2,622 using the Black-Scholes option pricing model. The total share-based compensation expense recognized relating to the vesting of stock options for the three and nine months ended September 30, 2022, was \$387 and \$1,292, respectively. As of September 30, 2022, the remaining share-based compensation expense associated with previously issued stock options was \$2,793, which will be recognized in future periods as the options vest.

During the nine months ended September 30, 2022, a total of 332,730 stock options were exercised. As a result of the exercise of the option, the Company issued 332,730 shares of common stock and received cash of \$377.

The grant date fair value of option awards is estimated using the Black-Scholes option pricing model based on the following assumptions:

	<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Risk-free interest rate	1.24% - 3.37%	0.10% - 0.92%
Average expected term	5 years	5 years
Expected volatility	143.6 - 149.5%	232.8 - 240.0%
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 option awards 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.

## 12. STOCK WARRANTS

The Company has the following warrants outstanding as of September 30, 2022:

	<u>Warrants</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding as of January 1, 2022, all vested	10,984,740	\$ 2.67	2.38	\$ 507
Granted, unvested as of September 30, 2022	14,666,667	0.75	5.07	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
<b>Outstanding as of September 30, 2022</b>	<b>25,651,407</b>	<b>\$ 1.52</b>	<b>3.52</b>	<b>\$ -</b>

In connection with the April Registered Direct Offering on April 20, 2022, the Company issued 14,666,667 warrants to purchase common stock with a vesting period of six months and an exercise price of \$0.75. As a result of the April Registered Direct Offering, 3,704,826 warrants outstanding as of January 1, 2022, with exercise prices ranging from \$1.10 to \$2.10 per share, had the exercise prices reduced to \$0.75 per share. The change in fair value of such warrants as a result of the new exercise price is approximately \$200 and the Company accounted for this change as part of the change in fair value of derivative liability (see Note 8). In October 2022, the Company entered into the October Purchase Agreement and as a result of this transaction, certain warrants which previously had an exercise price of \$0.75 per share had the exercise price reduced to \$0.34 per share (see Note 14). As of September 30, 2022, the intrinsic value of the outstanding warrants was \$0.

## 13. COMMITMENTS AND CONTINGENCIES

### *Litigation*

#### a. Former Employee

The Company is currently in a dispute with a former employee of its predecessor bBooth, Inc. who has interposed a breach of contract claim in which he alleges that he is entitled to approximately \$300 in unpaid bonus compensation from 2015. This former employee filed his complaint in the Superior Court of California for the County of Los Angeles on November 20, 2019, styled *Meyerson v. Verb Technology Company, Inc., et al.* (Case No. 19STCV41816). The Company does not believe the former employee's claims have any merit as they are contradicted by documentary evidence, and barred by the applicable statute of limitations, and barred by a release. On February 9, 2021, the former employee's counsel filed a motion for summary judgment, or in the alternative, summary adjudication against the Company. On October 13, 2021, the court issued an order (i) denying the former employee's motion for summary judgment, (ii) partly granting the former employee's motion for summary adjudication, and (iii) partly denying the former employee's motion for summary adjudication. The court has set a trial date of December 28, 2022. The Company believes the resolution of this matter will not have a material adverse effect on the Company or its operations.

#### b. Legal Malpractice Action

The Company is currently in a dispute with Baker Hostetler LLP ("BH") relating to corporate legal services provided by BH to the Company. The Company filed its complaint in the Superior Court of California for the County of Los Angeles on May 17, 2021, styled *Verb Technology Company, Inc. v. Baker Hostetler LLP, et al.* (Case No. 21STCV18387). The Company's complaint arises from BH's alleged legal malpractice, breach of fiduciary duties owed to the Company, breach of contract, and violations of California's Business and Professions Code Section 17200 et seq. The Company is seeking, amongst other things, compensatory damages from BH. On October 5, 2021, BH filed a cross-complaint against the Company alleging, amongst other things, that the Company owes it approximately \$915 in legal fees. The Company disputes owing this amount to BH. The Company believes that the resolution of these matters will not have a material adverse effect on the Company or its operations.

#### c. Dispute with Warrant Holder

The Company is currently in a dispute with Iroquois Capital Investment Group LLC and Iroquois Master Fund, Ltd (collectively, "Iroquois") relating to a securities purchase agreement (the "SPA") entered between the Company, Iroquois and certain other investors. The Company filed a complaint in the Supreme Court of New York for the County of New York on April 6, 2022, styled *Verb Technology Company, Inc. v. Iroquois Capital Investment Group LLC, et al.* (Index No. 651708/2022). The Company's complaint seeks a judicial declaration of its duties and obligations under the SPA. On May 5, 2022, Iroquois filed counterclaims against the Company for declaratory relief, breach of contract, and breach of the implied covenant of good faith and fair dealing relating to the SPA. Iroquois alleges damages of \$1,500. The Company disputes Iroquois' counterclaims and damages allegations. The Company intends to vigorously pursue its claims and to vigorously defend itself against the counterclaims. The Company believes that the resolution of these matters will not have a material adverse effect on the Company or its operations.

From time to time, the Company is involved in various other legal proceedings, disputes or claims arising from or related to the normal course of its business activities. Although the results of legal proceedings, disputes and other claims cannot be predicted with certainty, the Company believes it is not currently a party to any other legal proceedings, disputes or claims which, if determined adversely to the Company, would, individually or taken together, have a material adverse effect on the Company's business, operating results, financial condition or cash flows. However, regardless of the merit of the claims raised or the outcome, legal proceedings may have an adverse impact on the Company as a result of defense and settlement costs, diversion of management time and resources, and other factors.

#### **14. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through November 14, 2022, the date these condensed consolidated financial statements were issued. There were no material events or transactions that require disclosure in the financial statements other than the items discussed below.

##### ***Equity Financing***

Subsequent to September 30, 2022, the Company issued 867,741 shares and received \$302 of net proceeds associated with at-the-market ("ATM") issuances.

On October 25, 2022, the Company entered into the October Purchase Agreement, which provides for the sale and issuance by the Company of an aggregate of (i) 12,500,000 shares of Common Stock, at a purchase price of \$0.32 per share, and (ii) warrants to purchase 12,500,000 shares of the common stock at an exercise price of \$0.34 per share, for aggregate gross proceeds of \$4,000 before deducting placement agent commissions and other offering expenses. As a result of this transaction, certain warrants which previously had an exercise price of \$0.75 per share had the exercise price reduced to \$0.34 per share.

In addition, the Company paid \$1,172 towards principal and accrued interest on the Notes. The Company and the January Note Holders also agreed to interest only payments with a final principal payment of \$2,545 due on the maturity date.

##### ***Debt Financing***

Subsequent to September 30, 2022, the Company received secured advances from an unaffiliated third party totaling \$225 for the purchase of future receipts/revenues of \$322. In connection with the secured advance, the Company paid \$11 of debt issuance costs which will be amortized over the term using the effective interest rate method.

On November 7, 2022, the Company entered into the November Note Purchase Agreement with the November Note Holder providing for the sale and issuance of an unsecured, non-convertible promissory note in the original principal amount of \$5,470, which has an original issue discount of \$470, resulting in gross proceeds to the Company of approximately \$5,000. The November Note matures eighteen months following the date of issuance. Commencing six months from the date of issuance, the Company is required to make monthly cash redemption payments in an amount not to exceed \$600. The November Note may be repaid in whole or in part prior to the maturity date for a 10% premium. The November Note requires the Company to use 20% of the gross proceeds raised from future equity or debt financings, or the sale of any subsidiary or material asset, to prepay the November Note, subject to a cap on the aggregate prepayment amount. Until all obligations under the November Note have been paid in full, the Company is not permitted to grant a security interest in any of its assets, or to issue securities convertible into shares of Common Stock, subject in each case to certain exceptions. verbMarketplace, LLC entered into a guaranty, dated November 7, 2022, in connection with the November Note Offering, pursuant to which it guaranteed the obligations of the Company under the November Note in exchange for receiving a portion of the loan proceeds.

##### ***Issuance of Common Stock***

Subsequent to September 30, 2022, the Company issued 187,523 shares of common stock to vendors for services rendered with a grant date fair value of \$64. These shares of common stock were valued based on the closing price of the Company's common stock on the date of issuance or the date the Company entered into the agreement related to the issuance.

Subsequent to September 30, 2022, the Company issued 6,185 shares of common stock to certain employees associated with the vesting of restricted stock units.

##### ***Issuances of Stock Options***

Subsequent to September 30, 2022, the Company granted stock options to certain employees to purchase a total of 32,000 stock options for services to be rendered. The options have an average exercise price of \$0.38 per share, expire in five years, and vest four years from grant date. The total grant date fair value of these options was \$8 based on the Black-Scholes option pricing model.

##### ***Other***

On November 9, 2022, the Company received a written notification from the Nasdaq Stock Market Listing Qualifications Staff (the "Staff") indicating that the Company has been granted an additional 180-calendar-day period, or until May 8, 2023, to regain compliance with the \$1.00 minimum closing bid price requirement for continued listing on the Nasdaq Capital Market pursuant to Nasdaq Listing Rules (the "Minimum Bid Price Requirement").

Nasdaq's determination was based on (i) the Company having met the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market, with the sole exception of the Minimum Bid Price Requirement, and (ii) the Company's written notice to Nasdaq of its intention to cure the deficiency during the compliance period, including by potentially effecting a reverse stock split if necessary. If, at any time during this additional compliance period, the closing bid price of the Common Stock is at least \$1.00 per share for a minimum of ten consecutive trading days, Nasdaq will provide written confirmation of compliance. If compliance cannot be demonstrated by May 8, 2023, the Staff will provide written notification that the Company's securities will be delisted, provided that the Company may appeal the Staff's determination to a Hearings Panel of Nasdaq at that time.

The Company will monitor the closing bid price of its Common Stock and will consider various options to regain compliance with the Minimum Bid Price Requirement before May 8, 2023.

## 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 our company for the three and nine month periods ended September 30, 2022 and 2021 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 cause 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.*

References in this Quarterly Report to the “Company,” “Verb,” “we,” “us,” or “our” are to Verb Technology Company, Inc. together with its consolidated subsidiaries unless the context otherwise requires.

### Overview

We are a Software-as-a-Service (“SaaS”) applications platform developer. Our platform is comprised of a suite of interactive video-based sales enablement business software products marketed on a subscription basis. Our applications, available in both mobile and desktop versions, are offered as a fully integrated suite, as well as on a standalone basis, and include verbCRM, our Customer Relationship Management (“CRM”) application, verbLEARN, our Learning Management System application, verbLIVE, our Live Stream eCommerce application, verbPULSE, our business/augmented intelligence notification and sales coach application, and verbTEAMS, our self-onboarding video-based CRM and content management application for professional sports teams, small business and solopreneurs, with seamless synchronization with Salesforce, that also comes bundled with verbLIVE, and verbMAIL, our interactive video-based sales communication tool integrated into Microsoft Outlook. MARKET.live is our multi-vendor, multi-presenter, livestream social shopping platform, that combines ecommerce and entertainment.

### Our Technology

Our suite of applications can be distinguished from other sales enablement applications because our applications utilize our proprietary interactive video technology as the primary means of communication between sales and marketing professionals and their customers and prospects. Moreover, the proprietary data collection and analytics capabilities of our applications inform our users on their devices in real time, when and for how long their prospects have watched a video, how many times such prospects watched it, and what they clicked on, which allows our users to focus their time and efforts on ‘hot leads’ or interested prospects rather than on those that have not seen such video or otherwise expressed interest in such content. Users can create their hot lead lists by using familiar, intuitive ‘swipe left/swipe right’ on-screen navigation. Our clients report that these capabilities provide for a much more efficient and effective sales process, resulting in increased sales conversion rates. We developed the proprietary patent-pending interactive video technology, as well as several other patent-issued and patent-pending technologies that serve as the unique foundation for all our platform applications.

## *Our Products*

**verbCRM** combines the capabilities of CRM lead-generation, content management, and in-video ecommerce capabilities in an intuitive, yet powerful tool for both inexperienced as well as highly skilled sales professionals. verbCRM allows users to quickly and easily create, distribute, and post videos to which they can add a choice of on-screen clickable icons which, when clicked, allow viewers to respond to the user's 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 prospect or customer to click on a product they see featured in a video and impulse buy it, or to click on a calendar icon in the video to make an appointment with a salesperson, among many other features and functionalities designed to eliminate or reduce friction from the sales process for our users. The verbCRM app is designed to be easy to use and navigate and takes little time and training for a user to begin using the app effectively. It usually takes less than four minutes for a novice user to create an interactive video from our app. Users can add interactive icons to pre-existing videos, as well as to newly created videos shot with practically any mobile device. verbCRM interactive videos can be distributed via email, text messaging, chat app, or posted to popular social media directly and easily from our app. No software download is required to view Verb interactive videos on virtually any mobile or desktop device, including smart TVs.

**verbLEARN** is an interactive, video-based learning management system that incorporates all of the clickable in-video technology featured in our verbCRM application and adapts them for use by educators for video-based education. verbLEARN is used by enterprises seeking to educate a large sales team or a customer base about new products, or elicit feedback about existing products. It also incorporates Verb's proprietary data collection and analytics capabilities that inform users in real time when and for how long the viewers watched the video, how many times they watched it, and what they clicked on, in addition to adding gamification features that enhance the learning aspects of the application.

**verbLIVE** is a next-generation interactive live-stream platform with in-video ecommerce capabilities for sales reps that allows them to utilize a variety of novel sales-driving features, including placing interactive icons on-screen that appear on the screens of all viewers, providing in-video click-to-purchase capabilities for products or services featured in the live video broadcast, in real-time, driving friction-free selling. verbLIVE also provides the sales reps with real-time viewer engagement data and interaction analytics. verbLIVE is entirely browser-based, allowing it to function easily and effectively on all devices without requiring the host or the viewers to download software, and is secured through end-to-end encryption.

**verbPULSE** is a business/augmented intelligence notification-based sales enablement platform feature set that tracks users' interactions with current and prospective customers and then helps coach users by telling them what to do next in order to close the sale, virtually eliminating the lack of skill, training and experience among sales reps from the selling process.

**verbTEAMS** is our interactive, video-based CRM for professional sports teams, small-and medium-sized businesses and solopreneurs. verbTEAMS also incorporates verbLIVE as a bundled application. verbTEAMS features self-sign-up, self-onboarding, self-configuring, content management system capabilities, user level administrative capabilities, and high-quality analytics capabilities in both mobile and desktop platforms that sync with one another. It also has a built-in one-click sync capability with Salesforce.

**MARKET.live** is akin to a virtual shopping mall, a centralized online destination where shoppers could explore hundreds, and over time thousands, of shoppable stores for their favorite brands, influencers, creators and celebrities, all of whom can host livestream shopping events from their virtual stores that can be seen by all shoppers at the virtual mall. Every store operator can host livestream events, even simultaneously, and over time we expect there will be thousands of such events, across numerous product and service categories, being hosted by people from all over the world, always on – 24/7 - where shoppers could communicate with the hosts and ask questions about products directly to the host in real-time through an on-screen chat visible to all shoppers. Shoppers can invite their friends and family to join them at any of the live shopping events to share the experience - to communicate directly with each other in real time, and then simply click on a non-intrusive - in-video overlay to place items in an on-screen shopping cart for purchase – all without interrupting the video. Shoppers can visit any number of other shoppable events to meet up and chat with friends, old and new, and together watch, shop and chat with the hosts, discover new products and services, and become part of an immersive entertaining social shopping experience. Throughout the experience, the shopping cart follows shoppers seamlessly from event to event, shoppable video to shoppable video, host to host, product to product.

The MARKET.live business model is a simple but next-level B to B play. It is a multi-vendor platform, with a single follow-me style unified shopping cart, and robust ecommerce capabilities with the tools for consumer brands, big box brick and mortar stores, boutiques, influencers and celebrities to connect with their clients, customers, fans, followers, and prospects by providing a unique, interactive social shopping experience that we believe could keep them coming back and engaged for hours.

A big differentiator for MARKET.live is that it also provides an online meeting place for friends and family to meet, chat, shop and enjoy a fun, immersive shopping experience in real time together from anywhere and everywhere in the world. MARKET.live will provide vendors with extensive business building analytics capabilities not available on, and not shared by many operators of other social media sites who regard that information as valuable proprietary property. All vendors on MARKET.live will retain this valuable intelligence for their own, unlimited use.

MARKET.live allows vendors an opportunity to reach not only the shoppers they invite to the site from their own client and contact lists, but also those shoppers who came to the site independently who will discover these vendors as they browse through the many other shoppable events hosted simultaneously on MARKET.live 24/7, from around the world. We believe our revenue model will be attractive to vendors and will consist of SaaS recurring revenue as well as a share of revenue generated through sales on the platform.

MARKET.live is simply a platform; we hold no inventory, we take no inventory risk, and each vendor manages their own packing and fulfillment, as well as returns. Only vendors that have a demonstrated ability to manage inventory and fulfillment are selected to participate on MARKET.live.

As we continue onboarding vendors to the platform, we are seeing increased interest from product manufacturers seeking to embrace MARKET.live's direct-to-consumer selling capabilities, cutting-out distribution channel partners in order to reduce costs and increase profitability. As the economy tightens, we expect that trend to accelerate.

MARKET.live will also incorporate a modified version of our verbLIVE Attribution technology, allowing vendors who so choose, to leverage extremely powerful, built-in affiliate marketing capabilities. Non-vendor visitors to the site can search for those vendors that have activated the built-in affiliate marketing feature for their events and be compensated when people they referred to that vendor, purchase products or services during that vendor's shopping event. We expect that this feature, unique to MARKET.live, will drive many more shoppers who will be referred from all over the world, producing a cross-pollination effect enhancing the revenue opportunities for all MARKET.live vendors, while also creating an attractive income generating opportunity for non-vendor MARKET.live patrons.

MARKET.live is an entirely new platform, built wholly independently and separate from our verbLIVE sales platform, representing what we believe is the state of the art of shoppable video technology. Whereas verbLIVE is a sales tool for sales reps that subscribe either directly or through their principal to verbCRM or verbTEAMS, MARKET.live is a multivendor social shopping platform for retailers, brands, manufacturers, creators and influencers who seek to participate in an open market-style ecosystem environment. More recently, we are beginning to see interest from existing verbLIVE clients who see the value of MARKET.live as a corporate communications tool for use in sales, marketing, lead-generation, training and recruitment initiatives.

We recently launched our "Creators on MARKET," a new program that allows creators to monetize their content through livestream shopping and personalized storefronts on MARKET.live. The program is being marketed to video content creators across multiple social media channels. Through this new program, creators and influencers can choose the products they love from hundreds of brands and retailers on MARKET.live and offer their fans and followers those products through livestream shopping events broadcast live on MARKET.live and simulcast on the creators' existing social platforms. They can also offer their favorite products through the Creators' personally branded storefronts they can establish quickly and easily on MARKET.live. Depending on the products chosen, Creators can earn between 5% and 20% of their gross sales at no cost and no risk to the Creators selected to participate in the program.

With more than 12 million products from brands like Athleta, Best Buy, Target, Container Store, Banana Republic, GAP, Saks Off 5th, SSENSE, LOFT, DERMSTORE, INTERMIX, UNCOMMON GOODS, and many more, Creators can choose to feature their favorite products and promote and sell them to their fans and followers. All MARKET.live events are interactive so followers and fans can chat with the Creators in real time, as well as with one another, creating a more entertaining and engaging social shopping experience. When their interest level peaks, Creators' fans and followers can click on the screen to buy the products. Creators accepted into the program are not required to make any investment in inventory, nor do they have the burden of managing fulfillment or shipping. The only requirement for them to remain in the program is for them to continue to create and promote the same videos they're already doing on YouTube and elsewhere online. Livestream events are recorded and available to watch in the Creators' personally branded stores on MARKET.live for those fans and followers to return 24/7 after the livestream events to browse and purchase the Creators' featured products, as the recorded livestream videos remain shoppable.

**verbTV** will launch as a feature of our MARKET.live platform, serving to draw an audience of people seeking to consume video content that is also interactive and shoppable. We expect this additional audience will also be exposed to and enhance the eco-system of shoppers and retailers on MARKET.live. Over time it is anticipated that verbTV will feature concerts, game shows, sports, including e-sports, sitcoms, podcasts, special events, news, including live events, and other forms of video entertainment that is all interactive and shoppable. verbTV represents an entirely new distribution channel for all forms of content by a new generation of content creators looking for greater freedom to explore the creative possibilities that a native interactive video platform can provide for their audience. We believe content creators may also enjoy greater revenue opportunities through the native ecommerce capabilities the platform provides to sponsors and advertisers who will enjoy real-time monetization, data collection and analytics. Through verbTV, sponsors and advertisers will be able to accurately measure the ROI from their marketing spend, instead of relying on imprecise viewership information traditionally offered to television sponsors and advertisers.

## *Verb Partnerships and Integrations*

**verbMAIL for Microsoft Outlook and Salesforce Integration of verbLIVE and verbTEAMS.** verbMAIL is a product of our partnership with Microsoft and is available as an add-in to Microsoft Outlook for Outlook and Office 365 subscribers. verbMAIL allows users to create interactive videos seamlessly within Outlook by clicking the verbMAIL icon in the Outlook toolbar. The videos are automatically added to an email and can be sent easily through Outlook using the user's contacts they already have in Outlook. The application allows users to easily track viewer engagement and together with other features represents an effective sales tool available for all Outlook users worldwide. We have completed and deployed the integration of verbLIVE into Salesforce and have a verbTEAMS sync application for Salesforce users. To date, adoption of these products has been low due in large part to management's decision to reduce and deploy development and marketing resources to other areas of the Company's business that it believes can generate a greater return on investment.

**Popular Enterprise Back-Office System Integrations.** We have integrated verbCRM into systems offered by 19 of the most popular direct sales back-office system providers, such as Direct Scale, Exigo, By Design, Thatcher, Multisoft, Xensoft, and Party Plan. Direct sales back-office systems provide many of the support functions required for direct sales operations, including payroll, customer genealogy management, statistics, rankings, and earnings, among other direct sales financial tracking capabilities. The integration into these back-office providers, facilitated through our own API development, allows single sign-on convenience for users, as well as enhanced data analytics and reporting capabilities for all users. Our experience confirms that our integration into these back-end platforms accelerates the adoption of verbCRM by large direct sales enterprises that rely on these systems and as such, we believe this represents a competitive advantage.

## *Non-Digital Products and Services*

Historically, we provided certain non-digital services to some of our enterprise clients such as printing and fulfillment services. We designed and printed welcome kits and starter kits for their marketing needs and provided fulfillment services, which consisted of managing the preparation, handling and shipping of our client's custom-branded merchandise they use for marketing purposes at conferences and other events. Due to COVID-19, we experienced a marked decline in non-digital services and associated revenue, as reflected in our current and historical financial statements, as our clients reduced or eliminated in-person conferences and other events. This reduction in non-digital services was nevertheless consistent with management's strategy to exit this area of our business due to the low margin, high costs and limited scalability of this component of our business.

In furtherance of the strategy, in May 2020, we executed a contract with Range Printing ("Range"), a company in the business of providing enterprise class printing, sample assembly, warehousing, packaging, shipping, and fulfillment services. Pursuant to the contract, through an automated process we have established for this purpose, Range receives orders for samples and merchandise from us as and when we receive them from our clients and users, and print, assemble, store, package and ship such samples and merchandise on our behalf. The Range contract provides for a service fee arrangement based upon the specific services to be provided by Range that is designed to maintain our relationship with our clients by continuing to service their non-digital needs, while eliminating the labor and overhead costs associated with the provision of such services by us. Effective April 1, 2022, we expanded our relationship with Range when we entered into a customer referral agreement with them for our cart site and printing business. Under the agreement, we earn 10% commission for customers referrals, 8% on merchandise sales and certain cart site design fees which will all be recognized as non-digital revenue. Prior to entering into such agreement, we were recognizing revenues and cost of revenues associated with the non-digital business in the condensed consolidated statements of operations.

For these reasons, management has suggested that a more accurate measure of our performance is the historical growth of our SaaS and digital business and associated revenue, which has been the focus of our initiatives, while we have continued to exit the low margin, non-digital business. While the SaaS and digital business has grown year over year, that growth is not readily apparent when analyzing our top-line revenue because the total revenue represents the growing SaaS and digital business upon which we are focused, off-set by the declining non-digital business we are intentionally exiting.

## *Our Market*

Historically, our client base consisted primarily of multi-national direct sales enterprises to whom we provide white-labeled, client-branded versions of our products. During the year ended December 31, 2021, our client base expanded to include large enterprises in the life sciences sector, professional sports franchises, educational institutions, and not-for-profit organizations, as well as clients in the entertainment industry, and the burgeoning CBD industry, among other business sectors. As of September 30, 2022, we provided subscription-based application services to approximately 150 enterprise clients for use in over 100 countries and in over 48 languages. Since inception, we have had more than 3.4 million downloads of our verbCRM applications across all of the white-labelled versions created for clients on our platform.

## **Revenue Generation**

A description of our principal revenue generating activities is as follows:

1. Digital Revenue which is divided into two main categories:
  - a. SaaS recurring digital revenue based on contract-based subscriptions to our Verb app products and platform services which include verbCRM, verbLEARN, verbLIVE, verbPULSE, and verbTEAMS. The revenue is recognized over the subscription period.
  - b. Non-SaaS, non-recurring digital revenue, which is revenue generated by the use of app products and in-app purchases, such as sampling and other services obtained through the app. The revenue for samples is recognized upon completion and shipment, while the design fees are recognized when the service has been rendered, collectability is reasonably assured, and the app is delivered to the customer.
2. Non-digital revenue, is revenue we generate from non-app, non-digital sources through ancillary services we provide as an accommodation to our clients and customers. These services include design, printing, fulfillment and shipping services. The revenue is recognized upon completion and shipment of products or fulfillment to customers. Effective April 1, 2022, we entered into a customer referral agreement with Range for our cart site and printing business. Under the agreement, we earn 10% commission for customer referrals and 8% on merchandize sales and certain cart site design fees, all of which are recognized as non-digital revenue on a net basis.
3. MARKET.live, launched at the end of July 2022, generates revenue through several sources as follows:
  - a. All sales run through our ecommerce facility on MARKET.live from which we deduct a platform fee that ranges from 10% to 35% of gross sales, with an average of approximately 15%, depending upon the pricing package the vendors select as well as the product category and profit margins associated with such categories. The revenue is derived from sales generated during livestream events, from sales realized through views of previously recorded live events available in each vendor's store, as well as from sales of product and merchandise displayed in the vendors' online stores, all of which are shoppable 24/7.
  - b. Produced events. MARKET.live offers fee-based services that range from full production of livestream events, to providing professional hosts and event consulting.
  - c. The MARKET.live site is designed to incorporate sponsorships and other advertising based on typical industry rates.

## **Economic Disruption and the COVID-19 Pandemic**

Our business is dependent in part on general economic conditions. Many jurisdictions in which our customers are located and our products are sold have experienced and could continue to experience unfavorable general economic conditions, such as inflation, increased interest rates and recessionary concerns, which could negatively affect demand for our products. Under difficult economic conditions, customers may seek to cease spending on our current products or fail to adopt our new products. We cannot predict the timing or impact of an economic slowdown, or the timing or strength of any economic recovery. These and other economic factors could have a material adverse effect on our business, financial condition, and results of operations.

Governments and businesses around the world continue to take actions to mitigate the spread of COVID-19 and its variants. Uncertainty with respect to the economic effects of the pandemic has introduced significant volatility in the financial markets.

Despite increased vaccine distribution programs and loosening of COVID-19 related restrictions in the regions in which we operate during the three and nine months ended September 30, 2022, both the pandemic and ongoing containment and mitigation measures have had, and are likely to continue to have, an adverse impact on the global and U.S. economies, the severity and duration of which are uncertain. As such, our business, operations and financial condition has been, and we anticipate will continue to be, adversely impacted by reduced demand for our applications and non-digital services, as well as reduced access to capital. To mitigate the adverse impact COVID-19 may have on our business and operations, we implemented a number of measures to strengthen our financial position, including eliminating, reducing, or deferring non-essential expenditures. However, the extent to which the COVID-19 pandemic will impact our business, financial conditions, and results of operations in the future remains uncertain and will be affected by a number of factors, including the duration and extent of the pandemic, the emergence of variants to COVID-19 the duration and extent of imposed or recommended containment and mitigation measures, the extent, duration, and effective execution of government stabilization and recovery efforts, including those from the successful distribution of effective vaccines.

The COVID-19 pandemic may have long-term effects on the nature of the office environment and remote working. This may present operational and workplace culture challenges that may adversely affect our business. Throughout the three and nine months ended September 30, 2022, we have encouraged safe practices designed to stem the infection and spread of COVID-19 within our workforce and beyond and to maintain the mental health and well-being of our employees.

We continue to actively communicate with and listen to our customers to ensure we are responding to their needs in the current environment with innovative solutions that will not only be beneficial now but also over the long-term. We monitor developments related to COVID-19 and remain flexible in our response to the challenges presented by the pandemic.

## Results of Operations

### Three Months Ended September 30, 2022 as Compared to the Three Months Ended September 30, 2021

The following is a comparison of our results of operations for the three months ended September 30, 2022 and 2021 (in thousands):

	Three Months Ended September 30,		
	2022	2021	Change
<b>Revenue</b>			
<b>Digital revenue</b>			
SaaS recurring subscription revenue	\$ 1,851	\$ 1,846	\$ 5
Other digital revenue	165	510	(345)
Total digital revenue	2,016	2,356	(340)
<b>Non-digital revenue</b>			
	171	544	(373)
Total revenue	2,187	2,900	(713)
<b>Cost of revenue</b>			
Digital	580	542	38
Non-digital	156	544	(388)
Total cost of revenue	736	1,086	(350)
<b>Gross margin</b>	<b>1,451</b>	<b>1,814</b>	<b>(363)</b>
<b>Operating expenses</b>			
Research and development	1,372	3,513	(2,141)
Depreciation and amortization	790	400	390
General and administrative	6,965	6,130	835
Total operating expenses	9,127	10,043	(916)
<b>Loss from operations</b>	<b>(7,676)</b>	<b>(8,229)</b>	<b>553</b>
<b>Other income (expense)</b>			
Interest expense	(550)	(525)	(25)
Change in fair value of derivative liability	198	(141)	339
Other income (expense)	-	8	(8)
Debt extinguishment, net	-	82	(82)
Total other income, net	(352)	(576)	224
<b>Net loss</b>	<b>(8,028)</b>	<b>(8,805)</b>	<b>777</b>
Deemed dividend to Series A preferred stockholders	-	(348)	348
<b>Net loss to common stockholders</b>	<b>\$ (8,028)</b>	<b>\$ (9,153)</b>	<b>\$ 1,125</b>

### Revenue

Our SaaS recurring subscription revenue as a percentage of total revenue for the three months ended September 30, 2022, was 85%, compared to 64% for the three months ended September 30, 2021.

For the three months ended September 30, 2022, our total digital revenue was 92% of total revenue compared with 81% for the three months ended September 30, 2021. Total digital revenue for the three months ended September 30, 2022 was \$2.0 million, a decrease of 14% compared to \$2.4 million for the three months ended September 30, 2021. SaaS recurring subscription-based revenue associated with our verbCRM, verbLIVE, verbTEAMS, verbLEARN, and verbPULSE applications totaled \$1.9 million, compared to \$1.8 million reported for the three months ended September 30, 2021.

Total non-digital revenue for the three months ended September 30, 2022, was \$0.2 million, a decrease of 69% compared to \$0.5 million reported for the three months ended September 30, 2021, which is consistent with the Company's strategy to exit the low margin printing, fulfillment, and shipping aspects of the legacy business to focus on digital revenue streams.

The table below sets forth our quarterly revenues from the three months ended September 30, 2020 through the three months ended September 30, 2022, which reflects the trend of revenue over the past nine fiscal quarters (in thousands):

	2020		2021				2022		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SaaS recurring subscription revenue	\$ 1,478	\$ 1,305	\$ 1,461	\$ 1,601	\$ 1,846	\$ 1,923	\$ 2,003	\$ 1,975	\$ 1,851
Other digital	360	218	340	209	510	288	147	186	165
<b>Total digital revenue</b>	<b>1,838</b>	<b>1,523</b>	<b>1,801</b>	<b>1,810</b>	<b>2,356</b>	<b>2,211</b>	<b>2,150</b>	<b>2,161</b>	<b>2,016</b>
<b>Total non-digital revenue</b>	<b>1,022</b>	<b>576</b>	<b>725</b>	<b>582</b>	<b>544</b>	<b>495</b>	<b>541</b>	<b>238</b>	<b>171</b>
<b>Grand total</b>	<b>\$ 2,860</b>	<b>\$ 2,099</b>	<b>\$ 2,526</b>	<b>\$ 2,392</b>	<b>\$ 2,900</b>	<b>\$ 2,706</b>	<b>\$ 2,691</b>	<b>\$ 2,399</b>	<b>\$ 2,187</b>

#### Cost of Revenue

Total cost of revenue for the three months ended September 30, 2022, was \$0.7 million, compared to \$1.1 million for the three months ended September 30, 2021, reflecting a 32% decline. The decrease in cost of revenue is primarily attributed to a decrease in non-digital costs partially offset by increased digital costs to support additional enterprise customers on the platform and increased users within our existing customer base.

#### Gross Margin

Total gross margin for the three months ended September 30, 2022, was \$1.5 million, compared to \$1.8 million for the three months ended September 30, 2021, representing a decline in our other digital and non-digital revenues. For the three months ended September 30, 2022, our digital gross margin was 71% and non-digital gross margin was 9%. Gross margin as a percent of total revenue improved as a result of our strategy to focus on higher margin digital revenue and systematic reduction in non-digital revenue.

#### Operating Expenses

Research and development expenses were \$1.4 million for the three months ended September 30, 2022, as compared to \$3.5 million for the three months ended September 30, 2021, reflecting a 61% reduction. Research and development expenses primarily consisted of sums paid to employees and vendors contracted to perform research projects and develop technology. As our products move from research and development stage to operating stage, we expect our research and development cost reductions to continue, as experienced during the three months ended September 30, 2022.

Depreciation and amortization expenses were \$0.8 million for the three months ended September 30, 2022, as compared to \$0.4 million for the three months ended September 30, 2021. The increase in depreciation and amortization is attributed to amortization of capitalized software development costs associated with our MARKET.live platform.

General and administrative expenses for the three months ended September 30, 2022, were \$7.0 million as compared to \$6.1 million for the three months ended September 30, 2021. This increase is primarily due to MARKET.live costs of \$1.1 million which includes \$0.4 million for professional services, \$0.4 million for other MARKET.live related cost, and \$0.2 million for labor costs. Excluding MARKET.live costs, our general and administrative expenses decreased by \$0.3 million or 4% on a quarter over quarter basis.

Other expense, net, for the three months ended September 30, 2022, was \$0.4 million, which was primarily attributable to interest expense of \$0.6 million, offset by a decrease in the change in the fair value of derivative liability of \$0.2 million.

#### Nine Months Ended September 30, 2022 as Compared to the Nine Months Ended September 30, 2021

The following is a comparison of our results of operations for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,		
	2022	2021	Change
<b>Revenue</b>			
<b>Digital revenue</b>			
SaaS recurring subscription revenue	\$ 5,829	\$ 4,908	\$ 921
Other digital revenue	498	1,059	(561)
<b>Total digital revenue</b>	<b>6,327</b>	<b>5,967</b>	<b>360</b>
<b>Non-digital revenue</b>	<b>950</b>	<b>1,851</b>	<b>(901)</b>
<b>Total revenue</b>	<b>7,277</b>	<b>7,818</b>	<b>(541)</b>
<b>Cost of revenue</b>			
Digital	1,746	1,651	95
Non-digital	798	1,769	(971)
<b>Total cost of revenue</b>	<b>2,544</b>	<b>3,420</b>	<b>(876)</b>
<b>Gross margin</b>	<b>4,733</b>	<b>4,398</b>	<b>335</b>
<b>Operating expenses</b>			

Research and development	4,334	9,610	(5,276)
Depreciation and amortization	1,594	1,214	380
General and administrative	20,563	20,018	545
Total operating expenses	26,491	30,842	(4,351)
<b>Loss from operations</b>	(21,758)	(26,444)	4,686
<b>Other income (expense)</b>			
Interest expense	(1,948)	(1,629)	(319)
Change in fair value of derivative liability	2,360	(2,086)	4,446
Other income (expense)	(45)	85	(130)
Debt extinguishment, net	-	1,112	(1,112)
Total other income, net	367	(2,518)	2,885
<b>Net loss</b>	(21,391)	(28,962)	7,571
Deemed dividend to Series A preferred stockholders	-	(348)	348
<b>Net loss to common stockholders</b>	<u>\$ (21,391)</u>	<u>\$ (29,310)</u>	<u>\$ 7,919</u>

## **Revenue**

SaaS recurring subscription revenue as a percentage of total revenue for the nine months ended September 30, 2022, was 80%, compared to 63% for the nine months ended September 30, 2021.

For the nine months ended September 30, 2022, our total digital revenue was 87% of total revenue compared with 76% for the nine months ended September 30, 2021. Total digital revenue for the nine months ended September 30, 2022 was \$6.3 million, an increase of 6% compared to \$6.0 million for the nine months ended September 30, 2021. The increase was primarily driven from SaaS recurring subscription-based revenue associated with our verbCRM, verbLIVE, verbTEAMS, verbLEARN, and verbPULSE applications totaling \$5.8 million, an increase of 19% compared to \$4.9 million reported for the nine months ended September 30, 2021.

Total non-digital revenue for the nine months ended September 30, 2022, was \$1.0 million compared to \$1.9 million, a decrease of 49% reported for the nine months ended September 30, 2021, which is consistent with the Company's strategy to exit the low margin printing, fulfillment, and shipping aspects of the legacy business to focus on digital revenue streams.

## **Cost of Revenue**

Total cost of revenue for the nine months ended September 30, 2022, was \$2.5 million, compared to \$3.4 million for the nine months ended September 30, 2021, reflecting a 26% decrease. The decrease in cost of revenue is primarily attributed to a decrease in non-digital costs partially offset by increased digital costs to support additional enterprise customers on the platform and increased users within our existing customer base.

## **Gross Margin**

Total gross margin for the nine months ended September 30, 2022, was \$4.7 million, compared to \$4.4 million for the nine months ended September 30, 2021, representing an 8% improvement. For the nine months ended September 30, 2022, our digital gross margin was 72% and non-digital gross margin was 16%. Gross margins improved as a result of our strategy to focus on higher margin digital revenue and systematic reduction in non-digital revenue.

## **Operating Expenses**

Research and development expenses were \$4.3 million for the nine months ended September 30, 2022, as compared to \$9.6 million for the nine months ended September 30, 2021, reflecting a 55% reduction. Research and development expenses primarily consisted of sums paid to employees and vendors contracted to perform research projects and develop technology. As our products move from research and development stage to operating stage, we expect our research and development cost reductions to continue, as experienced during the nine months ended September 30, 2022.

Depreciation and amortization expenses were \$1.6 million for the nine months ended September 30, 2022, as compared to \$1.2 million for the nine months ended September 30, 2021. The increase in depreciation and amortization is attributed to amortization of our capitalized software development costs associated with our MARKET.live platform.

General and administrative expenses for the nine months ended September 30, 2022, were \$20.6 million, as compared to \$20.0 million for the same period in 2021, representing a 3% increase. This increase was primarily due to MARKET.live costs of \$1.6 million, which includes \$0.6 million of labor costs, \$0.5 million for professional services, and \$0.5 million of other MARKET.live related expenses. Excluding MARKET.live costs, our general and administrative expenses decreased by \$1.1 million year over year or 5%.

Other income, net, for the nine months ended September 30, 2022, was \$0.4 million, which was primarily attributable to a change in the fair value of derivative liability of \$2.4 million, offset by interest expense of \$2.0 million.

### Use of Non-GAAP Measures – Modified EBITDA

In addition to our results under generally accepted accounting principles (“GAAP”), 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 depreciation and amortization expense, share-based compensation expense, interest expense, change in fair value of derivative liability, other (income) expense, debt extinguishment costs, net, MARKET.live startup costs, and other non-recurring charges.

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. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Modified EBITDA, you 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.

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net loss	\$ (8,028)	\$ (8,805)	\$ (21,391)	\$ (28,962)
<b>Adjustments:</b>				
Depreciation and amortization	790	400	1,594	1,214
Share-based compensation	1,050	986	3,668	4,652
Interest expense	550	525	1,948	1,629
Change in fair value of derivative liability	(198)	141	(2,360)	2,086
Other (income)/ expense	-	(8)	45	(85)
Debt extinguishment, net	-	(82)	-	(1,112)
MARKET.live non-recurring startup costs*	683	-	736	-
Other non-recurring	-	-	126	-
<b>Total EBITDA adjustments</b>	<b>2,875</b>	<b>1,962</b>	<b>5,757</b>	<b>8,384</b>
<b>Modified EBITDA</b>	<b>\$ (5,153)</b>	<b>\$ (6,843)</b>	<b>\$ (15,634)</b>	<b>\$ (20,578)</b>

\* Includes general and administrative and R&D expenses that are directly related to the launch of our MARKET.live platform and are not expected to be recurring in future periods.

The \$1.7 million or 25% increase in Modified EBITDA for the three months ended September 30, 2022, compared to the same period in 2021, resulted from decreases in cost of revenue and research and development costs, offset by an increase in labor related costs to support future growth.

The \$4.9 million or 24% increase in Modified EBITDA for the nine months ended September 30, 2022, compared to the same period in 2021, resulted from increased revenues, decreases in cost of revenue, research and development, and professional services, offset by an increase in labor related costs to support future 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 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. We incurred a net loss of \$21.4 million during the nine months ended September 30, 2022. These factors raise substantial doubt about our ability to continue as a going concern within one year after the date these financial statements were issued. We also utilized cash in operations of \$16.0 million during the nine months ended September 30, 2022. 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. Our independent registered public accounting firm, in its report on our consolidated financial statements for the year ended December 31, 2021, has also expressed substantial doubt about our ability to continue as a going concern. We intend to continue to seek additional debt or equity financing, as well as certain strategic opportunities to continue our operations.

On January 12, 2022, we entered into a common stock purchase agreement (the “January Purchase Agreement”) with Tumim Stone Capital LLC (the “Investor”). Pursuant to the agreement, we have the right, but not the obligation, to sell to the Investor, and the Investor is obligated to purchase, up to \$50.0 million of newly issued shares of our common stock, par value \$0.0001 per share (the “Common Stock”) from time to time during the term of the agreement, subject to certain limitations and conditions. The Total Commitment is inclusive of 607,287 shares of Common Stock issued to the Investor as consideration for its commitment to purchase shares of Common Stock under the January Purchase Agreement. In connection with the January Purchase Agreement, we are restricted from entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein.

On January 12, 2022, we also entered into a securities purchase agreement (the “January Note Purchase Agreement”) with three institutional investors (collectively, the “January Note Holders”) providing for the sale and issuance of an aggregate original principal amount of \$6.3 million in Convertible Notes Due 2023 (each, a “Note,” and, collectively, the “Notes,” and such financing, the “January Note Offering”). The Company and the January Note Holders also entered into a security agreement, dated January 12, 2022, in connection with the January Note Offering, pursuant to which the Company granted a security interest to the January Note Holders in substantially all of its assets. The January Note Purchase Agreement prohibits us from entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein. The January Note Purchase Agreement also gives the January Note Holders the right to require the Company to use up to 15% of the gross proceeds raised from future debt or equity financings to redeem the Notes, which redemptions have been elected by the January Note Holders as described below.

On April 20, 2022, we entered into a securities purchase agreement, which provides for the sale and issuance by us of an aggregate of (i) 14,666,667 shares of Common Stock, and (ii) warrants to purchase 14,666,667 shares of Common Stock at an exercise price of \$0.75 per share, for aggregate gross proceeds of \$11.0 million before deducting placement agent commissions and other offering expenses (the “April Registered Direct Offering”). As a result of this transaction, certain warrants which previously had exercise prices ranging from \$1.10 to \$2.10 per share had the exercise price reduced to \$0.75 per share. We used a portion of the proceeds from the April Registered Direct Offering to repay \$1.6 million in principal amount of the Notes issued pursuant to the January Note Offering.

We, through our Professional Employer Organization, filed for federal government assistance for the second and third quarters of 2021 in the aggregate amount of approximately \$1.5 million through Employee Retention Credit (“ERC”) provisions of the Consolidated Appropriations Act of 2021. The purpose of the ERC is to encourage employers to keep employees on the payroll, even if they are not working during the covered period due to the effects of the COVID-19 pandemic. As of September 30, 2022, we have yet to receive the funds and accordingly, our condensed consolidated financial statements do not reflect the effect of this credit.

Prior to September 30, 2022, the U.S. Small Business Administration (“SBA”) approved an additional loan of \$0.35 million which we expect to receive before the end of 2022.

On October 25, 2022, we entered into a securities purchase agreement (the “October Purchase Agreement”), which provides for the sale and issuance by us of an aggregate of (i) 12,500,000 shares of Common Stock at a purchase price of \$0.32 per share, and (ii) warrants to purchase 12,500,000 shares of Common Stock at an exercise price of \$0.34 per share, for aggregate gross proceeds of \$4.0 million before deducting placement agent commissions and other offering expenses (the “October Registered Direct Offering”). As a result of this transaction, certain warrants which previously had an exercise price of \$0.75 per share had the exercise price reduced to \$0.34 per share. Further, in connection with the October Purchase Agreement, we are restricted from (i) issuing or filing any registration statement to offer the sale of any Common Stock or securities convertible into or exercisable for shares of Common Stock until 75 days after the date thereof; and (ii) entering into an agreement to effect any issuance of Common Stock involving a Variable Rate Transaction (as defined therein) during the term of the agreement, subject to certain exceptions set forth therein. As a result of this transaction, we paid \$1.2 million towards principal and accrued interest on the Notes. We and the January Note Holders agreed to interest only payments with a final principal payment of \$2.5 million due on the maturity date.

On November 7, 2022, we entered into a note purchase agreement (the “November Note Purchase Agreement”) and promissory note with an institutional investor providing for the sale and issuance of an unsecured, non-convertible promissory in the original principal amount of \$5.5 million, which has an original issue discount of \$0.5 million, resulting in gross proceeds to us of approximately \$5.0 million (the “November Note,” and such financing, the “November Note Offering”). The November Note matures eighteen months following the date of issuance. Commencing six months from the date of issuance, we are required to make monthly cash redemption payments in an amount not to exceed \$0.6 million. The November Note may be repaid in whole or in part prior to the maturity date for a 10% premium. The November Note requires us to use 20% of the gross proceeds raised from future equity or debt financings, or the sale of any subsidiary or material asset, to prepay the November Note, subject to a cap on the aggregate prepayment amount. Until all obligations under the November Note have been paid in full, we are not permitted to grant a security interest in any of its assets, or to issue securities convertible into shares of Common Stock, subject in each case to certain exceptions. Our wholly owned subsidiary verbMarketplace, LLC entered into a guaranty, dated November 7, 2022, in connection with the November Note Offering, pursuant to which it guaranteed the obligations on our behalf under the November Note in exchange for receiving a portion of the loan proceeds.

If we are unable to generate sufficient cash flow from operations to operate our business and pay our debt obligations as they become due, we will need to seek to raise additional capital, borrow additional funds, dispose of subsidiaries or assets, reduce or delay capital expenditures, or change our business strategy. However, in light of the restrictive covenants imposed by certain of our prior financings and the recent decline in the price of Common Stock, we may be unable to raise additional capital when needed to operate our business or service our debt. Further, notwithstanding such restrictions, there can be no assurance that debt or equity financing will be available in the amounts, on terms, or at times deemed acceptable by us. The issuance of additional equity securities would result in significant dilution in the equity interests of our current stockholders and could include rights or preferences senior to those the current stockholders. Obtaining commercial loans would increase our liabilities and future cash commitments and potentially impose significant operational or financial restrictions. If we are unable to obtain financing in the amounts and on terms deemed acceptable, we may be unable to continue to operate our business or pay our obligations as they become due and as a result may be required to curtail or cease operations, which may result in stockholders or noteholders losing some or all of their investment.

For additional information, refer to Note 1, “Description of Business,” and Note 2, “Summary of Significant Accounting Policies and Supplemental Disclosures,” to the condensed consolidated financial statements, and the section titled “Risk Factors,” within our 2021 Annual Report.

## Overview

As of September 30, 2022, we had cash of \$0.9 million. We estimate our operating expenses for the next twelve months will exceed any revenue we generate, and we will need to seek to raise additional capital, borrow additional funds, dispose of subsidiaries or assets, reduce or delay capital expenditures, or change our business strategy.

The following is a summary of our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,	
	2022	2021
Cash used in operating activities	\$ (15,975)	\$ (20,511)
Cash used in investing activities	(4,402)	(56)
Cash provided by financing activities	20,361	22,410
Increase in cash	<u>\$ (16)</u>	<u>\$ 1,843</u>

### Cash Flows – Operating

For the nine months ended September 30, 2022, our cash flows used in operating activities amounted to \$16.0 million, compared to cash used for the nine months ended September 30, 2021, of \$20.5 million. We generated \$4.5 million additional cash from operations due to higher revenues, decreases in research and development expenses, both offset by an increase in labor related costs to support future growth.

### Cash Flows – Investing

For the nine months ended September 30, 2022, our cash flows used in investing activities amounted to \$4.4 million, primarily due to our investment in capitalized software development costs related to MARKET.live.

### Cash Flows – Financing

Our cash provided by financing activities for the nine months ended September 30, 2022 amounted to \$20.4 million, which represented \$20.1 million of net proceeds from the issuance of shares of our common stock, \$6.0 million of gross proceeds from the issuance of notes payable, \$2.5 million of gross proceeds from advances on future receipts and proceeds from option exercises of \$0.4 million, all offset by \$5.4 million of payments on advances on future receipts, \$2.7 million of payments on notes payable and payments for debt issuance costs of \$0.5 million.

### *Advances on Future Receipts*

On August 25, 2022, we received secured advances from an unaffiliated third party totaling \$2.5 million for the purchase of future receipts/ revenues of \$3.4 million. As of September 30, 2022, the outstanding balance of the note was \$3.0 million.

### *Convertible Notes Payable and Note Payable*

We have the following outstanding notes payable as of September 30, 2022 (in thousands):

<u>Note</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Borrowing</u>	<u>Balance as of September 30, 2022</u>
Related party convertible note payable (A)	December 1, 2015	April 1, 2023	12.0%	\$ 1,249	\$ 725
Related party convertible note payable (B)	April 4, 2016	June 4, 2021	12.0%	343	40
Note payable (C)	May 15, 2020	May 15, 2050	3.75%	150	150
Convertible Notes Due 2023 (D)	January 12, 2022	January 12, 2023	6.0%	\$ 6,300	3,560
Debt discount					(61)
Debt issuance costs					(93)
Total notes payable					4,321
Non-current					(150)
Current					<u>\$ 4,171</u>

(A) On December 1, 2015, we issued a convertible note payable to Mr. Cutaia, our Chief Executive Officer and a director, to consolidate all loans and advances made by Mr. Cutaia to us as of that date. On May 19, 2021, we amended the note to allow for conversion of the note at any time at the discretion of the holder at a fixed conversion price of \$1.03, which was the closing price of the common stock on the amendment date. On May 12, 2022, the maturity date of the note was extended to April 1, 2023. As of September 30, 2022, the outstanding balance under the note was \$0.7 million.

- (B) On April 4, 2016, we issued a convertible note to Mr. Cutaia, in the amount of \$0.3 million, to consolidate all advances made by Mr. Cutaia to us during the period December 2015 through March 2016. On May 19, 2021, we amended the note to allow for conversion of the note at any time at the discretion of the holder at a fixed conversion price of \$1.03, which was the closing price of the common stock on the amendment date. As of September 30, 2022, the outstanding balance under the note was less than \$0.1 million.
- (C) On May 15, 2020, we executed an unsecured loan with the SBA under the Economic Injury Disaster Loan program in the amount of \$0.15 million. Installment payments, including principal and interest, began on October 26, 2022. Prior to September 30, 2022, the SBA approved an additional loan of \$0.35 million which is expected to be received before the end of 2022. As of September 30, 2022, the outstanding balance of the note amounted to \$0.15 million.
- (D) On January 12, 2022, we entered into the January Note Offering, which provided for the sale and issuance of an aggregate original principal amount of \$6.3 million of the Notes. We also entered into a security agreement, dated January 12, 2022, in connection with the January Note Offering, pursuant to which the Company granted a security interest to the January Note Holders in substantially all of its assets. There are no financial covenants related to these notes payable.

We received \$6.0 million in gross proceeds from the sale of the Notes. The Notes bear interest of 6.0% per annum, have an original issue discount of 5.0%, mature 12 months from the closing date, and have an initial conversion price of \$3.00, subject to adjustment in certain circumstances as set forth in the Notes.

In connection with the January Note Offering, we incurred \$0.5 million of debt issuance costs. The debt issuance costs and the debt discount of \$0.3 million are being amortized over the term of the Notes using the effective interest rate method. As of September 30, 2022, the amount of unamortized debt discount and debt issuance costs was \$0.1 million and \$0.1 million, respectively.

As of September 30, 2022, the outstanding balance of the Notes amounted to \$3.6 million. We have repaid \$2.7 million in principal and \$0.2 million of accrued interest.

On October 28, 2022, the Company paid \$1.2 million towards principal and accrued interest on the Notes. The Company and the January Note Holders agreed to interest only payments with a final principal payment of \$2.5 million due on the maturity date.

### **Critical Accounting Policies**

The condensed consolidated financial statements have been prepared in accordance with GAAP, 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Management bases these estimates and assumptions upon historical experience, existing and known circumstances, and other factors that management believes to be reasonable. In addition, the Company has considered the potential impact of the pandemic, as well as certain macroeconomic factors, including inflation, rising interest rates, and recessionary concerns, on its business and operations.

Significant estimates include assumptions made for reserves of uncollectible accounts receivable, assumptions made in valuing assets acquired in business combinations, impairment testing of goodwill and other long-lived assets, the valuation allowance for deferred tax assets, assumptions used in valuing derivative liabilities, assumptions used in valuing share-based compensation, and accruals for potential liabilities. Some of those assumptions can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions.

## **Revenue Recognition**

The Company derives its revenue primarily from providing application services through the SaaS application, digital marketing and sales support services.

The Company recognizes revenue in accordance with Financial Accounting Standard Board's ("FASB") ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). 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.

A description of our principal revenue generating activities is as follows:

1. Digital Revenue, which is divided into two main categories:
  - a. SaaS recurring digital revenue based on contract-based subscriptions to our Verb app products and platform services which include verbCRM, verbLEARN, verbLIVE, verbTEAMS, and verbPULSE. The revenue is recognized straight-line over the subscription period.
  - b. Non-SaaS, non-recurring digital revenue, which is revenue generated by the use of our app products and in-app purchases, such as sampling and other services obtained through the app. The revenue for samples is recognized upon completion and shipment, while the design fees are recognized when the service has been rendered, collectability is reasonably assured, and the app is delivered to the customer.
2. Non-digital revenue, which is revenue we generate from non-app, non-digital sources through ancillary services we provide as an accommodation to our clients and customers. These services includes design, printing services, fulfillment and shipping services. The revenue is recognized upon completion and shipment of products or fulfillment to the customer. Effective April 1, 2022, the Company entered into a customer referral agreement with a third party for its cart site and printing business. Under the agreement, the Company earns a certain percentage for customer referrals and merchandise sales as well as earn cart site design fees, all of which are recognized as non-digital revenue on a net basis.

## **Derivative Financial Instruments**

We evaluate our 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 condensed 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 condensed consolidated balance sheets 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.

We use Level 2 inputs for our valuation methodology for the derivative liabilities as their fair values were determined by using a Binomial pricing model. Our 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 Compensation**

The Company issues stock options and warrants, shares of common stock and restricted stock units as share-based compensation to employees and non-employees. The Company accounts for its share-based compensation in accordance with FASB ASC 718, *Compensation – Stock Compensation*. Share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the requisite service period. The fair value of restricted stock units is determined based on the number of shares granted and the quoted price of our common stock and is recognized as expense over the service period. Recognition of compensation expense for non-employees is in the same period and manner as if the Company had paid cash for services.

## ***Goodwill***

In accordance with FASB ASC 350, *Intangibles-Goodwill and Other*, we review goodwill and indefinite lived intangible assets for impairment at least annually or whenever events or circumstances indicate a potential impairment. Our impairment testing is performed annually at December 31 (our fiscal year end). Impairment of goodwill and indefinite lived intangible assets is determined by comparing the fair value of our reporting units to the carrying value of the underlying net assets in the reporting units. If the fair value of a reporting unit is determined to be less than the carrying value of its net assets, goodwill is deemed impaired and an impairment loss is recognized to the extent that the carrying value of goodwill exceeds the difference between the fair value of the reporting unit and the fair value of its other assets and liabilities.

## ***Intangible Assets***

We have certain intangible assets that were initially recorded at their fair value at the time of acquisition. The finite-lived intangible assets consist of developed technology and customer contracts. Indefinite-lived intangible assets consist of domain names. Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful life of five years.

We review all finite lived intangible assets for impairment when circumstances indicate that their carrying values may not be recoverable. If the carrying value of an asset group is not recoverable, we recognize an impairment loss for the excess carrying value over the fair value in our consolidated statements of operations.

## **Recently Issued Accounting Pronouncements**

For a summary of our recent accounting policies, refer to Note 2 - Summary of Significant Accounting Policies, to our unaudited condensed consolidated financial statements.

## **Off-Balance Sheet Arrangements**

As of September 30, 2022, we did not have any off-balance sheet arrangements.

## **ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

## **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 and accounting 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 and accounting officer, of the effectiveness of our disclosure controls and procedures as of September 30, 2022. Based on this evaluation, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective as of September 30, 2022 at the reasonable assurance level.

*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 three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

*Inherent Limitations on the Effectiveness of Controls*

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

## PART II - OTHER INFORMATION

### ITEM 1 - LEGAL PROCEEDINGS

From time to time, the Company is involved in various legal proceedings, disputes or claims arising from or related to the normal course of its business activities. Although the results of legal proceedings, disputes and other claims cannot be predicted with certainty, the Company believes it is not currently a party to any other legal proceedings, disputes or claims which, if determined adversely to the Company, would, individually or taken together, have a material adverse effect on the Company's business, operating results, financial condition or cash flows. However, regardless of the merit of the claims raised or the outcome, legal proceedings may have an adverse impact on the Company as a result of defense and settlement costs, diversion of management time and resources, and other factors.

For additional information, refer to Note 13 - Commitments and Contingencies to the condensed consolidated financial statements.

### ITEM 1A. RISK FACTORS

An investment in our common stock and warrants involves risks. Before making an investment decision, you should carefully consider the information in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in the condensed consolidated financial statements and the related notes contained within this Quarterly Report. In addition, you should carefully consider the risks and uncertainties described in the section titled "Risk Factors" in the 2021 Annual Report, as well as in our other public filings with the SEC. If any of the identified risks are realized, our business, operating results, financial condition and cash flows could be materially and adversely affected. In that case, the trading price of our common stock and the value of our warrants may decline, and you could lose all or part of your investment. In addition, other risks of which we are currently unaware, or which we do not currently view as material, could have a material adverse effect on our business, operating results, financial condition and cash flows.

Except as set forth below, there were no material changes to the risks and uncertainties described in the section titled "Risk Factors" in the 2021 Annual Report during the three months ended September 30, 2022.

#### Risks Related to Our Business

*Our independent registered public accounting firm's reports for the fiscal years ended December 31, 2021 and 2020 have raised substantial doubt as to our ability to continue as a going concern.*

Our independent registered public accounting firm indicated in its report on our audited consolidated financial statements as of and for the years ended December 31, 2021 and 2020 that there is substantial doubt about our ability to continue as a going concern. A "going concern" opinion indicates that the financial statements have been prepared assuming we will continue as a going concern and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we do not continue as a going concern. Therefore, you should not rely on our consolidated balance sheet as an indication of the amount of proceeds that would be available to satisfy claims of creditors, and potentially be available for distribution to stockholders, in the event of liquidation. The ongoing presence of the going concern note to our financial statements may have an adverse impact on the relationships we are developing and plan to develop with third parties as we continue the commercialization of our products and could make it challenging and difficult for us to raise additional financing, all of which could have a material adverse impact on our business and prospects and result in a significant or complete loss of your investment.

Our ability to continue as a going concern ultimately is dependent upon our ability to achieve profitable operations, significantly reduce operating expenses, attain operating efficiencies, and obtain additional financing. If we are unable to generate sufficient cash flow from operations to operate our business and pay our debt obligations as they become due, we may need to seek to raise additional capital, borrow additional funds, dispose of subsidiaries or assets, reduce or delay capital expenditures, or change our business strategy. There can be 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. For example, in light of the restrictive covenants imposed by certain of our prior financing arrangements, in combination with the recent significant decline in the market price of our common stock, we may be unable to raise additional capital in sufficient amounts when needed to operate our business, service our debt, or execute on our strategic plans. Further, the issuance of additional equity securities would result in significant dilution in the equity interests of our current stockholders and could include rights or preferences senior to those of the current stockholders. Borrowing additional funds would increase our liabilities and future cash commitments and potentially impose significant operational or financial restrictions and require us to further encumber our assets. If we are unable to obtain financing in the amounts and on terms deemed acceptable, we may be unable to continue to operate our business or pay our obligations as they become due, and as a result may be required to curtail or cease operations, which may result in stockholders or warrant holders losing some or all of their investment. For additional information, please refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Going Concern," as well as Note 2 to our consolidated financial statements included within this Quarterly Report.

*The market price of our common stock has been, and may continue to be, subject to substantial volatility.*

The market price of our common stock has experienced a significant recent decline, and may continue to fluctuate in response to numerous factors, many of which are beyond our control, including:

- volatility in the trading markets generally and in our particular industry or market segment;
- perceptions among current and prospective customers regarding our financial stability and ability to raise additional financing;
- perceptions among market participants regarding our ability to continue as a going concern;
- actual or anticipated fluctuations in our results of operations;
- the financial projections we may provide to the public, any changes in those projections, and our failure to meet those projections;
- announcements regarding our business or the business of our customers or competitors;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- developments or disputes concerning our intellectual property or our offerings, or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- any major change in our board of directors or management;
- sales of shares of our common stock by us or by our stockholders;
- lawsuits threatened or filed against us;
- macroeconomic factors, including those relating to recessionary concerns, increasing interest rates, rising inflation and changes in consumer confidence; and
- other events or factors, including those resulting from war, incidents of terrorism, pandemics (such as the COVID-19 pandemic) or responses to these events.

Statements of, or changes in, opinions, ratings, or earnings estimates made by brokerage firms or industry analysts relating to the markets in which we operate or expect to operate could have an adverse effect on the market price of our common stock. In addition, the stock market as a whole, as well as our particular market segment, has from time-to-time experienced extreme price and volume fluctuations, which may affect the market price for the securities of many companies, and which often have appeared unrelated to the operating performance of such companies. Any of these factors could negatively affect our stockholders' ability to sell their shares of common stock at the time and price they desire.

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

None.

#### **ITEM 3 - DEFAULTS UPON SENIOR SECURITIES**

None.

#### **ITEM 4 - MINE SAFETY DISCLOSURES**

Not applicable.

## ITEM 5 - OTHER INFORMATION

### Note Financing Transaction

On November 7, 2022, Verb Technology Company, Inc. (the “**Company**”) entered into a note purchase agreement (the “**Purchase Agreement**”) with Streeterville Capital, LLC (the “**Investor**”), pursuant to which the Investor purchased an unsecured, non-convertible promissory note (the “**Note**”) in the aggregate principal amount of \$5,470,000 (the “**Note Offering**”).

The Note bears interest at 9.0% per annum compounded daily. The maturity date of the Note is 18 months from the date of its issuance (the “**Maturity Date**”). The Note carries an original issue discount of \$450,000, which is included in the principal balance of the Note. If the Company elects to prepay the Note prior to the Maturity Date, it must pay to the Investor 110% of the portion of the outstanding balance the Company elects to prepay.

Commencing on the date that is six months after the issuance date of the Note, the Investor has the right to redeem up to \$600,000 of the outstanding balance of the Note per month (“**Redemption Amount**”) by providing written notice to the Company (a “**Redemption Notice**”). Upon receipt of any Redemption Notice, the Company shall pay the applicable Redemption Amount in cash to the Investor within three (3) trading days of the Company’s receipt of such Redemption Notice. No prepayment premium shall be payable in respect of any Redemption Amount.

The Note requires the Company to use 20.0% of the gross proceeds raised from future equity or debt financings, or the sale of any subsidiary or material asset, to prepay the Note, subject to a maximum aggregate prepayment amount as described in the Note.

In connection with the Note Offering, verbMarketplace, LLC, a wholly-owned subsidiary of the Company, entered into a Guaranty, dated November 7, 2022, pursuant to which it guaranteed the obligations of the Company under the Note in exchange for receiving a portion of the proceeds.

The Purchase Agreement contains customary representations and warranties of the Company and the Investor. Also, until amounts due under the Note are paid in full, the Company agreed, among other things, to: (i) timely make all filings under the Securities Exchange Act of 1934, (ii) ensure the Company’s common stock (the “**Common Stock**”) continues to be listed on the Nasdaq Capital Market, (iii) ensure trading in the Common Stock will not be suspended or otherwise cease trading on the Company’s principal trading market, (iv) prohibit the Company from making any Restricted Issuance (as defined in the Note) without Investor’s prior written consent, (v) prohibit the Company from entering into any agreement or otherwise agree to any covenant, condition, or obligation that restricts it from entering into certain additional transactions with the Investor, and (vi) with the exception of any transaction involving Permitted Indebtedness (as defined in the Note), prohibit the Company from pledging or granting a security interest in any of its assets without Investor’s prior written consent.

Ascendant Capital Markets, LLC served as the sole placement agent for the transaction and received \$300,000 in the aggregate.

The foregoing descriptions of the Purchase Agreement and the Note are summaries, do not purport to be complete, and are qualified in their entirety by reference to the Purchase Agreement and the Note, which are filed as Exhibits 10.1 and 10.2, respectively, to this Quarterly Report.

### Nasdaq Compliance Extension

On November 9, 2022, the Company received a written notification from the Nasdaq Stock Market Listing Qualifications Staff (the “**Staff**”) indicating that the Company has been granted an additional 180-calendar-day period, or until May 8, 2023, to regain compliance with the \$1.00 minimum closing bid price requirement for continued listing on the Nasdaq Capital Market pursuant to Nasdaq Listing Rules (the “**Minimum Bid Price Requirement**”).

Nasdaq’s determination was based on (i) the Company having met the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market, with the sole exception of the Minimum Bid Price Requirement, and (ii) the Company’s written notice to Nasdaq of its intention to cure the deficiency during the compliance period, including by potentially effecting a reverse stock split if necessary. If, at any time during this additional compliance period, the closing bid price of the Common Stock is at least \$1.00 per share for a minimum of ten consecutive trading days, Nasdaq will provide written confirmation of compliance. If compliance cannot be demonstrated by May 8, 2023, the Staff will provide written notification that the Company’s securities will be delisted, provided that the Company may appeal the Staff’s determination to a Hearings Panel of Nasdaq at that time.

The Company will monitor the closing bid price of its Common Stock and will consider various options to regain compliance with the Minimum Bid Price Requirement before May 8, 2023.

## ITEM 6 - EXHIBITS

Reference is made to the exhibits listed on the Index to Exhibits.

### INDEX TO EXHIBITS

Exhibit Number	Description
10.1*	<a href="#">Note Purchase Agreement, dated November 7, 2022, between Verb Technology Company, Inc. and Streeterville Capital, LLC</a>
10.2*	<a href="#">Promissory Note, dated November 7, 2022, issued by Verb Technology Company, Inc.</a>
31.1*	<a href="#">Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code</a>
32.2**	<a href="#">Certification of Principal Financial and Accounting Officer Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

\*\* The certifications shall not be deemed “filed” by the registrant for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any of the registrant’s filings under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in any such filing.

**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.**

Date: November 14, 2022

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

Date: November 14, 2022

By: /s/ Salman H. Khan  
Salman H. Khan  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

## NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (this “**Agreement**”), dated as of November 7, 2022, is entered into by and between VERB TECHNOLOGY COMPANY, INC., a Nevada corporation (“**Company**”), and STREETERVILLE CAPITAL, LLC, a Utah limited liability company, its successors and/or assigns (“**Investor**”).

A. Company and Investor are executing and delivering this Agreement in reliance upon an exemption from securities registration afforded by the Securities Act of 1933, as amended (the “**1933 Act**”), and the rules and regulations promulgated thereunder by the United States Securities and Exchange Commission (the “**SEC**”).

B. Investor desires to purchase and Company desires to issue and sell, upon the terms and conditions set forth in this Agreement, a Promissory Note, in the form attached hereto as Exhibit A, in the original principal amount of \$5,470,000.00 (the “**Note**”).

C. This Agreement, the Note, the Guaranty (as defined below) and all other certificates, documents, agreements, resolutions and instruments delivered to any party under or in connection with this Agreement, as the same may be amended from time to time, are collectively referred to herein as the “**Transaction Documents**”.

**NOW, THEREFORE**, in consideration of the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Investor hereby agree as follows:

1. Purchase and Sale of Note.

1.1. Purchase of Note. Company hereby agrees to issue and sell to Investor and Investor hereby agrees to purchase from Company the Note. In consideration thereof, Investor agrees to pay the Purchase Price (as defined below) to Company.

1.2. Form of Payment. On the Closing Date (as defined below), Investor shall pay the Purchase Price to Company via wire transfer of immediately available funds against delivery of the Note.

1.3. Closing Date. Subject to the satisfaction (or written waiver) of the conditions set forth in Section 5 and Section 6 below, the date of the issuance and sale of the Note pursuant to this Agreement (the “**Closing Date**”) shall be November 7, 2022, or another mutually agreed upon date. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall occur on the Closing Date by means of the exchange by email of .pdf documents, but shall be deemed for all purposes to have occurred at the offices of Hansen Black Anderson Ashcraft PLLC in Lehi, Utah.

1.4. Original Issue Discount. The Note carries an original issue discount of \$450,000.00 (the “**OID**”). In addition, Company agrees to pay \$20,000.00 to Investor to cover Investor’s legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of the Note (the “**Transaction Expense Amount**”). The OID and Transaction Expense amount will be included in the initial principal balance of the Note. The “**Purchase Price**”, therefore, shall be \$5,000,000.00, computed as follows: \$5,470,000.00 initial principal balance, less the OID, less the Transaction Expense Amount.

1.5. Guaranty. Company’s wholly-owned subsidiary, verbMarketplace, LLC, a Nevada limited liability company (“**Market LLC**”), will guarantee all of Company’s obligations under the Note and the other Transaction Documents by way of that certain Guaranty of even date herewith attached hereto as Exhibit B (the “**Guaranty**”).

2. Investor’s Representations and Warranties. Investor represents and warrants to Company that as of the Closing Date: (i) this Agreement has been duly and validly authorized; (ii) this Agreement constitutes a valid and binding agreement of Investor enforceable in accordance with its terms; (iii) Investor is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D of the 1933 Act; (iv) Investor is acquiring the Note for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the 1933 Act; (v) Investor does not presently have any agreement or understanding, directly or indirectly, with any other person to distribute the Note in violation of applicable securities laws; and (vi) Investor understands that the Note has not been and is not being registered under the 1933 Act or any state securities laws and that Company will not be obligated in the future to register the Note under the 1933 Act or the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), or under any state securities laws and that Company has not made or is making any representation, warranty or covenant, express or implied, as to the availability of any exemption from registration under the 1933 Act or any applicable state securities laws for the resale, pledge or other transfer of the Note.

3. Company's Representations and Warranties. Company represents and warrants to Investor that as of the Closing Date: (i) Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has the requisite corporate power to own its properties and to carry on its business as now being conducted; (ii) Company is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction where the nature of the business conducted or property owned by it makes such qualification necessary; (iii) Company has registered its shares of common stock, par value \$0.0001 per share (the "**Common Stock**"), under Section 12(b) of the 1934 Act and is obligated to file reports pursuant to Section 13 or Section 15(d) of the 1934 Act; (iv) each of the Transaction Documents and the transactions contemplated hereby and thereby, have been duly and validly authorized by Company and all necessary actions have been taken; (v) this Agreement, the Note, and the other Transaction Documents have been duly executed and delivered by Company and constitute the valid and binding obligations of Company enforceable in accordance with their terms; (vi) the execution and delivery of the Transaction Documents by Company and the consummation by Company of the other transactions contemplated by the Transaction Documents do not and will not conflict with or result in a breach by Company of any of the terms or provisions of, or constitute a default under (a) Company's certificate of incorporation or bylaws, each as currently in effect, (b) any indenture, mortgage, deed of trust, or other material agreement or instrument to which Company is a party or by which it or any of its properties or assets are bound, or (c) any existing applicable law, rule, or regulation or any applicable decree, judgment, or order of any court, United States federal, state or foreign regulatory body, administrative agency, or other governmental body having jurisdiction over Company or any of Company's properties or assets, except, with respect to clauses (b) and (c) above, for any breach or default that would not reasonably be expected to have a material adverse effect on the business, operations or financial condition of the Company; (vii) no further authorization, approval or consent of any court, governmental body, regulatory agency, self-regulatory organization, or stock exchange or market or the stockholders or any lender of Company is required to be obtained by Company for the issuance of the Note to Investor or the entering into of the Transaction Documents; (viii) none of Company's filings with the SEC contained, at the time they were filed, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not materially misleading; (ix) Company has filed all reports, schedules, forms, statements and other documents required to be filed by Company with the SEC under the 1934 Act on a timely basis or has received a valid extension of such time of filing and has filed any such report, schedule, form, statement or other document prior to the expiration of any such extension; (x) there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of Company, threatened against Company before or by any governmental authority or non-governmental department, commission, board, bureau, agency or instrumentality or any other person that has not been disclosed in a periodic filing or current report with the SEC under the 1934 Act and would reasonably be expected to have a material adverse effect on the business, operations or financial condition of the Company; (xi) Company has not consummated any financing transaction (other than a transaction involving Permitted Indebtedness (as defined below)) that has not been disclosed in a periodic filing or current report with the SEC under the 1934 Act that was required to be disclosed therein; (xii) Company is not, nor has it been at any time in the previous twelve (12) months, a "Shell Company," as such type of "issuer" is described in Rule 144(i)(1) under the 1933 Act; (xiii) with respect to any commissions, placement agent or finder's fees or similar payments that will or would become due and owing by Company to any person or entity as a result of this Agreement or the transactions contemplated hereby ("**Broker Fees**"), any such Broker Fees will be made in full compliance with all applicable laws and regulations and only to a person or entity that is a registered investment adviser or registered broker-dealer; (xiv) Investor shall have no obligation with respect to any Broker Fees or with respect to any claims made by or on behalf of other persons for fees of a type contemplated in this subsection that may be due in connection with the transactions contemplated hereby and Company shall indemnify and hold harmless each of Investor, Investor's employees, officers, directors, stockholders, members, managers, agents, and partners, and their respective affiliates, from and against all claims, losses, damages, costs (including the costs of preparation and reasonable attorneys' fees) and expenses suffered in respect of any such claimed Broker Fees; (xv) neither Investor nor any of its officers, directors, members, managers, employees, agents or representatives has made any representations or warranties to Company or any of its officers, stockholders, directors, employees, agents or representatives except as expressly set forth in the Transaction Documents and, in making its decision to enter into the transactions contemplated by the Transaction Documents, Company is not relying on any representation, warranty, covenant or promise of Investor or its officers, directors, stockholders, members, managers, employees, agents or representatives other than as set forth in the Transaction Documents; (xvi) Company acknowledges that the State of Utah has a reasonable relationship and sufficient contacts to the transactions contemplated by the Transaction Documents and any dispute that may arise related thereto such that the laws and venue of the State of Utah, as set forth more specifically in Section 9.2 below, shall be applicable to the Transaction Documents and the transactions contemplated therein; (xvii) Company acknowledges that Investor is not registered as a 'dealer' under the 1934 Act; and (xviii) Company has performed due diligence and background research on Investor and its affiliates and has received and reviewed the due diligence packet provided by Investor. Company, being aware of the matters and legal issues described in subsections (xvii) and (xviii) above, acknowledges and agrees that such matters, or any similar matters, have no bearing on the transactions contemplated by the Transaction Documents and covenants and agrees it will not use any such information or legal theory as a defense to performance of its obligations under the Transaction Documents or in any attempt to avoid, modify, reduce, rescind or void such obligations.

4. Company Covenants. Until all of Company's obligations under the Note are paid and performed in full, or within the timeframes otherwise specifically set forth below, Company will at all times comply with the following covenants: (i) Company will timely file on the applicable deadline all reports required to be filed with the SEC pursuant to Sections 13 or 15(d) of the 1934 Act, and will take all reasonable action under its control to ensure that adequate current public information with respect to Company, as required in accordance with Rule 144 of the 1933 Act, is publicly available, and will not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination; (ii) the Common Stock shall be listed or quoted for trading on any of NYSE, NYSE American or Nasdaq; (iii) trading in Company's Common Stock will not be suspended, halted, chilled, frozen, reach zero bid or otherwise cease trading on Company's principal trading market; (iv) Company will not make any Restricted Issuance (as defined below) without Investor's prior written consent, which consent may be granted or withheld in Investor's sole and absolute discretion; (v) Company shall not enter into any agreement or otherwise agree to any covenant, condition, or obligation that locks up, restricts in any way or otherwise prohibits Company: (a) from entering into a variable rate transaction with Investor or any affiliate of Investor, or (b) from issuing Common Stock, preferred stock, warrants, convertible notes, other debt securities, or any other Company securities to Investor or any affiliate of Investor; and (vi) other than in connection with a financing transaction involving Permitted Indebtedness, Company will not pledge or grant a security interest in any of its assets without Investor's prior written consent, which consent may be granted or withheld in Investor's sole and absolute discretion. For purposes hereof, the term "**Restricted Issuance**" means the issuance, incurrence or guaranty of any debt obligations (other than (A) trade payables incurred in the ordinary course of business, (B) leases or other financing arrangements with respect to any furniture, fixtures or equipment used in the operation of Company's business entered into in the ordinary course of business, and (C) in respect of asset-based credit facilities incurred by Company from a state or federally-chartered bank or credit union in the ordinary course of business and secured by accounts receivable and certain related assets (collectively, "**Permitted Indebtedness**"), or the issuance of any securities that (A) have or may have conversion rights of any kind, contingent, conditional or otherwise, in which the number of shares of Common Stock that may be issued pursuant to such conversion right varies with the market price of the Common Stock, (B) are or may become convertible into Common Stock (including without limitation convertible debt, warrants or convertible preferred shares), with a conversion price that varies with the market price of the Common Stock, even if such security only becomes convertible following an event of default, the passage of time, or another trigger event or condition; or (C) have a fixed conversion price, exercise price or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security (1) due to a change in the market price of Company's Common Stock since the date of the initial issuance or (2) upon the occurrence of specified or contingent events directly or indirectly related to the business of Company. For the avoidance of doubt, the issuance of Common Stock under, pursuant to, in exchange for or in connection with any contract or instrument, whether convertible or not, is deemed a Restricted Issuance for purposes hereof if the number of shares of Common Stock to be issued is based upon or related in any way to the market price of the Common Stock, including, but not limited to, Common Stock issued in connection with a Section 3(a)(9) exchange, a Section 3(a)(10) settlement, or any other similar settlement or exchange. For the further avoidance of doubt, the term Restricted Issuance does not include shares of Common Stock issued pursuant an ATM (as defined below). For purposes hereof, the term "**ATM**" means a continuous primary offering, whereby Company, with the help of a FINRA-registered broker-dealer as an agent, sells newly issued equity securities, registered off a shelf-registration statement, into a securities exchange at prevailing market prices.

5. Conditions to Company's Obligation to Sell. The obligation of Company hereunder to issue and sell the Note to Investor at the Closing is subject to the satisfaction, on or before the Closing Date, of each of the following conditions:

- 5.1. Investor shall have executed this Agreement and delivered the same to Company.
- 5.2. Investor shall have delivered the Purchase Price to Company in accordance with Section 1.2 above.

6. Conditions to Investor's Obligation to Purchase. The obligation of Investor hereunder to purchase the Note at the Closing is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, provided that these conditions are for Investor's sole benefit and may be waived by Investor at any time in its sole discretion:

- 6.1. Company shall have executed this Agreement and the Note and delivered the same to Investor.
- 6.2. Market LLC shall have executed and delivered to Investor the Guaranty.
- 6.3. Company shall have delivered to Investor a fully executed Officer's Certificate substantially in the form attached hereto as Exhibit B evidencing Company's approval of the Transaction Documents.
- 6.4. Company shall have delivered to Investor fully executed copies of all other Transaction Documents required to be executed by Company herein or therein.

7. Most Favored Nation. So long as the Note is outstanding, upon any issuance by Company of any indebtedness for borrowed money (other than Permitted Indebtedness) with any term or condition more favorable to the holder of such indebtedness or with a term in favor of the holder of such indebtedness that was not similarly provided to Investor in the Transaction Documents, then Company shall notify Investor of such additional or more favorable term and such term, at Investor's option, shall become a part of the Transaction Documents for the benefit of Investor. Additionally, if Company fails to notify Investor of any such additional or more favorable term, but Investor becomes aware that Company has granted such a term to any third party, Investor may notify Company of such additional or more favorable term and such term shall become a part of the Transaction Documents retroactive to the date on which such term was granted to the applicable third party. The types of terms contained in another indebtedness that may be more favorable to the holder of such indebtedness include, but are not limited to, terms addressing conversions into Common Stock, conversion discounts, conversion lookback periods, interest rates, original issue discounts, stock sale price, conversion price per share, warrant coverage, warrant exercise price, and anti-dilution/conversion and exercise price resets.

8. Participation Right. Beginning on the Closing Date and ending on the date that the Note is paid in full, Company hereby grants to Investor a participation right, whereby Investor shall have the right to participate at Investor's discretion in up to twenty-five percent (25%) of the amount sold in any Restricted Issuance (the "**Participation Right**"). Within two (2) Trading Days following the consummation of a Restricted Issuance, Company will provide Investor with written notice of the consummation of such Restricted Issuance, along with copies of the transaction documents. Investor will then have up to five (5) calendar days to elect to purchase up to twenty-five percent (25%) of the amount of debt or equity securities issued in such transaction on the most favorable terms and conditions offered to any other purchaser of the same securities. The parties agree that in the event Company breaches its obligations with respect to the Participation Right, Investor's sole and exclusive remedy shall be to receive, as liquidated damages, an amount equal to twenty percent (20%) of the amount Investor would have been entitled to invest under the Participation Right. For the avoidance of doubt, Company's breach of its obligations with respect to the Participation Right will not be considered a Trigger Event (as defined in the Note) under the Note. Notwithstanding the foregoing, the Participation Right will be subject to the consent of the lead investor in the financing round triggering the Participation Right.

9. Miscellaneous. The provisions set forth in this Section 9 shall apply to this Agreement, as well as all other Transaction Documents as if these terms were fully set forth therein; provided, however, that in the event there is a conflict between any provision set forth in this Section 9 and any provision in any other Transaction Document, the provision in such other Transaction Document shall govern.

9.1. Arbitration of Claims. The parties shall submit all Claims (as defined in Exhibit C) arising under this Agreement or any other Transaction Document or any other agreement between the parties and their affiliates or any Claim relating to the relationship of the parties to binding arbitration pursuant to the arbitration provisions set forth in Exhibit C attached hereto (the “**Arbitration Provisions**”). For the avoidance of doubt, the parties agree that the injunction described in Section 9.3 below may be pursued in an arbitration that is separate and apart from any other arbitration regarding all other Claims arising under the Transaction Documents. The parties hereby acknowledge and agree that the Arbitration Provisions are unconditionally binding on the parties hereto and are severable from all other provisions of this Agreement. By executing this Agreement, Company represents, warrants and covenants that Company has reviewed the Arbitration Provisions carefully, consulted with legal counsel about such provisions (or waived its right to do so), understands that the Arbitration Provisions are intended to allow for the expeditious and efficient resolution of any dispute hereunder, agrees to the terms and limitations set forth in the Arbitration Provisions, and that Company will not take a position contrary to the foregoing representations. Company acknowledges and agrees that Investor may rely upon the foregoing representations and covenants of Company regarding the Arbitration Provisions.

9.2. Governing Law; Venue. This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the internal laws of the State of Utah, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah. Each party consents to and expressly agrees that the exclusive venue for arbitration of any dispute arising out of or relating to any Transaction Document or the relationship of the parties or their affiliates shall be in Salt Lake County, Utah. Without modifying the parties’ obligations to resolve disputes hereunder pursuant to the Arbitration Provisions, for any litigation arising in connection with any of the Transaction Documents, each party hereto hereby (i) consents to and expressly submits to the exclusive personal jurisdiction of any state or federal court sitting in Salt Lake County, Utah, (ii) expressly submits to the exclusive venue of any such court for the purposes hereof, and (iii) waives any claim of improper venue and any claim or objection that such courts are an inconvenient forum or any other claim, defense or objection to the bringing of any such proceeding in such jurisdiction or to any claim that such venue of the suit, action or proceeding is improper. Finally, Company covenants and agrees to name Investor as a party in interest in, and provide written notice to Investor in accordance with Section 9.10 below prior to bringing or filing any action (including without limitation any filing or action against any person or entity that is not a party to this Agreement) that is related in any way to the Transaction Documents or any transaction contemplated herein or therein, and further agrees to timely name Investor as a party to any such action. Company acknowledges that the governing law and venue provisions set forth in this Section 9.2 are material terms to induce Investor to enter into the Transaction Documents and that but for Company’s agreements set forth in this Section 9.2 Investor would not have entered into the Transaction Documents.

9.3. Specific Performance. Company acknowledges and agrees that Investor may suffer irreparable harm in the event that Company fails to perform any material provision of this Agreement or any of the other Transaction Documents in accordance with its specific terms. It is accordingly agreed that Investor shall be entitled to one or more injunctions to prevent or cure breaches of the provisions of this Agreement or such other Transaction Document and to enforce specifically the terms and provisions hereof or thereof, this being in addition to any other remedy to which the Investor may be entitled under the Transaction Documents, at law or in equity. Company specifically agrees that: (a) following an Event of Default (as defined in the Note) under the Note, Investor shall have the right to seek and receive injunctive relief from a court or an arbitrator prohibiting Company from issuing any of its Common Stock or preferred stock to any party unless the Note is being paid in full simultaneously with such issuance; and (b) following a breach of Section 4(v) above, Investor shall have the right to seek and receive injunctive relief from a court or arbitrator invalidating such lock-up. Company specifically acknowledges that Investor’s right to obtain specific performance constitutes bargained for leverage and that the loss of such leverage would result in irreparable harm to Investor. For the avoidance of doubt, in the event Investor seeks to obtain an injunction from a court or an arbitrator against Company or specific performance of any provision of any Transaction Document, such action shall not be a waiver of any right of Investor under any Transaction Document, at law, or in equity, including without limitation its rights to arbitrate any Claim pursuant to the terms of the Transaction Documents, nor shall Investor’s pursuit of an injunction prevent Investor, under the doctrines of claim preclusion, issues preclusion, res judicata or other similar legal doctrines, from pursuing other Claims in the future in a separate arbitration.

9.4. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

9.5. Document Imaging. Investor shall be entitled, in its sole discretion, to image or make copies of all or any selection of the agreements, instruments, documents, and items and records governing, arising from or relating to any of Company's loans from Investor, including, without limitation, this Agreement and the other Transaction Documents, and Investor may destroy or archive the paper originals. The parties hereto (i) waive any right to insist or require that Investor produce paper originals, (ii) agree that such images shall be accorded the same force and effect as the paper originals, (iii) agree that Investor is entitled to use such images in lieu of destroyed or archived originals for any purpose, including as admissible evidence in any demand, presentment or other proceedings, and (iv) further agree that any executed facsimile (faxed), scanned, emailed, or other imaged copy of this Agreement or any other Transaction Document shall be deemed to be of the same force and effect as the original manually executed document.

9.6. Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

9.7. Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

9.8. Entire Agreement. This Agreement, together with the other Transaction Documents, contains the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither Company nor Investor makes any representation, warranty, covenant or undertaking with respect to such matters. For the avoidance of doubt, all prior term sheets or other documents between Company and Investor, or any affiliate thereof, related to the transactions contemplated by the Transaction Documents (collectively, "**Prior Agreements**"), that may have been entered into between Company and Investor, or any affiliate thereof, are hereby null and void and deemed to be replaced in their entirety by the Transaction Documents. To the extent there is a conflict between any term set forth in any Prior Agreement and the term(s) of the Transaction Documents, the Transaction Documents shall govern.

9.9. Amendments. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by both parties hereto.

9.10. Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of: (i) the date delivered, if delivered by personal delivery as against written receipt therefor or by email to an executive officer, or by facsimile (with successful transmission confirmation), (ii) the earlier of the date delivered or the third business day after deposit, postage prepaid, in the United States Postal Service by certified mail, or (iii) the earlier of the date delivered or the third business day after mailing by express courier, with delivery costs and fees prepaid, in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by five (5) calendar days' advance written notice similarly given to each of the other parties hereto):

If to Company:

Verb Technology Company, Inc.  
Attn: Rory J. Cutaia  
2210 Newport Blvd, Suite 200  
Newport Beach, California 92663

With a copy to (which copy shall not constitute notice):

Stradling Yocca Carlson & Rauth, P.C.  
Attn: Ryan Wilkins  
660 Newport Center Drive, Suite 1600  
Newport Beach, California 92660

If to Investor:

Streeterville Capital, LLC  
Attn: John M. Fife  
303 East Wacker Drive, Suite 1040  
Chicago, Illinois 60601

With a copy to (which copy shall not constitute notice):

Hansen Black Anderson Ashcraft PLLC  
Attn: Jonathan K. Hansen  
3051 West Maple Loop Drive, Suite 325  
Lehi, Utah 84043

9.11. Successors and Assigns. This Agreement or any of the severable rights and obligations inuring to the benefit of or to be performed by Investor hereunder may be assigned by Investor to its affiliates, in whole or in part, without the need to obtain Company's consent thereto. Except as set forth above, neither Investor nor Company may assign its rights or obligations under this Agreement or delegate its duties hereunder without the prior written consent of the other party.

9.12. Survival. The representations and warranties of the parties and the agreements and covenants set forth in this Agreement shall survive the Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of each party. Each party agrees to indemnify and hold harmless the other and all its respective officers, directors, employees, attorneys, and agents for loss or damage arising as a result of or related to any breach or alleged breach by the other party of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

9.13. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

9.14. Rights and Remedies Cumulative. All rights, remedies, and powers conferred in this Agreement and the Transaction Documents are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that any party may have, whether specifically granted in this Agreement or any other Transaction Document, or existing at law, in equity, or by statute, and any and all such rights and remedies may be exercised from time to time and as often and in such order as such party may deem expedient.

9.15. Attorneys' Fees and Cost of Collection. In the event any suit, action or arbitration is filed by either party against the other to interpret or enforce any of the Transaction Documents, the unsuccessful party to such action agrees to pay to the prevailing party all costs and expenses, including attorneys' fees incurred therein, including the same with respect to an appeal. The "prevailing party" shall be the party in whose favor a judgment is entered, regardless of whether judgment is entered on all claims asserted by such party and regardless of the amount of the judgment; or where, due to the assertion of counterclaims, judgments are entered in favor of and against both parties, then the arbitrator shall determine the "prevailing party" by taking into account the relative dollar amounts of the judgments or, if the judgments involve nonmonetary relief, the relative importance and value of such relief. Nothing herein shall restrict or impair an arbitrator's or a court's power to award fees and expenses for frivolous or bad faith pleading. If (i) the Note is placed in the hands of an attorney for collection or enforcement prior to commencing arbitration or legal proceedings, or is collected or enforced through any arbitration or legal proceeding, or Investor otherwise takes action to collect amounts due under the Note or to enforce the provisions of the Note, or (ii) there occurs any bankruptcy, reorganization, receivership of Company or other proceedings affecting Company's creditors' rights and involving a claim under the Note; then Company shall pay the costs incurred by Investor for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees, expenses, deposition costs, and disbursements.

9.16. Waiver. No waiver of any provision of this Agreement shall be effective unless it is in the form of a writing signed by the party granting the waiver. No waiver of any provision or consent to any prohibited action shall constitute a waiver of any other provision or consent to any other prohibited action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver or consent in the future except to the extent specifically set forth in writing.

9.17. Waiver of Jury Trial. EACH PARTY TO THIS AGREEMENT IRREVOCABLY WAIVES ANY AND ALL RIGHTS SUCH PARTY MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT, OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING UNDER COMMON LAW OR ANY APPLICABLE STATUTE, LAW, RULE OR REGULATION. FURTHER, EACH PARTY HERETO ACKNOWLEDGES THAT SUCH PARTY IS KNOWINGLY AND VOLUNTARILY WAIVING SUCH PARTY'S RIGHT TO DEMAND TRIAL BY JURY.

9.18. Time is of the Essence. Time is expressly made of the essence with respect to each and every provision of this Agreement and the other Transaction Documents.

9.19. Voluntary Agreement. Company has carefully read this Agreement and each of the other Transaction Documents and has asked any questions needed for Company to understand the terms, consequences and binding effect of this Agreement and each of the other Transaction Documents and fully understand them. Company has had the opportunity to seek the advice of an attorney of Company's choosing, or has waived the right to do so, and is executing this Agreement and each of the other Transaction Documents voluntarily and without any duress or undue influence by Investor or anyone else.

*[Remainder of page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, the undersigned Investor and Company have caused this Agreement to be duly executed as of the date first above written.

INVESTOR:

**STREETERVILLE CAPITAL, LLC**

By: /s/ John M. Fife

John M. Fife, President

COMPANY:

**VERB TECHNOLOGY COMPANY, INC.**

By: /s/ Rory J. Cutaia

Rory J. Cutaia, Chief Executive Officer

ATTACHED EXHIBITS:

Exhibit A	Note
Exhibit B	Guaranty
Exhibit C	Officer's Certificate

*[Signature Page to Note Purchase Agreement]*

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**PROMISSORY NOTE**

[attached]

## GUARANTY

THIS GUARANTY, made effective as of November 7, 2022, is given by verbMarketplace, LLC, a Nevada limited liability company (“**Guarantor**”), for the benefit of Streeterville Capital, LLC, a Utah limited liability company, and its successors, transferees, and assigns (collectively “**Lender**”).

### PURPOSE

A. Verb Technology Company, Inc., a Delaware corporation and parent of Guarantor (“**Borrower**”), has issued to Lender that certain Promissory Note of even date herewith in the original face amount of \$5,470,000.00 (the “**Note**”).

B. The Note was issued pursuant to the terms of a Note Purchase Agreement of even date herewith between Borrower and Lender (the “**Purchase Agreement**”).

C. In conjunction with the issuance of the Note, Borrower has agreed to pay to Guarantor 10% of the Purchase Price (as defined in the Purchase Agreement) it receives from Lender (the “**Guaranty Fee**”) as consideration for Guarantor’s agreement to guarantee the Note pursuant to this Guaranty.

D. As a result of the payment of the Guaranty Fee, Guarantor will materially benefit from the credit evidenced by the Note and other financial accommodations granted to Borrower pursuant to the Note.

E. Lender agreed to provide the financing to Borrower evidenced by the Note only upon the inducement and representation of Guarantor that Guarantor would guaranty certain indebtedness, liabilities and obligations of Borrower owed to Lender under the Note and all the other Transaction Documents (as defined in the Note), as provided herein.

NOW, THEREFORE, in consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce Lender to enter into the Transaction Documents and provide the financing contemplated therein, Guarantor hereby agrees for the benefit of Lender as follows:

## GUARANTY

1. **Indebtedness Guaranteed.** Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of the Obligations (as defined below), as and when the same (including without limitation portions thereof) become due and payable. Guarantor acknowledges that the amount of the Obligations may exceed the principal amount of the Note. Guarantor further acknowledges that the foregoing guaranty is made for the timely payment and performance of each of the Obligations and is not merely a guaranty of collection. For purposes of this Guaranty, “**Obligations**” means (a) all loans, advances, debts, liabilities and obligations, howsoever arising, whether documented or undocumented, owed by Borrower or Guarantor to Lender or any affiliate of Lender of every kind and description, now existing or hereafter arising, whether created by the Note, the Purchase Agreement, any other Transaction Documents, any modification or amendment to any of the foregoing, guaranty of payment or other contract or by a quasi-contract, tort, statute or other operation of law, whether incurred or owed directly to Lender or an affiliate of Lender or acquired by Lender or an affiliate of Lender by purchase, pledge or otherwise, (b) all costs and expenses, including attorneys’ fees, incurred by Lender or any affiliate of Lender in connection with the Note or in connection with the collection or enforcement of any portion of the indebtedness, liabilities or obligations described in the foregoing clause (a), and (c) the performance of the covenants and agreements of Borrower contained in the Note and the other Transaction Documents.

2. **Representations and Warranties.** Guarantor hereby represents and warrants to Lender that:

(a) Guarantor is a limited liability company, organized, validly existing and in good standing under the laws of the State of Nevada, and has the power and authority and the legal right to own and operate its properties and to conduct the business in which it is currently engaged.

(b) Guarantor has the power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty and has taken all necessary action required by its form of organization to authorize such execution, delivery and performance.

(c) This Guaranty constitutes Guarantor's legal, valid and binding obligation enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(d) The execution, delivery and performance of this Guaranty will not (i) violate any provision of any law, statute, rule or regulation or any order, writ, judgment, injunction, decree, determination or award of any court, governmental agency or arbitrator presently in effect having applicability to Guarantor, (ii) violate or contravene any provision of Guarantor's organizational documents, or (iii) result in a breach of or constitute a default under any indenture, loan or credit agreement or any other agreement, lease or instrument to which Guarantor is a party or by which it or any of its properties may be bound or result in the creation of any lien thereunder. Guarantor is not in default under or in violation of any such law, statute, rule or regulation, order, writ, judgment, injunction, decree, determination or award or any such indenture, loan or credit agreement or other agreement, lease or instrument in any case in which the consequences of such default or violation could have a material adverse effect on its business, operations, properties, assets or condition (financial or otherwise).

(e) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority is required on Guarantor's part to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, this Guaranty.

(f) There are no actions, suits or proceedings pending or, to Guarantor's knowledge, threatened against or affecting Guarantor or any of its properties before any court or arbitrator, or any governmental department, board, agency or other instrumentality which, if determined adversely to Guarantor, would have a material adverse effect on its business, operations, property or condition (financial or otherwise) or on its ability to perform its obligations hereunder.

(g) (i) This Guaranty is not given with actual intent to hinder, delay or defraud any entity to which Guarantor is, or will become on or after the date of this Guaranty, indebted, (ii) Guarantor has received at least a reasonably equivalent value in exchange for the giving of this Guaranty, (iii) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender, and (iv) Guarantor does not intend to incur debts that will be beyond Guarantor's ability to pay as such debts become due.

(h) Guarantor has examined or has had the full opportunity to examine the Note and all the other Transaction Documents, all the terms of which are acceptable to Guarantor.

(i) This Guaranty is given in consideration of Lender entering into the Transaction Documents and providing financing thereunder.

(j) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender.

(k) Guarantor has received adequate consideration and at least a reasonably equivalent value in exchange for the giving of this Guaranty, including without limitation as a result of Borrower's payment of the Guaranty Fee, which Guarantor hereby acknowledges having received, and thereby will materially benefit from the financial accommodations granted to Borrower by Lender pursuant to the Transaction Documents. Lender may rely conclusively on the continuing warranty, hereby made, that Guarantor continues to be benefitted by Lender's extension of credit accommodations to Borrower and Lender shall have no duty to inquire into or confirm the receipt of any such benefits, and this Guaranty shall be effective and enforceable by Lender without regard to the receipt, nature or value of any such benefits. As such, this Guaranty is a valid and binding obligation of Guarantor. Guarantor further covenants and agrees that it will not use lack of consideration as a defense to its performance of its obligations under this Guaranty. Lender may rely conclusively on the continuing warranty, hereby made, that Guarantor continues to be benefitted by Lender's extension of accommodations to Borrower and Guarantor, and Lender shall have no duty to inquire into or confirm the receipt of any such benefits, and this Guaranty shall be effective and enforceable by Lender without regard to the receipt, nature or value of any such benefits.

3. **Alteration of Obligations.** In such manner, upon such terms and at such times as Lender and Borrower deem best and without notice to Guarantor, Lender and Borrower may alter, compromise, accelerate, extend, renew or change the time or manner for the payment of any Obligation, increase or reduce the rate of interest on the Note, release Borrower, as to all or any portion of the Obligations, release, substitute or add any one or more guarantors or endorsers, accept additional or substituted security therefor, or release or subordinate any security therefor. No exercise or non-exercise by Lender of any right available to Lender, no dealing by Lender with Guarantor or any other guarantor, endorser of the note or any other person, and no change, impairment or release of all or a portion of the obligations of Borrower under any of the Transaction Documents or suspension of any right or remedy of Lender against any person, including, without limitation, Borrower and any other such guarantor, endorser or other person, shall in any way affect any of the obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse against Lender. Guarantor acknowledges that its obligations hereunder are independent of the obligations of Borrower.

4. **Waiver.** To the extent permitted by law, Guarantor hereby waives and relinquishes all rights and remedies accorded by applicable law to guarantors and agrees not to assert or take advantage of any such rights or remedies, including (without limitation) (a) any right to require Lender to proceed against Borrower or any other person or to pursue any other remedy in Lender's power before proceeding against Guarantor; (b) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Lender to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons; (c) demand, protest and notice of any kind, including, without limitation, notice of the existence, creation or incurring of any new or additional indebtedness, liability or obligation or of any action or non-action on the part of Borrower, Lender, any endorser or creditor of Borrower or Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation or liability or evidence of indebtedness held by Lender as collateral or in connection with any Obligation hereby guaranteed; (d) any defense based upon an election of remedies by Lender which may destroy or otherwise impair the subrogation rights of Guarantor or the right of Guarantor to proceed against Borrower for reimbursement, or both; (e) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (f) any duty on the part of Lender to disclose to Guarantor any facts Lender may now or hereafter know about Borrower, regardless of whether Lender has reason to believe that any such facts materially increase the risk beyond that which Guarantor intends to assume or has reason to believe that such facts are unknown to Guarantor or has a reasonable opportunity to communicate such facts to Guarantor, since Guarantor acknowledges that it is fully responsible for being and keeping informed of the financial condition of Borrower and of all circumstances bearing on the risk of non-payment of any Obligation; (g) any defense arising because of Lender's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code; (h) any defense based on any borrowing or grant of a security interest under Section 364 of the Federal Bankruptcy Code; (i) any claim, right or remedy which Guarantor may now have or hereafter acquire against Borrower that arises hereunder and/or from the performance by Guarantor hereunder, including, without limitation, any claim, right or remedy of Lender against Borrower or any security which Lender now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise; and (j) any obligation of Lender to pursue any other guarantor or any other person, or to foreclose on any collateral.

5. **Bankruptcy.** So long as any Obligation shall be owing to Lender, Guarantor shall not, without the prior written consent of Lender, commence, or join with any other person in commencing, any bankruptcy, reorganization, or insolvency proceeding against Borrower. The obligations of Guarantor under this Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Borrower, or by any defense which Borrower may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding.

6. **Claims in Bankruptcy.** Guarantor shall file in any bankruptcy or other proceeding in which the filing of claims is required or permitted by law all claims that Guarantor may have against Borrower relating to any indebtedness, liability or obligation of Borrower owed to Guarantor and will assign to Lender all rights of Guarantor thereunder. If Guarantor does not file any such claim, Lender, as attorney-in-fact for Guarantor, is hereby authorized to do so in the name of Guarantor or, in Lender's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of Lender's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. Lender or Lender's nominee shall have the sole right to accept or reject any plan proposed in such proceeding and to take any other action that a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the amount payable on such claim and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled; *provided, however*, that Guarantor's obligations hereunder shall not be deemed satisfied except to the extent that Lender receives cash by reason of any such payment or distribution. If Lender receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty. If at any time the holder of the Note is required to refund to Borrower any payments made by Borrower under the Note because such payments have been held by a bankruptcy court having jurisdiction over Borrower to constitute a preference under any bankruptcy, insolvency or similar law then in effect, or for any other reason, then in addition to Guarantor's other obligation under this Guaranty, Guarantor shall reimburse the holder in the aggregate amount of such refund payments.

7. **Costs and Attorneys' Fees.** If Borrower or Guarantor fails to pay all or any portion of any Obligation, or Guarantor otherwise breaches any provision hereof or otherwise defaults hereunder, Guarantor shall pay all such expenses and actual attorneys' fees incurred by Lender in connection with the enforcement of any obligations of Guarantor hereunder, including, without limitation, any attorneys' fees incurred in any negotiation, alternative dispute resolution proceeding subsequently agreed to by the parties, if any, litigation, or bankruptcy proceeding or any appeals from any of such proceedings.

8. **Cumulative Rights.** The amount of Guarantor's liability and all rights, powers and remedies of Lender hereunder and under any other agreement now or at any time hereafter in force between Lender and Guarantor, including, without limitation, any other guaranty executed by Guarantor relating to any indebtedness, liability or obligation of Borrower owed to Lender, shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Lender by law. This Guaranty is in addition to and exclusive of the guaranty of any other guarantor of any indebtedness, liability or obligation of Borrower owed to Lender.

9. **Independent Obligations.** The obligations of Guarantor hereunder are independent of the obligations of Borrower and, to the extent permitted by law, in the event of any breach or default hereunder, a separate action or actions may be brought and prosecuted against Guarantor whether or not Borrower is joined therein or a separate action or actions are brought against Borrower. Lender may maintain successive actions for other breaches or defaults. Lender's rights hereunder shall not be exhausted by Lender's exercise of any of Lender's rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have been paid and fully performed.

10. **Severability.** If any part of this Guaranty is construed to be in violation of any law, such part shall be modified to achieve the objective of the parties to the fullest extent permitted and the balance of this Guaranty shall remain in full force and effect.

11. **Successors and Assigns.** This Guaranty shall inure to the benefit of Lender, Lender's successors and assigns, including the assignees of any Obligation, and shall bind the heirs, executors, administrators, personal representatives, successors and assigns of Guarantor. This Guaranty may be assigned by Lender with respect to all or any portion of the Obligations, and when so assigned, Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Lender.

12. **Notices.** Whenever Guarantor or Lender shall desire to give or serve any notice, demand, request or other communication with respect to this Guaranty, each such notice shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of:

- (a) the date delivered, if delivered by personal delivery as against written receipt therefor or by email to an executive officer, or by confirmed facsimile,
- (b) the fifth Trading Day (as defined in the Note) after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or
- (c) the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid,

in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) calendar days' advance written notice similarly given to each of the other parties hereto):

If to Guarantor:

verbMartkplace, LLC  
Attn: Rory J. Cutaia  
2210 Newport Blvd, Suite 200  
Newport Beach, California 92663

If to Lender:

Streeterville Capital, LLC  
Attn: John M. Fife  
303 East Wacker Drive, Suite 1040  
Chicago, Illinois 60601

with a copy to (which shall not constitute notice):

Hansen Black Anderson Ashcraft PLLC  
Attn: Jonathan K. Hansen  
3051 West Maple Loop Drive, Suite 325  
Lehi, Utah 84043

13. **Application of Payments or Recoveries.** With or without notice to Guarantor, Lender, in Lender's sole discretion and at any time and from time to time and in such manner and upon such terms as Lender deems fit, may (a) apply any or all payments or recoveries from Borrower or from any other guarantor or endorser under any other instrument or realized from any security, in such manner and order of priority as Lender may determine, to any indebtedness, liability or obligation of Borrower owed to Lender, whether or not such indebtedness, liability or obligation is guaranteed hereby or is otherwise secured or is due at the time of such application; and (b) refund to Borrower any payment received by Lender in connection with any Obligation and payment of the amount refunded shall be fully guaranteed hereby.

14. **Setoff.** Lender shall have a right of setoff against all monies, securities and other property of Guarantor now or hereafter in the possession of, or on deposit with, Lender (if any), whether held in a general or special account or deposit, or for safekeeping or otherwise. Such right is in addition to any right of setoff Lender may have by law. All rights of setoff may be exercised without notice or demand to Guarantor. No right of setoff shall be deemed to have been waived by any act or conduct on the part of Lender, or by any neglect to exercise such right of setoff, or by any delay in doing so. Every right of setoff shall continue in full force and effect until specifically waived or released by an instrument in writing executed by Lender.

15. **Miscellaneous.**

15.1 **Governing Law and Venue.** This Guaranty shall be governed by and interpreted in accordance with the laws of the State of Utah for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Without modifying Guarantor's obligations to resolve disputes hereunder pursuant to the Arbitration Provisions (as defined below), Guarantor consents to and expressly agrees that exclusive venue for the arbitration of any dispute arising out of or relating to this Guaranty or the relationship of the parties or their affiliates shall be in Salt Lake County, Utah or Utah County, Utah. Without modifying the parties obligations to resolve disputes hereunder pursuant to the Arbitration Provisions (as defined below), for any litigation arising in connection with this Agreement, Guarantor hereby (a) consents to and expressly submits to the exclusive personal jurisdiction of any state court sitting in Salt Lake County, Utah, (b) expressly submits to the exclusive venue of any such court for the purposes hereof, and (c) waives any claim of improper venue and any claim or objection that such courts are an inconvenient forum or any other claim or objection to the bringing of any such proceeding in such jurisdictions or to any claim that such venue of the suit, action or proceeding is improper.

15.2 **Arbitration of Claims.** The parties hereto hereby incorporate by this reference the arbitration provisions set forth as an exhibit to the Purchase Agreement ("**Arbitration Provisions**"). The parties shall submit all Claims (as defined in the Arbitration Provisions) arising under this Guaranty or other agreements between the parties and their affiliates to binding arbitration pursuant to the Arbitration Provisions. The parties hereby acknowledge and agree that the Arbitration Provisions are unconditionally binding on the parties hereto and are severable from all other provisions of this Guaranty. Any capitalized term not defined in the Arbitration Provisions shall have the meaning set forth in the Purchase Agreement. By executing this Guaranty, Guarantor represents, warrants and covenants that Guarantor has reviewed the Arbitration Provisions carefully, consulted with legal counsel about such provisions (or waived its right to do so), understands that the Arbitration Provisions are intended to allow for the expeditious and efficient resolution of any dispute hereunder, agrees to the terms and limitations set forth in the Arbitration Provisions, and that Guarantor will not take a position contrary to the foregoing representations. Guarantor acknowledges and agrees that Lender may rely upon the foregoing representations and covenants of Guarantor regarding the Arbitration Provisions.

15.3 **Entire Agreement.** Except as provided in any other written agreement now or at any time hereafter in force between Lender and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Lender with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Lender unless expressed herein.

15.4 **Construction.** When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, company, firm, association, partnership, corporation, trust or other legal entity of any kind whatsoever. The headings of this Guaranty are inserted for convenience only and shall have no effect upon the construction or interpretation hereof.

15.5 **Waiver.** No provision of this Guaranty or right granted to Lender hereunder can be waived in whole or in part nor can Guarantor be released from Guarantor's obligations hereunder except by a writing duly executed by an authorized officer of Lender.

15.6 **No Subrogation.** Until all indebtedness, liabilities and obligations of Borrower owed to Lender have been paid in full, Guarantor shall not have any right of subrogation.

15.7 **Survival.** All representations and warranties contained in this Guaranty shall survive the execution, delivery and performance of this Guaranty and the creation and payment of the Obligations.

15.8 **Joint and Several Liability.** Guarantor's covenants, obligations and agreements set forth herein are joint and several liabilities and obligations of Guarantor together with every other guarantor of the Obligations, if any.

*[Remainder of page intentionally left blank; signature page to follow]*

IN WITNESS WHEREOF, Guarantor has executed this Guaranty to be effective as of the date first set forth above.

**VERBMARKETPLACE, LLC**

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

*[Signature Page to Note Purchase Agreement]*

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VERB TECHNOLOGY COMPANY, INC.  
OFFICER'S CERTIFICATE

**Schedule 1**

**BOARD RESOLUTIONS**

[attached]

THIS NOTE (AS DEFINED BELOW) HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR QUALIFICATION OR EXEMPTION THEREFROM.

**PROMISSORY NOTE**

Effective Date: November 7, 2022

U.S. \$5,470,000.00

FOR VALUE RECEIVED, VERB TECHNOLOGY COMPANY, INC., a Nevada corporation (“**Borrower**”), promises to pay to STREETERVILLE CAPITAL, LLC, a Utah limited liability company, or its successors or assigns (“**Lender**”), \$5,470,000.00 and any interest, fees, charges, and late fees accrued hereunder on the date that is eighteen (18) months after the Purchase Price Date (the “**Maturity Date**”) in accordance with the terms set forth herein and to pay interest on the Outstanding Balance at the rate of nine percent (9%) per annum from the Purchase Price Date until the same is paid in full. All interest calculations hereunder shall be computed on the basis of a 360-day year comprised of twelve (12) thirty (30) day months, shall compound daily and shall be payable in accordance with the terms of this Note. This Promissory Note (this “**Note**”) is issued and made effective as of November 7, 2022 (the “**Effective Date**”). This Note is issued pursuant to that certain Note Purchase Agreement dated November 7, 2022, as the same may be amended from time to time, by and between Borrower and Lender (the “**Purchase Agreement**”). Certain capitalized terms used herein are defined in Attachment 1 attached hereto and incorporated herein by this reference.

This Note carries an OID of \$450,000.00. In addition, Borrower agrees to pay \$20,000.00 to Lender to cover Lender’s legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of this Note (the “**Transaction Expense Amount**”). The OID and the Transaction Expense Amount are included in the initial principal balance of this Note and are deemed to be fully earned and non-refundable as of the Purchase Price Date. The purchase price for this Note shall be \$5,000,000.00 (the “**Purchase Price**”), computed as follows: \$5,470,000.00 original principal balance, less the OID, less the Transaction Expense Amount.

1. Payment; Prepayment; Mandatory Prepayment.

1.1. Payment. All payments owing hereunder shall be in lawful money of the United States of America and delivered to Lender at the address or bank account furnished by Lender to Borrower for that purpose. All payments shall be applied first to (a) Lender’s reasonable costs of collection, if any, then to (b) fees and charges hereunder, if any, then to (c) accrued and unpaid interest hereunder, and thereafter, to (d) principal hereunder.

1.2. Prepayment. Borrower may pay all or any portion of the Outstanding Balance earlier than it is due; *provided that* in the event Borrower elects to prepay all or any portion of the Outstanding Balance it shall pay to Lender 110% of the portion of the Outstanding Balance Borrower elects to prepay (the “**Prepayment Premium**”). Early payments of less than all principal, fees and interest outstanding will not, unless agreed to by Lender in writing, relieve Borrower of Borrower’s remaining obligations hereunder.

1.3. Mandatory Prepayment. Upon completion of any financing transaction or sale of any subsidiary or material asset, Borrower will make a payment on this Note equal to twenty percent (20%) of the gross proceeds Borrower receives from such transaction (a “**Mandatory Prepayment**”) within five (5) days of receiving such amount. For the avoidance of doubt, any Mandatory Prepayment made pursuant to this Section 1.3 shall be subject to the Prepayment Premium. Notwithstanding the foregoing, the Mandatory Prepayment will not exceed \$2,200,000.00 (\$2,000,000.00 in Outstanding Balance reduction plus a \$200,000.00 Prepayment Premium) regardless of the amount of the applicable transaction resulting in the Mandatory Prepayment.

2. Security. This Note is unsecured.

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### 3. Redemptions.

3.1. Monthly Redemptions. Beginning on the date that is six (6) months from the Purchase Price Date (“**Redemption Start Date**”), Lender shall have the right, exercisable at any time in its sole and absolute discretion, to redeem up to the Maximum Monthly Redemption Amount (such amount, the “**Redemption Amount**”, and each payment of a Redemption Amount, a “**Redemption Payment**”) per calendar month by providing written notice to Borrower (each, a “**Redemption Notice**”). For the avoidance of doubt, Lender may submit to Borrower one (1) or more Redemption Notices in any given calendar month provided that the aggregate Redemption Amounts in such calendar month do not exceed the Maximum Monthly Redemption Amount. Upon receipt of any Redemption Notice, Borrower shall pay the applicable Redemption Amount in cash to Lender within three (3) Trading Days of Lender’s delivery of such Redemption Notice. For each of the first two (2) times Borrower fails to timely make a Redemption Payment: (a) Borrower will be given an additional five (5) Trading Days to make the Redemption Payment without such failure to timely pay being considered a Trigger Event; and (b) the Outstanding Balance will be increased by ten percent (10%) (each a, “**Payment Failure Balance Increase**”). At the end of each month following the Redemption Start Date, if Borrower has not reduced the Outstanding Balance by at least the Maximum Monthly Redemption Amount, then by the fifth (5<sup>th</sup>) day of the following month, Borrower must pay in cash to Lender the difference between the Maximum Monthly Redemption Amount and the amount actually redeemed in such month or the Outstanding Balance will automatically increase by one percent (1%) as of such fifth (5<sup>th</sup>) day.

3.2. Early Payment Option. Following the application of a Payment Failure Balance Increase, Borrower will have the right to pay up to the Maximum Monthly Redemption Amount prior to the month it is due (such amount, the “**Early Payment Amount**”) and receive an Early Payment Redemption Credit that will be deducted from the Outstanding Balance. Payment of an Early Payment Amount will reduce the Maximum Monthly Redemption Amount for the following month and will not be subject to the prepayment premium set forth in Section 1.2 above. For illustration purposes only, if Borrower were to pay an Early Payment Amount of \$500,000.00 in September 2023 ahead of its redemption obligations for October 2023 and two (2) Payment Failure Balance Increases had already been applied, then the Outstanding Balance would be reduced by \$600,000.00 (\$500,000.00 Early Payment Amount + \$100,000.00 Early Payment Redemption Credit).

### 4. Trigger Events; Defaults; Remedies.

4.1. Trigger Events. The following are trigger events under this Note (each, a “**Trigger Event**”): (a) Borrower fails to pay any principal, interest, fees, charges, or any other amount when due and payable hereunder except as otherwise expressly provided in Section 3 above with respect to the first two (2) times Borrower fails to timely make a Redemption Payment; (b) a receiver, trustee or other similar official shall be appointed over Borrower or a material part of its assets and such appointment shall remain uncontested for twenty (20) days or shall not be dismissed or discharged within sixty (60) days; (c) Borrower becomes insolvent or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any; (d) Borrower makes a general assignment for the benefit of creditors; (e) Borrower files a petition for relief under any bankruptcy, insolvency or similar law (domestic or foreign); (f) an involuntary bankruptcy proceeding is commenced or filed against Borrower; (g) Borrower fails to observe or perform any covenant set forth in Section 4 of the Purchase Agreement; (h) the occurrence of a Fundamental Transaction without Lender’s prior written consent unless this Note is paid in full concurrently with such Fundamental Transaction in which case no consent of Lender will be required; (i) Borrower defaults or otherwise fails to observe or perform any covenant, obligation, condition or agreement contained herein or in any other Transaction Document (as defined in the Purchase Agreement), other than those specifically set forth in this Section 4.1 and Section 4 of the Purchase Agreement and such failure remains unremedied for a period of twenty (20) calendar days; (j) any representation, warranty or other statement made or furnished by or on behalf of Borrower to Lender herein, in any Transaction Document, or otherwise in connection with the issuance of this Note is false, incorrect, incomplete or misleading in any material respect when made or furnished; (k) Borrower effectuates a reverse split of its Common Stock without twenty (20) Trading Days prior written notice to Lender unless such reverse split is undertaken to maintain compliance with the listing requirements of the principal market for the Common Stock; (l) any money judgment, writ or similar process is entered or filed against Borrower or any subsidiary of Borrower or any of its property or other assets for more than \$500,000.00, and shall remain unvacated, unbonded or unstayed for a period of twenty (20) calendar days unless otherwise consented to by Lender; (m) Borrower fails to be DWAC Eligible; and (n) Borrower breaches any covenant or other term or condition contained in any Other Agreements.

4.2. Trigger Event Remedies. At any time following the occurrence of any Trigger Event, Lender may, at its option, increase the Outstanding Balance by applying the Trigger Effect (subject to the limitation set forth below).

4.3. Defaults. At any time following the occurrence of a Trigger Event, Lender may, at its option, send written notice to Borrower demanding that Borrower cure the Trigger Event within five (5) Trading Days. If Borrower fails to cure the Trigger Event within the required five (5) Trading Day cure period, the Trigger Event will automatically become an event of default hereunder (each, an “**Event of Default**”).

4.4. Default Remedies. At any time and from time to time following the occurrence of any Event of Default, Lender may accelerate this Note by written notice to Borrower, with the Outstanding Balance becoming immediately due and payable in cash at the Mandatory Default Amount. Notwithstanding the foregoing, upon the occurrence of any Trigger Event described in clauses (b), (c), (d), (e) or (f) of Section 4.1, an Event of Default will be deemed to have occurred and the Outstanding Balance as of the date of the occurrence of such Trigger Event shall become immediately and automatically due and payable in cash at the Mandatory Default Amount, without any written notice required by Lender for the Trigger Event to become an Event of Default. At any time following the occurrence of any Event of Default, upon written notice given by Lender to Borrower, interest shall accrue on the Outstanding Balance beginning on the date the applicable Event of Default occurred at an interest rate equal to the lesser of sixteen percent (16%) per annum simple interest or the maximum rate permitted under applicable law (“**Default Interest**”). In connection with acceleration described herein, Lender need not provide, and Borrower hereby waives, any presentment, demand, protest or other notice of any kind, and Lender may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Lender at any time prior to payment hereunder and Lender shall have all rights as a holder of the Note until such time, if any, as Lender receives full payment pursuant to this Section 4.4. No such rescission or annulment shall affect any subsequent Trigger Event or Event of Default or impair any right consequent thereon. Nothing herein shall limit Lender’s right to pursue any other remedies available to it at law or in equity.

5. Unconditional Obligation; No Offset. Borrower acknowledges that this Note is an unconditional, valid, binding and enforceable obligation of Borrower not subject to offset, deduction or counterclaim of any kind. Borrower hereby waives any rights of offset it now has or may have hereafter against Lender, its successors and assigns, and agrees to make the payments called for herein in accordance with the terms of this Note.

6. Waiver. No waiver of any provision of this Note shall be effective unless it is in the form of a writing signed by the party granting the waiver. No waiver of any provision or consent to any prohibited action shall constitute a waiver of any other provision or consent to any other prohibited action, whether or not similar. No waiver or consent shall constitute a continuing waiver or consent or commit a party to provide a waiver or consent in the future except to the extent specifically set forth in writing.

7. Opinion of Counsel. In the event that an opinion of counsel is needed for any matter related to this Note, Lender has the right to have any such opinion provided by its counsel.

8. Governing Law; Venue. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of Utah, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Utah or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Utah. The provisions set forth in the Purchase Agreement to determine the proper venue for any disputes are incorporated herein by this reference.

9. Arbitration of Disputes. By its issuance or acceptance of this Note, each party agrees to be bound by the Arbitration Provisions (as defined in the Purchase Agreement) set forth as an exhibit to the Purchase Agreement.

10. Cancellation. After repayment of the entire Outstanding Balance, this Note shall be deemed paid in full, shall automatically be deemed canceled, and shall not be reissued.

11. Amendments. The prior written consent of both parties hereto shall be required for any change or amendment to this Note.

12. Assignments. Borrower may not assign this Note without the prior written consent of Lender. This Note may be offered, sold, assigned or transferred by Lender to any of its affiliates without the consent of Borrower, so long as such transfer is in accordance with applicable federal and state securities laws.

13. Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with the subsection of the Purchase Agreement titled "Notices."

14. Liquidated Damages. Lender and Borrower agree that in the event Borrower fails to comply with any of the terms or provisions of this Note, Lender's damages would be uncertain and difficult (if not impossible) to accurately estimate because of the parties' inability to predict future interest rates, future share prices, future trading volumes and other relevant factors. Accordingly, Lender and Borrower agree that any fees, balance adjustments, Default Interest or other charges assessed under this Note are not penalties but instead are intended by the parties to be, and shall be deemed, liquidated damages.

15. Severability. If any part of this Note is construed to be in violation of any law, such part shall be modified to achieve the objective of Borrower and Lender to the fullest extent permitted by law and the balance of this Note shall remain in full force and effect.

*[Remainder of page intentionally left blank; signature page follows]*

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed as of the Effective Date.

BORROWER:

**VERB TECHNOLOGY COMPANY, INC.**

By: /s/ Rory J. Cutaia  
Rory J. Cutaia, Chief Executive Officer

ACKNOWLEDGED, ACCEPTED AND AGREED:

LENDER:

**STREETERVILLE CAPITAL, LLC**

By: /s/ John M. Fife  
John M. Fife, President

*[Signature Page to Promissory Note]*

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**ATTACHMENT 1**  
**DEFINITIONS**

For purposes of this Note, the following terms shall have the following meanings:

A1. “**Common Stock**” means shares of Borrower’s common stock, par value \$0.0001 per share.

A2. “**Early Payment Redemption Credit**” means ten percent (10%) of the applicable Early Payment Amount if one (1) Payment Failure Balance Increase has been applied and twenty percent (20%) of the applicable Early Payment Amount if two (2) Payment Failure Balance Increases have been applied.

A3. “**Fundamental Transaction**” means that (a) (i) Borrower or any of its subsidiaries shall, directly or indirectly, in one or more related transactions, consolidate or merge with or into (whether or not Borrower or any of its subsidiaries is the surviving corporation) any other person or entity, or (ii) Borrower or any of its subsidiaries shall, directly or indirectly, in one or more related transactions, sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other person or entity, or (iii) Borrower or any of its subsidiaries shall, directly or indirectly, in one or more related transactions, allow any other person or entity to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of voting stock of Borrower (not including any shares of voting stock of Borrower held by the person or persons making or party to, or associated or affiliated with the persons or entities making or party to, such purchase, tender or exchange offer), or (iv) Borrower or any of its subsidiaries shall, directly or indirectly, in one or more related transactions, consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other person or entity whereby such other person or entity acquires more than 50% of the outstanding shares of voting stock of Borrower (not including any shares of voting stock of Borrower held by the other persons or entities making or party to, or associated or affiliated with the other persons or entities making or party to, such stock or share purchase agreement or other business combination), or (v) Borrower or any of its subsidiaries shall, directly or indirectly, in one or more related transactions, reorganize, recapitalize or reclassify the Common Stock, other than an increase in the number of authorized shares of Borrower’s Common Stock, or (b) any “person” or “group” (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the “beneficial owner” (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding voting stock of Borrower.

A4. “**Major Trigger Event**” means any Trigger Event occurring under Sections 4.1(a) - 4.1(h).

A5. “**Mandatory Default Amount**” means the Outstanding Balance following the application of the Trigger Effect.

A6. “**Maximum Monthly Redemption Amount**” means \$600,000.00 per month, as may be adjusted as set forth herein.

A7. “**Minor Trigger Event**” means any Trigger Event that is not a Major Trigger Event.

A8. “**OID**” means an original issue discount.

A9. “**Other Agreements**” means, collectively, (a) all existing and future agreements and instruments between, among or by Borrower (or an affiliate), on the one hand, and Lender (or an affiliate), on the other hand, and (b) any material financing agreement between, among, or by Borrower, on the one hand, and any other person or persons, on the other hand, relating to indebtedness of Borrower for borrowed money that affects Borrower’s ongoing business operations.

A10. “**Outstanding Balance**” means as of any date of determination, the Purchase Price, as reduced or increased, as the case may be, pursuant to the terms hereof for payment, offset, or otherwise, plus the OID, the Transaction Expense Amount, accrued but unpaid interest, collection and enforcements costs (including reasonable attorneys’ fees) incurred by Lender, transfer, stamp, issuance and similar taxes and fees incurred under this Note.

A11. “**Purchase Price Date**” means the date the Purchase Price is delivered by Lender to Borrower.

A12. “**Trading Day**” means any day on which Borrower’s principal trading market is open for trading.

A13. “**Trigger Effect**” means multiplying the Outstanding Balance as of the date the applicable Trigger Event occurred by (a) fifteen percent (15%) for each occurrence of any Major Trigger Event, or (b) five percent (5%) for each occurrence of any Minor Trigger Event, and then adding the resulting product to the Outstanding Balance as of the date the applicable Trigger Event occurred, with the sum of the foregoing then becoming the Outstanding Balance under this Note as of the date the applicable Trigger Event occurred; provided that the Trigger Effect may only be applied three (3) times hereunder with respect to Major Trigger Events and three (3) times hereunder with respect to Minor Trigger Events.

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**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 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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2022

*/s/ Rory Cutaia*

Rory Cutaia

President, Secretary, Chief Executive Officer and Director (Principal Executive Officer)

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

I, Salman H. Khan, 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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2022

*/s/ Salman H. Khan*

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Salman H. Khan  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**CERTIFICATION PURSUANT TO  
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

**The undersigned, Rory J. Cutaia, hereby certifies, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:**

1. The Quarterly Report on Form 10-Q (the "Report") of Verb Technology Company, Inc. for the quarterly period ended September 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Verb Technology Company, Inc. as of the dates and for the periods presented.

November 14, 2022

*/s/ Rory Cutaia*

Rory J. Cutaia

President, Secretary, Chief Executive Officer and Director  
(Principal Executive Officer)

*The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and shall not be deemed "filed" by the Company for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any of the Company's filings under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in any such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

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**CERTIFICATION PURSUANT TO  
SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE**

**The undersigned, Salman H. Khan, hereby certifies, pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:**

1. The Quarterly Report on Form 10-Q (the "Report") of Verb Technology Company, Inc. for the quarterly period ended September 30, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Verb Technology Company, Inc. as of the dates and for the periods presented.

November 14, 2022

*/s/ Salman H. Khan*

Salman H. Khan

Chief Financial Officer (Principal Financial and Accounting Officer)

*The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350, and shall not be deemed "filed" by the Company for purposes of Section 18 of the Exchange Act, and is not to be incorporated by reference into any of the Company's filings under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in any such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.*

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