



Verb Technology Company, Inc.

Q2 about inline. Successful Verb Market shopping festival should drive stock higher. Lowering P/T to \$4.25.

COMPANY UPDATE

Rating: **BUY**

Ticker: VERB

Price: \$0.53
(intraday)

Target: \$4.25
(from \$4.50)

Q2 about inline: Verb recently (on August 15) reported its fiscal Q2 2022 (ending June) results. Revenue was \$2.4 million (+0% y-o-y), compared to our estimates of \$3.4 million and consensus of \$2.9 million. EPS was \$(0.07), compared to our estimate of \$(0.04) and consensus of \$(0.06). There was no Q2 guidance.

Strong SaaS and digital: Total SaaS recurring revenue (a component of Total Digital revenue) was \$2.0 million, +23% y-o-y. Total Digital revenue was \$2.2 million, +19% y-o-y. Non digital revenue was \$0.2 million (-50% y-o-y).

No guidance: The company did not provide forward guidance.

Lowering estimates slightly: We are lowering our 2022 estimates for revenue to \$14 million, from \$16 million, and for EPS to \$(0.28) from \$(0.25).

Completed Market Shopping Festival: The company had a successful Market Livestream Shopping Festival on July 26, 27, 28. The U.S. Shopfest consisted of 63 livestream shows over 3 days, featuring over 55 retailers on multiple channels from locations across the U.S. and around the world. The launch of Market and these major Livestream shopping events has the potential to significantly increase Verb's customer base and revenues.

Focused on video enabled applications: Verb applications include: verbCRM, its white-labelled CRM application for large, sales-based enterprises; verbTEAMS, its CRM for smaller businesses; verbLEARN, its Learning Management System application; and verbLIVE, its Live Stream e-commerce application. Verb's applications distinguishes itself from other sales management applications because it utilizes its proprietary interactive video technology as the primary means of communication between sales and marketing professionals and their customers and prospects. Verb's proprietary data collection and analytics capabilities provide for a much more efficient and effective sales process, resulting in increased sales conversion rates.

Large market potential: The CRM software industry is the largest software segment. Verb's proprietary interactive video technology provide significant competitive advantages over the CRM applications that do not have it.

Verb sports opportunity: Verb's Sports Entertainment vertical began in Q4 2021 with clients including the Pittsburgh Penguins, and continuing in Q1 2022 with the Florida Panthers and the Phoenix Suns, with more to come soon.

Still early but high growth stage: Verb's recent digital revenue growth has been strong (digital revenue was +26% y-o-y in 2021) and we expect continued high total revenue growth in 2022 (+29%) as non digital revenue is phased out (non digital was still ~10% of Q2 revenues). The company is opportunistically pursuing M&A, but a recent deal has been paused due to market conditions.

Solid balance sheet: In April, the company raised \$11 million selling stock (14.7 million shares at \$0.75/share). We believe it has enough cash through 2023.

Positive high risks versus rewards: We believe the demand for its software and services will grow fueled by continued large growth in video e-commerce along with growth in video CRM software. We believe the ~billion dollars market potentials presents high rewards for the risks.

Valuation attractive: We are maintaining our BUY rating, but lowering our 12-month price target to \$4.25 from \$4.50, based on a NPV analysis, representing significant upside from the current share price. We believe this valuation appropriately balances out the company's high risks with its high growth prospects and large upside opportunities.

Company Description

Based in Lehi, UT, Verb Technology's leading "SaaS" platform is based on its interactive video technology and sales enablement software products.

United States
Technology

August 23, 2022

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Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.29 – 2.34
Shares Outstanding (million):	103
Market cap (\$million):	\$55
EV (\$million):	\$54
Debt (\$million):	\$5
Cash (\$million):	\$6
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	92
Short Interest (million shares):	3
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	3A		4E	
Q2 Jun	2A	3E	3E	5E
Q3 Sep	3E	5E	4E	6E
Q4 Dec	<u>5E</u>		<u>7E</u>	
Total	14E	16E	18E	21E
EV/Revs	3.9x		3.0x	

Earnings per Share (pro forma)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	(0.09)A		(0.03)E	
Q2 Jun	(0.07)A	(0.04)E	(0.03)E	
Q3 Sep	(0.07)E	(0.06)E	(0.03)E	(0.04)E
Q4 Dec	<u>(0.06)E</u>	<u>(0.06)E</u>	<u>(0.05)E</u>	<u>(0.04)E</u>
Total	<u>(0.28)E</u>	<u>(0.25)E</u>	<u>(0.15)E</u>	<u>(0.14)E</u>
P/E	N/A		N/A	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 15.

OVERVIEW

- Verb recently (on August 15) reported its fiscal Q2 2022 (ending June) results.
- Revenue was \$2.4 million (+0% y-o-y), compared to our estimates of \$3.4 million and consensus of \$2.9 million.
- EPS was \$(0.07), compared to our estimate of \$(0.04) and consensus of \$(0.06).
- There was no Q2 guidance.
- The company did not provide forward guidance.
- We are lowering our 2022 estimates for revenue to \$14 million, from \$16 million, and for EPS to \$(0.28) from \$(0.25).
- We are lowering our 2023 estimates for revenue to \$18 million, from \$21 million, and for EPS to \$(0.15) from \$(0.14).

ADDITIONAL DETAILS

- Gross profit for the quarter was \$1.6 million, compared with our estimate of \$2.2 million.
- Gross margin for the quarter was 65%, versus our expectation of 65% and 53% last year.
- Operating expenses were \$8 million, versus our expectation of \$7 million.
- Operating loss was \$6.8 million, versus our expectation of a loss of \$4.3 million.
- Net loss was \$6.4 million, versus our expectation of a loss of \$4.5 million.

The company's balance sheet had \$6 million in cash and \$5 million in debt compared with \$4 million in cash and \$7 million in debt at the end of March. In January, the company raised \$6.3 million in convertible note and also closed an equity line of credit facility for up to \$50 million. In April, the company raised \$11 million selling stock (14.7 million shares at \$0.75/share).

Exhibit 1: Verb Technology SaaS Products Overview

THE #1 SALES ENABLEMENT TOOL FOR

Direct Sales

The #1 mobile CRM for modern-day sales

THE #1 SALES ENABLEMENT TOOL FOR

Life Sciences

Built for the modern medical sales team

MASTER SALES FROM START TO CLOSE

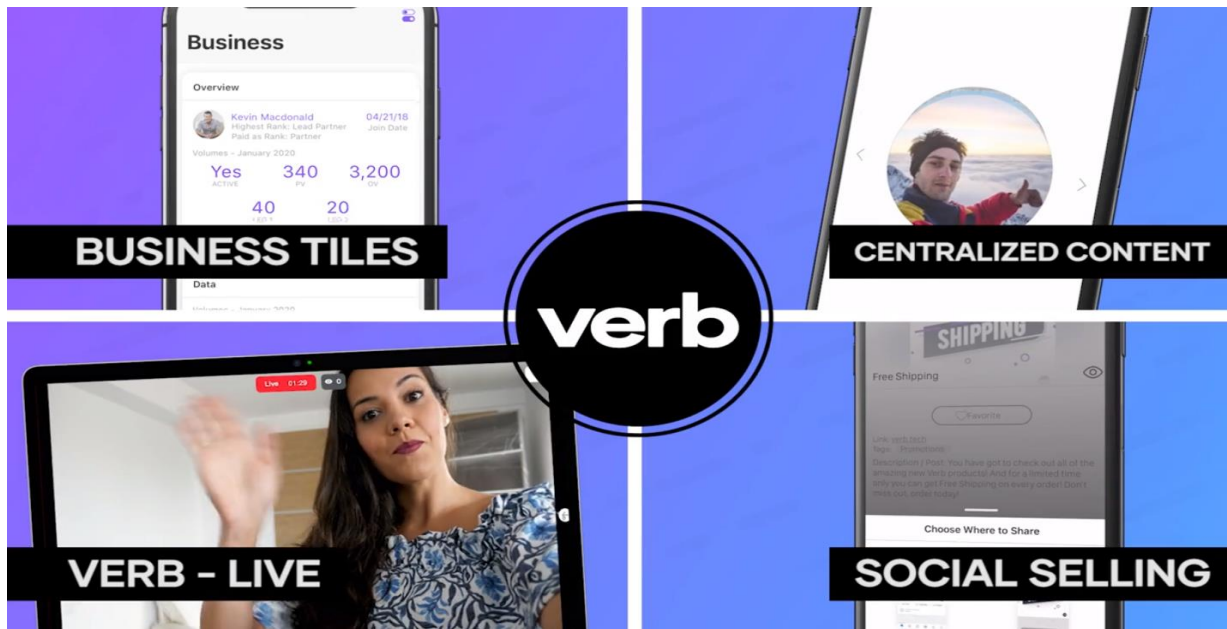
Entrepreneurs

Give your sales team an app to sell with

THE BEST E-COMMERCE LIVESTREAM PLATFORM

verbLIVE

10X your revenue with live streaming



Source: Company reports.

Exhibit 2: Verb's SaaS Software Solutions

OUR SALES TOOLS SaaS PLATFORM

verbLIVE

Livestream Ecommerce with Affiliate Sales Attribution Feature

verbCRM

Interactive Video Powered Customer Relationship Management (CRM) App for Large Sales-Based Enterprises

verbTEAMS

Interactive Video Powered Customer Relationship Management (CRM) App for Solo Entrepreneurs and Small Businesses

verbLEARN

A Gamified Video-Based Learning Management System (LMS)


verbmail

Interactive and Shoppable Video Integrated Into Microsoft Outlook. Gmail Coming Soon

Source: Company reports.

Exhibit 3: Verb Market Opportunity

Significant Upside Potential in the Post-COVID Remote Work Economy

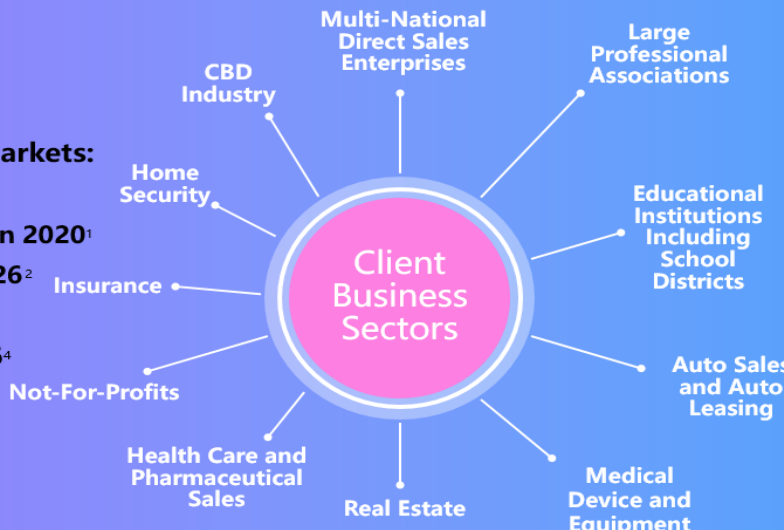


verb Markets

Large & Growing Addressable Markets:

- *Live Stream eCommerce* - \$120B in 2020¹
- *Video Conferencing* - \$50B by 2026²
- *CRM* - \$80B by 2025³
- *Online eLearning* - \$375B by 2026⁴

1. <https://www.cmwire.com/e-commerce/is-live-streaming-e-commerce-the-next-2020/>
2. <https://www.gminsights.com/industry-analysis/video-conferencing-market>
3. <https://www.superoffice.com/blog/crm-software-statistics>
4. <https://www.gminsights.com/industry-analysis/elearning-market-size>



Client Business Sectors

- CBD Industry
- Home Security
- Insurance
- Not-For-Profits
- Health Care and Pharmaceutical Sales
- Real Estate
- Medical Device and Equipment Sales
- Auto Sales and Auto Leasing
- Educational Institutions Including School Districts
- Large Professional Associations
- Multi-National Direct Sales Enterprises

Source: Company reports.

Exhibit 4: Verb Customers and Partnerships

verb Select Enterprise Customers

Global User Base + 60 Countries + 48 Languages



verb Partnerships & Integrations

We're integrated our interactive video technology into other popular Enterprise CRMs

Current Integration partners:




Launched Nov 2020



Launched June 2021


Source: Company reports.

Exhibit 5: VerbLIVE Market and Opportunities




**True In-Video LiveStream eCommerce
Now with Verb's
ATTRIBUTION FEATURE**


verbLIVE combines the best features of popular webinar and video conference platforms such as **Zoom, Facebook-Live, and WebEx**, with **Shopify**.




users can add interactive in-video eCommerce capabilities – including in-video Shopify carts - to live stream in-video eCommerce webinar broadcasting




allows webinar hosts to select interactive icons that appear on the screens of all viewers, providing in-video click-to-purchase capabilities for products or services featured in the live-stream video broadcast




Live Streaming eCommerce drives revenue through real-time friction-free selling





provides real-time viewer engagement data and interaction analytics



entirely browser-based, works on all devices – no software download required



secured through end-to-end encryption

US Livestream Market Primed for Growth

The domestic social and ecommerce trends converge in livestream shopping

- 1 | 2020 eCommerce Inflection Point**
Due to COVID, 10 years of e-commerce adoption was accelerated into 3 months ¹
- 2 | Influencers are driving purchase**
Influencer marketing spend grew to \$9.7B in 2020, 91% of survey respondents believe influencer marketing to be an effective form of marketing ²
- 3 | Livestream usage is taking off**
Total livestream viewership (non-e-commerce) in the US grew 2x in 2020. 27.9 billion hours streamed in 2020 across the top four platforms.³
- 4 | Live shopping models are natural to US consumers**
The behavior is not new: **U.S. consumers have a long tradition of “TV shopping”** (decades of QVC and HSN – Parent Mkt Cap (Nasdaq: QRTEA): \$4.5 bn) ⁴
And limited-supply “drop” model, which is foundational to live stream shopping’s success in China, is already frequently used by flagship US brands (ex. Supreme). ⁵ [McKinsey Report](#)

verbTV – Convergence of Shopping and Entertainment

An Online TV Channel with Interactive and Shoppable Entertainment Programming – an extension of Marketplace

- New distribution channel for all forms of interactive and shoppable content – concerts, gameshows, sports, sitcoms, podcasts, news, live and special events, and many more
- Content creators enjoy greater revenue opportunities through native interactive video platform
- Sponsors and advertisers enjoy real-time monetization, data collection and analytics – accurately measure ROI from marketing spend
- Viewers can click directly in videos to purchase products featured plus many other interactive capabilities
- Tapped entrepreneur, investor and best-selling author David Meltzer as executive producer to develop shoppable content for verbTV, including:
 - “2-Minute Drill” reality TV pitch competition
 - “Office Hours” late-night entrepreneur talk show
 - Interactive e-sports programs
- First of many partnerships to build a library of shoppable programming



verbTV and Marketplace expand the applications of our interactive video technology as VERB stays at the forefront of the new livestream e-commerce paradigm

Source: Company reports.

Exhibit 6: Verb's Q2 2022 and Recent Highlights

Q2 2022 SaaS Recurring Revenue Up 23% Over Q2 2021

Q2 2022 Gross Margin Up 23% Over Q2 2021

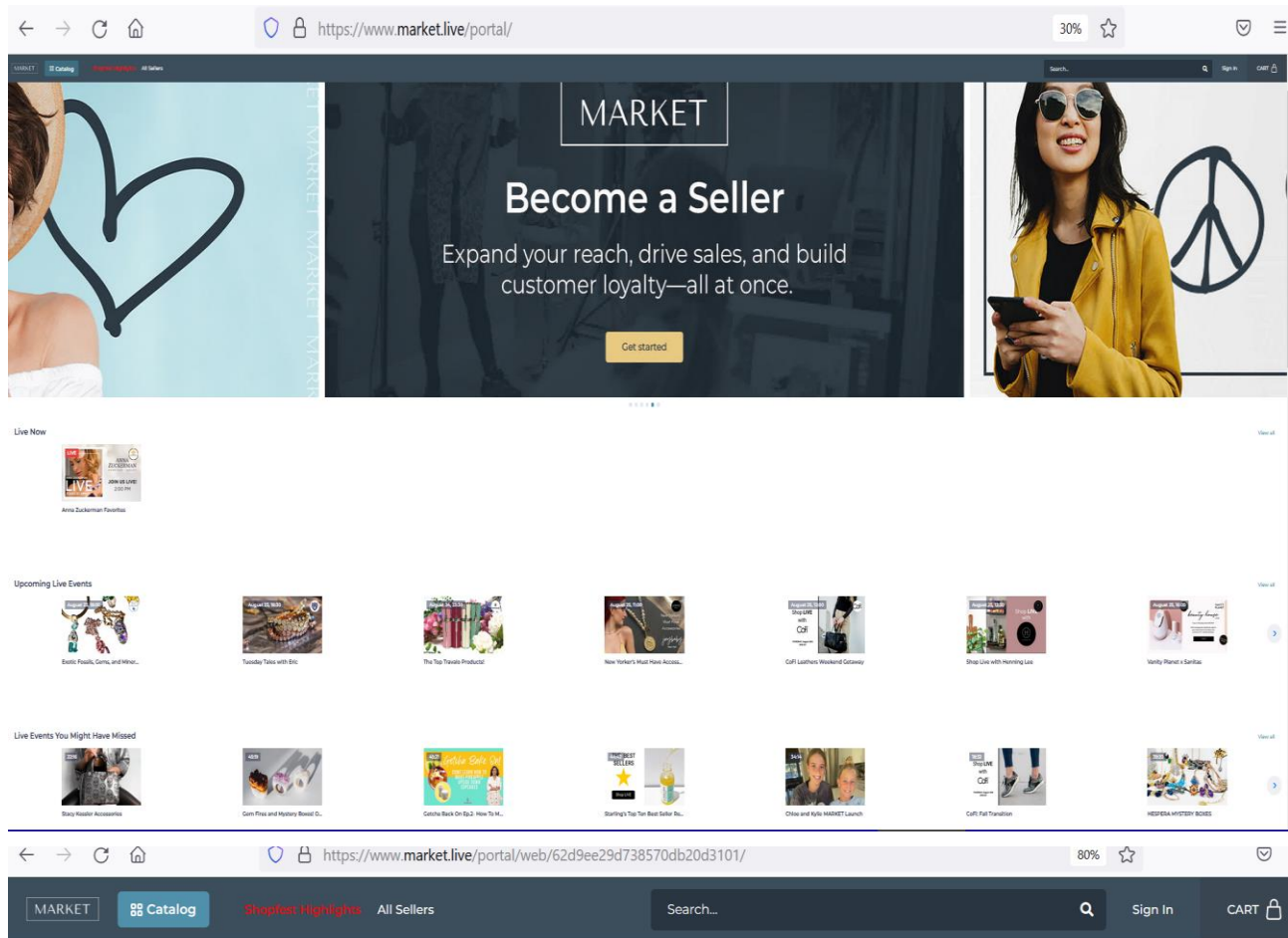
R&D Operational Expenses Cut 57% from Q2 2021

Successful MARKET.live launch and SHOPFEST in July 2022

- ***Second quarter 2022 SaaS recurring revenue up 23% over prior year comparable quarter***
- ***Second quarter 2022 gross profit margin up 23% over prior year comparable quarter***
- ***Second quarter 2022 Total Digital revenue up 19% over prior year comparable quarter***
- ***SaaS recurring revenue now accounts for 91% of Total Digital revenue – up from 88% in Q2 2021***
- ***SaaS recurring revenue now accounts for 82% of total revenue – up from 67% in Q2 2021***
- ***Total Digital revenue accounts for 90% of total revenue – up from 76% in Q2 2021***
- ***R&D expense down 57% from prior year comparable quarter and 13% since Q1 2022***
- ***Modified EBITDA¹ improvement by \$2.2 million over Q2 2021***

Source: Company report.

Exhibit 7: Verb's Market Livestream Shopping Festival (July 26, 27, 28) and Market Web Portal



Meet the MCs



HAELY WHITE

Comedian, Writer/Director, and Content Creator



ELISE IVY

TV Host, Actress, Content Creator, and Brand Storyteller



DAVID MELTZER

Entrepreneur, Speaker, Author, and Investor



MIRIAM ISA

TV Host and Public Speaker



COURTNEY CASON

TV Host, Content Creator, and Lifestyle Expert



ZO JOHNSON

Actor, Comedian, Host, and Motivational Speaker

Source: Company report, <https://www.market.live/portal/>.

Exhibit 8: Verb's Shopfest Highlights (July 26, 27, 28)

Day 1

Shopfest was full of good vibes only. Join our hosts and check out all Shopfest brands' LIVE replays from day one of shopping. It will leave you feeling relaxed, happy, and ready to share in all the fun we had.

MCD EVENTS

WEN	JUDITH RIPKA	ORGANIFI
HALSTON	DOLL 10	WILLOW BOUTIQUE

MORE EVENTS FROM THE DAY OF PEACE

MIGNONNE GAVIGAN	EAZY PEAZY CAKES	STACY KESSLER	BABYLONSTERN
LEIGH TRAVEL BAGS	BENT BEAUTY	WALKEE PAWS	LOLA
COFI	GAY ISBER DESIGNS		

Day 2

You'll adore this expertly curated lineup of brands, influencers, and products, all hand selected to help you feel the Shopfest love from day two of shopping.

MCD EVENTS

TOTAL GYM	AMERICAN NINJA WARRIOR	CHEF DAVID BURKE
THREE COMMAS	MYGEMMA	VANITY PLANET

MORE EVENTS FROM THE DAY OF LOVE

CELESTE SOL	LUMINARA	MIAMI FITWEAR	KAWAII GIRL COSMETICS
RUTHENY JEWELRY	BARE LIFE	STARLING SKINCARE	ELIZABETH CRANT SKINCARE
SEVEN STAR	BLUME	JOEY BABY	ROKNE PICKLEBALL

Day 3

It was online shopping, elevated. Our final day of the event was full of fun, prizes, and exclusive products that showcased the very best of livestream shopping.

MCD EVENTS

WANDER BEAUTY	JENN CHAN	ELLEN HUNTER
RESERVE BAR	ROSEPOPS	RURENEW

MORE EVENTS FROM THE DAY OF SHOPPING

HENNING LEE	SUPER SMILE	ASTOURI	ELLIOT YOUNG
BRUCECLEN	FINDERS KEY PURSE	SKIN AUTHORITY	AERO PILATES
ANNA ZUCKERMAN	CHALONNE	CALIN	HESPERA

Source: Company report, <https://www.market.live/portal/web/62d9ee29d738570db20d3101/>.

Exhibit 9: Verb's Shopfest (July 26, 27, 28) Key Data

- Total views on Market.live were 45,161
- Total unique views on Market.live were 15,444 (these numbers include those who viewed and shopped storefronts but did not watch a livestream)
- Total attendance for livestreams on Market.live during Shopfest was 8,511 (this number does NOT include attendees who viewed from Facebook and other social platforms)
- Total post-Shopfest video on demand views from storefronts on Market.live as of almost a week ago, last Tuesday, August 9, was 3,408 – I imagine there's probably quite a bit more since then.

Here's some of the data we've compiled so far from the Facebook feed during the 3-days of Shopfest:

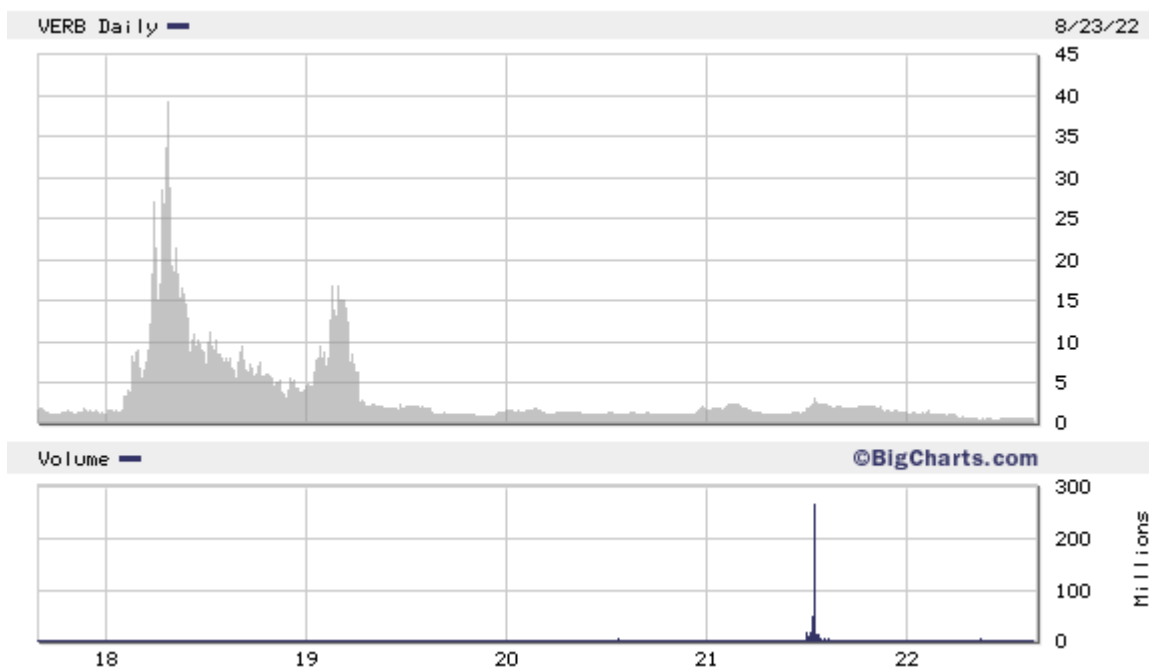
- 70,194 views from Facebook during the festival – I want to point out that this is Facebook only and Facebook's metrics that they use for their algorithms. They count a view as anything over 3 seconds.
- Notably, if we include the views after Shopfest, up to last week, we see those numbers jump to 1,219,672. Again, I assume those numbers are much greater now.
- All of the numbers I just provided to you from the Facebook feed are ONLY for the 18 shows we produced. This does NOT include the data from the other 45 livestream shows.
- We had 28,014 RSVPs for Shopfest, almost half of whom opted in for text and email updates for all MARKET livestream events.

I don't yet have confirmed engagement data during each stream, but those who watched every stream and the attendee counters for each stated that the vast majority of viewers remained engaged for more than 70% of the shows' duration and a significant number stayed on till the end of the livestream.

While this data is still being tested and confirmed, it looks like gross merchandise value generated during the event will come in somewhere between \$20,000 and \$30,000 and the average order size appears to be just over \$80. Sales in the stores are still continuing.

Source: Company report.

Exhibit 10: Verb Technology Company, Inc. Stock Price (5-years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 11: Consensus Expectations (as of August 15, 2022)

	Revenue (mils)			EPS	
	<u>2022E</u>	<u>2023E</u>		<u>2022E</u>	<u>2023E</u>
Q1 Mar	\$3A		Q1 Mar	\$(0.09)A	
Q2 Jun	\$3E		Q2 Jun	\$(0.06)E	
Q3 Sep	\$5E		Q3 Sep	\$(0.06)E	
Q4 Dec			Q4 Dec		
Total	\$18E	\$28E	Total	\$(0.25)E	\$(0.11)E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Verb Technology Company, Inc.

Income Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	2.4	2.7	2.9	2.1	10.0	2.5	2.4	2.9	2.7	10.5	2.7	2.4	3.3	5.2	13.6	3.5	3.2	4.2	7.1	18.0
<u>Cost of Revenues</u>	1.1	1.1	1.3	1.3	4.8	1.2	1.1	1.1	1.1	4.5	1.0	0.8	1.1	1.8	4.8	1.1	1.0	1.1	1.8	4.8
Gross Profit	1.3	1.5	1.6	0.8	5.2	1.3	1.3	1.8	1.6	6.0	1.7	1.6	2.1	3.4	8.8	2.5	2.2	3.2	5.3	13.2
Research and development	1.3	1.6	2.4	2.6	7.9	2.9	3.2	3.5	2.7	12.3	1.6	1.4	2.0	3.1	8.1	1.8	1.6	1.9	3.2	8.4
General and administrative	3.5	4.0	6.7	6.3	20.5	7.3	6.5	6.1	5.7	25.7	7.0	6.6	6.5	6.3	26.4	3.5	3.2	4.2	7.1	18.0
Depreciation and amortization	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.5	1.7	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.6
<u>Restructuring and other</u>					0.0					0.0					0.0					0.0
Total operating expenses	5.2	6.0	9.5	9.3	29.9	10.6	10.2	10.0	8.9	39.7	9.0	8.3	8.9	9.8	36.1	5.7	5.2	6.5	10.7	28.0
Operating income (loss)	(3.9)	(4.5)	(7.9)	(8.5)	(24.7)	(9.3)	(8.9)	(8.2)	(7.3)	(33.7)	(7.3)	(6.8)	(6.7)	(6.4)	(27.3)	(3.2)	(2.9)	(3.3)	(5.4)	(14.9)
Interest income (expense)	(0.2)	(0.2)	(0.4)	(0.1)	(0.9)	(0.5)	(0.6)	(0.5)	(0.9)	(2.6)	(0.8)	(0.6)	(0.1)	(0.1)	(1.6)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)
<u>Other income (expense)</u>	<u>(1.9)</u>	<u>1.2</u>	<u>1.0</u>	<u>(3.6)</u>	<u>(3.3)</u>	<u>1.5</u>	<u>(2.3)</u>	<u>(0.4)</u>	<u>2.7</u>	<u>1.5</u>	<u>1.1</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Income before income taxes	(5.9)	(3.4)	(7.3)	(12.3)	(28.9)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(7.0)	(6.4)	(6.8)	(6.5)	(26.7)	(3.3)	(3.0)	(3.4)	(5.5)	(15.3)
<u>Income taxes</u>				0.0	0.0				0.0	0.0				0.0	0.0				0.0	0.0
Net income (loss)	(5.9)	(3.4)	(7.3)	(12.3)	(28.9)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(7.0)	(6.4)	(6.8)	(6.5)	(26.7)	(3.3)	(3.0)	(3.4)	(5.5)	(15.3)
<u>Nonrecurring/noncash adjustments</u>					0.0					0.0					0.0					0.0
Net income (pro forma)	(5.9)	(3.4)	(7.3)	(12.3)	(28.9)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(7.0)	(6.4)	(6.8)	(6.5)	(26.7)	(3.3)	(3.0)	(3.4)	(5.5)	(15.3)
EBITDA	(2.6)	(2.5)	(5.3)	(6.8)	(17.1)	(6.5)	(7.2)	(6.8)	(5.8)	(26.4)	(5.5)	(5.1)	(5.0)	(4.7)	(20.3)	(1.5)	(1.2)	(1.6)	(3.6)	(8.0)
Shares, Basic	26.0	29.8	41.2	47.0	36.0	52.0	63.1	66.8	71.4	63.3	76.5	97.0	102.5	102.8	94.7	103.1	103.4	103.7	104.0	103.6
Shares, Diluted	26.0	29.8	41.2	47.0	36.0	52.0	63.1	66.8	71.4	63.3	76.5	97.0	102.5	102.8	94.7	103.1	103.4	103.7	104.0	103.6
EPS Basic (pro forma)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.19)	(\$0.14)	(\$0.08)	(\$0.55)	(\$0.09)	(\$0.07)	(\$0.07)	(\$0.06)	(\$0.28)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.05)	(\$0.15)
EPS Diluted (pro forma)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.19)	(\$0.14)	(\$0.08)	(\$0.55)	(\$0.09)	(\$0.07)	(\$0.07)	(\$0.06)	(\$0.28)	(\$0.03)	(\$0.03)	(\$0.03)	(\$0.05)	(\$0.15)
Margins																				
Gross margin	55%	57%	54%	38%	52%	52%	53%	63%	60%	57%	64%	65%	65%	65%	65%	70%	70%	75%	75%	73%
Research and development	54%	61%	84%	125%	80%	114%	134%	121%	101%	117%	59%	58%	60%	60%	59%	50%	50%	45%	45%	47%
General and administrative	149%	152%	233%	299%	205%	291%	273%	211%	210%	244%	261%	274%	200%	120%	194%	100%	100%	100%	100%	100%
Operating margin	-164%	-169%	-276%	-405%	-248%	-369%	-371%	-284%	-269%	-320%	-272%	-282%	-207%	-123%	-201%	-91%	-93%	-80%	-76%	-83%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-251%	-129%	-256%	-584%	-290%	-330%	-494%	-316%	-204%	-331%	-260%	-266%	-210%	-125%	-197%	-94%	-96%	-82%	-77%	-85%
YY % change																				
Total Revenue	26056%	-29%	0%	-16%	10%	7%	-10%	1%	29%	6%	7%	0%	12%	94%	29%	31%	32%	29%	35%	32%
Gross margin	-6248%	-10%	13%	-32%	22%	2%	-16%	17%	102%	17%	31%	23%	17%	110%	46%	44%	42%	49%	56%	50%
Research and development	126%	22%	98%	119%	84%	126%	97%	46%	4%	56%	-45%	-57%	-44%	15%	-35%	12%	15%	-3%	1%	5%
General and administrative	61%	23%	102%	5%	39%	109%	63%	-8%	-9%	26%	-4%	0%	6%	11%	3%	-50%	-52%	-35%	13%	-32%
Operating income (loss)	39%	29%	117%	43%	56%	142%	98%	4%	-14%	36%	-22%	-24%	-18%	-12%	-19%	-56%	-57%	-50%	-17%	-45%
Net income (loss)	96%	46%	135%	65%	82%	42%	245%	25%	-55%	21%	-16%	-46%	-25%	18%	-23%	-52%	-52%	-50%	-16%	-43%
EPS Diluted (pro forma)	-8%	6%	32%	-16%	2%	-29%	63%	-23%	-70%	-31%	-43%	-65%	-51%	-18%	-49%	-65%	-55%	-50%	-17%	-48%

Source: Company reports and Ascendant Capital Markets estimates.

Verb Technology Company, Inc.

Balance Sheet (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	1.6	1.4	10.7	1.8	12.9	6.4	3.7	0.9	3.7	5.5	3.1	2.1	2.0	(0.2)	0.6	3.9
Short term investments											0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable, net	1.2	1.1	1.4	0.9	1.2	0.9	1.5	1.4	1.5	1.8	1.1	1.8	1.2	1.1	1.4	2.4
Inventory	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes											0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses and other	0.2	0.6	0.7	0.9	1.1	1.3	0.9	0.8	0.7	0.9	1.2	2.0	0.6	0.6	0.8	1.3
Total current assets	3.2	3.1	12.8	3.7	15.3	8.6	6.1	3.2	6.0	8.3	5.4	5.9	3.8	1.4	2.8	7.6
Property and equipment, net	0.8	1.0	0.9	0.9	0.8	0.8	3.1	0.7	0.6	0.6	0.2	(0.2)	(0.5)	(0.9)	(1.3)	(1.6)
Capitalized software development costs								4.3	6.2	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Intangibles, net	21.4	21.1	26.0	25.2	24.8	24.5	24.1	23.7	23.4	23.1	23.1	23.1	23.1	23.1	23.1	23.1
Deferred income tax											0.0	0.0	0.0	0.0	0.0	0.0
Other	3.3	3.2	2.9	2.8	2.7	2.5	2.6	2.5	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total assets	28.6	28.4	42.6	32.5	43.6	36.4	35.9	34.4	38.1	40.4	37.2	37.3	34.8	32.1	33.0	37.5
Liabilities and stockholders' equity																
Accounts payable	4.6	4.6	5.3	5.1	5.1	4.8	7.3	3.8	3.6	3.4	4.6	7.5	7.1	6.4	8.4	14.2
Accrued expenses	0.7	0.7	0.7	1.3	1.6	1.6	1.6	5.2	4.6	3.0	4.1	6.5	3.5	3.2	4.2	7.1
Advance on future receipts	0.5	0.7	0.4	0.1	3.2	3.8	1.9	4.2	2.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Deferred revenue	0.3	0.2		0.3	0.3	0.5	0.9			1.6	1.6	1.6	1.6	1.6	1.6	1.6
Deferred income tax											0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities	6.9	5.7	4.5	8.3	5.5	7.9	5.8	3.2	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other	0.5	0.6	1.3	0.6	0.6	0.6	1.6		1.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Factored receivables payable											0.0	0.0	3.0	3.0	3.0	3.0
Accrued interest	0.1	0.1	0.1	0.1	0.1	0.1	0.0				0.0	0.0	0.0	0.0	0.0	0.0
Short term debt	0.9	1.2	3.1	1.1	0.4	0.2	0.0	0.0	5.8	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total current liabilities	14.5	13.8	15.5	16.9	16.7	19.4	18.1	17.9	19.5	14.2	16.4	21.8	21.3	20.3	23.4	32.0
Deferred income taxes											0.0	0.0	0.0	0.0	0.0	0.0
Warrant liabilities											0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.0	3.8	3.9	3.5	2.8	2.6	2.5	2.3	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Deferred revenue											0.0	0.0	0.0	0.0	0.0	0.0
Long term debt	0.2	1.4	1.5	1.5	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Total other liabilities	4.2	5.2	5.3	4.9	3.8	3.5	3.3	3.2	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Preferred stock			3.1	3.1							1.3	2.6	4.0	5.3	6.6	7.9
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	2.6	4.0	5.3	6.6	7.9
Additional paid-in capital	68.4	71.4	88.0	89.2	113.0	115.2	124.9	129.3	138.8	152.9	152.9	152.9	152.9	152.9	152.9	152.9
Retained earnings	(58.5)	(62.0)	(69.3)	(81.5)	(89.9)	(101.7)	(110.5)	(116.0)	(123.0)	(129.4)	(136.2)	(142.8)	(146.1)	(149.1)	(152.6)	(158.0)
Accumulated other comprehensive income											0.0	0.0	0.0	0.0	0.0	0.0
Non-controlling interest											0.0	0.0	0.0	0.0	0.0	0.0
Total stockholders' equity	9.9	9.4	21.8	10.7	23.1	13.5	14.4	13.3	15.8	23.5	18.0	12.8	10.8	9.1	6.9	2.8
Total stockholders' equity and liabil	28.6	28.4	42.6	32.5	43.6	36.4	35.9	34.4	38.1	40.4	37.2	37.3	34.8	32.1	33.0	37.5

Balance Sheet Drivers

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	11%	23%	24%	43%	43%	53%	31%	31%	27%	37%	37%	37%	18%	18%	18%	18%
Accounts payable as % of total rev	194%	175%	187%	243%	204%	199%	251%	139%	134%	142%	142%	142%	200%	200%	200%	200%
Accrued expenses as % of total rev	31%	27%	25%	64%	63%	66%	56%	193%	171%	125%	125%	125%	100%	100%	100%	100%
Activity Ratios																
A/R Days Sales Outstanding	46	38	43	39	43	35	46	46	51	68	31	31	31	31	31	31
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$0.38	\$0.32	\$0.53	\$0.23	\$0.44	\$0.21	\$0.22	\$0.19	\$0.21	\$0.24	\$0.18	\$0.12	\$0.10	\$0.09	\$0.07	\$0.03
Cash per Share (diluted)	\$0.06	\$0.05	\$0.26	\$0.04	\$0.25	\$0.10	\$0.05	\$0.01	\$0.05	\$0.06	\$0.03	\$0.02	\$0.02	\$0.00	\$0.01	\$0.04
Net cash per Share (diluted)	\$0.02	-\$0.04	\$0.15	-\$0.02	\$0.22	\$0.09	\$0.04	\$0.00	-\$0.04	\$0.01	-\$0.02	-\$0.03	-\$0.03	-\$0.05	-\$0.04	-\$0.01

Source: Company reports and Ascendant Capital Markets estimates

Verb Technology Company, Inc.

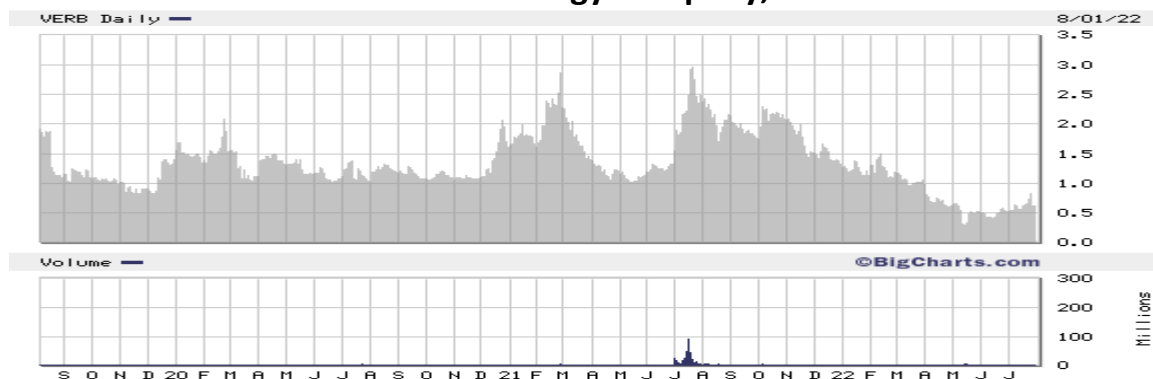
Cash Flow Statement (\$ mils)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(5.9)	0.5	(7.3)	(12.3)	(25.0)	(8.3)	(11.8)	(8.8)	(5.5)	(34.5)	(7.0)	(6.4)	(6.8)	(6.5)	(26.7)	(3.3)	(3.0)	(3.4)	(5.5)	(15.3)	
Depreciation	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.5	1.7	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.4	0.4	1.6	
Amortization	0.1	0.1	0.1	0.1	0.5	0.1	0.1	0.1	0.1	0.6	0.1	(0.1)			0.0					0.0	
Debt related amortization expen	0.1	0.1	0.4	0.1	0.7	0.5	(0.5)	1.5	0.9	2.5	0.5	0.6			1.2					0.0	
Dividend	4.0	(4.0)	0.0	0.0																0.0	
Stock comp	0.9	1.6	2.2	1.3	6.1	2.4	1.3	1.0	1.0	5.7	1.3	1.3	1.3	1.3	5.3	1.3	1.3	1.3	1.3	5.3	
Deferred rent					0.0					0.0					0.0					0.0	
A/R and inventory reserves	0.0	(0.1)	0.1	0.2	0.2	0.1	0.1	(0.1)	0.1	0.2	0.2	0.2			0.4					0.0	
Deferred income taxes					0.0					0.0					0.0	0.0	0.0	0.0	0.0	0.0	
Change in fair value of warrant l	(2.1)	(1.2)	(1.0)	3.7	(0.6)	(0.5)	2.4	0.1	(2.7)	(0.6)	(1.1)	(1.0)			(2.2)					0.0	
Writedowns and impairments					0.0			(1.1)		(1.1)	0.0				0.0					0.0	
Other gains/losses					0.0	(0.9)	0.9		0.0	(0.0)	0.0				0.0					0.0	
Other					0.0					0.0					0.0					0.0	
Changes in operating assets and liabilities:																					
Accounts receivable	0.0	0.2	(0.1)	0.3	0.4	(0.3)	0.0	(0.5)	(0.0)	(0.8)	(0.3)	(0.5)	0.7	(0.7)	(0.8)	0.6	0.1	(0.4)	(1.0)	(0.6)	
Inventory	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.1					0.0					0.0	
Prepaid expenses & other curre	(0.0)	(0.0)	(0.1)	(0.3)	(0.5)	(0.3)	(0.1)	0.0	0.2	(0.1)	0.1	(0.1)	(0.3)	(0.7)	(1.1)	1.3	0.1	(0.2)	(0.5)	0.7	
Income tax					0.0					0.0					0.0					0.0	
Other assets	(0.0)	0.0	0.0		0.0		(0.5)		0.3	(0.2)	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	
Accounts payable	0.3	0.1	0.3	0.1	0.8	0.4	0.4	2.5	(2.0)	1.2	0.2	(0.1)	1.2	2.8	4.2	(0.4)	(0.7)	2.1	5.8	6.7	
Accrued expenses					0.0	(0.4)	0.1	(0.2)	0.7	0.2	(0.5)	1.2	1.1	2.5	4.2	(3.0)	(0.4)	1.0	2.9	0.5	
Deferred revenue	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	0.0	0.2	0.4	(0.6)	0.0				0.0	0.0					0.0	
Other liabilities	(0.0)	(0.1)	(0.1)	(0.2)	(0.4)	(0.2)	0.2	0.0	(0.6)	(0.6)	0.1	(0.7)	0.0	0.0	(0.6)	3.0	0.0	0.0	0.0	3.0	
Net cash (used in) provided by	(2.3)	(2.4)	(5.1)	(6.5)	(16.3)	(6.9)	(6.7)	(4.6)	(7.6)	(25.9)	(5.9)	(5.1)	(2.5)	(0.9)	(14.4)	(0.1)	(2.2)	0.8	3.4	1.9	
Cash flow from investing activities																					
Purchases of property and equi	(0.1)	(0.2)	(0.0)		(0.3)			(0.0)		(0.0)	0.0	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions			0.2		0.2			(2.3)	0.1	(2.2)	(0.1)				(0.1)					0.0	
Other					0.0	0.0	0.0			0.0	(2.3)	(1.8)			(4.1)					0.0	
Net cash used in investing acti	(0.1)	(0.2)	0.2	0.0	(0.1)	0.0	0.0	(2.4)	0.1	(2.3)	(2.4)	(1.8)	0.0	(0.0)	(4.2)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	
Cash flow from financing activities																					
Issuance of debt		1.4	(0.0)		1.4					0.0	5.6	0.4	0.0	0.0	6.0	0.0	0.0	0.0	0.0	0.0	
Repayment of debt				(2.0)	(2.0)				(0.0)	(0.0)		(6.7)			(6.7)					0.0	
Issuance of stock	3.4	1.0	12.3		16.8	14.0	0.1	4.7	3.2	22.1	7.5	12.6	0.0	0.0	20.2	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exercises			2.2		2.2	1.5	1.9	0.2		3.6	0.4				0.4					0.0	
Other	(0.4)	(0.0)	(0.3)	(0.4)	(1.1)	2.6	0.1	(2.4)	1.4	1.6	(2.5)	2.5			0.0					0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
Cash provided by (used in) fina	3.0	2.4	14.2	(2.4)	17.2	18.0	0.2	4.2	4.8	27.2	11.0	8.8	0.0	0.0	19.8	0.0	0.0	0.0	0.0	0.0	
Effect of exchange rate on cash					0.0					0.0					0.0					0.0	
Net increase (decrease) in cash	0.6	(0.2)	9.3	(8.9)	0.8	11.1	(6.5)	(2.8)	(2.7)	(0.9)	2.8	1.8	(2.5)	(0.9)	1.2	(0.1)	(2.2)	0.8	3.3	1.8	
Beginning cash and equivalents	1.0	1.6	1.4	10.7	1.0	1.8	12.9	6.4	3.7	1.8	0.9	3.7	5.5	3.1	0.9	2.1	2.0	(0.2)	0.6	2.1	
Ending cash and equivalents	1.6	1.4	10.7	1.8	1.8	12.9	6.4	3.7	0.9	0.9	3.7	5.5	3.1	2.1	2.1	2.0	(0.2)	0.6	3.9	3.9	

Source: Company reports and Ascendant Capital Markets estimates

ANALYST CERTIFICATION

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Verb Technology Company, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
1	6/28/2021	Buy	4.00
2	8/22/2021	Buy	5.00
3	12/5/2021	Buy	5.25
4	4/3/2022	Buy	5.00
5	5/19/2022	Buy	4.50

- Ascendant Capital Markets, LLC has received compensation for advisory or investment banking services from the company in the past 12 months.

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Risks & Considerations

Risks to attainment of our share price target include balance sheet/liquidity risks, technological changes and customer demand for SaaS technologies, investor sentiment for investing in technology stocks, consumer sentiment and industry growth for online commerce and software technology companies, competition, changing macroeconomic factors, and changes in government regulations.

Ascendant Capital Markets, LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 14, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	15	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	15	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

Dissemination of Research

Ascendant Capital Markets, LLC research is distributed electronically via the Thomson Reuters platforms, Bloomberg, Capital IQ and FactSet. Please contact your investment advisor or institutional salesperson for more information.

General Disclaimer

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