

August 10, 2022

SKYX Platforms Corp. (SKYX)

ANSI/NEMA approval paves way for licensing and product demand

Company Update

- ▶ **SKYX Platforms announced the Company has received approval for installation specs for its plug and play ceiling outlet by the American National Standards Institute (ANSI) and by the National Electric Manufacturers' Association (NEMI).** We believe this further entrenches the ceiling receptacle into industry standards alongside its National Electric Code (NEC) inclusion and positions the SKYX ceiling receptacle favorable for mandatory inclusion in the NEC code. In our opinion, this approval should lead to licensing deals and product orders and clearly identifies the product as a future standard for global utilization.
- ▶ **ANSI standards are closely adhered to by architects and engineers for residential and commercial buildings.** We believe this signals the advent of orders and licensing opportunities, as new construction should start to build the SKYX receptacle into plans. Further, the receipt of this approval, we believe is one of the final milestones needed for the NEC to mandate such product.
- ▶ **A key catalyst for the stock will be the announcement of licensing agreements and purchase orders.** While the timing of such is hard to predict from an outsider perspective, we believe the company has been hard at work showcasing its product to various constituents through its advisory boards and wouldn't be surprised if the company is in the final stages of shoring up significant agreements.
- ▶ **Lock-up expiry and related stock weakness creates buying opportunity in our opinion.** Following the company's February 2022 IPO, with the 180 day lock up expiry of roughly 79mm of the company's 81mm shares outstanding are now freely tradable. Insiders hold roughly 44% of such shares. We believe the near-term weakness from the expiry will eventually give way to increased float and investor demand should business prospects ramp in accordance with our financial model.
- ▶ **Our target price of \$15** is based on a PE of 16x on our \$0.94 2024 fully diluted EPS. We believe this is in line with other early-stage growth companies. The Company priced its IPO at \$14.
- ▶ **Risks include:** loss of key partnerships, the inability to source product and related raw materials, and the inability to achieve an NEC mandate thereby diminishing market opportunity. The loss of key personal, cost overruns and lack of product sell through all could materially impact the stock and market entry from larger well-funded competition could diminish returns among other risks. Limited float of stock could increase volatility.

Rating:	Buy
Current Price	\$3.65
Price Target	\$15.00
52-Wk Range	\$1.99 - \$16.00
Shares Outstanding (M)	80.7
Market Cap (M)	\$295
Enterprise Value (M)	\$316
Average Volume (000s)	1,255
Net Cash/Share	\$0.34
Sector Weight	Overweight


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FY Dec		Q1	Q2	Q3	Q4	Total	P/E
EPS	2022E					\$(0.29)E	-12.4x
	2023E					\$0.10E	35.3x
	2024E					\$0.94E	3.9x
Revenue (m)	2022E					\$0E	
	2023E					\$65E	
	2024E					\$270E	

Important Disclosures

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Equity Research Ratings System

Firm-Wide Stock Ratings Distribution

As of June 30, 2022

	All Covered Companies		Investment Banking Clients	
Buy	262	75.7%	54	15.6%
Hold	63	18.2%	4	1.2%
Speculative Buy	18	5.2%	14	4.0%
Sell	3	0.9%	0	0%

Company Ratings

Buy: Stock is expected to outperform the analyst’s defined Sector/Industry Index* over the following 6 to 12 months.

Speculative Buy: The stock has a market value below \$100M and/or a higher financial risk profile. It is expected to outperform the analyst’s defined sector/industry index over the following 6 to 12 months.

Hold: Stock is expected to perform in-line with the analyst’s defined Sector/Industry Index* over the following 6 to 12 months.

Sell: Stock is expected to underperform the analyst’s defined Sector/Industry Index* over the following 6 to 12 months.

Industry Ratings

Overweight: Analyst’s defined Sector/Industry Index* is expected to outperform the S&P 500 over the following 6 to 12 months.

Market Weight: Analyst’s defined Sector/Industry Index* is expected to perform in-line with the S&P 500 over the following 6 to 12 months.

Underweight: Analyst’s defined Sector/Industry Index* is expected to underperform the S&P 500 over the following 6 to 12 months.

Benchmark Disclosures as of August 10, 2022

Company	Disclosure
SKYX Platforms Corp.	1,2,3

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Investment Risk

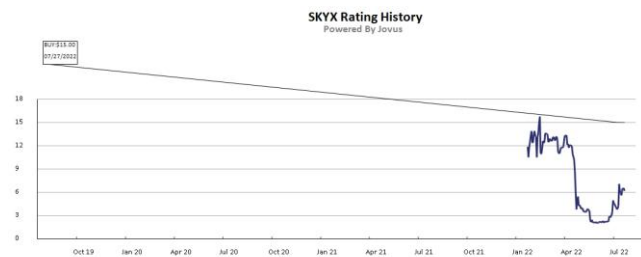
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Valuation Methodology

Our target price of \$15 is based on a PE of 16x on our \$0.94 2024 fully diluted EPS. We believe this is in line with other early stage growth companies. The Company priced its IPO at \$14.

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