

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended: **March 31, 2022**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. **001-39500**

**Creadd, Inc.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation)

**87-0645394**

(I.R.S. Employer  
Identification No.)

**419 Lafayette Street, 6<sup>th</sup> Floor  
New York, NY 10003**

(Address of principal executive offices)

**(201) 258-3770**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001	CRTD	The Nasdaq Stock Market LLC
Common Stock Purchase Warrants	CRTDW	The Nasdaq Stock Market LLC

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

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

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

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

Yes ☐ No ☒

As of May 16, 2022, the registrant had 20,140,413 shares of its common stock, par value \$0.001 per share, outstanding.

---

---

---

# Creatd

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2022

## TABLE OF CONTENTS

	<b>Page</b>
<a href="#"><u>Special Note Regarding Forward-Looking Statements and Other Information Contained in this Report</u></a>	ii
<b>PART I - FINANCIAL INFORMATION</b>	
Item 1. <a href="#"><u>Financial Statements</u></a>	1
Item 2. <a href="#"><u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></a>	32
Item 3. <a href="#"><u>Quantitative and Qualitative Disclosures About Market Risk</u></a>	41
Item 4. <a href="#"><u>Controls and Procedures</u></a>	41
<b>PART II - OTHER INFORMATION</b>	
Item 1. <a href="#"><u>Legal Proceedings</u></a>	42
Item 1A. <a href="#"><u>Risk Factors</u></a>	42
Item 2. <a href="#"><u>Unregistered Sales of Equity Securities and Use of Proceeds</u></a>	42
Item 3. <a href="#"><u>Defaults Upon Senior Securities</u></a>	42
Item 4. <a href="#"><u>Mine Safety Disclosures</u></a>	42
Item 5. <a href="#"><u>Other Information</u></a>	42
Item 6. <a href="#"><u>Exhibits</u></a>	43

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS REPORT**

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. You can find many (but not all) of these statements by looking for words such as “approximates,” “believes,” “hopes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “plans,” “would,” “should,” “could,” “may” or other similar expressions in this Form 10-Q. In particular, these include statements relating to future actions; prospective products, applications, customers and technologies; future performance or results of anticipated products; anticipated expenses; and projected financial results. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- our ability to continue as a going concern;
- our operating expenses exceed our revenues and will likely continue to do so for the foreseeable future;
- our ability to obtain additional capital, which may be difficult to raise as a result of our limited operating history or any number of other reasons;
- our ability to provide digital content that is useful to users;
- our ability to retain existing users or add new users;
- competition from traditional media companies;
- general economic conditions and events and the impact they may have on us and our users; and
- other factors discussed in this Form 10-Q.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Form 10-Q, particularly in the “Risk Factors” section, that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make or collaborations or strategic partnerships we may enter into.

You should read this Form 10-Q and the documents that we have filed as exhibits to this Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Unless otherwise stated or the context otherwise requires, the terms “Creatd,” “we,” “us,” “our” and the “Company” refer collectively to Creatd, Inc. and its subsidiaries.

## PART I - FINANCIAL INFORMATION

### Item 1. Financial Statements.

**Creatd, Inc.**  
**March 31, 2022**  
**Index to the Condensed Consolidated Financial Statements**

<b>Contents</b>	<b>Page(s)</b>
<a href="#"><u>Condensed Consolidated Balance Sheets as of March 31, 2022 (unaudited) and December 31, 2021</u></a>	2
<a href="#"><u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u></a>	3
<a href="#"><u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u></a>	4
<a href="#"><u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2022 and 2021 (unaudited)</u></a>	6
<a href="#"><u>Notes to the Condensed Consolidated Financial Statements (unaudited)</u></a>	7

**Creatd, Inc.**  
**Condensed Consolidated Balance Sheets**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 3,229,627	\$ 3,794,734
Accounts receivable, net	390,605	337,440
Inventory	436,981	106,403
Prepaid expenses and other current assets	274,840	236,665
<b>Total Current Assets</b>	<b>4,332,053</b>	<b>4,475,242</b>
Property and equipment, net	139,479	102,939
Intangible assets	2,520,373	2,432,841
Goodwill	1,383,785	1,374,835
Deposits and other assets	914,700	718,951
Minority investment in businesses	50,000	50,000
Operating lease right of use asset	-	18,451
<b>Total Assets</b>	<b>\$ 9,340,390</b>	<b>\$ 9,173,259</b>
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 4,832,103	\$ 3,730,540
Convertible Notes, net of debt discount and issuance costs	-	159,193
Current portion of operating lease payable	-	18,451
Note payable, net of debt discount and issuance costs	1,151,087	1,278,672
Deferred revenue	211,676	234,159
<b>Total Current Liabilities</b>	<b>6,194,866</b>	<b>5,421,015</b>
<b>Non-current Liabilities:</b>		
Note payable	35,905	63,992
<b>Total Non-current Liabilities</b>	<b>35,905</b>	<b>63,992</b>
<b>Total Liabilities</b>	<b>6,230,771</b>	<b>5,485,007</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity</b>		
Common stock par value \$0.001: 100,000,000 shares authorized; 19,915,090 issued and 19,909,433 outstanding as of March 31, 2021 and 16,691,170 issued and 16,685,513 outstanding as of December 31, 2021	19,915	16,691
Additional paid in capital	117,949,487	111,563,618
Subscription receivable	-	-
Less: Treasury stock, 5,657 and 5,657 shares, respectively	(62,406)	(62,406)
Accumulated deficit	(115,977,464)	(109,632,574)
Accumulated other comprehensive income	(83,222)	(78,272)
<b>Total Creatd, Inc. Stockholders' Equity</b>	<b>1,846,310</b>	<b>1,807,057</b>
Non-controlling interest in consolidated subsidiaries	1,263,309	1,881,195
	<b>3,109,619</b>	<b>3,688,252</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 9,340,390</b>	<b>\$ 9,173,259</b>

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

**Creatd, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
<b>Net revenue</b>	\$ 1,348,738	\$ 743,913
<b>Cost of revenue</b>	1,572,170	867,150
<b>Gross margin (loss)</b>	(223,432)	(123,237)
<b>Operating expenses</b>		
Research and development	226,654	328,852
Marketing	2,092,021	2,042,655
Stock based compensation	1,080,792	1,570,239
General and administrative	3,386,385	1,881,014
<b>Total operating expenses</b>	6,785,852	5,822,760
<b>Loss from operations</b>	(7,009,284)	(5,945,997)
<b>Other income (expenses)</b>		
Other income	99	-
Interest expense	(13,896)	(198,671)
Accretion of debt discount and issuance cost	(23,477)	(497,165)
Derivative expense	-	(100,502)
Change in derivative liability	3,729	(197,389)
Settlement of vendor liabilities	14,525	92,909
Gain on extinguishment of debt	147,256	203,578
<b>Other expenses, net</b>	128,236	(697,240)
<b>Loss before income tax provision</b>	(6,881,048)	(6,643,237)
<b>Income tax provision</b>	-	-
<b>Net loss</b>	(6,881,048)	(6,643,237)
Non-controlling interest in net loss	617,886	-
<b>Net Loss attributable to Creatd, Inc.</b>	(6,263,162)	(6,643,237)
Deemed dividend	(81,728)	-
Net loss attributable to common shareholders	\$ (6,344,890)	\$ (6,643,237)
<b>Comprehensive loss</b>		
<b>Net loss</b>	(6,881,048)	(6,643,237)
Currency translation gain (loss)	(4,950)	(7,311)
<b>Comprehensive loss</b>	\$ (6,885,998)	\$ (6,650,548)
<b>Per-share data</b>		
Basic and diluted loss per share	\$ (0.36)	\$ (0.68)
Weighted average number of common shares outstanding	17,707,951	9,836,443

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





**Creatd, Inc.**  
**Condensed Consolidated Statement of Changes in Stockholders' Equity (Deficit)**  
**For the Three Months Ended March 31, 2022**  
**(Unaudited)**

	<b>Series E Preferred Stock</b>		<b>Common Stock</b>		<b>Treasury stock</b>		<b>Additional Paid In Capital</b>	<b>Accumulated Deficit</b>	<b>Non- Controlling Interest</b>	<b>Other Comprehensive Income</b>	<b>Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>					
Balance, January 1, 2022	500	\$ -	16,691,170	\$ 16,691	(5,657)	\$ (62,406)	\$111,563,618	\$ (109,632,574)	\$ 1,881,195	\$ (78,272)	\$ 3,688,252
Stock based compensation	-	-	18,171	18	-	-	1,067,591	-	-	-	1,067,609
Shares issued for prepaid services	-	-	50,000	50	-	-	68,950	-	-	-	69,000
Cash received for common stock and warrants, net of \$115,000 of issuance costs	-	-	3,046,314	3,046	-	-	4,994,254	-	-	-	4,997,300
Common stock issued upon conversion of notes payable	-	-	109,435	110	-	-	173,346	-	-	-	173,456
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	(4,950)	(4,950)
Dividends	-	-	-	-	-	-	81,728	(81,728)	-	-	-
Net loss for the three months ended March 31, 2022	-	-	-	-	-	-	-	(6,263,162)	(617,886)	-	(6,881,048)
Balance, March 31, 2022	500	\$ -	19,915,090	\$ 19,915	(5,657)	\$ (62,406)	\$117,949,487	\$ (115,977,464)	\$ 1,263,309	\$ (83,222)	\$ 3,109,619

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

**Creatd, Inc.**  
**Condensed Consolidated Statement of Changes in Stockholders' Equity (Deficit)**  
**For the Three Months Ended March 31, 2021 (Unaudited)**

	Series E Preferred Stock		Common Stock		Treasury stock		Additional Paid In	Subscription	Accumulated	Other Comprehensive	Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Receivable	Deficit	Income	Equity
Balance, January 1, 2021	7,738	\$ 8	8,736,378	\$ 8,737	(5,657)	\$ (62,406)	\$77,505,013	\$ (40,000)	\$ (71,928,922)	\$ (37,234)	\$ 5,445,196
Stock based compensation	-	-	112,261	112	-	-	1,345,803	-	-	-	1,345,915
Shares issued for prepaid services	-	-	40,000	40	-	-	191,960	-	-	-	192,000
Shares issued to settle vendor liabilities	-	-	44,895	45	-	-	181,341	-	-	-	181,386
Common stock issued upon conversion of notes payable	-	-	65,328	65	-	-	142,735	-	-	-	142,800
Exercise of warrants to stock	-	-	302,434	302	-	-	1,272,370	-	-	-	1,272,672
Cash received for preferred series E and warrants	40	-	-	-	-	-	(4,225)	40,000	-	-	35,775
Conversion of preferred series E to stock	(6,690)	(7)	1,623,730	1,624	-	-	(1,617)	-	-	-	-
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	-	(7,311)	(7,311)
Net loss for the three months ended March 31, 2021	-	-	-	-	-	-	-	-	(6,643,237)	-	(6,643,237)
Balance, March 31, 2021	1,088	\$ 1	10,925,026	\$ 10,925	(5,657)	\$ (62,406)	\$80,633,380	\$ -	\$ (78,572,159)	\$ (44,545)	\$ 1,965,196

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

**Creatd, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>For the Three Months Ended March 31, 2022</b>	<b>For the Three Months Ended March 31, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (6,881,048)	\$ (6,643,237)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	141,892	41,199
Accretion of debt discount and issuance cost	23,477	497,165
Share-based compensation	1,080,491	1,570,239
Bad debt expense	92,987	-
Settlement of vendor liabilities	(14,525)	(92,908)
Change in fair value of derivative liability	(3,729)	197,389
Derivative expense	-	100,502
Gain on extinguishment of debt	(147,256)	(203,578)
Non cash lease expense	18,451	19,709
Changes in operating assets and liabilities:		
Prepaid expenses	(6,373)	(391,918)
Inventory	(136,213)	-
Accounts receivable	(139,388)	(61,374)
Deposits and other assets	(195,749)	-
Deferred revenue	(22,483)	60,123
Accounts payable and accrued expenses	1,170,738	(370,528)
Operating lease liability	(18,451)	(19,421)
<b>Net Cash Used In Operating Activities</b>	<b>(5,037,179)</b>	<b>(5,296,638)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid for property and equipment	(44,927)	(12,637)
Deposits	-	(100,000)
Cash paid for minority investment in business	-	(100,000)
Cash acquired from acquisition	44,977	-
Purchases of digital assets	(51,000)	-
<b>Net Cash Used In Investing Activities</b>	<b>(50,950)</b>	<b>(212,637)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from the exercise of warrant	-	1,312,672
Net proceeds from issuance of notes	463,559	85,500
Repayment of notes	(932,888)	(43,716)
Repayment of convertible notes	-	(941,880)
Proceeds from issuance of common stock and warrants	4,997,301	-
<b>Net Cash Provided By Financing Activities</b>	<b>4,527,972</b>	<b>412,576</b>
Effect of exchange rate changes on cash	(4,950)	(7,311)
<b>Net Change in Cash</b>	<b>(565,107)</b>	<b>(5,104,010)</b>
<b>Cash – Beginning of period</b>	<b>3,794,734</b>	<b>7,906,752</b>
<b>Cash – End of period</b>	<b>\$ 3,229,627</b>	<b>\$ 2,802,742</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for:		
Income taxes	\$ -	\$ -
Interest	\$ 139,000	\$ 55,276
<b>SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Settlement of vendor liabilities	\$ 20,297	\$ 168,667
Issuance of common stock for prepaid services	\$ 69,000	\$ 155,178
Deferred offering costs	\$ -	\$ 4,225
Common stock and warrants issued upon conversion of notes payable	\$ 173,456	\$ 142,800

---

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

**Creatd, Inc.**  
**March 31, 2022**  
**Notes to the Condensed Consolidated Financial Statements**

**Note 1 – Organization and Operations**

Creatd, Inc., formerly Jerrick Media Holdings, Inc. (“we,” “us,” the “Company,” or “Creatd”), is a technology company focused on providing economic opportunities for creators, which it accomplishes through its four main business pillars: Creatd Labs, Creatd Partners, Creatd Ventures, and Creatd Studios. Creatd’s flagship product, Vocal, delivers a robust long-form, digital publishing platform organized into highly engaged niche-communities capable of hosting all forms of rich media content. Through Creatd’s proprietary algorithm dynamics, Vocal enhances the visibility of content and maximizes viewership, providing advertisers access to target markets that most closely match their interests.

The Company was originally incorporated under the laws of the State of Nevada on December 30, 1999 under the name LILM, Inc. The Company changed its name on December 3, 2013 to Great Plains Holdings, Inc. as part of its plan to diversify its business.

On February 5, 2016 (the “Closing Date”), GTPH, GPH Merger Sub, Inc., a Nevada corporation and wholly-owned subsidiary of GTPH (“Merger Sub”), and Jerrick Ventures, Inc., a privately-held Nevada corporation headquartered in New Jersey (“Jerrick”), entered into an Agreement and Plan of Merger (the “Merger”) pursuant to which the Merger Sub was merged with and into Jerrick, with Jerrick surviving as a wholly-owned subsidiary of GTPH (the “Merger”). GTPH acquired, pursuant to the Merger, all of the outstanding capital stock of Jerrick in exchange for issuing Jerrick’s shareholders (the “Jerrick Shareholders”), pro-rata, a total of 475,000 shares of GTPH’s common stock. In connection therewith, GTPH acquired 33,415 shares of Jerrick’s Series A Convertible Preferred Stock (the “Jerrick Series A Preferred”) and 8,064 shares of Series B Convertible Preferred Stock (the “Jerrick Series B Preferred”).

In connection with the Merger, on the Closing Date, GTPH and Kent Campbell entered into a Spin-Off Agreement (the “Spin-Off Agreement”), pursuant to which Mr. Campbell purchased from GTPH (i) all of GTPH’s interest in Ashland Holdings, LLC, a Florida limited liability company, and (ii) all of GTPH’s interest in Lil Marc, Inc., a Utah corporation, in exchange for the cancellation of 39,091 shares of GTPH’s Common Stock held by Mr. Campbell. In addition, Mr. Campbell assumed all debts, obligations and liabilities of GTPH, including any existing prior to the Merger, pursuant to the terms and conditions of the Spin-Off Agreement.

Upon closing of the Merger on February 5, 2016, the Company changed its business plan to that of Jerrick.

Effective February 28, 2016, GTPH entered into an Agreement and Plan of Merger (the “Statutory Merger Agreement”) with Jerrick, pursuant to which GTPH became the parent company of Jerrick Ventures, LLC, a wholly-owned operating subsidiary of Jerrick (the “Statutory Merger”) and GTPH changed its name to Jerrick Media Holdings, Inc. to better reflect its new business strategy.

On September 11, 2019, the Company acquired 100% of the membership interests of Seller’s Choice, LLC, a New Jersey limited liability company (“Seller’s Choice”). Seller’s Choice is a digital e-commerce agency based in New Jersey.

On September 9, 2020, the Company filed a certificate of amendment with the Secretary of State of the State of Nevada to change our name to “Creatd, Inc.,” which became effective on September 10, 2020.

On June 4, 2021, the Company acquired 89% of the membership interests of Plant Camp, LLC, a Delaware limited liability company (“Plant Camp”), which the Company subsequently rebranded as Camp. Plant Camp is a direct-to-consumer (DTC) food brand which creates healthy upgrades to classic comfort food favorites. The results of Plant Camp’s operations have been included since the date of acquisition in the Statements of Operations.

On July 20, 2021, the Company acquired 44% of the membership interests of WHE Agency, Inc. WHE Agency, Inc. is a talent management and public relations agency based in New York. WHE Agency, Inc. has been consolidated due to the Company’s ownership of 55% voting control, and the results of operations have been included since the date of acquisition in the Statements of Operations.

On August 16, 2021, the Company acquired 16% of the membership interests of Dune, Inc. bring our total membership interests to 21%.

On October 3, 2021, the Company acquired 29% of the membership interests of Dune, Inc. bring our total membership interests to 50%. Dune, Inc. is a direct-to-consumer brand focused on promoting wellness through its range of health-oriented beverages. Dune, Inc. has been consolidated due to the Company's ownership of 50% voting control, and the results of operations have been included since the date of acquisition in the Statements of Operations.

On March 7, 2022, the Company acquired 100% of the membership interests of Denver Bodega, LLC, d/b/a Basis, a Colorado limited liability company ("Basis"). Basis is a direct-to-consumer functional beverage brand that makes high-electrolyte mixes meant to aid hydration. Denver Bodega, LLC has been consolidated due to the Company's ownership of 100% voting control, and the results of operations have been included since the date of acquisition in the Statement of Operations.

## **Note 2 – Significant Accounting Policies and Practices**

Management of the Company is responsible for the selection and use of appropriate accounting policies and the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both most important to the portrayal of the Company's financial condition and results and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company's significant and critical accounting policies and practices are disclosed below as required by the accounting principles generally accepted in the United States of America.

### *Basis of Presentation*

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and following the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These interim financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair statement of the Company's financial information. These interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2022 or any other interim period or for any other future year. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2021, included in the Company's 2021 Annual Report on Form 10-K filed with the SEC. The balance sheet as of December 31, 2021 has been derived from audited financial statements at that date but does not include all of the information required by U.S. GAAP for complete financial statements.

### *Use of Estimates and Critical Accounting Estimates and Assumptions*

The preparation of financial statements in conformity with U.S. 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

These significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to these estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole 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.

Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. The Company uses estimates in accounting for, among other items, revenue recognition, allowance for doubtful accounts, stock-based compensation, income tax provisions, excess and obsolete inventory reserve, and impairment of intellectual property.

Actual results could differ from those estimates.

### Presentation

During 2021, we adopted a change in presentation on our Condensed Consolidated Statements of Comprehensive Loss in order to present a gross profit line and allocate certain overhead expenses, the presentation of which is consistent with our peers. Under the new presentation, we began allocating overhead expenses related to cost of goods sold. Prior periods have been revised to reflect this change in presentation.

### Principles of consolidation

The Company consolidates all majority-owned subsidiaries, if any, in which the parent's power to control exists.

As of March 31, 2022, the Company's consolidated subsidiaries and/or entities are as follows:

<b>Name of combined affiliate</b>	<b>State or other jurisdiction of incorporation or organization</b>	<b>Company Ownership Interest</b>
Jerrick Ventures LLC	Delaware	100%
Abacus Tech Pty Ltd	Australia	100%
Seller's Choice, LLC	New Jersey	100%
Cretd Studios, LLC	Delaware	100%
Give, LLC	Delaware	100%
Cretd Partners LLC	Delaware	100%
Denver Bodega, LLC	Colorado	100%
Dune Inc.	Delaware	50%
Plant Camp LLC	Delaware	89%
Sci-Fi.com, LLC	Delaware	100%
OG Collection LLC	Delaware	100%
OG Gallery, Inc.	Delaware	100%
VMENA LLC	Delaware	100%
Vocal For Brands, LLC	Delaware	100%
Vocal Ventures LLC	Delaware	100%
What to Buy, LLC	Delaware	100%
WHE Agency, Inc.	Delaware	44%

All inter-company balances and transactions have been eliminated. The condensed consolidated financial statements include Denver Bodega, LLC activity since March 7, 2022.

### Variable Interest Entities

Management performs an ongoing assessment of its noncontrolling interests from investments in unrelated entities to determine if those entities are variable interest entities (VIEs), and if so, whether the Company is the primary beneficiary. If an entity in such a transaction, by design, meets the definition of a VIE and the Company determines that it, or a condensed consolidated subsidiary is the primary beneficiary, the Company will include the VIE in its condensed consolidated financial statements. If such an entity is deemed to not be condensed consolidated, the Company records only its investment in equity securities as a marketable security or investment under the equity method, as applicable

### Fair Value of Financial Instruments

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including our own assumptions in determining the fair value of investments)

The Company's Level 1 assets/liabilities include cash, accounts receivable, marketable trading securities, accounts payable, prepaid and other current assets, line of credit and due to related parties. Management believes the estimated fair value of these accounts at March 31, 2022 approximate their carrying value as reflected in the balance sheets due to the short-term nature of these instruments or the use of market interest rates for debt instruments.

The Company's Level 2 assets/liabilities include certain of the Company's notes payable. Their carrying value approximates their fair values based upon a comparison of the interest rate and terms of such debt given the level of risk to the rates and terms of similar debt currently available to the Company in the marketplace.

The Company's Level 3 assets/liabilities include goodwill, intangible assets, equity investments at cost, and derivative liabilities. Inputs to determine fair value are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The following tables provides a summary of the relevant assets that are measured at fair value on non-recurring basis:

**Fair Value Measurements as of  
March 31, 2022**

	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</b>	<b>Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Assets:				
Equity investments, at cost	\$ 50,000	\$ -	\$ -	\$ 50,000
Total assets	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

Cash Equivalents

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

At times, cash balances may exceed the Federal Deposit Insurance Corporation ("FDIC") or Financial Claims Scheme ("FCS") insurable limits. The Company has never experienced any losses related to these balances. As of March 31, 2022, cash amounts in excess of \$250,000 were not fully insured. The uninsured cash balance as of March 31, 2022, was approximately \$2.4 million. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents.

Concentration of Credit Risk and Other Risks and Uncertainties

The Company provides credit in the normal course of business. The Company maintains allowances for credit losses on factors surrounding the credit risk of specific customers, historical trends, and other information.

The Company operates in Australia and holds total assets of \$935,285 that are considered to be reasonably possible that operations located outside an entity's home country will be disrupted in the near term.



### Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation is computed by the straight-line method (after taking into account their respective estimated residual values) over the estimated useful lives of the respective assets as follows:

	<b>Estimated Useful Life (Years)</b>
Computer equipment and software	3
Furniture and fixtures	5

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in the condensed consolidated statements of operations.

### Long-lived Assets Including Goodwill and Other Acquired Intangible Assets

We evaluate the recoverability of property and equipment and acquired finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate from the use and eventual disposition. If such review indicates that the carrying amount of property and equipment and intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value. During the three months ended March 31, 2022, the Company recorded an impairment charge of \$0 for intangible assets.

Acquired finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets. We routinely review the remaining estimated useful lives of property and equipment and finite-lived intangible assets. If we change the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life. The remaining weighted average life of the intangible assets are 6.94 years.

Scheduled amortization over the next five years are as follows:

Twelve months ending March 31,

2023	\$ 498,641
2024	429,030
2025	325,307
2026	246,840
2027	228,499
Thereafter	792,056
Total	<u>\$ 2,520,373</u>

Goodwill is not amortized but is subject to periodic testing for impairment in accordance with ASC Topic 350 "Intangibles – Goodwill and Other – Testing Indefinite-Lived Intangible Assets for Impairment" ("ASC Topic 350"). The Company tests goodwill for impairment on an annual basis as of the last day of the Company's fiscal December each year or more frequently if events occur or circumstances change indicating that the fair value of the goodwill may be below its carrying amount. The Company has four reporting units. The Company uses an income-based approach to determine the fair value of the reporting units. This approach uses a discounted cash flow methodology and the ability of our reporting units to generate cash flows as measures of fair value of our reporting units.

During the year ended December 31, 2021, the Company completed its annual impairment test of goodwill. The Company performed the qualitative assessment as permitted by ASC 350-20 and determined for three of its reporting units that the fair value of those reporting units was more likely than not greater than their carrying value, including Goodwill. However, based on this qualitative assessment, the Company determined that the carrying value of the Seller's Choice reporting unit was more likely than not greater than its carrying value, including Goodwill. Based on completion of the annual impairment test, the Company recorded an impairment charge of \$1,035,795 for goodwill During the year ended December 31, 2021.

The following table sets forth a summary of the changes in goodwill for the three months ended March 31, 2022.

	<b>For the three months ended March 31, 2022 Total</b>
As of January 1, 2022	\$ 1,374,835
Goodwill acquired in a business combination	8,950
Impairment of goodwill	-
As of March 31, 2022	<u>1,383,785</u>

### Commitments and Contingencies

The Company follows subtopic 450-20 of the FASB ASC to report accounting for contingencies. Certain conditions may exist as of the date the condensed consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's condensed consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

### Foreign Currency

Foreign currency denominated assets and liabilities are translated into U.S. dollars using the exchange rates in effect at our Condensed Consolidated Balance Sheet dates. Results of operations and cash flows are translated using the average exchange rates throughout the periods. The effect of exchange rate fluctuations on the translation of assets and liabilities is included as a component of stockholders' equity in accumulated other comprehensive income. Gains and losses from foreign currency transactions, which are included in operating expenses, have not been significant in any period presented.

### Derivative Liability

The Company evaluates its debt and equity issuances to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph 815-10-05-4 and Section 815-40-25 of the FASB Accounting Standards Codification. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the condensed consolidated statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company adopted Section 815-40-15 of the FASB Accounting Standards Codification (“Section 815-40-15”) to determine whether an instrument (or an embedded feature) is indexed to the Company’s own stock. Section 815-40-15 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument’s contingent exercise and settlement provisions.

The Company utilizes a binomial option model for convertible notes that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Binomial model included a stock price on valuation date, an expected term of each debenture remaining from the valuation date to maturity, an estimated volatility, and a risk-free rate. The Company records the change in the fair value of the derivative as other income or expense in the condensed consolidated statements of operations.

#### Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue and the related freight costs as cost or revenue.

#### Revenue Recognition

Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price. The transaction price for any given subscriber could decrease based on any payments made to that subscriber. A subscriber may be eligible for payment through one or more of the monetization features offered to Vocal creators, including earnings through reads (on a cost per mile basis) and cash prizes offered to Challenge winners;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Revenue disaggregated by revenue source for the three months ended March 31, 2022 and 2021 consists of the following:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Agency (Managed Services, Branded Content, & Talent Management Services)	\$ 583,141	\$ 428,300
Platform (Creator Subscriptions)	508,233	306,902
Ecommerce (Tangible products)	254,724	-
Affiliate Sales	2,640	8,008
Other Revenue	-	703
	<u>\$ 1,348,738</u>	<u>\$ 743,913</u>

The Company utilizes the output method to measures the results achieved and value transferred to a customer over time. Timing of revenue recognition for the three months ended March 31, 2022 and 2021 consists of the following:

	<b>Three Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Products and services transferred over time	\$ 1,091,374	\$ 735,202
Products and services transferred at a point in time	257,364	8,711
	<u>\$ 1,348,738</u>	<u>\$ 743,913</u>

#### **Agency Revenue**

##### ***Managed Services***

The Company provides Studio/Agency Service offerings to business-to-business (B2B) and business-to-consumer (B2C) product and service brands which encompasses a full range of digital marketing and e-commerce solutions. The Company's services include the setup and ongoing management of clients' websites, Amazon and Shopify storefronts and listings, social media pages, search engine marketing, and other various tools and sales channels utilized by e-commerce sellers for sales and growth optimization. Contracts are broken into three categories: Partners, Monthly Services, and Projects. Contract amounts for Partner and Monthly Services clients range from approximately \$500-\$7,500 per month while Project amounts vary depending on the scope of work. Partner and Monthly clients are billed monthly for the work completed within that month. Partner Clients may or may not have an additional billing component referred to as Sales Performance Fee, which is a fee based upon a previously agreed upon percentage point of the client's total sales for the month. Some Partners may also have projects within their contracts that get billed and recognized as agreed upon project milestones are achieved. Revenue is recognized over time as service obligations and milestones in the contract are met.

##### ***Branded Content***

Branded content represents the revenue recognized from the Company's obligation to create and publish branded articles and/or branded challenges for clients on the Vocal platform and promote said stories, tracking engagement for the client. In the case of branded articles, the performance obligation is satisfied when the Company successfully publishes the articles on its platform and meets any required promotional milestones as per the contract. In the case of branded challenges, the performance obligation is satisfied when the Company successfully closes the challenge and winners have been announced. The Company utilizes the completed contract method when revenue is recognized over time as the services are performed and any required milestones are met. Certain contracts contain separate milestones whereas the Company separates its performance obligations and utilizes the stand-alone selling price method and residual method to determine the estimate of the allocation of the transaction price.

Below are the significant components of a typical agreement pertaining to branded content revenue:

- The Company collects fixed fees ranging from \$10,000 to \$110,000, with branded challenges ranging from \$10,000 to \$25,000 and branded articles ranging from \$2,500 to \$7,500 per article.
- Branded articles are created and published, and challenges are completed, within three months of the signed agreement, or as previously negotiated with the client.

- Branded articles and challenges are promoted per the contract and engagement reports are provided to the client.
- Most contracts include provisions for clients to acquire content rights at the end of the campaign for a flat fee.

### ***Talent Management Services***

Talent Management represents the revenue recognized by WHE Agency, Inc. (“WHE”) from the Company’s obligation to manage and oversee influencer-led campaigns from the contract negotiation stage through content creation and publication. WHE acts in an agent capacity for influencers and collects a management fee of 20% of the value of an influencer’s contract with a brand. Revenue is recognized net of the 80% of the contract that is collected by the influencer and is recognized when performance obligations of the contract are met. Performance obligations are complete when milestones and deliverables of contracts are delivered to the client.

Below are the significant components of a typical agreement pertaining to talent management revenue:

- Total gross contracts range from \$500-\$50,000.
- The Company collects fixed fees in the amount of 20% of the gross contract amount, ranging from \$100 to \$20,000 in net revenue per contract.
- The campaign is created and made live by the influencer within one month of the signed agreement, or as previously negotiated with the client.
- Campaigns are promoted per the contract and the customer is provided a link to the live deliverables on the influencer’s social media channels.
- Most billing for contracts occur 100% at execution of the performance obligation. Net payment terms vary by client.

### **Platform Revenue**

#### ***Creator Subscriptions***

Vocal+ is a premium subscription offering for Vocal creators. In addition to joining for free, Vocal creators now have the option to sign up for a Vocal+ membership for either \$9.99 monthly or \$99 annually, though these amounts are subject to promotional discounts and free trials. Vocal+ subscribers receive access to value-added features such as increased rate of cost per mille (thousand) (“CPM”) monetization, a decreased minimum withdrawal threshold, a discount on platform processing fees, member badges for their profiles, access to exclusive Vocal+ Challenges, and early access to new Vocal features. Subscription revenues stem from both monthly and annual subscriptions, the latter of which is amortized over a twelve-month period. Any customer payments received are recognized over the subscription period, with any payments received in advance being deferred until they are earned.

The transaction price for any given subscriber could decrease based on any payments made to that subscriber. A subscriber may be eligible for payment through one or more of the monetization features offered to Vocal creators, including earnings through reads (on a cost per mille basis) and cash prizes offered to Challenge winners. Estimates are utilized for payments made for earnings through reads, by establishing the lifetime a subscriber has had a Vocal account, determining the percentage of that lifetime that the subscriber has been a paying customer, and applying that percentage to payments for earnings through reads in the relevant reporting period.

## **Affiliate Sales Revenue**

Affiliate sales represents the commission the Company receives when a purchase is made through affiliate links placed within content hosted on the Vocal platform. Affiliate revenue is earned on a “click through” basis, upon referring visitors, via said links, to an affiliate’s site and having them complete a specific outcome, most commonly a product purchase. The Company uses multiple affiliate platforms, such as Skimlinks, Amazon, and Tune, to form and maintain thousands of vendor relationships. Each vendor establishes their own commission percentage, which typically range from 2-20%. The revenue is recognized upon receipt as reliable estimates could not be made.

## **E-Commerce Revenue**

The Company’s e-commerce businesses are housed under Creatd Ventures, and currently consists of three majority-owned e-commerce companies, Camp (previously Plant Camp), Dune Glow Remedy (“Dune”), and Basis. The Company generates revenue through the sale of Camp, Dune, and Basis’ consumer products through its e-commerce distribution channels. The Company satisfies its performance obligation upon shipment of product to its customers and recognizes shipping and handling costs as a fulfillment cost. Customers have 30 days from receipt of an item to return unopened, unused, or damaged items for a full refund. All returns are processed within the relevant recording period and accounted for as a reduction in revenue. The Company runs discounts from time to time to promote sales, improve market penetration, and increase customer retention. Any discounts are run as coupon codes applied at the time of transaction and accounted for as a reduction in gross revenue. The Company assesses variable consideration using the most likely amount method.

## **Deferred Revenue**

Deferred revenue consists of billings and payments from clients in advance of revenue recognition. The Company has two types of deferred revenue, subscription revenue whereas the revenue is recognized over the subscription period and contract liabilities where the performance obligation was not satisfied. The Company will recognize the deferred revenue over the next year. As of March 31, 2022, the Company had deferred revenue of \$211,676.

## **Accounts Receivable and Allowances**

Accounts receivable are recorded and carried when the Company has performed the work in accordance with managed services, project, partner, consulting and branded content agreements. For example, we bill a managed service client monthly when we have updated their Amazon store, modified SEO or completed the other services listed in the agreement. For projects and branded content, we will bill the client and record the receivable once milestones are reached that are set in the agreement. We make estimates for the allowance for doubtful accounts and allowance for unbilled receivables based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, and other factors that may affect our ability to collect from customers. During the three months ended March 31, 2022, the Company recorded \$92,987, as a bad debt expense. As of March 31, 2022, the Company has an allowance for doubtful accounts of \$279,133.

## **Inventory**

Inventories are stated at the lower of cost (first-in, first-out basis) or net realizable value. Inventories are periodically evaluated to identify obsolete or otherwise impaired products and are written off when management determines usage is not probable. The Company estimates the balance of excess and obsolete inventory by analyzing inventory by age using last used and original purchase date and existing sales pipeline for which the inventory could be used. As of March 31, 2022, the Company has no valuation allowance.

## **Stock-Based Compensation**

The Company recognizes compensation expense for all equity-based payments granted in accordance with Accounting Standards Codification (“ASC”) 718 “Compensation – Stock Compensation”. Under fair value recognition provisions, the Company recognizes equity-based compensation over the requisite service period of the award. The company has a relatively low forfeiture rate of stock based compensation and forfeitures are recognized as they occur.

Restricted stock awards are granted at the discretion of the Company. These awards are restricted as to the transfer of ownership and generally vest over the requisite service periods.

The fair value of an option award is estimated on the date of grant using the Black–Scholes option valuation model. The Black–Scholes option valuation model requires the development of assumptions that are inputs into the model. These assumptions are the value of the underlying share, the expected stock volatility, the risk–free interest rate, the expected life of the option, the dividend yield on the underlying stock and the expected forfeiture rate. Expected volatility is derived from the Company’s historical data over the expected option life and other appropriate factors. Risk–free interest rates are calculated based on continuously compounded risk–free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on its Common stock and does not intend to pay dividends on its Common stock in the foreseeable future. Forfeitures are recognized as they occur.

Determining the appropriate fair value model and calculating the fair value of equity–based payment awards requires the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity–based payment awards represent management’s best estimates, which involve inherent uncertainties and the application of management’s judgment. As a result, if factors change and the Company uses different assumptions, our equity–based compensation could be materially different in the future. The Company issues awards of equity instruments, such as stock options and restricted stock units, to employees and certain non-employee directors. Compensation expense related to these awards is based on the fair value of the underlying stock on the award date and is amortized over the service period, defined as the vesting period. The vesting period is generally one to three years. A Black-Scholes model is utilized to estimate the fair value of stock options, while the market price of the Company’s common stock at the date of grant is used for restricted stock units. Compensation expense is reduced for actual forfeitures as they occur.

#### Loss Per Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, which is the case for the three months ended March 31, 2022 and 2021 presented in these condensed consolidated financial statements, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following common stock equivalents at March 31, 2022 and 2021:

	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
Options	1,891,348	2,350,062
Warrants	8,591,206	6,273,778
Convertible notes	-	49,629
<b>Totals</b>	<b>10,482,554</b>	<b>8,673,469</b>

#### Reclassifications

Certain prior year amounts in the condensed consolidated financial statements and the notes thereto have been reclassified where necessary to conform to the current year’s presentation. These reclassifications did not affect the prior period’s total assets, total liabilities, stockholders’ deficit, net loss or net cash used in operating activities. During the year ended December 31, 2021, we adopted a change in presentation on our condensed consolidated statements of operations and comprehensive loss in order to present a gross profit line, the presentation of which is consistent with our peers. Under the new presentation, we began allocating payroll and related expenses, professional services and creator payouts. Prior periods have been revised to reflect this change in presentation.

### Recently Adopted Accounting Guidance

In May 2021, the FASB issued authoritative guidance intended to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. (ASU 2021-04), "Derivatives and Hedging Contracts in Entity's Own Equity (Topic 815). This guidance's amendments provide measurement, recognition, and disclosure guidance for an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. The updated guidance, which became effective for fiscal years beginning after December 15, 2021, did not have a material impact on the Company's condensed consolidated financial statements.

### Recent Accounting Guidance Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments ("ASU-2016-13"). ASU 2016-13 affects loans, debt securities, trade receivables, and any other financial assets that have the contractual right to receive cash. The ASU requires an entity to recognize expected credit losses rather than incurred losses for financial assets. ASU 2016-13 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company is currently evaluating the impact of the new guidance on its condensed consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This ASU amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity, and also improves and amends the related EPS guidance for both Subtopics. ASU 2020-6 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company is currently evaluating the impact of the new guidance on its condensed consolidated financial statements.

In July 2021, the FASB issued ASU No. 2021-05, Lessors—Certain Leases with Variable Lease Payments (Topic 842), Which requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate (hereafter referred to as "variable payments") as an operating lease on the commencement date of the lease if specified criteria are met. ASU 2021-05 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company expects that there would be no material impact on the Company's condensed consolidated financial statements upon the adoption of this ASU.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations — Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805), Which aims to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in recognition and payment terms that effect subsequent revenue recognition. ASU 2021-08 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company expects that there would be no material impact on the Company's condensed consolidated financial statements upon the adoption of this ASU.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying condensed consolidated financial statements.

### **Note 3 – Going Concern**

The Company's condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the condensed consolidated financial statements, as of March 31, 2022, the Company had an accumulated deficit of \$116 million, a net loss of \$6.9 million and net cash used in operating activities of \$5.1 million for the reporting period then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements.



On January 30, 2020, the World Health Organization declared the COVID-19 novel coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The COVID-19 coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. While it is unknown how long these conditions will last and what the complete financial impact will be to the Company, capital raising efforts and our operations may be negatively affected.

The Company is attempting to further implement its business plan and generate sufficient revenues; however, its cash position may not be sufficient to support its daily operations. While the Company believes in the viability of its strategy to further implement its business plan and generate sufficient revenues and in its ability to raise additional funds by way of a public or private offering of its debt or equity securities, there can be no assurance that it will be able to do so on reasonable terms, or at all. The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenues and its ability to raise additional funds by way of a public or private offering.

The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### Note 4 – Inventory

Inventory was comprised of the following at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Raw Materials	\$ 16,904	\$ -
Packaging	20,342	2,907
Finished goods	399,735	103,496
	<u>\$ 436,981</u>	<u>\$ 106,403</u>

#### Note 5 – Property and Equipment

Property and equipment stated at cost, less accumulated depreciation and amortization, consisted of the following:

	March 31, 2022	December 31, 2021
Computer Equipment	\$ 376,436	\$ 353,880
Furniture and Fixtures	124,787	102,416
Leasehold Improvements	11,456	11,457
	<u>512,679</u>	<u>467,753</u>
Less: Accumulated Depreciation	<u>(373,200)</u>	<u>(364,814)</u>
	<u>\$ 139,479</u>	<u>\$ 102,939</u>

Depreciation expense was \$8,386 and \$10,047 for the three months ended March 31, 2022 and 2021, respectively.

## Note 6 – Notes Payable

Notes payable as of March 31, 2022 and December 31, 2021 is as follows:

	Outstanding Principal as of		Interest Rate	Maturity Date
	March 31, 2022	December 31, 2021		
Seller's Choice Note	\$ -	\$ 660,000	30%	September 2020
The April 2020 PPP Loan Agreement	198,577	198,577	1%	May 2022
The First December 2021 Loan Agreement	140,931	185,655	10%	June 2023
The Second December 2021 Loan Agreement	323,094	313,979	14%	June 2022
The First February 2022 Loan Agreement	337,163	-	-%	June 2023
The Second February 2022 Loan Agreement	164,123	-	14%	June 2022
First Denver Bodega LLC Loan	50,000	-		
Second Denver Bodega LLC Loan	15,724	-		
	1,229,612	1,358,211		
Less: Debt Discount	(42,620)	(15,547)		
Less: Debt Issuance Costs	-	-		
	1,186,992	1,342,664		
Less: Current Debt	(1,151,087)	(1,278,672)		
Total Long-Term Debt	\$ 35,905	\$ 63,992		

### Seller's Choice Note

On September 11, 2019, the Company entered into Seller's Choice Purchase Agreement with Home Revolution LLC. As a part of the consideration provided pursuant to the Seller's Choice Acquisition, the Company issued the Seller's Choice Note to the Seller in the principal amount of \$660,000. The Seller's Choice Note bears interest at a rate of 9.5% per annum and is payable on March 11, 2020 (the "Seller's Choice Maturity Date") at which time all outstanding principal, accrued and unpaid interest and other amounts become due. Upon maturity the Company utilized an automatic extension up to 6 months. This resulted in a 5% increase in the interest rate every month the Seller's Choice Note is outstanding. As of December 31, 2021, the Company is in default on the Seller's Choice note.

On March 3, 2022, after substantial motion practice, Creatd successfully settled the dispute with Home Revolution, LLC for a total of \$799,000, which includes \$660,000 of note principal and \$139,000 of accrued interest. The matter has been dismissed. As part of the settlement the Company recorded a Gain on extinguishment of debt of \$147,256.

### The April 2020 PPP Loan Agreement

On April 30, 2020, the Company was granted a loan with a principal amount of \$282,432 (the "Loan"), pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020. The Loan, which was in the form of a Note dated April 30, 2020, matures on April 30, 2022, and bears interest at a fixed rate of 1.00% per annum, payable monthly commencing on October 30, 2020. The Note may be prepaid by the Company at any time prior to maturity without payment of any premium. Funds from the Loan may only be used to retain workers and maintain payroll or make mortgage payments, lease payments and utility payments.

During the three months ended March 31, 2022, the Company accrued interest of \$490.

The Company is in the process of returning the funds received from the Loan.

#### *The First December 2021 Loan Agreement*

On December 3, 2021, the Company entered into a loan agreement (the “First December 2021 Loan Agreement”) with a lender (the “First December 2021 Lender”) whereby the First December 2021 Lender issued the Company a promissory note of \$191,975 (the “First December 2021 Note”). Pursuant to the First December 2021 Loan Agreement, the First December 2021 Note has an effective interest rate of 9%. The maturity date of the First December 2021 Note is June 3, 2023 (the “First December 2021 Maturity Date”), at which time all outstanding principal, accrued and unpaid interest and other amounts due under the First December 2021 Note are due.

During the three months ended March 31, 2022, the Company repaid \$44,725 in principal.

#### *The Second December 2021 Loan Agreement*

On December 14, 2021, the Company entered into a secured loan agreement (the “Second December 2021 Loan Agreement”) with a lender (the “Second December 2021 Lender”), whereby the Second December 2021 Lender issued the Company a secured promissory note of \$438,096 AUD or \$329,127 United States Dollars (the “Second December 2021 Note”). Pursuant to the Second December 2021 Loan Agreement, the Second December 2021 Note has an effective interest rate of 14%. The maturity date of the Second December 2021 Note is June 30, 2022 (the “Second December 2021 Maturity Date”) at which time all outstanding principal, accrued and unpaid interest and other amounts due under the Second December 2021 Loan Agreement are due. The loan is secured by the Australian research & development credit.

During the three months ended March 31, 2022, the Company accrued \$15,123 AUD in interest.

#### *The First February 2022 Loan Agreement*

On February 22, 2022, the Company entered into a secured loan agreement (the “First February 2022 Loan Agreement”) with a lender (the “First February 2022 Lender”), whereby the First February 2022 Lender issued the Company a secured promissory note of \$222,540 AUD or \$159,223 United States Dollars (the “First February 2022 Note”). Pursuant to the First February 2022 Loan Agreement, the First February 2022 Note has an effective interest rate of 14%. The maturity date of the First February 2022 Note is June 30, 2022 (the “First February 2022 Maturity Date”) at which time all outstanding principal, accrued and unpaid interest and other amounts due under the First February 2022 Loan Agreement are due. The loan is secured by the Australian research & development credit.

During the three months ended March 31, 2022, the Company accrued \$3,158 AUD in interest.

### The Second February 2022 Loan Agreement

On February 22, 2022, the Company entered into a loan agreement (the “Second February 2022 Loan Agreement”) with a lender (the “Second February 2022 Lender”), whereby the Second February 2022 Lender issued the Company a promissory note of \$337,163 (the “Second February 2022 Note”). Pursuant to the Second February 2022 Loan Agreement, the Second February 2022 Note has an effective interest rate of 11%. The maturity date of the Second February 2022 Note is February 22, 2023 (the “Second February 2022 Maturity Date”). The Company is required to make 10 monthly payment of \$37,425.

The Company recorded a \$37,163 debt discount relating to an original issue discount. The debt discount is being accreted over the life of the note to accretion of debt discount and issuance cost.

### Denver Bodega LLC Notes payable

On March 7, 2022, The Company acquired five note payable agreements from the acquisition of Denver Bodega LLC. See note 12. The total liabilities of these notes amounted to \$293,888. During the three months ended March 31, 2022, the Company repaid \$228,164. As of March 31, 2022, the Company has two notes outstanding. The First Denver Bodega LLC Loan has a principal balance of \$50,000, bears interest at 5%, and requires 36 monthly payments of \$1,496. The second Denver Bodega LLC Loan has a principal balance of \$15,724 and has a maturity date of April 16, 2022.

## **Note 7 – Convertible Notes Payable**

### The July 2021 Convertible Loan Agreement

On July 6, 2021, the Company entered into a loan agreement (the “July 2021 Loan Agreement”) with an individual (the “July 2021 Lender”), whereby the July 2021 Lender issued the Company a promissory note of \$168,850 (the “July 2021 Note”). Pursuant to the July 2021 Loan Agreement, the July 2021 Note has interest of six percent (6%). The July 2021 Note matures on the first (12<sup>th</sup>) month anniversary of its issuance date.

Upon default or 180 days after issuance the July 2021 Note is convertible into shares of the Company’s common stock, par value \$0.001 per share (“Conversion Shares”) equal to 75% of average the lowest three trading prices of the Company’s common stock on the fifteen-trading day immediately preceding the date of the respective conversion.

The Company recorded a \$15,850 debt discount relating to an original issue discount and \$3,000 of debt issuance costs related to fees paid to vendors relating to the offering. The debt discount and debt issuance costs are being accreted over the life of the note to accretion of debt discount and issuance cost.

During the three months ended March 31, 2022, the July 2021 Note became convertible. Due to the fact that these convertible notes have an option to convert at a variable amount, they are subject to derivative liability treatment. The Company has applied ASC 815, due to the potential for settlement in a variable quantity of shares. The conversion feature has been measured at fair value using a Binomial model at the conversion date. The conversion feature of July 2021 Note gave rise to a derivative liability of \$100,532. The Company recorded this as a debt discount. The debt discount is charged to accretion of debt discount over the remaining term of the convertible note.

During the three months ended March 31, 2022, the note holder converted \$168,850 of principal and \$4,605 of interest into 109,435 shares of the Company’s common stock. The unamortized debt discount of \$96,803 was recorded to extinguishment of debt due to conversion.

## **Note 8 – Related Party**

### Equity raises

During the three months ended March 31, 2022, the company conducted two equity raises in which officers, directors, employees, and an affiliate of an officer cumulatively invested \$421,001 for 240,571 shares of common stock and 240,571 warrants to purchase common stock.

### Officer compensation

During the three months ended March 31, 2022 and 2021, the Company paid \$35,637 and \$20,082, respectively for living expenses for officers of the Company.

## Note 9 – Derivative Liabilities

The Company has identified derivative instruments arising from convertible notes that have an option to convert at a variable number of shares in the Company's convertible notes payable during the three months ended March 31, 2022. For the terms of the conversion features see Note 7. The Company had no derivative assets measured at fair value on a recurring basis as of March 31, 2022.

The Company utilizes a binomial option model for convertible notes that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Binomial model included a stock price on valuation date, an expected term of each debenture remaining from the valuation date to maturity, an estimated volatility, and a risk-free rate. The Company records the change in the fair value of the derivative as other income or expense in the condensed consolidated statements of operations.

**Risk-free interest rate:** The Company uses the risk-free interest rate of a U.S. Treasury Note adjusted to be on a continuous return basis to align with the Monte Carlo simulation model and binomial model.

**Dividend yield:** The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

**Volatility:** The Company calculates the expected volatility based on the company's historical stock prices with a look back period commensurate with the period to maturity.

**Expected term:** The Company's remaining term is based on the remaining contractual maturity of the convertible notes.

The following are the changes in the derivative liabilities during the three months ended March 31, 2022.

	Three Months Ended March 31, 2022		
	Level 1	Level 2	Level 3
Derivative liabilities as January 1, 2022	\$ -	\$ -	\$ -
Addition	-	-	100,532
Changes in fair value	-	-	(3,729)
Extinguishment	-	-	(96,803)
Derivative liabilities as March 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Note 10 – Stockholders' Equity

### Shares Authorized

The Company is authorized to issue up to one hundred and twenty million (120,000,000) shares of capital stock, of which one hundred million (100,000,000) shares are designated as common stock, par value \$0.001 per share, and twenty million (20,000,000) are designated as preferred stock, par value \$0.001 per share.

## Preferred Stock

### Series E Convertible Preferred Stock

The Company has designated 8,000 shares of Series E Convertible Preferred stock and has 500 shares issued and outstanding as of March 31, 2022.

The shares of Series E Preferred Stock have a stated value of \$1,000 per share and are convertible into Common Stock at the election of the holder of the Series E Preferred Stock, at any time following the Original Issue Date at a price of \$4.12 per share, subject to adjustment. Each holder of Series E Preferred Stock shall be entitled to receive, with respect to each share of Series E Preferred Stock then outstanding and held by such holder, dividends on an as-converted basis in the same form as dividends actually paid on shares of the Common Stock when, as and if such dividends are paid on shares of the Common Stock.

The holders of Series E Preferred Stock shall be paid pari passu with the holders of Common Stock with respect to payment of dividends and rights upon liquidation and shall have no voting rights. In addition, as further described in the Series E Designation, as long as any of the shares of Series E Preferred Stock are outstanding, the Company shall not, without the affirmative vote of the holders of a majority of the then outstanding shares of Series E Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the Series E Preferred Stock or alter or amend this Series E Designation, (b) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the holders of the Series E Preferred Stock, (c) increase the number of authorized shares of Series E Preferred Stock, or (d) enter into any agreement with respect to any of the foregoing.

Each share of Series E Preferred Stock shall be convertible, at any time and from time to time at the option of the holder of such shares, into that number of shares of Common Stock determined by dividing the Series E Stated Value by the Conversion Price, subject to certain beneficial ownership limitations.

### Common Stock

On January 1, 2022, the Company issued 8,590 shares of its restricted common stock to settle outstanding vendor liabilities of \$20,297. In connection with this transaction the Company also recorded a gain on settlement of vendor liabilities of \$369.

On January 6, 2022, the Company issued 8,850 shares of its restricted common stock to consultants in exchange for services at a fair value of \$19,736.

On February 24, 2022, the Company issued 50,000 shares of its restricted common stock to consultants in exchange for four months of services at a fair value of \$69,000. These shares were recorded as common stock issued for prepaid services and will be expensed over the life of the consulting contract to share based payments. During the three months ended March 31, 2022 the Company recorded \$33,110 to share based payments.

On March 1, 2022, the Company entered into securities purchase agreements with twenty-eight accredited investors whereby, at the closing, such investors purchased from the Company an aggregate of 1,401,457 shares of the Company's common stock and (ii) 1,401,457 warrants to purchase shares of common stock, for an aggregate purchase price of \$2,452,550. Such warrants are exercisable for a term of five-years from the date of issuance, at an exercise price of \$1.75 per share. The Company has recorded \$40,000 to stock issuance costs, which are part of Additional Paid-in Capital.

On March 7, 2022, the Company entered into a securities purchase agreement (the "Purchase Agreement") with thirteen accredited investors resulting in the raise of \$2,659,750 in gross proceeds to the Company. Pursuant to the terms of the Purchase Agreement, the Company agreed to sell in a registered direct offering an aggregate of 1,519,857 shares of the Company's common stock together with warrants to purchase an aggregate of 1,519,857 shares of Common Stock at an exercise price of \$1.75 per share. The warrants are immediately exercisable and will expire on March 9, 2027. The Company has recorded \$75,000 to stock issuance costs, which are part of Additional Paid-in Capital.

On March 30, 2022, the Company issued 731 shares of its restricted common stock to consultants in exchange for services at a fair value of \$863.

### Stock Options

The following is a summary of the Company's stock option activity:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Balance – January 1, 2022 – outstanding	2,902,619	7.07	4.71
Granted	-	-	-
Exercised	-	-	-
Forfeited/Cancelled	(19,093)	15.36	-
Balance – March 31, 2022 – outstanding	2,883,526	7.02	4.48
Balance – March 31, 2022 – exercisable	1,891,348	7.60	4.27

Option Outstanding			Option Exercisable		
Exercise price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)
\$ 7.02	2,883,526	4.48	7.60	1,891,348	4.27

During the year ended December 31, 2018 the Company granted options of 11,667 to consultants that has a fair value of \$57,123. As of the date of this filing the company has not issued these options and they are recorded as an accrued liability on the Condensed Consolidated Balance Sheet.

Stock-based compensation for stock options has been recorded in the condensed consolidated statements of operations and totaled \$1,027,083, for the three months ended March 31, 2022.

As of March 31, 2022, there was \$1,649,068 of total unrecognized compensation expense related to unvested employee options granted under the Company's share-based compensation plans that is expected to be recognized over a weighted average period of approximately 0.89 year.

### Warrants

The Company applied fair value accounting for all share-based payments awards. The fair value of each warrant granted is estimated on the date of grant using the Black-Scholes option-pricing model.

### Warrant Activities

The following is a summary of the Company's warrant activity:

	Warrant	Weighted Average Exercise Price
Balance – January 1, 2022 – outstanding	5,658,830	4.98
Granted	2,988,487	2.12
Exercised	-	-
Forfeited/Cancelled	(13,611)	12.00
Balance – December 31, 2021 – outstanding	8,633,706	3.82
Balance – December 31, 2021 – exercisable	8,591,206	\$ 3.81

Warrants Outstanding				Warrants Exercisable	
Exercise price	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 3.82	8,633,706	4.01	3.81	8,591,206	4.01

During the three months ended March 31, 2022, some of the Company's warrants had a down-round provision triggered that also resulted in an additional 67,173 warrants to be issued. A deemed dividend of \$81,728 was recorded to the Statements of Comprehensive Loss.

#### **Note 11 – Commitments and Contingencies**

##### Litigation

On or about June 25, 2020, Home Revolution, LLC ("Home Revolution") filed a lawsuit in the United States District Court for the District of New Jersey, Home Revolution, LLC, et al. v. Jerri Media Holdings, Inc. et al., Case No. 2:20-cv-07775-JMV-MF. The Complaint alleges, among other things, that Creatd, Inc. breached the Membership Interest Purchase Agreement, as modified, and ancillary transaction documents in connection with the acquisition of Seller's Choice, LLC, from Home Revolution in September 2019. The Complaint additionally alleges violation of the New Jersey Uniform Securities Law, violations of the Exchange Act and Rule 10b-5 thereunder, fraud, equitable accounting, breach of fiduciary duty, conversion and unjust enrichment. Plaintiff also sought to have a receiver appointed by the Court to take over Creatd's operations. After substantial motion practice, Creatd successfully settled this dispute from June 2020 for a total of \$799,000, which includes \$660,000 of note principal and \$139,000 of accrued interest. The matter has been dismissed as of March 3, 2022.

On or about August 30, 2021, Robert W. Monster and Anonymize, Inc. ("Monster") filed a lawsuit in the United States District Court for the Western District of Washington at Seattle, Robert W. Monster, et al. v. Creatd, Inc., et al. (Western District of Washington at Seattle 2:21-CV-1177). The Complaint alleges, among other things, that action for Declaratory Judgment under 28 U.S.C. § 2201 that Monster's registration and use of the internet domain name VOCL.COM (the "Domain Name") does not violate Creatd's rights under the Anticybersquatting Consumer Protection Act ("ACPA"), 15 U.S.C. § 1125(d), or otherwise under the Lanham Act, 15 U.S.C. § 1051 et seq. Creatd claims trademark rights and certain other rights with respect to the term and the domain name VOCL.COM. Monster seeks a determination by the Court that Monster's registration and/or use of VOCL.COM is not, and has not been in violation of the ACPA, and that Plaintiffs' use of VOCL.COM constitutes neither a violation of the ACPA nor trademark infringement or dilution under the Lanham Act. Creatd believes the lawsuit lacks merit and will vigorously challenge the action. At this time, we are unable to estimate potential damage exposure, if any, related to the litigation.

##### Appointment of New Directors

On February 17, 2022, the Board of Directors (the "Board") of the Company appointed Joanna Bloor, Brad Justus, and Lorraine Hendrickson to serve as members of the Board. Ms. Bloor has been nominated to, and will serve as, chair of the Compensation Committee, and to be a member of the Audit Committee and Nominating & Corporate Governance Committee. Mr. Justus has been nominated, and will serve as, chair of the Nominating & Corporate Governance Committee, and to be a member of the Compensation Committee and Audit Committee. Ms. Hendrickson has been nominated to, and will serve as, chair of the Audit Committee and to be a member of the Compensation and Nominating & Corporate Governance Committee.

##### Departure of Directors

On February 17, 2022, the Board received notice that effective immediately, Mark Standish resigned as Chair of the Board, Chair of the Audit Committee and as a member of the Compensation Committee and Nominating & Corporate Governance Committee; Leonard Schiller resigned as member of the Board, Chair of the Compensation Committee and as a member of the Audit Committee and Nominating & Corporate Governance Committee; and LaBrena Martin resigned as a member of the Board, Chair of the Nominating & Corporate Governance Committee and as a member of the Audit Committee and Compensation Committee. Such resignations are not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices.



### Management Restructuring

On February 17, 2022, the Board of the Company approved the restructuring of the Company's senior management team to eliminate the Co-Chief Executive Officer role, appointing Jeremy Frommer as Executive Chairman and Founder, and appointing Laurie Weisberg as Chief Executive Officer (the "Second Restructuring"). Prior to the Second Restructuring, Mr. Frommer and Ms. Weisberg served as the Company's co-Chief Executive Officers and Ms. Weisberg served as the Company's Chief Operating Officer. The Second Restructuring does not impact the role or functions of the Company's Chief Financial Officer, Chelsea Pullano, or the role or functions of the Company's President and Chief Operating Officer, Justin Maury.

### Nasdaq Notice of Delisting

On January 4, 2021, the Company received a letter from the staff of The Nasdaq Capital Market (the "Exchange") notifying the Company that the Exchange had determined to delist the Company's common stock and warrants from the Exchange based on the Company's non-compliance with the Exchange's (i) \$5 million stockholders' equity requirement for initial listing pursuant to Nasdaq Listing Rule 5505(b), (ii) the \$2.5 million stockholders' equity requirement or any of the alternatives for continued listing pursuant to Nasdaq Listing Rule 5550(b), and (iii) the Company's failure to provide material information to the Exchange pursuant to Nasdaq Listing Rule 5250(a)(1).

On February 11, 2021, the Company met with the Exchange's Hearings Panel (the "Panel") with respect to such determination, in accordance with the Exchange's rules and, pursuant to such request by the Company to appeal, the delisting of the Company's securities and the Form 25 Notification of Delisting filing was stayed pending the Panel's decision.

On March 9, 2021, the Exchange notified the Company that the Panel had determined to continue the listing of the Company on the Exchange. Notwithstanding the Panel's determination to continue the listing of the Company's securities on the Exchange, the Panel issued a public reprimand letter to the Company, pursuant to Listing Rule 5815(c)(1)(D), based on its finding "that the Company failed to meet the initial listing criteria with respect to stockholders' equity and failed to provide Nasdaq with material information with respect to that deficiency." Specifically, the Panel found that the Company failed to comply with Listing Rule 5250(a)(1), requiring it to notify Nasdaq of certain significant developments that led to the Company's prior representations about its ability to satisfy the initial listing requirements being inaccurate. In reaching its determination to continue the listing of the Company on Nasdaq, the Panel acknowledged that the Company has since demonstrated compliance with the initial listing requirement for stockholders' equity and all other applicable initial listing requirements. The Panel also determined that the violations were inadvertent and that the Company had relied on advice of counsel at the time in its interactions with the Nasdaq staff ("Staff"). The Panel also acknowledged the Company's efforts to implement structural changes within the Company to avoid similar misstatements in the future and that would allow for proper accounting and disclosure on an ongoing basis.

On March 1, 2022, the Company received a letter (the "Letter") from the staff of The Nasdaq Capital Market (the "Exchange") notifying the Company that the Exchange has determined to delist the Company's common stock from the Exchange based on the Company's Market Value of Listed Securities for the 30-consecutive day period between January 15, 2022 and February 25, 2022 falling short of the requirements under Listing Rule 5550(b)(2) (the "Rule"). Although a 180-day period is typically allowed for an issuer to regain compliance, the Company is not eligible to use such compliance period, as the Exchange had instituted a Panel Monitor through March 9, 2022.

The Company pursued an appeal to the Nasdaq Hearings Panel (the "Panel") of such determination, in accordance with the Exchange's rules and, pursuant to such request by the Company to appeal, the delisting of the Company's securities and the Form 25 Notification of Delisting filing was stayed pending the Panel's decision.

On April 22, 2022, the Exchange notified the Company that the Panel has determined to continue the listing of the Company on the Exchange, subject to the following conditions: (i) on or before May 16, 2022, the Company will file its Quarterly Report on Form 10-Q for the period ended March 31, 2022 demonstrating compliance with Nasdaq Listing Rule 550(b)(1) requiring shareholders' equity of \$2.5 million and (ii) on or before August 29, 2022, the Company will file a Form 8-K documenting the successful completion of any fund-raising activity that has taken place since April 14, 2022 and the Company's long-term compliance with the continued listing requirements of the Nasdaq Capital Market.

The Panel has advised that August 29, 2022 represents the full extent of the Panel's discretion to grant continued listing during the time the Company is non-compliant and should the Company fail to demonstrate compliance by such date, the Panel will issue a final delist determination and the Company will be suspended from trading on the Exchange.

## Note 12 – Acquisitions

### *Denver Bodega, LLC d/b/a Basis*

On March 7, 2022, the Company entered into a Membership Interest Purchase (the “Agreement”) with Henry Springer and Kyle Nowak (collectively the “Sellers”), whereby the Company purchased a majority stake in Denver Bodega, LLC, a Colorado limited liability company whose product is Basis, a direct-to-consumer functional beverage brand that makes high-electrolyte mixes meant to aid hydration. Pursuant to the Agreement, Creatd acquired all of the issued and outstanding membership interests of Denver Bodega, LLC for consideration of one dollar (\$1.00), as well as the Company’s payoff, assumption, or satisfaction of certain debts and liabilities.

The following sets forth the components of the purchase price:

#### Purchase price:

Cash paid to seller	\$	1
Total purchase price		<u>1</u>

#### Assets acquired:

Cash	44,977
Accounts Receivable	2,676
Inventory	<u>194,365</u>
Total assets acquired	<u>242,018</u>

#### Liabilities assumed:

Accounts payable and accrued expenses	127,116
Notes payable	<u>293,888</u>
Total liabilities assumed	<u>421,004</u>

Net liabilities acquired	<u>(178,986)</u>
--------------------------	------------------

Excess purchase price	\$	<u>178,987</u>
-----------------------	----	----------------

The excess purchase price amounts are provisional and may be adjusted during the one-year measurement period as required by U.S. GAAP. The following table provides a summary of the preliminary allocation of the excess purchase price.

Goodwill	\$	8,950
Trade Names & Trademarks		8,949
Know-How and Intellectual Property		107,392
Website		8,949
Customer Relationships		<u>44,747</u>

Excess purchase price	\$	<u>178,987</u>
-----------------------	----	----------------

The goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition.

The following presents the unaudited pro-forma combined results of operations of the Company with Plant Camp, WHE, Dune, and Denver Bodega as if the entities were combined on January 1, 2021.

	<b>Three Months Ended March 31, 2022</b>
Revenues	\$ 1,482,270
Net loss attributable to common shareholders	\$ (6,352,445)
Net loss per share	\$ (0.36)
Weighted average number of shares outstanding	17,707,951
	<b>Three Months Ended March 31, 2021</b>
Revenues	\$ 1,143,732
Net loss attributable to common shareholders	\$ (6,592,675)
Net loss per share	\$ (0.66)
Weighted average number of shares outstanding	10,060,946

### Note 13 – Segment Information

We operate in three reportable segments: Creatd Labs, Creatd Ventures, and Creatd Partners. Our segments were determined based on the economic characteristics of our products and services, our internal organizational structure, the manner in which our operations are managed and the criteria used by our Chief Operating Decision Maker (CODM) to evaluate performance, which is generally the segment's operating losses.

<b>Operations of:</b>	<b>Products and services provided:</b>
Creatd Labs	Creatd Labs is the segment focused on development initiatives. Creatd Labs houses the Company's proprietary technology, including its flagship platform, Vocal, as well as oversees the Company's content creation framework, and management of its digital communities. Creatd Labs derives revenues from Vocal creator subscriptions, platform processing fees and technology licensing fees.
Creatd Ventures	Creatd Ventures builds, develops, and scales e-commerce brands. This segment generates revenues through product sales of its two majority-owned direct-to-consumer brands, Camp and Dune Glow Remedy.
Creatd Partners	Creatd Partners fosters relationships between brands and creators through its suite of agency services, including content marketing (Vocal for Brands), performance marketing (Seller's Choice), and influencer marketing (WHE Agency). Creatd Partners derives revenues in the form of brand fees and talent management commissions.

The following tables present certain financial information related to our reportable segments and Corporate:

	<b>As of March 31, 2022</b>				
	<b>Creatd Labs</b>	<b>Creatd Ventures</b>	<b>Creatd Partners</b>	<b>Corporate</b>	<b>Total</b>
Accounts receivable, net	\$ -	\$ 7,649	\$ 382,956	\$ -	\$ 390,605
Prepaid expenses and other current assets	45,815	-	-	229,025	274,840
Deposits and other assets	839,114	-	-	75,586	914,700
Intangible assets	-	1,733,673	724,459	62,241	2,520,373
Goodwill	-	34,089	1,349,696	-	1,383,785
Inventory	-	436,981	-	-	436,981
All other assets	-	-	-	3,419,106	3,419,106
<b>Total Assets</b>	<b>\$ 884,929</b>	<b>\$ 2,212,392</b>	<b>\$ 2,457,111</b>	<b>\$ 3,785,958</b>	<b>\$ 9,340,390</b>
Accounts payable and accrued liabilities	\$ 22,784	\$ 1,129,605	\$ 19,985	\$ 3,659,729	\$ 4,832,103
Note payable, net of debt discount and issuance costs	487,217	65,724	-	634,051	1,186,992
Deferred revenue	161,112	43,545	7,019	-	211,676
All other Liabilities	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 671,113</b>	<b>\$ 1,238,874</b>	<b>\$ 27,004</b>	<b>\$ 4,293,780</b>	<b>\$ 6,230,771</b>

As of December 31, 2021

	<u>Creatd Labs</u>	<u>Creatd Ventures</u>	<u>Creatd Partners</u>	<u>Corporate</u>	<u>Total</u>
Accounts receivable, net	\$ -	\$ 2,884	\$ 334,556	\$ -	\$ 337,440
Prepaid expenses and other current assets	48,495	-	-	188,170	236,665
Deposits and other assets	626,529	-	-	92,422	718,951
Intangible assets	-	1,637,924	783,676	11,241	2,432,841
Goodwill	-	25,139	1,349,696	-	1,374,835
Inventory	-	106,403	-	-	106,403
All other assets	-	-	-	3,966,124	3,966,124
<b>Total Assets</b>	<u>\$ 675,024</u>	<u>\$ 1,772,350</u>	<u>\$ 2,467,928</u>	<u>\$ 4,257,957</u>	<u>\$ 9,173,259</u>
Accounts payable and accrued liabilities	\$ 9,693	\$ 766,253	\$ 6,232	\$ 2,948,362	\$ 3,730,540
Note payable, net of debt discount and issuance costs	313,979	-	-	1,028,685	1,342,664
Deferred revenue	161,112	13,477	59,570	-	234,159
All other Liabilities	-	-	-	177,644	177,644
<b>Total Liabilities</b>	<u>\$ 484,784</u>	<u>\$ 779,730</u>	<u>\$ 65,802</u>	<u>\$ 4,154,691</u>	<u>\$ 5,485,007</u>

For the three months ended March 31, 2022

	<u>Creatd Labs</u>	<u>Creatd Ventures</u>	<u>Creatd Partners</u>	<u>Corporate</u>	<u>Total</u>
Net revenue	\$ 508,268	\$ 254,690	\$ 585,780	\$ -	\$ 1,348,738
Cost of revenue	706,196	409,969	456,005	-	1,572,170
Gross margin (loss)	(197,928)	(155,279)	129,775	-	(223,432)
Research and development	134,876	-	91,778	-	226,654
Marketing	970,484	1,013,706	-	107,831	2,092,021
Stock based compensation	251,907	226,298	248,548	354,039	1,080,792
General and administrative not including depreciation, amortization, or Impairment	218,766	288,272	378,492	2,358,963	3,244,493
Depreciation and amortization	-	71,271	31,599	39,022	141,892
<b>Total operating expenses</b>	<u>\$ 1,576,033</u>	<u>\$ 1,599,547</u>	<u>\$ 750,417</u>	<u>\$ 2,859,855</u>	<u>\$ 6,785,852</u>
Interest expense	(13,229)	-	-	(667)	(13,896)
All other expenses	-	-	-	142,132	142,132
<b>Other expenses, net</b>	<u>(13,229)</u>	<u>-</u>	<u>-</u>	<u>141,465</u>	<u>128,236</u>
<b>Loss before income tax provision</b>	<u>\$ (1,787,190)</u>	<u>\$ (1,754,826)</u>	<u>\$ (728,474)</u>	<u>\$ (2,610,558)</u>	<u>\$ (6,881,048)</u>

	For the three months ended March 31, 2021			
	<u>Creatd Labs</u>	<u>Creatd Partners</u>	<u>Corporate</u>	<u>Total</u>
Net revenue	\$ 167,983	\$ 575,930	\$ -	\$ 743,913
Cost of revenue	242,134	625,016	-	867,150
Gross margin	(74,151)	(49,086)	-	(123,237)
Research and development	195,691	133,161	-	328,852
Marketing	1,736,257	204,266	102,132	2,042,655
Stock based compensation	365,985	361,105	843,149	1,570,239
General and administrative not including depreciation, amortization, or impairment	124,053	214,627	1,501,135	1,932,552
Depreciation and amortization	2,753	9,175	29,271	41,199
<b>Total operating expenses</b>	<b>\$ 2,424,740</b>	<b>\$ 922,333</b>	<b>\$ 2,475,687</b>	<b>\$ 5,822,760</b>
Interest expense	(24,596)	-	(174,075)	(198,671)
All other expenses	-	-	(498,569)	(498,569)
<b>Other expenses, net</b>	<b>(24,596)</b>	<b>-</b>	<b>(672,644)</b>	<b>(697,240)</b>
<b>Loss before income tax provision</b>	<b>\$ (2,523,487)</b>	<b>\$ (971,419)</b>	<b>\$ (3,148,331)</b>	<b>\$ (6,643,237)</b>

#### Note 14 – Subsequent Events

##### *Employment Agreements*

On April 5, 2022, upon the recommendation of the Compensation Committee of the Board, the Board approved employment agreements with, and equity issuances for, (i) Jeremy Frommer, Executive Chairman, who will receive (a) an signing award of \$80,000, (b) an annual salary of \$420,000; (c) 121,000 options, to vest immediately with a strike price of \$1.75, and (d) 50,000 shares of the Company's restricted common stock; (ii) Laurie Weisberg, Chief Executive Officer, who will receive (a) an annual salary of \$475,000; (b) 121,000 options, to vest immediately with a strike price of \$1.75, and (c) 50,000 shares of the Company's restricted common stock; (iii) Justin Maury, Chief Operating Officer & President, who will receive (a) an annual salary of \$475,000 (b) 81,000 options, to vest immediately with a strike price of \$1.75, and (c) 50,000 shares of the Company's restricted common stock; and (iv) Chelsea Pullano, Chief Financial Officer, who will receive (a) an annual salary of \$250,000; (b) 37,000 options, to vest immediately with a strike price of \$1.75, and (c) 35,000 shares of the Company's restricted common stock (collectively, the "Executive Employment Arrangements").

Pursuant to the Executive Employment Arrangements, the Company entered into executive employment agreements with each of the respective executives as of April 5, 2022 (the "Executive Employment Agreements"). The Executive Employment Agreements contain customary terms, conditions and rights.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

This Form 10-Q and other reports filed by Creatd, Inc. (the “Company”), from time to time with the SEC (collectively, the “Filings”) contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company’s management as well as estimates and assumptions made by Company’s management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan,” or the negative of these terms and similar expressions as they relate to the Company or the Company’s management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company’s business, industry, and the Company’s operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management’s judgment in its application. There are also areas in which management’s judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this Form 10-Q.

We intend for this discussion to provide information that will assist in understanding our financial statements, the changes in certain key items in those financial statements, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. This discussion should be read in conjunction with our financial statements and accompanying notes for the year ended December 31, 2021, which are included in the Company’s Annual Report on Form 10-K that was filed with the SEC on April 6, 2022.

### **Overview**

Creatd, Inc. (“CRTD,” “the Company,” or “Creatd”) is a company whose mission is to provide economic opportunities to creators and brands by multiplying the impact of platforms, people, and technology.

We operate four main business segments, or ‘pillars’: Creatd Labs, Creatd Partners, Creatd Ventures, and Creatd Studios. Together, Creatd’s pillars work together to create a flywheel effect, supporting our core vision of creating a viable ecosystem for all stakeholders in the creator economy.

### **Creator-Centric Strategy**

Our purpose is to empower creators to prosper through exceptional tools, built-in communities, and opportunities for monetization and audience expansion. This creator-first approach is the foundation of our culture and mission, and how we choose to allocate our resources. It governs our business model and shapes the value we provide for each of our stakeholders across Creatd’s four pillars.

### **Creatd Labs**

Creatd Labs is dedicated to the development of technology products that support the creator economy. This pillar houses Creatd’s proprietary technology platforms, including Creatd’s flagship product, Vocal. This pillar is operated through our wholly-owned subsidiary, Abacus Tech Pty Ltd.

## ***Vocal***

Vocal was designed to serve as a home base for digital creators of all shapes and sizes, from bloggers to podcasters, makers, musicians, photographers, and more. Vocal's robust, proprietary technology platform provides these creators with best-in-class tools, niche (topic-specific) communities, and monetization opportunities.

Vocal facilitates creators' monetization in numerous different ways, including i) by rewarding creators for each 'read' their story receives; ii) via Vocal Challenges, through which creators can win cash and other rewards; iii) by awarding Bonuses; iv) by connecting creators with brands for opportunities to collaborate on Vocal for Brands branded content campaigns; v) through 'Subscribe,' which enables creators to receive payment directly from their audience via monthly subscriptions and one-off microtransactions; vi) via Vocal's Ambassador Program, which enables creators to receive additional rewards whenever they refer a new Vocal+ member.

## ***Vocal+***

*Vocal+* is Vocal's premium membership program. Subscribers pay a membership fee to access additional premium features on the platform, including: a higher rate of earnings per read, Vocal+ Challenge eligibility, use of a 'Quick Edit' feature for published stories, ability to receive monthly pledges from their fans, and more. The current cost of a Vocal+ membership is either \$9.99 per month or \$99 annually. From time to time, the Company offers Vocal+ subscriptions at a discount for a predetermined number of months as a promotion for new subscribers.

## ***Moderation and Compliance***

One of the key differentiating factors between Vocal and most other user-generated content platforms is the fact that each story submitted to Vocal is run through the Company's proprietary moderation process before it goes live on the platform. The decision to implement moderation into the submission process was in direct response to the rise of misinformation and bad actors on many social platforms. In response to these inherent pitfalls within the content landscape, Vocal's proprietary moderation system combines the algorithmic detection of copyrighted material, hate speech, graphic violence, and nudity with human-led curation to ensure the quality and safety of each story published on Vocal, thus fostering a safe and trustworthy environment for creators, audiences, and brands.

Trust and safety are paramount to the Vocal ecosystem. We follow best practices when handling personally identifiable information, with guidance from the European Union's General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and the Digital Millennium Copyright Act (DMCA).

Platform Compliance Policies include:

- Human-led, technology-assisted moderation of every story submitted;
- Algorithmic detection of hate speech, nudity, and copyright infringement;
- Brand, creator, and audience safety enforced through community watch; and
- The rejection of what we consider toxic content, with the understanding that diverse opinions are encouraged.

## ***Technology Development***

Vocal's proprietary technology is built on Keystone, the same underlying open-source framework used by industry leaders such as Atlassian, a \$43-billion Australian technology company. Some of the key differentiating elements of Vocal's technology are speed, sustainability, and scalability. The Company continues to invest heavily in research and development to continuously improve and innovate its platform, with the goal of optimizing the user experience for creators.

Additionally, the Vocal platform and its underlying technology allows us to maintain an advantageous capital-light infrastructure. By using cloud service providers, we are able to focus on platform and revenue growth rather than building and maintaining the costly internal infrastructures that have materially affected so many legacy media platforms.

Vocal's technology has been specifically designed and built to scale without a material corresponding increase in operational costs. While our users can embed rich media, such as video, audio, and product links, into their Vocal stories, the rich media content is hosted elsewhere (such as YouTube, Instagram, Vimeo, Shopify, Spotify, etc.). Thus, our platform can accommodate rich media content of all kinds without bearing the financial or operational costs associated with hosting the rich media itself. In addition to the benefits this framework affords to the Company, it provides the additional benefit to our content creators, in that a creator can increase their monetization; for example, a creator can embed their YouTube video into a Vocal story and thus derive earnings from both platforms when their video is viewed.

### **Creatd Partners**

Creatd Partners houses the Company's agency businesses, with the goal of fostering partnerships between creators and brands. Creatd Partners' offerings include: Vocal for Brands (content marketing), WHE Agency (influencer marketing), and Seller's Choice (performance marketing). Creatd Partners leverages its network of brands and influencers, along with resources from across Creatd, to help direct-to-consumer brands achieve conversions and reach their target audiences, while driving success for all of Creatd's stakeholders.

#### ***Vocal for Brands***

All brands have a story to tell, and we leverage Vocal's creator community to help them tell it. Vocal for Brands, Creatd's content marketing studio, specializes in pairing leading brands with Vocal creators and influencers to produce marketing campaigns that are non-interruptive, engaging, and direct-response driven. Further, Vocal for Brands campaigns leverage Vocal's first-party data and technology, which enables the creation of highly targeted and segmented audiences and optimized campaign results.

In addition to branded story campaigns Additionally, brands can opt to collaborate with Vocal on a sponsored Challenge, prompting the creation of high-quality stories that are centered around the brand's mission and further disseminated through creators' respective social channels and promotional outlets.

#### ***WHE Agency***

The WHE Agency ("WHE"), acquired by Creatd in 2021, was founded by Tracy Willis with the goal of supporting top creators and influencers, by connecting them with leading family and lifestyle brands and global audiences. Today, WHE represents a roster of over 100 creators across numerous verticals, including family and lifestyle, music, entertainment, and celebrity categories. Since acquiring WHE, the Company has facilitated partnerships on influencers' behalf with leading brands including CBS, Amazon, Target, Disney, Warby Parker, CVS, Kay Jewelers, Walmart, Gerber, Masterclass, Procter & Gamble, Nike, and NFL, among others.

#### ***Seller's Choice***

Seller's Choice is Creatd Partners' performance marketing agency specializing in DTC (direct-to-consumer) and e-commerce clientele. Seller's Choice provides direct-to-consumer brands with design, development, strategy, and sales optimization services.

### **Creatd Ventures**

Creatd Ventures houses Creatd's portfolio of DTC e-commerce businesses. The Company supports founders by providing capital, as well as a host of services including design and development, marketing and distribution, and go-to-market strategy. Currently, the Creatd Ventures portfolio includes:

- *Camp*, previously Plant Camp, a DTC food brand which creates healthy upgrades to classic comfort food favorites. Each of Camp's products are created with hidden servings of vegetables and contain Vitamins A, C, D, E, B1 + B6. In the fourth quarter of 2021, Camp added two new products to its expanding line of healthy, veggie-based, family-friendly foods. Currently, Camp has four flavors available for purchase: Classic Cheddar Mac 'N' Cheese, White Cheddar Mac 'N' Cheese, Vegan Cheezy Mac, and Twist Veggie Pasta. Camp, which first launched in 2020, represents the first investment within the Creatd Ventures portfolio.



- *Dune Glow Remedy* (“Dune”), which the Company purchased and brought to market in 2021. Dune is a beverage brand focused on promoting wellness and beauty from within. Each beverage in Dune’s product line is meticulously crafted with functional ingredients that nourish skin from the inside out and enhance one’s natural glow.
- *Basis*, which was acquired by the Company in March of 2022. Basis is a hydrating electrolyte drink mix formulated using rehydration therapies developed by the World Health Organization. Historically, Basis has shown strong sales volume both on the brand’s website as well as through third-party channels such as Amazon, while continuing to expand distribution to retailers like Urban Outfitters and Erewhon Market.

### **Creatd Studios**

The goal of Creatd Studios is to elevate creators’ stories to TV, film, books, podcasts, video, and more.

- *Transmedia Assets*: With millions of compelling stories in its midst, Creatd’s technology surfaces the best candidates for transmedia adaptations, through community and creator data insights. Then, Creatd Studios helps creators tell their existing stories in new ways, by partnering them with entertainment and publishing studios to create unique content experiences that accelerate earnings, discoverability, and open doors. In 2022, Creatd Studios announced numerous upcoming production projects, including the upcoming publication of a print book featuring the winning stories from Vocal’s ‘Vocal+ Fiction Awards’ Challenge, and the launch of a new podcast, with two miniseries currently in production.
- *OG Gallery*: The OG Collection is an extensive library of original artwork and imagery from the archives of some of the most iconic magazines of the 20th century. OG Gallery is an exploratory initiative aimed at identifying opportunities to propel the OG Collection into a new technological sphere: the NFT marketplace.

### **Application of First-Party Data**

Creatd’s business intelligence and marketing teams identify and target individual creators, communities, and brands, utilizing empirical data harnessed from the Vocal platform. The team’s ability to apply its proprietary first-party data works to reduce acquisition costs for new creators and to help provide brands with conversions and an ideal targeted audience. In this way, our ability to apply first-party data is one of the value-drivers for the Company across its four business pillars.

Importantly, we do not sell the collected data, that being a common monetization opportunity for many other businesses. Instead, we use our collected first-party data for the purposes of bettering the platform. Specifically, our data helps us understand the behaviors and attributes that are common among the creators, brands, and audiences within our ecosystem. We then pair our first-party Vocal data with third-party data from distribution platforms such as Facebook and Snapchat to provide a more granular profile of our creators, brands, and audiences.

It is through generating this valuable first-party data that we can continually enrich and refine our targeting capabilities for branded content promotion and creator acquisition, and specifically, to reduce our creator acquisition costs (CAC) and subscriber acquisition costs (SAC).

## Competition

The idea for Vocal came as a response to what Creatd's founders recognized as systemic flaws inherent to the digital media industry and its operational infrastructures. The depreciating value of digital media business models built on legacy technology platforms created a unique opportunity for the development of a creator-centric platform that could appeal to a global community and, at the same time, be capable of acquiring undervalued complimentary technology assets.

Creatd's founders built the Vocal platform upon the general thesis that a closed and safe ecosystem utilizing first-party data to increase efficiencies could create a sustainable and defensible business model. Vocal was strategically developed to provide value for content creators, readers, and brands, and to serve as a home for the ever-increasing amount of digital content being produced and the libraries of digital assets lying dormant.

Vocal is most commonly discussed as a combination of:

- Medium, a platform for writers built by former Twitter founder Ev Williams;
- Reddit, a social news aggregation, web content rating, and discussion website; and
- Patreon, a membership platform that provides business tools for content creators to run a subscription service.

Creatd does not view Vocal as a substitute or competitor to segment-specific content platforms, such as Vimeo, YouTube, Instagram, or SoundCloud. We don't want to replace anyone; we built Vocal to be accretive to the entire digital ecosystem. In fact, one of the most powerful components of our technology is the fact that Vocal makes it easy for creators to embed their existing published content, including videos, songs, podcasts, photographs, and more, directly into Vocal. We see this as a growth opportunity by building partnerships with the world's greatest technology companies and to further spread our roots deeper into the digital landscape.

## Acquisition Strategy

Creatd's hybrid finance and design culture is key to its acquisition strategy. Acquisition targets are companies that meet a set of opportunistic or financial standards or that are part of specific digital environments that are accretive and can seamlessly integrate into Creatd's existing revenue lines. Creatd will continue to make strategic acquisitions when presented with opportunities that are in the interest of shareholder value.

## **Recent Developments**

### **Nasdaq Notice of Delisting; Continued Listing**

On March 1, 2022, the Company received a letter from the staff of The Nasdaq Capital Market (the “Exchange”) notifying the Company that the Exchange has determined to delist the Company’s common stock from the Exchange based on the Company’s Market Value of Listed Securities for the 30-consecutive day period between January 15, 2022 and February 25, 2022 falling short of the requirements under Listing Rule 5550(b)(2) (the “Rule”). Although a 180-day period is typically allowed for an issuer to regain compliance, the Company was not eligible to use such compliance period, as the Exchange had instituted a Panel Monitor through March 9, 2022.

The Company pursued an appeal to the Nasdaq Hearings Panel (the “Panel”) of such determination, in accordance with the Exchange’s rules and, pursuant to such request by the Company to appeal, the delisting of the Company’s securities and the Form 25 Notification of Delisting filing was stayed pending the Panel’s decision.

On April 22, 2022, the Exchange notified the Company that the Panel has determined to continue the listing of the Company on the Exchange, subject to the following conditions: (i) on or before May 16, 2022, the Company will file its Quarterly Report on Form 10-Q for the period ended March 31, 2022 demonstrating compliance with Nasdaq Listing Rule 550(b)(1) requiring shareholders’ equity of \$2.5 million and (ii) on or before August 29, 2022, the Company will file a Form 8-K documenting the successful completion of any fund-raising activity that has taken place since April 14, 2022 and the Company’s long-term compliance with the continued listing requirements of the Nasdaq Capital Market.

The Panel has advised that August 29, 2022 represents the full extent of the Panel’s discretion to grant continued listing during the time the Company is non-compliant and should the Company fail to demonstrate compliance by such date, the Panel will issue a final delist determination and the Company will be suspended from trading on the Exchange.

### **Registered Direct Offering**

On March 7, 2022, the Company entered into a securities purchase agreement (the “Purchase Agreement”) with thirteen accredited investors resulting in the raise of \$2,659,750 in gross proceeds to the Company. Pursuant to the terms of the Purchase Agreement, the Company agreed to sell in a registered direct offering an aggregate of 1,519,857 shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”) together with warrants to purchase an aggregate of 1,519,857 shares of Common Stock (the “Warrants”) at an exercise price of \$1.75 per share (collectively, the “Registered Direct Offering”). The warrants are immediately exercisable and will expire on March 9, 2027.

The Registered Direct Offering closed on March 9, 2022. Gross proceeds to the Company from the Registered Director Offering were \$2,659,750, before deducting offering expenses, which will be used for general corporate purposes, including working capital.

The shares of Common Stock were offered and sold by the Company pursuant to a prospectus supplement filed with the Securities and Exchange Commission (the “SEC”), in connection with a takedown from the Company’s effective shelf registration statement on Form S-3, which was filed with the SEC on November 25, 2020 and subsequently declared effective on April 23, 2021 (File No. 333-250982).

### *Private Placement Financing*

On March 1, 2022, the Company entered into securities purchase agreements with twenty-eight (28) accredited investors whereby, at the closing, such investors purchased from the Company an aggregate of (i) 1,401,457 shares of the Company's common stock, par value \$0.001 per share and (ii) 1,401,457 warrants to purchase shares of common stock, for an aggregate purchase price of \$2,452,550 (the "Private Placement Financing"). Such warrants are exercisable for a term of five-years from the date of issuance, at an exercise price of \$1.75 per share, and provide for cashless exercise to the extent that there is no registration statement available for the underlying shares of common stock. The Benchmark Company, LLC acted as exclusive financial advisor for the Company in connection with the Private Placement Financing and is entitled to receive 125,000 shares of common stock as compensation for its services. The closing of the Private Placement Financing occurred on March 1, 2022.

### **Results of Operations**

### **Liquidity and Capital Resources**

The following table summarizes total current assets, liabilities and working capital at March 31, 2022 compared to December 31, 2021:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>Increase / (Decrease)</b>
Current Assets	\$ 4,332,053	\$ 4,475,242	\$ (143,189)
Current Liabilities	\$ 6,194,866	\$ 5,421,015	\$ 773,851
Working Capital (Deficit)	\$ (1,862,813)	\$ (945,773)	\$ (917,040)

At March 31, 2022, we had a working capital deficit of \$1,862,813 as compared to a working capital deficit of \$945,773 at December 31, 2021, an increase in working capital deficit of \$917,040. The increase is primarily attributable to a reduction in cash and an increase in accounts payable due in part to marketing-related payables as well as payables for legal and accounting fees addressing one-time corporate matters. This was offset by a decrease in notes payable.

## Net Cash

Net cash used in operating activities for the three months ended March 31, 2022, and 2021, was \$5,037,179 and \$5,296,638, respectively. The net loss for the three months ended March 31, 2022, and 2021 was \$6,881,048 and \$6,643,237, respectively. The decrease in net cash used in first quarter 2022 reflects a decrease in research and development expenses, offset by an increase in general and administrative costs including consulting, legal, and accounting fees. Going forward, as the Company plans to simultaneously grow revenue while improving operational efficiency, it is anticipated that the Company's net cash used in operating activities will consistently decrease throughout 2022.

Net cash used in investing activities for the three months ended March 31, 2022, was \$50,950. This is primarily attributable to the purchase of digital assets within the Company's NFT infrastructure, as well as the purchase of property and equipment.

Net cash provided by financing activities for the three months ended March 31, 2022, and 2021 was \$4,527,972 and \$412,576, respectively. During the three months ended March 31, 2022, the Company's operations were predominantly financed by net proceeds of \$4,997,301 from the sale of common stock and warrants, which were partially offset by the repayments of notes payable. Similarly, the Company's financing activity for the three months ended March 31, 2021, generated \$1,312,672 from the exercises of warrants, the proceeds of which were partially offset by repayment of notes of \$985,596.

## Summary of Statements of Operations for the Three Months Ended March 31, 2022, and 2021:

	Three Months Ended March 31,	
	2022	2021
Revenue	\$ 1,348,738	\$ 743,913
Cost of revenue	\$ 1,572,170	\$ 867,150
Operating expenses	\$ (6,785,852)	\$ (5,822,760)
Loss from operations	\$ (7,009,284)	\$ (5,945,997)
Other income (expenses)	\$ 128,236	\$ (697,240)
Net loss	\$ (6,881,048)	\$ (6,643,237)
Loss per common share – basic and diluted	\$ (0.36)	\$ (0.68)

## Revenue

Revenue totaled \$1,348,738 for the three months ended March 31, 2022, as compared to \$743,913 for the comparable three months ended March 31, 2021, an increase of \$604,825. The 81% year-over-year increase in quarterly revenue is attributable to the steady growth of both Creatd Partners (influencer and content marketing) which increased 36% year-over-year, as well as Created Labs (Vocal and technology development) which experienced a 66% increase in revenue generated as compared to the prior first quarter 2021. In addition, Creatd Ventures (e-Commerce) generated sales totaling \$254,724, indicating continued revenue momentum within this segment following its initial launch with the acquisition of Plant Camp in mid-2021. Going forward, the Company anticipates continued momentum as Creatd Partners expands its influencer marketing capabilities and methodically increases its average revenue per brand campaign; as Creatd Labs increases conversion from freemium to Vocal+ subscriptions with advancements in its technology development and offerings; as Creatd Ventures expands the marketing visibility of its March 2022 acquisition of its latest direct-to-consumer brand acquisition, Basis, and establishes new and expanded distribution of Dune and Camp. In addition, during 2022, Creatd anticipates its first material revenue contribution from its fourth business segment Creatd Studios (Transmedia production).

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

Cost of revenue for the three months ended March 31, 2022, were \$1,572,170 as compared to \$867,150 for the three months ended March 31, 2021. The increase of \$705,020 in cost of revenue is related to the establishment and operational launch of Creatd Ventures, which recently began contributing material revenues. Additionally, the increase is attributable to expansion of the Company's moderation and content development teams, a byproduct of increased Vocal+ membership volume combined with the additional sales and talent management personnel associated with Creatd Partners. The Company expects the gross margin to improve over time as it continues to grow and improve upon a self-sustaining, organically driven revenue model across its business segments.

### ***Operating Expenses***

Operating expenses for the three months ended March 31, 2022, were \$6,785,852 as compared to \$5,822,760 for the three months ended March 31, 2021. The increase of \$963,092 in operating expenses is mainly related to general and administrative ("G&A") cost increases, predominantly due to an increase in headcount and related personnel expenses as well as costs related to the Company's expanded presence in key markets, which contributed to an increase in office rent and related moving expenses. G&A was further impacted by a non-recurring increase in consulting expenses, site development, and recruiting fees. The year-over-year increase in first quarter G&A was offset in part by a decrease in research and development expenditure and stock based compensation.

During the first quarter 2022, the company's non-cash charges totaled \$1,080,792, a \$489,447 decrease from first quarter 2021. This amount represents stock based compensation expenses related to the vesting of past stock option grants to senior management and board members, which vest over multiple years, and stock-based fees to service providers that opted for stock in lieu of cash.

The Company expects expenditures to decrease over coming quarters as the Company normalizes its marketing costs and scrutinizes many of the contributing expenses within G&A.

### ***Loss from Operations***

Loss from operations for the three months ended March 31, 2022, was \$7,009,284 as compared to \$5,945,997 for the three months ended March 31, 2021. The \$1,063,287 increase in the loss from operations this quarter primarily reflects the nearly doubling year over year of Company personnel to 60 professionals. In addition, short-term consulting and other services that were required during the quarter to address one-time needs heightened expenses. Going forward, the Company expects the loss from operations to decrease as revenues continue to increase and expenses achieve normalcy levels.

### ***Other Income and (Expenses)***

Other income (expenses) for the three months ended March 31, 2022, were \$128,236 as compared to \$(697,240) for the three months ended March 31, 2021. The increase in first quarter 2022 other income was predominantly due to a decrease in an accretion of debt discount and issuance cost, an elimination of derivative expense, and a decrease in interest expense.

### ***Net Loss***

Net loss for the three months ended March 31, 2022, was \$6,881,048, as compared to a net loss of \$6,643,237 for the three months ended March 31, 2021.

Net loss attributable to common shareholders for the three months ended March 31, 2022, was \$6,334,890, or loss per share of \$0.36, as compared to a net loss attributable to common shareholders of \$6,643,237, or loss per share of \$0.68, for the three months ended March 31, 2021.

### ***Off-Balance Sheet Arrangements***

As of March 31, 2022, we had no off-balance sheet arrangements.

## **Significant Accounting Policies**

Our significant accounting policies are described in Note 2 of the Financial Statements. If we complete an acquisition, we will be required to make estimates and assumptions typical of other companies. For example, we will be required to make critical accounting estimates related to valuation and accounting for business combinations. The estimates will require us to rely upon assumptions that were highly uncertain at the time the accounting estimates are made, and changes in them are reasonably likely to occur from period to period. Changes in estimates used in these and other items could have a material impact on our financial statements in the future. Our estimates will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates. For detailed information regarding our critical accounting policies and estimates, see our financial statements and notes thereto included in this Report and in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes to our critical accounting policies and estimates from those disclosed in our most recent Annual Report on Form 10-K.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no material changes in our exposures to market risk since December 31, 2021. For details on the Company's interest rate, foreign currency exchange, and credit risks, see "Item 7A. Quantitative and Qualitative Information About Market Risks" in our 2021 Annual Report.

## **Item 4. Controls and Procedures.**

### **Disclosure Controls and Procedures**

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report (the "Evaluation Date"). Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are not effective.

### **Changes in Internal Control Over Financial Reporting**

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. However, throughout 2021 and into 2022, the Company continues the complete review of all of its financial procedures and controls and is continuing the process of updating and optimizing its infrastructure around these controls. Over the past year, the Company has hired additional finance and accounting personnel, significantly improving the segregation of duties within that department and providing additional bandwidth for management to focus on improving controls and procedures. This review is ongoing, and the Company believes that this process will continue to positively affect our internal control over financial reporting in the future.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On or about June 25, 2020, Home Revolution, LLC (“Home Revolution”) filed a lawsuit in the United States District Court for the District of New Jersey, Home Revolution, LLC, et al. v. Jerrick Media Holdings, Inc. et al., Case No. 2:20-cv-07775-JMV-MF. The Complaint alleges, among other things, that Creatd, Inc. breached the Membership Interest Purchase Agreement, as modified, and ancillary transaction documents in connection with the acquisition of Seller’s Choice, LLC, from Home Revolution in September 2019. The Complaint additionally alleges violation of the New Jersey Uniform Securities Law, violations of the Exchange Act and Rule 10b-5 thereunder, fraud, equitable accounting, breach of fiduciary duty, conversion and unjust enrichment. Plaintiff also sought to have a receiver appointed by the Court to take over Creatd’s operations. After substantial motion practice, Creatd successfully settled this dispute from June 2020 for a total of \$799,000, which includes \$660,000 of note principal and \$139,000 of accrued interest. The matter has been dismissed on March 3, 2022.

On or about August 30, 2021, Robert W. Monster and Anonymize, Inc. (“Monster”) filed a lawsuit in the United States District Court for the Western District of Washington at Seattle, Robert W. Monster, et al. v. Creatd, Inc., et al. (Western District of Washington at Seattle 2:21-CV-1177). The Complaint alleges, among other things, that action for Declaratory Judgment under 28 U.S.C. § 2201 that Monster’s registration and use of the internet domain name VOCL.COM (the “Domain Name”) does not violate Creatd’s rights under the Anticybersquatting Consumer Protection Act (“ACPA”), 15 U.S.C. § 1125(d), or otherwise under the Lanham Act, 15 U.S.C. § 1051 et seq. Creatd claims trademark rights and certain other rights with respect to the term and the domain name VOCL.COM. Monster seeks a determination by the Court that Monster’s registration and/or use of VOCL.COM is not, and has not been in violation of the ACPA, and that Plaintiffs’ use of VOCL.COM constitutes neither a violation of the ACPA nor trademark infringement or dilution under the Lanham Act. Creatd believes the lawsuit lacks merit and will vigorously challenge the action. At this time, we are unable to estimate potential damage exposure, if any, related to the litigation.

### **Item 1A. Risk Factors.**

Our business, financial condition, results of operations, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our most recent Annual Report on Form 10-K for the year ended December 31, 2021, the occurrence of any one of which could have a material adverse effect on our actual results.

There have been no material changes to the Risk Factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021.

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

During the three months ended March 31, 2022, we issued securities that were not registered under the Securities Act and were not previously disclosed in a Current Report on Form 8-K or Quarterly Report on Form 10-Q as listed below. All of the securities discussed in this Item 2 were issued in reliance on the exemption under Section 4(a)(2) of the Securities Act.

#### *Consultant Shares*

During the three months ended March 31, 2022, the Company issued 113,420 shares of Common Stock to consultants and employees.

#### *Debt Conversion*

During the three months ended March 31, 2022, a lender converted \$168,850 in promissory notes into 109,435 shares of Common Stock.

### **Item 3. Defaults Upon Senior Securities.**

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

### **Item 4. Mine Safety Disclosures.**

Not applicable.

### **Item 5. Other Information.**

There is no other information required to be disclosed under this item which was not previously disclosed.



**Item 6. Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
4.1	<a href="#"><u>Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed with the Commission on March 3, 2022).</u></a>
4.2	<a href="#"><u>Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to the Company's current report on Form 8-K filed with the Commission on March 9, 2022).</u></a>
10.1	<a href="#"><u>Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the Commission on March 3, 2022).</u></a>
10.2	<a href="#"><u>Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the Commission on March 9, 2022).</u></a>
17.1	<a href="#"><u>Letter of resignation of Mark Standish (incorporated by reference to Exhibit 17.1 to the Company's current report on Form 8-K filed with the Commission on February 18, 2022).</u></a>
17.2	<a href="#"><u>Letter of resignation of Leonard Schiller (incorporated by reference to Exhibit 17.2 to the Company's current report on Form 8-K filed with the Commission on February 18, 2022).</u></a>
17.3	<a href="#"><u>Letter of resignation of LaBrena Martin (incorporated by reference to Exhibit 17.3 to the Company's current report on Form 8-K filed with the Commission on February 18, 2022).</u></a>
31.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a), As adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a), As adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1*	<a href="#"><u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act 2002</u></a>
32.2*	<a href="#"><u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, As adopted Pursuant to Section 906 of the Sarbanes-Oxley Act 2002</u></a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith

# This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

## SIGNATURES

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

### CREATD, INC.

Date: May 16, 2022

By: /s/ Laurie Weisberg

Name: Laurie Weisberg

Title: Chief Executive Officer  
(Principal Executive Officer)

Date: May 16, 2022

By: /s/ Chelsea Pullano

Name: Chelsea Pullano

Title: Chief Financial Officer  
(Principal Financial and Accounting Officer)

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

I, Laurie Weisberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Creatd, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 for the period in which this quarterly 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;
  - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 16, 2022

By: /s/ Laurie Weisberg

Laurie Weisberg  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Chelsea Pullano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Creatd, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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 for the period in which this quarterly 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;
  - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 16, 2022

By: /s/ Chelsea Pullano

Chelsea Pullano  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

**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 Creatd, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Laurie Weisberg, Chief 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 period ended March 31, 2022, 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 period ended March 31, 2022, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2022

By: /s/ Laurie Weisberg

Laurie Weisberg  
Chief Executive Officer  
(Principal Executive Officer)

**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 Creatd, Inc. (the "Company"), on Form 10-Q for the period ended March 31, 2022, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Chelsea Pullano, Chief 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 period ended March 31, 2022, 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 period ended March 31, 2022, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2022

By: /s/ Chelsea Pullano

Chelsea Pullano  
Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)f