



March 29, 2022

Key Metrics

OLB - NASDAQ	\$2.11
Pricing Date	Mar 28 2022
Price Target	\$5.00
52-Week Range	\$12.80 - \$1.43
Shares Outstanding (mm)	12.1
Market Capitalization (mm)	\$25.5
3-Mo Average Daily Volume	2,109,817
Book Value/Share	\$0.93
Price/Book	2.3x

Revenue (000)

	2020A	Prior 2021E	Curr. 2021A	Prior 2022E	Curr. 2022E
1Q-Mar	2.6	--	2.2	--	7.5E
2Q-Jun	2.0	--	2.8	--	7.9E
3Q-Sep	2.3	2.6	2.8	--	8.1E
4Q-Dec	2.8	2.9	8.8	--	8.2E
FY	9.8	10.6	16.7	--	31.7E

GAAP EPS

	2020A	Prior 2021E	Curr. 2021A	Prior 2022E	Curr. 2022E
1Q-Mar	(0.10)	--	(0.17)	--	(0.14)E
2Q-Jun	(0.09)	--	(0.09)	--	(0.08)E
3Q-Sep	(0.11)	(0.06)	(0.11)	--	(0.04)E
4Q-Dec	(0.01)	(0.04)	(0.21)	--	(0.02)E
FY	(0.31)	(0.35)	(0.63)	--	(0.28)E

Company Description:

The OLB Group is an emerging player in the fast growing financial technology, or FinTech, sector, offering its merchant customers a broad suite of products and services, including payment processing solutions, a cloud-based business management platform, a capital raising platform for private companies, and a proprietary payment gateway solution.

OLB Group, Inc.**Rating: Buy****Revenue Base Considerably Larger Due to Contribution from Acquisitions****Investment Highlights:**

Overview of 4Q results. The OLB Group announced 4Q revenue of \$8.8 million, representing 210% growth from the year ago quarter, which was primarily driven by contribution from recent acquisitions. Naturally the impact of the acquisitions also resulted in significantly higher operating expense, which drove a higher than expected operating loss during 4Q.

Recently acquired a portfolio of CBD merchants. The OLB Group recently completed an acquisition of a portfolio of CBD and other merchants that will utilize the company's SecurePay payment gateway. With the merchant portfolio reporting annual transaction volume between \$300-400 million, management forecasts the acquisition will add an incremental \$20 million in revenue and \$5 million in EBITDA annually going forward. We note that the cannabidiol (CBD) products market is a fast growing consumer products sectors in the US, and that growth could accelerate even further in the event of more favorable FDA regulation in the sector.

Maintain BUY rating. The OLB Group is an emerging player in the rapidly growing financial technology (FinTech) sector. We continue to recommend investors accumulate shares of OLB. We believe shares of OLB should trade at an Enterprise Value/2022E Revenue multiple of 2x, which generates our price target of \$5.

Offering an expanded suite of products and services in the burgeoning FinTech industry. In addition to its core eVance payment processing solutions business, the company has significantly expanded its portfolio of FinTech products in recent quarters to include a cloud-based business management platform for commerce services called OmniSoft, a unique online capital raising platform for small and mid-sized businesses called CrowdPay, and a proprietary payment gateway solution called SecurePay. In addition, the company has recently entered the cryptocurrency mining and lending business.

Significant cross-selling opportunities. The OLB Group's core eVance business has successfully established relationships and does business with thousands of merchant customers and clients in the U.S., including traditional bricks-and-mortar retailers, eCommerce retailers, restaurants, service companies, and others. We believe these established relationships represent a significant opportunity for the company to market and cross-sell its new FinTech products, which should not only help drive incremental revenue and profitability, but should also help further entrench the company's relationships with these merchants.

Risks. Potential investment risks to attainment of our price target include delays and business disruption as a result of the ongoing COVID-19 pandemic, regulatory risk in the highly scrutinized financial services sector, possible dilution from future capital raises, competitive risk, and potential technological obsolescence in a rapidly evolving industry.

Figure 1. Historical and Projected Income Statement

THE OLB GROUP, INC.
INCOME STATEMENT (in \$000)

Period Ending	2018	2019	2020	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E
Net Revenue	\$9,020	\$10,292	\$9,767	\$16,711	\$7,500	\$7,900	\$8,100	\$8,200	\$31,700
% Change yr-yr		14.1%	-5.1%	71.1%	236.9%	178.8%	186.8%	-7.1%	89.7%
Operating Expense	9,553	10,560	10,501	21,475	9,000	8,690	8,505	8,282	34,477
% of revenue	105.9%	102.6%	107.5%	128.5%	120.0%	110.0%	105.0%	101.0%	108.8%
Operating Income	(533)	(269)	(735)	(4,765)	(1,500)	(790)	(405)	(82)	(2,777)
Net Margin	-5.9%	-2.6%	-7.5%	-28.5%	-20.0%	-10.0%	-5.0%	-1.0%	-8.8%
Interest and other expense	860	1,075	1,042	214	140	140	140	140	560
Pretax income	(1,394)	(1,343)	(1,777)	(4,978)	(1,640)	(930)	(545)	(222)	(3,337)
Provision for Income Taxes	0	0	0	0	0	0	0	0	0
Net income (loss)	(1,394)	(1,343)	(1,777)	(4,978)	(1,640)	(930)	(545)	(222)	(3,337)
Diluted earnings per share:	(\$0.26)	(\$0.25)	(\$0.31)	(\$0.63)	(\$0.14)	(\$0.08)	(\$0.04)	(\$0.02)	(\$0.28)
Avg.diluted shares outstanding	5,411	5,453	5,711	7,918	12,130	12,130	12,130	12,130	12,130

Source: Aegis Capital Corporation and Company Reports

Figure 2. Historical Annual Cash Flow Statement

THE OLB GROUP, INC.

STATEMENT OF CASH FLOWS (in \$000)

	2018	2019	2020	2021
Net Income (Loss)	(\$1,394)	(\$1,343)	(\$1,777)	(\$4,978)
Depreciation and amortization	583	842	861	1,891
Stock based compensation	186	265	298	296
Non-cash interest expense	8		204	165
Gain on settlement of payables	(16)		1	3
Bad debt expense	38			(236)
<i>Changes in Assets and Liabilities</i>				
Accounts receivable	64	(73)	123	(315)
Prepaid expenses	64	4	101	(720)
Other current assets	(8)	(100)		
Other long-term assets	(27)	63	(68)	(68)
Accounts payable	149	125	(233)	142
Accrued expenses - related party	239	372	236	
Other accrued liabilities	(17)	(10)	25	313
Deferred revenue		100	(100)	
Net Cash From Operations	(131)	245	(327)	(3,508)
Purchase of property, plant, and equipment				
Acquisitions			(150)	(25,662)
Proceeds from note receivable	175			
Cash received in business combination	43			
Net Cash from Investing Activities	218	-	(150)	(25,662)
Proceeds from notes payable	3,055	361	236	
Proceeds from exercise of warrants			95	8,091
Proceeds from sale of common stock			5,446	28,380
Proceeds from sale of warrants			155	
Payment on notes payable - related parties	(30)			
Payment of deferred offering costs		(210)	(293)	
Payments on notes payable	(3,000)		(1,845)	(7,655)
Net Cash from Financing Activities	25	151	3,794	28,816
Net Increase (Decrease) in Cash	112	396	3,317	(354)
Cash, Beginning of the Period	-	112	508	3,824
Cash, End of the Period	112	508	3,824	3,470

Source: Aegis Capital Corporation and Company Reports

Figure 3. Historical Annual Balance Sheet**THE OLB GROUP, INC.
CONSOLIDATED BALANCE SHEET (in \$000)**

<u>ASSETS</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Current Assets				
Cash	112	508	3,824	3,470
Accounts receivable	406	479	356	671
Prepaid expenses	21	17	16	15
Other current assets	8	108	9	729
Total Current Assets	<u>547</u>	<u>1,112</u>	<u>4,205</u>	<u>4,886</u>
Property and equipment, net	66	37	20	8,967
Intangible assets	4,148	3,335	2,641	23,964
Deferred offering costs		210		
Operating lease right-of-use asset			270	403
Goodwill	6,858	6,858	6,858	6,858
Other long-term assets	<u>380</u>	<u>317</u>	<u>384</u>	<u>452</u>
Total Assets	<u>11,999</u>	<u>11,869</u>	<u>14,378</u>	<u>45,529</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
Liabilities				
Accounts payable	468	593	360	502
Accrued expenses - related party	640	1,012		
Accrued expenses	74	74	104	416
Merchant portfolio				2,000
Other accrued liabilities	15	5	86	133
Deferred revenue		100		
Note payable - current portion		325	450	
Note payable - related party - current portion	25	386		
Total Current Liabilities	<u>1,221</u>	<u>2,494</u>	<u>999</u>	<u>3,051</u>
Long-term Liabilities				
Note payable, net	9,500	9,175	7,441	
Notes payable - related party	3,000	3,000		
			185	273
Total Liabilities	<u>13,721</u>	<u>14,669</u>	<u>8,625</u>	<u>3,324</u>
Stockholders' Equity				
Preferred stock			0	0
Common stock	1	1	1	1
Additional paid-in capital	15,786	16,051	26,380	67,811
Accumulated deficit	(17,508)	(18,852)	(20,629)	(25,607)
Total Equity	<u>(1,722)</u>	<u>(2,800)</u>	<u>5,752</u>	<u>42,205</u>
Total Liabilities & Stockholders' Equity	<u>11,999</u>	<u>11,869</u>	<u>14,378</u>	<u>45,529</u>

Source: Aegis Capital Corporation and Company Reports

Required Disclosures

Price Target

Our 12-month price target on shares of OLB is \$5.

Valuation Methodology

We derive our price target by applying an Enterprise Value/2022E Revenue multiple of 2x.

Risk Factors

- Business delays and overall disruption resulting from the ongoing COVID-19 pandemic.
- Regulatory risk, particularly in the highly scrutinized industry of financial services.
- Possible dilution to shareholders from future capital raises.
- Competitive risk from new product introductions.
- Risk of technological obsolescence of certain products or services in the rapidly evolving FinTech sector.

For important disclosures go to www.aegiscap.com.

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Aegis Capital Corp. makes a market in OLB Group, Inc..

Aegis Capital Corp. has performed investment banking services for and received fees from OLB Group, Inc. within the past 12 months.



**Investment Banking
Services/Past 12 Mos.**

Rating	Percent	Percent
BUY [BUY]	93.20	43.75
HOLD [HOLD]	6.80	28.57
SELL [SELL]	0.00	0.00

Meaning of Ratings

- A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.
- B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.
- C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

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