



Verb Technology Company, Inc.

Initiating Coverage with BUY and \$4.00 Target

Strong growth potential for its Software-as-a-Service (SaaS) enterprise platform for video e-commerce and CRM. We expect strong growth over the next year to be positive for stock.

Initiating with BUY: We are initiating coverage of Verb Technology with a BUY rating. Verb is a software company providing its Software-as-a-Service (“SaaS”) platform based on its proprietary interactive video technology and its suite of sales enablement business software products.

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 demand for its products and services continues to grow rapidly. The CRM software industry is the largest software segment and is still rapidly growing. Verb believes that CRM applications that incorporate its proprietary interactive video technology provide significant competitive advantages over the CRM applications that do not.

Still early but high growth stage: Verb’s recent financial performance is reflective of its early commercialization stage. However, recent digital revenue growth has been strong and we expect continued high revenue growth in 2021 (+20%) and 2022 (+59%).

Attribution and Marketplace: Verb has several key products launching soon, including a Microsoft Outlook integration which should launch very soon, attribution technology which just launched, and the upcoming launch of Marketplace. Each of these products has the potential to significantly increase Verb’s customer base and revenues.

Growth is key: We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully develop and grow its SaaS platforms (both in the increase in number of customers and in revenue per customer). How the new Attribution and soon to launch Marketplace performs are also a major variables.

However, challenges exist: Verb operates in a highly competitive environment and competes against a wide range of other technology or software companies. E-commerce technologies and software are constantly changing and improving, so this requires Verb to constantly invest in its technology and software products. If Verb is unable to keep its products innovative and useful, it may find its products obsolete or have limited consumer demand.

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 e-commerce along with growth in CRM software. We believe the ~billion dollars market potentials presents high rewards for the risks.

Current valuation attractive: We calculate a 12-month price target for shares of Verb to be \$4.00 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

June 28, 2021

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COVERAGE INITIATION

Rating: BUY

Ticker: VERB

Price: \$1.32

Target: \$4.00

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.92 – 3.10
Shares Outstanding (million):	63
Market cap (\$million):	\$82
EV (\$million):	\$70
Debt (\$million):	\$1
Cash (\$million):	\$13
Avg. Daily Trading Vol. (\$million):	\$2
Float (million shares):	55
Short Interest (million shares):	4
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	<u>2020A</u> (Cur.)	<u>2021E</u> (Cur.)	<u>2022E</u> (Cur.)
Q1 Mar	2A	3A	4E
Q2 Jun	3A	3E	4E
Q3 Sep	3A	3E	5E
Q4 Dec	<u>2A</u>	<u>4E</u>	<u>5E</u>
Total	10A	12E	19E
EV/Revs	7.0x	5.8x	3.7x

Earnings per Share (pro forma)

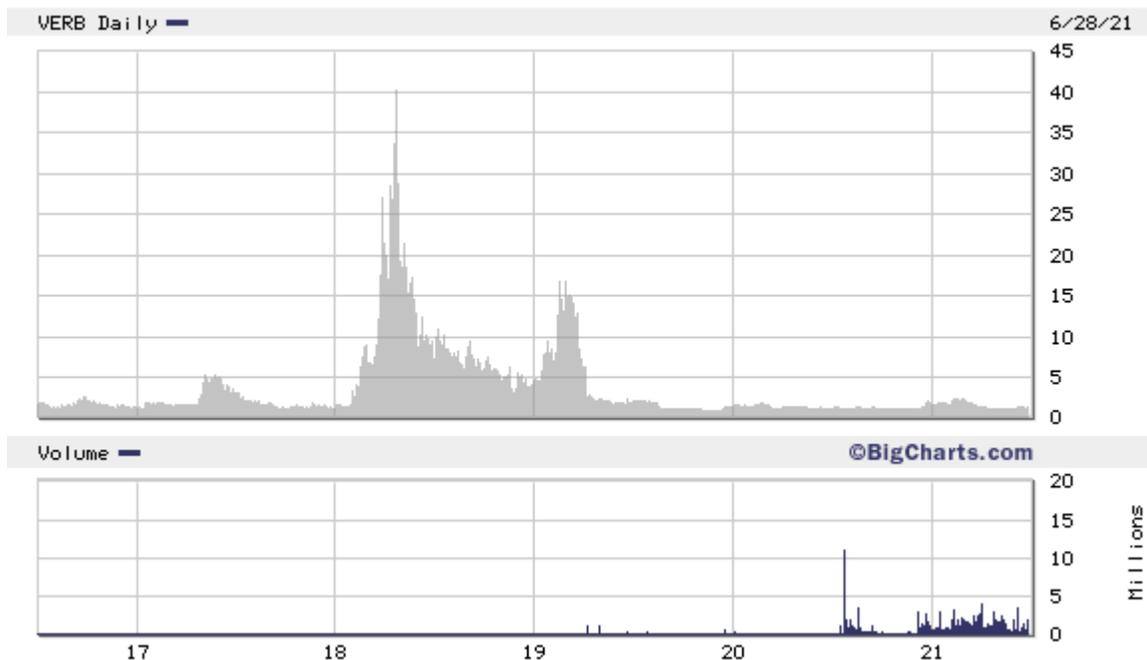
	<u>2020A</u> (Cur.)	<u>2021E</u> (Cur.)	<u>2022E</u> (Cur.)
Q1 Mar	(0.23)A	(0.16)A	(0.09)E
Q2 Jun	(0.11)A	(0.11)E	(0.09)E
Q3 Sep	(0.18)A	(0.10)E	(0.09)E
Q4 Dec	<u>(0.26)A</u>	<u>(0.11)E</u>	<u>(0.09)E</u>
Total	(0.80)A	(0.47)E	(0.35)E
P/E	N/A	N/A	N/A

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 24.

Exhibit 1: Verb Technology Company, Inc. Stock Price (5-years)



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

INVESTMENT THESIS

We are initiating coverage of Verb Technology with a BUY rating and a 12-month price target of \$4.00.

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. Verb develops and markets its interactive video-based e-commerce software and sales management software products mostly on a subscription basis. Its applications, available in both mobile and desktop versions, are offered as a fully integrated suite, as well as on a standalone basis. These applications include verbCRM, its white-labelled Customer Relationship Management (“CRM”) application for large, sales-based enterprises; verbTEAMS, its CRM application for small- and medium-sized businesses and solopreneurs; verbLEARN, its Learning Management System application; and verbLIVE, its Live Stream e-commerce application.

Verb’s suite of 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 inform its users on their devices in real time, when and for how long their prospects have watched a video, how many times such prospects watched it, and what they clicked on, which allows its users to focus their time and efforts on ‘hot leads’ or interested prospects rather than on those that have not seen such video or otherwise not interested. These capabilities provide for a much more efficient and effective sales process, resulting in increased sales conversion rates.

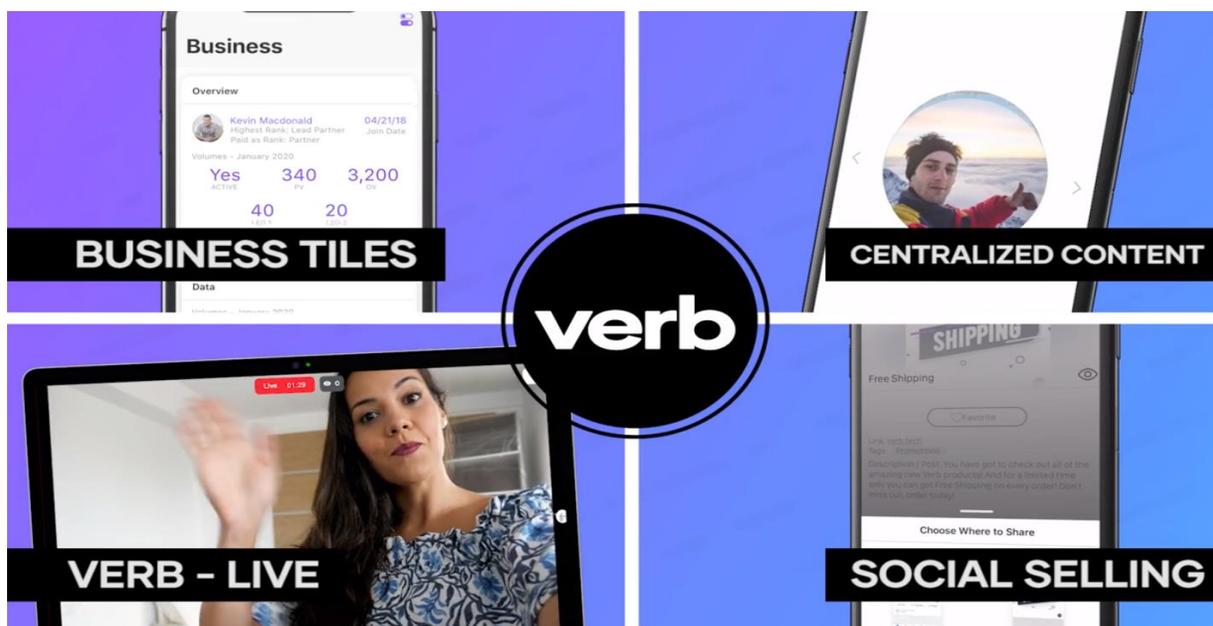
The company’s average client and deal size have increased dramatically over the past year as it targets and attracts larger businesses for its products and services. Verb recently signed its first \$1 million-a-year revenue potential client with several more potential major clients in its sales pipeline. In Q1 2021, the company added 16 new client contracts with a guaranteed base value of \$900,000 and \$424,000 in annual recurring revenue. Verb’s platform continues to gain traction and grow user downloads. The company’s total user downloads are now at 2.1 million, up more than 47% over the 1.4 million last year (y-o-y).

Verb has several key products launching soon, including a Microsoft Outlook integration which should launch very soon, attribution technology which just launched, and the upcoming launch of Marketplace. Each of these products has the potential to significantly increase Verb’s customer base and revenues.

Verb is developing its Marketplace product (currently in active beta testing with numerous retailers) which it plans to release later this year. Marketplace has a different revenue model where Verb plans to participate by getting a percentage (sales commission) of the sales being run through the platform. This along with its recently released Attribution, a feature that should drives a large amount of users and viewers to the platform, allows users to receive revenue from anyone (that they referred) who purchases product.

Exhibit 2: Verb Technology SaaS Products Overview

<p>THE #1 SALES ENABLEMENT TOOL FOR</p> <h2>Direct Sales</h2> <p>The #1 mobile CRM for modern-day sales</p>	<p>THE #1 SALES ENABLEMENT TOOL FOR</p> <h2>Life Sciences</h2> <p>Built for the modern medical sales team</p>
<p>MASTER SALES FROM START TO CLOSE</p> <h2>Entrepreneurs</h2> <p>Give your sales team an app to sell with</p>	<p>THE BEST E-COMMERCE LIVESTREAM PLATFORM</p> <h2>verbLIVE</h2> <p>10X your revenue with live streaming</p>



Source: Company reports.

Verb's client base consists primarily of multi-national direct sales enterprises to whom it provides white-labeled, client-branded versions of its products. Verb clients also include large professional associations, educational institutions, school districts, auto sales, auto leasing, insurance, real estate, home security, not-for-profits, clients in the health care industry, the CBD industry, and other business sectors. Verb currently provides subscription-based application services to approximately 140 enterprise clients for use in over 60 countries, in over 48 languages, which has a user base that collectively generated more than 2.1 million downloads of its verbCRM application.

The CRM software industry is the largest software segment and is still rapidly growing. CRM software generated over \$48 billion in revenue worldwide in 2018, and is expected to grow to over \$80 billion by 2025. Verb competes in the CRM applications industry, as well as in the video conferencing/webinar industry. Verb believes that CRM applications that incorporate its proprietary interactive video technology provide significant competitive advantages over the CRM applications that do not.

Exhibit 3: Verb's SaaS Software Solutions

Our Sales Tools SaaS Platform

verb LIVE

LIVE STREAM ECOMMERCE. Combines the best features of popular **live-stream webinar** and video conference platforms such as **Zoom, Facebook-Live, WebEx**, with clickable in-video **Shopify ecommerce capabilities.**

verb CRM

Combines the capabilities of **customer relationship management (CRM)**, lead-generation, and content management, with clickable in-video ecommerce capabilities in an intuitive, powerful tool **for large sales-based enterprises.**

verb TEAM

Powerful content and contact management with great analytics capabilities **for solo entrepreneurs and small businesses.** Self onboarding available on mobile and desktop with a **1-click sync to Salesforce** and **verbLIVE** is built right in.

verb LEARN

A gamified video-based **learning management system (LMS)** with powerful content management and analytics capabilities used by enterprise for new sales rep training, skill enhancement, and onboarding.

Source: Company reports.

Verb's key growth strategy include:

- Expand its SaaS products and services.
- Develop new SaaS and other digital revenue streams.
- Deepen existing customer relationships.
- Develop new partnership relationships to expand its customer base.
- Continue to grow its domestic business and expand internationally.
- Add new product capabilities and geographic regions through strategic acquisition.

Verb’s recent financial performance is reflective of its early commercialization stage. In its Q1 2021 report (on May 13, 2021), the company reported revenue of \$2.5 million (vs. \$2.4 million y-o-y). While sales appear flat (y-o-y), the company had good growth in its digital products revenue (SaaS and other) of +24% (y-o-y) and +18% sequentially from Q4, and represented 71% of total revenues. This was offset by planned declines in its non-digital legacy business as it phases out of this business (-19% y-o-y).

2020 revenue was \$10 million (+10% y-o-y), and EPS was \$(0.80) (vs. \$(0.79) y-o-y). The company typically does not provide financial guidance. The company does believe it is well position for strong revenue growth over the next several years. In addition, the company’s current release of many of its software products in development should reduce operating costs going forward. We expect continued high revenue growth in 2021 (+20%) and 2022 (+59%).

Exhibit 4: Verb Market Opportunity



Source: Company reports.

The company’s balance sheet had \$13 million in cash and ~\$1 million in debt as of March 2021. In Q1, the company raised \$14 million in share sales (9.4 million shares of common stock at \$1.60 per share). The company should have enough cash until mid-2022.

Our investment thesis factors in an uncertain commercialization process for its SaaS software and services platform, a very competitive industry, uncertain macro environment, and balance sheet and investment uncertainties which is offset by the very large potential upside opportunities created from successful commercialization and growth. We believe that the current valuation for Verb has already factored in many of its risks (principally its ability to grow revenues and customers) but is under valuing its overall growth and product prospects, resulting in a positive risk versus reward scenario for an investment in Verb.

We believe the current valuation is attractive.

Our \$4.00 price target is based on a NPV analysis. Based on our expectations and assumptions, we calculate a 12-month price target for shares of Verb to be \$4.00, representing significant upside from 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. We acknowledge that Verb is still at an early stage in its commercialization, but we believe key commercial and high growth milestones over the next year should be positive catalysts for the stock.

INVESTMENT RISKS**Growth and Commercialization Risks**

Verb's goal is to develop and grow its SaaS software and services platform by increasing its customer base and to grow its product offerings. To be successful, Verb will need to increase awareness to its target market (enterprise customers) and to demonstrate superiority (more effective, lower costs, and/or better technologies) of its SaaS software and services. While the company has a long history of successful R&D and product development, the company's sales and financial results have been volatile and are still at an early commercialization stage. The market for internet software is characterized by frequent technological developments and innovations, new product and services, and evolving technology industry standards. This will require Verb to develop its technologies, services, expertise and reputation, and continue to improve the effectiveness and ease of use of its SaaS software and services. While the market opportunities are large, there are always significant risks to grow (add new customers) and commercialize new products (grow or maintain revenue per customers).

Competition

Verb operates in a highly competitive environment and competes against a wide range of other technology or software companies that are attempting to replicate or have better technologies than the company's main SaaS software and services platform. Although Verb believes that its products and services are superior to competing products and technologies, there are always the possibility of new entrants or difficulties with existing competition. Verb competes primarily with companies offering cloud-based software solutions for e-commerce and sales enablement tools. Many of these competitors are much larger or have greater resources, and proprietary technology; which could result in lower projected sales for Verb services and at higher costs, reduced margins, and lowered profitability for the company.

Privacy and Technology Risks

Increasing concerns and regulations on privacy and consumer information may limit consumers' acceptance of internet data collection, behavior tracking, and general privacy data. This may limit the applicability, use and adoption of Verb's platform software and sales enablement solutions. Privacy concerns may cause consumers to resist providing personal data needed to allow its customers and software to work effectively. Digital and internet technologies and software are constantly changing and improving due to new technologies and changing consumer demands. This requires a company like Verb to constantly invest in its technology and software products. If Verb is unable to keep its products innovative and useful, it may find its products obsolete.

Coronavirus and Economic Uncertainties

While the online e-commerce industry tends to be less correlated with economic activity and income levels due to their huge growth from their major disruptive and transformative change in how people buy goods, major deterioration in economic conditions tends to result in an overall decline in enterprise and consumer spending. This was demonstrated during the 2008 and 2009 Great Recession and global economic slowdown. While consumer spending levels and economic conditions have improved significantly since and have been strong (and have gotten even stronger through the pandemic), the global macroeconomic environment can change any time. There is still a lot of uncertainties with the current coronavirus pandemic recovery. This may negatively impacted Verb's business along with many other companies and presents challenges to the U.S. (and global) economy. Economic weakness may result in depressed enterprise and consumer spending levels; this may have a negative impact on Verb, its enterprise customers, its business partners, and consumers.

Capital Markets Risks

We believe Verb has enough cash to fund its operations until mid-2022, but we estimate that it will need to raise capital by Q2 2022. While the company's sales are expected to grow rapidly medium to long term, it has been generating losses and will need to expand its customers and products to grow revenue and achieve profitability. We believe that it will be at least a year and a half before the company can be cash flow self-sufficient and profitable from operations. Many early stage software technology companies fund their operations from the sale of equity or debt capital until their products or services reach commercial success. Early stage software technology companies valuations tend to fluctuate widely, particularly in the past year with the volatility in the markets. There is always the chance that market interests and valuations for companies in this industry can decline significantly. The share price volatility in the past year (with a stock price range of \$0.92 – 3.10) in Verb's share price may make capital raising much more difficult and expensive.

VALUATION

We are initiating coverage of Verb Technology with a BUY rating and a 12-month price target of \$4.00, which is based on a NPV analysis. As the company is still early in its high growth and commercialization of its SaaS platform, it currently generates significant losses so traditional valuation metrics are not useful. We believe a more accurate valuation should take into consideration the potential value of its SaaS software and services platform. We do acknowledge that this valuation is complex and requires a large number of forward assumptions that we have to estimate that may be imprecise and may vary significantly from actual results. This is particularly so for a company like Verb which is still in early high growth mode.

However, we believe our assumptions are fair and provide a reasonable basis for our valuation analysis. Our analysis considers future estimated profitability from its SaaS platform (based on estimated future profits and discounted this back to a current value), though our valuation is currently only focused on the products it has currently (even as it has many other products in development). We have not assigned any value to its legacy non-digital business as it is being phased out. We apply a high discount rate to capture the uncertainties associated generally with its early and high growth commercialization strategy. We added up the values, made an assumption about future investments required offset by the company's net cash balance, and then allocated the value based on the current share count. Based on our NPV analysis, we arrived at our 12-month price target of \$4.00, which we believe appropriately balances out the company's risks with its high growth prospects.

Exhibit 5: Verb Technology's 1-Year Stock Price



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

Verb's share price YTD has been weak (down from \$1.65 on December 31, 2020), but is about flat with its share price one year ago. The company's shares have been in a wide volatile range of \$0.92 – 3.10 within the past year. However, we believe that there are near term catalysts that may drive the stock (particularly for high revenue growth expected in 2021 (+20%) and 2022 (+59%)). Over the long-term, we expect valuations for Verb to improve as visibility into cash flow generation becomes clearer, resulting in significant upside to the current share price.

Exhibit 6: Company Valuation (DCF)

Valuation of Products (in millions)

Product	Calculated NPV	Discount Rate	Estimated Annual Profits
Verb Software-as-a-Service ("SaaS") applications platform	\$ 240	21%	\$ 50
Total	\$ 240		
Estimated additional investments required	\$ -		
Net cash	\$ 12		
Current Value for existing shareholders	\$ 252		
Shares Outstanding (mils)	63		
Estimated Value per share	\$ 4.00		

Source: Ascendant Capital Markets estimates

COMPANY

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. Verb develops and markets its interactive video-based e-commerce software and sales management software products mostly on a subscription basis. Its applications, available in both mobile and desktop versions, are offered as a fully integrated suite, as well as on a standalone basis. These applications include verbCRM, its white-labelled Customer Relationship Management (“CRM”) application for large, sales-based enterprises; verbTEAMS, its CRM application for small- and medium-sized businesses and solopreneurs; verbLEARN, its Learning Management System application; and verbLIVE, its Live Stream e-commerce application.

Historically, though now being phased out, Verb has also provided certain non-digital services to some of its enterprise clients such as printing and fulfillment services.

Verb was originally founded as Cutaia Media Group, LLC in 2012. In May 2014, CMG merged into bBooth, Inc. In October 2014, bBoothUSA was acquired by Global System Designs, Inc. GSD was incorporated in the State of Nevada in November 2012. The acquisition was accounted for as a reverse merger transaction, allowing privately-held bBoothUSA to become a publicly traded company. GSD’s management was replaced by bBoothUSA’s management, and GSD changed its name to bBooth, Inc. In April 2017, the company changed its corporate name from bBooth, Inc. to nFüz, Inc. In February 2019, the company changed its corporate name from nFüz, Inc. to Verb Technology Company, Inc.

Verb has made some major recent acquisitions to expand its customer base and product offerings. In April 2019, the company acquired Sound Concepts Inc. (now Verb Direct) for ~\$25 million for its sales and marketing technology solutions for the direct sales and affiliate marketing sectors. In September 2020, the company acquired SoloFire for ~\$5 million for its sales enablement technology platform for the healthcare and life sciences industry. Verb major offices are in American Fork, UT and Newport Beach, CA. As of March 2021, Verb had ~104 employees.

Exhibit 7: Verb’s Management Team



Rory J. Cutaia

Founder / CEO, Pres & Chairman of the Board of Directors

Former Founder, Chairman & CEO of Telx - sold for \$218M in 2006 then again for \$1.9B in 2015. Invested more than \$4M to finance Verb.



Jeff Clayborne

Chief Financial Officer

20 yrs. Fortune 100 Experience. The Walt Disney Company - Universal Music Group - McGladrey & Pullen - KPMG Peat Marwick. CPA - MBA, USC



Mitch Bledsoe

Chief Information Officer

Senior executive positions at ALLDATA, Assurant, iHeartMedia and First American Corporation, leading large-scale product and infrastructure development efforts.

Source: Company reports.

SOFTWARE-AS-A-SERVICE (SaaS) FOR VIDEO AND SALES ENABLEMENT APPLICATIONS

Verb aims to transform how businesses attract and engage customers. The company's Software-as-a-Service, or SaaS, platform is based on its proprietary interactive video technology, and comprises a suite of sales enablement business software products. Its software applications are available in over 60 countries and 48 languages to large enterprise and small business sales teams that want affordable, easy-to-use, and quick-to-get-results sales tools. Available in both mobile and desktop versions, the applications are offered as a fully integrated suite, as well as on a standalone basis, and include verbCRM (Customer Relationship Management application), verbLIVE (Interactive Livestream eCommerce and Video Webinar application), verbTEAMS (a Self On-boarding version of verbCRM with built-in verbLIVE and Salesforce synchronization for small businesses and solo entrepreneurs), and verbLEARN (Learning Management System application).

Verb's suite of 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 inform its users on their devices in real time, when and for how long their prospects have watched a video, how many times such prospects watched it, and what they clicked on, which allows its users to focus their time and efforts on 'hot leads' or interested prospects rather than on those that have not seen such video or otherwise not interested. These capabilities provide for a much more efficient and effective sales process, resulting in increased sales conversion rates.

The company's average client and deal size have increased dramatically over the past year, as it targets and attracts larger businesses for its products and services. Verb recently signed its first \$1 million-a-year revenue potential client with several more potential major clients in its sales pipeline. In Q1 2021, the company added 16 new client contracts with a guaranteed base value of \$900,000 and \$424,000 in annual recurring revenue. Verb's platform continues to gain traction and grow user downloads. The company's total user downloads are now at 2.1 million, up more than 47% over the 1.4 million last year (y-o-y).

Verb has several key products launching soon, including a Microsoft Outlook integration which should launch very soon, attribution technology which just launched, and the upcoming launch of Marketplace. Each of these products has the potential to significantly increase Verb's customer base and revenues.

Verb generates revenue from:

- recurring subscription fees paid by enterprise, non-enterprise, small business, and individual users;
- recurring subscription fees and other non-SaaS revenue paid by users who access in-app purchases of various premium services, features, functionality, and upgrades;
- recurring subscription fees paid by users who access in-app purchases of third-party software provider apps;
- recurring subscription fees paid by users of Salesforce and Microsoft (among others) with whom Verb has executed partnership agreements for its applications;
- Fees paid by enterprise clients for non-digital products and services through its Range Printing venture.

Historically, though now being phased out, Verb has also provided certain non-digital services to some of its enterprise clients such as printing and fulfillment services. Verb designed and printed welcome kits and starter kits for customer's marketing needs and provided fulfillment services. In May 2020, Verb signed an outsourcing revenue share contract with Range Printing, a company that provides enterprise class printing, sample assembly, warehousing, packaging, shipping, and fulfillment services. This agreement is designed to maintain Verb's relationship with its clients by continuing to service their non-digital needs, but reducing Verb's costs in a low margin and low growth business.

verbLIVE is a next-generation live stream platform that allows hosts to utilize a variety of novel sales-driving features, including placing interactive icons on-screen that appear on the screens of all viewers, providing in-video click-to-purchase capabilities for

products or services featured in the live video broadcast, in real-time, improving and increasing e-commerce sales. verbLIVE also provides the host with real-time viewer engagement data and interaction analytics.

verbLIVE builds on popular video-based platforms such as Facebook Live, Zoom, WebEx, and Go2Meeting, by adding Verb's proprietary interactive in-video e-commerce capabilities. This includes an in-video Shopify shopping cart integrated for Shopify account holders for Verb's live stream video broadcasting applications.

17 of Verb's existing clients have signed up for verbLIVE during the pre-launch marketing last quarter. Verb believes that these corporate clients have a combined potential individual user base of ~465,350 users. Historically, Verb penetration rates among its corporate clients vary but on the low end is ~10%. Using that 10% rate, Verb believes that it has the potential to attract 46,000 users to subscribe and pay for verbLIVE. Currently, Verb charges \$9.99 to \$14.99 per user per month for verbLIVE depending on the features and packages. Applying the price of \$9.99 per user and a penetration rate of 10%, Verb believes that it can potentially capture ~\$0.5 million of SaaS recurring revenue per month (~\$5.5 million of annual recurring revenue).

verbCRM combines the capabilities of CRM lead-generation, content management, and in-video ecommerce in an intuitive, yet powerful tool for both inexperienced as well as highly skilled sales professionals. verbCRM allows users to quickly and easily create, distribute, and post videos to which they can add a choice of on-screen clickable icons which, when clicked, allow viewers to respond to the user's call-to-action in real-time, in the video, while the video is playing, without leaving or stopping the video. For example, Verb's technology allows a prospect or customer to click on a product they see featured in a video and impulse buy it, or to click on a calendar icon in the video to make an appointment with a salesperson, among many other features designed to eliminate or reduce friction from the sales process.

The verbCRM app is designed to be easy to use, and takes little time and training for a user to begin using the app effectively. verbCRM interactive videos can be distributed via email, text messaging, chat app, or posted to popular social media directly and easily from its app. No software download is required to view Verb interactive videos on virtually any mobile or desktop device, including smart TVs.

verbTEAMS is its interactive, video-based CRM for small-and medium-sized businesses and solopreneurs. verbTEAMS incorporates self-sign-up, self-onboarding, self-configuring, content management system capabilities, user level administrative capabilities, and high-quality analytics capabilities in both mobile and desktop platforms that sync with one another.

verbLEARN is an interactive, video-based learning management system that incorporates all of the clickable in-video technology featured in its verbCRM application and adapts them for use by educators for video-based education. verbLEARN is used by enterprises seeking to educate a large sales team or a customer base about new products, or elicit feedback about existing products. It also incorporates Verb's proprietary data collection and analytics capabilities, in addition to adding gamification features that enhance the learning aspects of the application.

Exhibit 8: Verb Customers



Select Enterprise Customers

Global User Base ♦ 60 Countries ♦ 48 Languages



Source: Company reports.

Verb's client base consists primarily of multi-national direct sales enterprises to whom it provides white-labeled, client-branded versions of its products. Verb clients also include large professional associations, educational institutions, school districts, auto sales, auto leasing, insurance, real estate, home security, not-for-profits, clients in the health care industry, the CBD industry, and other business sectors. Verb currently provides subscription-based application services to approximately 140 enterprise clients for use in over 60 countries, in over 48 languages, which has a user base that collectively generated more than 2.1 million downloads of its verbCRM application.

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Salesforce, Microsoft, Oracle, SAP, and Adobe are the leaders in the CRM sector and collectively account for ~41% of industry sales. These companies, as well as many others, have numerous differences in feature sets and functionality, but all share certain basic attributes. Most of them were designed before the advent and proliferation of mobile phones, social media, and the technology behind the current ubiquity of video over the internet and more recently on mobile devices. While many of them have attempted to incorporate video capabilities into their respective CRM platforms, sometimes in "bolt-on" fashion, Verb does not believe any of them has done so in a manner that is as effective as Verb's interactive in-video ecommerce platform that allows users to place clickable calls-to-action right in the video, including into users' pre-existing sales and product videos.

Verb also compete in the video webinar and e-commerce solution provider sectors. The webinar sector is dominated by Zoom, WebEx, and Go2Meeting, while the e-commerce solution provider sector is dominated by Shopify, but there are many others as well. However, Verb believe its verBLIVE application provides a superior solution for users seeking to use video webinars as a sales tool because its in-video clickable icons provide seamless in-video ecommerce capabilities that are not offered by either Zoom or Shopify

or others. verbLIVE combines the best features of Zoom and Shopify in a single application, offering users a more friction-free and effective selling experience.

Exhibit 9: Verb's Partnerships & Integrations

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.

In February 2019, Verb entered into a revenue share partnership agreement with Salesforce.com to integrate its interactive video technology into the Salesforce.com CRM platform. Verb also has partnership agreements with Oracle/NetSuite and Adobe Marketo. Verb has completed the integration of verbCRM into systems offered by 17 of the most popular direct sales back-office system providers, such as Direct Scale, Exigo, By Design, Thatcher, Multisoft, Xensoft, and Party Plan. Direct sales back-office systems provide many of the support functions required for direct sales operations, including payroll, customer genealogy management, statistics, rankings, and earnings, among other direct sales financial tracking capabilities.

Since launching in October 2020, for a monthly subscription fee of \$24.99 per user per month, Salesforce users that subscribe will have the ability to click on their contacts icon in their Salesforce dashboard and from the drop-down menu they will see a verbLIVE icon. By clicking that, Salesforce users will be able to launch their own verbLIVE live stream ecommerce session and invite people to participate directly from their Salesforce contacts list.

Verb is currently making good progress on its Microsoft Outlook integration which should launch very soon. In Q1, Verb began the public beta release of an integration of its interactive video technology into Microsoft Outlook. Outlook users who subscribe will have a new button in their toolbar that says verbMAIL. Clicking this allows users to create a quick video mail right in Outlook and then add interactive icons, such as buy-it-now, among other interactive features, and then send it out through Outlook. Video has become the preferred means of communication and now users no longer have to leave Outlook to create and send videos. There are over 1 billion Outlook users worldwide. Verb expect to follow the Microsoft Outlook integration with the integration into other Microsoft Office 365 products.

Exhibit 10: VerbMAIL



verbMAIL

**OUR INTERACTIVE VIDEO
ECOMMERCE TECHNOLOGY**

NOW INTEGRATED INTO . . .



Microsoft Outlook

**1 BILLION USERS WORLDWIDE
TOTAL ADDRESSABLE MARKET**



Source: Company reports.

Exhibit 11: VerbLIVE



**verb
LIVE**

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 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**



Source: Company reports.

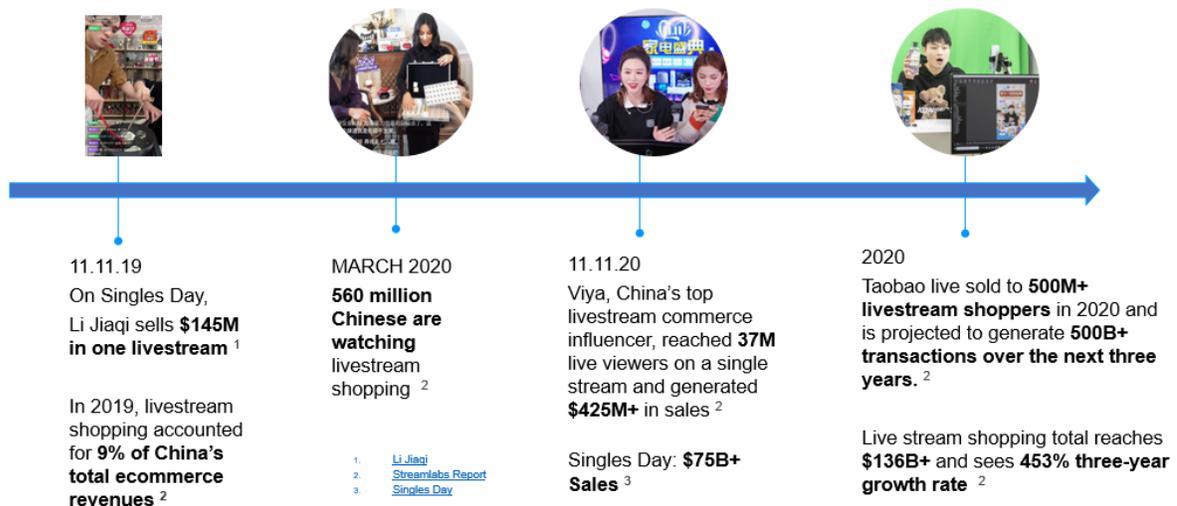
VerblIVE aims to capture the strong growth expected for live stream e-commerce. Live stream e-commerce is the ability of consumers to click in a video during a live broadcast to purchase products—not just click on the text and static images on popular websites, but right in the live broadcast videos. This technology is aimed for everyone, allowing anyone to host their own live QVC or HSN (home shopping network-style sales) channel with clickable in-video purchase capabilities, eliminating friction from the sales process and improving sales conversions.

Exhibit 12: Growth of Livestream Shopping



LIVESTREAM SHOPPING GROWTH IN CHINA

The market has exploded and validates the potential for US livestream shopping



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 months¹
- 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 marketing²
- 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"** (Market Cap: HSN - \$2.2B, QVC - \$1.9B)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).
1. McKinsey Report

Source: Company reports.

Verb believes live stream e-commerce will be a major driver of online sales in the U.S., just as it has in China. In China in 2020, over \$136 billion in sales were done through live stream e-commerce and more than 500 million people made purchases through live streams in China. The U.S. has lagged in live stream e-commerce, but the potential is there as total livestream viewership (non-e-commerce) in the U.S. doubled in 2020 with 28 billion hours streamed in 2020 across just the top four online networks. In addition, the U.S. has had a long tradition with “TV Live Shopping” with successful long running TV shopping networks like QVC and HSN.

Verb is developing its Marketplace product (currently in active beta testing with numerous retailers) which it plans to release later this year. Marketplace has a different revenue model where Verb plans to participate by getting a percentage (sales commission) of the sales being run through the platform. This along with its recently released Attribution, a feature that should drives a large amount of users and viewers to the platform, allows users to receive revenue from anyone (that they referred) who purchases product.

Marketplace creates a 24/7 online destination where anyone can go to experience scores of simultaneous interactive livestream presentations hosted by retailers, consumer brands, and influencers across numerous categories, where viewers/customers/fans and followers can go in and out of live events, converse with hosts and other shoppers in real time and browse, shop, chat. This will be a new and potentially large revenue source for Verb given the large volume of sales potential that can be generated through this platform.

Verb has just completed its Attribution Technology which allows sales reps or others who can invite their clients, customers, and prospects to watch a colleague’s (or other contacts) verbLIVE event knowing they will get credit for any purchases made by their clients, customers, or prospects at the verbLIVE event.

Exhibit 13: VerbCRM



verbCRM combines the capabilities of customer relationship management (CRM), lead-generation, content management, and in-video ecommerce capabilities in an intuitive, intuitive, powerful tool for both inexperienced as well as highly skilled sales professionals.



quickly and easily create, distribute, and post videos with on-screen clickable icons



prospects or customers click on products featured in videos and impulse buy while the video is playing, or click on a calendar icon in the video to make an appointment **eliminating friction from the sales process**



proprietary data collection/analytics inform users in real time, when and for how long their prospects have watched a video, how many times they watched it, and what they clicked-on



allows users to focus their time and efforts on ‘hot leads’ or interested prospects



users create their hot lead lists by using familiar, **intuitive ‘swipe left/swipe right’ on-screen navigation**



increases or more in sales conversion rates*



increases in retention rates*



*as reported by users.

Source: Company reports.

Exhibit 14: VerbTEAMS

verb **verbTEAMS**

verbTEAMS - Now Offered Bundled with verbLIVE - allows sales and marketing teams to easily share and deliver content to their sales reps, while gaining access to usage metrics. **verbTEAMS** is available on both mobile and desktop with a 1-click sync to Salesforce making it easy to deliver the right content, to the right people, at the right time.



Share content from a central location, no confusing different versions of material



Upload your training, sales, and product content to verbTEAMS and add your users

Highly scalable with self-sign-up, self-onboarding, and self-configuring. Add your logos and colors to create a custom branded experience for every user and customer to share and view your content



Review user activity and display it in an at-a-glance analytics dashboard



Know exactly how effective each asset is and how to follow up



Source: Company reports.

Exhibit 15: VerbLEARN

verb **verbLEARN**

verbLEARN is an interactive, gamified learning management system (LMS) for use by corporate sales managers and educators for training and education.



used by enterprises seeking to educate large sales teams or customer base about new products or elicit in-video feedback about existing products



incorporates Verb's proprietary data collection and analytics capabilities that inform users in real time, when and for how long the viewers watched the video, how many times they watched it and what they clicked-on



Source: Company reports.

FINANCIALS

Verb's fiscal year ends on December 31. We expect its next earnings report (for Q2 (ending June) 2021) to be in mid-August. Because the company is still early in its commercialization as a leading provider of SaaS enterprise platform software for interactive video-based sales enablement business software products, it currently generates relatively low (but expected fast growing) revenues and significant losses.

Verb's revenues are mainly (~70% of total revenues) derived from SaaS recurring subscription and other digital revenue (collectively termed "digital revenue"). Subscription revenue includes software license fees for its SaaS recurring digital revenue based on contract-based subscriptions to its Verb app products and platform services which include verbCRM, verbLEARN, verbLIVE, and verbTeams. The company also has non-SaaS, non-recurring digital revenue, which is generated by the use of its app products and in-app purchases, such as sampling and other services obtained through the app.

The company also to a lesser extent (~30% of total revenues but rapidly declining) derives revenue from certain non-digital services to some of its enterprise clients such as printing and fulfillment services, which are mainly designing and printing welcome kits and starter kits for their marketing needs and providing fulfillment services.

Approximately all of Verb's total revenue are from the U.S. and the company does not have any significant customers concentration (>10% of revenues).

Exhibit 16: Verb's Historical Financials

FYE Dec 31				
(in millions except EPS)	2019A	2020A	2021E	2022E
Total Revenue	9.1	10.0	12.0	19.0
Growth % (y/y)		10%	20%	58%
Operating income (loss)	(15.8)	(24.7)	(29.0)	(22.7)
Net income (pro forma)	(15.9)	(28.9)	(28.1)	(22.8)
EPS	\$ (0.79)	\$ (0.80)	\$ (0.47)	\$ (0.35)
EBITDA	(10.6)	(17.1)	(19.0)	(13.1)

Source: Company reports and Ascendant Capital Markets estimates.

Recent Results (fiscal Q1 ending March 2021)

Verb's recent financial performance is reflective of its early commercialization stage. In its Q1 2021 report (on May 13, 2021), the company reported revenue of \$2.5 million (vs. \$2.4 million y-o-y). While sales appear flat (y-o-y), the company had good growth in its digital products revenue (SaaS and other) of +24% (y-o-y) and +18% sequentially from Q4, and represented 71% of total revenues. SaaS recurring revenue was +38% (y-o-y) and +12% sequentially from Q4. This was offset by planned declines in its non-digital legacy business as it phases out of this business (-19% y-o-y).

Operating expenses were \$10.6 million, up significantly from \$5.1 million (y-o-y) as the company ramped up investments in its R&D and its sales and marketing teams. Q1 net loss was \$8.3 million and EPS was \$(0.16), compared with a net loss of \$5.9 million and EPS of \$(0.23) (y-o-y).

2020 revenue was \$10 million (+10% y-o-y), and EPS was \$(0.80) (vs. \$(0.79) y-o-y). The company typically does not provide financial guidance. The company does believe it is well positioned for strong revenue growth over the next several years. In addition, the company's current release of many of its software products in development should reduce operating costs going forward.

Exhibit 17: Verb's Q1 2021 Highlights



Key Performance Metrics

2021 1ST Quarter Highlights - Proven SAAS Revenue Growth

- **\$1.5M** SaaS recurring revs - up 12% over Q4 2020 - up 38% over same period last year.
- **\$1.8M** Total Digital revs - up 18% over Q4 2020 - up 24% over same period last year.
- **\$2.5M** Total Combined revs - up almost 21% over Q4 2020
- **62** new enterprise client contracts added in 2020 - **16** in Q1 2021
 - added approx. **\$900K** guaranteed base value in Q1 new contracts.
- **2M** total user downloads - up more than 47% from same period last year.
- **Microsoft Outlook** integration completed and launched
- **\$15M** gross proceeds from registered direct closed March 2021 - straight common shares - no warrants priced at \$1.60.
- Integration of **verbLIVE** new live stream ecommerce with **Salesforce**.
 - VERB added to the **Russell Microcap® Index**.
 - Completed another accretive **acquisition** for rapid expansion into **MEDICAL/HEALTH CARE EQUIPMENT AND SUPPLIES SALES**
 - Launched **verbTEAMS** - new highly scalable sales enablement platform for entrepreneurs and small business - includes **verbLIVE** and built-in 1-click **Salesforce** synch
 - Ranked #1 among sales platforms for direct sales by leading industry publication
 - More than 140 enterprise clients in 60 countries and 48 languages

More than 25,000 Apple App Store & Google Play Store Ratings - 4.9 Stars

Source: Company report.

For 2021, we expect revenues of \$12 million (+20% y-o-y) and EPS of \$(0.47) (vs. \$(0.80) y-o-y), with strong growth in digital products revenue of +45% (y-o-y) offset by continued phase out of its non-digital revenue (-27% y-o-y). For 2022, we expect much stronger growth with revenues of \$19 million (+59% y-o-y) and EPS of \$(0.35). We believe investors should be more focused on its digital revenue growth due to its high growth and high margins than on its total revenue growth which is tempered by declines in its non-digital business (declining sales and low margin).

We believe that the biggest potential variable and challenge to our financial model is the ability of the company to successfully develop and grow its SaaS platforms (both in the increase in number of customers and in revenue per customer). Software sales is a very highly leveraged business with high margins. If the company's revenue grows rapidly, its profitability will be improving at an even faster rate.

If the company can make significant progress towards their goals, then revenue and earnings will likely be able to grow significantly (though likely still at least a year and a half away before reaching sustained profitability). However, if the company has difficulties in making progress towards commercialization and growth, then revenue and earnings will likely grow at a low rate or even not at all. Investors will be focused on the key sales growth and customer acquisitions milestones expected this year, including growing its customers and revenue opportunities.

The company's balance sheet had \$13 million in cash and ~\$1 million in debt as of March 2021. While the company does not have significant traditional debt, it does have (as of Q1 2021) ~\$3 million in secured advances from an unaffiliated third party for the purchase of future receipts/revenues (advanced factoring). In Q1, the company raised \$14 million in share sales (9.4 million shares of common stock at \$1.60 per share). The company should have enough cash until mid-2022.

Exhibit 18: Verb's Financial Metrics

Recent Share Price (6/28/21)	\$ 1.32
52-Weeks Share Price (Low - High)	\$0.92 - 3.10
Shares Outstanding	63 million
Market Capitalization	\$82 million
Enterprise Value	\$70 million
Cash (3/31/21)	\$13 million
Debt (3/31/21)	\$1 million
2020A Revenue	\$10 million
2020A Net loss	\$29 million
2020A EPS	\$ (0.80)
2021E Revenue	\$12 million
2021E Net loss	\$28 million
2021E EPS	\$ 0.47

Source: Company reports and Ascendant Capital Markets estimates.

Exhibit 19: Consensus Expectations

	Revenue (mil)			EPS	
	2021E	2022E		2021E	2022E
Q1 Mar	\$3A		Q1 Mar	\$(0.16)A	
Q2 Jun	\$3E		Q2 Jun	\$(0.12)E	
Q3 Sep	\$4E		Q3 Sep	\$(0.10)E	
Q4 Dec			Q4 Dec		
Total	\$14E	\$24E	Total	\$(0.48)E	\$(0.35)E

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

Source: Company report, Thomson Reuters, and Ascendant Capital Markets estimates

FINANCIAL MODEL

Verb Technology Company, Inc.

Income Statement (\$ mils)	2018	Mar-19	Jun-19	Sep-19	Dec-19	2019	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
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	0.032	0.009	3.733	2.873	2.485	9.100	2.354	2.652	2.860	2.099	9.965	2.526	2.652	3.117	3.666	11.961	4.042	4.376	5.144	5.461	19.023
Cost of Revenues	0.052	0.030	2.042	1.491	1.307	4.870	1.063	1.135	1.305	1.298	4.801	1.215	1.459	1.621	1.833	6.128	1.819	1.969	2.315	2.457	8.560
Gross Profit	(0.020)	(0.021)	1.691	1.382	1.178	4.230	1.291	1.517	1.555	0.801	5.164	1.311	1.193	1.496	1.833	5.834	2.223	2.407	2.829	3.004	10.463
Research and development	0.980	0.564	1.335	1.214	1.199	4.312	1.274	1.627	2.407	2.625	7.933	2.884	2.785	2.494	2.933	11.095	2.223	2.407	2.829	3.004	10.463
General and administrative	6.772	2.185	3.262	3.292	5.971	14.710	3.514	4.018	6.655	6.271	20.458	7.343	4.641	4.676	5.500	22.159	5.053	5.470	5.144	5.461	21.128
Depreciation and amortization	0.020	0.004	0.567	0.518	(0.047)	1.042	0.363	0.357	0.388	0.402	1.510	0.414	0.400	0.400	0.400	1.614	0.400	0.400	0.400	0.400	1.600
Restructuring and other						0.000					0.000					0.000					0.000
Total operating expenses	7.772	2.753	5.164	5.024	7.123	20.064	5.151	6.002	9.450	9.298	29.901	10.641	7.826	7.569	8.833	34.869	7.676	8.277	8.373	8.865	33.190
Operating income (loss)	(7.792)	(2.774)	(3.473)	(3.642)	(5.945)	(15.834)	(3.860)	(4.485)	(7.895)	(8.497)	(24.737)	(9.330)	(6.632)	(6.073)	(7.000)	(29.035)	(5.453)	(5.870)	(5.544)	(5.861)	(22.728)
Interest income (expense)	(2.628)	(1.178)	(0.670)	(1.575)	(0.046)	(3.469)	(0.172)	(0.176)	(0.398)	(0.148)	(0.894)	(0.508)	(0.026)	(0.007)	(0.007)	(0.548)	(0.007)	(0.007)	(0.007)	(0.007)	(0.028)
Other income (expense)	(1.706)	0.944	1.800	2.102	(1.459)	3.387	(1.865)	1.237	0.973	(3.620)	(3.275)	1.493	0.000	0.000	0.000	1.493	0.000	0.000	0.000	0.000	0.000
Income before income taxes	(12.126)	(3.008)	(2.343)	(3.115)	(7.450)	(15.916)	(5.897)	(3.424)	(7.320)	(12.265)	(28.906)	(8.345)	(6.659)	(6.080)	(7.007)	(28.090)	(5.460)	(5.877)	(5.551)	(5.868)	(22.756)
Income taxes	0.001					0.002					0.001					0.000					0.000
Net income (loss)	(12.127)	(3.008)	(2.343)	(3.115)	(7.452)	(15.918)	(5.897)	(3.424)	(7.320)	(12.266)	(28.907)	(8.345)	(6.659)	(6.080)	(7.007)	(28.090)	(5.460)	(5.877)	(5.551)	(5.868)	(22.756)
Nonrecurring/noncash adjustments						0.000					0.000					0.000					0.000
Net income (pro forma)	(12.127)	(3.008)	(2.343)	(3.115)	(7.452)	(15.918)	(5.897)	(3.424)	(7.320)	(12.266)	(28.907)	(8.345)	(6.659)	(6.080)	(7.007)	(28.090)	(5.460)	(5.877)	(5.551)	(5.868)	(22.756)
EBITDA		(1.919)	(1.670)	(2.332)	(4.693)	(10.614)	(2.554)	(2.519)	(5.263)	(6.772)	(17.108)	(6.514)	(4.232)	(3.673)	(4.600)	(19.019)	(3.053)	(3.470)	(3.144)	(3.461)	(13.128)
Shares, Basic	9.9	12.2	21.6	23.2	23.9	20.2	26.0	29.8	41.2	47.0	36.0	52.0	62.8	63.1	63.4	60.3	63.7	64.0	64.3	64.6	64.2
Shares, Diluted	9.9	12.2	21.6	23.2	23.9	20.2	26.0	29.8	41.2	47.0	36.0	52.0	62.8	63.1	63.4	60.3	63.7	64.0	64.3	64.6	64.2
EPS Basic (pro forma)	(\$1.23)	(\$0.25)	(\$0.11)	(\$0.13)	(\$0.31)	(\$0.79)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.11)	(\$0.10)	(\$0.11)	(\$0.47)	(\$0.09)	(\$0.09)	(\$0.09)	(\$0.09)	(\$0.35)
EPS Diluted (pro forma)	(\$1.23)	(\$0.25)	(\$0.11)	(\$0.13)	(\$0.31)	(\$0.79)	(\$0.23)	(\$0.11)	(\$0.18)	(\$0.26)	(\$0.80)	(\$0.16)	(\$0.11)	(\$0.10)	(\$0.11)	(\$0.47)	(\$0.09)	(\$0.09)	(\$0.09)	(\$0.09)	(\$0.35)
Margins																					
Gross margin	-63%	-233%	45%	48%	47%	46%	55%	57%	54%	38%	52%	52%	45%	48%	50%	49%	55%	55%	55%	55%	55%
Research and development	3063%	6267%	36%	42%	48%	47%	54%	61%	84%	125%	80%	114%	105%	80%	80%	93%	55%	55%	55%	55%	55%
General and administrative	21163%	24278%	87%	115%	240%	162%	149%	152%	233%	299%	205%	291%	175%	150%	150%	185%	125%	125%	100%	100%	111%
Operating margin	-24350%	-30822%	-93%	-127%	-239%	-174%	-164%	-169%	-276%	-405%	-248%	-369%	-250%	-195%	-191%	-243%	-135%	-134%	-108%	-107%	-119%
Tax rate, GAAP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Net margin	-37897%	-33422%	-63%	-108%	-300%	-175%	-251%	-129%	-256%	-584%	-290%	-330%	-251%	-195%	-191%	-235%	-135%	-134%	-108%	-107%	-120%
Y/Y % change																					
Total Revenue						28338%	26056%	-29%	0%	-16%	10%	7%	0%	9%	75%	20%	60%	65%	65%	49%	59%
Gross margin						-21250%	-6248%	-10%	13%	-32%	22%	2%	-21%	-4%	129%	13%	70%	102%	89%	64%	79%
Research and development						340%	126%	22%	98%	119%	84%	126%	71%	4%	12%	40%	-23%	-14%	13%	2%	-6%
General and administrative						117%	61%	23%	102%	5%	39%	109%	16%	-30%	-12%	8%	-31%	18%	10%	-1%	-5%
Operating income (loss)						103%	39%	29%	17%	43%	56%	142%	48%	-23%	-18%	17%	-42%	-11%	-9%	-16%	-22%
Net income (loss)						31%	96%	46%	135%	65%	82%	42%	94%	-17%	-43%	-3%	-35%	-12%	-9%	-16%	-19%
EPS Diluted (pro forma)						-36%	-8%	6%	32%	-16%	2%	-29%	-8%	-46%	-58%	-42%	-47%	-13%	-10%	-18%	-24%

Source: Company reports and Ascendant Capital Markets estimates.

Verb Technology Company, Inc.

Balance Sheet (\$ mils)	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Fiscal Year End: December 31	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																	
Cash and cash equivalents	0.634	0.059	0.412	1.885	0.983	1.615	1.378	10.722	1.815	12.946	7.789	4.572	0.584	0.330	(2.720)	(4.370)	(7.453)
Short term investments										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accounts receivable, net	0.001	0.007	1.255	1.338	1.271	1.212	1.124	1.353	0.919	1.199	0.913	1.074	1.263	1.392	1.507	1.772	1.881
Inventory			0.165	0.121	0.103	0.074	0.033	0.012	0.034	0.038	0.038	0.038	0.038	0.038	0.038	0.038	0.038
Deferred income taxes										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Prepaid expenses and other	0.083	0.212	0.320	0.188	0.236	0.249	0.597	0.675	0.900	1.098	1.153	1.365	1.594	0.728	0.788	0.926	0.983
Total current assets	0.718	0.278	2.152	3.532	2.593	3.150	3.132	12.762	3.668	15.281	9.893	7.038	3.479	2.488	(0.387)	(1.634)	(4.551)
Property and equipment, net	0.011	0.007	0.056	0.741	0.720	0.803	0.952	0.907	0.862	0.813	0.813	0.813	0.813	0.813	0.813	0.813	0.813
Intangibles, net			22.182	21.687	21.702	21.377	21.067	25.969	25.213	24.843	24.843	24.843	24.843	24.843	24.843	24.843	24.843
Deferred income tax										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other	0.169	0.539	1.290	3.055	3.344	3.255	3.224	2.937	2.799	2.657	2.657	2.657	2.657	2.657	2.657	2.657	2.657
Total assets	0.898	0.824	25.680	29.015	28.359	28.585	28.375	42.575	32.542	43.594	38.206	35.351	31.792	30.801	27.926	26.679	23.762
Liabilities and stockholders' equity																	
Accounts payable	1.148	2.171	3.126	2.524	4.338	4.569	4.644	5.346	5.097	5.148	5.304	6.234	7.333	8.084	8.752	10.288	10.922
Accrued expenses	0.188	0.205	0.159	0.207	0.207	0.728	0.728	0.728	1.343	1.601	1.681	1.976	2.324	4.042	4.376	5.144	5.461
Advance on future receipts					0.732	0.457	0.728	0.418	0.110	3.170	3.170	3.170	3.170	3.170	3.170	3.170	3.170
Deferred revenue			0.237	0.191	0.306	0.261	0.172		0.272	0.298	0.298	0.298	0.298	0.298	0.298	0.298	0.298
Deferred income tax										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Warrant liabilities	2.576	2.020	0.219	3.591	5.048	6.907	5.679	4.545	8.266	5.480	5.480	5.480	5.480	5.480	5.480	5.480	5.480
Other			0.394	0.378	0.391	0.505	0.559	1.280	0.596	0.591	0.591	0.591	0.591	0.591	0.591	0.591	0.591
Factored receivables payable										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Accrued interest	0.046	0.055	0.055	0.052	0.082	0.107	0.083	0.095	0.114	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105
Short term debt	0.930	2.392	0.821	0.112	0.112	0.937	1.177	3.062	1.077	0.352	0.352	0.352	0.352	0.352	0.352	0.352	0.352
Total current liabilities	4.888	6.843	5.011	7.055	11.216	14.471	13.770	15.474	16.875	16.745	16.981	18.206	19.653	22.122	23.124	25.428	26.379
Deferred income taxes										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Warrant liabilities										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other long term liabilities			1.003	3.296	4.633	3.953	3.790	3.869	3.464	2.786	2.786	2.786	2.786	2.786	2.786	2.786	2.786
Deferred revenue										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Long term debt	1.065	1.065	1.065	1.065	1.065	0.240	1.368	1.458	1.458	0.965	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total other liabilities	1.065	1.065	2.068	4.361	5.698	4.193	5.158	5.327	4.922	3.751	2.786	2.786	2.786	2.786	2.786	2.786	2.786
Preferred stock								3.065	3.065								
Common stock	0.001	0.001	0.002	0.002	0.002	0.003	0.003	0.005	0.005	0.006	2.006	4.006	6.006	8.006	10.006	12.006	14.006
Additional paid-in capital	35.611	36.590	64.617	66.730	68.028	68.449	71.399	87.979	89.216	112.978	112.978	112.978	112.978	112.978	112.978	112.978	112.978
Retained earnings	(40.667)	(43.675)	(46.018)	(49.133)	(56.585)	(58.531)	(61.955)	(69.275)	(81.541)	(89.886)	(96.545)	(102.625)	(109.631)	(115.091)	(120.968)	(126.519)	(132.387)
Accumulated other comprehensive income										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-controlling interest										0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total stockholders' equity	(5.055)	(7.084)	18.601	17.599	11.445	9.921	9.447	21.774	10.745	23.098	18.439	14.359	9.353	5.893	2.016	(1.535)	(5.403)
Total stockholders' equity and liabili	0.898	0.824	25.680	29.015	28.359	28.585	28.375	42.575	32.542	43.594	38.206	35.351	31.792	30.801	27.926	26.679	23.762

Balance Sheet Drivers

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	259%	2356%	9%	7%	9%	11%	23%	24%	43%	43%	43%	43%	43%	18%	18%	18%	18%
Accounts payable as % of total rev	3588%	24122%	84%	88%	175%	194%	175%	187%	243%	204%	200%	200%	200%	200%	200%	200%	200%
Accrued expenses as % of total rev	588%	2278%	4%	7%	8%	31%	27%	25%	64%	63%	63%	63%	63%	100%	100%	100%	100%
Activity Ratios																	
A/R Days Sales Outstanding	3	70	30	42	46	46	38	43	39	43	31	31	31	31	31	31	31
Book & Cash Value (per share)																	
Book Value per Share (diluted)	-\$0.51	-\$0.58	\$0.86	\$0.76	\$0.48	\$0.38	\$0.32	\$0.53	\$0.23	\$0.44	\$0.29	\$0.23	\$0.15	\$0.09	\$0.03	-\$0.02	-\$0.08
Cash per Share (diluted)	\$0.06	\$0.00	\$0.02	\$0.08	\$0.04	\$0.06	\$0.05	\$0.26	\$0.04	\$0.25	\$0.12	\$0.07	\$0.01	\$0.01	-\$0.04	-\$0.07	-\$0.12
Net cash per Share (diluted)	-\$0.14	-\$0.28	-\$0.07	\$0.03	-\$0.01	\$0.02	-\$0.04	\$0.15	-\$0.02	\$0.22	\$0.12	\$0.07	\$0.00	\$0.00	-\$0.05	-\$0.07	-\$0.12

Source: Company reports and Ascendant Capital Markets estimates

Verb Technology Company, Inc.

Cash Flow Statement (\$ mils)	2018	Mar-19	Jun-19	Sep-19	Dec-19	2019	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	
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																						
Net income	(12,127)	(3,008)	(2,343)	(3,115)	(7,452)	(15,918)	(5,897)	0,527	(7,320)	(12,266)	(24,956)	(8,345)	(6,659)	(6,080)	(7,007)	(28,090)	(5,460)	(5,877)	(5,551)	(5,868)	(22,756)	
Depreciation	0.020	0.004	0.504	0.517	0.017	1,042	0.363	0.356	0.389	0.402	1,510	0.414	0.400	0.400	0.400	1,614	0.400	0.400	0.400	0.400	1,600	
Amortization			0.062	0.088	0.199	0,349	0.135	0.135	0.137	0.138	0,545	0.140				0,140					0,000	
Debt related amortization exper	2,266	1,138	0,627	1,507	0,011	3,283	0,137	0,137	0,358	0,109	0,741	0,475				0,475					0,000	
Dividend							3,951	(3,951)	0,000	0,000												
Stock comp	3,415	0,851	1,236	0,793	1,298	4,178	0,943	1,609	2,244	1,323	6,119	2,402	2,000	2,000	2,000	8,402	2,000	2,000	2,000	2,000	8,000	
Deferred rent						0,000	0,000				0,000					0,000					0,000	
A/R and inventory reserves			(0,008)	0,044	0,149	0,185	0,048	(0,131)	0,097	0,165	0,179	0,124				0,124					0,000	
Deferred income taxes						0,000	0,000				0,000		0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
Change in fair value of warrant	1,167	(0,944)	0,426	(2,802)	1,458	(1,862)	(2,092)	(1,228)	(0,975)	3,721	(0,574)	(0,500)				(0,500)					0,000	
Writedowns and impairments						0,000	0,000				0,000					0,000					0,000	
Other gains/losses	0,534		(2,227)	0,691		(1,536)					0,000	(0,939)				(0,939)					0,000	
Other						0,000	0,000				0,000					0,000					0,000	
Changes in operating assets and liabilities:																						
Accounts receivable	(0,001)	(0,006)	(0,144)	(0,128)	(0,102)	(0,380)	0,009	0,249	(0,106)	0,288	0,440	(0,259)	0,286	(0,160)	(0,189)	(0,323)	(0,129)	(0,115)	(0,265)	(0,109)	(0,618)	
Inventory			0,044	0,046	0,037	0,127	0,030	0,012	0,021	(0,043)	0,020	(0,004)				(0,004)					0,000	
Prepaid expenses & other curre	(0,042)	(0,129)	0,034	0,132	(0,048)	(0,011)	(0,012)	(0,022)	(0,141)	(0,310)	(0,485)	(0,281)	(0,055)	(0,202)	(0,239)	(0,777)	0,866	(0,060)	(0,138)	(0,057)	0,611	
Income tax						0,000	0,000				0,000					0,000					0,000	
Other assets	0,002	(0,044)	0,001	0,002		(0,041)	(0,045)	0,045	0,000		0,000		0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
Accounts payable	0,609	1,047	(0,218)	(0,549)	1,843	2,123	0,255	0,052	0,339	0,142	0,788	0,362	0,156	0,930	1,099	2,547	0,751	0,668	1,536	0,634	3,589	
Accrued expenses					1,042	1,042					0,000	(0,377)	0,080	0,295	0,348	0,346	1,718	0,334	0,768	0,317	3,137	
Deferred revenue		0,002	(0,382)	(0,146)	0,047	(0,479)	(0,044)	(0,090)	(0,028)	(0,015)	(0,177)	0,026				0,026					0,000	
Other liabilities			(0,058)	(0,051)	(0,111)	(0,220)	(0,047)	(0,107)	(0,132)	(0,158)	(0,444)	(0,161)	0,000	0,000	0,000	(0,161)	0,000	0,000	0,000	0,000	0,000	
Net cash (used in) provided by	(4,157)	(1,089)	(2,446)	(2,971)	(1,612)	(8,118)	(2,266)	(2,407)	(5,117)	(6,504)	(16,294)	(6,923)	(3,792)	(2,818)	(3,588)	(17,120)	0,147	(2,650)	(1,250)	(2,683)	(6,437)	
Cash flow from investing activities																						
Purchases of property and equipment				(0,134)	(0,012)	(0,146)	(0,121)	(0,195)	(0,001)		(0,317)		(0,400)	(0,400)	(0,400)	(1,200)	(0,400)	(0,400)	(0,400)	(0,400)	(1,600)	
Purchases of short-term investments						0,000					0,000					0,000					0,000	
Acquisitions			(14,443)	0,000		(14,443)		0,229			0,229					0,000					0,000	
Other						0,000					0,000	0,005				0,005					0,000	
Net cash used in investing acti	0,000	0,000	(14,443)	(0,134)	(0,012)	(14,589)	(0,121)	(0,195)	0,228	0,000	(0,088)	0,005	(0,400)	(0,400)	(0,400)	(1,195)	(0,400)	(0,400)	(0,400)	(0,400)	(1,600)	
Cash flow from financing activities																						
Issuance of debt	1,772	0,514	0,976	0,300		1,790		1,368	(0,001)		1,367		(0,965)	0,000	0,000	(0,965)	0,000	0,000	0,000	0,000	0,000	
Repayment of debt	(0,845)		(2,393)	(0,320)		(2,713)				(1,985)						(1,985)					0,000	
Issuance of stock	2,959	18,614	4,598	0,001		23,213	3,430	1,014	12,337		16,781	13,985	0,000	0,000	0,000	13,985	0,000	0,000	0,000	0,000	0,000	
Proceeds from stock option exe	1,056	0,045				0,045		2,165			2,165	1,480				1,480					0,000	
Other	(0,162)				0,721	0,721	(0,411)	(0,017)	(0,268)	(0,418)	(1,114)	2,584				2,584					0,000	
Dividends and distributions						0,000					0,000					0,000					0,000	
Cash provided by (used in) fina	4,780	0,514	17,242	4,578	0,722	23,056	3,019	2,365	14,233	(2,403)	17,214	18,049	(0,965)	0,000	0,000	17,084	0,000	0,000	0,000	0,000	0,000	
Effect of exchange rate on cash						0,000					0,000					0,000					0,000	
Net increase (decrease) in cash	0,623	(0,575)	0,353	1,473	(0,902)	0,349	0,632	(0,237)	9,344	(8,907)	0,832	11,131	(5,157)	(3,218)	(3,988)	(1,231)	(0,253)	(3,050)	(1,650)	(3,083)	(8,037)	
Beginning cash and equivalents	0,011	0,634	0,059	0,412	1,885	0,634	0,983	1,615	1,378	10,722	0,983	1,815	12,946	7,789	4,572	1,815	0,584	0,330	(2,720)	(4,370)	0,584	
Ending cash and equivalents	0,634	0,059	0,412	1,885	0,983	0,983	1,615	1,378	10,722	1,815	1,815	12,946	7,789	4,572	0,584	0,584	0,330	(2,720)	(4,370)	(7,453)	(7,453)	

Source: Company reports and Ascendant Capital Markets estimates

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Verb Technology Company, Inc.

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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

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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.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	39	97%	16	41%
Hold	0	0%	0	0%
Sell	1	3%	0	0%
Total	40	100%	16	40%

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