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# Zacks Small-Cap Research

*Sponsored – Impartial - Comprehensive*

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**Siyata Mobile Inc.** **(SYTA-NASDAQ)**

## SYTA: Update for Public Offering Deal Dilution Impact to Fund Topline Growth & Working Capital

Based on the peer group average of 2.6x EV/Sales 2022 applied to our blended 2022 & 2023 Sales estimate for SYTA, we believe the stock could be worth $6.00 per share. This factors in dilution from the public offering raise on 1/11/22.

| | |
|---|---|
| Current Price (1/12/22) | $1.64 |
| **Valuation** | **$6.00** |

## OUTLOOK

Siyata Mobile Inc. (SYTA) completed a public offering of 8.7 million shares sold with common warrants. Combined effective offering price of $2.30 with net proceeds of approximately $18 million. Offering rationale is to fund growth and working capital, namely for the SD7 launch. Company now has approximately $20m cash and $15m net cash.

We raised our 2022 or 2023 revenue forecasts to reflect SD7 orders news. However, we lowered our price target valuation to $6 from $10 to reflect the large increase in share count and dilution. We estimate breakeven adjusted EBITDA profitability in late 2022 for a re-rating of the stock.

## SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$15.75** |
| **52-Week Low** | **$1.63** |
| **One-Year Return (%)** | **-84** |
| **Beta** | **2.24** |
| **Average Daily Volume (sh)** | **3,772,835** |
| | |
| **Shares Outstanding (mil)** | **12.5** |
| **Market Capitalization ($mil)** | **$20.5** |
| **Short Interest Ratio (days)** | **1** |
| **Institutional Ownership (%)** | **32** |
| **Insider Ownership (%)** | **14** |
| | |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| | |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/A** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| | |
| **P/E using TTM EPS** | **N/A** |
| **P/E using 2021 Estimate** | **N/A** |
| **P/E using 2022 Estimate** | **N/A** |

| | |
|---|---|
| **Risk Level** | **Above Average** |
| **Type of Stock** | **Small-Value** |
| **Industry** | **Tech-Comm Equip** |

### ZACKS ESTIMATES

**Revenue**
(in millions $ USD)

| | **Q1** (Mar) | **Q2** (Jun) | **Q3** (Sep) | **Q4** (Dec) | **Year** (Dec) |
|---|---|---|---|---|---|
| 2020 | 2.3 A | 2.1 A | 2.3 A | -0.7 A | 6.0 A |
| 2021 | 4.0 A | 0.4 A | 1.2 A | 4.1 E | 9.7 E |
| 2022 | 4.2 E | 4.3 E | 4.5 E | 6.4 E | 19.4 E |
| 2023 | | | | | 28.0 E |

**EPS**
($ USD, Adjusted)

| | **Q1** (Mar) | **Q2** (Jun) | **Q3** (Sep) | **Q4** (Dec) | **Year** (Dec) |
|---|---|---|---|---|---|
| 2020 | | | | | -$7.58 A |
| 2021 | -$0.32 A | -$1.16 A | -$0.97 A | -$0.27 E | -$2.72 E |
| 2022 | -$0.08 E | -$0.06 E | -$0.06 E | -$0.05 E | -$0.25 E |
| 2023 | | | | | -$0.10 E |

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

## WHAT'S NEW

**Business Update**

- Siyata Mobile Inc. (SYTA) closed an underwritten public offering of 8.97 million common shares at a combined effective offering price of $2.30. Each common share unit included one warrant (SYTAW) to purchase one common share. There could be 1.3 million additional common shares with warrants issued during the 45-day option for underwriters.

- We estimate approximately $18 million of net proceeds to the company before possibly $2.7 million more if the extra units of common shares and warrants are purchased during overallotment period.

- Cash balance today for the company could be approximately $20 million following the net proceeds from the recent raise. Net Cash is approximately $15 million.

- Rationale for the public offering was to fund growth and working capital. We assume a significant portion of the net proceeds will be allocated to the SD7 new product launch and inventory for that.

- Cash drain of $6 million occurred between March 31 and September 30. The company had nearly $10m Cash & Equivalents on March 31, but that was depleted to $3.4 million at the end of September. Due to funding working capital for growth, SD7 launch and net losses.

- **Importantly, we now believe that Siyata Mobile is adequately funded for the next 12-18 months to support SD7 working capital and inventory for the launch, other growth initiatives and absorb minor net losses near-term.**

- **Initial Orders for the SD7 device received in early December total more than $1.8 million for customers in the US and EMEA.** We remain optimistic about the revenue potential from the SD7 launch for 2022 & 2023 topline.

- We remind investors that Motorola Solutions (MSI) entered into a partnership agreement with Siyata Mobile for the launch of the new SD7 handset.

- **Factoring in news of order wins in December, we raise our SD7 revenues forecast to $5 million for 2022 (from $4m prior) based on $300 pricepoint for 3.5% market share achievement in North America & Europe. $10 million revenues for 2023 (from $8m prior).**

- We await further partners and carrier(s) announcement news for the SD7, which could trigger us to further increase our topline estimates for 2H22 & 2023. We like the VK7 Vehicle Kit & accessories.

- **We still forecast $4 million revenues for 4Q21, which if achieved, would equate to nearly as much as the past 12 months combined.** Our confidence is predicated on the defense contractor win announced in August, the Silk singalboosters.com agreement and UR7 & CP250 orders in 3Q.

- **We forecast positive adjusted EBITDA of $0.7 million for 2023. Operating leverage from Selling, Marketing & General Admin should help as revenues scale up from the SD7 launch and cellular signal boosters growth.**

- **$6.00 per share is our stock price worth target** based on the peer group average of 2.6x EV/Sales 2022 applied to our blended 2022 & 2023 for SYTA to factor in a full year of SD7 revenues. We believe 2022 sales growth of 100% is feasible if half of that growth comes from the SD7 new product launch contribution and there is strong growth from cellular signal boosters.

**SD7 New Product Revenues Estimate Calculation:**

We assume 3.5% market share of 325,000 units market in North America = 11,400 units in 2022

We assume Europe launch (mid-2022) = 3,000 units for a partial year (2H22-loaded)

**14,400 units sold x $300 ASP = $4.3 million Revenues 2022 potential for SYTA**

**$4.3 million SD7 devices revenue + 15% accessories assumption = $5.0 million revenues in 2022**

**For 2023, we estimate $10 million revenues from SD7 after growth in North America and Europe.** This assumes that Motorola Solution remains active as a marketing & distribution partner and that one other tier-one (AT&T or Verizon?) or two tier-two partners begin taking orders by the end of 2022.

## NEW PRODUCT OVERVIEW (SD7 Launch)

**SD7 = Mission Critical Push-to-Talk (MCPTT) Handset**

**This launch of the SD7 device is underway and provides Siyata Mobile inroads into the evolving Mission-Critical Push-to-Talk (MCPTT) category**. MCPTT is the globally standardized version of PoC to meet public safety requirements for talker identification, group calls, low-latency, high availability, clear audio quality. MCPTT could steal market share from Land Mobile Radio (LMR) two-way radios.

SD7 is not a smartphone with a large distracting touchscreen. 1" OLED screen on top for glancing down to on their belt. Not text messaging friendly because enterprise customers do not want their employees sending personal text messages or getting distracted. However, it has pre-defined text messages.

- $300 pricepoint or half the price of leading competitor offerings
- Qualcomm chipset is important and facilitates WiFi, proximity sensor, gyroscope, GPS
- LED flashlight on the SD7 is very helpful as is the 115 decibel loud speaker for clear audio
- Battery can last 12 hours and is not a sealed batter, so it is swappable
- Rotary knob for easy channel selection

**Conclusion**

Despite the share count dilution from new shares issued in the recent capital raise, we see meaningful upside potential to the stock price driven by the SD7 launch and cellular signal boosters.

We estimate that the new SD7 rugged handset can contribute $5 million sales in 2022 and $10 million in 2023 for MCPTT & PoC in North American and Europe.

Valuation is attractive if revenues can grow 100% next year in 2022 and the management team executes well on the SD7 launch.

Stock price at 1.2x EV/Sales 2022 appears undervalued at 55% discount to the peer group average of 2.6x EV/Sales 2022. We anticipate a re-rating if revenues grow enough to reach nearly breakeven EBITDA in late 2022.

## VALUATION

We value Siyata Mobile using a peer comparables valuation methodology based on EV/Sales for 2022 & 2023 estimates. We typically prefer EV/EBITDA, P/E & P/FCF multiples, but this company has not achieved positive adjusted EBITDA on an annual basis. We forecast positive adjusted EBITDA in 2023.

We remind investors that two consecutive quarters of disappointing revenue results and sizeable write-downs and inventory impairments taken over the past year. However, we deem the Motorola Solutions agreement for the SD7 launch as in important offset and look forward to an additional partner or carrier(s) being announced in 2022.

**We reach $6.00 stock price by applying the peer group average of 2.6x EV/Sales 2022 to the blended average of our 2022 & 2023 sales forecasts for SYTA (to factor in a full year of SD7).**

**Stock is trading at 1.2x our 2022 Sales estimate for a 55% discount to the peer group average.**

This large discount appears unwarranted and could narrow if the company executes well on revenue growth and gross margin expansion in 4Q21 and 2022. Cash balance is strong enough to fund its growth and working capital needs.

We used 13.7 million share count to factor in the recent public offering of new shares. We are not counting possible dilution from warrants or stock options with exercise prices far out-of-the-money.

Net Cash position of approximately $15 million as of 1/12/22 after factoring in the recent net proceeds of the deal raise (approximately $18 million). We applied $15 million Net Cash to our price target and Enterprise Value calculations. Rather than $3 million Net Debt at 9/30/21 balance sheet filing.

Peer Group Valuation Table

| **Company** | **Ticker** | **Price** | **Market Cap** (local FX) | **Net Debt** | **EV** (local FX) | **Sales 2021E** Consensus | **Sales 2022E** Consensus | **EV/Sales 2021E** | **EV/Sales 2022E** |
|---|---|---|---|---|---|---|---|---|---|
| Motorola Solutions | MSI | 257.41 | 43,476 | 4,040 | 47,516 | 8,180 | 8,760 | 5.8x | 5.4x |
| Kyocera Corporation | 6971 JT | 7271 | 2,610 | (289) | 2,321 | 1,760 | 1,830 | 1.3x | 1.3x |
| Sonim Technologies | SONM | 0.85 | 14 | (10) | 4 | 55 | 58 | 0.1x | 0.1x |
| Hytera Communications | 002583 CH | 5.45 | 9,898 | 2,948 | 12,846 | 7,464 | 8,949 | 1.7x | 1.4x |
| Inseego | INSG | 5.29 | 556 | 138 | 694 | 261 | 305 | 2.7x | 2.3x |
| Ooma | OOMA | 19.58 | 466 | (15) | 451 | 192 | 209 | 2.4x | 2.2x |
| Crimson Tide Plc | TIDE LN | 2.80 | 18 | (6) | 12 | 4 | 5 | 3.0x | 2.3x |
| Trackwise Designs PLC | TWD LN | 92 | 35 | (0) | 34 | 8 | 21 | 4.1x | 1.6x |
| Quartrix Technologies PLC | QTX LN | 395 | 191 | (3) | 188 | 26 | 28 | 7.3x | 6.8x |
| Audiocodes | AUDC | 33.91 | 1,095 | (92) | 1,003 | 248 | 279 | 4.0x | 3.6x |
| Digi International | DGII | 24.62 | 854 | (107) | 748 | 306 | 368 | 2.4x | 2.0x |
| **Peer Average** | | | | | | | | **3.2x** | **2.6x** |
| Siyata Mobile | SYTA | $1.64 | 20 | | 23 | 10 | 19 | 2.4x | 1.2x |

**Discount to Peer Group** **-55%** **EV/Sales 2022**

*Source: Yahoo & Bloomberg Consensus & Zacks SCR*
*1/12/22 prices intraday*

## RISKS

- If revenue growth does not materialize for 2022. We expect high growth, but that could be curtailed if land mobile radio or other competitive alternatives are more successful than the company's offerings. Public sector and enterprise customers could incur restrained budgets or a preference for a competitive product. Cellular signal boosters revenues could decline in 2022 or the UV350 product offering become adversely impacted by the federal budget support for FirstNet.
- Competition could increase for FirstNet such as with Verizon's attempt and for other areas such as with Samsung in Mission Critical Push-to-Talk. 5G adoption could be quicker than anticipated and the company would have to respond with an improved offering of its current 4G LTE products.
- Customer returns and refunds could hinder revenue growth and achievement of revenues.
- Channel partners reliance for the majority of the company's revenues.
- History of operating losses and might not achieve profitability.
- Weaknesses for internal controls and financial reporting. Material weaknesses were previously identified in 2019 and 2020 for product returns, intercompany transactions, insufficient audit support for journal entry testing, receivables expected credit losses, obsolete inventory, share issuance costs versus transaction expenses. The company has partially remediated the weaknesses and taken steps to strengthen internal controls for financial reporting.
- Third Party Manufacturing Reliance. Manufacturing is predominantly done in China, which is subject to political risks, regulation changes and increased tariffs. Company does not own or operate its own manufacturing, which could cause a shortfall in supply and inventory. Defects or quality issues or improper design of a new product launch could hurt the company's reputation.
- Uniden license is renewed through December 2022 and no assurance that it will be extended.
- Intellectual Property infringement and protection challenges.
- Going Concern risk, cited by its auditor 6/30/21, due to recurring losses and a net capital deficiency.
- Delay in reporting of financial results. The company delayed its 4Q20, 2020 year and 1Q21 results until June 30. This delay was caused by changing its functional currency to US Dollars from Canadian Dollars, restating prior periods in USD according to IFRS, converting prior years results to US Dollars, a complaint involving their Israeli accounting firm regarding auditing, hiring a fulltime CFO in Israel to prepare audited Israeli financials, complex accounting transactions including private placements and an acquisition. The British Columbia Securities Commission warned about a cease trade order in April 2021 due to failing to file certain financial and annual documents before the applicable deadline. That cease order was revoked on July 8 after filing occurred. The company also delayed 4Q19 & 2019 results due to COVID-19 by exercising the 45-day filing extension.
- Liquidity of stock shares. 32% of shares are held by institutional investors in Israel, which tend not to trade often. Accel Telecom and Phoenix Holdings, based in Israel, have shares and warrants.
- Dilution from Equity Raises, Private Placements & Warrants Issued (SYTAW). The company will likely need to raise capital for working capital growth or acquisitions, which would be dilutive to stock shareholders. Exercise of warrants would be dilutive.
- Options Dilution: 428,568 stock options as of 9/30/21 at $13.96 weighted average exercise price.
- Related-Party Financing & Transactions: $183,000 payments in 2020 were related party transactions to companies controlled by the CEO, CFO, Directors and VP of Technology. Private placement with Accel Telecom for 10% convertible debentures in June 2020 during COVID-19 uncertainty, but redeemed in January 2021. $200,000 loan to a Director in April 2019 was repaid in May 2021.
- Executive Officers & Directors could exert significant control over stockholder matters.
- Capital Structure & Different Domiciles: incorporated in Canada with headquarters in Quebec, Canada. The CEO resides in Israel, where a significant portion of revenues occurred in years past.
- Bad Debt Provisions: two of its largest customers in 2020 requested extended payment terms during COVID-19. A few customers in the field did this and some inventory had to be written off. $1.53 million bad debt provision was taken in 2020. We do not anticipate additional bad debt to occur unless a large additional wave of COVID impacts the economy again and shutdowns.
- Impairments of inventory or intangible assets. Factoring & liens on trade receivables.
- Accounting practices can differ in Canada & Israel. IFRS and not GAAP standards. PCAOB auditor. Capitalization of development costs, collectability of trades receivables and impairment of assets.
- Currency volatility with revenues derived from several countries. US Dollar is functional currency.

# INCOME STATEMENT FORECASTS

| (Millions US Dollars, December Year-End) | 2018 | 2019 | 1Q20 | 2Q20* | 3Q20* | 4Q20** | 2020 | 1Q21 | 2Q21*** | 3Q21 | 4Q21E | 2021E | 1Q22E | 2Q22E | 3Q22E | 4Q22E | 2022E | 2023E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | **11.0** | **9.8** | **2.3** | **2.1** | **2.3** | **(0.7)** | **6.0** | **4.0** | **0.4** | **1.2** | **4.1** | **9.7** | **4.2** | **4.3** | **4.5** | **6.4** | **19.4** | **28.0** |
| % change (yoy) | | **-11%** | | | | | **-39%** | **77%** | **-83%** | **-46%** | **NM** | **62%** | **3%** | **1100%** | **270%** | **57%** | **100%** | **45%** |
| Cost of Sales | 9.4 | 7.1 | 1.5 | 1.4 | 1.5 | (0.1) | 4.4 | 2.3 | 0.8 | 0.8 | 2.6 | 6.5 | 2.5 | 2.6 | 2.7 | 3.8 | 11.6 | 16.4 |
| Gross Profit | 1.6 | 2.7 | 0.7 | 0.7 | 0.7 | (0.6) | 1.6 | 1.7 | (0.5) | 0.4 | 1.5 | 3.3 | 1.7 | 1.7 | 1.8 | 2.6 | 7.8 | 11.6 |
| **Gross Profit Margin** | **14.5%** | **27.4%** | **32.4%** | **33.0%** | **32.1%** | **NM** | **26.4%** | **43.2%** | **-130.6%** | **35.2%** | **37.7%** | **33.5%** | **40.0%** | **40.4%** | **39.7%** | **40.7%** | **40.3%** | **41.4%** |
| Depreciation & Amortization | 0.5 | 1.2 | 0.3 | 0.3 | 0.3 | 0.3 | 1.3 | 0.3 | 0.3 | 0.1 | 0.2 | 1.0 | 0.2 | 0.3 | 0.3 | 0.3 | 1.0 | 1.1 |
| Research & Development | 0.0 | 0.8 | 0.0 | 0.0 | 0.0 | 0.6 | 0.6 | 0.0 | 0.2 | 0.7 | 0.4 | 1.2 | 0.0 | 0.0 | 0.0 | 0.4 | 0.4 | 0.4 |
| Selling & Marketing | 4.2 | 3.6 | 0.8 | 0.8 | 1.0 | 1.1 | 3.7 | 1.0 | 1.2 | 1.3 | 1.4 | 4.8 | 1.2 | 1.0 | 1.0 | 1.4 | 4.5 | 5.6 |
| General & Admin (incl consulting, acquisitio | 2.3 | 2.3 | 0.4 | 0.5 | 0.6 | 1.4 | 2.9 | 1.1 | 1.1 | 1.1 | 1.1 | 4.4 | 1.1 | 1.1 | 1.1 | 1.1 | 4.4 | 4.9 |
| Bad Debts Expense | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 1.5 | 0.0 | (0.2) | 0.8 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inventory Impairment Expense | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 1.6 | 1.6 | 0.0 | 1.8 | 1.6 | 0.0 | 3.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Impairment (Intangibles or Goodwill) | 1.5 | 0.1 | 0.0 | 0.0 | 0.0 | 0.3 | 0.3 | 0.0 | 5.1 | 0.0 | 0.0 | 5.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share-based Compensation | 0.9 | 1.1 | 0.1 | 0.1 | 0.0 | 0.3 | 0.5 | 0.6 | 0.4 | 0.2 | 0.3 | 1.5 | 0.4 | 0.4 | 0.3 | 0.4 | 1.5 | 1.6 |
| **Total Operating Expenses** | **9.4** | **9.3** | **1.6** | **1.6** | **2.0** | **7.1** | **12.3** | **2.9** | **10.0** | **5.7** | **3.4** | **21.9** | **2.9** | **2.8** | **2.6** | **3.5** | **11.8** | **13.6** |
| % change (yoy) | | -1% | | | | | 33% | 82% | 520% | 184% | -53% | 78% | -1% | -72% | -53% | 4% | -46% | 15% |
| **Operating Income (Loss)** | **(7.8)** | **(6.6)** | **(0.9)** | **(0.9)** | **(1.3)** | **(7.7)** | **(10.7)** | **(1.2)** | **(10.5)** | **(5.2)** | **(1.8)** | **(18.7)** | **(1.2)** | **(1.0)** | **(0.9)** | **(0.9)** | **(4.0)** | **(2.0)** |
| Finance & Interest Expense | 0.8 | 1.0 | 0.4 | 0.5 | 0.5 | 0.3 | 1.7 | 0.4 | 0.6 | 0.5 | 0.4 | 1.9 | 0.3 | 0.2 | 0.2 | 0.2 | 0.9 | 0.9 |
| Foreign Exchange Expense | (0.0) | 0.1 | (0.1) | (0.8) | 0.1 | 0.5 | (0.3) | 0.4 | (0.2) | (0.0) | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Transaction Costs (Nasdaq listing & IPO) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 | 1.4 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in Value of Acquisition Earnouts | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Other Expenses (non-Operating) | 1.1 | 1.1 | 0.3 | (0.3) | 0.6 | 2.3 | 2.9 | 0.9 | 0.4 | 0.4 | 0.4 | 2.2 | 0.3 | 0.2 | 0.2 | 0.2 | 0.9 | 0.9 |
| **Income before Taxes** | **(8.9)** | **(7.7)** | **(1.2)** | **(0.6)** | **(1.9)** | **(9.9)** | **(13.6)** | **(2.1)** | **(10.9)** | **(5.7)** | **(2.2)** | **(20.9)** | **(1.6)** | **(1.3)** | **(1.1)** | **(1.1)** | **(5.0)** | **(2.9)** |
| Income Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Income (Loss) reported** | **(8.9)** | **(7.7)** | **(1.2)** | **(0.6)** | **(1.9)** | **(9.9)** | **(13.6)** | **(2.1)** | **(10.9)** | **(5.7)** | **(2.2)** | **(20.9)** | **(1.6)** | **(1.3)** | **(1.1)** | **(1.1)** | **(5.0)** | **(2.9)** |
| **Net Income (Loss) Adjusted (Non-IFRS, Non** | **(7.4)** | **(7.5)** | **(1.2)** | **(0.6)** | **(1.9)** | **(8.1)** | **(11.8)** | **(2.1)** | **(5.9)** | **(4.9)** | **(2.2)** | **(15.2)** | **(1.6)** | **(1.3)** | **(1.1)** | **(1.1)** | **(5.0)** | **(2.9)** |
| **Net Income (Loss) Adjusted (excl stock com** | **(6.5)** | **(6.4)** | **(1.1)** | **(0.6)** | **(1.8)** | **(7.8)** | **(11.2)** | **(1.5)** | **(5.6)** | **(4.7)** | **(1.9)** | **(13.7)** | **(1.2)** | **(0.9)** | **(0.8)** | **(0.7)** | **(3.5)** | **(1.3)** |
| **EPS (reported)** | **$(13.53)** | **$ (9.48)** | | | | | **$(9.15)** | **$(0.45)** | **$(2.26)** | **$(1.18)** | **$(0.31)** | **$(4.19)** | **$(0.11)** | **$(0.09)** | **$(0.08)** | **$(0.08)** | **$(0.36)** | **$(0.21)** |
| **EPS Adjusted (Non-IFRS, Non-GAAP)** | **$(11.23)** | **$ (9.34)** | | | | | **$(7.92)** | **$(0.45)** | **$(1.23)** | **$(1.02)** | **$(0.31)** | **$(3.01)** | **$(0.11)** | **$(0.09)** | **$(0.08)** | **$(0.08)** | **$(0.36)** | **$(0.21)** |
| **EPS Adjusted (excl stock comp)** | **$ (9.94)** | **$ (7.95)** | | | | | **$(7.58)** | **$(0.32)** | **$(1.16)** | **$(0.97)** | **$(0.27)** | **$(2.72)** | **$(0.08)** | **$(0.06)** | **$(0.06)** | **$(0.05)** | **$(0.25)** | **$(0.10)** |
| **EBITDA (reported)** | **(7.2)** | **(5.4)** | **(0.6)** | **(0.6)** | **(0.9)** | **(7.4)** | **(9.4)** | **(0.9)** | **(10.1)** | **(5.1)** | **(1.6)** | **(17.7)** | **(1.0)** | **(0.8)** | **(0.6)** | **(0.6)** | **(3.0)** | **(0.9)** |
| **EBITDA Adjusted (Non-IFRS, Non-GAAP)** | **(5.7)** | **(5.3)** | **(0.6)** | **(0.6)** | **(0.9)** | **(5.5)** | **(7.6)** | **(0.9)** | **(5.2)** | **(4.3)** | **(1.6)** | **(12.0)** | **(1.0)** | **(0.8)** | **(0.6)** | **(0.6)** | **(3.0)** | **(0.9)** |
| **EBITDA Adjusted (excl stock comp)** | **(4.9)** | **(4.2)** | **(0.5)** | **(0.5)** | **(0.9)** | **(5.2)** | **(7.1)** | **(0.3)** | **(4.8)** | **(4.1)** | **(1.3)** | **(10.5)** | **(0.6)** | **(0.4)** | **(0.3)** | **(0.2)** | **(1.5)** | **0.7** |
| Diluted Shares (weighted average) | 0.7 | 0.8 | 0.9 | 0.9 | 1.0 | 3.2 | 1.5 | 4.7 | 4.8 | 4.8 | 7.2 | 5.4 | 13.7 | 13.7 | 13.7 | 13.8 | 13.7 | 13.8 |
| **Margins:** | | | | | | | | | | | | | | | | | | |
| Gross Margin | 14.5% | 27.4% | 32.4% | 33.0% | 32.1% | NM | 26.4% | 43.2% | -130.6% | 35.2% | 37.7% | 33.5% | 40.0% | 40.4% | 39.7% | 40.7% | 40.3% | 41.4% |
| EBITDA Margin Adjusted (excl one-offs & sto | **-44.4%** | **-42.4%** | **-20.2%** | **-25.4%** | **-39.0%** | **NM** | **-118.6%** | **-7.2%** | **NM** | **-336.1%** | **-31.8%** | **-108.4%** | **-14.5%** | **-9.3%** | **-6.7%** | **-3.6%** | **-7.9%** | **2.4%** |
| EBITDA Margin (reported) | -65.9% | -55.0% | -24.3% | -28.3% | -41.0% | NM | -157.6% | -21.9% | NM | -418.8% | -39.2% | -182.3% | -24.2% | -18.6% | -13.3% | -9.8% | -15.6% | -3.3% |
| OpEx % of Sales | 85% | 94% | 71% | 76% | 88% | NM | 205% | 73% | 2798% | 464% | 82% | 226% | 70% | 65% | 59% | 54% | 61% | 49% |
| Selling & Marketing % of Sales | 38% | 36% | 35% | 35% | 45% | NM | 62% | 24% | 35% | 34% | 33% | 50% | 28% | 24% | 22% | 21% | 23% | 20% |
| General & Admin % of Sales | 21% | 24% | 18% | 23% | 26% | NM | 48% | 26% | 321% | 86% | 27% | 45% | 26% | 26% | 24% | 17% | 23% | 18% |

*2Q20, 3Q20, 4Q20 were restated for currency translation from CAD to USD. Not exact numbers. Exact figures to be released by company during upcoming earnings releases

**4Q20 revenues were negative due to two large customers returns in Israel caused by COVID-19 budget constraints. Those returns created COGS inflow. Stock split, options, warrants September 2020 for Nasdaq listir

***Impairments of Intangibles and Goodwill are added back to adjusted Net Income and Adj EBITDA due to non-cash items. Bad Debt Expense or Gain is also ignored for adjusted Net Inc or EBITDA

We exclude most warrants and stock options from the diluted share count if exercise price is too far out-of-the-money (read the Valuation section of our report)

*Source: Zacks Investment Research, Inc. Tim Moore, CFA*

Company previously reported in Canadian Dollars. Recently restated to US Dollars as functional currency for 2020, 2019, 2018

## SEGMENTS & PRODUCTS FORECASTS

Segments are currently only reported as geographic regions. Not by product group. We hope that the company will consider reporting revenues by product lines for 2022.

We attempted product area estimations of revenues and gross margins further below.

(Millions US Dollars, December Year-End)

| **Revenues** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| United States | 1.1 | 2.3 | 2.7 | 3.8 | 10.7 | 15.8 |
| Canada | 1.7 | 1.2 | 1.7 | 2.3 | 3.1 | 3.9 |
| EMEA | 8.2 | 6.2 | 1.5 | 3.4 | 5.2 | 7.8 |
| Australia & New Zealand | 0.0 | 0.0 | 0.2 | 0.2 | 0.4 | 0.6 |
| **Total Revenues** | **11.0** | **9.8** | **6.0** | **9.7** | **19.4** | **28.0** |

| **Revenue Growth** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| United States | NA | 120% | 15% | 40% | 185% | 48% |
| Canada | NA | -28% | 37% | 35% | 35% | 25% |
| EMEA (mostly Israel) | NA | -24% | -76% | 130% | 55% | 50% |
| Australia & New Zealand | NA | -73% | 1309% | 60% | 55% | 50% |
| Total Revenues Growth | | **-11%** | **-39%** | **61%** | **101%** | **45%** |

| **% of Revenues** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| United States | 10% | 24% | 45% | 39% | 55% | 56% |
| Canada | 16% | 13% | 28% | 24% | 16% | 14% |
| EMEA | 74% | 63% | 24% | 35% | 27% | 28% |
| Australia & New Zealand | 0% | 0% | 3% | 3% | 2% | 2% |

| **Gross Margin (estimate)** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| United States | NA | NA | NA | 46% | 50% | 52% |
| Canada | NA | NA | NA | 34% | 35% | 35% |
| EMEA | NA | NA | NA | 19% | 24% | 24% |
| Australia & New Zealand | NA | NA | NA | 30% | 32% | 33% |
| **Total Gross Margin** | **14.5%** | **29.2%** | **26.4%** | **33.5%** | **40.3%** | **41.4%** |

(Millions US Dollars, December Year-End)

| **Sales by Product Line (estimate)** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| Rugged Handsets (excluding UV350) | NA | 7.8 | 2.5 | 2.6 | 2.7 | 2.8 |
| In-Vehicle Devices (UV350 incl school buses | 0.0 | 0.0 | 0.9 | 1.3 | 2.3 | 3.4 |
| New Launch Mission-Critical Handset (SD7) | 0.0 | 0.0 | 0.0 | 0.0 | 5.0 | 10.0 |
| Cellular Signal Boosters | NA | 2.1 | 2.6 | 5.8 | 9.5 | 11.8 |
| **Total Sales** | **11.0** | **9.8** | **6.0** | **9.7** | **19.4** | **28.0** |

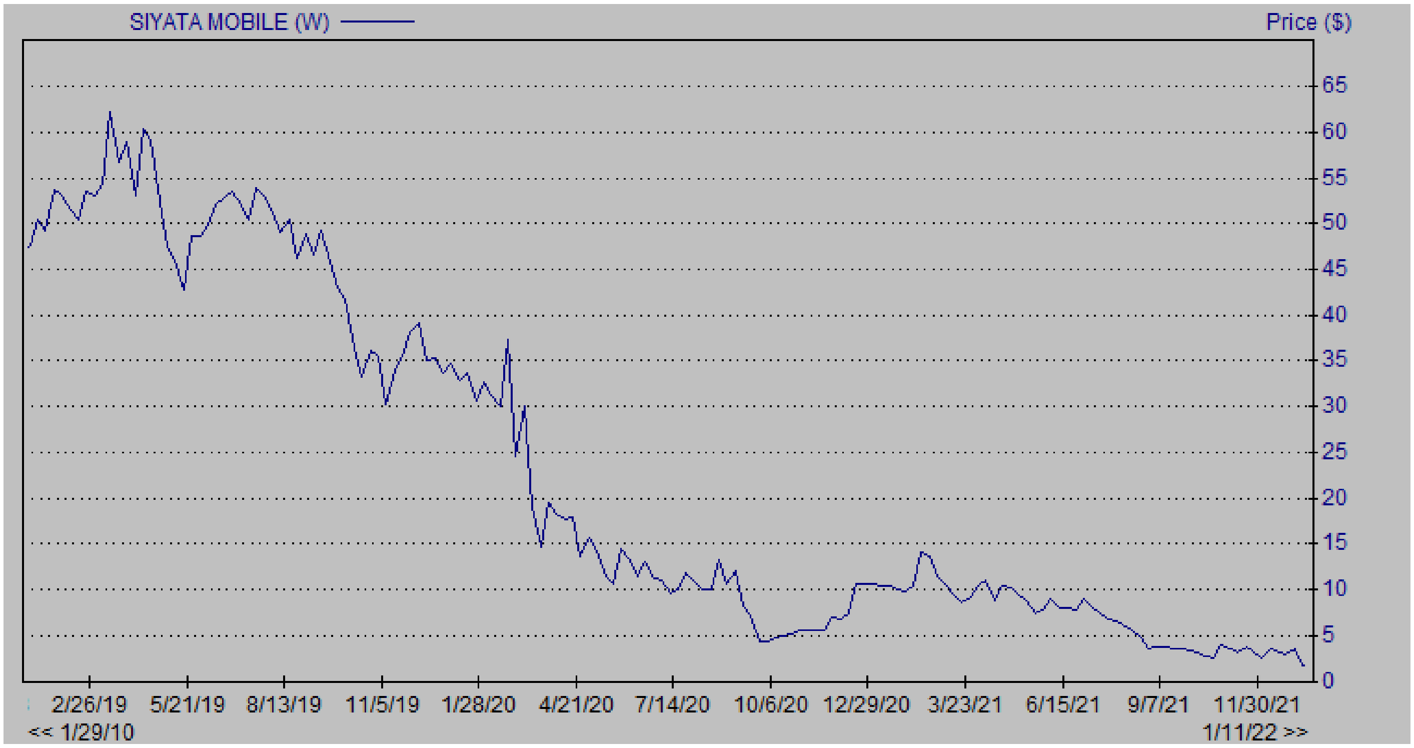
| **Sales Growth by Product Lines (est)** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| Rugged Handsets (excluding UV350) | NA | NA | NA | 5% | 5% | 5% |
| In-Vehicle Devices (UV350 incl school buses | NA | NA | NA | 45% | 75% | 50% |
| New Launch Mission-Critical Handset (SD7) | NA | NA | NA | NM | NM | 100% |
| Cellular Signal Boosters | NA | NA | NA | 120% | 63% | 25% |

| **% of Revenues** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| Rugged Handsets (excluding UV350) | NA | 79% | 41% | 27% | 14% | 10% |
| In-Vehicle Mounted Devices (UV350) | 0% | 0% | 15% | 13% | 12% | 12% |
| New Launch Mission-Critical Handset (SD7) | 0% | 0% | 0% | 0% | 26% | 36% |
| Cellular Signal Boosters | NA | 21% | 44% | 60% | 49% | 42% |

| **Gross Margin by Product Lines (est)** | **2018** | **2019** | **2020** | **2021E** | **2022E** | **2023E** |
|---|---|---|---|---|---|---|
| Rugged Handsets (excluding UV350) | NA | NA | NA | 15% | 23% | 23% |
| In-Vehicle Mounted Devices (UV350) | NA | NA | NA | 33% | 42% | 45% |
| New Launch Mission-Critical Handset (SD7) | NA | NA | NA | 0% | 28% | 34% |
| Cellular Signal Boosters | NA | NA | NA | 42% | 51% | 51% |
| **Total Gross Margin** | **14.5%** | **29.2%** | **26.4%** | **33.5%** | **40.3%** | **41.4%** |

*Source: Zacks Investment Research, Inc. Tim Moore, CFA*

## HISTORICAL STOCK PRICE




*Source: Zacks SCR*

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