

INITIATING COVERAGE

Equity | Advertising Technology

Mobiquity Technologies Inc.

(NASDAQ:MOBQ; Target Price: \$5.30)

Mobiquity Technologies is an advertising technology (ad-tech) company that specializes in developing seamless multi-channel digital proficiencies leveraging cloud technology, giving the company an edge over its ad-tech peers. It offers a comprehensive next-generation data and advertising platform to its clientele. The company's advertising and marketing technology is focused on the development, automation, and maintenance of an advertising technology operating system (ATOS).

INVESTMENT THESIS

This is our first report on Mobiquity Technologies and we look to provide a detailed account of the various drivers that will be responsible for the company's growth in the coming years. The reason why Mobiquity is of interest to us is because it is a unique player operating in a \$100 billion programmatic advertising market that is multiplying as corporate marketing budgets are increasingly allocated to digital advertising. Mobiquity's compatibility for various digital media, such as mobile, TV, video, podcasts, email, outdoor, and news media technologies, works in its favour. Its highly experienced management team has a track record of profiting from political marketing during election seasons and have collaborated with some of the world's most well-known businesses, including Amazon Web Services, Philips, Rabobank, Backbase, Wawa, and Otsuka. We are highly optimistic about the company's future and give it a 'Buy' rating. Baptista Research looks to evaluate the different factors that could influence Mobiquity Technologies' price in the near future and attempts to carry out an independent valuation of the company using a Discounted Cash Flow (DCF) methodology to determine a suitable price for the company's stock.

COMPANY OVERVIEW

Mobiquity Technologies is an ad-tech company operating through two entities – Mobiquity Networks, the data intelligence platform, and Advangelists, the advertising platform. The company assists marketers in delivering the right message to the right person at the right moment more efficiently and effectively. With new advertising technologies emerging every year, advertisers have a plethora of options across digital marketing to connect with a new audience and promote their products. Its ATOS platform from Mobiquity offers an automated marketplace of advertisers and publishers on digital media channels to organize online auctions which facilitates the sale and acquisition of digital advertising inventory and ensures that ads reach the targeted customers watching connected TV, laptops, tablets, desktop computers, mobile phones, and other devices. Its ATOS platform assists advertisers in understanding and interacting with their consumers, as well as engaging them in meaningful ways by using advertisements in a wide range of image and video set-ups. Mobiquity's mobile advertising technology solutions assure optimal data collection and analysis through its automated platform, resulting in actionable insights for marketers, researchers, and application publishers. The company has its headquarters in New York.

Key Report Highlights

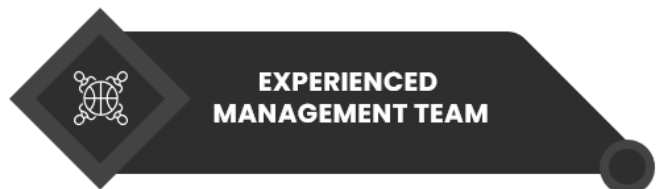
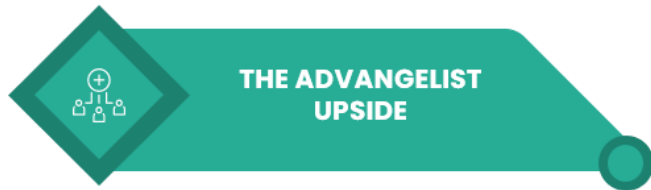
Industry View:	Attractive
Stock Rating:	Buy
Price Target:	\$5.30
Current Price:	\$2.16
52-Week-Range:	\$2.01 - \$11

Annual Income Statement	2021E	2022E	2023E
Revenues	6.90	15.20	29.10
Cost of Goods Sold	4.60	10.13	19.40
Gross Income (excl. D&A)	2.30	5.07	9.70
EBITDA	-2.70	1.07	5.70
EBIT (incl. extraordinary exp)	-7.00	-3.02	1.82
Net Income	-7.80	-3.82	1.02
Cash from Operations	-2.58	1.01	5.39
Free Cash Flows	-2.59	1.00	5.38

Growth & Margins	2021E	2022E	2023E
Sales Growth	11.7%	120.3%	91.4%
EBITDA Margin	-39.1%	7.0%	19.6%
EBIT Margin	-101.4%	-19.9%	6.3%
Net Profit Margin	-113.0%	-25.1%	3.5%

Valuation Ratios	2021E	2022E	2023E
EV/ Sales	2.2	2.0	1.8
EV/ EBITDA	NA	28.3	8.9
EV/ EBIT	NA	NA	28.0
Price/Earnings	NA	NA	51.9

KEY FACTORS DRIVING THE COMPANY'S PERFORMANCE



The Advangelist Upside

- Advangelist is the flagship product/ subsidiary of Mobiquity Technologies that is known to provide a fully integrated programmatic advertising Platform-as-a-Service (PaaS) technology that allows advertisers to offer highly aimed digital advertising at scale.
- The platform is easy to use and provides all of the tools required to operate a prosperous digital ad campaign, concluding in cutting-edge technology for businesses and agencies intending to bring programmatic ad buying in-house with real-time optimization.
- It is worth highlighting that this low-cost subsidiary of Mobiquity has a full set of sophisticated features as well as a team of professionals dedicated to ensuring best-in-class performance and 99.9% availability.
- Moreover, publishers can determine the worth of each independent advertising sales channel by employing Advangelist.



Source: Company Presentation

- The above snapshot aptly summarizes the entire digital advertising ecosystem from Advangelists' perspective.
- The company's platform has the ability to discriminate advanced yields by understanding the relationship between audience performance and advertiser requirement, with models estimating producer fulfillment appropriately.
- Advangelists is also a performance-driven ad technology that looks to increase performance by further isolating ad fraud.
- Furthermore, the Advangelists platform, in collaboration with a team of ad tech experts, maintains a flawless advertising operating system by utilizing 100% unique software, proprietary technology, and a complete understanding of advertiser wants.
- Overall, we can say that this platform has enormous potential for revenue generation in the coming years.

The Mobiquity Networks Product

- Mobiquity Networks is the company's second subsidiary and a renowned provider of mobile location data to advertisers, marketers, and researchers worldwide.
- For marketing and research purposes, the entity provides precise data and insights into real-world customer behaviour and trends.
- Based on their industry experience, Mobiquity's management believes they provide one of the most accurate and scaled data collecting and analysis systems, utilizing a number of unique technologies.
- Mobiquity Networks has evolved from a mobile advertising technology startup focused on increasing foot traffic to a next-generation data intelligence firm capable of ingestion and normalization of a wide range of data sources, including geographical, transactional, contextual, and search data, to reach the right target audience with the right message.



Source: Company Presentation

- As we can see, Mobiquity has been able to nab some of the top multinational brands and enlist them in their customer base. They have a vast customer base that is diversified across a wide variety of sectors.
- Mobiquity Networks is known to manage the most significant location dataset covering all commercial buildings, entertainment, and sporting venues, with over 5.5 million accurate location polygons representing more than 4,000 different retail chains across the United States.

- Whether a client wishes to license a POI database for their system or for location-based audiences, the Mobiquity POI database will give them the location quality that they require.
- The company's data is verified daily for quality and accuracy. Mobiquity Networks offers a self-service option with its MobiExchange product offering, which is a Software-as-a-Service (SaaS). It also has the ability to provide the management with continual recurring revenue.

Robust Macro For Programmatic Advertising

- Programmatic advertising, a high-tech form of targeted advertising, is a relatively modern concept and not every digital advertiser is well versed with its subject matter. It is believed that only one in every ten marketing experts in North America fully understands programmatic advertising.
- Given this massive talent shortage, there are very few global players offering the kind of services that Mobiquity Technologies brings to the table.
- According to market estimates, there will be a skills shortage of such offerings for a long time given the dynamic nature of the technologies associated with this field.
- The technology associated with programmatic advertising is also evolving at a fast rate; therefore, the key difficulty in North America is to find the relevant service providers like Mobiquity that capable of providing the relevant programmatic advertising solutions.
- It is worth highlighting that the growing popularity of social networking platforms is playing a pivotal role in programmatic advertising. Nearly all the major social platforms now include targeted advertising choices.
- Besides, programmatic offers numerous advantages through social media channels, allowing marketers to conduct more effective campaigns through automated purchasing and reaching a specific audience with highly relevant messaging.
- When we look at the market size, revenue from the North American programmatic advertising platform niche in which Mobiquity Technologies operates increased by 36% from 2012 to 2016, from roughly \$330 million in 2012 to nearly \$1.2 billion in 2016 as per the data of Persistence Market Research.
- They believe that the revenue from the North American programmatic advertising platform market will expand from around \$1.7 billion in 2017 to over \$13.5 billion by the end of 2025, representing a CAGR of 29.7%.
- One of the key reasons behind the high expected growth is also the increased use of mobile and social media platforms.
- This incremental potential of over \$11.7 billion indicates a truly phenomenal growth rate of ad-tech platforms like that of Mobiquity and the fact that the company is one of a kind within this space means they have huge growth potential to capture this market.

Experienced Management Team

- Mobiquity Technologies is spearheaded by Dean Julia, an experienced leader in early-stage investment for technology and life sciences companies. Dean co-founded Mobiquity following a successful career in finance, where he was engaged in the fundraising of various startup enterprises.
- He is ably supported by Paul Bauersfeld, who has over 20 years of executive IT experience ranging from venture capital to Fortune 100 corporations. Paul has also been involved as a founder or advisor in a number of successful IT firms.
- Apart from them, other crew members are Sean McDonnell, the CFO of Mobiquity Technologies, and Sean Trepeta, the President of Mobiquity Technologies.

An Expert Team

<ul style="list-style-type: none"> • CEO • 25 years leadership • Experience in early-stage tech companies and public markets • Constant Entrepreneur <p>Dean Julia</p>	<ul style="list-style-type: none"> • CEO Advangelists • AdTech veteran & visionary • Startup Advisor • Formerly Opera Mediaworks, Nuance, Samsung <p>Deep Katyal</p>	<ul style="list-style-type: none"> • CTO • 25+ Years spanning venture capital and Fortune 100 companies including Apple, ZDNet, Xerox, Nickelodeon <p>Paul Bauersfeld</p>	<ul style="list-style-type: none"> • CTO Advangelists • Platform architect • Former lead engineer: AdColony, xAd, Sentient InfoTech <p>Lokesh Mehta</p>
<ul style="list-style-type: none"> • SVP Product & Strategy • 20 years building online services • Formerly with Nickelodeon, Scholastic, The New York Times <p>Jed Weissberg</p>	<ul style="list-style-type: none"> • President • 25 Years, Sales • CoFounder of successful Telecom reseller, acquired 2006 • Start-up Advisor <p>Sean Trepeta</p>	<ul style="list-style-type: none"> • CMO • 25 Years • Agency Executive (Ogilvy & GroupM) • IBM's In-House Media Strategist <p>Brian Stoller</p>	

Source: Company Presentation

- The company added three new members, including Peter L. Zurkow, Anthony Iacovone, and Michael A. Wright, to its Board of Directors, which took effect from December 8, 2021.
- Peter L. Zurkow has worked as a consultant with Sustainability Industries. He also has experience in corporate finance, business development and investment banking as he worked in various renowned organizations, including Britton Hill Capital, where he served as Managing Director and Head of Corporate Finance and Advanced Brain Technologies as an Acting EVP and Director of Finance and Business Development.
- The second crew member Michael A. Wright has been serving as Executive Vice President and the head of Diversity Practice and Human Resources at Seiden Krieger Associates since 2021.

- Their last new crew member Anthony Iacovone is currently serving as a Co-Founder. Since 2018, he has been serving as a Chief Executive Officer of BioSymetrics, Inc. and Barometric Inc. He is also on the board of directors of Accelerate NY Biotech Seed Fund, BrandVerge, Commerce Signals, PainQX, Targagenix, EVZDRP, Prospect Dugout, and Wylie.
- The company is extending their next-generation data and advertising platform, accelerating revenue growth, and scaling the business which is where this highly experienced team along with the impressive collective backgrounds, diverse perspectives, and expertise will complement and enrich the skills and viewpoints represented in the top management.

HISTORICAL FINANCIAL STATEMENTS & PROJECTIONS

Particulars	31-12-2020	31-03-2021	30-06-2021	30-09-2021
Revenues	3	1	1	1
<i>% growth</i>		-83.5%	134.6%	-53.3%
Cost of Goods Sold	2	1	2	1
<i>% of revenue</i>	55.6%	180.8%	143.4%	121.1%
Gross Income (excl. D&A)	1	0	-1	0
<i>% of revenue</i>	44.4%	-80.8%	-43.4%	-21.1%
EBITDA	-4	-2	-4	-3
<i>% of revenue</i>	-122.5%	-384.6%	-297.5%	-557.9%
Depreciation & Amortization	0	0	0	0
<i>% of Fixed Assets</i>	0.1%	0.0%	0.0%	0.2%
Extraordinary Expenses	4	0	0	0
EBIT (incl. extraordinary exp)	-4	-2	-4	-3
<i>% of revenue</i>	-122.9%	-384.6%	-297.5%	-559.6%
Pretax Income	-4	-2	-5	-4
<i>% of revenue</i>	-128.6%	-421.2%	-373.8%	-778.9%
Income Tax	0	0	0	0
<i>% rate</i>	0.0%	0.0%	0.0%	0.0%
Net Income	-4	-2	-5	-4
<i>% of revenue</i>	-128.6%	-421.2%	-373.8%	-778.9%

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- Mobiquity has reported a top-line of \$0.57 million in its recent quarterly result which is a -53.28% depreciation over the previous quarter.
- The company reported a negative gross margin of -21.05% for the quarter ended 30-09-2021. Its EBITDA for the quarter was \$-3.18 million and the EBITDA margin was -557.89%.
- This was a -260.35% margin contraction at the EBITDA level which is definitely a negative outcome. Mobiquity's operating income (EBIT) was reported at \$-3.19 million and a margin of -559.65%.
- This EBIT margin dropped by 262.11% in this quarter. The company's pre-tax margin for the quarter was -778.95%.
- Mobiquity reported a net income of \$-4.44 million which resulted in a diluted earnings per share (EPS) of \$-2.14. The company's net margin was -778.95%.

Mobiquity burnt \$-5.06 million in terms of operating cash flows for the 9 months period ended 30-09-2021. The company was able to convert about -412.28% of its revenues into operating cash flows in the recent quarter.

- This quarter's EBITDA-to-operating cash flow conversion ratio is 73.90%. Overall, Mobiquity delivered a negative free cash flow of \$1.63 million for the past 9 months.

Particulars	2017	2018	2019	2020
Revenues	0	1	10	6
<i>% growth</i>		276.9%	561.2%	-36.4%
Cost of Goods Sold	1	1	7	4
<i>% of revenue</i>	174.4%	70.7%	75.1%	70.6%
Gross Income (excl. D&A)	0	0	2	2
<i>% of revenue</i>	-74.4%	29.3%	24.9%	29.4%
EBITDA	-5	-3	-3	-3
<i>% of revenue</i>	-1325.6%	-221.8%	-35.0%	-43.7%
Depreciation & Amortization	4	24	13	12
<i>% of Fixed Assets</i>	41100.0%	260.7%	101.6%	166.4%
Extraordinary Expenses	4	23	3	7
EBIT (incl. extraordinary exp)	-9	-27	-16	-14
<i>% of revenue</i>	-2379.5%	-1866.0%	-169.0%	-232.7%
Pretax Income	-10	-59	-44	-15

<i>% of revenue</i>	-2628.2%	-3980.3%	-450.1%	-243.2%
Income Tax	0	0	0	0
<i>% rate</i>	0.0%	0.0%	0.0%	0.0%
Net Income	-10	-59	-44	-15
<i>% of revenue</i>	-2594.9%	-3980.3%	-450.1%	-243.2%

- When we analyze the company's annualized historical income statement, we see that the top-line was \$6.18 million for the previous financial year ending in 2020.
- The revenue growth was -36.42% in 2020 as compared to around 561.22% in 2019. Mobiquity's cost of goods sold has decreased from 75.10% to 70.55% as a percentage of the top-line resulting in a rise in the gross margins.
- The company's overall annual EBITDA margin of -43.69% is higher than the reported quarterly EBITDA margin for the most recent quarter.
- Non-cash expenses in the form of depreciation and amortization have gone down as compared to the result in 2019.
- In terms of the bottom-line, Mobiquity reported an operating income (EBIT) of \$-14.38 million and a net income of \$-15.03 million resulting in an EPS of \$-62.33.
- The good news for investors holding the stock is that its net margin had increased from -450.10% in 2019 to -243.20% in 2020.

Particulars	2017	2018	2019	2020
Assets				
Net Intangible Fixed Assets	0	9	13	7
Net Tangible Fixed Assets	0	0	0	0
Total Fixed Assets	0	9	13	7
<i>% of revenue</i>	2.6%	630.6%	131.9%	113.6%
LT Investments	0	4	0	0
Inventories	0	0	0	0
<i>% of revenue</i>	0.0%	0.0%	0.0%	0.0%
Accounts Receivable	0	2	4	2
<i>% of revenue</i>	5.1%	168.7%	37.1%	27.5%

Cash and ST Investments	0	1	1	1
<i>% of revenue</i>	15.4%	42.2%	12.8%	9.7%
Other Current Assets	0	0	0	0
Total Current Assets	0	3	5	2
Other Assets	0	0	0	0
Total Assets	0	17	18	9
Liabilities & Shareholder's Equity				
Equity & Minorities	-5	14	11	3
LT Debt	0	0	2	2
Other LT Liabilities	0	0	0	0
Total LT Liabilities	0	0	2	2
ST Debt	3	0	1	1
Accounts Payable	0	1	3	2
<i>% of COGS</i>	117.9%	85.7%	30.5%	33.3%
Other ST Liabilities	1	1	1	1
Total Current Liabilities	5	2	4	4
Total Liabilities	5	2	7	7
Total Liabilities & Shareholder's Equity	0	17	18	9

- Moving on to the company's historical annualized balance sheet, when we analyze the fixed assets versus the revenues, we see that the percentage has evolved from 131.89% to 113.59%
- Its receivables of \$1.7 million are about 27.51% of the top-line. Mobiquity has close to \$0.6 million in terms of liquidity i.e. cash and short term investments.
- On the other hand, its payables for 2020 account for around 33.33% of the cost of goods sold. The company's long term debt is around 0.8x times its equity.

Other Metrics	2017	2018	2019	2020
Total Cash Dividends Paid	0.00	0.00	0.00	0.00
<i>% growth</i>		NA	NA	NA
Total Common Shares Outstanding	2	2	2	3
<i>% change</i>		0.0%	50.3%	17.4%
Dividend Per Share	0.00	0.00	0.00	0.00
<i>% change</i>		NA	NA	NA

Operating Ratios	2017	2018	2019	2020
Receivables Turnover	19.5	0.6	2.7	3.6
Days Receivable	18.7	615.8	135.6	100.4
Inventory Turnover	NA	NA	NA	NA
Inventory Days	NA	NA	NA	NA
Payables Turnover	1.5	0.8	2.5	2.1
Days Payable	246.9	442.2	148.0	172.5
Fixed Asset Turnover	39.0	0.2	0.8	0.9
Total Asset Turnover	3.5	0.1	0.5	0.7

Other Performance Ratios	2017	2018	2019	2020
Return on Assets	-9200.0%	-348.1%	-247.2%	-160.2%

Return on Equity 204.4% -406.0% -400.6% -520.1%

- The company does not pay any dividend. Mobiquity's total common shares outstanding have increased in 2020 by 17.37% implying a share issuance.
- The receivables turnover helps quantify a company's effectiveness in collecting the money owed by clients and demonstrates how well it uses and manages the credit it extends to customers.
- As per the days receivable, the company takes an average period of 100.4 days to collect money from its clients which appears to be on the higher side and blocking its working capital.
- The inventory turnover shows the number of times a given company has sold and replaced inventory during the year and is an indicator of how many days of working capital is blocked in inventory. The inventory days ratio is not applicable as the company has no inventory.
- The accounts payable turnover is a short-term liquidity measure used to quantify the rate at which a company pays off its suppliers. It shows how many days of credit a company gets from its suppliers. As per the days payable, the company takes an average period of 172.5 days to pay off its creditors which appears to be reasonable.
- The fixed asset turnover ratio measures how well a company generates sales from its tangible as well as intangible fixed assets. The higher the ratio, the greater the company's efficiency to its assets to generate revenues.
- Mobiquity's fixed assets turnover ratio of 0.9 has increased in 2020 indicating that the company is generating greater revenues from its fixed assets.
- The total asset turnover ratio measures the value of a company's sales or revenues relative to the value of its assets. The higher the asset turnover ratio, the more efficient a company is, with respect to using its assets to generate revenues. Mobiquity's total assets turnover has increased to 0.66 in 2020.

Particulars	2018	2019	2020	2021E	2022E	2023E
Revenues	1	10	6	7	15	29
% growth		561.2%	-36.4%	11.7%	120.3%	91.4%
Cost of Goods Sold	1	7	4	5	10	19
% of revenue	70.7%	75.1%	70.6%	66.7%	66.7%	66.7%
Gross Income (excl. D&A)	0	2	2	2	5	10
% of revenue	29.3%	24.9%	29.4%	33.3%	33.3%	33.3%
EBITDA	-5	-3	-3	-3	1	6

<i>% of revenue</i>	-351.7%	-33.5%	-55.0%	-39.1%	7.0%	19.6%
Depreciation & Amortization	0	2	2	4	4	4
EBIT	-27	-16	-14	-7	-3	2
<i>% of revenue</i>	-1866.0%	-169.0%	-232.7%	-101.4%	-19.9%	6.3%
EBT (GAAP)	-59	-44	-15	-8	-4	1
<i>% of revenue</i>	-3980.3%	-450.1%	-243.2%	-113.0%	-25.1%	3.5%
Net Income (GAAP)	-59	-44	-15	-8	-4	1
<i>% of revenue</i>	-3980.3%	-450.1%	-243.2%	-113.0%	-25.1%	-24.9%
Earnings Per Share (GAAP)	-62.33	-22.41	-62.33	-1.83	-0.76	0.17

Particulars	2018	2019	2020	2021E	2022E	2023E
Net Income (GAAP)	-59	-44	-15	-8	-4	1
+ Depreciation & Amortization	0	2	2	4	4	4
+/- Working Capital, Deferred Taxes & Other Adjustments	1	34	8	1	1	0
Cash Flow from Operations	-58	-9	-5	-3	1	5
<i>% of EBITDA</i>	1117.4%	267.8%	139.7%	95.5%	94.5%	94.5%
Net Capex	-9	-5	0	0	0	0
<i>% of revenues</i>	632.0%	52.4%	0.2%	0.2%	0.1%	0.1%
Other Investment Cash Flow items	0	5	4	4	4	4
Cash Flow after Investments	-9	0	4	4	4	4
Free Cash Flow	-67	-14	-5	-3	1	5

Growth & Margins	2018	2019	2020	2021E	2022E	2023E
Sales Growth		561.2%	-36.4%	11.7%	120.3%	91.4%
EBITDA Margin	-351.7%	-33.5%	-55.0%	-39.1%	7.0%	19.6%

EBIT Margin	-1866.0%	-169.0%	-232.7%	-101.4%	-19.9%	6.3%
Net Profit Margin	-3980.3%	-450.1%	-243.2%	-113.0%	-25.1%	-24.9%

Leverage Ratios	2018	2019	2020	2021E	2022E	2023E
Net Debt	-1	1	2	4	3	-2
Net Debt/ Equity	0.0	0.1	0.6			
Net Debt/ EBITDA	NA	-0.3	-0.5	-1.6	3.2	NA

- Now let us move on to Baptista Research's forecasts for Mobiquity Technologies's income statement and cash flows.
- We forecast a top-line growth of 11.7% for 2021, around 120.3% for 2022, and about 91.4% for 2023.
- This growth is expected to translate into an EBITDA of \$-2.7 million in 2021 with a margin of -39.13%. Mobiquity's EBIT margin is expected to be -101.45% in 2021, about -19.86% in 2022, and 6.25% in 2023.
- Our estimate for the company's Net Income (GAAP) is \$-7.8 million implying a net margin of -113.04% and resulting in an earnings per share of \$-1.83. We expect the growth to follow a similar trend in 2022 and 2023.
- In terms of the cash flows, we expect Mobiquity to generate around \$-2.5785 million in operating cash flows in 2021.
- This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of 95.50%. Mobiquity is expected to invest a higher amount in capex and other investing activities in 2021. Overall, the company is expected to generate free cash flows to the tune of \$-2.5895 million in 2021.
- Mobiquity's Net Debt is expected to increase in 2021 and is expected to follow a similar trend over the coming years.
- The Net Debt-to-EBITDA ratio is a measure of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. It shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. Mobiquity's Net Debt-to-EBITDA ratio is expected to be -1.64 in 2021 which indicates that the company is not leveraged.
- Net-Debt-to-Equity ratio, also known as the gearing ratio shows how encumbered a company is with its debt. The company's Net Debt-to-Equity ratio for 2020 is 0.64 and it indicates that the company has reasonable gearing.

DISCOUNTED CASH FLOW (DCF) VALUATION

Key DCF Assumptions

WACC	9.8%
CoD	23.0%
CoE	6.7%
Market Rate	6.0%
Risk Free Rate	1.7%
Beta	0.83
Perpetual Growth Rate (g)	2.0%
Terminal Value	12
Tax Rate	0.0%

- For the purpose of carrying out the discounted cash flow valuation of Mobiquity, we have used the standard capital asset pricing model (CAPM).
- We have used a 6.0% equity market risk premium based on the S&P 500 returns for the past 5 years. The risk-free rate has been assumed as the 10-year Treasury Constant Maturity Rate of the U.S. at 1.73%.
- The company's stock is less volatile than the market as a whole and has a beta of 0.8 which we shall use without leveraging the same as we are going for the enterprise value approach."
- This is used in order to arrive at the cost of equity (CoE) of 6.7% which appears reasonable for a company like Mobiquity. Based on the company's long term debt and interest payments, the cost of debt is 23.0%.
- After incorporating the CoE and the CoD and average tax rate of 0.0%, we arrive at a Weighted Average Cost of Capital (WACC) of 9.8%.
- The terminal value is a key component of any DCF valuation as it accounts for the largest chunk of the total projected value of the company. There are a number of methodologies used to determine the same such as the perpetual growth rate method or the multiples method. In this case, we have gone ahead and determined the terminal value by applying the current EV/Sales ratio of 1.8 to our forecasted revenues of 2023.

EV and Market Cap	Current	2021E	2022E	2023E
Price (\$)	2.2	2.5	5.3	9.0

Outstanding Number of shares (million)	4	4	5	6
Total Market Cap (billion)	0.01	0.01	0.03	0.05
Net Debt	2	4	3	-2
Enterprise Value (billion)	0.01	0.02	0.03	0.05

- After applying the discount rate (WACC) of 9.8%, we arrive at a price target of \$2.5 for 2021.
- Our target price at the end of 2022 is \$5.3 and for 2023 is \$9.0 which implies a total appreciation of nearly 317.0% in the coming 3 years in the stock price.
- During this phase, we see the EV/ EBITDA to be in the range of 8.94 and 28.30

Valuation Ratios	Current	2021E	2022E	2023E
EV/ Sales	1.6	2.2	2.0	1.8
EV/ EBITDA	NA	NA	28.3	8.9
EV/ EBIT	NA	NA	NA	28.0
Price/Earnings	NA	NA	NA	51.9

KEY RISKS

- It is important to highlight the key risks associated with an investment in Mobiquity Technologies as well as the inherent risks associated with the financial projections and price forecasts presented in this report.
- Mobiquity Technologies operates in the advertising technology domain which has many large players like Criteo S.A. There are many heavily funded and cash rich advertising companies like WPP and Omnicom which could easily enter this space through technology investments and reduce Mobiquity's market share.
- Mobiquity is a loss-making company and we do not foresee it breaking even before 2022. The increasing losses lead to more and more share issuances which result in a huge dilution risk for existing shareholders.
- Global economic, political and other conditions may adversely affect trends in consumer, business and government spending, which may adversely impact the demand for Mobiquity Technologies' services and its revenue and profitability.
- Rapid technological progress, changing client demands, and developing industry standards may all contribute to the obsolescence of present and future products and services. In addition, the management claims that the success of their client acquisition approach will always be critical to their business.
- It is worth highlighting that the extent to which Covid-19 impacts the financial results of the company is highly uncertain and could significantly disrupt the operations including the sales, manufacturing and supply chain-related activities of its clients along with their demand for digital advertising services. It could also result in social, economic, and labor instability in the countries where the customers and suppliers operate.
- With respect to our price projection, we would like to clarify that the valuation of Mobiquity Technologies in this report is specific to the date of the analysis i.e. 11-01-2022.
- We must emphasize that the projected valuation and the share price of Mobiquity Technologies are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts.
- There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.
- Another one of the biggest risks to Mobiquity Technologies's model is the fact that the company's top-line growth is assumed to be consistently growing by a certain rate in the model. There is a possibility that this assumption might not hold true if the COVID-19 situation persists for too long. With respect to our price projection, we would like to clarify that the valuation of Mobiquity Technologies in this report is specific to the date of the analysis i.e. 11th January 2022.

- We must emphasize that the projected valuation and the share price of Mobiquity Technologies are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts. There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.

ANALYST RATINGS

- Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
- Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
- Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
- Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
- Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

ANALYST INDUSTRY VIEWS

- Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
- In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
- Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
- Benchmarks for each region are as follows: North America - S&P 500; Latin America – MSCI EM Latin America Index; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

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