



Dated: December 14, 2023

Certain litigation to which Vertical Computer Systems, Inc., a Delaware corporation (the “**Corporation**”), has been a party has recently been resolved.

The purpose of this letter is so that the Board of Directors of the Corporation (the “**Board**”) and management of the Corporation can update its stockholders as to material facts with respect to events involving the Corporation. The Board wishes to continue to uphold its fiduciary due to the Corporation and its stockholders.

The Board believes that, overall, the dismissal of the litigation and related transactions are in the best interest of the Corporation and its stockholders.

While there are limitations on what the Board and the Corporation can disclose, we wish to give you a meaningful update.

The following two cases were dismissed:

Case 1 - Lakeshore Investments, LLC vs. Now Solutions, Inc., Vertical Computer Systems, Inc., et al, Superior Court of the State of California in the County of Los Angeles, Case No. 19/STCV15381

On May 2, 2019, the Corporation and its subsidiary, Now Solutions, Inc. (“**Now Solutions**”) were sued by Lakeshore Investments, LLC (“**Lakeshore**”) in the Superior Court of the State of California in the County of Los Angeles. Lakeshore sought damages in excess of \$3 million. The Corporation and Now Solutions made various cross-claims against Lakeshore and others.

On November 30, 2023, after years of litigation, all parties to the litigation filed a request for the complete dismissal of the all claims and cross-claims in the litigation. It is anticipated the California court will formally dismiss the entire case, with prejudice. A case dismissed “with prejudice” cannot be tried again.

You may access the public record related to the litigation by:

(1) going to the following website:

<https://www.lacourt.org/casesummary/ui/index.aspx?casetype=civil>

(2) *entering case number 19STCV15381; and*

(3) *clicking the “search” button.*



Case 2 – Vertical Computer Systems, Inc., et al vs. Robert Farias, et al, Texas, 191st District Court, Case Number DC-23-17092

On October 5, 2023 the Corporation and Now Solutions filed suit against Robert Farias and Kim Farias in the 191st District Court in Texas. The suit alleged certain claims that the Corporation and NOW against Robert Farias and Kim Farias.

On December 5, 2023, the Corporation and Now Solutions filed a motion to Nonsuit Defendants with Prejudice.

It is expected that the Texas court will grant the motion in due course.

You may access the public record related to the litigation by:

(1) going to the following website:

<https://courtsportal.dallascounty.org/DALLASPROD/Home/Dashboard/29>

(2) Enter case number “DC-23-17092”

(3) Click Submit