

MONAKER GROUP, INC.

FORM 10-Q (Quarterly Report)

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Address	2893 EXECUTIVE PARK DRIVE SUITE 201 WESTON, FL, 33331
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Industry	Broadcasting
Sector	Consumer Cyclical
Fiscal Year	02/28

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

FORM 10-Q

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

For the quarterly period ended: **August 31, 2019**

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

For the transition period from _____ to _____

Commission File No. **001-38402**

MONAKER GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or formation)

26-3509845
(I.R.S. Employer
Identification Number)

**2893 Executive Park Drive
Suite 201
Weston, FL 33331**
(Address of principal executive offices)

(954) 888-9779
(Registrant's telephone number)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.00001 Par Value Per Share	MKGI	The NASDAQ Stock Market LLC (Nasdaq Capital Market)

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

Yes No

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 11, 2019, the registrant had 12,994,034 shares of its common stock, par value \$0.00001 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Monaker Group, Inc. and Subsidiaries
Consolidated Balance Sheet

	August 31, 2019 (Unaudited)	February 28, 2019 (Audited)
Assets		
Current Assets		
Cash	\$ 107,632	\$ 32,979
Prepaid expenses and other current assets	409,804	25,873
Investment in unconsolidated affiliate – Short-term	3,306,907	—
Security deposits	43,529	38,529
Total current assets	<u>3,867,872</u>	<u>97,381</u>
Investment in unconsolidated affiliate	1,849,077	8,096,239
Website Development costs and intangible assets, net	6,776,720	1,941,816
Operating lease Right-of-Use asset	80,397	—
Due from Distributor	—	12,410
Total assets	<u>\$ 12,574,066</u>	<u>\$ 10,147,846</u>
Liabilities and Stockholders' Deficit		
Current Liabilities		
Line of Credit	\$ 1,193,000	\$ 1,193,000
Accounts payable and accrued expenses	822,180	692,383
Other current liabilities	122,413	44,816
Operating lease liability	54,828	—
Convertible promissory notes - related party	700,000	350,000
Total current liabilities	<u>2,892,421</u>	<u>2,280,199</u>
Operating lease liability	25,569	—
Total Liabilities	<u>2,917,990</u>	<u>2,280,199</u>
Commitments and contingencies		
Stockholders' Equity		
Series A Preferred Stock, \$.01 par value; 3,000,000 authorized; no shares issued and outstanding at August 31, 2019 and February 28, 2019	—	—
Common stock, \$.00001 par value; 500,000,000 shares authorized; 12,838,930 and 9,590,956 shares issued and outstanding at August 31, 2019 and February 28, 2019, respectively	128	96
Additional paid-in-capital	121,464,616	114,265,762
Accumulated deficit	(111,808,668)	(106,398,211)
Total stockholders' equity	<u>9,656,076</u>	<u>7,867,647</u>
Total liabilities and stockholders' equity	<u>\$ 12,574,066</u>	<u>\$ 10,147,846</u>

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

Monaker Group, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	For the Three months ended		For the Six months ended	
	August 31, 2019	August 31, 2018	August 31, 2019	August 31, 2018
Revenues				
Travel and Commission revenues	\$ 247,833	\$ 198,307	\$ 269,650	\$ 273,039
Gross revenues	<u>247,833</u>	<u>198,307</u>	<u>269,650</u>	<u>273,039</u>
Cost of revenues	(199,055)	(156,346)	(211,437)	(213,457)
Gross profit	<u>48,778</u>	<u>41,961</u>	<u>58,213</u>	<u>59,582</u>
Operating expenses				
Technology and development	480,121	134,299	978,196	146,702
Stock-based compensation	165,429	8,156	590,661	8,156
Salaries and benefits	384,968	331,792	732,111	692,808
General and administrative	413,762	279,196	687,633	765,411
Selling and promotions expense	2,241	15,024	12,594	53,828
Total operating expenses	<u>1,446,521</u>	<u>768,467</u>	<u>3,001,195</u>	<u>1,666,905</u>
Operating Loss	<u>(1,397,743)</u>	<u>(726,506)</u>	<u>(2,942,982)</u>	<u>(1,607,323)</u>
Other income (expense)				
Valuation (loss) gain, net	(2,557,669)	689,500	(2,409,634)	689,500
Interest expense	(28,101)	(18,044)	(66,514)	(34,713)
Loss on legal settlement	—	(46,200)	—	(46,200)
Gain on sales of assets	—	5,250,000	—	5,250,000
Other income	9,392	—	8,673	—
Total other (expense) income	<u>(2,576,378)</u>	<u>5,875,256</u>	<u>(2,467,475)</u>	<u>5,858,587</u>
Net (loss) income	<u>\$ (3,974,121)</u>	<u>\$ 5,148,750</u>	<u>\$ (5,410,457)</u>	<u>\$ 4,251,264</u>
Weighted average number of common shares outstanding				
Basic	<u>11,056,138</u>	<u>8,063,896</u>	<u>10,540,198</u>	<u>8,107,840</u>
Diluted	<u>11,056,138</u>	<u>8,063,896</u>	<u>10,540,198</u>	<u>8,107,840</u>
Basic net (loss) income per share	\$ (0.36)	\$ 0.64	\$ (0.51)	\$ 0.53
Diluted net (loss) income per share	\$ (0.36)	\$ 0.64	\$ (0.51)	\$ 0.53

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

Monaker Group, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the six months ended August 31, 2019

	Preferred Stock A		Common Stock		Additional	Accumulated	Stockholder'
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Equity
Balances, February 28, 2019	—	\$ —	9,590,956	\$ 96	\$ 114,265,762	\$ (106,398,211)	\$ 7,867,647
Common stock issued for cash			1,000,500	10	1,785,920	—	1,785,930
Warrants Exercised			122,350	1	275,086	—	275,087
Stock issued for stock compensation			123,124	1	370,811	—	370,812
Shares issued for Investor Relations			34,000	—	102,000	—	102,000
Shares issued for intangible assets			1,968,000	20	4,919,980	—	4,920,000
Warrants expired			—	—	(254,943)	—	(254,943)
Net loss			—	—	—	(5,410,457)	(5,410,457)
Balances, August 31, 2019	—	\$ —	12,838,930	\$ 128	\$ 121,464,616	\$ (111,808,668)	\$ 9,656,076

Monaker Group, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the six months ended August 31, 2018

Balances, February 28, 2018	—	\$ —	8,001,266	\$ 80	\$ 111,901,094	\$ (110,696,774)	\$ 1,204,400
Warrants Exercised			147,000	1	385,774	—	385,775
Stock issued for stock compensation			3,300	—	8,155	—	8,155
Shares Retired due to Termination/Breach of Contract			(140,000)	(1)	(1,039,499)	—	(1,039,500)
Shares issued for Settlement			20,000	—	46,200	—	46,200
Anti-Dilution Shares Issued			4,390	—	—	—	—
Net income			—	—	—	4,251,264	4,251,264
Balances, August 31, 2018	—	\$ —	8,035,956	\$ 80	\$ 111,301,724	\$ (106,445,510)	\$ 4,856,294

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

Monaker Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended	
	August 31	August 31
	2019	2018
Cash flows from operating activities:		
Net (loss) income	\$ (5,410,457)	\$ 4,251,264
Adjustments to reconcile net (loss) income to net cash from (used in) operating activities:		
Amortization and depreciation	146,902	140,772
Stock based compensation	115,869	8,155
Valuation (Gain)/Loss, net	2,940,255	(689,500)
Shares issued for Intangible assets	4,920,000	—
Shares issued for Services	102,000	—
Gain on sale of assets	—	(5,250,000)
Legal Settlement	—	46,200
Changes in operating assets and liabilities:		
Increase in other current liabilities	77,597	64,444
Increase in prepaid expenses and other current assets	(376,522)	(62,639)
Increase in Note Receivable	—	(1,600,000)
Increase in Deferred Gain	—	1,600,000
Increase in accounts payable and accrued expenses	129,797	(125,681)
Decrease in security deposits	—	(18,529)
Net cash provided by (used in) operating activities	<u>\$ 2,645,441</u>	<u>\$ (1,635,514)</u>
Cash flows from investing activities:		
Purchase of Intellectual Property/Intangible Assets	(4,981,622)	—
Website development costs	(183)	(846,300)
Net cash used in investing activities	<u>\$ (4,981,805)</u>	<u>\$ (846,300)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants	1,785,930	—
Proceeds from exercise of common stock warrants	275,087	385,775
Proceeds from Shareholder loans	700,000	520,000
Payment on shareholder loans	(350,000)	—
Net cash provided by financing activities	<u>\$ 2,411,017</u>	<u>\$ 905,775</u>
Net increase (decrease) in cash	<u>\$ 74,653</u>	<u>\$ (1,576,039)</u>
Cash at beginning of period	<u>\$ 32,979</u>	<u>\$ 1,604,414</u>
Cash at end of period	<u>\$ 107,632</u>	<u>\$ 28,375</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 66,514</u>	<u>\$ 34,713</u>
Cash paid for Taxes	<u>—</u>	<u>—</u>

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

Notes to the Consolidated Financial Statements

(Unaudited)

Note 1 – Summary of Business Operations and Significant Accounting Policies

Nature of Operations and Business Organization

Monaker Group, Inc. and its subsidiaries (“Monaker”, “we”, “our”, “us”, or “Company”) operate online marketplaces. We believe the most promising part of our business plan is the incorporation of Monaker’s proprietary Booking Engine and sizeable alternative lodging rental (ALR) properties into well-established marketplaces (i.e. a business-to-business (B2B) model) thereby facilitating easy access of alternative lodging rentals inventory to contracted global distributor partners.

The Company serves three major constituents: (1) property managers, (2) travelers, and (3) other travel/lodging distributors. Property managers integrate their detailed property listings into the Monaker Booking Engine with the goal of reaching a broad audience of travelers seeking ALRs through distribution channels they could not access otherwise.

Interim Financial Statements

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“US GAAP”) for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, the consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. These consolidated financial statements should be read in conjunction with the financial statements for the fiscal year ended February 28, 2019 and notes thereto and other pertinent information contained in our Form 10-K/A (Amendment No. 1) the Company has filed with the Securities and Exchange Commission (the “SEC”) on June 14, 2019.

The results of operations for the six months ended August 31, 2019, are not necessarily indicative of the results to be expected for the full fiscal year ending February 29, 2020.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material inter-company transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These differences could have a material effect on the Company’s future results of operations and financial position. Significant items subject to estimates and assumptions include the allowance for doubtful accounts, the fair value of investments, the carrying amounts of intangible assets, depreciation and amortization, the valuation of stock options and deferred income taxes.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. The Company had no cash equivalents at August 31, 2019 and February 28, 2019.

Website Development Costs

The Company accounts for website development costs in accordance with Accounting Standards Codification (ASC) 350-50 “Website Development Costs”. Accordingly, all costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage that meet specific criteria are capitalized, and costs incurred in the day to day operation of the website are expensed as incurred. All costs associated with the websites are subject to straight-line amortization over a three-year period.

Software Development Costs

The Company capitalizes internal software development costs subsequent to establishing technological feasibility of a software application in accordance with guidelines established by “ASC 985-20-25” Accounting for the Costs of Software to be Sold, Leased, or Otherwise Marketed, requiring certain software development costs to be capitalized upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of the recoverability of these costs require considerable judgment by management with respect to certain external factors such as anticipated future revenue, estimated economic life, and changes in software and hardware technologies. Amortization of the capitalized software development costs begins when the product is available for general release to customers. Capitalized costs are amortized based on the straight-line method over the remaining estimated economic life of the product.

Impairment of Intangible Assets

In accordance with ASC 350-30-65 “Goodwill and Other Intangible Assets”, the Company assesses the impairment of identifiable intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important, which could trigger an impairment review include the following:

1. Significant underperformance compared to historical or projected future operating results;
2. Significant changes in the manner or use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of an intangible asset may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flows, the Company records an impairment charge. The Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent to the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows. Intangible assets that have finite useful lives are amortized over their useful lives. The Company incurred amortization expense of \$146,902 and \$140,772 during the six months ended August 31, 2019 and 2018, respectively.

Convertible Debt Instruments

The Company records debt net of debt discount for beneficial conversion features and warrants, on a relative fair value basis. Beneficial conversion features are recorded pursuant to the Beneficial Conversion and Debt Topics of the Financial Accounting Standards Board (FASB) Accounting Standards Codification. The amounts allocated to warrants and beneficial conversion rights are recorded as debt discount and as additional paid-in-capital. Debt discount is amortized to interest expense over the life of the debt.

Reclassification

The Company reclassified the Equity investment account of the Verus International, Inc. (formerly known as RealBiz Media Group, Inc. (“Verus”)) common stock from the “Investment in unconsolidated affiliate” account to the “Investment in unconsolidated affiliate – Short-term” account. As of August 31, 2019, the Company held 127,188,748 shares at a value of \$0.026 per share which amounted to \$3,306,907. The Company plans to liquidate the Verus common stock within a year. The reclassification has no impact on net loss.

Earnings per Share

Basic earnings per share are computed by dividing net income or loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. On February 12, 2018, we effected a 1:2.5 reverse stock-split of all of our outstanding shares of common stock, which has been retroactively reflected herein.

Revenue Recognition

We recognize revenue when the customer has purchased the product, the occurrence of the earlier of date of travel or the date of cancellation has expired, the sales price is fixed or determinable and collectability is reasonably assured.

Revenue for customer travel packages purchased directly from the Company are recorded gross (the amount paid to the Company by the customer is shown as revenue and the cost of providing the respective travel package is recorded to cost of revenues).

We generate our revenues from sales directly to customers as well as through other distribution channels of tours and activities at destinations throughout the world. We also generate revenue from commissions on bookings and sales of ancillary products and services.

Payments for tours or activities received in advance of services being rendered are recorded as deferred revenue and recognized at the earlier of the date of travel or the last date of cancellation (i.e., the customer's refund privileges lapse).

Cost of Revenue

Cost of revenue consists of cost of the tours and activities, commissions and merchant fees charged by credit card processors.

Selling and Promotions Expense

Selling and promotion expenses consist primarily of advertising and promotional expenses, expenses related to our participation in industry conferences, and public relations expenses.

Warrant Modifications

The Company treats a modification of the terms or conditions of an equity award in accordance with ASC Topic 718-20-35-3 by treating the modification as an exchange of the original award for a new award. In substance, the entity repurchases the original instrument by issuing a new instrument of equal or greater value, incurring additional compensation cost for any incremental value. Incremental compensation cost shall be measured as the excess, if any, of the fair value of the modified award determined in accordance with the provisions of this Topic over the fair value of the original award immediately before its terms are modified, measured based on the share price and other pertinent factors at that date.

Fair Value of Financial Instruments

The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as 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 market data for substantially the full term of the assets or liabilities.

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities from Equity".

The Company uses Level 3 inputs for its valuation methodology for the warrant derivative liabilities and embedded conversion option liabilities.

The Company has \$-0- of convertible promissory notes that include embedded conversion options at August 31, 2019 and February 28, 2019.

Going Concern

As of August 31, 2019 and February 28, 2019, the Company had an accumulated deficit of \$111,808,668 and \$106,398,211, respectively. The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern.

We have very limited financial resources. We currently have a monthly cash requirement of approximately \$320,000, exclusive of capital expenditures. We will need to raise substantial additional capital to support the on-going operation and increased market penetration of our products including the development of national advertising relationships, increases in operating costs resulting from additional staff and office space until such time as we generate revenues sufficient to support current operations. We believe that in the aggregate, we could require several millions of dollars to support and expand the marketing and development of our travel products, repay debt obligations, provide capital expenditures for additional equipment and development costs, payment obligations, office space and systems for managing the business, and cover other operating costs until our planned revenue streams from travel products are fully-implemented and begin to offset our operating costs. Our failure to obtain additional capital to finance our working capital needs on acceptable terms, or at all, will negatively impact our business, financial condition and liquidity. As of August 31, 2019, we had approximately \$2,892,421 of current liabilities. We currently do not have the resources to satisfy these obligations, and our inability to do so could have a material adverse effect on our business and ability to continue as a going concern.

Management's plans with regard to this going concern are as follows: the Company will continue to raise funds with third parties by way of public or private offerings and sales of shares of other companies currently owned by the Company. Management and members of the Board are working aggressively to increase the viewership of our products by promoting it across other mediums which we anticipate will result in higher revenues. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan and generate greater revenues. Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern.

Practical Expedients and Exemptions

The Company does not disclose the value of unsatisfied performance obligations since its contracts generally have an original expected term of one year or less and the Company recognizes revenues at the amount to which it has the right to invoice for services performed.

The Company applies a practical expedient, as permitted within ASC 340, to expense as incurred the incremental costs to obtain a contract when the amortization period of the asset that would have otherwise been recognized is one year or less.

Leases

The Company utilizes operating leases for its offices. The Company determines if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's contractual obligation to make lease payments under the lease. Operating leases are included in operating lease right-of-use assets, non-current, and operating lease liabilities current and non-current captions in the consolidated balance sheets.

Operating lease right-of-use assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. Lease agreements may contain periods of free rent or reduced rent, predetermined fixed increases in the minimum rent and renewal or termination options, all impacting the determination of the lease term and lease payments to be used in calculating the lease liability. Lease cost is recognized on a straight-line basis over the lease term. The Company uses the implicit rate in the lease when determinable. As most of the Company's leases do not have a determinable implicit rate, the Company uses a derived incremental borrowing rate based on borrowing options under its credit agreement. The Company applies a spread over treasury rates for the indicated term of the lease based on the information available on the commencement date of the lease.

Recent Accounting Policies Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, "Revenue from Contracts with Customers." The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-9 by one year. As a result, the amendments in ASU 2014-9 are effective for public companies for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Additional ASUs have been issued that are part of the overall new revenue guidance, including: ASU No. 2016-8, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," ASU No. 2016-10, "Identifying Performance Obligations and Licensing," and ASU 2016-12, "Narrow Scope Improvements and Practical Expedients."

The new revenue recognition standard prescribes a five-step model that focuses on transfer of control and entitlement to payment when determining the amount of revenue to be recognized. The new model requires companies to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time for each of these obligations. We adopted the requirements of the new standard effective March 1, 2018 and used the modified retrospective adoption approach.

The impact to our results is not material because the analysis of our contracts under the new revenue recognition standard supports the recognition of revenue at a point in time since control over the asset passes to our customer and there are no more outstanding performance obligations to be satisfied for our travel or tour products or services we distribute to our customers, which is consistent with our current revenue recognition model. In addition, the number of performance obligations under the new standard is not materially different from our contract segments under the existing standard. Lastly, the accounting for the estimate of variable consideration is not materially different compared to our current practice.

Hedge Accounting. In August 2017, the FASB amended the existing accounting guidance for hedge accounting. The amendments require expanded hedge accounting for both non-financial and financial risk components and refine the measurement of hedge results to better reflect an entity's hedging strategies. The new guidance also amends the presentation and disclosure requirements and changes how entities assess hedge effectiveness. The new guidance is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018 with early adoption permitted. The new guidance must be adopted as of March 1, 2019 using a modified retrospective transition with a cumulative effect adjustment recorded to opening retained earnings as of the initial adoption date.

There is no impact to our results as we do not have hedging instruments. We do not have existing hedging relationships nor do we have hedging instruments that have not expired, been sold, terminated or exercised. We have not removed the designation of a hedging relationship.

Leases. In February 2016, the FASB issued new guidance related to accounting and reporting guidelines for leasing arrangements. The new guidance requires entities that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for annual and interim reporting periods beginning after December 15, 2018. Early adoption is permitted and should be applied using a modified retrospective approach. We adopted this guidance as of March 1, 2019. The Company elected available practical expedients permitted under the guidance, which among other items, allows the Company to (i) carry forward its historical lease classification, (ii) not reassess leases for the definition of “lease” under the new standard, (iii) utilize a discount rate as of the effective date and (iv) not record leases that expired or were terminated prior to the effective date. Accordingly, the Company recorded operating lease Right-of-Use asset and operating lease liability at the adoption date.

Recent Accounting Pronouncements Not Yet Adopted

Measurement of Credit Losses on Financial Instruments. In June 2016, the FASB issued new guidance on the measurement of credit losses for financial assets measured at amortized cost, which includes accounts receivable, and available-for-sale debt securities. The new guidance replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. This update is effective for annual periods beginning after December 15, 2019, including interim periods within those annual periods. Early adoption is permitted for annual periods beginning after December 15, 2018, including interim periods within those annual periods. We are in the process of evaluating the impact of adopting this new guidance on our consolidated financial statements.

Note 2 – Note Receivable

Current

\$230,000 Promissory Note from Bettwork Industries Inc.

On October 10, 2018, we entered into a Promissory Note with Bettwork Industries Inc. (“Bettwork”), a related party, in the amount of \$200,000 which was amended and superseded by an Amended Promissory Note dated October 19, 2018, in the amount of \$230,000 (the “Bettwork Note”). The Bettwork Note bears interest at 12% per year and matured on February 28, 2019. All interest and the principal balance are due and payable on the maturity date. The Bettwork Note includes a “Default Rate” of eighteen percent (18.0%) per annum and is secured by all of the outstanding preferred stock shares held by the Chairman of the Board of Directors of Bettwork (which provide for super-majority voting rights) and Bettwork is precluded from issuing additional shares of common stock or preferred stock without consent from Monaker. In November 2018, a payment of \$40,000 was received and the outstanding principal balance of the Bettwork Note as of August 31, 2019 and February 28, 2019 is \$190,000 and \$190,000, respectively. An allowance for bad debt of \$190,000 (i.e., 100%) was reserved against the Bettwork Note as of August 31, 2019 and February 28, 2019; this amount was recognized as a bad debt expense and is included in general and administrative expenses.

On March 12, 2019, and effective on February 28, 2019, we and Bettwork entered into a First Amendment to Amended Promissory Note (the “Note Amendment”), which amended the Bettwork Note to: (a) extend the maturity date thereof from February 28, 2019 to August 31, 2019; (b) provide Monaker the right to convert the principal and accrued interest owed under the Bettwork Note into common stock of Bettwork at a conversion price of \$0.75 per share (as equitably adjusted for stock splits and recapitalizations); and (c) provide that Bettwork is required to provide Monaker at least 10 days written notice before any prepayment of the Bettwork Note. The Note Amendment also included a beneficial ownership limit, prohibiting Monaker from converting the Bettwork Note, if doing so would result in Monaker (together with its affiliates and/or any persons acting as a group together with Monaker) beneficially owning more than 19.99% of Bettwork’s outstanding common stock after giving effect to such conversion, provided that, at the election of Monaker and with at least 61 days’ written notice to Bettwork, such beneficial ownership limitation may be decreased (but not increased) to whatever percentage Monaker may determine. The Bettwork Note had a balance of \$190,000 at the time of the parties’ entry into the Note Amendment. Interest and principal have been paid through the date of the original maturity (in the amount of \$40,000 of principal and \$9,255.31 of interest as of February 28, 2019). The Note Amendment is an extension to pay the principal, under the same terms and conditions as the Bettwork Note. The interest on the Bettwork note has not been paid as of August 31, 2019.

The Bettwork Note was extended on October 10, 2019, and effective on August 31, 2019, to extend the maturity date from August 31, 2019 to February 29, 2020. All terms of the Bettwork Note remained unchanged.

Conversion of \$750,000 Promissory Note Into 1,000,000 Common Stock Shares of Bettwork Industries Inc.

On May 16, 2016, the Company entered into a Membership Interest Purchase Agreement with Crystal Falls Investments, LLC (“Crystal Falls”), for the sale of its 51% membership interest in Name Your Fee, LLC, in exchange for a Promissory Note, maturing on May 15, 2018, in the amount of \$750,000 (the “Name Your Fee Note”). The Name Your Fee Note does not accrue interest, is secured by the 51% membership interest in Name Your Fee, LLC and was to be repaid through 20% of the net earnings received in NameYourFee.com through maturity. The Name Your Fee Note contains standard and customary events of default. The principal amount of the note was due on May 15, 2018 and was in default.

On August 31, 2017, we entered into an Assignment and Novation Agreement (the “Assignment”) with Bettwork and Crystal Falls. Pursuant to the Assignment, the Name Your Fee Note, which had a principal balance of \$750,000 as of the date of the Assignment, was assigned from Crystal Falls to Bettwork, we agreed to only look to Bettwork for the repayment of the Name Your Fee Note, Bettwork agreed to repay the Name Your Fee Note pursuant to its terms, and we provided Crystal Falls a novation of amounts owed thereunder. Crystal Falls also released us from any and all claims in connection with such Name Your Fee Note and any other claims which Crystal Falls then had. The Assignment also amended the Name Your Fee Note to include an option which allowed us to convert the amount owed under the Name Your Fee Note into shares of Bettwork’s common stock at a conversion price of \$1.00 per share. On July 2, 2018, this promissory note was exchanged for 1,000,000 shares of Bettwork’s common stock at \$0.75 per share. The outstanding principal balance of the Name Your Fee Note as of August 31, 2019 and February 28, 2019 is \$0, and, an allowance for bad debt of \$750,000 (i.e., 100%) was reserved against the Name Your Fee Note as of February 28, 2018; this amount was recognized as a bad debt expense included in general and administrative expenses during the fiscal year ended February 28, 2018. Upon the exchange of the note for common stock shares of Bettwork, on July 2, 2018, the reserve of \$750,000 was reversed and recognized in net income as other income, gain on sales of assets for the quarter ended August 31, 2018. Bettwork’s common stock is quoted on the OTC Pink market under the symbol “BETW”.

Non-current

Conversion of \$1,600,000 Promissory Note Into 2,133,333 Common Stock Shares of Bettwork Industries Inc.

On November 21, 2017, we entered into a Purchase Agreement and an addendum thereto (the “Purchase Addendum”) with A-Tech LLC (“A-Tech”) on behalf of its wholly-owned subsidiary Parula Village Ltd. (“Parula”) whereby we purchased from A-Tech, through Parula, ownership of 12 parcels of land on Long Caye, Lighthouse Reef, Belize (the “Property”) for 240,000 shares of restricted common stock valued at a total of \$1,500,000. As part of the same consideration, A-Tech agreed to construct 12 vacation rental residences on the Property within 270 days of closing of the transaction (the “Construction Obligation”); and the agreement provided that if the vacation rental residences were not completed within the 270 days, Monaker would cancel 12,000 shares, valued at \$75,000 (of the previously issued 240,000 shares of restricted common stock) for each residence not completed. Additionally, in the event the average closing price of Monaker’s common stock for the 10 trading days prior to the 90th day after the closing of the transaction was less than \$6.25 per share, Monaker was required to issue additional shares of restricted common stock such that the value of the shares issued to A-Tech totaled \$1.5 million. On February 20, 2018 (the first business day following the 90th day after the closing), Monaker issued an additional 66,632 shares of common stock valued at \$4.80 per share, for a total of \$319,834, to meet the 90-day look-back provision for a guaranteed purchase price of \$1.5 million. Bettwork and A-Tech share a common principal.

On May 31, 2018, Monaker and Bettwork entered into an agreement whereby Bettwork acquired the ‘right to own’ the Property from the Company in consideration for a Secured Convertible Promissory Note in the amount of \$1.6 million (the “Secured Note”). The amount owed under the Secured Note accrues interest at a fluctuating interest rate, based on the prime rate, and is due and payable on May 31, 2020. The repayment of the Secured Note is secured by a first priority security interest in the ‘right to own’ and subsequent to the exercise thereof, the Property. Bettwork may prepay the Secured Note at any time, subject to its obligation to provide the Company 15 days prior written notice prior to any prepayment. The Secured Note was convertible into shares of Bettwork’s common stock, at our option, subject to a 9.99% beneficial ownership limitation. The conversion price of the Secured Note was \$1.00 per share, unless, prior to the Secured Note being paid in full, Bettwork completed a capital raise or acquisition and issued common stock or common stock equivalents (including, but not limited to convertible securities) with a price per share (as determined in our reasonable discretion) less than the Conversion Price then in effect (each a “Transaction”), at which time the Conversion Price was to be adjusted to match such lower pricing structure associated with the Transaction (provided such repricing shall continue to apply to subsequent Transactions which occur prior to the Secured Note being paid in full as well). On July 2, 2018, this promissory note was exchanged for 2,133,333 shares of Bettwork’s common stock at \$0.75 per share. The outstanding principal balance of the Secured Note as of August 31, 2019 and February 28, 2019 is \$0. A deferred gain liability of \$1.6 million had been reserved against the Secured Note on May 31, 2018. Upon the exchange of the note for common stock shares of Bettwork, on July 2, 2018, the deferred gain liability reserve of \$1.6 million was reversed and recognized in net income as other income, gain on sales of assets for the quarter ended August 31, 2018. Bettwork’s common stock is quoted on the OTC Pink market under the symbol “BETW”.

Conversion of \$2,900,000 Promissory Note Into 3,866,667 Common Stock Shares of Bettwork Industries Inc.

Effective on August 31, 2017, we entered into a Purchase Agreement (the “Purchase Agreement”) with Bettwork. Pursuant to the Purchase Agreement, we sold Bettwork:

- (a) Our 71.5% membership interest in Voyages North America, LLC, a Delaware limited liability company (“Voyages”), including the voyage.tv website and 16,000 hours of destination and promotional videos;
- (b) Our 10% ownership in Launch360 Media, Inc., a Nevada corporation (“Launch360”);
- (c) Rights to broadcast television commercials for 60 minutes every day on R&R TV network stations which rights remain in place until the earlier of (i) the date the shares of Launch360 are no longer held by Bettwork; and (ii) the date that Launch360 no longer has rights to broadcast television commercials on R&R TV network stations, for whatever reason; and
- (d) Our Technology Platform for Home & Away Club and supporting I.C.E. partnership (collectively (a) through (d), the “Assets”).

Bettwork agreed to pay \$2.9 million for the assets, payable in the form of a Secured Convertible Promissory Note (the “\$2.9 Million Secured Note”). The amount owed under the \$2.9 Million Secured Note accrues interest at the rate of (a) six percent per annum until the end of the last day of the month in which the sale occurred; and (b) the greater of (i) six percent per annum and (ii) the prime rate plus 3 3/4% per annum, thereafter through maturity, which maturity date is August 31, 2020, provided that the interest rate increases to twelve percent upon the occurrence of an event of default. As of August 31, 2019 and February 28, 2019, no interest income has been accrued.

Bettwork may prepay the \$2.9 Million Secured Note at any time, subject to its obligation to provide us 15 days prior written notice prior to any prepayment. The \$2.9 Million Secured Note is convertible into shares of Bettwork’s common stock, at our option, subject to a 4.99% beneficial ownership limitation (which may be waived by us with at least 61 days prior written notice). The conversion price of the \$2.9 Million Secured Note is \$1.00 per share (the “Conversion Price”), unless, prior to the \$2.9 Million Secured Note being paid in full, Bettwork completes a capital raise or acquisition and issues common stock or common stock equivalents (including, but not limited to convertible securities) with a price per share (as determined in our reasonable discretion) less than the Conversion Price then in effect (each a “Transaction”), at which time the Conversion Price will be adjusted to match such lower pricing structure associated with the Transaction (provided such repricing shall continue to apply to subsequent Transactions which occur prior to the Secured Note being paid in full as well). On July 2, 2018, this promissory note was exchanged for 3,866,667 shares of Bettwork’s common stock at \$0.75 per share. The outstanding principal balance of the \$2.9 Million Secured Note as of August 31, 2019 and February 28, 2019 is \$0, and, an allowance of \$2,900,000 (i.e., 100%) had been reserved against the \$2.9 Million Secured Note since its inception on August 31, 2017 through the date of exchange. Upon the exchange of the note into common stock shares of Bettwork on July 2, 2018, the deferred gain liability reserve of \$2.9 million was reversed and recognized in net income as other income, gain on sales of assets for the quarter ended August 31, 2018. Bettwork’s common stock is quoted on the OTC Pink market under the symbol “BETW”.

Note 3 – Investment in Equity Instruments

We assess the potential impairment of our equity method investments when indicators such as a history of operating losses, negative earnings and cash flow outlook, and the financial condition and prospects for the investee’s business segment might indicate a loss in value.

Verus International, Inc. and NestBuilder.com Corp.

We have recognized an impairment loss on investment in unconsolidated affiliate. As of August 31, 2019 and February 28, 2019, Monaker owned 44,470,101 shares of Verus Series A Preferred Stock. This interest was written down to zero (\$0) as of February 28, 2015.

On December 22, 2017, we entered into a Settlement Agreement with Verus, NestBuilder.com Corp. (“Nestbuilder”) and American Stock Transfer & Trust Company, LLC (“AST”) relating to the dismissal with prejudice of certain pending lawsuits with Verus, including Case No.: 1:16-cv-24978- DLG (the “Lawsuits”). As part of the Settlement Agreement, Monaker agreed to pay Nestbuilder \$100,000 and to issue 20,000 shares of Monaker’s restricted common stock to person(s) designated by Nestbuilder; Verus reinstated to Monaker 44,470,101 shares of Verus Series A Convertible Preferred Stock and ratified all rights under the Certificate of Designation as reformed and amended (to provide for a conversion ratio of 1 share of Verus common stock for each 1 share of Verus Series A preferred stock converted) and remove any dividend obligations. The Verus designation was also amended to provide us with anti-dilution protection below \$0.05 per share. Also, as part of the Settlement Agreement, Monaker received 49,411 shares of common stock of Nestbuilder. The agreement further provided for each party to dismiss the Lawsuits with prejudice and for general releases from each party. As a result of the settlement, (i) the investment in equity securities, representing 44,470,101 shares of Verus Series A Preferred Stock, is recorded at \$0 as of August 31, 2019 and February 28, 2019 and, (ii) the investment in equity securities, representing 49,411 shares of Nestbuilder’s common stock, is recorded at \$0 as of August 31, 2019 and February 28, 2019.

On April 10, 2019 and effective on February 8, 2019, we entered into an Inducement Agreement with Verus (the “Inducement Agreement”), pursuant to which we agreed to amend the designation of the Series A Convertible Preferred Stock of Verus (the “Series A Preferred Stock”) (of which we held, and continue to hold, 44,470,101 shares of, which converts into common stock of Verus, and votes on all stockholder matters, on a one-for-one basis, subject to the Ownership Blocker (discussed below)), to remove certain anti-dilution rights described therein; and Verus agreed to issue us 152,029,899 shares of its common stock (valued at approximately \$2.2 million, based on the then current trading price of Verus’ common stock of approximately \$0.015 per share), following Verus’ planned increase in authorized shares of common stock, pursuant to the anti-dilution rights of that certain Settlement Agreement. The 152,029,899 shares were issued to the Company in April 2019.

The designation of the Series A Preferred Stock, as amended, includes a 9.99% beneficial ownership limitation, preventing the Company from converting such Series A Preferred Stock into common stock of Verus (and reducing the voting rights of such preferred stock proportionally), if upon such conversion, the Company, its affiliates and/or any group which it is a part of, would own greater than 9.99% of Verus’ common stock (the “Ownership Blocker”).

In July 2019, 4,744,053 shares of Verus common stock held by the Company were sold to the public in open market transactions. The Company received net proceeds of \$113,591 from such sales. A total of \$43,758 was realized in net income (loss) as other income, valuation loss, net, as a result of such sales.

In August 2019, 15,054,725 shares of Verus held by the Company were sold to the public in open market transactions. The Company received net proceeds of \$283,692 from such sales. A total of \$97,342 was realized in net income (loss) as other income, valuation loss, net, as a result of such sales. In addition, 5,042,373 shares held by the Company of Verus were transferred to the Chief Executive Officer of the Company as described under “Note 4 – Acquisitions and Dispositions”, below.

As of August 31, 2019, the remaining 127,188,748 shares of Verus common stock held by the Company (not including shares of common stock issuable upon conversion of shares of Series A Preferred Stock) were valued at \$0.026 per share which amounted to a fair value of \$3,306,907.

6,142,856 shares of Bettwork Industries Inc. Common Stock (OTC Pink: BETW)

On July 2, 2018, three Secured Convertible Promissory Notes aggregating \$5,250,000 (as described in “Note 2 – Note Receivable”), evidencing amounts we were owed by Bettwork, were exchanged for 7,000,000 shares of Bettwork’s common stock at \$0.75 per share, for a fair value of \$5,250,000 as of July 2, 2018. Bettwork’s common stock has a readily determinable fair value as it is quoted on the OTC Pink market under the symbol “BETW”.

On November 29, 2018 and December 6, 2018, the Company entered into Stock Purchase Agreements with each of (a) the Donald P. Monaco Insurance Trust, of which Donald Monaco is the trustee and the Chairman of the Board of Directors (the “Board”) of the Company; and (b) Charcoal Investment Ltd, which entity is owned by Simon Orange, a member of the Board of Directors of the Company, respectively (collectively, the “Purchasers” and the “Stock Purchase Agreements”). Pursuant to the Stock Purchase Agreements, the Company agreed to sell each of the Purchasers 428,572 shares of restricted common stock (857,144 in total) of Bettwork, which the Company then held (out of the 7 million shares of restricted common stock obtained by the Company pursuant to that certain Debt Conversion Agreement entered into with Bettwork, dated July 3, 2018, as previously disclosed) for an aggregate of \$300,000 (\$600,000 in total), or \$0.70 per share. The purchase price for the Bettwork shares was determined by the Board of Directors of the Company, based on among other things, then recent trading prices of Bettwork’s common stock on the OTC Pink Market, as publicly reported. As additional consideration for entering into the Stock Purchase Agreements, the Company granted each of the Purchasers an option to acquire an additional 1,000,000 shares of restricted common stock of Bettwork for \$700,000 (\$0.70 per share), which option is exercisable by the applicable Purchaser at any time prior to the twenty-four (24) month anniversary of the closing date of the applicable Stock Purchase Agreement. The allocation of the original acquisition price to the shares purchased by the Monaco Trust resulted in a realized loss on the sale of marketable securities of \$21,429. The allocation of the original acquisition price to the shares purchased by Charcoal resulted in a realized loss on the sale of marketable securities of \$21,429.

As of August 31, 2018, the Company had valued the above-noted shares of Bettwork’s common stock at the stock’s trading price which was \$0.70 per share. The carrying value of the Bettwork shares have been marked to market at the end of each reporting period through August 31, 2019.

On February 28, 2019, the shares of Bettwork’s common stock were trading at \$1.24 per share which increased the fair value of the 6,142,856 remaining shares of Bettwork common stock to \$7,617,414 and caused an accumulated fair value gain of \$2,988,572 (\$2,945,714 offset by the \$21,429 loss allocated to Monaco Trust and offset by the \$21,429 loss allocated to Charcoal) to be realized. The change in fair value of \$2,988,572 is recognized in net income (loss) as other income, valuation gain, net, as a valuation gain as of February 28, 2019.

On August 31, 2019, the shares of Bettwork’s common stock were trading at \$0.25 per share which decreased the fair value of the 6,142,856 remaining shares of Bettwork common stock to \$1,535,714 and caused an accumulated fair value loss of \$3,992,856 to be realized. The change in fair value of \$3,992,856 is recognized in net income (loss) as other income, valuation loss, net, as a valuation loss as of August 31, 2019.

Recruiter.com Group, Inc. formerly Truli Technologies Inc (OTCQB: RCRT)

On August 31, 2016, Monaker entered into a Marketing and Stock Exchange Agreement with Recruiter.com (“Recruiter”). The Agreement required Monaker to issue to Recruiter 75,000 shares of Monaker common stock in exchange for 2,200 shares of Recruiter common stock. Also, Monaker issued to Recruiter an additional 75,000 shares of Monaker common stock for marketing initiatives within the Recruiter platform. In essence, Monaker issued 75,000 shares of its common stock to purchase 2,200 shares of Recruiter, and Monaker issued an additional 75,000 shares of its common stock as a prepayment for marketing and advertising within the Recruiter platform. Recruiter was at that time a private company with a platform that companies and individuals use for employment placements.

On January 15, 2019, pursuant to an Agreement and Plan of Merger / Merger Consideration, Truli Technologies Inc which subsequently changed its name to Recruiter.com Group, Inc. (OTCQB: RCRT) (“Recruiter.com”) acquired Recruiter and Monaker exchanged its 2,200 shares in Recruiter for 11,141,810 shares of Recruiter.com common stock.

As of February 28, 2019, each share of Recruiter.com's common stock was valued at \$0.043. Therefore, as of February 28, 2019, the 11,141,810 shares of Recruiter.com common stock were valued at \$479,098 which is included in the valuation gain as of February 28, 2019.

On August 22, 2019, Recruiter.com announced a reverse stock split of its issued and outstanding common stock at a ratio of 1-for-80. This resulted in a reduction in the shares of Recruiter.com's common stock held by the Company from 11,141,810 shares to 139,273 shares, which shares were valued at \$2.70 per share at market closing on the date of the reverse.

As of August 31, 2019, each share of Recruiter.com's common stock was valued at \$2.25 per share which decreased the fair value of the 139,273 shares of Recruiter.com common stock to \$313,363 and caused an accumulated fair value loss of \$125,624 to be realized. The change in fair value of \$125,624 is recognized in net income as other income, valuation loss, net, as a valuation loss as of August 31, 2019.

Note 4 – Acquisitions and Dispositions

On August 31, 2017, we entered into an Assignment and Novation Agreement (the "Assignment") with Bettwork and Crystal Falls, as described in "Note 2 – Note Receivable", above.

On August 31, 2017, we entered into a Purchase Agreement with Bettwork whereby we sold Bettwork Assets in consideration for a \$2.9 Million Secured Note. See "Note 2 – Note Receivable" – "Conversion of \$2,900,000 Promissory Note Into 3,866,667 Common Stock Shares of Bettwork Industries Inc."

Exponential, Inc (XPO)

On October 23, 2017, we entered into a Platform Purchase Agreement with Exponential, Inc. ("XPO"), which offers a white-label e-commerce platform. Pursuant to the Platform Purchase Agreement, XPO agreed to provide us software development services in connection with the development of an e-commerce platform (the Monaker Booking Engine (MBE)) and related application program interfaces (APIs). In consideration for the services agreed to be rendered by XPO, we issued XPO 200,000 shares of restricted common stock, valued at \$1,485,000. Additional consideration for the issuance of the shares included Monaker becoming the exclusive provider of alternative lodging rentals (ALRs) for all travel sales on XPO's platforms.

The investment in the XPO platform included a platform and API to be delivered to Monaker by November 17, 2017. The 200,000 share purchase price included 140,000 shares for granting Monaker exclusivity for all travel sales on the platforms of all of XPO's clients. Monaker was granted a 180 day review period for performance of the platform (through May 16, 2018) and if Monaker concluded, at its sole discretion, that the platform did not perform as expected, Monaker could serve notice to cancel travel exclusivity and only maintain exclusivity in the Alternative Lodging Rental (ALR) category by reducing the number of shares due under the Platform Purchase Agreement to 60,000 shares (i.e., cancelling 140,000 of the Shares). The platform, as contracted with XPO, was delivered and it was continuously upgraded by XPO through May 16, 2018. However, the platform did not perform as represented by XPO and Monaker notified XPO of its intent to cancel the travel exclusivity shares (i.e., 140,000 shares) and cancelled those shares on June 29, 2018. The Company maintained exclusivity with XPO and its clients in the ALR category as agreed in the Platform Purchase Agreement in consideration for 60,000 shares, which were not cancelled. Although the 140,000 shares had not been cancelled as of February 28, 2018, due to agreement to cancel the travel exclusivity shares and the failure to connect Monaker's ALR products to XPO, Monaker reserved 100% of the investment (i.e., 200,000 shares valued at \$1,485,000) retroactively to February 28, 2018, and recognized an impairment loss as of February 28, 2018 and reduced the value of the asset to \$0 as of August 31, 2019 and February 28, 2019.

On June 28, 2018, XPO's travel exclusivity shares were cancelled and \$1,039,500 of equity was recovered from the cancellation of the 140,000 shares. Since the impairment cannot be restored and the asset has already been reduced to \$0, a valuation gain of \$1,039,500 was realized for the value recovered in net income as other income, valuation gain, net.

A-Tech LLC and Bettwork Industries Inc. – Purchase of Right to Own and Conversion of Promissory Notes to Shares of Bettwork

As described above under “Note 2 – Note Receivable” – “Conversion of \$1,600,000 Promissory Note Into 2,133,333 Common Stock Shares of Bettwork Industries Inc”, on November 21, 2017, Monaker entered into and affected the transactions contemplated by the Purchase Agreement, as amended, pursuant to which, among other things, on July 2, 2018, a \$1.6 million promissory note was exchanged for 2,133,333 shares of Bettwork’s common stock at \$0.75 per share. No amount was owed under the Secured Note as of August 31, 2019 and February 28, 2019. A deferred gain liability of \$1.6 million had been reserved against the Secured Note on May 31, 2018. Upon the exchange of the note for common stock shares of Bettwork, on July 2, 2018, the deferred gain liability reserve of \$1.6 million was reversed and recognized in net income as other income, gain on sales of assets. Bettwork’s common stock is quoted on the OTC Pink market under the symbol “BETW”.

Sale of Bettwork Shares to Directors

On November 29, 2018, the Company sold 428,572 shares of Bettwork’s common stock to the Monaco Trust, of which Donald P. Monaco is the trustee and Chairman of the Board of Directors of the Company at \$0.70 per share for a total of \$300,000.

On December 6, 2018, 2018, effective November 29, 2018, the Company sold 428,572 shares of Bettwork common stock to Charcoal Investment Ltd, which entity is owned by Simon Orange, a member of the Board of Directors of the Company (“Charcoal”), at \$0.70 per share for a total of \$300,000.

Transfer of Verus International, Inc to Executive Director

Effective on June 14, 2019, the Compensation Committee of the Board of Directors of the Company approved a bonus to be paid to Mr. William Kerby, the Chief Executive Officer of the Company (which bonus was ratified by the Board of Directors), equal to 40% of his base salary (\$400,000 or a bonus of \$160,000 (the “Bonus”), for his efforts and actions on behalf of the Company during fiscal 2019. The Bonus, in the option of Mr. Kerby, exercisable at any time prior to June 30, 2019, was eligible to be paid: (a) in shares of the Company’s common stock (the “Stock Bonus Option” and the “Option Shares”); (b) by way of the transfer/assignment from the Company to Mr. Kerby of shares of common stock held by the Company of (i) Verus; (ii) Recruiter.com; and/or (iii) Bettwork. Effective on June 17, 2019, Mr. Kerby exercised the Stock Bonus Option as to \$41,000 of the amount owed in connection with the Bonus. In connection with such exercise, the Company issued him 12,812 shares of common stock under the 2017 Equity Incentive Plan. Also effective on June 17, 2019, Mr. Kerby provided notice to the Company of the exercise of the Subsidiary Option, pursuant to which Mr. Kerby requested that \$119,000 of the Bonus be paid in shares of Verus’ common stock and as such, the Company, on August 9, 2019, transferred ownership of 5,042,373 shares of Verus’ common stock (based on an average five day closing price of \$0.0236 per share), equal to \$119,000, to Mr. Kerby, to satisfy the Bonus.

Sale of Verus International, Inc Shares to Public

During the month of July 2019, the Company sold 4,744,053 shares of Verus’ common stock to the public in open market transactions and received gross proceeds of \$117,539 from such sales.

During the month of August 2019, the Company sold 15,054,725 shares of Verus’ common stock to the public in open market transactions and received gross proceeds of \$294,081 from such sales.

IDS, Inc

On August 15, 2019, we entered into an Intellectual Property Purchase Agreement with IDS Inc. (“IDS”), which offers an e-commerce platform. Pursuant to the agreement, the Company purchased certain proprietary technology from IDS for the reservation and booking of air travel, hotel accommodations, car rentals, and ancillary products, services, and amenities, integration of the same with the providers of such products and services, associated functions, including website addresses, patents, trademarks, copyrights and trade secrets relating thereto, and all goodwill associated therewith (collectively, the “IP Assets”). In consideration for the purchase we issued IDS 1,968,000 shares of restricted common stock valued at \$2.50 per share, or \$4,920,000 in aggregate. Although the agreement was dated August 15, 2019, the agreement was not binding upon either party and no party was subject to any enforceable obligations pursuant to the terms of the agreement until August 21, 2019.

In conjunction with the purchase, the Company also entered into an Asset Management Services Agreement with IDS, pursuant to which we agreed to provide financing, facilities, and other support for the operations of the IP Assets. The Management Agreement has a term of 12 months, unless otherwise extended with the mutual consent of the parties.

We were required to pay IDS \$350,000 at the closing as the first payment due pursuant to the terms of the Management Agreement (which payment was timely made) and to make a payment 90 days following the closing date in the amount of \$284,400.

In addition to the payments due pursuant to the Asset Management Services Agreement (described above), the Company entered into an Owner Support Commitment with IDS, based upon the parties mutual agreement as to how to fund the operation and commercial exploitation of the Travel Booking Engine to drive revenues with discretionary spending over a seven (7) month period expected to be up to \$1,200,000.

Note 5 – Line of Credit

On June 15, 2016, we entered into a revolving line of credit agreement with Republic Bank, Inc. of Duluth, Minnesota (“Republic”), in the maximum amount of \$1,000,000. Donald P. Monaco is Vice Chairman and Director at Republic. Amounts borrowed under the line of credit accrue interest at the Wall Street Journal U.S. Prime Rate plus 1% (updated daily until maturity), payable monthly in arrears beginning on July 15, 2016. Any amounts borrowed under the line of credit are originally due on June 15, 2017; however, on June 12, 2017, the line of credit was extended for 90 days through September 13, 2017. On December 22, 2016, the revolving line of credit was increased to \$1,200,000; all other terms of the revolving line of credit remained unchanged. On September 15, 2017, we entered into a replacement revolving line of credit agreement with Republic, which replaced and superseded the prior line of credit with Republic. The replacement extended the due date of the Line of Credit to September 15, 2018. On September 15, 2018, we entered into another replacement revolving line of credit agreement with Republic, which replaced and superseded the prior replacement line of credit with Republic. The Line of Credit remains at \$1.2 million, which borrowed amount is due and payable by us on September 15, 2019. On September 16, 2019, the Company entered into a commercial debt modification agreement with Republic Bank to extend the maturity date of the line of credit to December 15, 2019. The line of credit, as amended and extended, provides that amounts borrowed under the line of credit accrue interest at the Wall Street Journal U.S. Prime Rate plus 1% (updated daily until maturity), payable monthly in arrears beginning on September 28, 2018. The loan contains standard and customary events of default and no financial covenants. As of August 31, 2019 and February 28, 2019, \$1,193,000 is outstanding under the line of credit.

Interest expense charged to operations relating to this line of credit was \$66,514 and \$34,713, for the six months ended August 31, 2019 and 2018, respectively. The Company has accrued interest as of August 31, 2019 and 2018 of \$-0- and \$-0-, respectively.

Note 6 –Related Party Promissory Notes and Transactions

On July 28, 2018, Monaker borrowed \$200,000 from the Donald P. Monaco Insurance Trust, of which Donald P. Monaco is the trustee and Chairman of the Board of Directors of the Company (the “Monaco Trust”). The loan is evidenced by a Promissory Note in the amount of up to \$300,000 (the “Monaco Trust Note”). The amount owed pursuant to the Monaco Trust Note accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default) and was due and payable on September 30, 2018, provided that the note may be prepaid at any time without penalty. The Monaco Trust Note contains standard and customary events of default. This note was repaid on October 2, 2018 through funds raised in our public offering which closed on October 2, 2018.

On August 23, 2018, Monaker borrowed \$300,000 from the Monaco Trust. The loan is evidenced by a Promissory Note in the amount of \$300,000 (the “2nd Monaco Trust Note”). The amount owed pursuant to the 2nd Monaco Trust Note accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default) and was due and payable on September 30, 2018, provided that the note may be prepaid at any time without penalty. The 2nd Monaco Trust Note contains standard and customary events of default. This note was repaid on October 2, 2018 through funds raised in our public offering which closed on October 2, 2018.

On August 14, 2018, William Kerby, the Chief Executive Officer of the Company loaned the Company \$20,000, which was evidenced by a Promissory Note dated August 14, 2018. The loan is evidenced by a Promissory Note in the amount of \$20,000 (the “Kerby Note”). The amount owed pursuant to the Kerby Note accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default) and was due and payable on September 30, 2018, provided that the note may be prepaid at any time without penalty. The Kerby Note contains standard and customary events of default. On September 26, 2018, Mr. Kerby advanced an additional \$7,500 for operating expenses under the same terms and conditions of the \$20,000 Promissory Note; however, the Promissory Note was not amended, nor was a new note entered into for the \$7,500 advance. This Promissory Note, along with the \$7,500 advance, was repaid on October 2, 2018 through funds raised in our public offering which closed on October 2, 2018.

On November 29, 2018, the Company sold 428,572 shares of Bettwork's common stock to the Donald P. Monaco Insurance Trust, of which Donald P. Monaco is the trustee and Chairman of the Board of Directors of the Company, at \$0.70 per share for a total of \$300,000. See also "Note 3 – Investment in Equity Instruments".

On December 6, 2018, effective November 29, 2018, the Company sold 428,572 shares of Bettwork common stock to Charcoal at \$0.70 per share for a total of \$300,000. See also "Note 3 – Investment in Equity Instruments".

On April 3, 2019, the Company borrowed \$125,000 from William Kerby, the Chief Executive Officer and member of the Board of Directors of the Company. The amount borrowed was evidenced by a Promissory Note dated April 3, 2019. The amount borrowed pursuant to the note accrues interest at 12% per annum (18% upon the occurrence of an event of default) and was due and payable on April 30, 2019, provided that Mr. Kerby agreed to extend the due date pending the receipt of funds from the Underwritten Offering. The loan was repaid on May 2, 2019, from funds raised in the Underwritten Offering (discussed below under "Note 7 – Stockholders' Equity" – "Related Party Transactions").

From October 3, 2018, through February 28, 2019, Omar Jimenez (Chief Operating Officer, Chief Financial Officer and Director of the Company), has advanced the Company \$607,000 to meet operating and capital expenses. A total of \$491,000 of the advances were repaid through February 28, 2019, for a balance due Mr. Jimenez of \$116,000 as of February 28, 2019. In March 2019, Mr. Jimenez advanced the Company an additional \$328,000 and, in April 2019, Mr. Jimenez advanced the Company an additional \$112,000 for a total of \$440,000 of which \$250,000 was repaid on March 28, 2019. In summary, Mr. Jimenez has advanced the Company \$1,047,000 for operating and capital expenses of which \$741,000 has been repaid, which amounts to a balance due to Mr. Jimenez of \$306,000 as of April 29, 2019. The amount advanced was repaid on April 29, 2019, from funds raised in the Underwritten Offering (discussed below under "Note 7 – Stockholders' Equity" – "Related Party Transactions"). As of August 31, 2019, the Company owed \$0 to Mr. Jimenez for advances.

On February 4, 2019, the Company borrowed \$150,000 from the Monaco Trust. The loan is evidenced by a Promissory Note in the amount of up to \$700,000 (the "Revolving Monaco Trust Note"). The amount owed pursuant to the Revolving Monaco Trust Note accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default) and is due and payable on February 1, 2020, provided that the note may be prepaid at any time without penalty. The Revolving Monaco Trust Note contains standard and customary events of default. The balance of the Revolving Monaco Trust Note can be accessed by the Company, on a revolving basis, at any time, from time to time, prior to the maturity date of the note, with the approval of the Monaco Trust. On February 14, 2019, the Company borrowed an additional \$200,000 from the Monaco Trust under the Note and on March 27, 2019, the Company borrowed an additional \$250,000 from the Monaco Trust under the Note for a total borrowed from the Monaco Trust Note of \$600,000 as of February 28, 2019. The then amount of the Revolving Monaco Trust Note (\$600,000) was repaid on April 29 2019, from funds raised in the Underwritten Offering (discussed below under "Note 7 – Stockholders' Equity" – "Related Party Transactions").

From June to August 2019, the Company borrowed additional funds from the Monaco Trust as follows; \$200,000 on June 25, 2016, \$50,000 on July 12, 2019, \$100,000 on August 1, 2019, and \$350,000 on August 14, 2019, which amounted to \$700,000, which amount is outstanding under the Revolving Monaco Trust Note as of August 31, 2019.

Note 7 – Stockholders' Equity

Preferred stock

The aggregate number of shares of preferred stock that the Company is authorized to issue is up to One Hundred Million (100,000,000), with a par value of \$0.00001 per share (the "Preferred Stock") with the exception of Series A Preferred Stock shares having a \$0.01 par value per share. The Preferred Stock may be divided into and issued in series. The Board of Directors of the Company is authorized to divide the authorized shares of Preferred Stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. The Board of Directors of the Company is authorized, within any limitations prescribed by law and the articles of incorporation, to fix and determine the designations, rights, qualifications, preferences, limitations and terms of the shares of any series of Preferred Stock.

On August 26, 2016, we converted all of our then outstanding Series B (110,200 shares), Series C (13,100 shares) and Series D (110,156 shares) Preferred Stock, into an aggregate of 444,712 shares of our common stock, pursuant to certain special conversion terms offered in connection therewith and the mandatory conversion terms thereof.

On September 22, 2017, we filed a Certificate of Withdrawal of Certificate of Designations relating to our Series B, Series C and Series D Preferred Stock and terminated the designation of our Series B, Series C and Series D Preferred Stock. The designations previously included (a) 3,000,000 shares of preferred stock designated as Non-Voting Series B 10% Cumulative Convertible Preferred Stock; (b) 3,000,000 shares of preferred stock designated as Non-Voting Series C 10% Cumulative Convertible Preferred Stock; and (c) 3,000,000 shares of preferred stock designated as Non-Voting Series D 10% Cumulative Convertible Preferred Stock. The Certificate of Withdrawal of Certificate of Designations did not affect the Company's previously designated shares of Series A 10% Cumulative Convertible Preferred Stock.

All Series A, B, C and D Preferred Stock shares have been retired. There are no outstanding Series A, B, C, and D Preferred Stock shares.

Series A Preferred Stock

The Company has authorized and designated 3,000,000 shares of Preferred Stock as Series A 10% Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "Series A Preferred Stock"). The holders of record of shares of Series A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the shareholders of the Company and shall be entitled to one hundred (100) votes for each share of Series A Preferred Stock.

Per the terms of the Amended and Restated Certificate of Designations relating to the Series A Preferred Stock, subject to the availability of authorized and unissued shares of Series A Preferred Stock, the holders of Series A Preferred Stock may, by written notice to the Company:

- elect to convert all or any part of such holder's shares of Series A Preferred Stock into common stock at a conversion rate of the lower of:
 - a) \$62.50 per share; or
 - b) at the lowest price the Company has issued stock as part of a financing; or
- convert all or part of such holder's shares (excluding any shares issued pursuant to conversion of unpaid dividends) into debt obligations of the Company, secured by a security interest in all of the assets of the Company and its subsidiaries, at a rate of \$62.50 of debt for each share of Series A Preferred Stock.

On July 9, 2013, the Company amended the Certificate of Designations for the Company's Series A Preferred Stock to allow for conversion into Series C Preferred stock to grant to a holder of the Series A Preferred Stock the option to:

- elect to convert all or any part of such holder's shares of Series A Preferred Stock into shares of the Company's Series C Convertible Preferred Stock, par value \$0.00001 per share ("Series C Preferred Stock"), at a conversion rate of five (5) shares of Series A Preferred Stock for every one (1) share of Series C Preferred Stock; or to allow conversion into common stock at the lowest price the Company has issued stock as part of a financing to include all financing such as new debt and equity financing and stock issuances as well as existing debt conversions into stock.

On February 28, 2014, the Company's Series A Preferred Stock shareholders agreed to authorize a change to the Certificate of Designations of the Series A Preferred Stock in Nevada to lock the conversion price to the lower of (a) a fixed price of \$1.25 per share; and (b) the lowest price the Company has issued stock as part of a financing after January 1, 2006.

On July 31, 2017, the Company entered into a Common Stock and Warrant Purchase Agreement, with certain accredited investors. A required term of the Common Stock and Warrant Purchase Agreement was that William Kerby, our Chief Executive Officer and then Chairman, and Donald P. Monaco, our then Director (now Chairman), on behalf of themselves and the entities which they control, convert the 1,869,611 shares of Series A 10% Cumulative Convertible Preferred Stock beneficially owned by them (representing all of our then outstanding shares of Series A Preferred Stock) into 1,495,689 shares of common stock of the Company, which conversions were effective July 28, 2017. Dividends in arrears on the previously outstanding Series A Preferred Stock shares totaled \$1,102,066 and \$1,102,066 as of August 31, 2019 and February 28, 2019, respectively. These dividends will only be payable when and if declared by the Board.

In the event of any liquidation, dissolution or winding up of this Company, either voluntary or involuntary (any of the foregoing, a “liquidation”), holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of this Company to the holders of the common Stock or any other series of Preferred Stock by reason of their ownership thereof an amount per share equal to \$1.00 for each share (as adjusted for any stock dividends, combinations or splits with respect to such shares) of Series A Preferred Stock held by each such holder, plus the amount of accrued and unpaid dividends thereon (whether or not declared) from the beginning of the dividend period in which the liquidation occurred to the date of liquidation.

The Company had 0 shares of Series A Preferred Stock issued and outstanding as of August 31, 2019 and February 28, 2019.

Share Repurchase Transactions

During the six months ended August 31, 2019 and 2018, there were no repurchases of the Company’s common stock by Monaker.

Common Stock

On February 6, 2018, the Board of Directors of the Company, approved a 1-for-2.5 reverse stock split of the Company’s outstanding common stock (the “Reverse Split”). The Company’s majority stockholders, effective on September 13, 2017, via a written consent to action without a meeting, provided the Board of Directors authority to affect a reverse stock split of the Company’s outstanding common stock in a ratio of between one-for-one and one-for-four, in their sole discretion, without further stockholder approval, by amending the Company’s Articles of Incorporation, at any time prior to the earlier of (a) September 13, 2018; and (b) the date of the Company’s 2018 annual meeting of stockholders (the “Stockholder Authority”). The Reverse Split was affected and approved by the Board of Directors pursuant to the Stockholder Authority. Effective on February 8, 2018, the Company filed a Certificate of Amendment to the Company’s Articles of Incorporation with the Secretary of State of Nevada to effect the 1-for-2.5 Reverse Split, which was effective on February 12, 2018.

During the six months ended August 31, 2019, the following shares of common stock and other securities were issued and granted:

- On April 25, 2019, we entered into an underwriting agreement relating to the public offering, issuance and sale by the Company of 1,000,500 shares of common stock, at an offering price to the public of \$2.00 per share (when including the underwriter’s option which was exercised).
- On March 5, 2019, we received \$101,888 in proceeds from Monaco Investment Partners II, LP, whose managing general partner is Donald Monaco, the Chairman of the Board, and issued 35,750 shares of common stock in connection with the exercise of warrants to purchase 35,750 shares of common stock with an exercise price of \$2.85 per share, pursuant to the terms of a First Amendment to Warrant.
- On May 7, 2019, we received \$20,000 in proceeds from Sabby Volatility Warrant Fund, and issued 10,000 shares of common stock in connection with the exercise of warrants to purchase 10,000 shares of common stock with an exercise price of \$2.00 per share.
- On May 8, 2019, we received \$40,000 in proceeds from Sabby Volatility Warrant Fund, and issued 20,000 shares of common stock in connection with the exercise of warrants to purchase 20,000 shares of common stock with an exercise price of \$2.00 per share.
- On May 8, 2019, we received \$60,000 in proceeds from Hudson Bay Master Fund Ltd., and issued 30,000 shares of common stock in connection with the exercise of warrants to purchase 30,000 shares of common stock with an exercise price of \$2.00 per share.

- On May 14, 2019, we received \$33,200 in proceeds from Sabby Volatility Warrant Fund, and issued 16,600 shares of common stock in connection with the exercise of warrants to purchase 16,600 shares of common stock with an exercise price of \$2.00 per share.
- On May 15, 2019, we received \$20,000 in proceeds from Hudson Bay Master Fund Ltd., and issued 10,000 shares of common stock in connection with the exercise of warrants to purchase 10,000 shares of common stock with an exercise price of \$2.00 per share.
- On June 1, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 5,000 shares of restricted common stock on June 25, 2019, valued at \$15,000, for services rendered.
- On June 11, 2019, the Company issued 5,000 of restricted common stock via an employment agreement valued at \$13,900.
- On June 25, 2019, the Company issued 29,000 shares of restricted common stock via a Capital Markets and Business Advisory Agreement for compensation for services to be rendered, valued at \$87,000.
- On July 10, 2019, the Company issued 40,000 shares of restricted common stock, valued \$128,400, as a result of an Employment Incentive Agreement.
- On July 10, 2019, the Company issued 6,250 shares of common stock to Simon Orange, a director of the Company, in consideration for past services rendered to the Board, valued at \$20,063.
- On July 10, 2019, the Company issued 7,500 shares of common stock to Donald P. Monaco, the Chairman of the Board, in consideration for past services rendered to the Board, valued at \$24,075.
- On July 10, 2019, the Company issued 6,250 shares of common stock to Doug Checkeris, a director of the Company, valued at \$20,063.
- On July 10, 2019, the Company issued 6,250 shares of common stock to Pasquale LaVecchia, a Director of the Company, for payment for past services, valued at \$20,063.
- On July 10, 2019, the Company issued William Kerby, a member of the Board of Directors and Executive of the Company, 12,812 restricted bonus common shares of the Company in recognition of past services and accomplishments at a value of \$41,127.
- On August 12, 2019, the Company issued 7,500 shares of common stock to Donald P. Monaco, the Chairman of the Board, in consideration for past services rendered to the Board, valued at \$19,800.
- On August 12, 2019, the Company issued 6,250 shares of common stock to Pasquale LaVecchia, a Director of the Company, for payment for past services, valued at \$16,500.
- On August 12, 2019, the Company issued 6,250 shares of common stock to Doug Checkeris, a director of the Company, valued at \$16,500.
- On August 12, 2019, the Company issued 6,250 shares of common stock to Simon Orange, a director of the Company, in consideration for past services rendered to the Board, valued at \$16,500.
- On August 12, 2019, the Company issued William Kerby, a member of the Board of Directors and Executive of the Company, 12,812 shares of the Company at a value of \$33,824. These shares were issued in error. They will be retired as described on “[Note 10 – Subsequent Events](#)”.
- On August 19, 2019, the Company issued 1,968,000 restricted common shares of the Company in connection with a Purchase Agreement at a value of \$4,920,000.

The Company had 12,838,930 and 9,590,956 shares of common stock issued and outstanding as of August 31, 2019 and February 28, 2019, respectively.

Common Stock Warrants

On July 31, 2017, the Company issued warrants to purchase an aggregate of 613,000 shares of common stock in connection with a private placement offering of 613,000 shares of common stock and warrants. The warrants were exercisable immediately at \$5.25 per share and expire on July 30, 2022. These warrants contain a subsequent equity sale reset “[down round](#)”, which provides that if the Company sells or grants any option to purchase any common stock of the Company at any effective price per share less than the exercise price of the warrants, the exercise price shall be reduced to equal that lower exercise price.

During January 2018, the Company entered into a First Amendment to Warrant (“[Amendment](#)”) agreement with Pacific Grove Capital LP (“[Pacific Grove](#)”) which amended the warrants then held by Pacific Grove (acquired on July 31, 2017). This amendment led to a reduction in the exercise price of the warrants to purchase 350,000 shares of common stock held by Pacific Grove from \$5.25 per share to \$2.625 per share. This exercise price reduction was to incentivize the exercise of these warrants and to raise cash. The securities held by Pacific Grove were beneficially owned by Robert J. Mendola, who became a member of the Board of Directors in August 2019.

Additionally, as a result of the reduction in the exercise price of the Pacific Grove warrants which was agreed to pursuant to the Amendment, the anti-dilution provisions of the purchase agreement entered into with the purchasers pursuant to the July 31, 2017 purchases was triggered. Specifically, because the Company issued shares of common stock below (a) the \$5.00 price per share of the securities sold pursuant to the purchase agreement, the purchasers were due an additional 14,458 shares of the Company's common stock; and (b) the \$5.25 exercise price of the warrants sold pursuant to the purchase agreement (and the warrants granted to the placement agent), automatically decreased to \$5.125 per share.

On January 29, 2018, the Company entered into a First Amendment To Warrant agreement with The Stadlin Trust dated 5/25/01 ("Stadlin") which amended the Common Stock and Warrant Purchase Agreement provided to Stadlin in connection with the closing of the July 31, 2017 offering, whereby Stadlin acquired warrants to purchase 20,000 shares of the Company's common stock. Through January 29, 2018, Stadlin earned additional warrants to purchase 9,800 shares of the Company's common as partial liquidated damages for delays in obtaining an uplisting to the NASDAQ Capital Market, which uplisting was required pursuant to the purchase agreement, to have occurred on or before December 9, 2017; these additional warrants (on substantially similar terms as the warrants granted in connection with the offering) are equal to Stadlin's pro rata share of 1% of the warrants sold pursuant to the purchase agreement for each day that the Company failed to obtain the NASDAQ listing. Total warrants held by Stadlin as of January 29, 2018 were 29,800. The Company desired to incentivize Stadlin to exercise the warrants by reducing the exercise price of the warrants from \$5.125 per share to \$2.625 per share, provided that Stadlin agreed to immediately exercise such 29,800 warrants for \$78,225 in cash. Pursuant to the amendment, the exercise price of the warrants was reduced as discussed above and Stadlin exercised the warrants in cash.

Additionally, as a result of the reduction in the exercise price of the Stadlin warrants which was agreed to pursuant to the amendment, the anti-dilution provisions of the purchase agreement and the purchasers' warrants granted in connection therewith was triggered. Specifically, because the Company issued shares of common stock below (a) the \$5.00 price per share of the securities sold pursuant to the purchase agreement, the purchasers were due an additional 1,220 shares of the Company's common stock; and (b) the \$5.125 exercise price of the warrants sold pursuant to the purchase agreement (and the warrants granted to the placement agent), the exercise price of such warrants remained unchanged at \$5.125 per share.

At first, the warrants were accounted for as part of Company equity since the warrants were considered indexed to the Company's own stock. However, under ASC 815, the "down round" protection can sever the indexing to the Company's own stock and the warrants could be accounted for as derivative liabilities at the time the reset was triggered, which is how the Company accounted for such warrants, and the change in fair value resulting from the reset of \$26,060 was recognized as change in fair value of derivative liabilities.

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share (Topic 260) Distinguishing Liabilities from Equity (Topic 480) Derivatives and Hedging (Topic 815): I. Accounting for Certain Financial Instruments with Down Round Features, II. Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception. ASU 2017-11 intends to reduce the complexity associated with the issuer's accounting for certain financial instruments with characteristics of liabilities and equity. Specifically, the Board determined that a down round feature (as defined) would no longer cause a freestanding equity-linked financial instrument (or an embedded conversion option) to be accounted for as a derivative liability at fair value with changes in fair value recognized in current earnings and is effective in fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Company adopted the new standard during 2017, preventing the need to account for the Company to account for the outstanding warrants that contain down round features as derivative instruments.

As a result of the April 2019 underwritten offering, as discussed above, the exercise price of the warrants to purchase 724,000 shares of common stock granted as part of the Company's October 2, 2018 registered offering were automatically adjusted from \$2.85 per share to \$2.00 per share.

The following table sets forth common stock purchase warrants outstanding as of August 31, 2019 and February 28, 2019, and changes in such warrants outstanding for the six months ended August 31, 2019:

	Warrant	Weighted Average Exercise
Outstanding, February 28, 2019	1,730,941	\$ 3.90
Warrants granted	—	\$ —
Warrants exercised/forfeited/expired	(123,550)	\$ (3.54)
Outstanding, August 31, 2019	1,607,391	\$ 3.92
Common stock issuable upon exercise of warrants	1,607,391	\$ 6,304,629

At August 31, 2019, there were warrants outstanding to purchase 1,607,391 shares of common stock with a weighted average exercise price of \$3.92 and a weighted average life of 4.29 years.

At February 28, 2019, there were warrants outstanding to purchase 1,730,941 shares of common stock with a weighted average exercise price of \$3.90 and a weighted average life of 4.33 years.

Related Party Transactions

Dividends in arrears on the previously outstanding Series A Preferred Stock shares totaled \$1,102,066 and \$1,102,066 as of August 31, 2019 and February 28, 2019, respectively. These dividends will only be payable when and if declared by the Board. The dividends are owed to Donald P. Monaco, our Chairman, and William Kerby, our CEO and a director.

See also the information under “[\\$230,000 Promissory Note from Bettwork Industries Inc.](#)”, “[Conversion of \\$750,000 Promissory Note Into 1,000,000 Common Stock Shares of Bettwork Industries Inc.](#)”, “[Conversion of \\$1,600,000 Promissory Note Into 2,133,333 Common Stock Shares of Bettwork Industries Inc.](#)” and “[Conversion of \\$2,900,000 Promissory Note Into 3,866,667 Common Stock Shares of Bettwork Industries Inc.](#)” under “[Note 2 – Notes Receivable](#)”, above and “[A-Tech LLC and Bettwork Industries Inc. – Purchase of Right to Own and Conversion of Promissory Notes to Shares of Bettwork](#)” under “[Note 4 – Acquisitions and Dispositions](#)”, above.

On March 5, 2019, a First Amendment to Warrant agreement (the “[Amendment](#)”) between the Company and the Donald P. Monaco Insurance Trust (the “[Trust](#)”), which is beneficially owned by Donald P. Monaco, the Chairman of the Board of Directors of the Company, became effective and binding on the parties. Pursuant to the Amendment, the Company and the Trust agreed to reduce the exercise price of warrants to purchase 35,750 shares of common stock of the Company which were acquired by the Trust pursuant to the Common Stock and Warrant Purchase Agreement entered into between the Company and the purchasers named therein (including the Trust) dated July 31, 2017 and in consideration for liquidated damages due pursuant to the terms thereof, from \$5.23 per share to \$2.85 per share, in consideration for the Trust’s immediate exercise of such warrants for cash.

Total consideration received by the Company from the exercise of the 35,750 warrants exercised by the Trust was \$101,888.

On April 25, 2019, we entered into an underwriting agreement (the “[Underwriting Agreement](#)”) with several Underwriters named in the Underwriting Agreement (the “[Underwriters](#)”) for whom Roth Capital Partners, LLC acted as representative, relating to the public offering, issuance and sale by the Company of 870,000 shares of common stock, at an offering price to the public of \$2.00 per share. Under the terms of the Underwriting Agreement, the Company granted the Underwriters a 45-day option to purchase up to an additional 130,500 shares of common stock which was exercised by the Underwriters. The offering was made pursuant to the Company’s effective shelf registration statement on Form S-3 (File No. 333-224309), that was filed with the SEC, including the related prospectus, dated April 17, 2018, as supplemented by a prospectus supplement dated April 25, 2019.

The Underwriters sold 75,000 shares of common stock to an entity controlled by Donald P. Monaco, a director and chairman of the Company’s board, 100,000 shares of common stock to Simon Orange, a member of the Company’s board, and 25,000 shares of common stock, to William Kerby, our Chief Executive Officer and member of the Company’s board, at the \$2.00 per share public offering price.

In total the Company sold 1,000,500 shares of common stock in the offering and net proceeds disbursed to the Company from the offering were \$1.785 million, after deducting the underwriting discount and expenses of the underwriters in the offering (the “Underwritten Offering”).

Pursuant to the Underwriting Agreement, we agreed, subject to certain exceptions, until July 24, 2019 (a period of 90 days after the date of the offering), not to offer, sell, grant any option to purchase, or otherwise dispose of (or announce any offer, sale, grant or any option to purchase or other disposition of) any of our equity or equity equivalent securities.

As a result of the offering, the exercise price of the warrants to purchase 724,000 shares of common stock granted as part of the Company’s October 2, 2018 registered offering were automatically adjusted from \$2.85 per share to \$2.00 per share.

Note 8 – Commitments and Contingencies

Our executive, administrative and operating offices are primarily located in Weston, Florida where we leased approximately 2,500 square feet of office space at 2690 Weston Road, Suite 200, Weston, Florida 33331. In accordance with the terms of the office space lease agreement, the Company was renting the commercial office space, for a term of three years from January 1, 2016 through December 31, 2018. Monthly rental costs for calendar years 2017, 2018 and 2019 were \$6,695, \$6,896 and \$6,243, respectively per month. The rent for the years ended February 28, 2019 and February 28, 2018 was \$76,191 and \$79,665, respectively.

The office lease described above terminated early on March 31, 2018, at the request of the landlord, without penalties to the Company. The Company entered into a new contract for new office space encompassing approximately 2,500 square feet at 2893 Executive Park Drive Suite 201, Weston, Florida 33331. The lease has a term of three years from April 15, 2018 through April 14, 2021. Monthly rental costs for the periods ending April 14, 2019, 2020 and 2021 are \$6,243, \$6,492 and \$6,781, respectively.

Our rental payments through February 28, 2020 amount to \$38,954. In February 2016, the FASB issued new guidance related to accounting and reporting guidelines for leasing arrangements. The new guidance requires entities that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. This guidance is effective for annual and interim reporting periods beginning after December 15, 2018. Early adoption is permitted and should be applied using a modified retrospective approach. We adopted this guidance as of March 1, 2019. The Company elected available practical expedients permitted under the guidance, which among other items, allow the Company to (i) carry forward its historical lease classification, (ii) not reassess leases for the definition of “lease” under the new standard, (iii) utilize a discount rate as of the effective date, and (iv) not record leases that expired or were terminated prior to the effective date. Accordingly, the Company recorded operating lease Right-of-Use asset of \$80,397 along with current operating lease liability of \$54,828 and long-term operating lease liability of \$25,569 as of August 31, 2019.

The following schedule represents obligations under written commitments on the part of the Company that are not included in liabilities:

	Current		Long Term		Totals
	FYE 2020	FYE 2021	FYE 2022 and beyond		
Insurance	\$ 31,725	\$ —	\$ —	\$ —	\$ 31,725
Other	4,500	—	—	—	4,500
Totals	\$ 36,225	\$ —	\$ —	\$ —	\$ 36,225

The Company is committed to pay three to six months' severance in the case of termination or death to certain key officers.

Nasdaq Letter

On February 11, 2019, the Company received a letter (the "Letter") from The Nasdaq Listing Qualifications Staff of the Nasdaq Stock Market ("Nasdaq") notifying the Company that, as a result of the resignation from the Board of Directors of the Company, on January 23, 2019, of Mr. Robert J. Post, the Company no longer complies with Nasdaq's independent director requirement as set forth in Listing Rule 5605 which requires, among other things, that a majority of the Company's Board of Directors be comprised of "independent directors" as defined in Rule 5605, and because as a result of Mr. Post's resignation, the Company's Board of Directors no longer consists of majority independent members, the Company is not in compliance with Listing Rule 5605.

Notwithstanding such non-compliance, Nasdaq provided the Company a cure period in order to regain compliance as follows:

- until the earlier of the Company's next annual shareholders' meeting (which took place on August 15, 2019) or January 23, 2020; or
- if the next annual shareholders' meeting is held before July 22, 2019, then the Company was required to evidence compliance no later than July 22, 2019.

On August 15, 2019, Rupert Duchesne and Jamie Mendola were elected as directors of the Company at the annual meeting of Stockholders.

On August 21, 2019, Nasdaq notified the Company that (i) as a result of the appointments of Messrs. Duchesne and Mendola to the Company's Board of Directors; and (ii) because the Company held a combined 2019/2020 annual meeting of shareholders on August 15, 2019, the Company is back in full compliance with all of Nasdaq's rules for continued listing.

Legal Matters

The Company is involved, from time to time, in litigation, other legal claims and proceedings involving matters associated with or incidental to our business, including, among other things, matters involving breach of contract claims, intellectual property, employment issues, and other related claims and vendor matters. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our financial condition or results of operations. However, assessment of the current litigation or other legal claims could change in light of the discovery of facts not presently known to the Company or by judges, juries or other finders of fact, which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

On March 28, 2016, the Company was presented with a Demand for Arbitration, pursuant to Rule 4(a) of the American Arbitration Association Commercial Rules of Arbitration, whereby Acknew Investments, Inc. and Vice Regal Developments Inc. (Claimants) are arguing that \$700,000 is due to them, even though they have already been paid said amounts through preferred shares that were issued as a guarantee and which Claimants converted into shares of common stock. In connection with the purchase of the stock of the entity that eventually became RealBiz Media Group, Inc. (and subsequently Verus International, Inc.), the Company issued 380,000 shares of Monaker Series D Preferred Stock shares with a value of \$1,900,000, which was considered the \$1,200,000 value of the stock portion of the purchase price, and was also meant to guaranty the payment of the balance of \$700,000. The Company contends that the obligation to pay the \$700,000 was extinguished with the conversion of the Monaker Series D Preferred Stock shares into shares of common stock. The date for arbitration has not been set and the Company will vehemently defend its position.

The Company is unable to determine the estimate of the probable or reasonable possible loss or range of losses arising from the above legal proceedings; however, the Company denies the plaintiffs' claims and intends to vehemently defend itself against the allegations. As of August 31, 2019, the Company has not received any correspondence regarding these proceedings for several years.

On March 14, 2014, a lawsuit was filed by Lewis Global Partners in the Circuit Court for Broward County, Florida Case No. LACE 14-005009 005009 alleging breach of contract and breach of implied covenant of good faith and fair dealing. In particular the lawsuit alleged that:

- In or around July 2, 2012 the plaintiff, Lewis Global Partners, LLC (Lewis Global), entered into a Subscription Agreement with us. The Subscription Agreement provided that Lewis Global would pay \$13,500 in services rendered in consideration for 2,700 shares of Series B Preferred Stock (the "Preferred B Shares"). The-Subscription Agreement also provided Conversion Rights to convert each \$5.00 Preferred B Share into either shares of the Company or 100 shares of 'Next 1 Realty' (our then wholly-owned real estate division, which subsequently became Verus).
- On or around June 10, 2013, plaintiff sent a Notice of Conversion to the Company and requested to convert its Preferred B Shares into 270,000 shares of common stock of Verus.
- The Company failed to deliver the 270,000 shares of common stock of Verus and because at the time of the Notice of Conversion the common stock in Verus was approximately \$2.65 per share, the damages Lewis Global alleged are due total \$715,500, provided that the value has depreciated significantly since the time of the Notice of Conversion.

On April 5, 2019, we entered into a Settlement Agreement with Lewis Global relating to the dismissal with prejudice of the lawsuit with Lewis Global. The agreement further provided for general releases from each party.

Note 9 – Business Segment Reporting

Accounting Standards Codification 280-16 "Segment Reporting", established standards for reporting information about operating segments in annual consolidated financial statements and required selected information about operating segments in interim financial reports issued to stockholders. It also established standards for related disclosures about products, services, and geographic areas. Operating segments are defined as components of the enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Company has one operating segment consisting of various products and services related to its online marketplace of travel and related logistics including destination tours / activities, accommodation rental listings, hotel listings, air and car rental. The Company's chief operating decision maker is considered to be the Chief Executive Officer. The chief operating decision maker allocates resources and assesses performance of the business and other activities at the single operating segment level.

Note 10 – Subsequent Events

The Company has evaluated subsequent events occurring after the balance sheet date and has identified the following.

Subsequent to August 31, 2019, and through the filing date of this report, the Company issued the following securities:

- On September 3, 2019, the Company issued 6,250 shares of common stock to Doug Checkeris, a director of the Company, valued at \$13,500.
- On September 3, 2019, the Company issued 7,500 shares of common stock to Donald P. Monaco, the Chairman of the Board, in consideration for past services rendered to the Board, valued at \$16,200.
- On September 3, 2019, the Company issued 6,250 shares of common stock to Pasquale LaVecchia, a director of the Company, valued at \$13,500.
- On September 3, 2019, the Company issued 6,042 shares of common stock to Simon Orange, a director of the Company, valued at \$13,051.

- On September 3, 2019, the Company entered into a Marketing Agreement, pursuant to which the Company issued 15,000 shares of restricted common stock, valued at \$32,400, for services rendered.
- On September 3, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 40,000 shares of restricted common stock, valued at \$86,400, for services rendered.
- On September 3, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 60,000 shares of restricted common stock, valued at \$129,600 for services rendered.
- On September 12, 2019, the Company issued 1,041 shares of common stock to Jamie Mendola, a director of the Company, valued at \$2,249.
- On September 12, 2019, the Company issued 833 shares of common stock to Rupert Duchese, a director of the Company, valued at \$1,800.
- On September 25, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 25,000 shares of restricted common stock, valued at \$54,250 for services rendered.
- On October 1, 2019, the Company cancelled 12,812 shares of common stock issued to William Kerby, a member of the Board of Directors and Executive of the Company, which shares were issued in error.

Between September 2019 and October 2019, the Company has sold 21,314,576 shares of Verus common stock to the public in open market transactions and generated \$533,233 in sales proceeds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

The following discussion should be read in conjunction with the attached consolidated unaudited financial statements and notes thereto, and our consolidated audited financial statements and related notes for our fiscal year ended February 28, 2019 found in our Annual Report on Form 10-K/A (Amendment No. 1) that the Company has filed with the Securities and Exchange Commission on June 14, 2019. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward-looking statements by using words such as “anticipate,” “believe,” “intends,” or similar expressions. Our actual results could differ materially from those anticipated by the forward-looking statements due to important factors and risks including, but not limited to, those set forth in our Annual Report on Form 10-K.

This section and other parts of this Quarterly Report on Form 10-Q (“Form 10-Q”) contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. All statements other than statements of historical fact included in this Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as “may,” “will,” “expect,” “intend,” “estimate,” “foresee,” “project,” “anticipate,” “believe,” “plans,” “forecasts,” “continue” or “could” or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the Securities and Exchange Commission or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Report.

You should read the matters described in “Risk Factors” and the other cautionary statements made in this Report, and incorporated by reference herein, as being applicable to all related forward-looking statements wherever they appear in this Report. We cannot assure you that the forward-looking statements in this Report will prove to be accurate and therefore prospective investors are encouraged not to place undue reliance on forward-looking statements.

Critical Accounting Policies and Estimates

The discussion and analysis of the Company's financial condition and results of operations are based upon its consolidated unaudited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these unaudited financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, management evaluates past judgments and estimates, including those related to bad debts, accrued liabilities, convertible promissory notes and contingencies. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The accounting policies and related risks described in the Company's annual report on Form 10-K/A (Amendment No. 1) that the Company has filed with the Securities and Exchange Commission on June 14, 2019 are those that depend most heavily on these judgments and estimates. As of August 31, 2019, there had been no material changes to any of the critical accounting policies contained therein.

Where You Can Find Other Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended. The SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding us and other companies that file materials with the SEC electronically. Additional information about us is available on our website at www.Monakergroup.com. We do not incorporate the information on or accessible through our websites into this filing, and you should not consider any information on, or that can be accessed through, our websites as part of this filing.

Definitions:

Unless the context requires otherwise, references to the “Company,” “we,” “us,” “our,” “Monaker” and “Monaker Group, Inc.” refer specifically to Monaker Group, Inc. and its consolidated subsidiaries including Extraordinary Vacations USA, Inc. (100% interest), NextTrip Holdings, Inc. (100% interest) and Voyages North America, LLC (72.5% interest which was sold in August 2017).

In addition, unless the context otherwise requires and for the purposes of this report only:

- “Exchange Act” refers to the Securities Exchange Act of 1934, as amended;
- “SEC” or the “Commission” refers to the United States Securities and Exchange Commission; and
- “Securities Act” refers to the Securities Act of 1933, as amended.

This information should be read in conjunction with the interim unaudited financial statements and the notes thereto included in this Quarterly Report on Form 10-Q, and the unaudited financial statements and notes thereto and Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K/A for the year ended February 28, 2019.

Certain capitalized terms used below and otherwise defined below, have the meanings given to such terms in the footnotes to our consolidated financial statements included above under “Part I - Financial Information” - “Item 1. Financial Statements”.

In this Quarterly Report on Form 10-Q, we may rely on and refer to information regarding the global vacation rental industry in general from market research reports, analyst reports and other publicly available information. Although we believe that this information is reliable, we cannot guarantee the accuracy and completeness of this information, and we have not independently verified any of it.

Overview

Monaker Group, Inc. and its subsidiaries operate online marketplaces. We believe the most promising part of our business plan is the incorporation of Monaker’s proprietary white label Booking Engine and sizeable alternative lodging rental (ALR) properties into well-established marketplaces (i.e. a business-to-business (B2B) model) thereby facilitating easy access of alternative lodging rentals inventory to contracted global distributor partners.

Our ambition is to become the largest instantly bookable vacation rental platform in the world, providing, our ALR inventory to large travel distributors via a B2B model.

Additionally, we plan to provide a superior platform to assist property managers in booking, and broadening the market for, their homes. The Company serves three major constituents: (1) property managers, (2) travelers, and (3) other travel/lodging distributors. Property managers integrate their detailed property listings into the Monaker Booking Engine with the goal of reaching a broad audience of travelers seeking ALRs, through distribution channels they could not access otherwise.

All of Monaker's ALRs, also commonly referred to as Vacation Rentals are:

- i) Controlled by Property Management Companies. This is a key point of differentiation for Monaker, as the sole focus of Property Management Companies is to rent and service their properties, unlike individual home owners who often rent their properties on a casual or part-time basis. We believe working with property managers results in four key benefits:
 - ▶ All properties are Instantly Bookable (all Property Management Company inventory is integrated into Monaker's Booking Engine allowing for instant confirmations);
 - ▶ Higher levels of service for renters (property managers are full-time operators);
 - ▶ Higher Quality Assurance (property managers generally have an incentive to eliminate trouble properties); and
 - ▶ Certified Rentable (most property managers are licensed and bonded requiring them to ensure that properties are "legal to rent" and that all required taxes are paid on behalf of their property owners.
- ii) Exclusively Individual Units. Our vacation homes and residential resort units are never shared, nor do we rent rooms in homes like other ALR companies. All ALR inventory is fully furnished privately owned residential properties, including homes, condominiums, apartments, villas and cabins that property managers rent to the public on a nightly, weekly or monthly basis.

We believe that Monaker's B2B model of supplying its significant ALR inventory directly to well-established travel distributors has three key benefits:

- ▶ Monaker avoids the need to market and try and develop its own direct to consumer brand (which can be very expensive). Instead, it is able to supply product into well-established distribution websites that already have significant customer traffic and bookings.
- ▶ Monaker has positioned itself uniquely in the ALR sector - which is one of the fastest growth segments within the travel industry. ALR inventory provides a key solution to traditional travel distributors. According to a January 3, 2017 article by Kevin May, the Editor In Chief of PhocusWire, as posted on Tnooz.com ("Private accommodation travel bookings to reach \$106 billion by 2018"), it is estimated that roughly 1 out of 5 lodging accommodations in 2018 was an ALR transaction and by most accounts this growth is continuing to accelerate.
- ▶ Monaker B2B ALR offerings are timely in addressing traditional travel distributors' needs to protect their client base by allowing them seamless access to ALR products. With the rapid growth of companies like Airbnb, we believe that traditional travel companies are realizing that not having access to this high demand vacation rental inventory means risking the loss of their consumers to other ALR sites. By integrating Monaker's ALR inventory in a "White Label" solution alongside their existing travel products (i.e., Air/Car/Hotel/Cruise/Tour bookings), it solves a key issue by allowing the customers of traditional travel distributors to complete their entire vacation package booking on their website versus forcing them to go to an ALR website and potentially lose the entire booking.

Monaker's Direct to Consumer Websites

Monaker has established a direct-to-consumer presence through a number of websites. While these sites are expected to represent a minor portion of the Company's revenues moving forward, they do perform two very important functions;

- ▶ The direct-to-consumer platforms are used for demonstration purposes to show traditional travel companies how ALR products could be integrated into their platforms, and
- ▶ The sites allow consumers to bundle specialty vacation tours and other offerings with ALR products.

These sites include NextTrip.com, providing access to airline, car rental, lodgings and activities products, and include our ALR offering which will unite travelers seeking ALRs located in countries around the world and NextTrip.biz (currently under development), which, when fully operational, will provide a complete tracking solution for business travel as well as discounted air, car, hotel and access to ALR products for business travelers.

Another one of our marketplaces, Maupintour.com, provides concierge tours and activities at destinations and our other marketplace, EXVG.com, provides our high-end ALR offering. Our online marketplaces are discussed in greater detail below.

NextTrip.com, NextTrip.biz, Maupintour.com and EXVG.com provide both ALR products and auxiliary services directly to consumers, so travelers can purchase complete vacation packages. NextTrip.com, NextTrip.biz, Maupintour.com and EXVG.com (along with our contracted distributors) allow travelers to search and compare our large and detailed inventory of listings to find ALRs meeting their needs.

Monaker is a technology-driven Travel Company that has identified and sourced ALR products which it converts into instantly bookable products. This is its distinguishing niche. The ALRs are owned and leased by third parties and are available to rent through Monaker's websites as well as through other distributors. Monaker's services include critical elements such as technology, an extensive film library, trusted brands and established partnerships that enhance product offerings and reach. We believe that consumers are quickly adopting video for researching and educating themselves prior to purchases, and Monaker has carefully amassed video content, key industry relationships and a prestigious travel brand as cornerstones for the development and deployment of core-technology on both proprietary and partnership platforms.

Monaker sells travel services to leisure and corporate customers around the world. Our primary focus is to incorporate ALR options into our current offerings of scheduling, pricing and availability information for booking reservations for airlines, hotels, rental cars, as well as other travel products such as sightseeing tours, shows and event tickets, and theme park passes. The Company sells these travel services both individually and as components of dynamically-assembled packaged travel vacations and trips. In addition, the Company provides content that presents travelers with information about travel destinations, maps and other travel details. In February 2018, the Company introduced its new travel platform under the NextTrip brand. This platform continues to be improved with a focus on maximizing the consumer experience and assisting them in the decision and purchasing process.

The platform is a licensed proprietary technology that allows our users to search large travel suppliers of alternative lodging inventories and offers comprehensive and optimal alternatives at the most inexpensive rates to choose from.

In March 2018, the Company introduced Travelmagazine.com, an online travel publication with the aim of giving travelers around the world inspiration for future travel destinations and trips. The publication offers written articles, videos, and podcasts. Moving forward, we hope that Travelmagazine.com will become a central hub of information for travelers who are looking to get detailed information on destinations all around the world. We also plan to move Travelmagazine.com from having content created by a team of staff writers, to a team of worldwide writers who will contribute content for publication in the future, funding permitting. The website is expected to be supported by advertising and allow for promotion of both ALR and Maupintour vacation products.

The Company sells its travel services through various distribution channels. The primary distribution channel is through its business-to-business (B2B) channel partners, which will include sales via (i) other travel companies' websites and (ii) networks of third-party travel agents. Secondary distribution will occur through the Company's own websites at NextTrip.com and NextTripVacations.com, through the NextTrip mobile application ("app") and Nexttrip.biz. Additionally, we offer specialty travel services via our websites, EXVG.com and Maupintour, which target high value inventory and assist customers with complex or high-priced offerings through a toll-free telephone number.

Monaker's core holdings include NextTrip.com, NextTripVacations.com, NextTrip.biz, Maupintour.com and EXVG.com. NextTrip.com and NextTripVacations.com are the primary consumer websites, where travel services and products are booked. The travel services and products include tours, activities/attractions, airlines, hotels, and car rentals and where ALRs can be booked as well. Maupintour complements the Nexttrip.com and NextTripVacations.com offerings by providing high-end tour packages and activities/attractions. EXVG.com is a specialized secondary website devoted to those ALRs that cannot be booked on a real-time basis. These ALRs tend to be sourced from owners and managers who have not invested in a reservation management system and/or the owner or manager prefers to personally vet the customer before accepting a booking; typically because the ALR is a high value property. EXVG.com travel services and products only include the aforementioned ALRs as well as tours and activities from Maupintour. NextTrip.biz is targeted at small-to-midsized businesses and offer them a customized travel solution for business travel to meetings, conferences, conventions and even vacation travel. It provides client companies lower costs, better expense control and the option for a "self-branded" website.

Products and Services

Monaker plans to focus on marketing ALR options directly to consumers and to other travel distributors. The Company's concentration on ALRs is driven by contracts with vacation home (including timeshare) unit owners and managers that make their properties available to consumers and to other travel portals (Distributors) for nightly or extended stays. In addition, we offer travelers activities and tours through our subsidiary, Maupintour. Therefore, not only can we assist a traveler with identifying a destination and the lodging at the destination, but we can provide options of activities while at the destination. We also provide the means for making arrangements for airline tickets, car rentals and lodging (i.e. hotels and ALRs in the near future). In summary, Monaker offers travelers the complete travel package made easy or... *Travel Made Easy*TM.

The average ALR search and booking takes a few hours while the average vacation planning process typically involves the consumer visiting up to seven travel websites and spending over 10 hours to book their vacation (according to Susan Ho, Founder of Journey). We believe the NextTrip.com website using the above features should reduce ALR/Vacation planning time from hours to minutes and with the convenience of one site (truly "Travel Made Easy").

Products and Services for Property Owners and Managers

Listings. Property owners and managers are able to list a property, with no initial upfront fees, and provide those listings to us at a negotiated preferential rate for traveler bookings generated on our websites. Listings that are 'real-time online bookable' properties will be managed by the property owner or manager through an application program interface (API) which will provide real-time updates to each property and immediately notify the property owner or manager of all information regarding bookings, including modifications and cancellations. Information such as content, descriptions and images are provided to us through that API.

Listings that are "request-accept" properties will require communication and approval from the property owner or manager and will not be managed through an API (as discussed above). We will provide a set of tools for the property owner or manager that will enable them to manage an availability calendar, reservations, inquiries and the content of the listing. These tools will allow the property owner or manager to create the listing by uploading photographs, text descriptions or lists of amenities, a map showing the location of the property, and property availability, all of which can be updated throughout the term of the listing. Each listing will provide travelers the ability to use email or other methods to contact property owners and managers.

The listings will include tools and services to help property owners and managers run their vacation rental businesses more efficiently: responding to and managing inquiries, preparing and sending rental quotes and payment invoices, allowing travelers to book online and, enter into rental agreements, and processing online payments. Property owners and managers who elect to process online payments will be subject to a transaction fee.

Redistribution of Listings. We will make selected, online bookable properties available to online travel agencies as well as channel partners (jointly referred to as "Distributors"). We will be compensated for these services by receiving a commission that is added to the negotiated net rate for each booking.

Products and Services for Travelers

Search Tools and Ability to Compare. Our online marketplace NextTrip.com provides travelers with tools to search for and filter several travel products including air, car, accommodations (including ALRs) and activities based on various criteria, such as destination, travel dates, type of property, number of bedrooms, amenities, price, or keywords. NextTripVacations.com provides travelers access to our entire listing of ALRs; only lodgings are presented on this website.

Traveler Login. Travelers are able to create accounts on the NextTrip.com website that give them access to their booking activity through the website.

Travel Blog. Travel guides, videos and pictures as well as travel articles can be accessed through the NextTrip Travel Blog and Travelmagazine.com.

Security. We use a combination of technology and human review to evaluate the content of listings and to screen for inaccuracies or fraud with the goal of providing only accurate and trustworthy information to travelers.

Reviews and Ratings. Travelers will be able to submit online reviews of the ALRs they have rented through our websites. These reviews should convey the accuracy of the listing information found on our websites.

Communication. Travelers who create an account on our website will receive regular communications, including notices about places of interest, special offers, new listings, and an email newsletter. The newsletter will be available to any traveler who agrees to receive it and offers introductions to new destinations and vacation rentals, as well as tips and useful information when staying in vacation rentals.

Mobile Websites and Applications. We provide versions of our websites formatted for web browsers, smart-phones and tablets so that property owners, managers and travelers can access our websites and tools from mobile devices.

The Company has completed integrating several distributors for the booking of our ALR products and the Company continues to integrate suppliers of ALR products. We now have more than 2.5 million properties listed on the booking engine.

The Company is a Nevada corporation headquartered in Weston, Florida.

Sufficiency of Cash Flows

Because current cash balances and our projected cash generated from operations are not sufficient to meet our cash needs for working capital and capital expenditures, management intends to seek additional equity or obtain additional credit facilities. However, we may be unable to raise additional capital upon terms acceptable to us. The sale of additional equity will result in additional dilution to our shareholders. A portion of our cash may be used to acquire or invest in complementary businesses or products or to obtain the right to use complementary technologies. From time to time, in the ordinary course of business, we evaluate potential acquisitions of such businesses, products or technologies.

RESULTS OF OPERATIONS

For the Three Months Ended August 31, 2019 Compared to the Three Months Ended August 31, 2018

Revenues

Our total revenues increased 25% to \$247,833 for the three months ended August 31, 2019, compared to \$198,307 for the three months ended August 31, 2018, an increase of \$49,526. The increase in sales is mainly due to an increase in the amount of travel package trips being fulfilled in the summer months.

Operating Expenses

Our operating expenses include salaries and benefits, general and administrative expenses, costs of revenues, technology and development, as well as selling and promotions expenses.

Our operating expenses increased 88% to \$1,446,521 for the three months ended August 31, 2019, compared to \$768,467 for the three months ended August 31, 2018, an increase of \$678,054. This increase was mainly attributable to (i) an increase in stock-based compensation of \$157,273, to \$165,429 for the three months ended August 31, 2019, compared to \$8,156 for the three months ended August 31, 2018, due to payments made to board members and executive bonuses for the period ended August 31, 2019; (ii) an increase in technology and development of \$345,822, to \$480,121 for the three months ended August 31, 2019, compared to \$134,299 for the three months ended August 31, 2018, as a result of technology and development costs being expensed since June 2018, when our platforms went live; and (iii) an increase in general and administrative expenses of \$134,566 or 48% to \$413,762 for the three months ended August 31, 2019, compared to \$279,196 for the three months ended August 31, 2018.

Other Income (Expenses)

Our other income (expenses) includes valuation gain or loss on investments, interest expense, and other income.

Our total other expenses increased to \$2,576,378 for the three months ended August 31, 2019, compared to total other income of \$5,875,256 for the three months ended August 31, 2018, an increase in other expenses of \$8,451,634. The increase was mainly attributable to (i) the deferred gains of \$4.5 million related to sales of our non-core assets and the sale of our right to own property which were realized on July 2, 2018, and the reserve of \$750,000 which was reversed and recognized in net income as other income on July 2, 2018; (ii) a net decrease in the valuation of investments in Bettwork, Verus, and Recruiter.com, which decreased by \$3,247,169 for the three months ended August 31, 2019; and (iii) the increase in interest expense to \$28,101 for the three months ended August 31, 2019, an increase of \$10,057, compared to \$18,044 for three months ended August 31, 2018.

Net Loss

We had a net loss of \$3,974,121 for the three months ended August 31, 2019, compared to net income of \$5,148,750 for the three months ended August 31, 2018, an increase in net loss of \$9,122,871 from the prior period. The increase in net loss was primarily due to increases of (i) \$345,822 in technology and development expenses, (ii) \$157,273 in stock-based compensation, (iii) \$134,566 in general and administrative expenses, and (iv) \$3,247,169 in valuation loss, as well as a decrease of \$5,250,000 in gain on sales of assets from 2018.

For the Six Months Ended August 31, 2019 Compared to the Six Months Ended August 31, 2018

Revenues

Our total revenues decreased 1.2% to \$269,650 for the six months ended August 31, 2019, compared to \$273,039 for the six months ended August 31, 2018, a decrease of \$3,389. The decrease in sales is mainly due to a decrease in the amount of travel trips being fulfilled for our luxury tour operations in the summer months, as well as the beginning of the fall season. The Company has completed its platforms for alternative lodging products and has not budgeted marketing funds for revenue growth until integrations with significant distributors have been completed, which has not occurred to date. As of August 31, 2019, the NextTrip.com, NextTripVacations.com and EXVG.com websites had been launched while the marketing efforts for the websites and tour operations had not commenced.

Operating Expenses

Our operating expenses include salaries and benefits, general and administrative expenses, costs of revenues, technology and development, as well as selling and promotions expenses.

Our operating expenses increased 80% to \$3,001,195 for the six months ended August 31, 2019, compared to \$1,666,905 for the six months ended August 31, 2018, an increase of \$1,335,659. This increase was mainly attributable to (i) an increase in stock-based compensation of \$582,505, to \$590,661, for the six months ended August 31, 2019, compared to \$8,156 for the six months ended August 31, 2018, due to payments made to board members and executive bonuses for the period ended August 31, 2019; (ii) an increase in technology and development of \$831,494, to \$978,196, for the six months ended August 31, 2019, compared to \$146,702 for the six months ended August 31, 2018, as a result of technology and development costs being expensed since June 2018, when our platforms went live; and (iii) a decrease in general and administrative expenses of \$77,778 or 10% to \$687,633 for the six months ended August 31, 2019, compared to \$765,411 for the six months ended August 31, 2018.

Other Income (Expenses)

Our other income (expenses) includes valuation gain or loss on investments, interest expense, and other income.

Our total other expenses increased to \$2,467,475 for the six months ended August 31, 2019, compared to total other income of \$5,858,587 for the six months ended August 31, 2018, an increase in total other expenses of 8,326,062. The increase was mainly attributable to (i) the deferred gains of \$4.5 million related to sales of our non-core assets and the sale of our right to own property which were realized on July 2, 2018, and the reserve of \$750,000 which was reversed and recognized in net income as other income on July 2, 2018; (ii) a net decrease in the valuation of investments in Bettwork, Verus, and Recruiter.com, which decreased by \$3,099,134 for the six months ended August 31, 2019; and (iii) the increase in interest expense to \$66,514 for the six months ended August 31, 2019, an increase of \$31,801, compared to \$34,713 for six months ended August 31, 2018.

Net Loss

We had a net loss of \$5,410,475 for the six months ended August 31, 2019, compared to a net income of \$4,251,264 for the six months ended August 31, 2018, an increase in net loss of \$9,661,721 from the prior period. The increase in net loss was primarily due to increases of (i) \$831,494 in technology and development expenses, (ii) \$582,505 in stock-based compensation, and (iii) \$3,099,134 in valuation loss, as well as a decrease of \$5,250,000 in gain on sales of assets from 2018.

Liquidity and Capital Resources

At August 31, 2019, we had \$107,632 of cash on-hand, an increase of \$74,653 from \$32,979 at February 28, 2019. The increase in cash is due primarily to (i) \$700,000 borrowed from the Monaco Trust as described in "Note 6 – Related Party Promissory Notes and Transactions" of the unaudited consolidated financial statements included above, and (ii) the net proceeds of \$351,356 from sales of Verus common stock to the public in open market transactions as described in "Note 4 – Acquisitions and Dispositions" of the unaudited consolidated financial statements included above. Our website development costs and intangible assets, net, increased to \$6,776,720 as of August 31, 2019, compared to \$1,941,816 as of February 28, 2019, as a result of the Intellectual Property Purchase as described in "Note 4 – Acquisitions and Dispositions" of the unaudited consolidated financial statements included above. We also had \$409,804 of prepaid expenses and other current assets as of August 31, 2019, compared to \$25,873 as of February 28, 2019, which increase was mainly due to the payments related to the Asset Management Services Agreement with IDS, Inc as described in "Note 4 – Acquisitions and Dispositions" of the unaudited consolidated financial statements included above.

As of August 31, 2019, the Company had total current liabilities of \$2,892,421, consisting of other notes payable in the form of a Line of Credit facility of \$1,200,000 from Republic Bank (described below) of which \$1,193,000 was drawn (the same amount as of February 28, 2019), \$700,000 borrowed from the Monaco Trust, accounts payable and accrued expenses of \$822,180 (an increase of \$129,797 from \$692,383 as of February 28, 2019, mainly attributable to accrued expenses of \$61,622 which are related to the Intellectual Property Purchase as described in "Note 4 – Acquisitions and Dispositions" of the unaudited consolidated financial statements included above), and other current liabilities of \$122,413 (an increase of \$77,597 from \$44,816 as of February 28, 2019) and operating lease right-of-use asset of \$80,397 as of August 31, 2019 compared to \$0 as of February 28, 2019. We also had \$54,828 of operating lease liability at August 31, 2019. A note payable to the Donald P. Monaco Trust, a shareholder of which Donald P. Monaco is the trustee and the Chairman of the Board of Directors of the Company, in the amount of \$350,000 was paid from the proceeds of the Underwritten Offering, as described in "Note 7 – Stockholders' Equity", to the unaudited financial statements included herein. The note has a \$700,000 balance as of August 31, 2019 compared to \$350,000 as of February 28, 2019. We anticipate that we will satisfy our current liabilities from proceeds derived from equity sales (similar to the April 2019 underwritten offering), sales of marketable securities which we hold as of August 31, 2019 (as discussed above), and revenue generated from sales, as well as from our cash on hand.

As of August 31, 2019, we had \$12,574,066 in total assets, \$2,917,990 in total liabilities (of which \$2,892,421 were current liabilities), positive working capital of \$975,451 and a total accumulated deficit of \$111,808,668.

Net cash provided by operating activities was \$2,645,441 for the six months ended August 31, 2019, a decrease of \$4,280,955 from the \$1,635,514 of cash used in operating activities during the six months ended August 31, 2018. The main items relating to the decrease were \$4,920,000 of the Company's shares issued for the Intangible assets, \$3,629,755 of increase in valuation loss, and \$255,478 of increase in accounts payable and accrued expenses which were offset by a decrease of \$5,250,000 Gain on sale of assets and \$313,883 of increase in prepaid expenses and other current assets.

Net cash used in investing activities increased to \$4,981,806 for the six months ended August 31, 2019, an increase of \$4,135,506 from the \$846,300 of cash used in investing activities during the six months ended August 31, 2018. The increase was due to the purchase of the intellectual property from IDS in August 2019.

Net cash provided by financing activities increased to \$2,411,017 for the six months ended August 31, 2019, an increase of \$1,505,242 from the \$905,775 of cash provided by financing activities during the six months ended August 31, 2018. The main items relating to the increase were \$1,785,930 of net proceeds received from the April 2019 Underwritten Offering described in “[Note 7 – Stockholders’ Equity](#)”, to the unaudited financial statements included herein, and an increase of \$180,000 in amounts borrowed from the Monaco Trust, offset by a decrease of \$350,000 in payments on shareholder loans, and a \$110,688 decrease of proceeds from exercise of common stock warrants.

On June 15, 2016, we entered into a revolving line of credit agreement with Republic Bank, Inc. of Duluth, Minnesota (“[Republic](#)”), in the maximum amount of \$1,000,000. Donald P. Monaco is Vice Chairman and Director at Republic. Amounts borrowed under the line of credit accrue interest at the Wall Street Journal U.S. Prime Rate plus 1% (updated daily until maturity), payable monthly in arrears beginning on July 15, 2016. Any amounts borrowed under the line of credit were originally due on June 15, 2017; however, on June 12, 2017, the line of credit was extended for 90 days through September 13, 2017. On December 22, 2016, the revolving line of credit was increased to \$1,200,000. On September 15, 2017, we entered into a replacement revolving line of credit agreement with Republic, which replaced and superseded our prior line of credit. The replacement Line of Credit is in an amount of up to \$1.2 million, which borrowed amount is due and payable by us on September 15, 2018. Amounts borrowed under the Line of Credit accrue interest at the Wall Street Journal U.S. Prime Rate plus 1% (updated daily until maturity), payable monthly in arrears beginning on October 15, 2017. On September 15, 2018, we entered into another replacement revolving line of credit agreement with Republic, which replaced and superseded our prior line of credit. The replacement Line of Credit is in an amount of up to \$1.2 million, which borrowed amount is due and payable by us on September 15, 2019. On September 16, 2019, the Company entered into a commercial debt modification agreement with Republic Bank to extend the maturity date of the line of credit to December 15, 2019. Amounts borrowed under the Line of Credit, as amended and extended, accrue interest at the Wall Street Journal U.S. Prime Rate plus 1% (updated daily until maturity), payable monthly in arrears beginning on October 15, 2018. The loan contains standard and customary events of default and no financial covenants. From June 16, 2016 through August 31, 2019, we have made draws of \$1,193,000 under the line of credit. Interest expense charged to operations relating to this line of credit was \$66,514 and \$18,044, for the six months ended August 31, 2019 and 2018, respectively.

Additional information regarding our notes receivable, investments in equity instruments, acquisitions and dispositions, line of credit and notes payable can be found under “[Note 2 – Notes Receivable](#)”, “[Note 3 – Investment in Equity Instruments](#)”, “[Note 4 – Acquisitions and Dispositions](#)”, “[Note 5 – Line of Credit](#)” and “[Note 6 – Related Party Promissory Notes and Transactions](#)”, to the unaudited financial statements included herein.

As of August 31, 2019, we had approximately \$2,892,421 of current liabilities and \$3,867,872 of current assets, resulting in positive working capital of \$975,451. Notwithstanding that, we have very limited financial resources. We currently have a monthly cash requirement of approximately \$320,000, exclusive of capital expenditures. We will need to raise substantial additional capital to support the on-going operation and increased market penetration of our products including the development of national advertising relationships, increases in operating costs resulting from additional staff and office space until such time as we generate revenues sufficient to support ourselves. We believe that in the aggregate, we could require several millions of dollars to support and expand the marketing and development of our travel products, repay debt obligations, provide capital expenditures for additional equipment and development costs, payment obligations, office space and systems for managing the business, and cover other operating costs until our planned revenue streams from travel products are fully implemented and begin to offset our operating costs. We currently do not have the resources to satisfy these obligations, and our inability to do so could have a material adverse effect on our business and ability to continue as a going concern. Our failure to obtain additional capital to finance our working capital needs on acceptable terms, or at all, will negatively impact our business, financial condition and liquidity.

To date, we have funded our operations with the proceeds from equity, debt financings, and sale of Verus’ shares held by the Company described in “[Note 4 – Acquisitions and Dispositions](#)”. We anticipate we will continue to meet our funding requirements through the sale of equity, debt financing and sale of Verus’ shares, which funds may not be available on favorable terms, if at all. We anticipate that we would need several millions of dollars to properly market our products and fund the operations for the next 12 months. Assuming we are able to raise the funds discussed above, we currently anticipate that by the fourth fiscal quarter of FYE February 29, 2020, our operations could be self-sustaining and providing the necessary cash flow to enable us to continue to grow the Company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

This represents the risk of loss that may result from the potential change in value of a financial instrument because of fluctuations in interest rates and market prices. We do not currently have any trading derivatives nor do we expect to have any in the future. We have established policies and internal processes related to the management of market risks, which we use in the normal course of our business operations.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In accordance with Rule 13a-15(b) of the Exchange Act, as of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, as of August 31, 2019, the end of the period covered by this Quarterly Report on Form 10-Q, were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

As of August 31, 2019, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is involved, from time to time, in litigation, other legal claims and proceedings involving matters associated with or incidental to our business, including, among other things, matters involving breach of contract claims, intellectual property, employment issues, and other related claims and vendor matters.

Such current litigation and prior settlements are described in, and incorporated by reference in, this “Item 1. Legal Proceedings” from, Part I, Item 1 of this Form 10-Q in the Notes to Consolidated Financial Statements in Note 8, “Commitments and Contingencies” under the heading “Legal Matters”. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our financial condition or results of operations. However, assessment of the current litigation or other legal claims could change in light of the discovery of facts not presently known to the Company or by judges, juries or other finders of fact, which are not in accord with management’s evaluation of the possible liability or outcome of such litigation or claims.

Additionally, the outcome of litigation is inherently uncertain. If one or more legal matters were resolved against the Company in a reporting period for amounts in excess of management’s expectations, the Company’s financial condition and operating results for that reporting period could be materially adversely affected.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A of the Company’s Annual Report on Form 10-K/A (Amendment No. 1) for the year ended February 28, 2019, filed with the Commission on June 14, 2019, under the heading “Risk Factors”, except as discussed below, and investors should review the risks provided in the Form 10-K and below, prior to making an investment in the Company. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described in the Form 10-K for the year ended February 28, 2019, under “Risk Factors”, and below, any one or more of which could, directly or indirectly, cause the Company’s actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company’s business, financial condition, operating results and stock price.

We agreed to pay significant amounts to IDS pursuant to the Property Purchase Agreement and related agreements.

On August 15, 2019, we entered into an Intellectual Property Purchase Agreement with IDS, which offers an e-commerce platform. Pursuant to the agreement, the Company purchased certain proprietary technology from IDS for the reservation and booking of air travel, hotel accommodations, car rentals, and ancillary products, services, and amenities, integration of the same with the providers of such products and services, associated functions, including website addresses, patents, trademarks, copyrights and trade secrets relating thereto, and all goodwill associated therewith. In conjunction with the purchase, the Company also entered into an Asset Management Services Agreement with IDS, pursuant to which we agreed to provide financing, facilities, and other support for the operations of the IP Assets. The Management Agreement has a term of 12 months, unless otherwise extended with the mutual consent of the parties. We were required to pay IDS \$350,000 at the closing as the first payment due pursuant to the terms of the Management Agreement (which payment was timely made) and to make a payment 90 days following the closing date in the amount of \$284,400. In addition to the payments due pursuant to the Asset Management Services Agreement (described above), the Company entered into an Owner Support Commitment with IDS, based upon the parties mutual agreement as to how to fund the operation and commercial exploitation of the Travel Booking Engine over a seven (7) month period, which requires us to provide a minimum of \$1,200,000 in funding. We have historically experienced liquidity issues due to, among other reasons, our limited ability to raise adequate capital on acceptable terms. We anticipate that we will need to sell equity to fund the payment of amounts due to IDS. Such sales of equity may not be available on favorable terms, if at all, and such sales may cause significant dilution to existing shareholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There have been no sales of unregistered securities during the six months ended August 31, 2019 and from the period from September 1, 2019 to the filing date of this report, which have not previously been disclosed in the Company's February 28, 2019, Annual Report on Form 10-K/A, or in a Current Report on Form 8-K, except as disclosed below:

- On June 1, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 5,000 shares of restricted common stock on June 25, 2019, valued at \$15,000, for services rendered.
- On June 11, 2019, the Company issued 5,000 of restricted common stock pursuant to an employment agreement valued at \$13,900.
- On June 25, 2019, the Company issued 29,000 shares of restricted common stock pursuant to the terms of a Capital Markets and Business Advisory Agreement for compensation for services to be rendered, valued at \$87,000.
- On July 10, 2019, the Company issued 40,000 shares of restricted common stock, valued \$128,400, pursuant to an Employment Incentive Agreement.
- On September 3, 2019, the Company entered into a Marketing Agreement, pursuant to which the Company issued 15,000 shares of restricted common stock, valued at \$32,400, for services rendered.
- On September 3, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 40,000 shares of restricted common stock, valued at \$86,400, for services rendered.
- On September 3, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 60,000 shares of restricted common stock, valued at \$129,600 for services rendered.
- On September 25, 2019, the Company entered into a Consulting Agreement, pursuant to which the Company issued 25,000 shares of restricted common stock, valued at \$54,250 for services rendered.

To the extent that such issuances above are not exempt from registration due to a no-sale theory, we claim an exemption from registration for the issuances described above pursuant to Section 4(a)(2) and/or Rule 506(b) of Regulation D of the Securities Act, since the foregoing issuances did not involve a public offering, the recipients were (a) "accredited investors"; and/or (b) had access to similar documentation and information as would be required in a Registration Statement under the Securities Act, the recipients acquired the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The securities were offered without any general solicitation by us or our representatives. No underwriters or agents were involved in the foregoing issuances and we paid no underwriting discounts or commissions. The securities are subject to transfer restrictions, and the certificates evidencing the securities will contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent registration or pursuant to an exemption there-from. The securities were not registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

Item 3. Defaults Upon Senior Securities.

There were no defaults upon senior securities during the quarter ended August 31, 2019.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

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

MONAKER GROUP, INC.

Date: October 15, 2019

/s/ William Kerby

William Kerby
Chief Executive Officer
(Principal Executive Officer)

Date: October 15, 2019

/s/ Mr. Sirapop "Kent" Taepakdee

Mr. Sirapop "Kent" Taepakdee
Controller
(Principal Accounting/Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description	Filed or Furnished Herewith	Form	Exhibit	Filing Date	File No.
2.1+#	Intellectual Property Purchase Agreement by and between Monaker Group, Inc., as Buyer and IDS Inc., as Seller, dated August 15, 2019		8-K	2.1	8/22/2019	001-38402
10.1	Amended and Restated Monaker Group, Inc. 2017 Equity Incentive Plan***		8-K	10.1	8/19/2019	001-38402
10.2%	Asset Management Services Agreement by and between TD Assets Holding, LLC, as Operator, and Monaker Group, Inc., as Owner, dated August 15, 2019		8-K	10.1	8/22/2019	001-38402
10.3*	Commercial Debt Modification Agreement with Republic Bank dated September 16, 2019	X				
10.4*	Second Amendment to Amended Promissory Note in the original amount of \$230,000, by Bettwork industries Inc., as borrower and Monaker Group, Inc., as lender, dated October 10, 2019 and effective August 31, 2019	X				
16.1	Letter to Securities and Exchange Commission from M&K CPAS, PLLC, dated May 21, 2019		8-K	16.1	5/21/2019	001-38402
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X				
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Schema Document	X				
101.CAL	XBRL Calculation Linkbase Document	X				
101.DEF	XBRL Definition Linkbase Document	X				
101.LAB	XBRL Label Linkbase Document	X				
101.PRE	XBRL Presentation Linkbase Document	X				

* Filed herewith.

** Furnished herewith.

*** Indicates a management contract or any compensatory plan, contract or arrangement.

+ Certain schedules, exhibits, annexes and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that Monaker Group, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

Certain confidential portions of this Exhibit were omitted by means of marking such portions with brackets (“[****]”) because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

% Certain schedules, exhibits, annexes and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request; provided, however that Monaker Group, Inc. may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedule or exhibit so furnished.

BORROWER NAME AND ADDRESS	LENDER NAME AND ADDRESS	LOAN DESCRIPTION
MONAKER GROUP, INC. 2893 EXECUTIVE PARK DRIVE, STE. #201 WESTON, FL 33331	REPUBLIC BANK, INC. 308 W. SUPERIOR STREET DULUTH, MN 55802	Number <u>680510102</u> Amount \$ <u>1,200,000.00</u> Date <u>09-27-2018</u>

Refer to the attached Signature Addendum, incorporated herein, for additional Borrowers and their signatures.

COMMERCIAL DEBT MODIFICATION AGREEMENT

DATE AND PARTIES. The date of this Debt Modification Agreement (Modification) is 09-18-2019.

DEFINITIONS. As used in this Modification, the terms have the following meanings:

Pronouns. The pronouns "I," "me," and "my" refer to each Borrower signing this Modification, individually and together with their heirs, executors, administrators, successors, and assigns. "You" and "your" refer to the Lender, with its participants or syndicators, successors and assigns, or any person or entity that acquires an interest in this Modification or Prior Obligation.

Prior Obligation. "Prior Obligation" refers to any previous agreement governing my promise to pay you money, including any loan agreement, note, or document that evidences my indebtedness, and any extensions, renewals, modifications, and substitutions.

BACKGROUND. You and I have entered into a Prior Obligation which is evidenced by PROMISSORY NOTE #680510102

dated 09-27-2018 is the original principal amount of / with a maximum possible principal amount of \$ 1,200,000.00

payable on demand. / payable on demand but if no demand is made, by the maturity date of _____ / with a maturity date of 09-15-2019

As of the date of this Modification, the amount remaining due is / current amount outstanding on the Prior Obligation is \$ 1,183,000.00 principal (Principal) plus \$ 8,827.77 accrued interest, for a total of \$ 1,191,827.77

MODIFICATION. For value received, you and I agree to modify the Prior Obligation as follows.

INTEREST RATE MODIFICATION.

INTEREST RATE.

Maximum Interest Amount. Any amount assessed or collected as interest will be limited to the maximum lawful amount of interest allowed by state or federal law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid principal balance. Any remainder will be refunded to me.

Post-Maturity/Default Interest Rate.

Compounding. This Modification provides for the compounding of interest.

PAYMENT MODIFICATION.

DRAW PERIOD MODIFICATION.

FEES AND CHARGES MODIFICATION.

ADDITIONAL TERMS.

EXTEND MATURITY DATE FROM 09-15-2019 TO 12-15-2019

CONTINUATION OF TERMS. Except as specifically amended in this Modification, all terms of the Prior Obligation remain in effect.

INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Modification.

VT only **NOTICE TO BORROWER: THIS IS A DEMAND NOTE AND SO MAY BE COLLECTED BY THE LENDER AT ANY TIME. A NEW NOTE MUTUALLY AGREED UPON AND SUBSEQUENTLY ISSUED MAY CARRY A HIGHER OR LOWER RATE OF INTEREST.**

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (BORROWER/DEBTOR) AND US (LENDER/SECURED PARTY) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT. BY SIGNING THIS MODIFICATION, THE PARTIES AFFIRM THAT NO UNWRITTEN ORAL AGREEMENT EXISTS BETWEEN THEM.

SIGNATURES. By signing under seal, Borrower agrees to the terms contained in this Note. Borrower also acknowledges receipt of a copy of this Note.

BORROWER:

MONAKER GROUP, INC.

Entity Name

Signature William Kirby, CEO

Date 09/17/19

Signature _____ Date _____ (Seal)

Signature _____

Date _____ (Seal)

Signature _____ Date _____ (Seal)

LENDER:

REPUBLIC BANK INC.

Entity Name _____

Signature _____ Date _____ (Seal)
MARK E. LANGRAN, VICE PRESIDENT
COMMERCIAL DEBT MODIFICATION AGREEMENT
EXPENSE © 1998, 2001 Bankers Systems, Inc., St. Cloud, MN Form COMM-OMOD 7/1/2004

Signature _____ Date _____ (Seal)
NOT TO BE USED FOR LOANS SUBJECT TO CONSUMER LENDING LAWS
(page 1 of 1)

BORROWER NAME AND ADDRESS
MORAKER GROUP, INC
2803 EXECUTIVE PARK DRIVE, STE. #201
WESTON, FL 33331

LENDER NAME AND ADDRESS
REPUBLIC BANK, INC
308 W SUPERIOR STREET
DULUTH, MN 55802

LOAN DESCRIPTION
Number 880510162
Amount \$ 1,200,000.00
Date 08-27-2018

Refer to the attached Signature Addendum, incorporated herein, for additional Borrowers and their signatures.

COMMERCIAL DEBT MODIFICATION AGREEMENT

DATE AND PARTIES. The date of this Debt Modification Agreement (Modification) is 08-16-2018

DEFINITIONS. As used in this Modification, the terms have the following meanings:

Proceeds. The proceeds "I," "we," and "my" refer to each Borrower signing this Modification, individually and together with their heirs, executors, administrators, successors, and assigns. "You" and "your" refer to the Lender, with its participants or syndicators, successors and assigns, or any person or entity that acquires an interest in this Modification or Prior Obligation.

Prior Obligation. "Prior Obligation" refers to any previous agreement governing my promise to pay you money, including any loan agreement, note, or document that evidences my indebtedness, and any extensions, renewals, modifications, and substitutions.

BACKGROUND. You and I have entered into a Prior Obligation which is evidenced by PROMISSORY NOTE #880510162

dated 08-27-2018 is the original principal amount of / with a maximum possible principal amount of \$ 1,200,000.00

payable on demand, / payable on demand but if no demand is made, by the maturity date of 08-15-2019 / with a maturity date of 08-15-2019

As of the date of this Modification, the amount remaining due is / current amount outstanding on the Prior Obligation is \$ 1,193,000.00 principal (Principal) plus \$ 6,877.77 accrued interest, for a total of \$ 1,199,877.77

MODIFICATION. For value received, you and I agree to modify the Prior Obligation as follows:

- INTEREST RATE MODIFICATION.**
 INTEREST RATE.

Maximum Interest Amount. Any amount assessed or collected as interest will be limited to the maximum lawful amount of interest allowed by state or federal law. Amounts collected in excess of the maximum lawful amount will be applied first to the unpaid principal balance. Any remainder will be refunded to me.

Post-Maturity/Default Interest Rate.

Compounding. This Modification provides for the compounding of interest.

PAYMENT MODIFICATION.

DRAW PERIOD MODIFICATION.

FEES AND CHARGES MODIFICATION.

ADDITIONAL TERMS.

EXTEND MATURITY DATE FROM 08-15-2019 TO 12-15-2019

CONTINUATION OF TERMS. Except as specifically amended in this Modification, all terms of the Prior Obligation remain in effect.

INTERPRETATION. Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Modification.

VT only **NOTICE TO BORROWER: THIS IS A DEMAND NOTE AND SO MAY BE COLLECTED BY THE LENDER AT ANY TIME. A NEW NOTE MUTUALLY AGREED UPON AND SUBSEQUENTLY ISSUED MAY CARRY A HIGHER OR LOWER RATE OF INTEREST.**

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE, REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (BORROWER/DEBTOR) AND US (LENDER/SECURED PARTY) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT. BY SIGNING THIS MODIFICATION, THE PARTIES AFFIRM THAT NO UNWRITTEN ORAL AGREEMENT EXISTS BETWEEN THEM.

SIGNATURES. By signing under seal, Borrower agrees to the terms contained in this Note. Borrower also acknowledges receipt of a copy of this Note.

BORROWER:

MORAKER GROUP, INC

Entity Name

Signature [Signature]
WILLIAM KERRY, CEO

Date 08/17/19

Signature _____ Date _____ (Seal)

Signature _____ Date _____ (Seal)

LENDER:

REPUBLIC BANK, INC

Entity Name

Signature [Signature]
MARIE LANHAM, VICE PRESIDENT
COMMERCIAL BANK GROUP, A DIVISION OF REPUBLIC BANK

Date _____ (Seal)

Signature _____ Date _____ (Seal)

**SECOND AMENDMENT TO
AMENDED PROMISSORY NOTE**

This Second Amendment to Amended Promissory Note (this "**Agreement**"), dated October 10, 2019 and effective as of August 31, 2019 (the "**Effective Date**"), amends that certain Amended Promissory Note in the original principal amount of \$230,000, as amended by the First Amendment to Promissory Note dated March 12, 2019 and effective February 28, 2019 (as amended and extended to date, the "**Note**", a copy of which have been filed as exhibits to the Lender's filings with the Securities and Exchange Commission¹) made and entered into effective as of October 19, 2018, by and between Bettwork Industries Inc., a Nevada company, having an address at 704 North 39th Street, Suite 120, Ft Pierce, FL 34947 ("**Borrower**") and Monaker Group Inc., located at 2893 Executive Park Drive, Suite 201, Weston, Florida 33331 ("**Lender**"). Certain capitalized terms used below but not otherwise defined shall have the meanings given to such terms in the Note.

WHEREAS, the Borrower and the Lender desire to amend the Note to extend the Maturity Date of the Note on the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, and considerations herein contained, and other good and valuable consideration, which consideration the parties hereby acknowledge and confirm the receipt and sufficiency thereof, the parties hereto agree as follows:

1. Amendment to Note.

(a) Effective as of the Effective Date, the definition of "**Maturity Date**" in the introductory paragraph of the Note shall be amended from "August 31, 2019" to "February 29, 2020" (the "**Maturity Extension**").

2. Confirmations.

(a) Lender agrees and confirms that the Note shall be due and payable on February 29, 2020, as a result of the Maturity Extension described herein.

(b) The Lender agrees and confirms that the Note is not currently in default.

(c) The Lender and Borrower agree and confirm that the total Principal Amount of the Note is currently \$190,000.

3. Consideration. Each of the parties agrees and confirms by signing below that they have received valid consideration in connection with this Agreement and the transactions contemplated herein.

¹ <https://www.sec.gov/Archives/edgar/data/1372183/000158069519000028/ex10-13.htm> and
<https://www.sec.gov/Archives/edgar/data/1372183/000158069519000098/ex10-2.htm>

4. **Mutual Representations, Covenants and Warranties.** Each of the parties, for themselves and for the benefit of each of the other parties hereto, represents, covenants and warranties that:

(a) Such party has all requisite power and authority, corporate or otherwise, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and thereby. This Agreement constitutes the legal, valid and binding obligation of such party enforceable against such party in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and general equitable principles;

(b) The execution and delivery by such party and the consummation of the transactions contemplated hereby and thereby do not and shall not, by the lapse of time, the giving of notice or otherwise: (i) constitute a violation of any law; or (ii) constitute a breach of any provision contained in, or a default under, any governmental approval, any writ, injunction, order, judgment or decree of any governmental authority or any contract to which such party is bound or affected; and

(c) Any individual executing this Agreement on behalf of an entity has authority to act on behalf of such entity and has been duly and properly authorized to sign this Agreement on behalf of such entity.

5. **Further Assurances.** The parties agree that, from time to time, each of them will take such other action and to execute, acknowledge and deliver such contracts, deeds, or other documents as may be reasonably requested and necessary or appropriate to carry out the purposes and intent of this Agreement and the transactions contemplated herein.

6. **Effect of Agreement.** Upon the effectiveness of this Agreement, each reference in the Note, and/or any other documents, agreements or understandings entered into in connection therewith (collectively, "**Ancillary Agreements**"), to "**Amended Promissory Note**", "**Promissory Note**", "**Note**", "**Agreement**," "**hereunder**," "**hereof**," "**herein**" or words of like import shall mean and be a reference to such Note as modified or amended hereby.

7. **Note to Continue in Full Force and Effect.** Except as specifically modified or amended herein, the Note and Ancillary Agreements, and the terms and conditions thereof shall remain in full force and effect.

8. **Entire Agreement.** This Agreement sets forth all of the promises, agreements, conditions, understandings, warranties and representations among the parties with respect to the transactions contemplated hereby and thereby, and supersedes all prior agreements, arrangements and understandings between the parties, whether written, oral or otherwise.

9. **Construction.** In this Agreement words importing the singular number include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders.

10. **Governing Law.** This Agreement shall be governed by the laws of the State of Florida without regard to choice of law consideration. Borrower hereby irrevocably consents to the jurisdiction of the courts of the State of Florida and of any federal court located in such State in connection with any action or proceeding arising out of or relating to the Note or this Agreement.

11. **Heirs, Successors and Assigns.** Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. Borrower shall not assign any of its rights or obligations under the Note without the Lender's prior written approval, provided that such obligations shall automatically be assigned to any successor of the Borrower.

12. **Counterparts and Signatures.** This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .jpeg or similar attachment to electronic mail (any such delivery, an "**Electronic Delivery**") shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such party forever waives any such defense, except to the extent such defense relates to lack of authenticity.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date set forth on the first page hereof to be effective as of the Effective Date.

“**Pledgor**”:²

**Pledgor of Bettwork Industries Inc.
Preferred Supervoting Securities**

Bettwork Industries Inc.

By: /s/ Ashvin Mascarenhas
Name: Ashvin Mascarenhas
Title: Chairman, Bettwork Industries Inc.

By: /s/ Ashvin Mascarenhas
Name: Ashvin Mascarenhas
(Individually)

“**Borrower**”:

Bettwork Industries Inc.

By: /s/ Ashvin Mascarenhas
Name: Ashvin Mascarenhas
Title: President

By: /s/ Ashvin Mascarenhas
Name: Ashvin Mascarenhas
(An Individually)

“**Lender**”

Monaker Group, Inc.

By: /s/ William Kerby
William Kerby
Chief Executive Officer

²Approving, confirming, ratifying and agreeing to the terms and conditions of this Agreement and the Note.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Kerby, certify that:

1. I have reviewed this Form 10-Q of Monaker Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. Along with the Principal Accounting Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 15, 2019

By: */s/ William Kerby*

William Kerby
Chief Executive Officer
(Principal Executive Officer)
Monaker Group, Inc.

**CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mr. Sirapop “Kent” Taepakdee, certify that:

1. I have reviewed this Form 10-Q of Monaker Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. Along with the Principal Executive Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15 (f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financing reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 15, 2019

By: /s/ Mr. Sirapop “Kent” Taepakdee

Mr. Sirapop “Kent” Taepakdee
Controller
(Principal Accounting/Financial Officer)
Monaker Group, Inc.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of Monaker Group, Inc. (the "Company"), on Form 10-Q for the quarter ended August 31, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, William Kerby, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes- Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the quarter ended August 31, 2019, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended August 31, 2019, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 15, 2019

By: */s/ William Kerby*

William Kerby
Chief Executive Officer
(Principal Executive Officer)
Monaker Group, Inc.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of Monaker Group, Inc. (the "Company"), on Form 10-Q for the quarter ended August 31, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Mr. Sirapop "Kent" Taepakdee, Principal Accounting/Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the quarter ended August 31, 2019, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended August 31, 2019, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 15, 2019

By: */s/ Mr. Sirapop "Kent" Taepakdee*

Mr. Sirapop "Kent" Taepakdee
Controller
(Principal Accounting/Financial Officer)
Monaker Group, Inc.