

INITIATING COVERAGE

Equity | Technology/ Software

Visium Technologies Inc.
(OTCMKTS:VISM; Target Price: \$3.50)

Visium Technologies is a rare undervalued gem within the cybersecurity space, one of the fastest growing sub-domains within the SaaS (software-as-a-service) . While the company is at a pre-revenue stage, it has a unique data analytics-oriented approach to cybersecurity and could well start trading at sky-high valuations along with companies like CrowdStrike and Palo Alto Networks The growing number of work-from-home employees is one of the biggest factors responsible for the growth of cybersecurity as well as the need for offerings like that of Visium. Today, the biggest problem for any enterprise during a cyberattack situation is not a lack of information, but rather the ability to use the available information to assemble disparate pieces of security information into insights for situational awareness and determine the optimal courses of action. Visium's virtual private cloud operating environments cater to this problem and deliver cybersecurity and data visualization solutions to enterprise customers.

INVESTMENT THESIS

This is our first report on Visium 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. We can see Visium's share price is extremely low as a result of the constant share issuances to fund the product development costs. However, this is expected to change with the expected commercialization and SaaS revenues starting off in 2022. The management is now rapidly accelerating their corporate growth strategy due to this latest funding round. This includes hiring additional sales, marketing, and software development resources to take advantage of their TruContext platform's timing and competitive advantages. The company should be able to capitalize on the fact that TruContext frees up human capital that would otherwise be spent manipulating and preparing data for analysis for days, weeks, or even months. Baptista Research looks to evaluate the different factors that could influence Visium 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

Visium Technologies, Inc., a cybersecurity/digital risk management company, provides cybersecurity technology solutions, tools, and services to support commercial enterprises and government's ability to protect their data. The company focuses on network security, threat visualization, Internet of Things, mobile security, cloud, pinpoint threat identification, and big-data analytics. The company was formerly known as NuState Energy Holdings, Inc. and changed its name to Visium Technologies, Inc. in March 2018. Visium Technologies, Inc. was incorporated in 1987 and is headquartered in Fairfax, Virginia.

Key Report Highlights

Industry View:	Attractive
Stock Rating:	Buy
Price Target:	\$3.50
Current Price:	\$0.01
52-Week-Range:	\$0.01 - \$0.03

Annual Income Statement	2021E	2022E	2023E
Revenues	10.00	23.59	36.10
Cost of Goods Sold	3.00	6.90	10.10
Gross Income (excl. D&A)	7.00	16.69	26.00
EBITDA	3.80	11.19	19.60
EBIT (incl. extraordinary exp)	3.80	11.19	19.60
Net Income	2.31	7.20	12.95
Cash from Operations	3.12	10.18	17.86
Free Cash Flows	-2.88	10.18	17.86

Growth & Margins	2021E	2022E	2023E
Sales Growth	NA	135.9%	91.9%
EBITDA Margin	38.0%	47.4%	54.3%
EBIT Margin	38.0%	47.4%	54.3%
Net Profit Margin	23.1%	30.5%	35.9%

Valuation Ratios	Current	2022E	2023E
EV/ Sales	41.9	2.1	2.4
EV/ EBITDA	NA	5.6	5.0
EV/ EBIT	NA	5.6	5.0
Price/Earnings	NA	7.4	8.6

KEY FACTORS DRIVING THE COMPANY'S PERFORMANCE

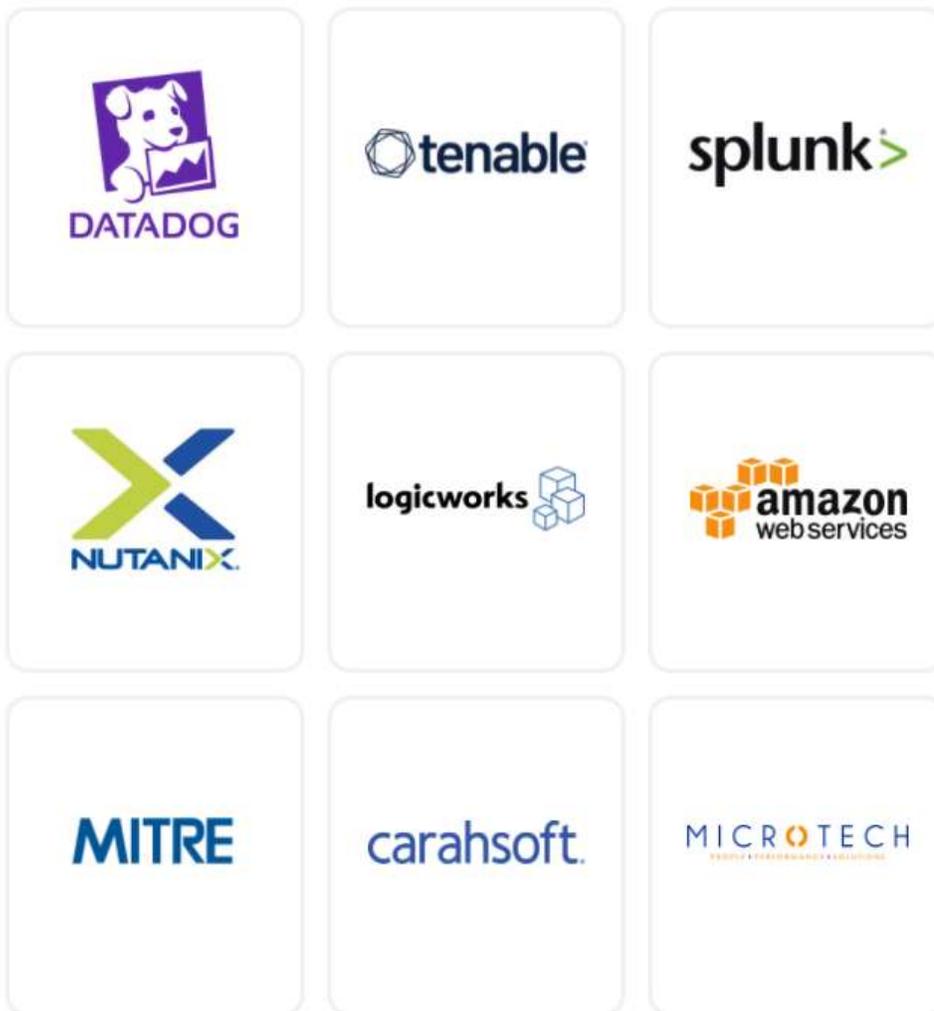


Diverse Set Of Safe Offerings

- While the initial impression that one might get from Visium is that of a cybersecurity company, it can be considered more so as a data analytics provider with a wide application of its offerings where cybersecurity is one of the biggest and most important applications.
- The company provides security information and event management (SIEM) solutions, tools, and services to enterprises. Its TruContext technology helps reduce risk, simplify cybersecurity, and deliver better security outcomes by combining visualization, advanced cyber monitoring intelligence, data modelling, analytics, and automation.
- They primarily generate revenue through three methods: a virtual appliance model aimed primarily at the federal government, which charges a seat licence; a SaaS model, which charges a recurring monthly licence fee for TruContext; and professional services, which support and deliver cybersecurity solutions and services to its customers.
- As part of its go-to-market strategy, the company has formed integration partnerships with larger, more established technology firms. In addition, Visium has formed relationships with value-added resellers who sell to the federal government and commercial markets.
- Although digital risk management, cybersecurity solutions, and technology services for physical network security, the cloud, and mobility solutions are the company's primary focus areas, they also deal with mission-critical issues.

- To provide its products and services to its customers, Visium relies heavily on its technology and infrastructure. Many of their products, for example, are hosted by third-party data centres over which they have no control.
- Besides, they use technology that they licence from third parties, such as commercial software and open-source software. To run their business, they collect, use, store, and disclose an increasing amount, variety, and velocity of personal information, including information from employees and customers.
- A growing number of federal, state, local, and foreign laws governing privacy and data security could use Visium's offerings to the personal information they process.
- Some of their key technology partners are in the snapshot below.

Our Partners



Source: Company Website

The TruContext Offering



Source: Company Website

- Enterprise owners often need a team of experts to understand their business' security posture in the face of cyber threats. However, one doesn't need to be an expert to understand the business and assets with TruContext, as it provides real-time automation and intuitive data understanding.
- By visualizing your network security posture throughout an attack, TruContext, powered by Mitre's CyGraph, simplifies cybersecurity. The tool accomplishes its tasks by compiling disparate data and events into a comprehensive picture to aid decision-making and situational awareness and allowing for the prioritization of remediation to protect your most valuable assets by bringing together multiple disparate data sources.
- An attack-graph model is also included in TruContext, which maps potential attack paths through a network. The tool also provides context for responding to attacks and protecting mission-critical assets in the event of an attack.
- The attack graph is a dynamically evolving map of potential attack paths through a network. This includes network topology, firewall rules, host configurations, vulnerabilities, and any other network attributes that may contribute to attack success.

Making Sense of Complex Connected Data

The possibilities of the TruContext platform extends far beyond just cybersecurity. Our advanced graphing capabilities are combined with artificial intelligence and machine learning to provide insight into healthcare, fraud, financial services, pharmaceutical, telecom, and more. Below are some examples of use cases:



Source: Company Website

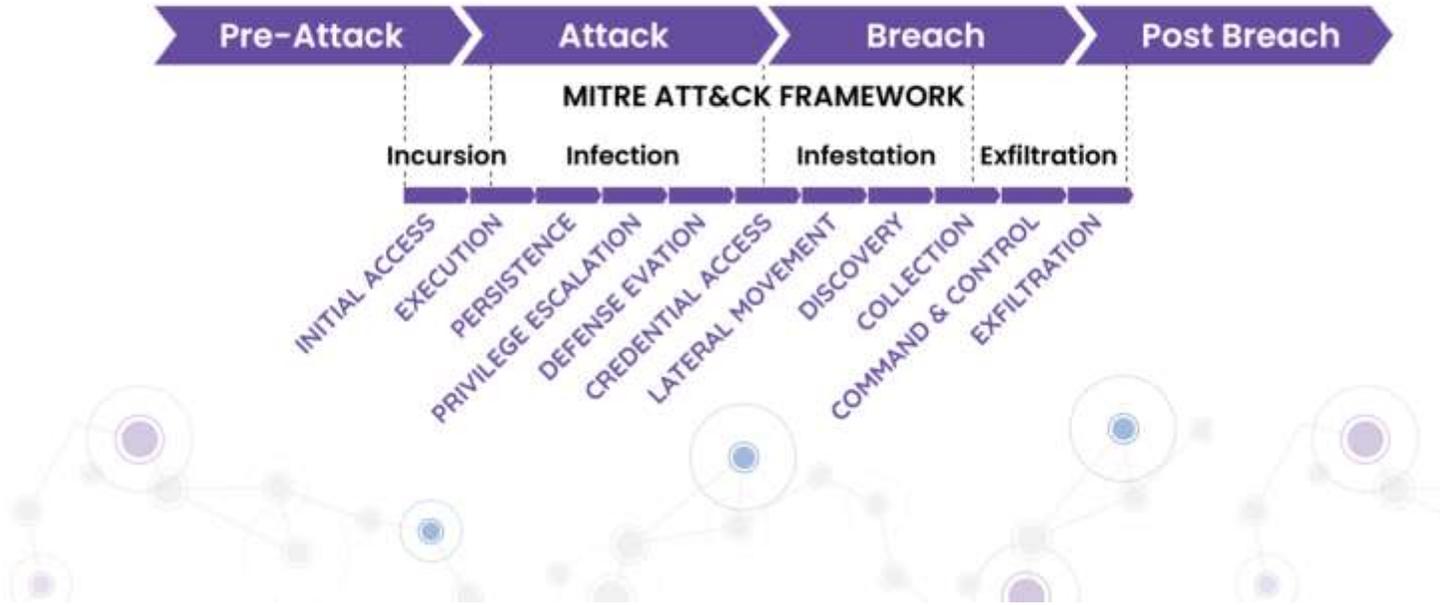
- TrueContext connects the dots in a human-readable and understandable way. The majority of today's cyber tools lack this feature and a classic example of this is Splunk (NASDAQ:SPLK).
- Even on Splunk, a lot of data is being collected and analyzed, but connecting events to problems using traditional data mining and analysis is a herculean task.
- Even with the tools that are supposed to protect the kingdom, this is a key factor that contributes to the continued occurrence of major cyber compromises.
- It demonstrates how analyzing data without proper context can lead to undetected vulnerabilities. Besides, potential vulnerabilities in SolarWinds Orion Products and connected networks could have been identified using CyGraph's forensic capabilities.
- TruContext enables cyber risk mitigation and response in real-time. Without weeks of data-mining, the CyGraph platform visualizes an Enterprise's infrastructure, assets, and data relationships, allowing for near real-time decisions to protect the digital and connected ecosystem.
- Through TruContext, Visium's platform could have quickly connected the dots and provided alerts for recent cyber compromises affecting the U.S. government, well-known industry vendors, and their customers.

- Furthermore, the forensics capability of CyGraph can be used to identify additional potential vulnerabilities and root causes, adding significant value to ongoing investigations.

The MITRE Collaboration

- Visium has entered into a technology license agreement with the MITRE Corporation for the commercialization of its licensed patented technology, known as CyGraph.
- MITRE is a non-profit organization that advises the federal government on engineering and technical matters. CyGraph is a tool for cyber warfare analytics, visualization and knowledge management and it known to provide advanced analytics for cybersecurity situational awareness that is scalable, flexible and comprehensive.
- Visium is expected to benefit from bringing MITRE's intellectual property to market and has carried out the deal through its wholly-owned subsidiary, Visium Analytics, LLC.
- MITRE's decision to grant Visium exclusive rights to develop and commercialize Cygraph is a strong endorsement of the company's ability to commercialize the technology.
- Security is undergoing a fundamental shift, and CyGraph provides machine learning acceleration, advanced cyber hunting, forensics, incident response, and analytics that significantly improve the enterprise's security posture while increasing efficiencies and cost savings.
- With Visium's TrueContext technology, CyGraph simplifies cybersecurity by visualizing the network security posture before and during an attack, providing an intuitive situational picture of the enterprise.
- Furthermore, the phases could range from catching compromises in real-time at the pre-attack point to high-speed root cause analysis at the breach point. Visium Analytics, when combined with the MITRE ATT&CK framework (a curated knowledge base that tracks cyber-threat actors' tactics and techniques throughout the attack lifecycle), is uniquely positioned to deliver immediate and human-understandable focus of an attack radius, allowing time-constrained resources, such as cyber professionals, to zero in on the highest impact targets and priorities.

ATT&CK as a guiding framework



Source: Company Presentation

Macro-Economic Environment

- As per Mordor Intelligence data, the global cybersecurity market was around \$156.24 billion in 2020 and is expected to grow at a CAGR as high as 14.5% from 2022 to 2027.
- Due to the increasingly sophisticated attacks, changing customer preferences and requirements, current economic pressures, and market consolidation, the markets for Visium's solutions are highly competitive, and the company expects both requirements and pricing competition to increase.
- The company is required to constantly keep innovating due to changes in how businesses use IT assets and the security solutions they employ, such as the inclusion of privileged account security capabilities in public cloud infrastructure offerings or cloud-based identity management solutions.
- Also, due to limited IT budgets, providers of other advanced threat protection solutions such as McAfee, LLC, Palo Alto Networks, Splunk Inc., and NortonLifeLock, Inc. may face competition.

- Visium is more of a complementary offering to these larger cybersecurity providers. The company may compete with vendors providing products or services in adjacent or complementary markets to privileged access management, such as identity management vendors and cloud platform providers like Amazon Web Services, Google Cloud Platform, and Microsoft Azure, to some extent.
- Within the increasingly challenging cyber threat landscape and the continued use of hybrid on-premise and cloud-based environments, the IT security market is rapidly evolving.
- Visium works in a fast-paced industry dedicated to protecting organizations' IT systems and sensitive data. Their products are designed to protect privileged accounts, credentials, and secrets.
- Privileged accounts are those within an organization that grant users, applications, and machine identities the highest levels of access, or 'privileged' access, to IT systems and infrastructure, industrial control systems, applications, and data on-premises and in the cloud.
- These products may receive a large portion of an organization's IT security budget, and the company's solutions may not be used in conjunction with them.
- Organizations are entrusting parts of their IT systems to third parties, primarily infrastructure, platform, and application service providers, and may rely on the security measures implemented by such providers.
- Security solutions like Visium's focused on disrupting insider and external cyber-attacks that have penetrated an organization's on-premise or cloud environment represent a security layer designed to respond to advanced threats as well as more stringent compliance standards and audit requirements.

Ticker	Company Name	NTM EV/ Revenue	NTM EV/ EBITDA	NTM PE Ratio	NTM Market Cap/ FCF
CRWD	CrowdStrike Holdings, Inc.	23.02x	135.22x	227.24x	84.85x
ORCL	Oracle Corporation	6.12x	12.44x	15.76x	18.46x
NOW	ServiceNow, Inc.	15.01x	47.32x	76.37x	48.89x
TEAM	Atlassian Corporation Plc	24.83x	125.56x	182.85x	98.79x
PANW	Palo Alto Networks, Inc.	9.52x	40.00x	71.26x	28.37x
FTNT	Fortinet, Inc.	12.24x	44.14x	67.87x	34.85x
VMW	VMware, Inc.	4.38x	12.16x	17.08x	13.29x
ZS	Zscaler, Inc.	27.16x	199.66x	342.82x	137.13x

- As we can see above, cybersecurity as a domain is having extremely high revenue multiples and EBITDA multiples given the high demand and improved growth prospects.
- The same can be expected for Visium as soon as the company starts showing revenues. We expect a rapidly growing top-line and profitability for Visium in 2022 and beyond resulting in an improved valuation in the coming months.

HISTORICAL FINANCIAL STATEMENTS & PROJECTIONS

Particulars	31-03-2021	30-06-2021	30-09-2021	31-12-2021
Revenues	0.0	0.0	0.0	0.0
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Income (excl. D&A)	0.0	0.0	0.0	0.0
EBITDA	-2.7	-0.1	-1.3	-1.4
Depreciation & Amortization	0.0	0.0	0.0	0.0
Extraordinary Expenses	0.0	-0.8	0.0	0.0
EBIT (incl. extraordinary exp)	-2.7	-0.1	-1.3	-1.4
Pretax Income	-2.6	0.7	-1.8	-1.3
Income Tax	0.0	0.0	0.0	0.0
Net Income	-2.6	0.7	-1.8	-1.3

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- Its EBITDA for the quarter was \$-1.35 million and the EBITDA margin was 0.00%.
- Visium's operating income (EBIT) was reported at \$-1.35 million and a margin of 0.00%.
- Visium reported a net income of \$-1.29 million which resulted in a diluted earnings per share (EPS) of \$0.
- Visium burnt \$-0.92 million in terms of operating cash flows for the 6 months period ended 31-12-2021.
- This quarter's EBITDA-to-operating cash flow conversion ratio is 30.37%
- Overall, Visium delivered a negative free cash flow of \$0.92 million for the past 6 months.

Particulars	2018	2019	2020	2021
Revenues	0.0	0.0	0.0	0.0
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Income (excl. D&A)	0.0	0.0	0.0	0.0
EBITDA	-0.9	-2.9	-1.0	3.8
Depreciation & Amortization	0.1	-1.9	0.6	7.5
Extraordinary Expenses	0.0	-1.9	0.6	-0.4
EBIT (incl. extraordinary exp)	-1.0	-1.0	-1.6	-3.7
Pretax Income	-1.4	-1.8	-1.5	-3.4
Income Tax	0.0	0.0	0.0	0.0
Net Income	-1.4	-1.8	-1.5	-3.4

- When we analyze the company's annualized historical income statement, we see that the top-line was \$0.03 million for the previous financial year ending in 2021.
- Non-cash expenses in the form of depreciation and amortization have gone up as compared to the result in 2020.
- In terms of the bottom-line, Visium reported an operating income (EBIT) of \$-3.72 million and a net income of \$-3.37 million resulting in an EPS of \$0.

Particulars	2018	2019	2020	2021
Assets				
Net Intangible Fixed Assets	0.0	0.0	0.0	0.0
Net Tangible Fixed Assets	0.0	0.0	0.0	0.0
Total Fixed Assets	0.0	0.0	0.0	0.0
<i>% of revenue</i>				
LT Investments	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Accounts Receivable	0.0	0.0	0.0	0.0
Cash and ST Investments	0.0	0.0	0.0	0.1
Other Current Assets	0.0	0.0	0.0	0.1
Total Current Assets	0.0	0.0	0.0	0.2
Other Assets	0.0	0.0	0.0	0.0
Total Assets	0.0	0.0	0.0	0.2

Liabilities & Shareholder's

Equity

Equity & Minorities	-4.5	-3.2	-3.4	-2.8
LT Debt	0.0	0.0	0.0	0.0
Other LT Liabilities	0.0	0.0	0.0	0.0
Total LT Liabilities	0.0	0.0	0.0	0.0
ST Debt	2.0	1.3	1.2	1.4
Accounts Payable	0.6	0.2	0.3	0.4
Other ST Liabilities	1.9	1.8	1.9	1.2
Total Current Liabilities	4.5	3.3	3.4	3.0
Total Liabilities	4.5	3.3	3.4	3.0
Total Liabilities & Shareholder's Equity	0.0	0.0	0.0	0.2

- Visium has close to \$0.13 million in terms of liquidity i.e. cash and short term investments and is expected to do more fundraises to finance its future growth.

Other Metrics	2018	2019	2020	2021
Total Cash Dividends Paid	0.00	0.00	0.00	0.00
<i>% growth</i>		NA	NA	NA
Total Common Shares Outstanding	9	42	1,544	2,946
<i>% change</i>		348.5%	3570.4%	90.8%
Dividend Per Share	0.00	0.00	0.00	0.00
<i>% change</i>		NA	NA	NA

Other Performance Ratios	2018	2019	2020	2021
Return on Assets	-13900.0%	-8800.0%	-5133.3%	-1872.2%
Return on Equity	30.8%	54.3%	45.6%	118.7%

- The company does not pay any dividend. Visium's total common shares outstanding have increased in 2021 by 90.80% implying a share issuance.
- 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.
- Visium's total assets turnover has increased to 0.17 in 2021.
- Return on assets is an excellent indicator of how efficient a company's management is in generating earnings from their economic resources or assets on their balance sheet.
- On the other hand, the return on equity of a company measures the value creation of the management and profitability in relation to stockholders' equity.
- The company's overall Return on Assets is -1872.22%. Visium's Return on Equity is 118.66% but this is positive because the company has a net loss and a negative shareholders' equity.

Particulars	2019	2020	2021	2022E	2023E	2024E
Revenues	0.0	0.0	0.0	10.0	23.6	36.1
<i>% growth</i>					135.9%	91.9%
Cost of Goods Sold	0.0	0.0	0.0	3.0	6.9	10.1
<i>% of revenue</i>				30.0%	29.2%	28.0%
Gross Income (excl. D&A)	0.0	0.0	0.0	7.0	16.7	26.0
<i>% of revenue</i>				70.0%	70.8%	72.0%
EBITDA	-0.9	-2.9	-1.0	3.8	11.2	19.6
<i>% of revenue</i>				38.0%	47.4%	54.3%
Depreciation & Amortization	0.1	0.0	0.0	0.0	0.0	0.0

March 04, 2022

EBIT	-1.0	-1.6	-3.7	3.8	11.2	19.6
% of revenue				38.0%	47.4%	54.3%
EBT (GAAP)	-1.8	-1.5	-3.4	3.3	10.3	18.5
% of revenue				33.0%	43.6%	43.2%
Net Income (GAAP)	-1.8	-1.5	-3.4	2.3	7.2	13.0
% of revenue				23.1%	30.5%	35.9%
Earnings Per Share (GAAP)	-0.08	0.00	0.00	0.48	1.00	1.20

Particulars	2019	2020	2021	2022E	2023E	2024E
Net Income (GAAP)	-1.8	-1.5	-3.4	2.3	7.2	13.0
+ Depreciation & Amortization	0.1	0.0	0.0	0.0	0.0	0.0
+/- Working Capital, Deferred Taxes & Other Adjustments	1.1	1.4	2.6	0.8	3.0	4.9
Cash Flow from Operations	-0.6	-0.1	-0.8	3.1	10.2	17.9
% of EBITDA	62.6%	3.8%	82.3%	82.0%	91.0%	91.1%
Net Capex	0.0	0.0	-5.0	-6.0	0.0	0.0
% of revenues	#DIV/0!	#DIV/0!	16666.7%	60.0%	0.0%	0.0%
Other Investment Cash Flow items	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow after Investments	0.0	0.0	-5.0	-6.0	0.0	0.0
Free Cash Flow	-0.6	-0.1	-5.8	-2.9	10.2	17.9

Growth & Margins	2019	2020	2021	2022E	2023E	2024E
Sales Growth		0.0%	0.0%	0.0%	135.9%	91.9%
EBITDA Margin	0.0%	0.0%	0.0%	38.0%	47.4%	54.3%
EBIT Margin	0.0%	0.0%	0.0%	38.0%	47.4%	54.3%
Net Profit Margin	0.0%	0.0%	0.0%	23.1%	30.5%	35.9%

Leverage Ratios	2019	2020	2021	2022E	2023E	2024E
Net Debt	1	1	1	4	-6	-24
Net Debt/ Equity	-0.4	-0.3	-0.4			
Net Debt/ EBITDA	-1.4	-0.4	-1.3	1.1	NA	NA

- Now let us move on to Baptista Research's forecasts for Visium Technologies's income statement and cash flows. We expect Visium to start commercializing its software in 2022 and generate a revenue of around \$10 million in 2022 with a 70% gross margin (as the gross margins for SaaS businesses are typically very high).
- We forecast a top-line growth of around 135.9% for 2023, and about 91.9% for 2024. This growth is expected to translate into an EBITDA of \$3.8 million in 2022 with a margin of 38%.
- Visium's EBIT margin is expected to be 38.00% in 2022, about 47.44% in 2023, and 54.29% in 2024. Our estimate for the company's Net Income (GAAP) is \$2.31 million implying a net margin of 23.10% and resulting in an earnings per share of \$0.48. We expect the growth to follow a similar trend in 2023 and 2024.
- In terms of the cash flows, we expect Visium to generate around \$3.116 million in operating cash flows in 2022. This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of 82.00%.
- Visium is expected to invest a lower amount in capex and other investing activities in 2022. Overall, the company is expected to generate free cash flows to the tune of \$-2.884 million in 2022.
- Visium's Net Debt is expected to increase in 2022 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.
- Visium's Net Debt-to-EBITDA ratio is expected to be 1.09 in 2022 which indicates that the company is reasonably 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 2021 is -0.44 and it indicates that the company has no gearing.

DISCOUNTED CASH FLOW (DCF) VALUATION

Key DCF Assumptions

WACC	34.0%
CoD	34.3%
CoE	8.0%
Market Rate	6.0%
Risk Free Rate	1.6%
Beta	1.06
Perpetual Growth Rate (g)	-241.8%
Terminal Value	6
Tax Rate	0.0%

- For the purpose of carrying out the discounted cash flow valuation of Visium, 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 1.60%.
- The company's stock is more volatile than the market as a whole and has a beta of 1.1 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 8.0% which appears reasonable for a company like Visium.
- Based on the company's long term debt and interest payments, the cost of debt is 34.3%. 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 34.0%.
- 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 3.5 to our forecasted revenues of 2024.

EV and Market Cap	Current	2022E	2023E	2024E
Price (\$)	0.01	3.5	8.6	13.8

March 04, 2022

Outstanding Number of shares (million)	2	5	7	11
Total Market Cap (billion)	0.00	0.02	0.06	0.15
Net Debt	1	4	-6	-24
Enterprise Value (billion)	0.00	0.02	0.06	0.13

- After applying the discount rate (WACC) of 34.0%, we arrive at a price target of \$3.5 for 2022.
- Our target price at the end of 2023 is \$8.6 and for 2024 is \$13.8 which implies a total appreciation of nearly 138191.2% in the coming 3 years in the stock price.
- During this phase, we see the EV/ EBITDA to be in the range of 5.00 and 6.40
- The EV/ EBIT will be in the range of 5.00 to 6.40 over the coming 3 years.

Valuation Ratios	Current	2022E	2023E	2024E
EV/ Sales	41.9	2.1	2.4	3.5
EV/ EBITDA	NA	5.6	5.0	6.4
EV/ EBIT	NA	5.6	5.0	6.4
Price/Earnings	NA	7.4	8.6	11.5

KEY RISKS

- It is important to highlight the key risks associated with an investment in Visium Technologies as well as the inherent risks associated with the financial projections and price forecasts presented in this report.
- Visium Technologies is currently at a pre-revenue stage and has no SaaS subscribers today. We are purely relying on the assumption that the company will be able to have a certain extent of product acceptability and will be able to generate revenues in 2022. However, this assumption might not hold out. Also, it is operating in a highly competitive space and it is possible that competitive offerings with similar features might ensure that the company is unable to commercialize its technology.
- One of the biggest risks that the company is facing currently is the ongoing geopolitical tensions in Ukraine and the impact of COVID-19 around the world, because of which the stock markets in general could be affected. Visium Technologies' research and operations could be affected materially given the rapidly spreading Omicron variant.
- To accommodate growth and compete effectively, the company will need working capital to have adequate funds to carry out corporate subscriber additions and increase, train, motivate and manage its work force.
- The management may be unable to successfully implement and execute their business strategies, operating plans and growth initiatives. In case the management fails to manage their growth and organizational change effectively, it may harm their business and the results of operations.
- Visium Technologies has a certain level of dependence on third-parties for the growth and scale up of the company. Therefore, any change in contractual relationships or disruption of service provided by these third-party service providers may adversely affect them and subject them to liability.
- Proper utilization and protection of their intellectual property and non-infringement of third parties' intellectual property within the U.S. and other countries where Visium Technologies plans to expand are vital for their business to succeed.
- There could be a possible dilution and loss of value of their equity shares because the company might require regular infusion of funds through equity issuances for funding their losses until they break even.
- If the management fails to raise additional capital, they may need to reduce, defer, curtail or cease their operations, including the product design, development, and marketing.
- Visium Technologies's ability to continue as a going concern is contingent upon the ability to raise additional capital through the sale of securities and incurrence of debt. Additionally, the future capital requirements of the company depend on many factors including the rate of revenue growth, selling price of the platform subscription and research and development efforts which raise substantial doubt about the company's ability to continue as a going concern.
- Visium Technologies operates in a highly competitive environment and faces competition from many large players with tremendous resources in the software (SaaS) and cybersecurity space. It will be difficult for the company to compete with its limited financial resources.

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- 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 sales, manufacturing and supply chain-related activities. 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 Visium Technologies in this report is specific to the date of the analysis i.e. 04-03-2022.
- Another one of the biggest risks to Visium Technologies' 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 Visium Technologies in this report is specific to the date of the analysis i.e. 04th March 2022.
- We must emphasize that the projected valuation and the share price of Visium 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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