



# Verb Technology Company, Inc.

*Q4 about inline. Strong growth potential for its video e-commerce SaaS platform and upcoming Verb Marketplace launch should drive stock higher. Lowering P/T to \$5.00.*

## COMPANY UPDATE

Rating: **BUY**

Ticker: VERB

Price: \$0.83

Target: \$5.00  
(from \$5.25)

**Q4 about inline:** Verb recently (on March 31) reported its fiscal Q4 2021 results. Revenue was \$2.7 million (+29% y-o-y), compared to our and consensus estimates of \$3.2 million. EPS was \$(0.08), compared to our estimate of \$(0.12) and consensus of \$(0.10). There was no Q4 guidance.

**Strong SaaS and digital:** Total SaaS recurring revenue (a component of Total Digital revenue) was \$1.9 million, +47% y-o-y. Total Digital revenue was \$2.2 million, +45% y-o-y. In Q4, the company added 11 new client contracts with a guaranteed base value of \$0.7 million, vs. \$1.1 million added in Q3.

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

**Adjusting estimates:** We are adjusting our 2022 estimates for revenue to \$17 million, from \$19 million, and for EPS to \$(0.24) from \$(0.35).

**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.

**Attribution and Marketplace:** Verb has several key products launched/launching soon, including a Microsoft Outlook integration (launched in July), attribution technology (launched in Q2), and the upcoming launch of Marketplace. Each of these products has the potential to significantly increase Verb's customer base and revenues.

**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 (+62%) as non digital revenue is phased out.

**Potential M&A:** The company is opportunistically pursuing M&A and is close to a major deal soon.

**Positive high risks versus rewards:** Overall, concerns outweighed by growth prospects and valuation. 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 \$5.00 from \$5.25, 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 the company's high growth prospects and large upside opportunities.

### Company Description

Based in American Fork, UT, Verb Technology's Software-as-a-Service ("SaaS") platform is based on its proprietary interactive video technology and its suite of sales enablement business software products.

United States  
Technology

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### Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.79 – 3.97
Shares Outstanding (million):	80
Market cap (\$million):	\$66
EV (\$million):	\$66
Debt (\$million):	\$1
Cash (\$million):	\$1
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	60
Short Interest (million shares):	4
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	4E		4E	
Q2 Jun	4E	5E	5E	
Q3 Sep	5E		6E	
Q4 Dec	5E		6E	
Total	17E	19E	20E	
EV/Revs	4x		3x	

### Earnings per Share (pro forma)

	<u>2022E</u> (Cur.)	<u>2022E</u> (Old)	<u>2023E</u> (Cur.)	<u>2023E</u> (Old)
Q1 Mar	(0.06)E	(0.09)E	(0.04)E	
Q2 Jun	(0.07)E	(0.09)E	(0.04)E	
Q3 Sep	(0.06)E	(0.09)E	(0.04)E	
Q4 Dec	(0.05)E	(0.08)E	(0.04)E	
Total	(0.24)E	(0.35)E	(0.16)E	
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 12.**

**OVERVIEW**

- Verb recently (on March 31) reported its fiscal Q4 2021 (ending December) results.
- Revenue was \$2.7 million (+29% y-o-y), compared to our and consensus estimates of \$3.2 million.
- EPS was \$(0.08), compared to our estimate of \$(0.12) and consensus of \$(0.10).
- There was no Q4 guidance.
- The company did not provide forward guidance.
- We are adjusting our 2022 estimates for revenue to \$17 million, from \$19 million, and for EPS to \$(0.24) from \$(0.35).
- We are initiating our 2023 estimates for revenue of \$20 million, and for EPS of \$(0.16).

**ADDITIONAL DETAILS**

- Gross profit for the quarter was \$1.6 million, compared with our estimate of \$1.9 million.
- Gross margin for the quarter was 60%, versus our expectation of 60% and 38% last year.
- Operating expenses were \$9 million, versus our expectation of \$11 million.
- Operating loss was \$7.3 million, versus our expectation of a loss of \$8.7 million.
- Net loss was \$5.5 million, versus our expectation of a loss of \$8.7 million.
  
- In January, Verb appointed Salman Khan as Interim Chief Financial Officer. Mr. Khan joined Verb in May 2021 as Executive VP, Corporate Development and Strategic Planning. Mr. Khan has more than 20 years of domestic and international finance, accounting and audit experience. Mr. Khan replaces Jeffrey Clayborne who resigned to pursue other interests.

The company's balance sheet had \$1 million in cash and \$1 million in debt compared with \$4 million in cash and \$1 million in debt at the end of September. 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.

**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

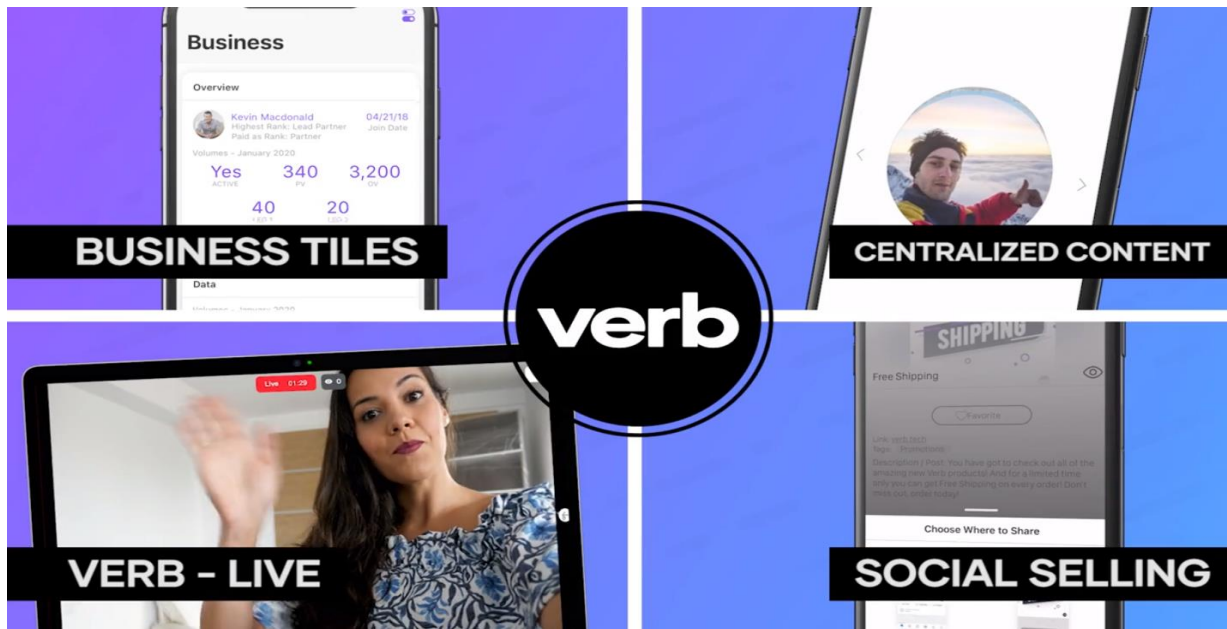
## Entrepreneurs

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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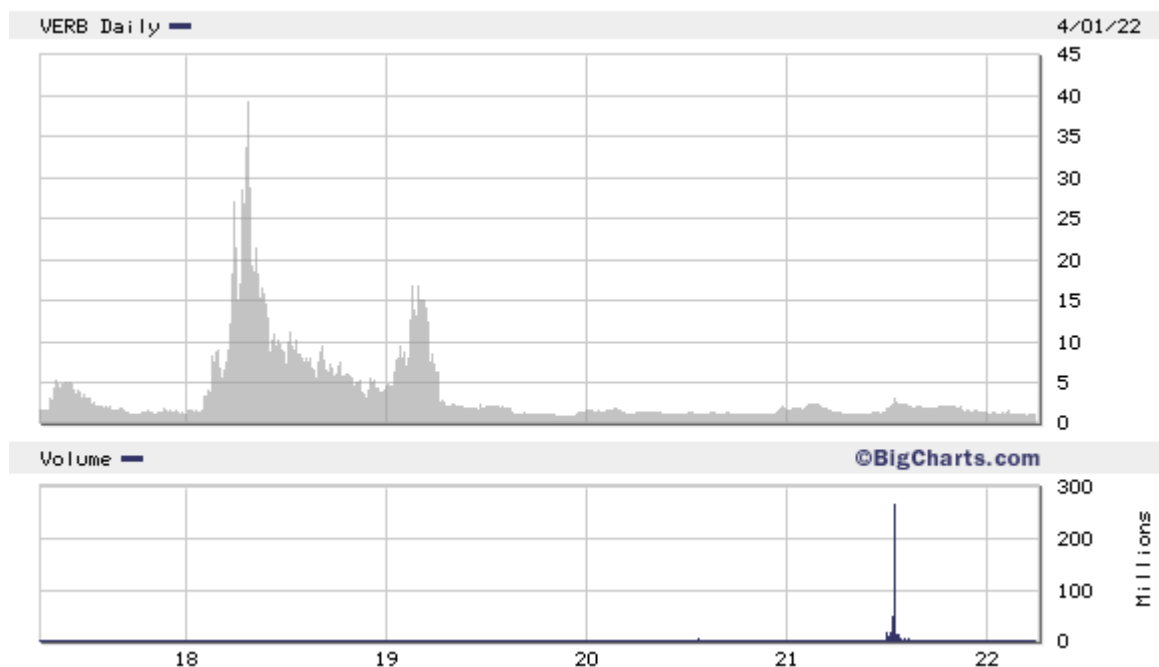
Exhibit 6: Verb's Q4 2021 and Recent Highlights

- **Fourth quarter 2021 SaaS recurring revenue up by 47% over previous year**
- **Fourth quarter 2021 total digital revenue up by 45% over previous year**
- **Full-year SaaS recurring revenue up by 34% over previous year**
- **Full-year total digital revenue up by 26% over previous year**
- **Total gross profit margin up 17% over previous year**
- **SaaS recurring revenue accounts for 84% of total digital revenue – up from 79% in 2020**
- **Operational cost reductions and efficiencies begun in Q4 2021 and continuing aggressively through 2022 will accelerate drive to profitability**
- **R&D expense down 22% and G&A expense down 7% quarter over quarter**
- **Industry-leading MARKET and verbTV platform product development completed; soft launch underway with large number of vendors onboarding and large growing backlog of vendors in queue for ongoing qualification and verification processes; weekly private vendor livestream events ongoing; and 3 product-specific festivals planned featuring numerous popular vendors scheduled in preparation for full public-facing launch**
- **Sports Entertainment vertical begun in Q4 2021 with clients including the Pittsburgh Penguins, and continuing in Q1 2022 with the Florida Panthers and the Phoenix Suns, with more announcements expected throughout the year**
- **Introduced new, powerful features to accelerate growth of SaaS business including Attribution for verbLIVE, verbLIVE 2.0, and new sales-driving PULSE feature for intelligent guided management of customer relationships and interactions**
- **Launched verbMAIL Pro, an interactive video email solution seamlessly integrated into Outlook**
- **Recognized by Nasdaq as a leader in ESG implementation among small and micro-cap companies and featured in Nasdaq ESG case study**

Source: Company report.

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### Exhibit 7: Verb Technology Company, Inc. Stock Price (5-years)



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

### Exhibit 8: Consensus Expectations (as of March 31, 2022)

	Revenue (mils)			EPS	
	2021E	2022E		2021E	2022E
Q1 Mar	\$3A	\$4E	Q1 Mar	\$(0.16)A	\$(0.09)E
Q2 Jun	\$2A		Q2 Jun	\$(0.19)A	
Q3 Sep	\$3A		Q3 Sep	\$(0.14)A	
Q4 Dec	\$3E		Q4 Dec	\$(0.10)E	
Total	\$11E	\$20E	Total	\$(0.59)E	\$(0.35)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	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	2.4	2.7	2.9	2.1	10.0	2.5	2.4	2.9	2.7	10.5	3.5	4.2	4.6	4.7	17.0	4.2	5.0	5.6	5.6	20.4
<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	1.2	1.5	1.4	1.4	5.5	1.1	1.3	1.4	1.4	5.1
Gross Profit	1.3	1.5	1.6	0.8	5.2	1.3	1.3	1.8	1.6	6.0	2.3	2.7	3.2	3.3	11.5	3.2	3.8	4.2	4.2	15.3
Research and development	1.3	1.6	2.4	2.6	7.9	2.9	3.2	3.5	2.7	12.3	2.3	2.5	2.6	2.3	9.7	1.7	2.0	2.2	2.2	8.2
General and administrative	3.5	4.0	6.7	6.3	20.5	7.3	6.5	6.1	5.7	25.7	4.4	5.0	5.1	4.7	19.2	4.0	4.5	4.7	4.5	17.7
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	7.1	7.9	8.1	7.4	30.5	6.1	6.9	7.4	7.1	27.5
<b>Operating income (loss)</b>	(3.9)	(4.5)	(7.9)	(8.5)	(24.7)	(9.3)	(8.9)	(8.2)	(7.3)	(33.7)	(4.8)	(5.2)	(4.8)	(4.1)	(19.0)	(2.9)	(3.2)	(3.2)	(2.9)	(12.2)
Interest income (expense)	(0.2)	(0.2)	(0.4)	(0.1)	(0.9)	(0.5)	(0.6)	(0.5)	(0.9)	(2.6)	(0.0)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.6)
<u>Other income (expense)</u>	(1.9)	1.2	1.0	(3.6)	(3.3)	1.5	(2.3)	(0.4)	2.7	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income before income taxes	(5.9)	(3.4)	(7.3)	(12.3)	(28.9)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(4.8)	(5.4)	(4.9)	(4.3)	(19.4)	(3.1)	(3.3)	(3.3)	(3.1)	(12.7)
<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	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)	(4.8)	(5.4)	(4.9)	(4.3)	(19.4)	(3.1)	(3.3)	(3.3)	(3.1)	(12.7)
<u>Nonrecurring/noncash adjustments</u>					0.0					0.0					0.0					0.0
<b>Net income (pro forma)</b>	(5.9)	(3.4)	(7.3)	(12.3)	(28.9)	(8.3)	(11.8)	(9.2)	(5.5)	(34.8)	(4.8)	(5.4)	(4.9)	(4.3)	(19.4)	(3.1)	(3.3)	(3.3)	(3.1)	(12.7)
EBITDA	(2.6)	(2.5)	(5.3)	(6.8)	(17.1)	(6.5)	(7.2)	(6.8)	(5.7)	(26.2)	(3.4)	(3.8)	(3.4)	(2.7)	(13.3)	(1.5)	(1.8)	(1.8)	(1.5)	(6.5)
Shares, Basic	26.0	29.8	41.2	47.0	36.0	52.0	63.1	66.8	71.4	63.3	76.0	80.2	80.5	80.8	79.4	81.1	81.4	81.7	82.0	81.6
Shares, Diluted	26.0	29.8	41.2	47.0	36.0	52.0	63.1	66.8	71.4	63.3	76.0	80.2	80.5	80.8	79.4	81.1	81.4	81.7	82.0	81.6
EPS Basic (pro forma)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.19)	(\$0.14)	(\$0.08)	(\$0.55)	(\$0.06)	(\$0.07)	(\$0.06)	(\$0.05)	(\$0.24)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.16)
EPS Diluted (pro forma)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.19)	(\$0.14)	(\$0.08)	(\$0.55)	(\$0.06)	(\$0.07)	(\$0.06)	(\$0.05)	(\$0.24)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.04)	(\$0.16)
<b>Margins</b>																				
Gross margin	55%	57%	54%	38%	52%	52%	53%	63%	60%	57%	65%	65%	70%	70%	68%	75%	75%	75%	75%	75%
Research and development	54%	61%	84%	125%	80%	114%	134%	121%	101%	117%	65%	60%	55%	50%	57%	40%	40%	40%	40%	40%
General and administrative	149%	152%	233%	299%	205%	291%	273%	211%	210%	244%	126%	120%	110%	100%	113%	95%	90%	85%	80%	87%
Operating margin	-164%	-169%	-276%	-405%	-248%	-369%	-371%	-284%	-269%	-320%	-137%	-125%	-104%	-89%	-112%	-70%	-63%	-57%	-52%	-60%
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%	-138%	-128%	-107%	-92%	-114%	-73%	-66%	-60%	-55%	-62%
<b>YY % change</b>																				
Total Revenue	26056%	-29%	0%	-16%	10%	7%	-10%	1%	29%	6%	39%	75%	60%	72%	62%	20%	20%	20%	20%	20%
Gross margin	-6248%	-10%	13%	-32%	22%	2%	-16%	17%	102%	17%	74%	114%	79%	101%	91%	38%	38%	29%	29%	33%
Research and development	126%	22%	98%	119%	84%	126%	97%	46%	4%	56%	-21%	-22%	-27%	-15%	-22%	-26%	-20%	-13%	-4%	-16%
General and administrative	61%	23%	102%	5%	39%	109%	63%	-8%	-9%	26%	-40%	-23%	-17%	-18%	-25%	-10%	-10%	-7%	-4%	-8%
Operating income (loss)	39%	29%	117%	43%	56%	142%	98%	4%	-14%	36%	-48%	-41%	-42%	-43%	-44%	-39%	-39%	-34%	-29%	-36%
Net income (loss)	96%	46%	135%	65%	82%	42%	245%	25%	-55%	21%	-42%	-55%	-46%	-23%	-44%	-37%	-38%	-33%	-28%	-34%
EPS Diluted (pro forma)	-8%	6%	32%	-16%	2%	-29%	63%	-23%	-70%	-31%	-60%	-64%	-55%	-32%	-56%	-41%	-39%	-34%	-29%	-36%

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	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	1.6	1.4	10.7	1.8	12.9	6.4	3.7	0.9	14.4	11.8	9.4	6.2	3.0	2.4	1.4	(1.0)
Short term investments									0.0	0.0	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	1.2	1.4	1.6	1.6	1.4	1.7	1.9	1.9
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	0.0	0.0
Deferred income taxes									0.0	0.0	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	0.6	0.8	0.8	0.8	0.8	0.9	1.0	1.0
Total current assets	3.2	3.1	12.8	3.7	15.3	8.6	6.1	3.2	16.3	14.0	11.8	8.7	5.2	5.0	4.3	2.0
Property and equipment, net	0.8	1.0	0.9	0.9	0.8	0.8	3.1	0.7	0.3	0.3	(0.1)	(0.1)	(0.1)	0.3	0.3	0.7
Capitalized software development costs									4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Intangibles, net	21.4	21.1	26.0	25.2	24.8	24.5	24.1	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Deferred income tax									0.0	0.0	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	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<b>Total assets</b>	<b>28.6</b>	<b>28.4</b>	<b>42.6</b>	<b>32.5</b>	<b>43.6</b>	<b>36.4</b>	<b>35.9</b>	<b>34.4</b>	<b>47.1</b>	<b>44.9</b>	<b>42.3</b>	<b>39.1</b>	<b>35.7</b>	<b>35.9</b>	<b>35.2</b>	<b>33.2</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	4.6	4.6	5.3	5.1	5.1	4.8	7.3	3.8	7.0	8.4	9.3	9.3	8.4	10.1	11.1	11.2
Accrued expenses	0.7	0.7	0.7	1.3	1.6	1.6	1.6	5.2	3.5	4.2	4.6	4.7	4.2	5.0	5.6	5.6
Advance on future receipts	0.5	0.7	0.4	0.1	3.2	3.8	1.9	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Deferred revenue	0.3	0.2		0.3	0.3	0.5	0.9		0.0	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	0.0
Warrant liabilities	6.9	5.7	4.5	8.3	5.5	7.9	5.8	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Other	0.5	0.6	1.3	0.6	0.6	0.6	0.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Factored receivables payable									3.0	3.0	3.0	3.0	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	0.0	0.0
Short term debt	0.9	1.2	3.1	1.1	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>14.5</b>	<b>13.8</b>	<b>15.5</b>	<b>16.9</b>	<b>16.7</b>	<b>19.4</b>	<b>18.1</b>	<b>17.9</b>	<b>22.5</b>	<b>24.5</b>	<b>25.9</b>	<b>26.0</b>	<b>24.6</b>	<b>27.1</b>	<b>28.6</b>	<b>28.8</b>
Deferred income taxes									0.0	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	0.0
Other long term liabilities	4.0	3.8	3.9	3.5	2.8	2.6	2.5	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Deferred revenue									0.0	0.0	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	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
<b>Total other liabilities</b>	<b>4.2</b>	<b>5.2</b>	<b>5.3</b>	<b>4.9</b>	<b>3.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>
Preferred stock			3.1	3.1												
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.1	4.1	5.1	6.1	7.1	8.1
Additional paid-in capital	68.4	71.4	88.0	89.2	113.0	115.2	124.9	129.3	129.3	129.3	129.3	129.3	129.3	129.3	129.3	129.3
Retained earnings	(58.5)	(62.0)	(69.3)	(81.5)	(89.9)	(101.7)	(110.5)	(116.0)	(120.9)	(126.2)	(131.2)	(135.4)	(138.5)	(141.8)	(145.1)	(148.2)
Accumulated other comprehensive income									6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Non-controlling interest									0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total stockholders' equity</b>	<b>9.9</b>	<b>9.4</b>	<b>21.8</b>	<b>10.7</b>	<b>23.1</b>	<b>13.5</b>	<b>14.4</b>	<b>13.3</b>	<b>15.5</b>	<b>11.2</b>	<b>7.2</b>	<b>4.0</b>	<b>1.9</b>	<b>(0.4)</b>	<b>(2.7)</b>	<b>(4.7)</b>
<b>Total stockholders' equity and liabilities</b>	<b>28.6</b>	<b>28.4</b>	<b>42.6</b>	<b>32.5</b>	<b>43.6</b>	<b>36.4</b>	<b>35.9</b>	<b>34.4</b>	<b>47.1</b>	<b>44.9</b>	<b>42.3</b>	<b>39.1</b>	<b>35.7</b>	<b>35.9</b>	<b>35.2</b>	<b>33.2</b>

**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	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	11%	23%	24%	43%	43%	53%	31%	31%	18%	18%	18%	18%	18%	18%	18%	18%
Accounts payable as % of total rev	194%	175%	187%	243%	204%	199%	251%	139%	200%	200%	200%	200%	200%	200%	200%	200%
Accrued expenses as % of total rev	31%	27%	25%	64%	63%	66%	56%	193%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	46	38	43	39	43	35	46	46	31	31	31	31	31	31	31	31
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$0.38	\$0.32	\$0.53	\$0.23	\$0.44	\$0.21	\$0.22	\$0.19	\$0.20	\$0.14	\$0.09	\$0.05	\$0.02	\$0.00	-\$0.03	-\$0.06
Cash per Share (diluted)	\$0.06	\$0.05	\$0.26	\$0.04	\$0.25	\$0.10	\$0.05	\$0.01	\$0.19	\$0.15	\$0.12	\$0.08	\$0.04	\$0.03	\$0.02	-\$0.01
Net cash per Share (diluted)	\$0.02	-\$0.04	\$0.15	-\$0.02	\$0.22	\$0.09	\$0.04	\$0.00	\$0.10	\$0.06	\$0.03	-\$0.01	-\$0.05	-\$0.06	-\$0.07	-\$0.10

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	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	(5.9)	0.5	(7.3)	(12.3)	(25.0)	(8.3)	(11.8)	(8.8)	(5.5)	(34.5)	(4.8)	(5.4)	(4.9)	(4.3)	(19.4)	(3.1)	(3.3)	(3.3)	(3.1)	(12.7)	
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					0.0					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					0.0					0.0	
Dividend	4.0	(4.0)	0.0	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	1.0	1.0	1.0	1.0	4.1	1.0	1.0	1.0	1.0	4.1	
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					0.0					0.0	
Deferred income taxes					0.0					0.0	0.0	0.0	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)					0.0	0.0	0.0	0.0	0.0	0.0	
Writedowns and impairments					0.0			(1.1)		(1.1)					0.0					0.0	
Other gains/losses					0.0	(0.9)	0.9		0.0	(0.0)					0.0					0.0	
Other					0.0					0.0					0.0					0.0	
<b>Changes in operating assets and liabilities:</b>																					
Accounts receivable	0.0	0.2	(0.1)	0.3	0.4	(0.3)	0.0	(0.5)	(0.0)	(0.8)	0.2	(0.2)	(0.2)	(0.0)	(0.2)	0.2	(0.3)	(0.2)	(0.0)	(0.3)	
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)	0.2	(0.1)	(0.1)	(0.0)	0.0	0.1	(0.1)	(0.1)	(0.0)	(0.2)	
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)	0.0	0.0	0.0	0.0	0.0	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	3.3	1.4	0.9	0.1	5.6	(0.9)	1.7	1.1	0.1	1.9	
Accrued expenses					0.0	(0.4)	0.1	(0.2)	0.7	0.2	(1.7)	0.7	0.4	0.0	(0.6)	(0.5)	0.8	0.5	0.0	0.9	
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	
Other liabilities	(0.0)	(0.1)	(0.1)	(0.2)	(0.4)	(0.2)	0.2	0.0	(0.6)	(0.6)	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	
<b>Net cash (used in) provided by</b>	<b>(2.3)</b>	<b>(2.4)</b>	<b>(5.1)</b>	<b>(6.5)</b>	<b>(16.3)</b>	<b>(6.9)</b>	<b>(6.7)</b>	<b>(4.6)</b>	<b>(7.6)</b>	<b>(25.9)</b>	<b>1.5</b>	<b>(2.2)</b>	<b>(2.4)</b>	<b>(2.8)</b>	<b>(5.9)</b>	<b>(2.8)</b>	<b>0.2</b>	<b>(0.6)</b>	<b>(1.6)</b>	<b>(4.8)</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equi	(0.1)	(0.2)	(0.0)		(0.3)			(0.0)		(0.0)	0.0	(0.4)	0.0	(0.4)	(0.8)	(0.4)	(0.8)	(0.4)	(0.8)	(2.4)	
Purchases of short-term investments					0.0					0.0					0.0					0.0	
Acquisitions			0.2		0.2			(2.3)	0.1	(2.2)					0.0					0.0	
Other					0.0	0.0	0.0			0.0					0.0					0.0	
<b>Net cash used in investing acti</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.4)</b>	<b>0.1</b>	<b>(2.3)</b>	<b>0.0</b>	<b>(0.4)</b>	<b>0.0</b>	<b>(0.4)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(0.8)</b>	<b>(0.4)</b>	<b>(0.8)</b>	<b>(2.4)</b>	
<b>Cash flow from financing activities</b>																					
Issuance of debt		1.4	(0.0)		1.4					0.0	6.0	0.0	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)					0.0					0.0	
Issuance of stock	3.4	1.0	12.3		16.8	14.0	0.1	4.7	3.2	22.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Proceeds from stock option exercises			2.2		2.2	1.5	1.9	1.9	0.2	3.6					0.0					0.0	
Other	(0.4)	(0.0)	(0.3)	(0.4)	(1.1)	2.6	0.1	(2.4)	1.4	1.6	6.0			6.0						0.0	
Dividends and distributions					0.0					0.0					0.0					0.0	
<b>Cash provided by (used in) fina</b>	<b>3.0</b>	<b>2.4</b>	<b>14.2</b>	<b>(2.4)</b>	<b>17.2</b>	<b>18.0</b>	<b>0.2</b>	<b>4.2</b>	<b>4.8</b>	<b>27.2</b>	<b>12.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>12.0</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>0.632</b>	<b>(0.237)</b>	<b>9.344</b>	<b>(8.907)</b>	<b>0.832</b>	<b>11.131</b>	<b>(6.497)</b>	<b>(2.791)</b>	<b>(2.721)</b>	<b>(0.878)</b>	<b>13.507</b>	<b>(2.642)</b>	<b>(2.431)</b>	<b>(3.181)</b>	<b>5.253</b>	<b>(3.187)</b>	<b>(0.646)</b>	<b>(0.989)</b>	<b>(2.353)</b>	<b>(7.174)</b>	
<b>Beginning cash and equivalents</b>	<b>0.983</b>	<b>1.615</b>	<b>1.378</b>	<b>10.722</b>	<b>0.983</b>	<b>1.815</b>	<b>12.946</b>	<b>6.449</b>	<b>3.658</b>	<b>1.815</b>	<b>0.937</b>	<b>14.444</b>	<b>11.803</b>	<b>9.372</b>	<b>0.937</b>	<b>6.190</b>	<b>3.004</b>	<b>2.358</b>	<b>1.369</b>	<b>6.190</b>	
<b>Ending cash and equivalents</b>	<b>1.615</b>	<b>1.378</b>	<b>10.722</b>	<b>1.815</b>	<b>1.815</b>	<b>12.946</b>	<b>6.449</b>	<b>3.658</b>	<b>0.937</b>	<b>0.937</b>	<b>14.444</b>	<b>11.803</b>	<b>9.372</b>	<b>6.190</b>	<b>6.190</b>	<b>3.004</b>	<b>2.358</b>	<b>1.369</b>	<b>(0.984)</b>	<b>(0.984)</b>	

Source: Company reports and Ascendant Capital Markets estimates

## **ANALYST CERTIFICATION**

Each analyst hereby certifies that the views expressed in this report reflect the analyst's personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

## **Verb Technology Company, Inc.**

- 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 January 15, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	40	98%	16	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	41	100%	16	39%

### 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.

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