

VERB Publishes Management's Prepared Remarks During Third Quarter 2021 Earnings Conference Call

- *New Client SaaS Contracts Executed in Q3 2021 Represent the Highest Base Contract Revenue Ever Produced in a Single Quarter in Company History*
- *Total Digital Revenue Recognized in Q3 Increased 30% over Prior Quarter, and Now Represents 81% of Total Revenue, Up from 64% Last Year*
- *SaaS Recurring Revenue Up 25% Year over Year and Up 15% over Q2*
- *Non-SaaS Digital Revenue Increased 144% over Q2 and 42% Year over Year*
- *Combined Revenue Up More than 21% over Q2*
- *Launched Professional Sports Vertical, Partnering with Pittsburgh Penguins for Verb Interactive Video Sales Enablement Platform to Drive Ticket Sales and Fan Engagement; Expects More Professional Sports Team Announcements to Follow*

NEWPORT BEACH, Calif. and SALT LAKE CITY, Nov. 15, 2021 (GLOBE NEWSWIRE) -- [Verb Technology Company, Inc.](#) (Nasdaq: VERB) ("VERB" or the "Company"), the leader in interactive video-based sales enablement applications, including interactive livestream eCommerce and shoppable video, webinar, CRM and marketing applications for entrepreneurs and enterprises, today reported financial and operating results for the third quarter and nine months ended September 30, 2021, and held an earnings conference call at 5 p.m. ET to discuss these results. Prepared remarks of the management team during the conference call are provided below.

Management Prepared Remarks

VERB 2021 Third Quarter Financial Results Conference Call

Monday, November 15, 2021, 5 pm ET

Company Participants

Rory J. Cutaia, CEO

Jeff Clayborne, CFO

Operator:

Good afternoon and welcome to the Third Quarter 2021 Financial Results Conference Call for VERB Technology Company, Inc. At this time, all participants are in a listen-only mode. Please be advised, the call is being recorded at the Company's request.

On our call today are Rory J. Cutaia, CEO, and Jeff Clayborne, CFO.

Before we begin, I'd like to remind everyone that statements made during this conference call will include forward-looking statements under the Safe Harbor provisions of the Private

Securities Litigation Reform Act of 1995, which involve risks and uncertainties that can cause actual results to differ materially. Forward-looking statements speak only as of the date they are made, except as required by law, as the underlying facts and circumstances may change. Verb Technology Company disclaims any obligations to update these forward-looking statements, as well as those contained in the Company's current and subsequent filings with the SEC.

I would now like to turn the call over to Rory J. Cutaia, CEO. Rory?

Rory J. Cutaia, CEO:

Thank you, and thanks to everyone for joining us today for our third quarter 2021 financial results and business update conference call. So, let me begin by welcoming so many new shareholders; individuals, institutions and family offices that have recently become Verb shareholders. And of course a special welcome to our long term shareholders, so many of whom have been with us for years and with whom we've shared this amazing journey from a scrappy pre-revenue start-up with a big dream and vision for the future of sales technology - to where we are today - a well-respected NASDAQ-listed, socially conscious company - at the forefront of the technology driving the biggest shift in consumer buying behavior since Amazon began selling more than books - and yeah - we're still scrappy.

You know, we fondly refer to all of you as 'the longs.' And for all of you longs, I'm about to share some information with you that is going to make your day - but for those of you who've taken a short-sighted approach to Verb investing - well you might want to tune out now as your day is about to take a turn for the worse.

So let me start with the headline - we've had a record-breaking quarter and our digital revenue is up 30% this quarter over last. In fact, it's been an amazing quarter for us across several metrics - which Jeff will cover later in the call - and with the upcoming launch of Marketplace and verbTV, among other things - which I'll talk about today, we believe 2022 and beyond will drive revenue to levels beyond what that which even the most optimistic among you project, representing a value-creation opportunity that will be hard to beat.

Anyone who has followed me or our company over the past several years knows that we have been predicting the technological convergence of entertainment and shopping that would begin manifesting itself through a coming shift in consumer buying behavior toward interactive video-based ecommerce. You'd also know that we have been actively developing, patenting, and refining the technology that would drive that shift.

Last year I said that the recognition by sales professionals that video went from a nice-to-have feature for sales and marketing, to essential table stakes, was evidence that the convergence of entertainment and shopping we predicted was no longer a mere possibility, but rather a certainty - particularly as the data coming out of China around live-stream shopping began to emerge - such as \$425M in product sales generated through a single livestream; more than \$75B of livestream sales generated in a single day; and the fact that more than half-a-billion people purchased products through livestream shopping events in China last year - one-third of whom - reportedly attended the live stream shopping event as a preferred form of entertainment.

And talk about right place, right time, it's just beginning here in the US - as even over just the

past three months we're seeing more and more consumer brands looking for livestream and interactive video-based shopping solutions, and major, major social media platforms testing their own versions of shoppable video – though I think that many consumers may still think to look to them as the best destinations for funny cat videos.

Now imagine that rather than attending a single livestream or shoppable video event, there was a centralized online destination where shoppers could explore scores of shoppable livestream events, and over time- thousands, across numerous product and service categories, being hosted by people from all over the world, always on - 24/7 - where shoppers could communicate with the hosts, asking questions about products in real-time - through an on-screen chat visible to all shoppers – that even allows shoppers who have invited their friends and family to join them there - to share the experience to communicate directly with each other in real time, and then as and when that impulse-buy propensity we all have kicks in, simply click on a non-intrusive - totally in-video overlay and place items in your on-screen shopping cart for purchase – all without interrupting the video – and then as easily as flipping through videos on any of the popular social media sites – spend the next several hours visiting any number of other shoppable events to meet up and chat with friends, old and new, and together watch, shop and chat with the hosts, discover new products and services, and quite simply – become part of an immersive entertaining shopping experience, and all the while your shopping cart follows you seamlessly from event to event, shoppable video to shoppable video, host to host, product to product.

So - what I've just described is certainly extraordinary and for all our current shareholders – congratulations – it's real – and now just weeks away from completion and final testing - and you own it - Introducing Marketplace – Verb's new social shopping platform. Look, as the pioneer and original innovator of interactive, shoppable video, we have reimagined the online ecommerce shopping experience. Our research, including extensive new industry data, confirms that consumers have grown bored with looking at static images and reading reviews when making purchase decisions. Undeniably driven in large part by the pandemic, consumers have now developed a preference for online shopping over traditional retail and look, they're drawn to those outlets that provide a social, interactive, fun, entertaining experience.

Our Marketplace business model is a simple but next-level B to B play. We provide a multi-vendor platform, with a single follow-me style unified shopping cart, and robust ecommerce capabilities with the tools for consumer brands, big box brick and mortar stores, boutiques, influencers, and celebrities to connect with their clients, customers, their fans, followers, and prospects by providing a unique, interactive social shopping experience that will keep them coming back and engaged for hours.

Notably – and a big differentiator - it also provides an online meeting place for friends and family to meet, chat, shop and enjoy a fun, immersive shopping experience in real time together from anywhere and everywhere in the world. Marketplace will provide vendors with extensive business building analytics capabilities not available on, and not shared by operators of other social media sites who regard that information as valuable proprietary property. All vendors on Marketplace will retain this valuable intelligence for their own, unlimited use.

Marketplace allows vendors an opportunity to reach not only the shoppers they invite to the site from their own client and contact lists, but also those shoppers who came to the site

independently who will discover these vendors as they jump in and out of the many other shoppable events hosted simultaneously on Marketplace, 24/7 from around the world. Our vendor friendly revenue model will consist of SaaS recurring revenue as well as a share of revenue generated through sales on the platform.

Marketplace will also incorporate a modified version of our verbLIVE Attribution technology, allowing vendors who so choose, to leverage extremely powerful, built-in affiliate marketing capabilities. Non-vendor visitors to the site can search for those vendors that have activated the Attribution feature for their events and actually get paid when people they referred to that vendor, purchase products or services during that vendor's shopping event. We expect that this feature, unique to Marketplace, will drive many more shoppers who will be referred from all over the world, producing a cross-pollination effect enhancing the revenue opportunities for all Marketplace vendors, while also creating an attractive income generating opportunity for anybody with a contact list.

Marketplace is an entirely new platform, built wholly independently and separate from our verbLIVE sales platform, representing what we believe is the state of the art of shoppable video technology. It utilizes an ultra-low latency private global CDN network that we control, allowing us to deliver the highest quality experience and platform performance capabilities. We also believe that Marketplace will expose vendors to our entire suite of sales enablement products, such as verbMAIL, among others, driving new cross selling revenue opportunities.

As we near completion and testing of the new platform on-time next month, we have been actively working on vendor, partnership, sponsorship, influencer, celebrity, and other relationships for Marketplace that we expect will grow exponentially over time. We have also been working on several pre-launch initiatives that we refer to as "mega events" to help kickstart and boost awareness of Marketplace.

We expect that these events will be hosted by well-known influencers and celebrities and sponsored by retailers and consumer brands. Due to the limitations caused by the ongoing supply chain issues many US retailers are experiencing, we've recently shifted the focus of these mega events to digital products, such as NFTs, among other things.

OK – so – let me talk about something else. A natural extension of Marketplace and built alongside it, is something new that we call verbTV. verbTV, launching in 2022, is where you will find shoppable entertainment. Whereas Marketplace is a social shopping experience, verbTV is a destination for those seeking commercial-free television content, such as concerts, game shows, sports, including e-sports, sitcoms, podcasts, special events, news, including live events, and other forms of video entertainment that is all interactive and shoppable. verbTV represents an entirely new distribution channel for all forms of content by a new generation of content creators looking for greater freedom to explore the creative possibilities that a native interactive video platform can provide for their audience. We believe content creators will also enjoy far greater revenue opportunities through the native ecommerce capabilities the platform provides to sponsors and advertisers who will enjoy real-time monetization, data collection and analytics. Through verbTV, sponsors and advertisers will finally be able to accurately measure the ROI from their marketing spend, instead of relying on decades-old, imprecise viewership information.

Those of you who are fans of the popular business pitch show – "2 Minute Drill" on Amazon Prime and Bloomberg TV will be excited to know that a shoppable version of the 12

episodes of the upcoming Season 3 will be featured on verbTV. Each episode is a fast-paced reality show where 5-6 entrepreneurs competing for \$50,000 in cash and prizes, have 2 minutes to impress the judges with the best investor pitch. And yep - I'm one of the judges on the show. Expected to air in early 2022, verbTV viewers will be able to click on-screen and purchase the products and services of the contestants featured on the show, among other contemplated interactive features. Dave Meltzer, the creator of the show, and Co-founder of Sports 1 Marketing and the former CEO of the renowned Leigh Steinberg Sports & Entertainment agency, has signed-on with Verb to produce other interactive and shoppable entertainment for verbTV.

Turning to our existing revenue streams, including those that comprise the remarkable results we achieved in the third quarter, I'm pleased to report that we continue to expand the target demographic and business verticals for our sales enablement platform. verbTEAMS has been the choice of many notable companies for medical equipment and other sales in the life sciences sector. Verb clients in that vertical include such notable names as Philips, Olympus, and Boston Scientific, among many others.

Since last quarter, we've seen verbTEAMS expand beyond Life Sciences into professional sports. You may have seen the recent press release announcing the adoption of our interactive video platform by the Pittsburgh Penguins sports franchise as a tool to enhance ticket sales. The response to that announcement from the sports industry was extraordinary and we expect to announce several other sports franchises, both in the US and beyond, who we expect will use our platform for ticket and merchandise sales as well as enhanced, interactive fan engagement experiences.

verbCRM, which has historically been our bread-and-butter product, has now been enhanced to incorporate and work seamlessly with verbLIVE, our livestream sales application, coupled with team attribution, and PULSE our new AI/BI feature as well as verbLEARN. This product/feature set has allowed us to attract many of the biggest names in the direct sales space and command a bigger share of the direct sales market, putting more and more distance between us and every other would-be competitor in the space.

As Verb is already the platform of choice in that industry, in 2022, we're bringing an even greater focus on delivering the best customer service and support in that industry, including a recently launched professional services division to provide the level of customization some of the largest global enterprises in the world require for their sales enablement infrastructure. Our professional services division represents a new and lucrative revenue stream for our direct sales software vertical.

As we await the imminent release of verbMAIL Pro, the enterprise version of the integration of our interactive video feature set into Microsoft Outlook, as well as the forthcoming release of verbMAIL for Google's Gmail, we're already seeing interest for large scale adoption by universities, well-known non-profit organizations, and believe it or not, as well as the armed services.

We talked at length over this past year about our ongoing growth through acquisition strategies, which are ongoing and will certainly continue into 2022 and beyond. However, in the coming weeks, I expect to announce the details of an acquisition that we believe is not only highly accretive, but comprises several key, strategic elements of our Marketplace and verbTV growth initiatives.

You know many of you reach out to me after seeing one of my almost weekly appearances on a business TV show, investor conference or podcast to say how excited I seem about the future of the business and the company. Well now you know why. Over the years as we moved from start-up phase to commercialization phase, we've faced down the challenges inherent in all software development, but we've also had our successes and conquests, all of which provided the valuable lessons that still lie ahead, undiscovered by any new would-be competitors.

Yet nothing we've done to date more accurately represents the true culmination of everything we've learned over the years as a team and as a company than Marketplace and verbTV, which individually and together represent enormous value-creation opportunities for our shareholders. Value that we believe has the potential to be exponentially greater than it is today, and in my opinion represents a greater growth and value-creation opportunity than honestly almost any other opportunity I've seen in a long while – and I've had to keep a tight lid on it – unable to share it – for a variety of reasons – except among my highly motivated and exceptionally bright and talented team, and more recently, among the partners we've engaged who are as excited as we are to be part of the next truly big thing.

Ok, so let me give you some high-level third quarter numbers, and then Jeff will provide more of the details from our Form 10-Q filing for the 3-month period ending September 30 and contrast them with prior periods.

Ok, so here's some Q3 data points.

- In Q3 we added 16 new client contracts with a combined minimum contract value of \$1.1 million which constitutes a new record for our company for new contracts executed in a single quarter.
- Our Combined Digital revenue in Q3 was \$2.4 million, an increase of 30% over Q2 and up 28% year over year.
- Digital revenue – the main focus of our business building initiatives – now represents more than 81% of our total combined revenue – that's up from 64% for the same period last year and up from the 76% we reported in Q2 2021.
- Our SaaS recurring digital revenue in Q3 (which is a component of Combined Digital revenue) was approx. \$1.9 million, - an increase of 15% over Q2 – and up 25% year over year.
- Non-SaaS digital revenue (the other component of Combined Digital revenue) was over \$500,000, an increase of 42% year over year and up 144% over Q2.
- Total Combined revenue in Q3 was \$2.9 million up from the \$2.4M we reported in Q2 and includes the \$1.9M in recurring SaaS digital revenue that is up 25% - and non-SaaS digital revenue that is up 42% - year over year.
- Total user downloads stand at 3.0 million as of September 30, and that's up from the 2.2 million as of June 30 we reported in Q2 and more than 88% over the 1.6M reported in same period last year.
- A couple of other interesting data points - Cash totaled \$3.7 million as of September 30, 2021, compared with \$1.8 million on December 31, 2020. Our ongoing operating cash requirements through the 3rd quarter to support our growth initiatives were met very easily through modest periodic draws on the ATM which were conducted in a

responsible manner to ensure investors' interests were protected. This represented our lowest cost of capital. But since the business has continued to demonstrate impressive quarter over quarter sustainable growth, we've become more attractive to providers of alternative financing structures, including credit facilities - on what appear to be very attractive terms which we intend to explore as we move forward through the 4th quarter.

I'd now like to turn the call over to Jeff Clayborne, our Chief Financial Officer, for a more detailed review of our financial results.

Jeff Claiborne, CFO:

Thank you, Rory, and good afternoon, everyone. I'd like to review our financial performance as reported in our Form 10-Q filed today, November 15, for the quarterly period ending September 30, 2021. I may reiterate and/or provide more color around some of the data points Rory shared with you.

The following represents the Company's results of operations for Q3 2021 as contrasted with Q3 2020 and Q2 2021 respectively.

- Total Digital revenue of approximately \$2.4 million was up 28% over the same period last year and up over the 30% we reported in Q2 2021.
- Total SaaS recurring revenue (a component of Total Digital revenue) was \$1.8 million, up 25% over the same period last year and up 15% over Q2 2021.
- Total other digital revenue (a component of Total Digital revenue) was \$510,000, up 42% over the same period last year and up 144% over Q2 2021.
- SaaS recurring revenue as a percentage of Total Digital revenue was 78%, compared with 80% for the same period last year and down over the 88% we reported in Q2 2021. The decrease in our SaaS digital mix this quarter is actually an extremely welcome development as it is attributed to a record-breaking sales quarter in which we executed 16 new client contracts representing an aggregate of \$1.1 Million in minimum contract value – a new record for our Company. New SaaS contracts typically also produce an increase in non-SaaS digital revenue, such as digital design fees that we are permitted to recognize as that work is completed quickly soon after the execution of new client contracts during the quarter. As such, the digital design work associated with all the new Q3 contracts generated an increase in our non-SaaS digital revenue which produced an increase in that revenue as a percentage of total digital revenue.
- As I just mentioned, we added 16 new client contracts with a guaranteed base value of \$1.1 million. What I'd like to highlight is that those contracts are expected to generate annual recurring revenue of approximately \$500,000. However, those numbers do NOT include the expanded revenue we historically generate and expect to recognize from existing clients who have recently launched and those that are about to launch verbLIVE with Attribution, as well as Pulse and Learn which we believe could add as much or more than an additional \$1 million in annual recurring revenue. And obviously, none of this includes the revenue we expect to add during 2022 from Marketplace, verbTV, and verbMAIL, among other as yet unannounced initiatives.
- Total combined revenue of approximately \$2.9 million was up slightly versus the same period last year, which consists of the \$1.8M in recurring SaaS revenue that is up 25%,

non-SaaS other digital that is up 42%.

- Research and development expenses were \$3.5 million, compared with \$2.4 million for the same period last year, with the increase attributed to the development of verbLIVE, VERB's new Attribution feature, product enhancements to verbCRM, verbPULSE, the Microsoft Outlook integration and the forthcoming new Marketplace platform, among other as yet unannounced features and products.
- We continue to pursue the cost reductions within development we discussed in prior earnings calls that have been planned for year-end as we move from R&D mode to maintenance mode for many of our products. While we may likely see some of that savings offset by increases in marketing expenses associated with the upcoming launches of Marketplace and verbTV, if the Company is successful in the execution of certain planned Marketplace mega events Rory referenced earlier, those expenses might easily be offset by the potential new and additional revenue those events may generate.
- Additional information around product development expense is that we've made tremendous progress towards the completion of Marketplace, and as such, we've capitalized \$2.3M in development expenses that will be depreciated over 3 years.
- General and administrative expenses were \$6.1 million, compared with \$6.7 million for the same period last year, with the decrease in spending attributed to lower stock compensation expense of \$1.3 million.

Now let me share the Financial Highlights for 9 Months Ending September 30

- Total Digital revenue of approx. \$6.0 million, was up 20% year over year
- Total SaaS recurring revenue (a component of Total Digital revenue) was \$4.9 million, up 29% year over year
- SaaS recurring revenue as a percentage of Total Digital revenue - which remains our focus was 82%, compared with 77% for the same period last year
- Research and development expenses were \$9.6 million, compared with \$5.3 million for the same period last year, with the increase attributed to the development of verbLIVE, VERB's new Attribution feature, product enhancements to verbCRM, verbPULSE, the Microsoft Outlook integration and the forthcoming new Marketplace platform, among other as yet unannounced features and products.
- General and administrative expenses were \$20.0 million, compared with \$14.2 million for the same period last year, with the increase attributed to labor-related costs to support growth, professional services, marketing expenses, as well as expenses related to SoloFire operations following the acquisition.
- As of September 30, 2021, total assets were \$35.9 million, total liabilities were \$21.5 million and total stockholders' equity was \$14.4 million.
- The Company successfully converted all remaining preferred shares into shares of the Company's common stock. As a result, there are no shares of preferred stock and associated rights outstanding and our cap table reflects a clean capital structure comprised of one class of common shares.
- As of today, there are 70,470,415 shares of our common stock issued and outstanding. Of the total number of common shares issued and outstanding, approximately 6.1 million shares or approximately 8.7% are owned or controlled by

management and the Board members.

I'd now like to turn the call back over to the Operator for Q&A.

About VERB

Verb Technology Company, Inc. (Nasdaq: VERB), the market leader in interactive video-based sales applications, transforms 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 is comprised of a suite of sales enablement business software products offered on a subscription basis. Its software applications are available in over 60 countries and in more than 48 languages to large enterprise and small business sales teams that need affordable, easy-to-use, and quick-to-get-results sales tools. Available in both mobile and desktop versions, VERB's applications are offered as a fully integrated suite, as well as on a standalone basis, and include verbLIVE (an Interactive Livestream eCommerce and Shoppable Video and Webinar applications), verbCRM (a White-labelled Interactive Video-based Customer Relationship Management application), verbTEAMS (a Self Onboarding version of verbCRM with built-in verbLIVE and Salesforce synchronization for small businesses and solo entrepreneurs), verbLEARN (an Interactive video and gamified Learning Management System application), and verbMAIL (an interactive video mail solution integrated seamlessly into Microsoft Outlook). With 200 employees, the Company maintains offices in Newport Beach, California and American Fork, Utah.

For more information, please visit: www.verb.tech.

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This communication contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties and include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "anticipate," "expect," "project," "plan," or words or phrases with similar meaning. Forward-looking statements contained in this press release relate to, among other things, the Company's projected financial performance and operating results, including SaaS Recurring Revenue, as well as statements regarding the Company's progress towards achieving its strategic objectives, including the successful integration and future performance of acquisitions and performance of SoloFire. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to the COVID-19 pandemic and related public health measures on our business, customers, markets and the worldwide economy; our plans to attract new customers, retain existing customers and increase our annual revenue; the development and delivery of new products, including verbLIVE; our plans and expectations regarding software-as-a-service offerings; our ability to execute on, integrate, and realize the benefits of any acquisitions; fluctuations in our quarterly results of operations and other operating

measures; increasing competition; general economic, market and business conditions. If any of these risks or uncertainties materialize, or if any of our assumptions prove incorrect, our actual results could differ materially from the results expressed or implied by these forward-looking statements. Investors are referred to our filings with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement. All forward-looking statements in this press release are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.

Investor Relations Contact:

888.504.9929

investors@verb.tech

Media Contact:

855.250.2300, ext.107

info@verb.tech



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