



# Verb Technology Company, Inc.

Q1 weak. Verb Market livestream shopping strong growth potential. Lowering P/T to \$25.

## COMPANY UPDATE

Rating: BUY

Ticker: VERB

Price: \$1.54 (intraday)

Target: \$25.00 (from \$120)

**Q1 weak:** Verb recently (on May 22) reported its fiscal Q1 2023 (ending March) results. Revenue was \$2.2 million (-18% y-o-y), compared to our and consensus estimates of \$3.5 million. EPS was \$(1.59), compared to our estimate of \$(1.37) and consensus of \$(1.20). There was no Q1 guidance.

**Strategic opportunity:** Due to the company's "imminent conclusion" of its review and consideration of strategic opportunities, the company did not hold an earnings conference call. There is no details or information about what these strategic opportunities are (originally announced a review in November 2022).

**Weaker SaaS and digital:** Total SaaS recurring revenue (a component of Total Digital revenue) was \$1.9 million, -5% y-o-y. Total Digital revenue was \$2.0 million, -5% y-o-y. Non digital revenue was \$0.2 million (-69% y-o-y) as it continues to be phased out.

**No guidance:** The company did not provide forward guidance.

**Adjusting estimates:** We are adjusting our 2023 estimates for revenue to \$10 million, from \$15 million, and for EPS to \$(3.93) from \$(5.36).

**Completed Q3 2022 Market Shopping Festival:** The company had a successful Market Livestream Shopping Festival on July 26, 27, 28, 2022. 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 with the recent addition of the Pittsburgh Pirates (in MLB), with more to come soon.

**Balance sheet:** The company had \$4 million in cash and \$6 million in debt. We believe it has enough cash into Q4 2023.

**Stock split:** In April 2023, the company effected a 1-for-40 reverse stock split.

**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 \$25 from \$120, 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

May 25, 2023

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### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$1.49 – 35.60
Shares Outstanding (million):	3.6
Market cap (\$million):	\$6
EV (\$million):	\$8
Debt (\$million):	\$6
Cash (\$million):	\$4
Avg. Daily Trading Vol. (\$million):	\$0.4
Float (million shares):	3
Short Interest (million shares):	0.2
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	2A	4E	3E	
Q2 Jun	3E		3E	
Q3 Sep	3E	4E	3E	
Q4 Dec	<u>3E</u>	<u>5E</u>	<u>3E</u>	
Total	10E	15E	12E	
EV/Revs	0.8x		0.7x	

### Earnings per Share (pro forma)

	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	(1.59)A	(1.37)E	(0.86)E	
Q2 Jun	(0.95)E	(1.46)E	(0.87)E	
Q3 Sep	(0.83)E	(1.28)E	(0.75)E	
Q4 Dec	<u>(0.63)E</u>	<u>(1.25)E</u>	<u>(0.68)E</u>	
Total	<b>(3.93)E</b>	<b>(5.36)E</b>	<b>(3.15)E</b>	
P/E	N/A		N/A	

\*Reflects a 1:40 reverse stock split in April 2023

### 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 May 22) reported its fiscal Q1 2023 (ending March) results.
- Due to the company's "imminent conclusion" of its review and consideration of strategic opportunities, the company did not hold an earnings conference call.
- Revenue was \$2.2 million (-18% y-o-y), compared to our and consensus estimates of \$3.5 million.
- EPS was \$(1.59), compared to our estimate of \$(1.37) and consensus of \$(1.20).
- There was no Q1 guidance.
- The company did not provide forward guidance.
- We are adjusting our 2023 estimates for revenue to \$10 million, from \$15 million, and for EPS to \$(3.93) from \$(5.36).
- We are initiating our 2024 estimates for revenue of \$12 million, and for EPS of \$(3.15).

### **ADDITIONAL DETAILS**

- Gross profit for the quarter was \$1.5 million, compared with our estimate of \$2.5 million.
- Gross margin for the quarter was 68%, versus our expectation of 70% and 64% last year.
- Operating expenses were \$6 million, versus our expectation of \$6 million.
- Operating loss was \$4.6 million, versus our expectation of a loss of \$3.8 million.
- Net loss was \$5.7 million, versus our expectation of a loss of \$4.0 million.
  
- In April 2023, the company effected a 1-for-40 reverse stock split.

The company's balance sheet had \$4 million in cash and \$6 million in debt compared with \$2 million in cash and \$7 million in debt at the end of December. In Q4, the company raised \$5 million in debt (9% due May 2024) and \$4 million in stock (12.5 million shares at \$12.80/share). In January, the company raised \$7 million in stock (36.1 million shares at \$8.00/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

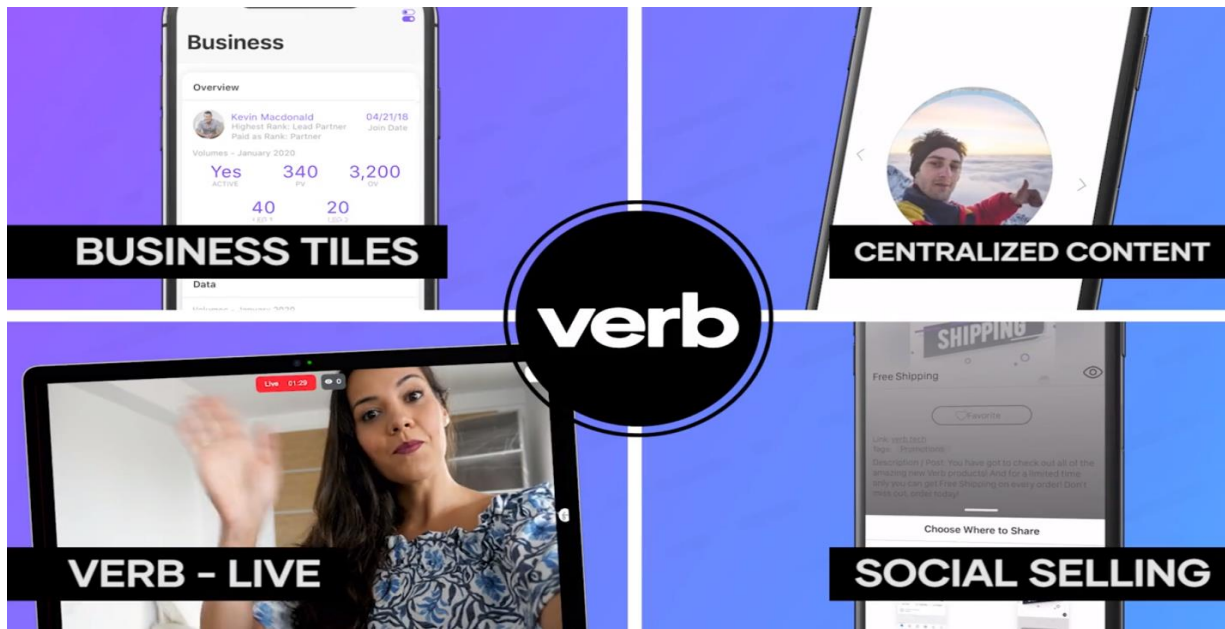
## Entrepreneurs

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 2020<sup>1</sup>
- *Video Conferencing* - \$50B by 2026<sup>2</sup>
- *CRM* - \$80B by 2025<sup>3</sup>
- *Online eLearning* - \$375B by 2026<sup>4</sup>

**Client Business Sectors**

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

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>

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 <sup>1</sup>
- 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 <sup>2</sup>
- 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.<sup>3</sup>
- 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) <sup>4</sup>  
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). <sup>5</sup> [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.

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**Exhibit 6: Verb's Q4 2022 and Recent Highlights (as of April 17, 2023)**

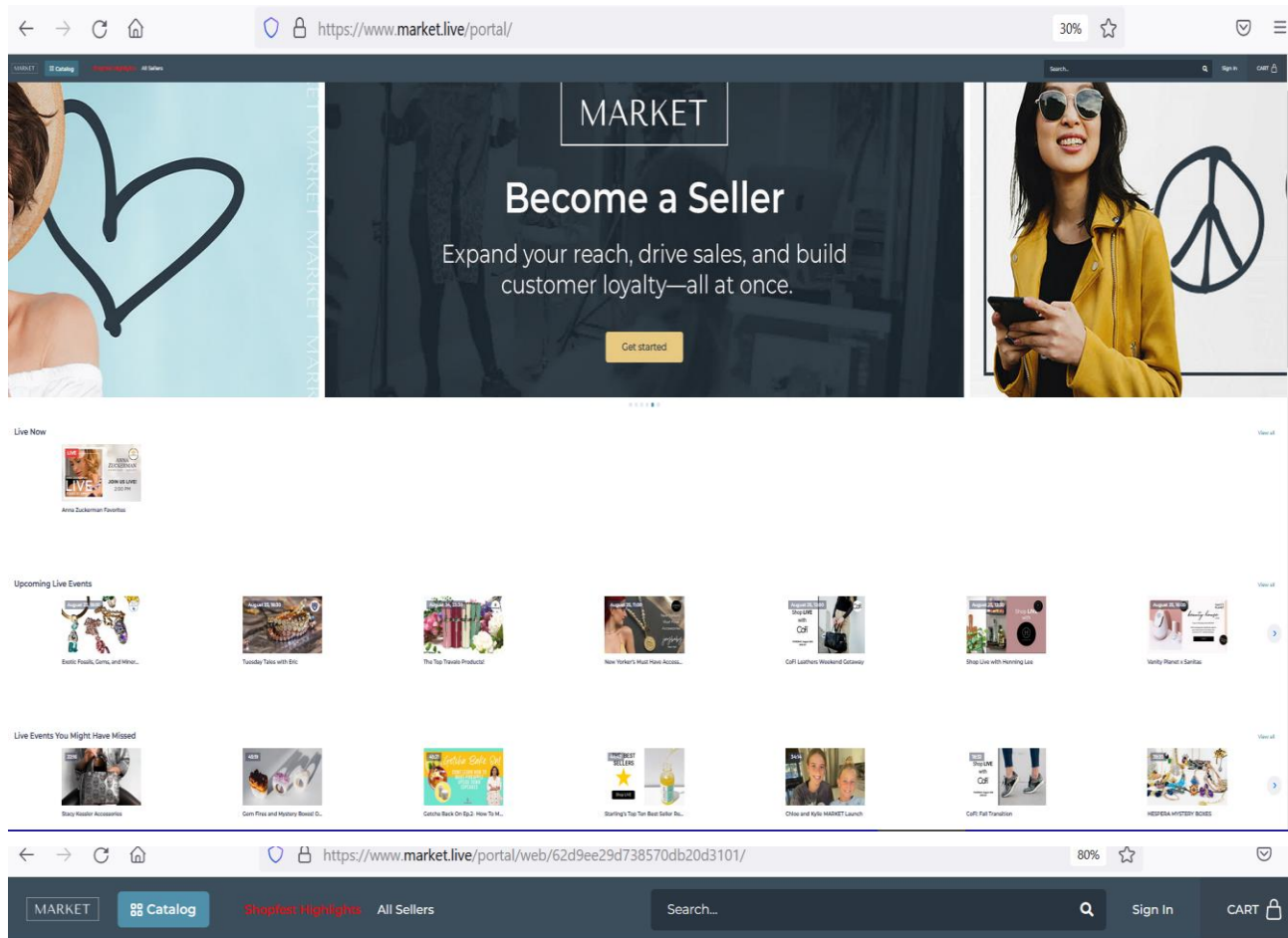
*Greatest Amount of SaaS Revenue Generated In Any Year in the Company's History*

- ***Full-year SaaS recurring revenue up 12% over previous year***
- ***SaaS recurring revenue as a percentage of total revenue for the year ended December 31, 2022, was 81%, up from 65% for the previous year***
- ***SaaS recurring revenue accounts for 93% of total digital revenue – up from 84% in 2021***
- ***Reduction in Cost of Revenue represents a 27% improvement over previous year and 29% improvement over same period last year***
- ***R & D expenses reduced by 58% over previous year and a 69% reduction over same period last year***
- ***General & Administrative Expenses down 18% from the same period last year; and 33% from the previous quarter***
- ***Operational cost reductions and efficiencies continuing aggressively through 2023***
- ***Modified EBITDA<sup>1</sup> improved by 28%***

Source: Company report.

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**Exhibit 7: Verb’s Market Livestream Shopping Festival (July 26, 27, 28, 2022) and Market Web Portal (as of 8/22)**



# 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, 2022) (as of August 2022)**

### 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/>.

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### Exhibit 9: Verb's Shopfest (July 26, 27, 28, 2022) Key Data (as of August 2022)

- 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.

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



\*Reflects a 1:40 reverse stock split in April 2023

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

**Exhibit 11: Consensus Expectations (as of May 22, 2023)**

	Revenue (mils)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$3.5E		Q1 Mar	\$(1.20)E	
Q2 Jun	\$3.2E		Q2 Jun	\$(1.60)E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$15.0E		Total	\$(5.20)E	

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

\*Reflects a 1:40 reverse stock split in April 2023

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

## FINANCIAL MODEL

### Verb Technology Company, Inc.

Income Statement (\$ mils)	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	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	2.5	2.4	2.9	2.7	10.5	2.7	2.4	2.2	2.2	9.4	2.2	2.5	2.7	2.6	10.0	2.8	3.1	3.3	3.2	12.4
<u>Cost of Revenues</u>	1.2	1.1	1.1	1.1	4.5	1.0	0.8	0.7	0.8	3.3	0.7	0.7	0.7	0.7	2.8	0.8	0.9	0.8	0.8	3.4
Gross Profit	1.3	1.3	1.8	1.6	6.0	1.7	1.6	1.5	1.4	6.1	1.5	1.7	2.0	2.0	7.3	1.9	2.1	2.5	2.4	9.0
Research and development	2.9	3.2	3.5	2.7	12.3	1.6	1.4	1.4	0.9	5.2	0.6	1.5	1.2	1.2	4.5	1.4	1.8	1.5	1.4	6.2
General and administrative	7.3	6.5	6.1	5.7	25.7	7.0	6.6	7.0	4.7	25.2	4.8	3.7	3.9	3.2	15.6	3.9	3.7	3.8	3.5	14.9
Depreciation and amortization	0.4	0.4	0.4	0.5	1.7	0.4	0.4	0.8	0.9	2.5	0.7	0.1	0.1	0.1	1.0	0.1	0.1	0.1	0.1	0.4
<u>Restructuring and other</u>					0.0				12.0	12.0					0.0					0.0
Total operating expenses	10.6	10.2	10.0	8.9	39.7	9.0	8.3	9.1	18.4	44.9	6.1	5.3	5.2	4.4	21.1	5.3	5.6	5.4	5.1	21.4
<b>Operating income (loss)</b>	<b>(9.3)</b>	<b>(8.9)</b>	<b>(8.2)</b>	<b>(7.3)</b>	<b>(33.7)</b>	<b>(7.3)</b>	<b>(6.8)</b>	<b>(7.7)</b>	<b>(17.0)</b>	<b>(38.8)</b>	<b>(4.6)</b>	<b>(3.6)</b>	<b>(3.2)</b>	<b>(2.5)</b>	<b>(13.9)</b>	<b>(3.4)</b>	<b>(3.5)</b>	<b>(2.9)</b>	<b>(2.7)</b>	<b>(12.5)</b>
Interest income (expense)	(0.5)	(0.6)	(0.5)	(0.9)	(2.6)	(0.8)	(0.6)	(0.6)	(1.0)	(2.9)	(0.8)	(0.1)	(0.1)	(0.1)	(1.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
<u>Other income (expense)</u>	1.5	(2.3)	(0.4)	2.7	1.5	1.1	1.0	0.2	1.7	4.1	(0.3)	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(7.0)	(6.4)	(8.0)	(16.3)	(37.7)	(5.7)	(3.7)	(3.3)	(2.6)	(15.3)	(3.5)	(3.6)	(3.1)	(2.8)	(12.9)
<u>Income taxes</u>				0.0	0.0					0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (loss)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(7.0)	(6.4)	(8.0)	(16.3)	(37.7)	(5.7)	(3.7)	(3.3)	(2.6)	(15.3)	(3.5)	(3.6)	(3.1)	(2.8)	(12.9)
<u>Nonrecurring/noncash adjustments</u>					0.0					0.0					0.0					0.0
<b>Net income (pro forma)</b>	<b>(8.3)</b>	<b>(11.8)</b>	<b>(9.2)</b>	<b>(5.5)</b>	<b>(34.8)</b>	<b>(7.0)</b>	<b>(6.4)</b>	<b>(8.0)</b>	<b>(16.3)</b>	<b>(37.7)</b>	<b>(5.7)</b>	<b>(3.7)</b>	<b>(3.3)</b>	<b>(2.6)</b>	<b>(15.3)</b>	<b>(3.5)</b>	<b>(3.6)</b>	<b>(3.1)</b>	<b>(2.8)</b>	<b>(12.9)</b>
EBITDA	(6.5)	(7.2)	(6.8)	(5.8)	(26.4)	(5.5)	(5.1)	(5.2)	(3.2)	(18.9)	(3.0)	(2.5)	(2.1)	(1.4)	(9.0)	(2.3)	(2.4)	(1.9)	(1.6)	(8.2)
Shares, Basic	1.3	1.6	1.7	1.8	1.6	1.9	2.4	2.6	2.8	2.4	3.6	3.9	4.0	4.1	3.9	4.1	4.1	4.1	4.1	4.1
Shares, Diluted	1.3	1.6	1.7	1.8	1.6	1.9	2.4	2.6	2.8	2.4	3.6	3.9	4.0	4.1	3.9	4.1	4.1	4.1	4.1	4.1
EPS Basic (pro forma)	(\$6.41)	(\$7.48)	(\$5.48)	(\$3.09)	(\$22.00)	(\$3.66)	(\$2.63)	(\$3.14)	(\$5.77)	(\$15.53)	(\$1.59)	(\$0.95)	(\$0.83)	(\$0.63)	(\$3.93)	(\$0.86)	(\$0.87)	(\$0.75)	(\$0.68)	(\$3.15)
EPS Diluted (pro forma)	(\$6.41)	(\$7.48)	(\$5.48)	(\$3.09)	(\$22.00)	(\$3.66)	(\$2.63)	(\$3.14)	(\$5.77)	(\$15.53)	(\$1.59)	(\$0.95)	(\$0.83)	(\$0.63)	(\$3.93)	(\$0.86)	(\$0.87)	(\$0.75)	(\$0.68)	(\$3.15)
<b>Margins</b>																				
Gross margin	52%	53%	63%	60%	57%	64%	65%	66%	64%	65%	68%	70%	75%	75%	72%	70%	70%	75%	75%	73%
Research and development	114%	134%	121%	101%	117%	59%	58%	63%	40%	55%	29%	60%	45%	45%	45%	50%	60%	45%	45%	50%
General and administrative	291%	273%	211%	210%	244%	261%	274%	318%	216%	267%	217%	150%	145%	120%	156%	140%	120%	115%	110%	120%
Operating margin	-369%	-371%	-284%	-269%	-320%	-272%	-282%	-351%	-789%	-411%	-207%	-144%	-119%	-94%	-138%	-124%	-113%	-88%	-83%	-101%
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	-330%	-494%	-316%	-204%	-331%	-260%	-266%	-367%	-755%	-399%	-256%	-149%	-123%	-98%	-152%	-128%	-117%	-91%	-87%	-105%
<b>YY % change</b>																				
Total Revenue	7%	-10%	1%	29%	6%	7%	0%	-25%	-20%	-10%	-18%	4%	24%	22%	6%	24%	22%	23%	23%	23%
Gross margin	2%	-16%	17%	102%	17%	31%	23%	-20%	-14%	2%	-12%	12%	40%	42%	19%	27%	22%	23%	23%	24%
Research and development	126%	97%	46%	4%	56%	-45%	-57%	-61%	-69%	-58%	-59%	8%	-11%	38%	-12%	112%	22%	23%	23%	35%
General and administrative	109%	63%	-8%	-9%	26%	-4%	0%	14%	-18%	-2%	-32%	-43%	-44%	-33%	-38%	-20%	-2%	-2%	12%	-5%
Operating income (loss)	142%	98%	4%	-14%	36%	-22%	-24%	-7%	134%	15%	-37%	-47%	-58%	-86%	-64%	-26%	-4%	-9%	9%	-10%
Net income (loss)	42%	245%	25%	-55%	21%	-16%	-46%	-12%	195%	8%	-19%	-42%	-59%	-84%	-59%	-38%	-4%	-8%	8%	-15%
EPS Diluted (pro forma)	-29%	63%	-23%	-70%	-31%	-43%	-65%	-43%	86%	-29%	-57%	-64%	-74%	-89%	-75%	-46%	-8%	-10%	8%	-20%

Source: Company reports and Ascendant Capital Markets estimates.

Reflects a 1:40 reverse stock split in April 2023



**Verb Technology Company, Inc.**

Balance Sheet (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	
<b>Assets</b>																	
Cash and cash equivalents	12.9	6.4	3.7	0.9	3.7	5.5	0.9	2.4	3.8	2.4	0.7	(2.7)	(1.6)	(3.5)	(4.9)	(7.7)	
Short term investments										0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Accounts receivable, net	1.2	0.9	1.5	1.4	1.5	1.8	1.4	1.0	1.3	0.9	0.9	0.9	0.9	1.1	1.2	1.1	
Inventory	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	0.0	
Prepaid expenses and other	1.1	1.3	0.9	0.8	0.7	0.9	0.7	0.6	0.5	0.6	0.6	0.6	0.5	0.5	0.6	0.6	
Total current assets	15.3	8.6	6.1	3.2	6.0	8.3	3.1	4.1	5.6	3.8	2.3	(1.2)	(0.2)	(1.9)	(3.1)	(6.0)	
Property and equipment, net	0.8	0.8	3.1	0.7	0.6	0.6	0.6	0.5	0.5	0.4	0.3	0.2	0.2	0.1	0.0	(0.0)	
Capitalized software development costs				4.3	6.2	6.5	6.4	6.2	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	
Intangibles, net	24.8	24.5	24.1	23.7	23.4	23.1	22.7	10.4	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other	2.7	2.5	2.6	2.5	1.8	2.0	1.9	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	
<b>Total assets</b>	<b>43.6</b>	<b>36.4</b>	<b>35.9</b>	<b>34.4</b>	<b>38.1</b>	<b>40.4</b>	<b>34.8</b>	<b>24.5</b>	<b>25.3</b>	<b>23.5</b>	<b>21.8</b>	<b>18.3</b>	<b>19.2</b>	<b>17.4</b>	<b>16.1</b>	<b>13.2</b>	
<b>Liabilities and stockholders' equity</b>																	
Accounts payable	5.1	4.8	7.3	3.8	3.6	3.4	3.8	4.6	4.7	5.3	5.8	3.9	4.8	5.3	5.8	4.8	
Accrued expenses	1.6	1.6	1.6	5.2	4.6	3.0	3.4	2.4	2.7	3.0	3.3	3.2	2.8	3.1	3.3	3.2	
Advance on future receipts	3.2	3.8	1.9	4.2	2.1	0.6	2.2	1.6	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	
Deferred revenue	0.3	0.5	0.9			1.6				0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Deferred income tax										0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Warrant liabilities	5.5	7.9	5.8	3.2	2.0	1.0	0.8	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Other	0.6	0.6	0.6	1.6	1.4	0.5	2.0	1.8	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	
Factored receivables payable										0.0	0.0	0.0	3.0	3.0	3.0	3.0	
Accrued interest	0.1	0.1	0.0							0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Short term debt	0.4	0.2	0.0	0.0	5.8	4.1	4.2	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	
<b>Total current liabilities</b>	<b>16.7</b>	<b>19.4</b>	<b>18.1</b>	<b>17.9</b>	<b>19.5</b>	<b>14.2</b>	<b>16.4</b>	<b>16.5</b>	<b>16.5</b>	<b>17.4</b>	<b>18.1</b>	<b>16.2</b>	<b>19.7</b>	<b>20.5</b>	<b>21.3</b>	<b>20.1</b>	
Deferred income taxes										0.0	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	0.0	
Other long term liabilities	2.8	2.6	2.5	2.3	1.9	1.8	1.7	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
Deferred revenue										0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Long term debt	1.0	0.9	0.9	0.9	0.9	0.9	0.2	1.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
<b>Total other liabilities</b>	<b>3.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>2.7</b>	<b>2.7</b>	<b>1.9</b>	<b>2.8</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>	
Preferred stock									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.9	2.9	3.9	4.9	5.8	6.8	
Additional paid-in capital	113.0	115.2	124.9	129.3	138.8	152.9	153.9	158.6	166.3	166.3	166.3	166.3	166.3	166.3	166.3	166.3	
Retained earnings	(89.9)	(101.7)	(110.5)	(116.0)	(123.0)	(129.4)	(137.4)	(153.5)	(159.1)	(162.9)	(166.2)	(168.8)	(172.3)	(175.9)	(178.9)	(181.7)	
Accumulated other comprehensive income										0.0	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	0.0	
<b>Total stockholders' equity</b>	<b>23.1</b>	<b>13.5</b>	<b>14.4</b>	<b>13.3</b>	<b>15.8</b>	<b>23.5</b>	<b>16.5</b>	<b>5.2</b>	<b>7.1</b>	<b>4.4</b>	<b>2.0</b>	<b>0.4</b>	<b>(2.1)</b>	<b>(4.7)</b>	<b>(6.8)</b>	<b>(8.6)</b>	
<b>Total stockholders' equity and liabilities</b>	<b>43.6</b>	<b>36.4</b>	<b>35.9</b>	<b>34.4</b>	<b>38.1</b>	<b>40.4</b>	<b>34.8</b>	<b>24.5</b>	<b>25.3</b>	<b>23.5</b>	<b>21.8</b>	<b>18.3</b>	<b>19.2</b>	<b>17.4</b>	<b>16.1</b>	<b>13.2</b>	

**Balance Sheet Drivers**

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	43%	53%	31%	31%	27%	37%	34%	28%	24%	24%	24%	24%	18%	18%	18%	18%
Accounts payable as % of total rev	204%	199%	251%	139%	134%	142%	175%	215%	214%	214%	214%	150%	175%	175%	175%	150%
Accrued expenses as % of total rev	63%	66%	56%	193%	171%	125%	154%	112%	120%	120%	120%	120%	100%	100%	100%	100%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	43	35	46	46	51	68	59	43	51	31	31	31	31	31	31	31
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$17.75	\$8.54	\$8.63	\$7.46	\$8.28	\$9.71	\$6.48	\$1.83	\$2.00	\$1.13	\$0.51	\$0.11	-\$0.52	-\$1.15	-\$1.66	-\$2.10
Cash per Share (diluted)	\$9.95	\$4.09	\$2.19	\$0.52	\$1.95	\$2.29	\$0.36	\$0.86	\$1.06	\$0.61	\$0.18	-\$0.66	-\$0.40	-\$0.86	-\$1.19	-\$1.88
Net cash per Share (diluted)	\$8.94	\$3.43	\$1.64	\$0.01	-\$1.53	\$0.23	-\$1.33	-\$1.62	-\$0.57	-\$0.88	-\$1.28	-\$2.08	-\$1.82	-\$2.28	-\$2.61	-\$3.30

Source: Company reports and Ascendant Capital Markets estimates

**Verb Technology Company, Inc.**

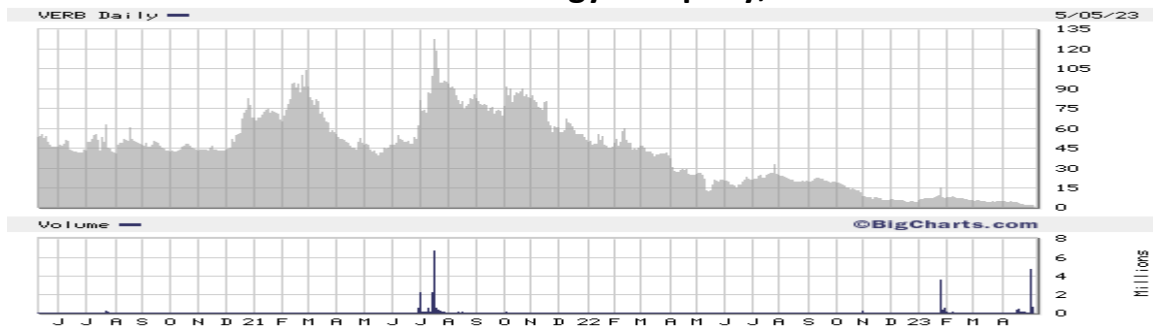
Cash Flow Statement (\$ mils)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(8.3)	(11.8)	(8.8)	(5.5)	(34.5)	(7.0)	(6.4)	(8.0)	(16.0)	(37.4)	(5.5)	(3.7)	(3.3)	(2.6)	(15.1)	(3.5)	(3.6)	(3.1)	(2.8)	(12.9)
Depreciation	0.4	0.4	0.4	0.5	1.7	0.4	0.4	0.8	0.9	2.5	0.7	0.1	0.1	0.1	1.0	0.1	0.1	0.1	0.1	0.4
Amortization	0.1	0.1	0.1	0.1	0.6	0.1	(0.1)		0.0	0.0				0.0						0.0
Debt related amortization expen	0.5	(0.5)	1.5	0.9	2.5	0.5	0.6	0.4	0.8	2.4	0.5				0.5					0.0
Dividend																				
Stock comp	2.4	1.3	1.0	1.0	5.7	1.3	1.3	1.1	0.8	4.5	1.0	1.0	1.0	1.0	3.9	1.0	1.0	1.0	1.0	3.9
Deferred rent					0.0					0.0					0.0					0.0
A/R and inventory reserves	0.1	0.1	(0.1)	0.1	0.2	0.2	0.2	0.0	0.2	0.6	0.1			0.0	0.1					0.0
Deferred income taxes					0.0					0.0				0.0	0.0					0.0
Change in fair value of warrant l	(0.5)	2.4	0.1	(2.7)	(0.6)	(1.1)	(1.0)	(0.2)	(0.6)	(2.9)	(0.0)			0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Writedowns and impairments			(1.1)		(1.1)	0.0			12.0	12.0	0.1				0.1					0.0
Other gains/losses	(0.9)	0.9		0.0	(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	(0.3)	0.0	(0.5)	(0.0)	(0.8)	(0.3)	(0.5)	0.4	0.2	(0.3)	(0.3)	0.4	(0.1)	0.0	0.0	(0.0)	(0.1)	(0.1)	0.0	(0.2)
Inventory	(0.0)	0.0	0.0	0.0	0.1					0.0					0.0					0.0
Prepaid expenses & other curre	(0.3)	(0.1)	0.0	0.2	(0.1)	0.1	(0.1)	0.2	0.1	0.3	0.1	(0.1)	(0.0)	0.0	(0.0)	0.1	(0.1)	(0.1)	0.0	0.0
Income tax					0.0					0.0					0.0					0.0
Other assets		(0.5)		0.3	(0.2)	0.1	0.1	0.0	(1.4)	(1.2)	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.4	0.4	2.5	(2.0)	1.2	0.2	(0.1)	0.6	(0.1)	0.7	0.4	0.6	0.4	(1.9)	(0.4)	0.9	0.5	0.5	(1.0)	0.9
Accrued expenses	(0.4)	0.1	(0.2)	0.7	0.2	(0.5)	1.2	(1.0)	0.4	(0.0)	0.1	0.3	0.3	(0.1)	0.6	(0.4)	0.3	0.3	(0.1)	0.1
Deferred revenue	0.0	0.2	0.4	(0.6)	0.0					0.0					0.0					0.0
Other liabilities	(0.2)	0.2	0.0	(0.6)	(0.6)	0.1	(0.7)	0.8	(0.7)	(0.5)	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
<b>Net cash (used in) provided by</b>	<b>(6.9)</b>	<b>(6.7)</b>	<b>(4.6)</b>	<b>(7.6)</b>	<b>(25.9)</b>	<b>(5.9)</b>	<b>(5.1)</b>	<b>(5.0)</b>	<b>(3.4)</b>	<b>(19.4)</b>	<b>(2.9)</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(3.4)</b>	<b>(9.4)</b>	<b>1.1</b>	<b>(1.8)</b>	<b>(1.3)</b>	<b>(2.8)</b>	<b>(4.9)</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equipment			(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)	(0.0)	(0.0)	(0.1)
Purchases of short-term investments					0.0					0.0					0.0					0.0
Acquisitions			(2.3)	0.1	(2.2)	(0.1)				(0.1)	(0.0)				(0.0)					0.0
Other	0.0	0.0			0.0	(2.3)	(1.8)	(0.2)	(0.3)	(4.6)	(0.1)				(0.1)					0.0
<b>Net cash used in investing acti</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.4)</b>	<b>0.1</b>	<b>(2.3)</b>	<b>(2.4)</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(0.3)</b>	<b>(4.7)</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.1)</b>
<b>Cash flow from financing activities</b>																				
Issuance of debt					0.0	5.6	0.4		5.0	11.0					0.0	0.0	0.0	0.0	0.0	0.0
Repayment of debt				(0.0)	(0.0)		(6.7)	3.4	(2.6)	(5.8)	(1.4)				(1.4)					0.0
Issuance of stock	14.0	0.1	4.7	3.2	22.1	7.5	12.6		3.9	24.1	6.6	0.0	0.0	0.0	6.6	0.0	0.0	0.0	0.0	0.0
Proceeds from stock option exe	1.5		1.9	0.2	3.6	0.4				0.4					0.0					0.0
Other	2.6	0.1	(2.4)	1.4	1.6	(2.5)	2.5	(2.9)	(1.1)	(4.0)	(0.7)				(0.7)					0.0
Dividends and distributions					0.0					0.0					0.0					0.0
<b>Cash provided by (used in) fina</b>	<b>18.0</b>	<b>0.2</b>	<b>4.2</b>	<b>4.8</b>	<b>27.2</b>	<b>11.0</b>	<b>8.8</b>	<b>0.5</b>	<b>5.3</b>	<b>25.6</b>	<b>4.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>4.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Effect of exchange rate on cash					0.0					0.0					0.0					0.0
<b>Net increase (decrease) in cash</b>	<b>11.1</b>	<b>(6.5)</b>	<b>(2.8)</b>	<b>(2.7)</b>	<b>(0.9)</b>	<b>2.8</b>	<b>1.8</b>	<b>(4.6)</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>(1.4)</b>	<b>(1.7)</b>	<b>(3.4)</b>	<b>(5.1)</b>	<b>1.1</b>	<b>(1.9)</b>	<b>(1.4)</b>	<b>(2.8)</b>	<b>(5.0)</b>
<b>Beginning cash and equivalents</b>	<b>1.8</b>	<b>12.9</b>	<b>6.4</b>	<b>3.7</b>	<b>1.8</b>	<b>0.9</b>	<b>3.7</b>	<b>5.5</b>	<b>0.9</b>	<b>0.9</b>	<b>2.4</b>	<b>3.8</b>	<b>2.4</b>	<b>0.7</b>	<b>2.4</b>	<b>(2.7)</b>	<b>(1.6)</b>	<b>(3.5)</b>	<b>(4.9)</b>	<b>(2.7)</b>
<b>Ending cash and equivalents</b>	<b>12.9</b>	<b>6.4</b>	<b>3.7</b>	<b>0.9</b>	<b>0.9</b>	<b>3.7</b>	<b>5.5</b>	<b>0.9</b>	<b>2.4</b>	<b>2.4</b>	<b>3.8</b>	<b>2.4</b>	<b>0.7</b>	<b>(2.7)</b>	<b>(2.7)</b>	<b>(1.6)</b>	<b>(3.5)</b>	<b>(4.9)</b>	<b>(7.7)</b>	<b>(7.7)</b>

Source: Company reports and Ascendant Capital Markets estimates

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## Verb Technology Company, Inc.



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

	Report Date		Price
Report	Date	Rating	Target
1	6/28/2021	Buy	160.00
2	8/22/2021	Buy	200.00
3	12/5/2021	Buy	210.00
4	4/3/2022	Buy	200.00
5	5/19/2022	Buy	180.00
6	8/23/2022	Buy	170.00
7	11/20/2022	Buy	120.00

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**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 Distribution of Investment Ratings (as of April 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	49	98%	18	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

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