

UBID HOLDINGS, INC.

a Delaware Corporation

5880 Live Oak Pkwy
Suite 100
Norcross, GA 30093
Telephone: (773) 272-5000

Corporate Website: www.ubidholdings.com

SIC Code: 5961

Quarterly Report

For the period ending March 31, 2020 (the "Reporting Period")

The number of shares outstanding of our Common Stock as of June 26, 2020, is 3,376,600.

The number of shares outstanding of our Common Stock as of March 31, 2019, was 3,376,600 (end of previous reporting period).

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes: No:

Part A General Company Information

Item 1 The exact name of the issuer and its predecessor (if any).

uBid Holdings, Inc. since February 2019. Predecessor entities in the last five years were Incumaker, Inc.

Item 2 The address of the issuer's principal executive offices.

Corporate Office:

5880 Live Oak Pkwy
Suite 100
Norcross, GA 30093
Telephone: (773) 272-5000
Corporate Website: www.ubidholdings.com

Investor Relations:

5880 Live Oak Pkwy
Suite 100
Norcross, GA 30093
Telephone: (773) 272-5000
Investor Relations (IR@ubid.com)

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.

Jurisdiction of Organization: Delaware
Date of incorporation: April 13, 2011
Status: Active

Part B Share Structure

Item 4 The exact title and class of securities outstanding.

Outstanding Securities: Common Stock
CUSIP: 90353Y109
Trading Symbol: UBID

Item 5 Par or stated value and description of the security.

A. *Par or Stated Value for Common Stock: \$.001*

- B. *Common Stock.* The holders of common stock are entitled to one vote per share on all matters submitted to a vote of the stockholders, including the election of directors. Generally, all matters to be voted on by stockholders must be approved by a majority (or, in the case of election of directors, by a plurality) of the votes entitled to be cast by all shares of common stock that are present in person or represented by proxy. Except as otherwise provided by law, amendments to the articles of incorporation generally must be approved by a majority of the votes entitled to be cast by all outstanding shares of common stock. The amended and restated Articles of Incorporation do not provide for cumulative voting in the election of directors. The common stockholders will be entitled to such cash dividends as may be declared from time to time by the Board from funds available. Upon liquidation, dissolution or winding up of the Company, the common stockholders will be entitled to receive pro rata all assets available for distribution to such holders.
- C. *Preferred Stock:* We are authorized to issue up to 10,000,000 shares of preferred stock, par value \$0.001 per share. No shares of preferred stock are issued or outstanding. All shares of the designated and the undesignated preferred stock are issuable on such other terms and conditions as the Board may determine at or prior to issuance, without further action of the stockholders. Such preferred shares may or may not be issued in series, convertible into shares of common stock, redeemable by the Company and entitled to cumulative dividends.

There are no provisions in our Certificate of Incorporation or Bylaws that would delay, defer or prevent a change in control of our company other than under section 2.3 of our Bylaws in which a special meeting of the stockholders may be called at any time by the Board of Directors, Chairperson of the Board of Directors, Chief Executive Officer or President.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

- (i) Period end date: 3/31/2020:
- (ii) Number of shares authorized: 750,000,000
- (iii) Number of shares outstanding: 3,376,600
- (iv) Freely tradable shares (public float): 2,122
- (v) Number of beneficial shareholders owning at least 100 shares: 331
- (vi) Total number of shareholders of record: 1,300

- (vii) Period end date: 12/31/2019:
 - (viii) Number of shares authorized: 750,000,000
 - (ix) Number of shares outstanding: 3,012,712
 - (x) Freely tradable shares (public float): 2,122
 - (xi) Number of beneficial shareholders owning at least 100 shares: 331
 - (xii) Total number of shareholders of record: 1,300
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- (i) Period end date: 12/31/18:
 - (ii) Number of shares authorized: 750,000,000
 - (iii) Number of shares outstanding: 2,878,142
 - (iv) Freely tradable shares (public float): 1,171
 - (v) Number of beneficial shareholders owning at least 100 shares: 331
 - (vi) Total number of shareholders of record: 1,300

Item 7 The name and address of the transfer agent.

Transhare Corporation
15500 Roosevelt Blvd.
Suite 302
Clearwater, FL 33760
Ph. (303) 662-1112
www.transhare.com

Transhare is registered with the SEC.

Part C Business Information

Item 8 The nature of the issuer's business.

In describing the issuer's business, please provide the following information:

- A. Business Development. Describe the development of the issuer and material events during the last three years so that a potential investor can clearly understand the history and development of the business. If the issuer has not been in business for three years, provide this information for any predecessor company.

We are a participatory ecommerce company with over two decades of experience in both b2c (business to consumer) auctions and fixed price sales. Our focus has been on connecting consumers with high value products and services in a unique, engaging purchase format. Auctions allow consumers an opportunity to

establish pricing at substantial savings to those found via normal retail outlets both online and in brick and mortar store locations. Our online marketplaces provide (i) manufacturers, retailers, distributors and other suppliers with what we believe is an efficient and economical channel for maximizing revenue on their merchandise while at the same time moving new, overstock, close-out and recertified products and providing consumers and businesses with a convenient method for obtaining this merchandise virtually anytime and anywhere at substantial savings, and (ii) since our recent acquisition of SkyAuction.com, Inc. (“SkyAuction”), travel products and services.

Effective November 5, 2018, we entered into a merger agreement (the “uBID Merger Agreement”) dated October 23, 2018, whereby all of the shareholders of uBid Holdings, Inc. (“uBID”), a privately held Delaware corporation, exchanged all of their shares of common stock for newly issued shares of Incumaker common stock (the “uBID Merger”). As a result of the uBID Merger, (i) uBid Holdings, Inc. (“uBID”) shareholders acquired 85.7% of the fully diluted shares of Incumaker, (ii) the business of uBID will continue as the existing business operations of Incumaker and (iii) Incumaker will be managed by uBID’s management after effectiveness of the Merger under Delaware law.

On November 12, 2018, we entered into a reverse triangular merger transaction (the “SkyAuction Merger”) among SkyAuction.com, Inc. (“SkyAuction”), SA Acquisition Corp. and Incumaker whereby all of the shareholders of SkyAuction exchanged all of their shares of common stock for newly issued shares of Incumaker common stock in accordance with the terms of the Agreement and Plan of Merger among these companies (the “SkyAuction Merger Agreement”). SkyAuction is now our wholly-owned subsidiary.

In March 2020, the Company completed an asset purchase agreement with Restaurant.com, an entity engaged in the business of online marketing for participating restaurants throughout the United States. As part of the agreement, the Company acquired certain tangible and intangible assets of Restaurant.com. In exchange, the Company paid the owner of Restaurant.com, \$750,000, issued a three year, 6% promissory note of \$1,500,000 convertible at the option of the Company to common shares and issued 363,889 shares of the Company’s common stock with a fair value of \$3,275,000 for a total purchase price of \$5,525,000. The transaction has been accounted for as purchase of a business.

B. Business of Issuer.

Overview

We are a participatory ecommerce company with over two decades of experience in both b2c (business to consumer) auctions and fixed price sales. Our focus has been on connecting consumers with high value products and services in a unique, engaging purchase format. Auctions allow consumers an opportunity to establish pricing at substantial savings to those found via normal retail outlets both online and in brick and mortar store locations. Our online marketplaces provide (i) manufacturers, retailers, distributors and other suppliers with what we believe is an

efficient and economical channel for maximizing revenue on their merchandise while at the same time moving new, overstock, close-out and recertified products and providing consumers and businesses with a convenient method for obtaining this merchandise virtually anytime and anywhere at substantial savings, and (ii) since our recent acquisition of SkyAuction.com, Inc. ("SkyAuction"), travel products and services.

We operate through two internet sites:

Our auctions on uBID.com which we believe was one of the first and remains one of the most recognized names among auction sites that currently feature a rotating selection of computer products, consumer electronics, watches, jewelry and gifts, sporting goods, collectibles, home goods, travel and fashion products, which typically sell at significant discounts to prices found through traditional retailers; and

Our auctions on SkyAuction.com that offer excess travel inventory from leading airlines, hotels, resorts and tour operators to thrifty consumers searching for travel bargains.

We operate our online auction and bargain-sale marketplaces 24 hours a day, seven days a week, 365 days a year. We have commenced a program that includes numerous growth initiatives, expanding product categories and seeking complementary acquisitions, in an effort to position uBID as one of the fast growing e-commerce companies.

While the Company values SkyAuction, adjustments in the business plan and goals of the Company, including the impact of the Covid 19 pandemic, we are redirecting our focus into areas where SkyAuction would play a smaller role. As a result, in June 2019, the Company is in the midst of negotiations for a disposition of SkyAuction on terms favorable to the Company, and in the best interests of our overall business plan. No agreement has been reached as of the date of this filing.

In March 2020, the World Health Organization declared that the rapidly spreading COVID-19 outbreak was a global pandemic (the "COVID-19 pandemic"). In response to the COVID-19 pandemic, many governments around the world have implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. These government mandates have forced many of the customers on whom the Company's business relies, including hotels and other accommodation providers, to seek government support in order to continue operating, to curtail drastically their service offerings or to cease operations entirely. Further, these measures have materially adversely affected, and may further adversely affect, consumer sentiment and discretionary spending patterns, economies and financial markets, and the Company's workforce, operations and customers.

The COVID-19 pandemic and the resulting economic conditions and government orders have resulted in a material decrease in consumer spending and an unprecedented decline in travel and accommodation activities and

consumer demand for related services. The Company's financial results and prospects are dependent on the sale of these services. The Company's operations subsequent to December 31, 2019 have been significantly and negatively impacted.

Due to the uncertain and rapidly evolving nature of current conditions around the world, the Company is unable to predict accurately the impact that the COVID-19 pandemic will have on its business going forward. With the spread of COVID-19 to other regions, such as Europe and the United States, the Company expects the COVID-19 pandemic and its effects to continue to have a significant adverse impact on its business for the duration of the pandemic and during the subsequent economic recovery, which could be an extended period of time.

Government Regulation

As with any company operating on the Internet, we are subject to a growing number of local, national, and international laws and regulations. These laws are often complex, sometimes contradict other laws, and are frequently changing. Laws may be interpreted and enforced in different ways in various locations around the world, posing a significant challenge to our global business. For example, U.S. federal and state laws, E.U. directives, and other national laws govern the processing of payments, consumer protection, the privacy of consumer information; pricing, fraud, quality of products and services, taxation, advertising, intellectual property rights and information security, other laws define and regulate unfair and deceptive trade practices. Still other laws dictate when and how sales or other taxes must be collected. Laws of defamation apply online and vary by country. The growing regulation of e-commerce worldwide could impose additional compliance burdens and costs on us and could subject us to significant liability for any failure to comply. Additionally, because we operate internationally, we need to comply with various laws associated with doing business outside of the United States, including anti-money laundering, sanctions, anti-corruption, and export control laws.

Many states and other jurisdictions have regulations governing the conduct of traditional "auctions" and the liability of traditional "auctioneers" in conducting auctions. These types of regulations may become applicable to online auction sites. We are aware that several states and some foreign jurisdictions have attempted to impose such regulations on other companies operating online auction sites or on the users of those sites. In addition, some states have laws or regulations that do expressly apply to online auction site services. We may incur costs in complying with these laws. We may, from time to time, be required to make changes in our business that may increase our costs, reduce our revenues and cause us to prohibit the listing of some items in certain locations, or make other changes that may adversely affect our auctions business.

We are subject to a variety of federal, state and international laws and regulations governing consumer data. The General Data Protection Regulation ("GDPR"), which was recently adopted by the European Union became effective in May 2018, requires companies to satisfy new requirements regarding the

handling of personal and sensitive data, including its collection, use, protection and the ability of persons whose data is stored to correct or delete such data about themselves. Complying with the GDPR caused us to update certain business practices and systems. Non-compliance with GDPR could result in proceedings against us by governmental entities or others and fines up to the greater of €20 million or 4% of annual global revenue. In addition, the State of California adopted the California Consumer Protection Act of 2018 (“CCPA”), which will become effective in 2020 and also will regulate the collection and use of consumers’ data. Compliance with the CCPA is expected to cause us to make additional updates to certain business practices and systems.

Employees

We have 36 full-time employees and 4 part-time employees.

Item 9 The nature of products or services offered.

uBid.com

We have designed easy-to-use online marketplaces (www.uBID.com) to provide friendly and positive shopping experiences through interactive auction style and fixed price formats. Consumers may enter the marketplaces directly by typing “www.uBID.com” or through links from various online marketing promotions to the uBID homepage, a product category page, sub-category page or individual product listing. From the uBID homepage, an individual may choose a specific item from one showcased that day, proceed to a specific category (such as computers or electronics) or respond to a specific promotion.

Each item offered in the marketplaces has a unique product page that includes a concise product description, full-color image and detailed technical specifications. In addition, in the uBID marketplace, each product page provides a table indicating the quantity available, bid range, minimum incremental bid, current winning bidders, winning bid amounts and the remaining time left to bid.

Before bidding on any product offered in the uBID marketplace, each consumer is required to register by completing a simple online registration form and providing a valid credit card number. We verify all information included on the registration form and verify the consumer’s credit card.

SkyAuction.com

Our website www.skyauction.com allows our customers to access our wide selection of travel products and services. Customers can view current ongoing auctions based on our auction categories or search for ongoing auctions based on a defined search criterion such as date of travel, destination, general geographic location and class of travel. To place a bid on an ongoing auction, each customer must complete a free, brief registration form, or in the future login in using common credentials created on other social media outlets.. Once a customer has registered,

he or she may begin bidding immediately and will be able to monitor multiple auctions as well as use our automated bidding function.

Many of our auctions can begin with a minimum bid as low as \$1. Through our automated bidding function, a bidder may set a maximum bid and have our web site increase his or her bid by preset increments up to the maximum bid amount set by the bidder. As a result, the bidder has an opportunity to win an auction at the most economical price possible without constant monitoring of the auction. We also provide information throughout the auction process to enhance customer enjoyment, such as the dollar amount of the current winning bid, the amount of time to elapse before the auction is closed, and an e-mail notification if a bidder's maximum bid has been exceeded, allowing the bidder to then increase his maximum bid.

Once an auction is completed, the winning bidder is notified by e-mail and requested to submit preferred travel dates by e-mail. A customer service agent will then work with our suppliers to confirm the requested itinerary, make the reservation, notify the bidder, charge the customer's form of payment and forward the required information to staff for processing. We have the ability to select which supplier will be used to fulfill our auction sales where a specific supplier was not identified in the auction. Our customers rely on us to address date changes or cancellations.

Restaurant.com

Restaurant.com's name declares that we are about the restaurant. Promotion to hundreds of millions of customers, Restaurant.com's name is descriptive, familiar, and a valuable asset.

Restaurant.com has established a high level of brand recognition and is known for category expertise and innovative sales strategies. Restaurant.com's 16,000 core restaurants and 170,000 Dining Discount Pass restaurants and retailers cover every community in the United States.

Through our websites, www.restaurant.com, www.specials.restaurant.com, and mobile iOS and Android apps, Restaurant.com provides an exceptional and affordable dining experience. In addition to purchasing and redeeming certificates, our website and mobile platform provide many other useful options, including restaurant menus, verified ratings and reviews, pricing, mapping and directions, and extensive filtering options, including "Deals Near Me" for nearby restaurants. Paperless redemption and validation also occur on the Restaurant.com mobile platforms. In the past year, there have been an average of 2 million unique visitors per month to Restaurant.com's digital platforms including our mobile and Specials offerings.

Marketing Strategy

Our marketing strategy is aligned with our overall business goals to drive revenue and margin growth by increasing our consumer and supplier bases. Our marketing strategy is focused primarily on four areas: (i) increasing consumer awareness of www.uBid.com and www.skyauction.com, (ii) expanding and optimizing customer acquisition efforts and (iii) implementing a scalable, cost-effective customer retention program.

Increasing consumer awareness of uBid and its online properties. We believe that we have created a unique position in the marketplace focused on earning consumer trust. This position of “trust” is supported by our focus on business-to-consumer selling (versus consumer-to-consumer selling), significant investments in our customer support services, internal product warehousing and payment transaction processing and endorsements from various recognized third-party security and privacy programs. We believe this “trust” positioning will continue to set us apart from our competitors and provide a meaningful difference in attracting and maintaining customers. In addition, we intend to pursue an aggressive marketing strategy designed to promote brand awareness and the concept that customers can purchase a wide range of products and services through us at good values. We plan to utilize a combination of Web-based advertising, targeted e-mail, broadcast media, print campaigns, billboards and other media placements to further our marketing and branding strategy.

Expanding and optimizing customer acquisition efforts. Our marketing expenditures are primarily spent on attracting traffic to our websites. Traffic to our websites consisted of approximately 3,044,000 individual visits in 2016, 2,211,505 individual visits in 2017 and 1,735,000 individual visits in 2018. Potential new customers are sourced through a range of online efforts including affiliate marketing programs, paid search listings, shopping comparison programs, online partnerships, e-mail marketing and social media campaigns. In addition, we also utilize marketing channels such as in-store media, event marketing and single partnerships with key online media companies to broaden our customer demographics and drive larger incremental gains in customer acquisition.

Product Fulfillment and Logistics

uBid.com ships products to our customers either from our central New Jersey facility or from our contracted warehouse which is also in New Jersey. We utilize a centralized inventory control system to allocate all shipments to our site and multi-channel customers and we are directly responsible for maintaining customer returns, service emails and all expediting. This centralized control allows us up-to-the-minute information on all shipments pending, in transit or completed. It also keeps us directly in control of the customer information flow on a daily basis.

The product fulfillment process, from receipt of products through shipment,

is largely automated through our use of a third-party logistics warehouse and distribution system, enabling us to capture real-time data on inventory receiving, shipping and stock levels. This flexible system enables us to control warehouse costs and more closely manage the distribution of our directly procured merchandise because we only pay for the warehousing used on a per transaction basis. Direct product fulfillment and its related costs shrink or expand to fit the needs of our business. As a result, we do not currently incur significant overhead costs of owning and operating warehouse. We believe that the speed and accuracy of our order fulfillment process reinforces and enhances our customers' total purchase experience.

Customer Service and Support

Our ability to establish and maintain long term relationships with our customers and encourage repeat visits and purchases is dependent, in part, on the strength of our customer support and service operations. We have established multiple channels for communicating with our customers before and after the sale, including phone, e-mail and online support.

We currently employ a staff of in-house customer support personnel responsible for handling customer inquiries, tracking shipments, investigating and resolving problems with merchandise and travel. Customer care representatives are available for support from 10 a.m. to 5 p.m., Eastern Time, Monday through Friday. In addition, our customer service representatives are trained to cross-sell complementary and ancillary products and services including extended product warranties and accessories.

We plan to enact the use of AI chatbots to further help our customers to navigate offers and easily gain information generally prior to sale, helping customers engage our offers with confidence.

Information Technology and Digital Infrastructure

We use a combination of proprietary and commercially available licensed technologies to support our uBid.com and SkyAuction.com operations. We have developed a scalable technology platform to support our operations, including merchandising, marketing, order management, inventory and accounting. These systems are designed to make both the customer experience and the transaction reporting and tracking process as seamless and simple as possible. Our current strategy is to license commercially available technology wherever possible rather than seek internally-developed solutions.

Competition

The online retail market is intensely competitive. Barriers to entry are minimal, and current and new competitors can launch new websites at a relatively low cost. We currently compete with numerous competitors, including:

- liquidation online retailers such as Liquidity Services, Inc.;
- e-commerce websites such as eBay, Etsy, Priceline, GroupOn, Overstock.com, Wayfair and Zulily; and
- private sale sites such as Rue La La and Gilt Groupe.

We expect the online retail market to become even more competitive as traditional retailers continue to develop services that compete with our services. In October 2016, for instance, Wal-Mart Stores Inc. announced that it would direct billions of dollars in annual capital spending toward boosting e-commerce sales, and spent \$3.3 billion to buy online retailer Jet.com and nearly doubled its investment in Chinese online retailer JD.com Inc. In addition, manufacturers and retailers may decide to create their own websites to sell their own overstock and close-out inventory as well as the excess inventory of third parties. Competitive pressures created by any one of our competitors, or by our competitors collectively, could harm our business, prospects, financial condition and results of operations.

Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. In addition, online retailers may be acquired by, receive investments from, or enter into other commercial relationships with larger, well-established and well-financed companies. Some of our competitors may be able to secure merchandise from manufacturers on more favorable terms, devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing or inventory availability policies and devote substantially more resources to website and systems development than we do. Increased competition may result in reduced operating margins, loss of market share and a diminished brand franchise. We cannot provide assurance that we will be able to compete successfully against existing or future competitors.

We believe that competition in the online auction and e-commerce market is based predominantly on:

- price;
- product quality and selection;
- shopping convenience;
- order processing and fulfillment;
- customer service; and
- brand recognition.

Intellectual Property and Other Proprietary Rights

We regard our domain names and similar intellectual property as critical to

our success. We rely on a combination of laws and contractual restrictions with our employees, customers, suppliers, affiliates and others to establish and protect our proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our intellectual property without authorization. We cannot assure you that others will not independently develop similar intellectual property. In addition, effective trademark protection may not be available or may not be sought by us in every country in which our products and services are made available online, including the United States.

We own our uBid service marks, which are registered trademarks.

Our proprietary software is protected by copyright laws. The source code for our proprietary software also is protected under applicable trade secret laws. We own the copyright and other proprietary rights for our auction processing and auction management applications. We own the patent license for fixed price consignment that will allow our vendors and our merchants to create auctions with fixed pricing.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties by us.

Third parties may, in the future, recruit our employees who have had access to our proprietary technologies, processes and operations. These recruiting efforts expose us to the risk that such employees will misappropriate our intellectual property.

Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Any litigation, regardless of outcome or merit, could result in substantial costs and diversion of management and technical resources, any of which could materially harm our business.

Item 10 The nature and extent of the issuer's facilities.

Our principal administrative facilities are located 5880 Live Oak Parkway, Suite 100, Norcross, GA 30093. Effective August 2019, the lease has a term of 60 months and with an average base rent of approximately \$2,600 per month and consists of approximately 2,400 square feet.

SkyAuction's principal executive offices are located at 241 North Avenue West, Westfield, New Jersey 07090 and consist of approximately 1,500 square feet. We currently lease such facilities for \$3,000 per month. We have a self-renewing month-to-month lease with no immediate escalation.

Restaurant.com's principal executive offices are located at 1500 Shure Drive, Arlington Heights, Illinois 60004.

Part D Management Structure and Financial Information

Item 11 The name of the chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors.

The following persons are the executive officers and directors of our Company, each of whom has the business address of 566 W. Adams St, Suite 260, Chicago, ILL 60661 other than Michael N. Hering and Salvatore Esposito, Jr., whose business address is 241 North Avenue West, Westfield, New Jersey 07090:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ketan Thakker	51	President, CEO and Chairman
Kevin Harrington	62	Director
M. Scot Wingo	50	Director
Paul K. Danner	61	Director
Salvatore Esposito, Jr.	61	Chief Operating Officer

Ketan Thakker has been our Chairman, President and Chief Executive Officer since August 2014. He joined our company as Chief Financial Officer in July 2013, leading our restructuring, and was promoted the following year. Mr. Thakker is an entrepreneurial leader with more than 20 years in finance and operations. He has significant hands-on experience in building and growing new and existing businesses in the online space. He founded and served as President of TripRental.com and TripRental Software, an online listing site for vacation rental properties, from March 2011 to June 2013. He previously served as the Chief Financial Officer for Apartments.com, a Classified Ventures company, from February 2006 to March 2011. Mr. Thakker also held leadership roles in financial management at Abbott Laboratories and Baxter International Inc. Mr. Thakker received an M.B.A. from Northwestern University's Kellogg School of Management and is an accredited certified public accountant.

As the Chairman, President and Chief Executive Officer, Mr. Thakker leads the Board and guides our company. Mr. Thakker brings extensive e-commerce industry knowledge of the company and a deep background in technology growth companies, mergers and acquisitions and capital market activities, making him well qualified as a member of the Board. His service as Chairman, President and Chief Executive Officer creates a critical link between management and the Board.

Kevin Harrington was appointed as a director of our Company on February 13, 2019, following the closing of the SkyAuction Merger. Mr. Harrington has almost 40 years' experience in product introduction and direct marketing, being one of the first to market products through infomercials in 1984. Since 2005, he has been Chief Executive Officer of Harrington Business Development, Inc. and, since November 2015, Chief Executive Officer of KBHJJ, LLC, each privately-held consulting firms controlled by him. A serial entrepreneur, Mr. Harrington appeared as one of the original panelists on the ABC television program, "Shark Tank," from 2009 to 2011. He currently serves as a director of Celsius Corp., a developer of calorie-burning fitness beverages, since March 2013, Emergent Health Corp., a developer of nutritional products, since December 2014, and Redwood Scientific Technologies, Inc., a marketer of consumer homeopathic drugs and supplements, since April 2015. He also serves on the Advisory Board of Good Gaming, Inc., an eSports tournament gaming platform, since March 2016, and was formerly the Chairman of the Board of As Seen On TV, Inc., a public company that focuses on marketing products through infomercials and other direct marketing, from May 2010 to April 2014. Mr. Harrington is the author of "Act Now! How to Turn Ideas into Million-Dollar Products," which chronicles his life and experiences in the direct response industry. Mr. Harrington is a co-founder of two global networking associations, the Entrepreneur's Organization (formerly the Young Entrepreneurs Organization) in 1997, and the Electronic Retailing Association in 2000. Mr. Harrington's in-depth knowledge of the e-commerce market and the broad range of companies in the industry make him well qualified as a member of the Board. He also brings transactional expertise in mergers and acquisitions and capital markets.

M. Scot Wingo was appointed as a director of our Company on February 13, 2019, following the closing of the SkyAuction Merger. Mr. Wingo is a co-founder of ChannelAdvisor Corporation (NYSE) and has served as chairman of its board of directors since its inception in 2001, as its executive chairman since May 2015 and as its chief executive officer from 2001 until May 2015. Mr. Wingo is a co-founder of, and since July 2016 has served as the chief executive officer of, Get Spiffy, Inc., an on-demand car cleaning technology and services company. Prior to founding ChannelAdvisor, he served as general manager of GoTo Auctions, chief executive officer and co-founder of AuctionRover.com, which was acquired by GoTo.com, and as chief executive officer and co-founder of Stingray Software, which was acquired by RogueWave. He has appeared on CNBC, The Today Show and contributed thought leadership to the WSJ, New York Times, Washington Post, Bloomberg/Business Week, LA Times, AP, Reuters and many other publications. Mr. Wingo regularly speaks about e-commerce and on-demand topics at IRCE (Internet Retailer Conference and Exhibition), NRF's/shop.org Digital Summit, NRF's Big Show, Shoptalk, NPD Idea, Bronto Summit, ChannelAdvisor Catalyst and many e-commerce/retail oriented Wall Street conferences. Mr. Wingo has received numerous awards including Ernst and Young's Entrepreneur of the Year and Triangle Business Journal's Businessperson of the Year. Mr. Wingo received a B.S. degree in Computer Engineering from the University of South Carolina and an M.S. degree in Computer Engineering from North Carolina State University. The Board of Directors believes that Mr. Wingo's reputation as a thought leader in the e-commerce industry, transactional expertise in mergers and acquisitions

and capital markets and his business experience in founding and overseeing the growth of software companies makes him well qualified to be a member of the Board.

Paul K. Danner joined our Board of Directors on February 13, 2019, following the SkyAuction Merger. He is currently serving as the Chief Executive Officer of Pepex Biomedical, Inc. From 2016 to 2018, he was Chairman & Chief Executive Officer of Alliance MMA, Inc., NASDAQ-listed sports promotion and media firm. Formerly, Mr. Danner was the Managing Director of Destiny Partners Worldwide, a global organizational management and business operations consultancy since 2006. From 2008 to 2010, Mr. Danner was also the Chief Executive Officer of Shanghai-based China Crescent Enterprises, a fully-reporting OTCBB-listed information technologies company which operated primarily in Asia. Previously, he served as Chairman & Chief Executive Officer of Paragon Financial Corporation, a NASDAQ-listed financial services firm, from 2002 to 2006. From January 1998 to 2001 Mr. Danner was employed in various roles at MyTurn.com, Inc., a NASDAQ-listed information technologies company, including as Chief Executive Officer. From 1996 to 1997, Mr. Danner was the Managing Partner of Technology Ventures, a business consultancy firm. From 1985 to 1996 he held executive-level and sales & marketing positions with a number of Fortune-100 technology companies including NEC Technologies and Control Data Corporation. Mr. Danner served as a Naval Aviator flying the F-14 Tomcat, and subsequently as an Aerospace Engineering Duty Officer supporting the Naval Air Systems Command, for eight years on active duty plus 22 years with the reserve component of the United States Navy. He retired from the Navy in 2009 with the rank of Captain. Mr. Danner received his BS in Business Finance from Colorado State University and holds an MBA in Marketing from the Strome College of Business at Old Dominion University.

Salvatore Esposito, Jr. is a co-founder of SkyAuction where he has served as its Chief Operating Officer since February 1999. Mr. Esposito also the Executive Vice President since February 1992 of Magical Holidays, Inc., an air consolidation business and tour operator focusing on Africa. From 1986 to February 1999, Mr. Esposito held the position of a national sales manager, regional sales manager and Director of Sales at British Airways, Pan American World Airways and Sabena Belgian World Airways, respectively. Mr. Esposito received a B.A. from St. Peter's College.

Board Compensation

The nonexecutive members of the Board received 3,000,000 shares of our common stock of which 25% of the stock (750,000 shares) vested upon acceptance of the offer to serve on the Board of Directors and 25% of the stock (750,000 shares) shall vest upon each of the three anniversaries of the acceptance date of the offer provided that each Board member has served continuously as an advisor to the Company during such one year period, (ii) an annual cash allowance paid in equal quarterly amounts as follows: year 1 \$5,000, year 2 \$15,000 and year 3 an amount to be determined and (iii) \$2,000 annually for being Chair of a Committee and \$1,000 annually for being a member of a Committee.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses)

Not Applicable since this does not apply to any of our officers and directors.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

Not Applicable since this does not apply to any of our officers and directors.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

Not Applicable since this does not apply to any of our officers and directors.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

Not Applicable since this does not apply to any of our officers and directors.

C. Disclosure of Family Relationships. There are no family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.

- (ii) Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest.

As discussed above, on November 13, 2018, the Company completed the acquisition of SkyAuction for consideration consisting of a \$2,500,000 convertible promissory note to be shared by the SkyAuction shareholders according to their respective share ownership of SkyAuction. Michael Hering owned 71% of the issued and outstanding shares of SkyAuction common stock prior to the SkyAuction Merger.

In March 2019, the note was amended wherein \$500,000 of the outstanding principal became due. The amendment did not change any other terms of the original note agreement.

As of March 31, 2020 and December 31, 2019, outstanding balance of the note amounted \$2,500,000, respectively and accrued interest of \$132,000 and \$104,000, respectively.

As of March 31, 2020 and December 31, 2019, \$500,000 of the outstanding note payable is past due.

The Company has an employment agreement, executed in July 2013, with Ketan Thakker, its Chief Executive Office. This agreement provides Mr. Thakker with a salary of \$200,000 per year. During the three months ended March 31, 2020 and 2019, the Company incurred \$50,000 of such costs, which are included as part of selling, general and administrative costs. As of March 31, 2020 and December 31, 2019, accrued payable to Mr. Thakker under this contract was \$655,000 and \$631,000, respectively.

From time to time, Michael N. Hering, the Company Chief Merchandising Officer and shareholder, advances funds to the wholly owned subsidiary, SkyAuction for working capital purposes. The balance owing Mr. Hering as of March 31, 2020 December 31, 2019 amounted to \$377,000 and \$202,000, respectively.

In the SkyAuction Merger, Michael Hering received a warrant for 33,333 shares of our common stock. The warrant is exercisable for three years at an exercise price of \$7.50 per share.

- D. Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

Not Applicable

Item 12 Financial information for the issuer's most recent fiscal period.

Our quarterly financial statements for Q1-2020 and Q1-2019, are attached to this Quarterly Report.

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Please see our response to Item 12, above.

Item 14 Beneficial Owners.

The two shareholders owning over 5% of our shares of common stock are Ketan Thakker, or President and CEO, who owns 616,084 shares or 18.2% of the issued and outstanding shares of our common stock and Michael N. Hering who owns 861,165 shares of our common stock or 25.5% of the issued and outstanding shares of our common stock. The address of Ketan Thakker is 566 West Adams Street, Suite 260, Chicago, IL 60661, and the address of Michael N. Hering is 241 North Avenue West, Westfield, New Jersey 07090.

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker: Maxim Group LLC,
The Chrysler Building
405 Lexington Ave
New York, NY 10174
(212) 895-3500
Andy Bello
abello@maximgrp.com
2. Promoter: Ketan Thakker, our President and CEO
3. Securities Counsel: Ernest M. Stern, Esq.
Culhane Meadows PLLC
Suite 300
Washington, D.C. 20004
301-910-2030
estern@culhanemeadows.com
4. Accountant or Auditor –Corey Fischer
Managing Partner
Weinberg & Company
Certified Public Accountants
1925 Century Park East, Suite 1120

Los Angeles, Ca. 90067
310-601-2200
<http://www.weinbergla.com>

Weinberg & Company provides audit and review services.

5. Public Relations Consultant: Not Applicable
6. Investor Relations Consultant: Not Applicable
7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.

Michael Handelman
3210 Rickey Court
Thousand Oaks, CA 91362
(805) 341-2631
mhandelmangroup@gmail.com

The Handelman Group provides accounting services for us and prepares the financial statements for audit by Weinberg & Company and review of our periodic financial statements.

Item 16 Management's Discussion and Analysis or Plan of Operation.

Instructions to Item 16

Issuers that have not had revenues from operations in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure statement, shall provide the information in paragraphs A and C of this item. All other issuers shall provide the information in paragraphs B and C of this item.

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Issuers are not required to supply forward-looking information. This is distinguished from presently known data that will impact upon future operating results, such as known future increases in costs of labor or materials. This latter data may be required to be disclosed.

A. Plan of Operation.

- i. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as: a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise

- additional funds in the next twelve months;
- ii. a summary of any product research and development that the issuer will perform for the term of the plan;
- iii. any expected purchase or sale of plant and significant equipment; and
- iv. any expected significant changes in the number of employees.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward-looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the SEC. Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates 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 future business decisions, are subject to change. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under "Risk Factors" and elsewhere in this report. We disclaim any obligation to update forward looking statements.

General

As the result of the uBID Merger and the change in our business and operations from a shell company to an online technology company, a discussion of the past financial results of Incumaker is not pertinent, and the financial results of uBID, the accounting acquirer, are considered our financial results on a historical and going-forward basis.

We operate a growing number of online auction and bargain-sale e-commerce marketplaces offering thousands of products to both consumers and businesses. We provide a unique shopping experience that offers buyers the opportunity to either set their own prices or receive competitive fixed prices on popular, brand name products at a significant discount to prices found at bricks-and-mortar stores and large Internet retailers. Our online marketplaces provide manufacturers, retailers, distributors and other suppliers with an efficient and economical channel for maximizing revenue on their merchandise while at the same time moving new, overstock, close-out and recertified products and providing consumers and businesses with a convenient method for obtaining this merchandise virtually anytime and anywhere at substantial savings. Our auctions on

uBID.com – which we believe was one of the first and remains one of the most recognized names among auction sites – currently feature a rotating selection of brand name computer products, consumer electronics, watches, jewelry and gifts, sporting goods, collectibles, home goods, travel and fashion products, which typically sell at significant discounts to prices found through traditional retailers. We operate our online auction and bargain-sale marketplaces 24 hours a day, seven days a week, 365 days a year, currently offering unique merchandise units on our sites. Since January 1, 2010, we have auctioned more than 1.3 million merchandise units, have amassed approximately four million user registrations through uBID.com and have recorded approximately 32 million visits to our uBID.com marketplace website.

In March 2020, the World Health Organization declared that the rapidly spreading COVID-19 outbreak was a global pandemic (the "COVID-19 pandemic"). In response to the COVID-19 pandemic, many governments around the world have implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. These government mandates have forced many of the customers on whom the Company's business relies, including hotels and other accommodation providers, to seek government support in order to continue operating, to curtail drastically their service offerings or to cease operations entirely. Further, these measures have materially adversely affected, and may further adversely affect, consumer sentiment and discretionary spending patterns, economies and financial markets, and the Company's workforce, operations and customers.

The COVID-19 pandemic and the resulting economic conditions and government orders have resulted in a material decrease in consumer spending and an unprecedented decline in travel and accommodation activities and consumer demand for related services. The Company's financial results and prospects are dependent on the sale of these services. The Company's operations subsequent to December 31, 2019 have been significantly and negatively impacted.

Due to the uncertain and rapidly evolving nature of current conditions around the world, the Company is unable to predict accurately the impact that the COVID-19 pandemic will have on its business going forward. With the spread of COVID-19 to other regions, such as Europe and the United States, the Company expects the COVID-19 pandemic and its effects to continue to have a significant adverse impact on its business for the duration of the pandemic and during the subsequent economic recovery, which could be an extended period of time.

Our executive offices are located at 5880 Live Oak Pkwy, Suite 100 Norcross, GA 30093, telephone (773) 272-5000. Our corporate website address is www.ubidholdings.com and transaction website is www.ubid.com, www.skyauction.com and www.restaurant.com

Overview

We are a leading online marketer and distributor of travel products and services using a no-reserve auction process. Our website, ubid.com and skyauction.com allows our customers to bid on auctions for consumer products like home goods, technology,

electronics, sport memorabilia, airline tickets, hotel and resort accommodations, tour services and comprehensive travel packages.

Many of our auctions begin with a minimum bid of \$1, and a bidder must be a registered user to participate in the auction. Each auction typically lasts from two days to one week, which enables us to offer a changing inventory mix on a daily basis.

Substantially all of our revenue is derived from successfully completed auctions of consumer goods, airline tickets, hotel and resort accommodations, tour services and comprehensive travel packages. We recognize revenue after all of the following have occurred: a bidder wins and confirms an auction, we place orders with ticket agents or third-party suppliers, we notify the winning bidder that the auction has been fulfilled, and we believe collection is reasonably assured. Revenues include service, shipping and handling charges and cancellation fees. We establish a reserve for estimated cancellations at the time revenues are recorded. Since bidding on many of our auctions begins with a minimum bid of \$1, we bear the risk of loss on most of our auctions.

With the exception of one agreement, under which we purchase resort condominium rooms, we do not typically pay for airline tickets or hotel or resort accommodation costs in advance. Therefore, we maintain a low inventory at-risk position. We pay no commissions since we are not an agent of any airline, hotel or resort supplier. Our arrangements with our suppliers are typically short-term in nature and can be terminated by either party at any time upon short notice.

Cost of travel represents our cost for airline tickets, hotel and resort accommodations and tour packages based upon our individual supplier pricing arrangements with airlines, hotel and resort companies, tour providers and other travel consolidators or distributors. Amounts charged to us by ticketing agents for issuing airline tickets are included in credit card, fulfillment and shipping costs. Our selling, general and administrative expenses represent our operating and overhead expenses including such categories as advertising, personnel-related, technology and professional fees.

The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. Our continuation as a going concern is dependent on our ability to generate sufficient cash flows from operations and our ability to raise funds through the issuance of our common or preferred shares to meet our obligations and/or obtain additional financing, as may be required.

The financial statements included in this Report have been prepared assuming that we will continue as a going concern. The above condition raises substantial doubt about our ability to do so. The financial statements 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 should we be unable to continue as a going concern.

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those

described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Comparison of Results of Operations for the three months ended March 31, 2020 and 2019

The following table sets forth the summary income statement for the three months ended March 31, 2020 and 2019:

	For the Quarter Ended	
	March 31, 2020	March 31, 2019
Revenues	\$ 962,000	\$ 1,103,000
Operating Expenses	\$ 1,602,000	\$ 2,384,000
Other Expense, net	\$ 234,000	\$ 289,000
Net Loss	\$ 874,000	\$ 1,570,000

We generated revenues of \$962,000 during the three months ended March 31, 2020, compared to revenues of \$1,103,000 during the three months ended March 31, 2019, a decrease of \$141,000. This decrease is the direct result of the slow down caused by the Covid-19 pandemic.

Operating expense was \$1,602,000 during the three months ended March 31, 2020 compared to \$2,384,000 during the same period in 2019, a decrease of \$782,000. This decrease was as a result of, direct cost of revenue decreased by approximately \$177,000, due directly to the decrease in revenues of SkyAuction from \$714,000 in the three months ended March 31, 2019 compared to \$537,000 in the same period in 2020. In addition selling, general and administrative decreased \$39,000 in the three months ended March 31, 2010 from \$1,041,000 in 2019 to \$1,002,000 in 2020, as a direct result of management's decision to reduce costs. In addition, amortization expense of intangible assets decreased \$566,000 to \$63,000 for the three months ended March 31, 2020 as compared to \$629,000 during the same period in 2018. This was the direct result of the impairment of intangible assets acquired from the SkyAuction acquisition during the previous fiscal year.

Other (income) expense decreased \$55,000 from expense of \$289,000 for the three months ended March 31, 2019 to \$234,000 in 2020. We incurred interest expense of \$78,000 in 2020 as compared to \$52,000 that we incurred in 2019, an increase of \$26,000. We also incurred \$212,000 in amortization of debt discount in 2020 and we incurred \$93,000 in 2019, an increase of \$119,000. We had a gain on extinguishment of derivative liability of \$266,000 during the three months ended March 31, 2019, as compared to none in 2020, a decrease of \$266,000. We had other income of \$5,000 in the three months ended March 31, 2019 as compared to none in 2020, a decrease of \$5,000. This was offset as we incurred \$56,000 gain from the change in value of derivative liability for the three months ended March 31, 2020 as compared to a gain of \$196,000 in 2019, a decrease of \$471,000.

As a result, we incurred a net loss of \$874,000 in the three months ended March 31, 2020, compared to a net loss of \$1,570,000 in the same period in 2019.

Liquidity and Capital Resources

As of March 31, 2020 we had \$104,000 in cash and cash equivalents.

Net cash used in operating activities was \$112,000 and net cash from operating activities of \$476,000 for the three months ended March 31, 2020 and 2019, respectively. The \$295,000 increase in net cash used in operating activities was primarily a decrease in net loss of \$874,000 during the three months ended March 31, 2020 compared to \$1,570,000 during the year ended March 31, 2019 and offset by changes in non-cash expenses and changes in our operating assets and liabilities.

Cash provided by financing activities was \$0 and \$100,000 for the three months ended March 31, 2020 and 2019, respectively. Cash was provided through the issuance of a bridge note payable.

Our financial statements included in this report have been prepared assuming that we will continue as a going concern, and which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business or within one year after the date of the financial statements being issued. As reflected in our financial statements, we incurred a net loss of \$874,000 and utilized net cash of \$112,000 in operating activities for the three months ended March 31, 2020. Our ability to continue as a going concern is dependent on us obtaining adequate capital to fund operating losses until we established a revenue stream and becomes profitable. If we are unable to obtain adequate capital we could be forced to cease operations. Accordingly, these factors raise substantial doubt as to our ability to continue as a going concern within one year after the date of the financial statements being issued. In addition, 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, 2019 and 2018 that there is substantial doubt about our ability to continue as a going concern.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations we will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through borrowing and sales of common stock. However, management cannot provide any assurances that we will be successful in accomplishing raising additional capital or any of our plans.

C. Off-Balance Sheet Arrangements.

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, result of operations, liquidity or capital expenditures.

Part E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years.

- A. Listed below are events, that resulted in direct changes to our the total shares outstanding (1) within the two-year period ending on the last day of our most recent fiscal year and (2) since the last day of our most recent fiscal year, December 31,2019.

As a result of the Restaurant.com, in March, 2020 we issued an aggregate of 363,889 shares of our common stock to the former shareholders of Restaurant.com. We did not receive any proceeds as a result of this issuance. The natural person who controls or directs, directly or indirectly, the securities for Restaurant.com is Kenneth Chessick.

In December 2019, the Company issued 8,000 shares of common stock to Anna Oelshlager for a settlement of a lawsuit. The shares were valued at \$4,650.

In June 2019, the Company issued 5,000 shares of common stock to Stratcon Advisory for services provided. These shares were valued at \$19,000. The natural person who controls or directs, directly or indirectly, the securities for Stratcon Advisory, LP is Robert Delvecchio.

In June 2019, the Company issued 2,000 shares of common stock to Tyler Anderson, a holder of a note payable and accrued interest as a fee for extending the maturity date of the note payable. These shares were valued at \$15,000.

In May 2019, the Company issued 4,333 shares of common stock to Crawford Ehlers LP as additional rent when the Company entered into a new lease for office space. The shares were valued at \$39,000. The natural person who controls or directs, directly or indirectly, the securities for Crawford Ehlers, LP is Scott Crawford.

In April 2019, the Company issued 11,000 shares of common stock to Louis Thomson for a settlement of a lawsuit. The shares were valued at \$97,350.

In April 2019. The Company issued 3,333 shares of common stock to Michael Handelman for services provided. The shares were valued at \$19,000.

In February 2019 the Company issued 15,000 shares of common stock to the three newly appointed additional Board Directors for their services valued at \$148,000 – Mr. Scot Wingo, Mr. Kevin Harrington and Mr. Paul Danner.

During the first quarter of 2019 the Company issued 85,904 shares of common stock to ER Opportunity Fund, LP to settle \$72,000 of convertible notes payable and \$61,000 of accrued interest. The natural person who controls or directs, directly or indirectly, the securities for ER Opportunity Fund is Vince Sbarra.

As a result of the uBID Merger in 2018, we issued an aggregate of 291,810 shares of our common stock to the former shareholders of uBID Holdings. We did not receive any proceeds as a result of this issuance.

As a result of the SkyAuction Merger in 2018, we issued an aggregate of 1,102,422 shares of our common stock to the former shareholders of SkyAuction. We did not receive any proceeds as a result of this issuance.

In December 2018 we issued 123,374 shares of our common stock to Maxim Group for financial advisory and investment banking services. The natural person who controls or directs, directly or indirectly, the purchase of our securities for Maxim Group is Clifford Teller.

In November 2018, ER Opportunity Fund LP and Tyler Anderson, holders of convertible notes payable and accrued interest have converted the debt into 9,799 shares of common stock. The natural person who controls or directs, directly or indirectly, the purchase of our securities for ER Opportunity Fund is Vince Sbarra.

On November 13, 2018 we issued 3,333 shares of our common stock to FirstFire Global as a commitment fee. The natural person who controls or directs, directly or indirectly, the purchase of our securities for FirstFire Global is Eli Fireman.

The above sale of shares of our common stock were issued in transactions that were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering and where noted pursuant to Regulation D under the Securities Act of 1933. The Company relied on the representations made in the various subscription agreements, stock purchase agreements or other agreements signed by the stockholders. No commissions were paid and no underwriter or placement agent was involved in the above transactions.

The certificates or other documents that evidence the shares issued in the above transactions contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

- B. List below are our issuance of Promissory Notes, Convertible Notes, and Convertible Debentures. None of the notes is secured and the notes are not in default unless so indicated below.

On September 16, 2019, the Company issued an 8% convertible note payable with Sid and Gloria Lorio with an outstanding principal balance of \$120,000. The note is unsecured, bears interest at 8% per annum and will mature in September 2020. The note is convertible at the lesser of \$0.06 or 70% of the average of the three lowest trade prices of the common stock in the in the 10 days prior to conversion. In addition, the Company issued warrants to acquire 20,667 shares of the Company's common stock at an exercise price of \$9.00 per share subject to downward adjustment based on the Company subsequent sale or grant of any equity security at a lessor amount.

On August 15, 2019, the Company issued an 8% convertible note payable with EMA with an outstanding principal balance of \$113,000. The note is unsecured, bears interest at 8% per annum and will mature in August 2020. The note is convertible at the lesser of \$0.06 or 70% of the average of the three lowest trade prices of the common stock in the in the 10 days prior to conversion. In addition, the Company issued warrants to acquire 18,667 shares of the Company's common stock at an exercise price of \$9.00 per share subject to downward adjustment based on the Company subsequent sale or grant of any equity security at a lessor amount.

On July 22, 2019, we entered into a convertible note financing with Auctus under which we issued a convertible promissory note in the principal amount of \$277,500, bearing interest of 8% per annum with a maturity date of July 22, 2020. The note is convertible into shares of our common stock at a conversion price equal to the lesser of: (i) \$0.06 or (ii) the Variable Conversion Price (defined as 70% multiplied by the average of the three lowest volume weighted average prices of our shares of common stock during the ten consecutive trading day period immediately preceding the trading day that we receive Auctus' notice of conversion). We are required at all times to have coverage of any potential conversion equal to three times the shares of our common stock into which the unpaid principal and accrued interest of the note is convertible. The initial coverage has been set at 191,667 shares. We issued a warrant to Auctus (the "Auctus Warrant") exercisable for three years to purchase 46,667 shares that we will register under the 1933 Act at an exercise price of \$9.00 per share. We are authorized to prepay this convertible loan commencing on the date of the note and ending 180 days after the date of the note by paying 115% of the outstanding principal amount of the note together with accrued and unpaid interest thereon.

On April 9, 2019, we entered into a convertible note financing with Auctus under which we issued a convertible promissory note in the principal amount of \$277,500 from which will be deducted \$27,500 as a due diligence fee and \$4,000 for Auctus' legal fees, bearing interest of 8% per annum with a maturity date of April 9, 2020. The note is convertible into shares of our common stock at a conversion price equal to the lesser of: (i) \$0.06 or (ii) the Variable Conversion Price (defined as 70% multiplied by the average of the three lowest volume weighted average prices of our shares of common stock during the ten consecutive trading day period

immediately preceding the trading day that we receive Auctus' notice of conversion). We are required at all times to have coverage of any potential conversion equal to three times the shares of our common stock into which the unpaid principal and accrued interest of the note is convertible. The initial coverage has been set at 191,667 shares. We issued a warrant to Auctus (the "Auctus Warrant") exercisable for three years to purchase 46,667 shares that we will register under the 1933 Act at an exercise price of \$9.00 per share. We are authorized to prepay this convertible loan commencing on the date of the note and ending 180 days after the date of the note by paying 115% of the outstanding principal amount of the note together with accrued and unpaid interest thereon.

On January 18, 2019, we entered into a note financing with Horberg Enterprise under which we issued a promissory note in the principal amount of \$100,000, bearing interest of 6% per annum with a maturity date of January 18, 2020.

On November 13, 2018, under the terms of a Securities Purchase Agreement between us and FirstFire Global we issued a senior secured convertible note to FirstFire Global in the principal amount of \$220,000, bearing interest at 8% per annum, and with a 12 month maturity date. The convertible note is subject to a 10% original issue discount.

Pursuant to the terms of the SkyAuction Merger Agreement, the Company entered into a secured promissory note in the principal amount of \$2,500,000 with a maturity date three years after the closing of the SkyAuction merger. The secured note issued to SkyAuction provides for repayment in full at the third anniversary date of the closing date of the SkyAuction Merger, such principal amount to be reduced by 15% of each capital raise we complete (less any finder's or underwriter's fees) and interest at 3% per annum payable at our discretion in common stock or cash. The Promissory Note was secured by all assets of SkyAuction under the terms of a Guaranty Agreement. SkyAuction and uBid have amended the Promissory Note to extend the date of the first payment of principal in the amount of \$500,000 from 120 days from the date of Closing as that term is defined in the Merger Agreement or March 13, 2019, to 90 days past the March 13, 2019 deadline.

On August 20, 2018, we issued a Convertible Note for \$30,000 for working capital. The note is convertible at the lesser of \$0.07 or 70% of the lowest trading price of the common stock in the five days prior to conversion. A beneficial conversion feature has been recorded as a debt discount of \$10,786, of which \$10,352 remains at November 30, 2018.

On May 3, 2018, we issued a Convertible Note for \$10,000 for working capital. The Note is due May 3, 2019 and bears 8% interest annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the in the 5 days prior to conversion.

On March 15, 2018, we issued a Convertible Note for \$20,000 for working capital. The Note was due March 15, 2019, and is now in default resulting in the interest rate increasing from 8% annually to 15% annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the in the five days prior to conversion.

On March 15, 2018, we issued a Convertible Note for \$15,000 for working capital. The Note is due March 15, 2019, and is now in default resulting in the interest rate increasing from 8% annually to 15% annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the in the 5 days prior to conversion.

On February 23, 2018, we issued a Convertible Note for \$20,000 for working capital. The Note is due February 23, 2019, and is now in default resulting in the interest rate increasing from 8% annually to 15% annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the in the 5 days prior to conversion.

On February 23, 2018, we issued a Convertible Note for \$8,100 for working capital. The Note is due February 23, 2019, and is now in default resulting in the interest rate increasing from 8% annually to 15% annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the 5 days prior to conversion.

On February 23, 2018, we issued a Convertible Note for \$4,200 for rent and compensation. The Note is due February 23, 2019, and is now in default resulting in the interest rate increasing from 8% annually to 15% annually. The note is convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the 5 days prior to conversion. A beneficial conversion feature has been recorded as a debt discount of \$1,050.

The above sale of shares of our securities were issued in transactions that were exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering and where noted pursuant to Regulation D under the Securities Act of 1933. The Company relied on the representations made in the various subscription agreements, stock purchase agreements or other agreements signed by the stockholders. No commissions were paid and no underwriter or placement agent was involved in the above transactions.

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item 18 Material Contracts.

- A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through www.OTCIQ.com or was entered into not more than two years before such posting. Also include the following contracts:

All the material contracts in response to Item 18 as well as our Certificate of Incorporation and Bylaws are incorporated by reference to our Supplemental

Information Disclosures and Financials on uBid and SkyAuction filed with SEC on June 13, 2019 except as noted below.

Exhibit No.	Description
-------------	-------------

Item 19 Articles of Incorporation and Bylaws.

Our Certificate of Incorporation and Bylaws are set forth in Item 18, above.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

No purchases were made by the Issuer and Affiliated Purchasers of any of our equity securities.

Item 21 Issuer's Certifications.

I, Ketan Thakker, certify that:

1. I have reviewed this quarterly disclosure statement of uBid Holdings, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: June 26, 2020

/S/Ketan Thakker

Ketan Thakker
President and CEO

Item 12. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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UBID HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

	March 31,	December 31,
	2020	2019
Assets:		
Current assets	(unaudited)	
Cash	\$ 104,000	\$ 216,000
Accounts receivable	156,000	28,000
Inventory	19,000	15,000
Deposit to credit card processor	175,000	175,000
Prepaid expenses and other current assets	798,000	5,000
Total current assets	<u>1,252,000</u>	<u>439,000</u>
Operating lease right of use assets, net	132,000	137,000
Goodwill (provisional)	1,800,000	-
Intangible assets (provisional)	2,673,000	-
Other assets	11,000	11,000
Total assets	<u>\$ 5,868,000</u>	<u>\$ 587,000</u>
Liabilities and Stockholders' Equity (Deficit):		
Current liabilities		
Accounts payable	\$ 973,000	\$ 866,000
Accrued expenses	147,000	146,000
Accrued payroll and advances - related party	1,032,000	833,000
Accrued interest	658,000	580,000
Deferred revenue	235,000	140,000
Operating lease liability, current	9,000	8,000
Convertible notes payable, net of discount of \$220,000 and \$400,000 (past due of \$1,065,000)	1,915,000	1,735,000
Convertible debt assumed upon reverse merger, past due	225,000	225,000
Bridge notes payable	350,000	350,000
Acquisition note payable	1,500,000	-
Demand note payable	725,000	-
Acquisition note payable to related party, net of discount of \$202,000 and \$233,000 (past due of \$500,000)	2,298,000	2,267,000
Derivative liability	1,109,000	1,165,000
Total current liabilities	<u>11,176,000</u>	<u>8,315,000</u>
Operating lease liability, non-current	96,000	98,000
Total liabilities	<u>11,272,000</u>	<u>8,413,000</u>
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, none issued and outstanding	-	-
Common stock, par value \$0.001, 750,000,000 shares authorized and 3,376,600 and 3,012,712 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	505,000	450,000
Additional paid in capital	46,489,000	43,248,000
Accumulated deficit	(52,398,000)	(51,524,000)
Total stockholders' equity (deficit)	<u>(5,404,000)</u>	<u>(7,826,000)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 5,868,000</u>	<u>\$ 587,000</u>

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

UBID HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
	<u> </u>	<u> </u>
Revenues	\$ 962,000	\$ 1,103,000
Operating Expenses:		
Direct cost of revenues	537,000	714,000
Selling, general and administrative	1,002,000	1,041,000
Amortization of intangible assets	63,000	629,000
Total Operating Expenses	<u>1,602,000</u>	<u>2,384,000</u>
Loss From Operations	<u>(640,000)</u>	<u>(1,281,000)</u>
Other (Income) Expense		
Interest	78,000	52,000
Amortization of debt discount	212,000	93,000
Gain on extinguishment of derivative liability	-	(266,000)
Change in value of derivative liability	(56,000)	415,000
Other income	-	(5,000)
Total Other (Income) Expense	<u>234,000</u>	<u>289,000</u>
Net Loss	<u><u>\$ (874,000)</u></u>	<u><u>\$ (1,570,000)</u></u>
Net loss per share		
-Basic and diluted	<u><u>\$ (0.29)</u></u>	<u><u>\$ (0.54)</u></u>
Weighted average common shares outstanding		
-Basic and diluted	<u><u>2,979,470</u></u>	<u><u>2,916,519</u></u>

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

UBID HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2019	3,012,712	450,000	43,248,000	(51,524,000)	(7,826,000)
Issuance of common stock for services	-	-	21,000	-	21,000
Issuance of common stock for acquisition of Restaurant.com	363,889	55,000	3,220,000	-	3,275,000
Net Loss				(874,000)	(874,000)
Balance, March 31, 2020	3,376,600	\$ 505,000	\$ 46,489,000	\$ (52,398,000)	\$ (5,404,000)
Balance, December 31, 2018	2,878,142	432,000	42,373,000	(37,542,000)	5,263,000
Issuance of common stock for services	15,000	2,000	101,000	-	103,000
Issuance of common upon conversion of notes payable and accrued interest	85,904	13,000	120,000	-	133,000
Net Loss				(1,570,000)	(1,570,000)
Balance, March 31, 2019	2,979,045	\$ 447,000	\$ 42,594,000	\$ (39,112,000)	\$ 3,929,000

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

UBID HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended March 31, 2020	For the Three Months Ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (874,000)	\$ (1,570,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of intangible assets	63,000	629,000
Stock based compensation	20,000	103,000
Change in fair value of derivative liability	(56,000)	415,000
Amortization of debt discount	211,000	93,000
Changes in operating assets and liabilities:		
Accounts receivable	(128,000)	33,000
Inventory	(4,000)	22,000
Prepaid expenses and other assets	177,000	298,000
Accounts payable	107,000	55,000
Accrued expenses and interest	79,000	33,000
Accrued payroll and advances - related party	199,000	65,000
Deferred revenue	95,000	7,000
Operating lease liability	(1,000)	
Net Cash Used in Operating Activities	<u>(112,000)</u>	<u>183,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of bridge notes payable	-	100,000
Net Cash Provided by Financing Activities	<u>-</u>	<u>100,000</u>
Net Increase in Cash	(112,000)	283,000
Cash at Beginning of Period	216,000	117,000
Cash at End of Period	<u>\$ 104,000</u>	<u>\$ 400,000</u>
<u>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</u>		
Issuance of common stock for settlement of notes payable and accrued interest	<u>\$ -</u>	<u>\$ 133,000</u>
Fair value of common stock and note payable issued for the acquisition of Restaurant.com	<u>\$ 5,500,000</u>	<u>\$ -</u>

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

uBid Holdings, Inc.
Notes to the Consolidated Financial Statements
For the Three Months Ended March 31, 2020 and 2019
(unaudited)

Note 1 – Organization and Operations

uBid Holdings, Inc. (the “Company”) procures excess, new, overstock, close-out, refurbished and limited supply brand name merchandise as well as travel packages from retailers, wholesaler, distributors, airlines, hotels, cruise lines, etc. offered to our consumers via our three platforms at uBid.com, Restaurant.com and SkyAuction.com. Through the Company’s websites located at www.uBid.com and www.SkyAuction.com, the Company offers merchandise across a wide range of product categories including but not limited to computer products, consumer electronics, apparel, housewares, watches, jewelry, travel, sporting goods, automobiles, home improvement products and collectibles. Through the Company’s website located at www.restaurant.com the Company offers discounted restaurant certificates online and an incentive and loyalty program. The Company’s marketplace employs a combination of auction style and fixed price formats.

On November 5, 2018, we entered into a merger agreement dated October 23, 2018 with Incumaker Inc., whereby all of the shareholders of uBid Holdings, Inc. exchanged all of their shares of common stock for 1,347,404 newly issued shares of Incumaker, Inc. common stock. Incumaker stockholders retained 291,810 shares of common stock. As a result of the merger, (i) uBid Holdings, Inc. shareholders acquired 85.7% of the fully diluted shares of Incumaker, (ii) the business of uBID will continue as the existing business operations of Incumaker and (iii) Incumaker will be managed by uBID’s management after effectiveness of the Merger under Delaware law. The Merger was treated as a reverse merger and recapitalization of the Company for financial accounting purposes. The historical financial statements of Incumaker before the Merger have been replaced with the historical financial statements of uBID before the Merger in all future filings with the Securities and Exchange Commission (the “SEC”). The net liabilities of Incumaker of \$690,000 at date of the reverse merger have been assumed by the Company and reflected as a reduction to paid in capital.

On November 12, 2018, we entered into a reverse triangular merger transaction among SkyAuction.com, Inc., (SkyAuction) SA Acquisition Corp. and Incumaker whereby all of the shareholders of SkyAuction exchanged all of their shares of common stock for 1,102,422 newly issued shares of Incumaker common stock; a \$2,500,000 interest bearing note; and a warrant to acquire 33,333 shares of Ubid stock. The transaction has been accounted for as purchase of a business.

On February 11, 2019, Financial Industry Regulatory Authority (FINRA) approved the change of our name from Incumaker, Inc. to uBid Holdings, Inc. and the change of our trading symbol from QMKR to UBID.

We are now a e-commerce company focused on operating and growing number of online auction and bargain-sale e-commerce marketplaces offering thousands of products to both consumers and businesses. We believe that we provide a unique shopping experience that offers buyers the opportunity to either set their own prices or receive competitive fixed prices on popular, brand name products at a significant discount to prices found at bricks-and-mortar stores and large internet retailers. Our online marketplaces provide (i) manufacturers, retailers, distributors and other suppliers with what we believe is an efficient and economical channel for maximizing revenue on their merchandise while at the same time moving new, overstock, close-out and recertified products and providing consumers and businesses with a convenient method for obtaining this merchandise virtually anytime and anywhere at substantial savings, and (ii) since our recent acquisition of SkyAuction.com, Inc., travel products and services which comprises most of our revenues during the years ended December 31, 2019 and 2018.

In March 2020, the Company completed an asset purchase agreement with Restaurant.com, an entity engaged in the business of online marketing for participating restaurants throughout the United States. As part of the OTC Markets Group Inc. OTCQX U.S. and OTCQB Disclosure Guidelines (v 11.1 Updated July 31, 2017)

agreement, the Company acquired certain tangible and intangible assets of Restaurant.com. In exchange, the Company paid the owner of Restaurant.com, \$750,000, issued a three year, 6% promissory note of \$1,500,000 convertible at the option of the Company to common shares and issued 363,889 shares of the Company's common stock with a fair value of \$3,275,000 for a total purchase price of \$5,525,000. The transaction has been accounted for as purchase of a business.

On April 20, 2020, we implemented a 1-for-150 reverse stock split (the "Reverse Stock Split") of our common stock, \$0.001 par value per share (the "Common Stock"). As a result of the Reverse Stock Split, every one hundred fifty (150) shares of our pre-Reverse Stock Split Common Stock were combined and reclassified into one share of our Common Stock. The number of shares of Common Stock subject to outstanding options, warrants, and convertible securities were also reduced by a factor of one hundred fifty (150) as of April 20, 2020. Pursuant to current accounting guidelines, all historical share and per-share amounts reflected throughout these consolidated financial statements and other financial information in this report have been adjusted to reflect the Reverse Stock Split as if the split occurred at the beginning of the earliest period presented. The par value per share of our Common Stock was not affected by the Reverse Stock Split.

Note 2 –Going Concern

The Company's financial statements have been prepared assuming that the Company will continue as a going concern, and which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As reflected in its financial statements, during the three months ended March 31, 2020, the Company had incurred a net loss of \$874,000, utilized net cash of \$112,000 in operating activities and had a stockholders' deficit of \$5,404,000 as of March 31, 2020. The Company has also been unable to service its debt as it becomes due. As of March 31, 2020, \$2,240,000 of notes payable, convertible notes payable and bridge note payable are past. In addition, our independent auditors, in their report on our audited financial statements for the year ended December 31, 2019, expressed substantial doubt about our ability to continue as a going concern. The accompanying financial statements do not include adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from an inability of the Company to continue as a going concern.

As of March 31, 2020, the Company had cash of \$104,000. We estimate we have cash on hand to sustain operations through September 2020. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it establishes a revenue stream and becomes profitable. If the Company is unable to obtain adequate capital it could be forced to cease operations. Accordingly, these factors raise substantial doubt as to the Company's ability to continue as a going concern.

In order to continue as a going concern, the Company will need to, among other things, raise additional capital, develop a reliable source of revenue, and achieve a profitable level of operations. Management's plans to continue as a going concern include raising additional capital through borrowing and sales of our common stock and successfully implementing our business plan. However, management cannot provide any assurances that the Company will be successful in raising additional capital or successfully implementing any of its plans.

In March 2020, the World Health Organization declared that the rapidly spreading COVID-19 outbreak was a global pandemic (the "COVID-19 pandemic"). In response to the COVID-19 pandemic, many governments around the world have implemented, and continue to implement, a variety of measures to reduce the spread of COVID-19, including travel restrictions and bans, instructions to residents to practice social distancing, quarantine advisories, shelter-in-place orders and required closures of non-essential businesses. These government mandates have forced many of the customers on whom the Company's business relies, including hotels and other accommodation providers, to seek government support in order to continue operating, to curtail drastically their service offerings or to cease operations entirely. Further, these measures have materially adversely affected, and may further adversely affect, consumer sentiment and discretionary spending patterns, economies and financial markets, and the Company's workforce, operations and customers.

The COVID-19 pandemic and the resulting economic conditions and government orders have resulted in a material decrease in consumer spending and an unprecedented decline in travel and accommodation activities and consumer demand for related services. The Company's financial results and prospects are dependent on the sale of these services. The Company's operations subsequent to December 31, 2019 have been significantly and negatively impacted.

Due to the uncertain and rapidly evolving nature of current conditions around the world, the Company is unable to predict accurately the impact that the COVID-19 pandemic will have on its business going forward. With the spread of COVID-19 to other regions, such as Europe and the United States, the Company expects the COVID-19 pandemic and its effects to continue to have a significant adverse impact on its business for the duration of the pandemic and during the subsequent economic recovery, which could be an extended period of time.

Note 3 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of uBid Holdings, Inc. and its wholly owned subsidiaries, SkyAuction.com, Inc., SA Acquisition Corp and Restaurant.com. Intercompany transactions and balances have been eliminated in consolidation.

Accounting Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowance for bad debts, reserve for inventory obsolescence, assumptions made in estimated useful lives of property and equipment, assumptions inherent in a purchase price allocation, valuation of goodwill and intangible assets, accruals for potential liabilities, valuation of notes payable, assumptions used in deriving the fair value of derivative liabilities, share-based compensation and beneficial conversion feature of notes payable, and valuation of deferred tax assets.

Stock-Based Compensation

The Company accounts for share-based awards to employees and nonemployees and consultants in accordance with the provisions of ASC 718, Compensation-Stock Compensation. Stock-based compensation cost is measured at fair value on the grant date and that fair value is recognized as expense over the requisite service, or vesting, period.

In periods through December 31, 2018, the Company accounted for share-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50, Equity - Based Payments to Non-Employees. Measurement of share-based payment transactions with non-employees is based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The final fair value of the share-based payment transaction is determined at the performance completion date. For interim periods, the fair value is estimated, and the percentage of completion is applied to that estimate to determine the cumulative expense recorded.

On January 1, 2019, the Company adopted ASU 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. ASU 2018-07 simplifies the accounting for share-based transactions by expanding the scope of Topic 718 from only being applicable to share-based payments to employees to also include share-based payment transactions for acquiring goods and services from nonemployees. As a result, nonemployee share-based transactions are measured by estimating the fair value of the equity instruments at the grant date, taking into consideration the probability of satisfying performance conditions. The adoption of ASU

2018-07 did not have a material impact on the Company's financial statements for the years ended December 31, 2019 and 2018.

The Company values its equity awards using the Black-Scholes option pricing model, and accounts for forfeitures when they occur. Use of the Black-Scholes option pricing model requires the input of subjective assumptions including expected volatility, expected term, and a risk-free interest rate. The Company estimates volatility using a blend of its own historical stock price volatility as well as that of market comparable entities since the Company's common stock has limited trading history and limited observable volatility of its own. The expected term of the options is estimated by using the simplified method to estimate expected term. The risk-free interest rate is estimated using comparable published federal funds rates.

Fair Value of Financial Instruments

FASB Accounting Standards Codification ("ASC") 820-10 requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet for which it is practicable to estimate fair value. ASC 820-10 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The three levels of the fair value hierarchy are as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- Level 3 Valuations based on inputs that are unobservable, supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amount of the Company's derivative liability of \$1,109,000 and \$1,165,000 as of March 31, 2020 and December 31, 2019, respectively, was based on Level 2 measurements.

The carrying amounts of the Company's other financial assets and liabilities, such as cash, accounts receivables, inventory, prepaid expense, accounts payable and accrued payables and notes payable, approximate their fair values because of the short maturity of these instruments.

Acquisitions and Business Combinations

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and separately identified intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets. Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from, acquired technology, trade-marks and trade names, useful lives, and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. During the measurement period, which is one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings.

Goodwill

The Company adopted FASB ASC Topic 350 *Goodwill and Other Intangible Assets*. In accordance with ASC Topic 350, goodwill, which represents the excess of the purchase price and related costs over the value assigned to net

tangible and identifiable intangible assets of businesses acquired and accounted for under the purchase method, acquired in business combinations is assigned to reporting units that are expected to benefit from the synergies of the combination as of the acquisition date. Under this standard, goodwill and intangibles with indefinite useful lives are no longer amortized. The Company assesses goodwill and indefinite-lived intangible assets for impairment annually during the fourth quarter, or more frequently if events and circumstances indicate impairment may have occurred in accordance with ASC Topic 350. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company records an impairment loss equal to the difference. ASC Topic 350 also requires that the fair value of indefinite-lived purchased intangible assets be estimated and compared to the carrying value. The Company recognizes an impairment loss when the estimated fair value of the indefinite-lived purchased intangible assets is less than the carrying value.

Identifiable intangible assets are stated at cost and accounted for based on whether the useful life of the asset is finite or indefinite. Identified intangible assets with finite useful lives are amortized using the straight-line methods over their estimated useful lives. Intangible assets with indefinite lives are not amortized to operations, but instead are reviewed for impairment at least annually, or more frequently if there is an indicator of impairment, the Company does not own any indefinite lived intangible assets.

During the year ended December 31, 2019, the Company recorded an impairment charge of \$4,578,000 related to the recorded goodwill of SkyAuction.com.

Intangible Assets with Finite Useful Lives

We have certain finite lived intangible assets that were initially recorded at their fair value at the time of acquisition. These intangible assets consist of intellectual property, customer relationships, and capitalized software development costs. Intangible assets with finite useful lives are amortized using the straight-line method over their respective provisional estimated useful lives.

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.

During the year ended December 31, 2019, the Company recorded an impairment charge of \$3,796,000 related to the recorded intangible assets of SkyAuction.com.

Lease

Prior to January 1, 2019, the Company accounted for leases under ASC 840, Accounting for Leases. Effective January 1, 2019, the Company adopted the guidance of ASC 842, Leases, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. The Company adopted ASC 842 using a modified retrospective approach. The Company's lease obligations through December 31, 2018 were principally under month-to-month leasing arrangements, or under existing leases whose lease term expired in fiscal 2019, as such, there was no effect of adoption of this standard on January 1, 2019 on previous reported balances, and no cumulative-effect adjustment to accumulated deficit was necessary. The Company accounts for the lease and non-lease components of its office lease as a single lease component. Lease expense is recognized on a straight-line basis over the lease term. During the year ended December 31, 2019, the Company entered into a new lease agreement that resulted in the recognition of operating lease right-of-use assets of \$149,000, lease liabilities for operating leases of \$110,000 (see Note 6).

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the

fair value reported in the consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

From prior period up to December 31, 2018, financial instruments with down round features often results in liability classification for warrants or in bifurcation of a conversion option, which is then remeasured to fair value through earnings each period. In January 2019, the Company adopted ASU 2017-11 - *DERIVATIVES AND HEDGING (TOPIC 815): (PART I) ACCOUNTING FOR CERTAIN FINANCIAL INSTRUMENTS WITH DOWN ROUND FEATURES* which simplified the accounting for certain financial instruments with down round features. As a result of ASU 2017-11, debt and equity instruments with down round provisions are generally no longer required to be accounted as a derivative liability. The amendments should be applied on a full retrospective basis or on a modified retrospective basis through a cumulative adjustment to opening retained earnings in the year of initial application.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Revenue Recognition

Revenue is recognized when, or as, control of a promised product transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products. Revenue excludes taxes that have been assessed by governmental authorities and that are directly imposed on revenue-producing transactions between the Company and its customers, including sales and use taxes. Revenue recognition is evaluated through the following five-step process:

- 1) identification of the agreement with a customer;
- 2) identification of the performance obligations in the agreement;
- 3) determination of the transaction price;
- 4) allocation of the transaction price to the performance obligations in the agreement; and,
- 5) recognition of revenue when or as a performance obligation is satisfied.

We derive our revenue primarily from our retail business through our websites, but may also derive revenue from sales of merchandise through offline and other channels. Our revenue is derived primarily from merchandise sold at a point in time and shipped to customers. Merchandise sales are fulfilled with Company owned inventory acquired from our vendor partners.

Revenue is recognized when control of the product passes to the customer, typically at the date of shipment (FOB Company) of the merchandise to the customer or when travel reservation dates are confirmed by the travel vendor to be available for use by our customer and is recognized in an amount that reflects the expected consideration to be received in exchange for such goods.

We evaluate the criteria outlined in ASC 606-10-55, Principal versus Agent Considerations, in determining whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. The Company reports revenue on a gross or net basis based on management's assessment of whether the Company acts as a principal or agent in the transaction. To the extent the Company acts as the principal, revenue is reported on a gross basis net of any sales tax from customers, when applicable. The determination of whether the Company acts as a principal or an agent in a transaction is based on an evaluation of whether the Company controls the good or service prior to transfer to the customer.

Customer travel orders are initially recorded as deferred revenue until the travel product purchased are confirmed by the travel vendor to be available for use by our customer. Generally, we require authorization from credit card or other payment vendors whose services we offer to our customers (such as PayPal), or verification of receipt of

payment, before we ship products to consumers. We generally receive payments from our customers before our payments to our suppliers are due. We do not recognize assets associated with costs to obtain or fulfill a contract with a customer.

Shipping and handling is considered a fulfillment activity, as it takes place prior to the customer obtaining control of the merchandise, and fees charged to customers are included in gross revenue upon completion of our performance obligation.

We present revenue net of sales taxes, discounts, and expected refunds.

We record an allowance for returns based on current period revenues and historical returns experience. We analyze actual historical returns, current economic trends and changes in order volume and acceptance of our products when evaluating the adequacy of the sales returns allowance in any accounting period.

Advertising Costs

The Company has marketing relationship agreements with various online companies such as portal networks, contextual sites, search engines and affiliate partners. Advertising costs are generally charged to the Company monthly per vendor agreements, which typically are based on visitors and/or registrations delivered to the site or at a set fee. Agreements do not provide for guaranteed renewal and may be terminated by the Company without cause. Such advertising costs are charged to expense as incurred and reported as part of selling, general and administrative expenses in the accompanying statement of operations. During the three months ended March 31, 2020 and 2019, advertising costs amounted to \$17,000 and \$49,000, respectively

Accounts Receivable

All of the Company's accounts receivable balance is related to trade receivables. Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts, if any, is the Company's best estimate of the amount of probable credit losses in its existing accounts receivable. The Company will maintain allowances for doubtful accounts, estimating losses resulting from the inability of its customers to make required payments for products. Accounts with known financial issues are first reviewed and specific estimates are recorded. The remaining accounts receivable balances are then grouped into categories by the amount of days the balance is past due, and the estimated loss is calculated as a percentage of the total category based upon past history. Account balances are charged off against the allowance when it is probable that the receivable will not be recovered.

Inventory

Inventory consist of travel reservations held for sale. Inventory is stated at the lower of cost to purchase or the current estimated market value of the inventory. We regularly review our inventory quantities on hand and record a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and/or our ability to sell the product(s) concerned. Demand for our products can fluctuate significantly. Factors that could affect demand for our products include unanticipated changes in consumer preferences, general market conditions or other factors, which may result in cancellations of advance reservations. Additionally, our management's estimates of future product demand may be inaccurate, which could result in an understated or overstated provision required for excess and obsolete inventory.

Net Loss Per Share

Basic earnings (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted-average number of common shares and the dilutive effect of contingent shares outstanding during the period. Potentially dilutive contingent shares, which primarily consist of convertible notes, stock issuable to the exercise of stock options and warrants have been excluded from the diluted loss per share calculation because their effect is anti-dilutive.

Concentration

Cash is deposited in one financial institution. The balances held at this financial institution at times may be in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance limits of up to \$250,000.

Segments

The Company determined its reporting units in accordance with ASC 280, “Segment Reporting” (“ASC 280”). Management evaluates a reporting unit by first identifying its’ operating segments under ASC 280. The Company then evaluates each operating segment to determine if it includes one or more components that constitute a business. If there are components within an operating segment that meet the definition of a business, the Company evaluates those components to determine if they must be aggregated into one or more reporting units. If applicable, when determining if it is appropriate to aggregate different operating segments, the Company determines if the segments are economically similar and, if so, the operating segments are aggregated.

Management has determined that the Company has one consolidated operating segment. The Company’s reporting segment reflects the manner in which its chief operating decision maker reviews results and allocates resources. The Company’s reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments.

Recently Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses - Measurement of Credit Losses on Financial Instruments* (“ASC 326”). ASU 2016-13 requires entities to use a forward-looking approach based on current expected credit losses (“CECL”) to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. ASU 2016-13 is effective for the Company beginning July 1, 2023, and early adoption is permitted. The Company does not believe the potential impact of the new guidance and related codification improvements will be material to its financial position, results of operations and cash flows.

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

Note 4 – Acquisition of SkyAuction

On November 12, 2018, we entered into a merger transaction (the “SkyAuction Merger”) among SkyAuction.com, Inc. (“SkyAuction”), SA Acquisition Corp. and the Company whereby all of the shareholders of SkyAuction exchanged all of their shares of common stock for 7,349 newly issued shares of the Company common stock with a fair value of \$8,268,000 and a 3.0% promissory note (the “Promissory Note”) in the principal amount of \$2,500,000 with a maturity date three years after the closing of the SkyAuction merger”. In addition, Michael Hering, President of SkyAuction, was issued a warrant to acquire 33,333 shares of our common stock that is exercisable for three years at an exercise price of \$7.50 per share as a bonus for arranging the SkyAuction Merger. The warrant included certain features that could result in the reset of the exercise price and was considered to be a derivative liability with a fair value of \$300,000. We believe the acquisition will allow us to leverage the uBid technology and SkyAuction.com platforms and familiar website domain names, product manufacturer relationships, warehousing and distribution logistics, and customer base to enhance our position as a leading online auction and e-commerce marketplace for consumers and businesses.

The Company accounted for the transaction as a business combination using the acquisition method of accounting based on Accounting Standards Codification (“ASC”) 805 — Business Combinations, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best

estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Key factors that contributed to the recognition of the SkyAuction goodwill were the opportunity to consolidate and complement existing content operations, trained workforce, proprietary software and operating platform, and the opportunity to generate future synergies with our existing business. The goodwill will not be amortized but will be tested annually for impairment.

The fair values of the goodwill and intangible assets, as set forth below, were considered provisional at December 31, 2018. The following table summarizes the provisional fair value of the assets assumed in the acquisition:

Purchase Price Allocation		Fair Value
Consideration Paid:		
Common Stock (7,349 shares at a fair value of \$1,125.00 per share)	\$	8,268,000
Issuance of note payable		2,500,000
Less: debt discount		(380,000)
Fair value of warrants issued		300,000
Total consideration paid	\$	<u>10,688,000</u>
Purchase Price Allocation:		
Current assets acquired	\$	651,000
Current liabilities assumed		(1,169,000)
Intellectual property		1,032,000
Software		2,096,000
Customer relationships		3,500,000
Goodwill		4,578,000
Total Purchase Price	\$	<u>10,688,000</u>

The Company estimated that the recorded provisional intangible assets would have the following useful lives and was being amortized accordingly:

	Estimated Fair Value	Estimated Useful Life in Years
Intellectual property	\$ 1,032,000	3
Software	2,096,000	3
Customer relations	3,500,000	5
Goodwill	4,578,000	-
Total	<u>\$ 11,206,000</u>	

After the acquisition date of November 12, 2018, the results of operations for SkyAuction have been included in the Company's consolidated statements of operations.

During the year ended December 31, 2018, the Company recorded amortization expense of \$315,000. As of December 31, 2018, the unamortized balance of the intangible assets amounted to \$6,313,000 and goodwill of \$4,578,000 for a total of \$10,891,000 at December 31, 2018. During the year ended December 31, 2019, the Company recorded amortization expense of \$2,517,000 to reflect amortization through September 30, 2019.

During the fourth quarter of fiscal 2019, Management was in the process of finalizing its purchase price allocation. The completion and finalization of the purchase price allocation requires thoughtful, objective judgment and evidence-based facts in order to support a fair value assertion. The valuation also includes highly subjective and forward-looking nature of many projections and estimates that will affect the Company's business as well as the

historical and recent results of operations of SkyAuction. In addition, during the fourth quarter of 2019, the Company conducted its annual impairment analysis, considering multiple qualitative observations and indicators, including our customer relationships, market penetration expectations and barriers, and our anticipated competitive environment. In addition, we assessed the operating results of our SkyAuction reporting unit against the quantitative assumptions we used when determining the initial fair values associated with the 2018 business combination.

Based upon the operations of SkyAuction and the facts and circumstance of the industry it operates, due to a number of factors, Management has concluded that it was no longer possible to determine reasonable and objectively supportable projections and estimates to complete and finalize the purchase price allocation associated with the SkyAuction acquisition. Additionally, Management has concluded that as of December 31, 2019 it is no longer possible to determine a reasonable and objectively supportable fair value for the goodwill and identifiable intangible assets associated with the SkyAuction acquisition. Accordingly, the Company recorded a goodwill impairment charge of \$4,578,000 and \$3,796,000 impairment charge for the unamortized intangible assets for a total impairment charges of \$8,374,000 as of December 31, 2019.

Note 5 – Acquisition of Restaurant.com

In March 2020, the Company completed an asset purchase agreement with Restaurant.com, an entity engaged in the business of online marketing for participating restaurants throughout the United States. As part of the agreement, the Company acquired certain tangible and intangible assets as well as assumed certain liabilities of Restaurant.com. In exchange, the Company paid the owner of Restaurant.com, \$725,000, issued a three year, 6% promissory note of \$1,500,000 convertible at the option of the Company to common shares and issued 363,889 shares of the Company's common stock with a fair value of \$3,275,000 for a total purchase price of \$5,500,000. The transaction has been accounted for as purchase of a business.

The Company accounted for the transaction as a business combination using the acquisition method of accounting based on Accounting Standards Codification (“ASC”) 805 — Business Combinations, which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Key factors that contributed to the recognition of the SkyAuction goodwill were the opportunity to consolidate and complement existing content operations, trained workforce, proprietary software and operating platform, and the opportunity to generate future synergies with our existing business. The goodwill will not be amortized but will be tested annually for impairment.

The fair values of the goodwill and intangible assets, as set forth below, were considered provisional at December 31, 2018. The following table summarizes the provisional fair value of the assets assumed in the acquisition:

Purchase Price Allocation**Fair Value****Consideration Paid:**

Common Stock(363,889 shares at a fair value of \$9.00 per share)	\$ 3,275,000
Issuance of note payable	1,500,000
Cash payment	725,000
Total consideration paid	<u>\$ 5,500,000</u>

Purchase Price Allocation:

Current assets	\$ 964,000
Intellectual property	1,596,000
Customer relationships	1,140,000
Goodwill	1,800,000
Total Purchase Price	<u>\$ 5,500,000</u>

The Company estimated that the recorded provisional intangible assets would have the following useful lives and was being amortized accordingly:

	<u>Estimated Fair Value</u>	<u>Estimated Useful Life in Years</u>
Intellectual property	\$ 1,596,000	3
Customer relations	1,140,000	5
Goodwill	1,800,000	-
Total	<u>\$ 4,536,000</u>	

After the acquisition date of March 1, 2020, the results of operations for Restaurant.com have been included in the Company's consolidated statements of operations.

Note 6 – Deposit to Credit Card Processor

As a result of the acquisition of SkyAuction in November 2018, the Company assumed a deposit of \$350,000 due from JetPay, the Company's credit card processor. The JetPay is a publicly traded U.S. company and is an end-to-end processor of credit and debit card and automated clearing house ("ACH") payment transactions that focuses on processing omni-channel (internet, mobile, and point-of-sale) transactions and recurring billings for traditional retailers, government and utility, and service providers. The security deposit is refundable in case the agreement is terminated. Outstanding security deposit to JetPay was \$350,000 as of December 31, 2018.

During the year ended December 31, 2019, \$175,000 of the deposit was returned to the Company resulting in an outstanding balance of \$175,000 at December 31, 2019 and March 31, 2020, respectively.

Note 7 – Lease

Prior to January 1, 2019, the Company accounted for leases under ASC 840, Accounting for Leases. Effective January 1, 2019, the Company adopted the guidance of ASC 842, Leases, which requires an entity to recognize a right-of-use asset and a lease liability for virtually all leases. The Company adopted ASC 842 using a modified retrospective approach. The Company's lease obligations through December 31, 2018 were principally under month-to-month leasing arrangements, or under existing leases whose lease term will expire in fiscal 2019. As such, there was no cumulative effect of the adoption of this standard and no cumulative-effect adjustment to retained earnings is necessary. Going forward for all new leases, lease assets will be presented as operating lease right-of-use assets and the related liabilities are presented as lease liabilities in our consolidated balance sheets.

Operating lease right-of-use (“ROU”) assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Generally, the implicit rate of interest in lease arrangements is not readily determinable and the Company utilizes its incremental borrowing rate in determining the present value of lease payments. The Company's incremental borrowing rate is a hypothetical rate based on its understanding of what its credit rating would be. The operating lease ROU asset includes any lease payments made and excludes lease incentives.

In May 2019, the Company signed a new lease for its office located in Norcross, Georgia. The lease has a term of 60 months and with an average base rent of approximately \$2,600 per month. Pursuant to ASU 2016-02, the Company recorded a right-of-use asset of \$149,000 based upon the present value of all lease payments and the fair value of common shares issued and corresponding liability of \$110,000 upon possession and control of the leased premise in August 2019.

The supplemental balance sheet information related to leases for the period is as follows:

Operating leases

	March 31, 2020
Operating lease right-of-use assets	\$ 132,000
Total operating lease right-of-use assets	132,000
Operating lease liability, current	\$ 9,000
Operating lease liability, noncurrent	96,000
Total operating lease liabilities	\$ 105,000

Maturities of operating lease liabilities as of December 31, 2019 are as follows:

For Years Ending December 31,

2020 (nine months remaining)	\$ 16,000
2021	21,000
2022	32,000
2023	34,000
2024 and thereafter	20,000
Total lease payments	123,000
Less: imputed interest	(18,000)
Present value of operating lease liabilities	\$ 105,000

Note 8 – Convertible Debt Assumed Upon Reverse Merger, Past Due

In November 2018, the Company entered into a merger agreement with Incumaker Inc. (see Note 1). As part of the merger, Ubid assumed outstanding convertible notes payable previously issued by Incumaker. The Notes have interest rates ranging from 8% to 22% per annum and are all past due. The notes are convertible at the lesser of \$0.07 or 70% of the lowest trade price of the common stock in the 5 days prior to conversion. As a result, the number of shares to be issued upon conversion is not explicitly limited and the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. Pursuant to ASC 815, the Company accounted for these conversion option as liabilities and were bifurcated from the debt host and accounted for as a derivative liability in accordance with ASC 815 and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations (see Note 13).

During the year ended December 31, 2019 notes payable with a principal balance of \$72,000 and accrued interest due of \$61,000 or a total \$133,000 were converted into 85,904 shares of the Company's common stock. In addition, the Company also accrued interest of \$18,000.

The balance of the notes at March 31, 2020 and December 31, 2019 was \$225,000 respectively.

Note 9 – Convertible Notes Payable

	<u>Issuance Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at</u>	
				<u>March 31, 2020</u>	<u>December 31, 2019</u>
8-10% Convertible Notes	various	8-10%	12/2017-9/2018	\$ 1,065,000	\$ 1,065,000
8% Convertible Note	various	8%	11/7/19- 9/16/20	1,070,000	1,070,000
				2,135,000	2,135,000
Less: Debt Discount				(220,000)	(400,000)
Total convertible notes payable, net of discount				<u>\$ 1,915,000</u>	<u>\$ 1,735,000</u>

8-10% Notes Payable Past Due

During 2016 through December 31, 2017, the Company issued convertible notes payable in the aggregate of \$380,000. The notes are unsecured, bears interest rate of 8% and 10% per annum, matured one year from issuance and are convertible to common shares at \$2.00 per share. Pursuant to current accounting guidelines, the Company recorded a debt discount of \$86,000 to account the beneficial conversion feature of these convertible notes payable. The debt discount is being amortized over the term of the notes payable.

In a separate issuance, the Company issued notes payable in the aggregate of \$685,000. These notes are convertible to equity upon completion of a Qualified Equity Financing amounting to \$2.5 million. In addition, the Company will also grant the corresponding note holders a five-year warrant to purchase shares of common stock once the Qualified Equity Financing is consummated and the notes are convertible to equity. The Company will account any beneficial conversion feature of the notes payable and the warrants to be granted once the Qualified Equity Financing has occurred or the contingency has been satisfied.

During the year ended December 31, 2019, the Company accrued interest of \$110,000. As of December 31, 2019, outstanding balance of the notes payable amounted to \$1,065,000 and accrued interest of \$267,000.

During the three months ended March 31, 2020, the Company accrued interest of \$23,000. As of March 31, 2020, outstanding balance of the notes payable amounted to \$1,065,000 and accrued interest of \$290,000.

As of March 31, 2020 the notes payable are past due.

8% Note Payable

During the year ended December 31, 2018, the Company issued an 8% convertible note payable with an outstanding principal balance of \$220,000 in receipt of cash proceeds of \$200,000, resulting in a \$20,000 discount upon issuance. The note is unsecured, bears interest at 8% per annum and matured in November 2019. The note is convertible at the lesser of \$7.50 or 70% of the average of the three lowest trade prices of the common stock in the 21 days prior to conversion. In addition, the Company issued warrants to acquire 35,000 shares of the Company's common stock at an exercise price of \$7.50 per share subject to downward adjustment based on the Company subsequent sale or grant of any equity security at a lessor amount.

Pursuant to current accounting guidelines, the Company determined that the conversion feature of the note and the adjustable exercise price of the warrant created derivative liabilities upon issuance as the Company is uncertain whether it will have sufficient authorized capital upon conversion of the notes or exercise of the warrants. Accordingly, the Company recorded the fair value of the conversion feature of \$287,000 and the fair value of the warrants of \$315,000 as derivative liabilities upon issuance. The Company recorded a debt discount up to the face amount of the note of \$220,000 to account for the derivative liabilities and original issuance discount, the difference of \$398,000 is reflected as a finance cost in fiscal 2018.

During the year ended December 31, 2019, the Company issued its 8% convertible notes payable with an outstanding principal balance of \$788,000 in exchange for cash of \$750,000 or an original issue discount of \$38,000. These notes are unsecured, bear interest at 8% per annum and will mature starting April 2020 through September 2020. The notes are convertible at the lesser of \$9.00 or 70% of the average of the three lowest trade prices of the common stock in the 10 days prior to conversion. Pursuant to current accounting guidelines, the Company determined that the conversion feature of the notes had created derivative liabilities with a fair value of \$833,000 upon issuance as the Company is uncertain whether it will have sufficient authorized capital upon conversion of the notes (see Note 11).

As part of the issuance, the Company also issued warrants to acquire 132,667 shares of the Company's common stock at an exercise price of \$9.00 per share subject to downward adjustment based on the Company subsequent sale or grant of any equity security at a lesser amount. These warrants are no longer required to be accounted as a derivative liability pursuant to ASU 2017-11 which the Company adopted in January 2019.

The Company recorded a debt discount up to the face value of the notes payable of \$788,000 to account the notes' original issue discount, the fair value of the derivative liability and the relative fair value of the warrants. The debt discount is being amortized over the term of the notes payable. The Company also recorded financing cost of \$145,000 to account the excess of the derivative liability over the recorded debt discount.

During the year ended December 31, 2019 the Company amortized \$576,000 of debt discount and accrued interest of \$44,000. The Company also recorded an additional principal of \$82,000 to account for a penalty interest of an outstanding note payable and made partial payment of \$20,000. As of December 31, 2019, outstanding balance of the notes payable amounted to \$1,070,000, accrued interest of \$47,000 and unamortized debt discount was \$400,000. As of December 31, 2019, and the date of this report, note payable of \$200,000 is past due.

During the three months ended March 31, 2020 the Company amortized \$180,000 of debt discount and accrued interest of \$16,000. As of March 31, 2020 outstanding balance of the notes payable amounted to \$1,070,000, accrued interest of \$63,000 and unamortized debt discount was \$220,000.

As of March 31, 2020, note payable of \$200,000 is past due.

Note 10– Bridge Notes Payable, Past Due

	<u>Issuance Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at</u>	
				<u>March 31, 2020</u>	<u>December 31, 2019</u>
Bridge Note	5/2/2018	2%	5/2/2019	\$ 250,000	\$ 250,000
Bridge Note	1/18/2019	6%	1/18/2020	100,000	100,000
				<u>350,000</u>	<u>350,000</u>
Less: Debt Discount				-	-
Total bridge notes payable, net of discount				<u>\$ 350,000</u>	<u>\$ 350,000</u>

(a) On May 2, 2018 the Company issued a bridge note in the amount of \$275,000. Cash proceeds to the Company was \$250,000 for an original issue discount of \$25,000. The note is unsecured, bears interest at 2% per annum and

matures in May 2019. Pursuant to current accounting guidelines, the Company recorded a debt discount of \$25,000 to account for the note's original issuance discount.

During the year ended December 31, 2018, the Company accrued interest of \$4,000 and amortized debt discount of \$8,000. As of December 31, 2018, outstanding balance of the note was \$275,000, accrued interest of \$4,000 and unamortized debt discount of \$8,000.

(b) On January 18, 2019, the Company issued another unsecured note for \$100,000 in exchange for cash. The note bears interest of 6% per annum with a maturity date of January 18, 2020.

During the year ended December 31, 2019, the Company accrued interest of \$11,000 and amortized the remaining debt discount of \$8,000. As of December 31, 2019, outstanding balance of the notes payable amounted to \$350,000 and accrued interest of \$15,000. As of December 31, 2019 and the date of this report, the notes payable are past due.

During the three months ended March 31, 2020, the Company accrued interest of \$11,000 and amortized the remaining debt discount of \$8,000. As of March 31, 2020, outstanding balance of the notes payable amounted to \$350,000 and accrued interest of \$15,000. As of March 31, 2020 the notes payable are past due.

Note 11 – Acquisition Note Payable to Related Party

	<u>Balance at</u>	
	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Acquisition Note Payable	\$2,500,000	\$2,500,000
Less: Debt Discount	(202,000)	(233,000)
Total note payable, net of debt discount	<u>\$ 2,298,000</u>	<u>\$ 2,267,000</u>

Pursuant to the terms of the SkyAuction Merger Agreement, in November 2018, the Company entered into a secured promissory note in the principal amount of \$2,500,000 with a maturity date of three years. The Promissory Note bears interest at a rate of 3% per annum and is secured by all assets of SkyAuction under the terms of a Guaranty Agreement. In addition, the principal amount is to be paid equal to 15% of each capital raise we complete (less any finder's or underwriter's fees) during the term of the note. The accrued interest is payable in cash or in shares of common stock at the discretion of the Company.

At the time of the issuance of the note payable, the Company also had several outstanding notes payable with a stated interest rate averaging 12% per annum. The Company determined that the note was issued below market rate. In accordance with current accounting guidelines, the Company recorded a debt discount of \$394,000 to account for imputed interest of 9% due to the below market rate of the note's stated interest.

During the year ended December 31, 2018, the Company accrued interest of \$19,000 and amortized debt discount of \$30,000. As of December 31, 2018, outstanding balance of the note was \$2,500,000, accrued interest of \$19,000 and unamortized debt discount of \$364,000.

In March 2019, the note was amended wherein \$500,000 of the outstanding principal became due. The amendment did not change any other terms of the original note agreement.

During the year ended December 31, 2019, the Company amortized \$130,000 of the debt discount and accrued interest of \$104,000. As of December 31, 2019, outstanding balance of the note amounted \$2,500,000, accrued interest of \$104,000 and unamortized discount of \$234,000. As of December 31, 2019, \$500,000 of the outstanding note payable is past due.

During the three months ended March 31, 2020, the Company amortized \$130,000 of the debt discount and accrued interest of \$104,000. As of March 31, 2020, outstanding balance of the note amounted \$2,500,000, accrued interest of \$132,000 and unamortized discount of \$234,000.

As of March 31, 2020, \$500,000 of the outstanding note payable is past due.

Note 12 – Acquisition Note Payable

Pursuant to the terms of the Restaurant.com agreement, in March, 2020, the Company entered into a promissory note in the principal amount of \$1,500,000 with a maturity date of three years. The promissory note bears interest at a rate of 6% per annum. The accrued interest is payable in cash or in shares of common stock at the discretion of the Company.

During the three months ended March 31, 2020, the Company accrued interest of \$7,000. As of March 31, 2020, outstanding balance of the note was \$1,500,000, accrued interest of \$7,000.

Note 13 – Derivative Liability

Under authoritative guidance used by the FASB on determining whether an instrument (or embedded feature) is indexed to an entity's own stock, instruments that do not have fixed settlement provisions are deemed to be derivative instruments. The Company has issued certain convertible notes and warrants whose conversion and exercise prices contains reset provisions based on a discounted future market price. However, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to settle the conversion option.

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

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the derivative securities was determined by the remaining contractual life of the derivative instrument. For derivative instruments that already matured, the Company used the estimated life. The expected dividend yield was based on the fact that the Company has not paid dividends to its common stockholders in the past and does not expect to pay dividends to its common stockholders in the future.

During the year ended December 31, 2019, the Company adopted ASU 2017-11, which simplified the accounting for financial instruments with down round features. As a result of this new accounting guideline, instruments with down round provisions are no longer required to be accounted as a derivative liability. The adoption resulted in the reclassification of certain of the Company's derivative liabilities as of December 31, 2018 to equity of \$356,000.

During the three months ended March 31, 2020, the Company recorded a derivative liability a gain of \$56,000 to account for the change in fair value of the derivative liabilities between the reporting periods. As of March 31, 2020 and December 31, 2019, respectively, the derivative liability amounted to \$1,109,000 and \$1,165,000.

	March 31,		December 31,	
	2020		2019	
Stock Price	\$	0.0055	\$	\$ 0.004
Risk free interest rate		.05-.15		1.55-1.60
Expected Volatility		289%		295%
Expected life in years		.04-.75		.29-1.00
Expected dividend yield		0		0
Fair Value – Warrants	\$	0	\$	\$ 0
Fair Value – Note Conversion Feature	\$	1,109,000	\$	\$ 1,165,000
Total	\$	1,109,000	\$	\$ 1,165,000

Note 14 – Related Party Transactions

The Company has an employment agreement, executed in July 2013, with Ketan Thakker, its Chief Executive Office. This agreement provides Mr. Thakker with a salary of \$200,000 per year. During the three months ended March 31, 2020 and 2019, the Company incurred \$50,000 of such costs, which are included as part of selling, general and administrative costs. As of March 31, 2020 and December 31, 2019, accrued payable to Mr. Thakker under this contract was \$655,000 and \$631,000, respectively.

From time to time, Michael N. Hering, the Company Chief Merchandising Officer and shareholder, advances funds to the wholly owned subsidiary, SkyAuction for working capital purposes. The balance owing Mr. Hering as of March 31, 2020 December 31, 2019 amounted to \$377,000 and \$202,000, respectively.

Note 15 – Stockholders’ Equity (Deficit)

The following were transactions during the three months ended March 31, 2020:

Issuance of Common Stock for acquisition of Restaurant.com

During the three months ended March 31, 2020, the Company issued 363,889 shares of common stock valued at \$3,275,000 upon acquisition of Restaurant.com. The common shares were valued on the market price at the date of grant.

The following were transactions during the year ended December 31, 2019:

Issuance of Common Stock for services

During the year ended December 31, 2019, the Company issued 15,000 shares of common stock with a fair value of \$144,000 to the three newly appointed members of the Company’ Board Directors for services rendered. In addition, the Company issued 8,333 shares of common stock with a fair value of \$42,000 to consultants for services rendered. The common shares were valued on the market price at the date of grant.

Issuance of Common Stock for settlement of debt

During the year ended December 31, 2019, the Company issued 85,904 shares of common stock upon conversion of convertible notes payable and accrued interest in the aggregate of \$133,000.

Issuance of Common Stock for legal settlement

During the year ended December 31, 2019, the Company issued 19,000 shares of common stock to settle lawsuits with a fair value of \$102,000. The common shares were valued on the market price at the date of settlement.

Issuance of Common Stock for lease agreement

During the year ended December 31, 2019, the Company issued 4,333 shares of common stock as additional rent pursuant to a lease agreement (see Note 6). The shares were valued at \$39,000 and was accounted as part of the right of use asset in the accompanying Balance Sheet. The common shares were valued on the market price at the date of the agreement.

Issuance of Common Stock for note payable extension

During the year ended December 31, 2019, the Company issued 2,000 shares of common stock to a note holder as an inducement for extending the maturity date of the note payable. These shares were valued at \$15,000 and was accounted as a financing expense in the accompanying Statements of Operations. The common shares were valued on the market price at the date of grant.

Warrants

A summary of warrants activity as of March 31, 2020 and December 31, 2019 is presented below:

During the year ended December 31, 2018, as part of the purchase with Sky Auction.com, the Company issued warrants to acquire 33,333 shares of our common stock. The warrants are exercisable for three years at an exercise price of \$7.50 per share (see Note 4). In addition, as part of the Company's convertible notes payable, it issued warrants to acquire 35,000 shares of the Company's common stock at an exercise price of \$7.50 per share subject to downward adjustment based on the Company subsequent sale or grant of any equity security at a lessor amount.

During the year ended December 31, 2019, as part of the issuance of the Company's notes payable, the Company issued warrants to acquire 132,667 shares of the Company's common stock at an exercise price of \$9.00 per share.

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Terms (Years)</u>
Outstanding at December 31, 2019	201,000	\$7.50	2.28
Granted	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Outstanding at March 31, 2020	<u>201,000</u>	\$7.50	2.03

The outstanding warrants had no intrinsic value as of March 31, 2020 as the exercise price of these warrants were greater than the market price.

Options

A summary of option activity as of March 31, 2020 and December 31, 2019 is presented below:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted-Average Remaining Contractual Terms (Years)</u>
Outstanding at December 31, 2019	5,108	\$363.17	6.50
Granted	-		
Exercised	-		
Forfeited	-		
Outstanding at March 31, 2020	<u>5,108</u>	\$363.17	6.25

The outstanding stock options as of March 31, 2020 has no intrinsic value as the exercise price per share is greater than the market price of the Company's common stock.

Note 16 – Commitments and Contingencies

Legal Proceedings

We are involved in certain legal proceedings that arise from time to time in the ordinary course of our business. Except for income tax contingencies, we record accruals for contingencies to the extent that our management concludes that the occurrence is probable and that the related amounts of loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred. There is no current or pending litigation of any significance with the exception of the matters that have arisen under, and are being handled in, the normal course of business.

On April 17, 2019, a lawsuit was filed by Dupree Productions, LLC against uBid Holdings, Inc. and Ketan Thakker (Case No. L2019000436) in the Circuit Court of DuPage County, Illinois, alleging that a Partial Equity Payment Agreement dated August 1, 2016, intended to compensate services in the amount of \$60,000 in return for shares of uBid common stock was inadequate to compensate for the alleged higher value of the advertising and endorsement services of approximately \$195,000. We intend to vigorously defend against these claims.

On April 27, 2020 uBid Holdings, Inc. was named as a defendant in a case styled Tyler Anderson v. uBid Holdings, Inc. and Ketan Thakker in the Circuit Court of Cook County, Illinois (Case No. 2020L004611). The Complaint alleges that defendants failed to pay a promissory note in the unpaid principal amount of \$250,000 plus interest that was due on May 2, 2019. Defendants intend to vigorously defend themselves against the allegations in this lawsuit.

Note 16 – Subsequent Events

PPP Loan

In April 16, 2020, the Company received loan proceeds in the amount of \$642,000 pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act (the “Cares Act”), which was enacted on March 27, 2020. The note is scheduled to mature in April 2022 and has a 1% interest rate and is subject to the terms and conditions applicable to loans administered by the Small Business Administration (SBA) under the CARES Act. The loan and accrued interest are forgivable as long as the Company uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. Forgiveness of the note is only available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements, and that to obtain forgiveness, the Company must request it and must provide documentation in accordance with the SBA requirements, and certify that the amounts the Company is requesting to be forgiven qualify under those requirements. The Company also understands that it shall remain responsible under the note for any amounts not forgiven, and that interest payable under the note will not be forgiven but that the SBA may pay the loan interest on forgiven amounts.

Disposition of - SkyAuction

While the Company values SkyAuction, adjustments in the business plan and goals of the Company, including the impact of the Covid 19 pandemic, we are redirecting our focus into areas where SkyAuction would play a smaller role. As a result, in June 2019, the Company is in the midst of negotiations for a disposition of SkyAuction on terms favorable to the Company, and in the best interests of our overall business plan. No agreement has been reached as of the date of this filing.

The following supplemental information details the balances related to SkyAuction.com as of and during the year ended December 31, 2019.

	uBid Holdings	SkyAuction	Consolidated Balance at December 31, 2019
Current assets	\$ 185,000	\$ 254,000	\$ 439,000
Other assets	137,000	11,000	148,000
Accounts payables, accrued expenses and other liabilities	(1,526,000)	(1,047,000)	(2,573,000)
Convertible notes payable	(1,735,000)	-	(1,735,000)
Convertible debt assumed upon reverse merger	(225,000)	-	(225,000)
Bridge notes payable	(350,000)	-	(350,000)
Acquisition note payable	(2,267,000)	-	(2,267,000)
Derivative liability	(1,165,000)	-	(1,165,000)
Operating lease liability, non-current	(98,000)	-	(98,000)
Stockholders' deficit	7,044,000	782,000	7,826,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues	\$ -	\$ 4,144,000	\$ 4,144,000
Operating expenses	(1,676,000)	(15,292,000)	(16,968,000)
Loss from operations	(1,676,000)	(11,148,000)	(12,824,000)
Other income (expense)	(1,189,000)	31,000	(1,158,000)
Net loss	<u>\$ (2,865,000)</u>	<u>\$ (11,117,000)</u>	<u>\$ (13,982,000)</u>