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Toll-Free: 561-391-5555 • www.DawsonJames.com • 101 North Federal Highway - Suite 600 • Boca Raton, FL 33432

SRAX, Inc. (NASDAQ: SRAX)

April 19, 2021

BUY: Sequire Platform Addresses \$1 Billion Opportunity

James McIlree, CFA

866-928-0928

jmcilree@dawsonjames.com

Revenues have been increasing rapidly for SRAX as the company signs up additional subscribers to its Sequire SaaS (software as a service) platform. As this business scales, we expect EBITDA margins to increase at a faster pace, reaching over 20% by the end of next year with the potential for a further substantial increase from there. We expect the top-line growth and margin improvement to result in a significant increase in the stock's valuation.

SRAX introduced the Sequire SaaS platform (as SRAX IR) in early 2019. By the end of Q3 2020, there were 91 customers, increasing to 125 by year-end 2020 and 183 at the end of Q1 2021. Bookings increased substantially from less than \$1 million in Q1 2020 to \$4.8 million in Q4 2020 and \$10 million in Q1 2021. We estimate 243 customers by year-end and 323 by the end of 2022. Average revenue per customer increased from \$8,201 in Q3 2020 to \$9,167 in Q4 2020. We have modeled \$9,000 for the first three quarters of this year, then declining to \$8,000 in Q4 and for all of 2022. This results in Sequire estimated revenue of \$20.7 million this year and \$27.2 million next year.

This platform has been a high-margin business, historically. Gross margin in 2020 was 70% and reached 73% in Q4 2020. We expect gross margin to remain at elevated levels, projecting 72% in 2021 and 71% in 2022, but we believe there is potential upside to our estimates. As the business scales, the EBITDA margin should improve. We estimate the EBITDA margin will average 10% this year, improving as the year progresses, with Q4 EBITDA margin of 16%. For 2022, we estimate EBITDA margin will average almost 17% for the year and exit the year at 22%.

SRAX owns 149.6 billion shares of Force Protection Video Equipment (FPVD) as a result of a share exchange agreement for its ownership of BIGToken. At the current market price, this stake is worth \$2.2 billion. This is far in excess of the current \$99 million market capitalization of SRAX, reflecting, we believe, a mispricing of FPVD and/or an arbitrage opportunity for SRAX to sell shares of FPVD and buy back its own shares. Additionally, the company could distribute FPVD shares as a dividend to SRAX shareholders. None of this is reflected in our valuation and could provide potential upside to our price target.

Valuation: Our price target of \$10 is based on an EV/Sales multiple of 7x our 2022 revenue estimate of \$32.8 million. The EV/Sales multiple is a discount of nearly 30% to the group median of 9.9x (see table on page 5). At the group median, the price target would be \$13.84. Our revenue estimate for 2022 includes \$3.8 million from BIGToken so implicitly values SRAX's 57% share of BIGToken at \$15 million, far below the \$2.2 billion current public market value of SRAX's ownership of BIGToken.

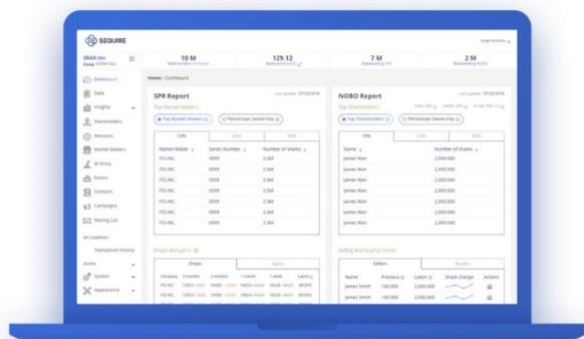
Risks to Target: Risks to achieving our price target include negative impacts of the COVID-19 pandemic, the ability to scale the Sequire platform, introduction of new platform services, ability to make debt and acquisition payments, potential pressure on the share price from conversion of the OID and exercise of warrants followed by sale of the shares received in the exercise.

Current Price	\$4.19		
Price Target	\$10.00		
Estimates	F2020A	F2021E	F2022E
Revenues (\$000s)	\$ 8,647	\$ 26,122	\$ 32,778
1Q March	\$ 351	\$ 5,048	\$ 7,112
2Q June	\$ 1,165	\$ 6,801	\$ 8,192
3Q September	\$ 2,609	\$ 7,041	\$ 8,322
4Q December	\$ 4,522	\$ 7,232	\$ 9,152
	F2020A	F2021E	F2022E
EPS (diluted)	\$ (1.00)	\$ (0.15)	\$ 0.01
1Q March	\$ (0.21)	\$ (0.10)	\$ (0.03)
2Q June	\$ (0.38)	\$ (0.04)	\$ 0.01
3Q September	\$ (0.45)	\$ 0.01	\$ 0.01
4Q December	\$ 0.01	\$ (0.03)	\$ 0.03
EBITDA (\$Ms)	\$ (8.4)	\$ 2.6	\$ 5.5
EV/EBITDA (x)	-9.6x	31.1x	14.8x
Stock Data			
52-Week Range	\$1.60	-	\$7.20
Shares Outstanding (mil.)	23.6		
Market Capitalization (mil.)	\$99		
Enterprise Value (mil.)	\$81		
Debt to Capital	12%		
Book Value/Share	\$1.19		
Price/Book	3.5x		
Average Three Months Trading Volume (K)	189		
Insider Ownership	16.3%		
Institutional Ownership	5.8%		
Short interest (mil.)	3.7%		
Dividend / Yield	\$0.00/0.0%		



Sequire

SRAX introduced its SaaS platform, Sequire (then called SRAX IR), in January 2019. Sequire aggregates NOBO (Non-Objecting Beneficial Owners) lists, DTC (Depository Trust Company) data, SEC data, user contributed data, and combines that with proprietary data analytics to create a rich database of past, current and possibly future investors. The platform tracks share changes and patterns presenting total shares outstanding, new and top shareholders, as well as historical data on investors' buy and sell points. Investor contact information is saved to enable direct communication for investor events or surveys. Sequire also analyzes market makers, manages warrants, reporting expiring and outstanding warrants, and it can be used to create campaigns to target relevant investors not only directly but across programmatic and social channels as well.



Source: SRAX, Inc.

Data from marketing and IR campaigns is added to the database, creating a powerful contact management platform. Because of SRAX's expertise in digital marketing, it can help issuers target investors directly and via programmatic ads and social media. With the name and address of an investor, SRAX can perform a reverse lookup of phone numbers and target those individuals on mobile devices. It can serve ads to individuals who are known investors in publicly traded companies. It can also offer targeted local ads. As the list of investors grows and the data on each investor increases, the subscribers to the platform have access to a larger number of investors potentially interested in their stock. Currently, SRAX has data on over 3 million investors with interest spanning multiple market sectors.

The company has actively expanded the capability of the platform since its introduction. Early in the product's release, SRAX added the ability to track and manage warrants and the related documents regarding terms. Using Sequire, users are able to monitor the impact of expirations, run what-if scenarios on capital raising activities and incorporate those results with known investor behavior on buy and sell points.

Sequire enables management to access its shareholder contact data, including e-mail addresses, phone numbers and social media links to platforms such as Twitter, Facebook and LinkedIn. With that information, issuers are able to communicate directly with those investors from within the platform as well as via targeted advertising. This is useful for companies in proxy battles and/or useful in articulating their positions for arguments with activist investors.

In mid 2019, Sequire used known relationships and patterns to enable issuers to see institutional trading on a daily basis instead of waiting for those investors to file their holdings with the SEC. This feature has advanced, and issuers can now identify where investors custodian their shares and hone the ability to track share changes intra-period and between filings of 13Fs and 13Gs.



Source: SRAX, Inc.

Another recently added feature is surveys that enable subscribers to ask shareholders questions on various issues affecting the company.

The first version of the Virtual Road Show feature debuted with the company's Q2 2020 earnings call. With this feature, subscribers can host one-on-one or one-to-many video and audio meetings. In the current COVID environment, this feature has great utility, and we believe this feature could become widely used after the COVID-forced and voluntary lockdowns end. The platform will allow subscribers to monitor the efficacy of their meetings by monitoring subsequent behavior of existing and prospective investors.

Source: SRAX, Inc.

A mobile app was launched, enabling clients to monitor shareholder behavior from a mobile device. The company plans to add additional features over time, which could include some forms of research, data on board memberships, premium features for investors, and offering consumer products companies and financial institutions databases for targeted ads.

Stock-for-ads was launched in early 2020 and was partially responsible for the growth in subscribers from about 60 at the end of 2019 to over 183 currently. With the stock-for-ads program, companies can buy media on all marketing channels, including social media, display, email, and native as well as exchange stock for a subscription to Sequire. As of the end of Q1 2021, the company had over \$23 million in marketable securities from companies enlisted in the program, up from \$8.4 million at the end of 2020.

In late 2019, in order to accelerate growth, SRAX created a reseller program and signed 20 resellers to reach its target market of small and micro-cap publicly traded companies. There are 2,700 companies listed on the NYSE, with about 1,000 with a market cap less than \$500 million. There are over 3,000 listings on the NASDAQ Global Market, Capital Market and Global Select, with over 1,700 with a market cap less than \$500 million and over 12,000 unlisted securities, over 7,000 of which have a market cap less than \$500 million.

Pricing for Sequire is \$3,000 per month for a listed company and \$1,500 for an unlisted company.

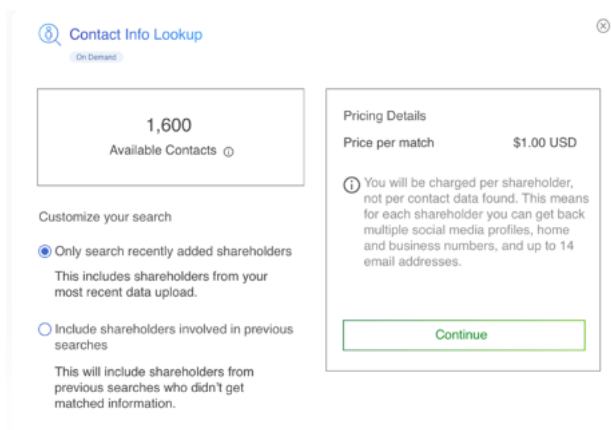
If we limit the service's market to those companies with a market cap under \$500 million, the total addressable market in the listed universe is \$93 million and \$126 million for unlisted companies.

About 30% of subscribers are paying \$200,000 annually for ad campaigns, and if these metrics are applicable to the universe of companies with a sub-\$500 million market cap, the total addressable market expands from \$219 million to over \$800 million.

NATIONAL EXCHANGE COMPANIES	OVER-THE-COUNTER COMPANIES
\$3,000 /mo	\$1,500 /mo
Your monthly payment will be scheduled after sign up and based on the type of exchange your company trades on.	Your monthly payment will be scheduled after sign up and based on the type of exchange your company trades on.
<ul style="list-style-type: none"> Unlimited user profiles Access to all core features Premium contact lists 1-on-1 meetings 	<ul style="list-style-type: none"> Unlimited user profiles Access to all core features Premium contact lists 1-on-1 meetings
SIGN UP NOW	SIGN UP NOW
Request demo	Request demo
This package can be enhanced by purchasing add-ons inside the platform.	This package can be enhanced by purchasing add-ons inside the platform.

Source: SRAX, Inc.

The retail and institutional investor list is a valuable asset for SRAX. It currently has a database of 1.3 million investors, with over one-half million Robinhood traders. This list can be used to attract additional subscribers and ad campaigns for those subscribers, as well as third parties, such as CPG companies and financial institutions, for instance, desirous of targeting this demographic.



Contact Info Lookup
On Demand

1,600
 Available Contacts

Pricing Details
 Price per match **\$1.00 USD**
① You will be charged per shareholder, not per contact data found. This means for each shareholder you can get back multiple social media profiles, home and business numbers, and up to 14 email addresses.

Customize your search

☒ Only search recently added shareholders
This includes shareholders from your most recent data upload.

☐ Include shareholders involved in previous searches
This will include shareholders from previous searches who didn't get matched information.

Continue

Source: SRAX, Inc.

We believe that the acquisition of LD Micro is a key element in driving growth of the Sequire platform.

LD Micro

In September 2020, SRAX acquired LD Micro for \$4 million in cash and 1.6 million shares of stock, valued on the day of the announcement at \$4.6 million, or total consideration of \$8.6 million. The sole shareholder of LD Micro, Chris Lahiji, joined the SRAX board of directors, and the acquisition is a key driver of growth of the Sequire platform, in our view.

LD Micro is a leader in conferences and events for the small-cap/micro-cap market. Since 2008, LD has sponsored 33 events, hosting over 1,500 companies during that time period. In addition to conferences, LD has a proprietary index of sub-\$300 million market cap stocks, owns the domains ldmicro.com, microcaps.com and nanocaps.com and produces a weekly email covering the micro-cap space.

LD Micro's conferences are must-attend events for investors in the space, in our view. The Main Event, LD's flagship event, has taken place in December for the past 12 years, featuring 250+ companies and over 1,200 attendees. The June Invitational, for nine years running, is a bit smaller, with 200 companies and 900 attendees. Over the past few years, smaller, one day conferences, in New York and San Francisco, with up to 30 companies and about 100 attendees, have been held.

In June of 2020, LD completed a virtual conference, the LD 500, with about 340 presenting companies and over 20,000 live views of the presentations. The Main Event in December 2020 was also a virtual event, and this year, we expect a combination of live and virtual events, with targeted conferences for industries such as cannabis and blockchain.

Conversations with conference participants lead us to believe the normal conference fee is higher than the implied ~\$2,000 rate for the LD 500 and SRAX management has indicated there was discount pricing for the virtual conference. With sponsorship fees, we estimate LD revenue, in non-COVID years, of around \$2.5 million annually.

Adding \$1 million or more in annual EBITDA would be important for SRAX, but more impactful, we believe, will be the potential addition to the Sequire subscriber count based on LD relationships and Chris Lahiji, the company's former owner. Mr. Lahiji is expected to provide introductions to and endorsement of Sequire. We believe the LD acquisition has been an important element in the growth of Sequire and will continue to be important for future growth.

The \$4 million cash payment is spread out over 12 months, with the first payment due on closing, and \$1 million installments on January 1, April 1, and July 1 of 2021.

BIGToken

BIGToken is a consumer data management platform, launched in 2019 and positioned to take advantage of consumer preferences to control and monetize their data as well as regulatory rules such as the California Consumer Privacy Act (CCPA) and the EU's General Data Protection Requirement (GDPR), which, among other things, require web sites to provide users with a right to know and exert some control over how their personal data is used.

Since launch, there have been 16.7 million downloads of the BIGToken app, most of them in Q2 of 2019. In 2019, BIGToken revenue was less than \$500,000, increasing to \$2.2 million in 2020 and we estimate \$3.8 million this year.

With a bigger balance sheet, BIGToken could be given a chance to grow and develop, in our view. To accomplish this, in October 2020, SRAX announced a definitive share exchange agreement to transfer its outstanding equity in BIGToken into Force Protection Video Equipment Corp (FPVD), for 88.9% of the issued and outstanding shares of FPVD. We believe ultimately, SRAX will lower its ownership in BIGToken, eliminating or reducing the need to finance BIGToken's development and remove the obligation to consolidate BIGToken's financials.

Outlook

Our revenue estimates build off three sources of revenue: 1) Sequire, 2) BIGToken, and 3) conferences/events from LD Micro. We assume most of the growth over our forecast horizon comes from Sequire's subscription platform and associated media/data revenue.

Our estimate for consolidated sales (including BIGToken) for 2021 is \$26.1 million, up from \$8.6 million in 2020, with most of the increase coming from Sequire. For 2022, we project revenue of \$32.8 million, with almost all of the increase driven by Sequire.

\$ in millions	2020A	2021E	2022E
Sequire	5.8	20.7	27.2
BigToken	2.2	3.8	4.0
Conference & other	0.7	1.6	1.6
Total	\$ 8.6	\$ 26.1	\$ 32.8

Source Dawson James Securities estimates

For modeling purposes, we have assumed BIGToken will be consolidated for our forecast period with revenue and opex about flat with current levels. However, BIGToken will not be subject to consolidation when SRAX's ownership falls below 50%, which could be by year-end. Also, BIGToken revenue and opex will likely be driven by the company's ability to raise additional capital.

Valuation

SaaS/Database providers' shares commonly trade between 5x and 15x forward-12-month (FTM) sales partly due to their 40% to 55% EBITDA margins. We think SRAX is capable of achieving that level of margins, but it will require greater scale.

		Price	TEV (\$ in M)	FTM Sales (\$ in M)	EV/ Sales
BR	Broadridge Financial Solutions, Inc.	\$ 157.00	\$ 20,028.6	\$4,890.0	4.1x
CSGP	CoStar Group, Inc.	904.93	32,374.2	1,943.9	16.7x
DNB	Dun & Bradstreet Holdings Inc	23.42	11,520.1	2,146.3	5.4x
EFX	Equifax Inc.	190.98	25,865.1	4,434.6	5.8x
GPN	Global Payments Inc.	217.80	73,817.3	7,562.3	9.8x
INFO	IHS Markit Ltd.	103.94	46,663.5	4,638.4	10.1x
MCO	Moody's Corporation	322.00	64,734.9	5,667.4	11.4x
MSCI	MSCI Inc. Class A	473.52	41,934.7	1,953.0	21.5x
NLSN	Nielsen Holdings Plc	25.69	17,546.5	3,468.2	5.1x
SPGI	S&P Global, Inc.	378.07	94,270.4	7,877.4	12.0x
TRU	TransUnion	96.35	21,477.1	2,852.1	7.5x
VRSK	Verisk Analytics Inc	185.46	33,801.3	2,982.6	11.3x
	Median				9.9
SRAX	SRAX, Inc. Class A	\$ 4.19	\$ 81.3	\$ 28.1	2.9x

Source: FactSet and Dawson James Securities estimates

Based on our forward-12-month revenue estimate of \$28 million, SRAX shares trade below that range, or at 2.9x forward-12-month sales, and at 2.5x our 2022 sales estimate of \$32.8 million.

Price Target

Our price target of \$10 is based on an EV/Sales multiple of 7x our 2022 revenue estimate of \$32.8 million. The EV/Sales multiple is a discount of nearly 30% to the group median of 9.9x. At the group median, the price target would be \$13.84. Our revenue

estimate for 2022 includes \$3.8 million from BIGToken so implicitly values SRAX's 57% share of BIGToken at \$15 million, far below the \$2.2 billion current public market value of SRAX's ownership of BIGToken.

Risk Analysis

Risks to achieving our price target include negative impacts of the COVID-19 pandemic, the ability to scale the Sequire platform, introduction of new platform services, ability to make debt and acquisition payments, potential pressure on the share price from conversion of the OID and exercise of warrants followed by sale of the shares received in the exercise.

Exhibit 1. Income Statement
 (\$ in 000s, except per-share data)

\$ in 000's	2018	2019	2020	Q1 21 E	Q2 21 E	Q3 21 E	Q4 21 E	2021 E	2022 E
Revenues	\$ 9,881	\$ 3,584	\$ 8,647	\$ 5,048	\$ 6,801	\$ 7,041	\$ 7,232	\$ 26,122	\$ 32,778
Cost of Revenues	3,157	1,680	2,589	1,507	1,853	2,030	1,983	7,374	9,640
Gross Profit	6,724	1,904	6,058	3,541	4,948	5,011	5,249	18,748	23,138
Employee related costs	8,866	8,656	7,895	2,200	2,200	2,200	2,200	8,800	9,240
Marketing and selling expenses	1,315	2,454	2,543	1,100	1,100	1,200	1,200	4,600	5,040
Platform costs	1,113	1,738	1,667	500	500	525	551	2,076	2,495
Depreciation and amortization	768	1,164	1,303	341	341	341	341	1,364	1,364
G&A	6,381	5,750	4,247	1,100	1,100	1,100	1,100	4,400	4,620
Operating Expenses	18,443	19,762	17,655	5,241	5,241	5,366	5,392	21,240	22,759
Operating Income	\$ (11,719)	\$ (17,858)	\$ (11,597)	\$ (1,700)	\$ (293)	\$ (355)	\$ (143)	\$ (2,492)	\$ 379
Total Financial Expenses	(3,057)	(716)	(12,150)	(555)	(555)	(555)	(555)	(2,220)	0
Other	23,519	1,715	9,068	0	0	1,126	0	1,126	0
Pretax Income	8,744	(16,859)	(14,679)	(2,255)	(848)	216	(698)	(3,586)	379
Taxes	0	0	26	0	0	0	0	0	0
Net Income (Loss)	\$ 8,744	\$ (16,859)	\$ (14,705)	\$ (2,255)	\$ (848)	\$ 216	\$ (698)	\$ (3,586)	\$ 379
Diluted EPS	\$ 0.86	\$ (1.37)	\$ (1.00)	\$ (0.10)	\$ (0.04)	\$ 0.01	\$ (0.03)	\$ (0.15)	\$ 0.01
Diluted Shares	10,121	12,293	14,650	22,962	23,402	24,268	24,424	23,764	25,780
Operating Income	(11,719)	(17,858)	(11,597)	(1,700)	(293)	(355)	(143)	(2,492)	379
Equity based compensation	1,879	1,167	1,852	935	935	935	935	3,740	3,740
Depreciation & Amort.	768	1,163	1,303	341	341	341	341	1,364	1,364
Adj. EBITDA	\$ (9,073)	\$ (15,528)	\$ (8,442)	\$ (424)	\$ 983	\$ 921	\$ 1,133	\$ 2,612	\$ 5,483
	2018	2019	2020	Q1 21 E	Q2 21 E	Q3 21 E	Q4 21 E	2021 E	2022 E
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Revenues	32.0%	46.9%	29.9%	29.9%	27.3%	28.8%	27.4%	28.2%	29.4%
Gross Profit	68.0%	53.1%	70.1%	70.1%	72.7%	71.2%	72.6%	71.8%	70.6%
Operating Expenses	186.7%	551.4%	204.2%	103.8%	77.1%	76.2%	74.6%	81.3%	69.4%
Operating Income	-118.6%	-498.3%	-134.1%	-33.7%	-4.3%	-5.0%	-2.0%	-9.5%	1.2%
Total Financial Expense	-30.9%	-20.0%	-140.5%	-11.0%	-8.2%	-7.9%	-7.7%	-8.5%	0.0%
Other	238.0%	47.9%	104.9%	0.0%	0.0%	16.0%	0.0%	4.3%	0.0%
Net Income (Loss)	88.5%	-470.4%	-170.1%	-44.7%	-12.5%	3.1%	-9.6%	-13.7%	1.2%
EBITDA	-91.8%	-433.3%	-97.6%	-8.4%	14.4%	13.1%	15.7%	10.0%	16.7%

Source: SRAX, Inc. and Dawson James Securities estimates

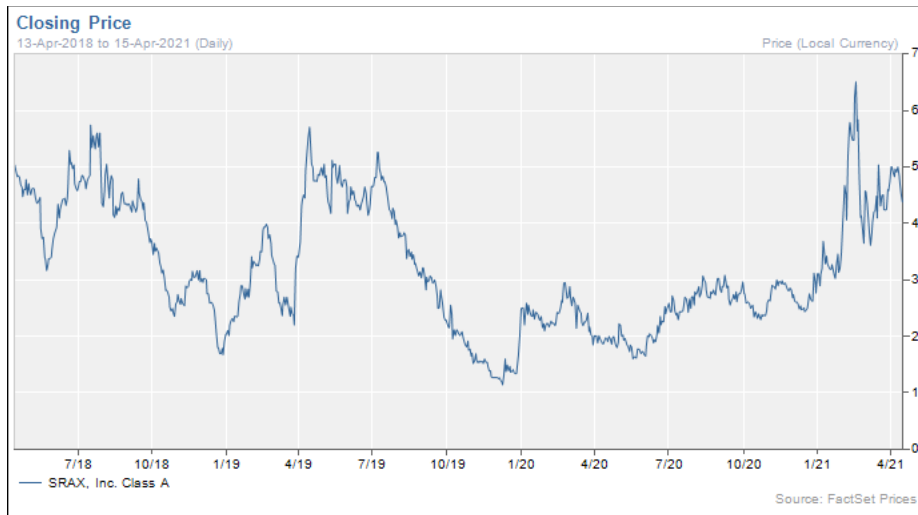
Exhibit 2. Balance Sheet and Cash Flow Statement

\$ in 000's	2018	2019	2020	2021 E	2022 E
Current Assets					
Cash and Cash Equivalents	2,785	32	451	7,178	11,219
Accounts Receivables	1,829	805	2,608	4,359	5,516
Prepaid Expenses	467	715	367	587	743
Marketable Securities	0	0	8,447	15,000	15,000
Other Current Assets	387	306	0	0	0
Total Current Assets	\$ 5,468	\$ 1,858	\$ 11,873	\$ 27,123	\$ 32,478
Non Current Assets					
Notes Receivable	0	0	893	893	893
Property and Equipment, net	192	191	118	154	190
Goodwill	15,645	15,645	23,351	23,351	23,351
Intangible Assets	1,763	1,966	2,409	2,509	2,749
Right-of-Use Asset	0	456	366	366	366
Other Assets	51	118	3	3	3
Total Assets	\$ 23,118	\$ 20,234	\$ 39,013	\$ 54,399	\$ 60,030
Current Liabilities					
AP and Accrued Expenses	3,575	2,442	3,561	5,695	7,207
Derivative liability	496	4,397	0	0	0
Other Current Liabilities	0	537	8,711	9,661	9,661
Payroll protection loan	0	0	747	0	0
OID convertible debentures	0	0	6,016	0	0
Total Current Liabilities	\$ 9,017	\$ 7,376	\$ 19,035	\$ 15,357	\$ 16,869
Non Current Liabilities					
Lease Obligation	0	352	243	243	243
Payroll protection loan	0	0	379	0	0
Deferred tax liability	0	0	131	131	131
Total Stockholders' Equity	14,101	12,506	19,225	38,669	42,788
Total Liabilities & Stockholders' Equity	\$ 23,118	\$ 20,234	\$ 39,013	\$ 54,399	\$ 60,030
Operating Activities					
Net Income	8,744	(16,859)	(14,705)	(3,586)	379
Depreciation and Amortization	768	1,163	1,303	1,364	1,364
Stock based Compensation	1,879	1,167	1,852	3,740	3,740
Other	(22,481)	(654)	1,317	1,126	0
Working Capital	(2,572)	(167)	(3,256)	(2,704)	199
Operating Cash Flow	\$ (13,663)	\$ (15,350)	\$ (13,489)	\$ (60)	\$ 5,682
Investing Activities					
CapEx	(82)	(73)	0	(100)	(100)
Digital Currency Assets/Other	(63)	0	32	0	0
Development of Software	(961)	(1,292)	(1,205)	(1,400)	(1,540)
Sale of marketable securities	0	0	916	0	0
Acquisition/Disposal	22,981	570	6,303	(2,735)	0
Cash from Investing Activities	\$ 21,875	\$ (795)	\$ 6,046	\$ (4,235)	\$ (1,640)
Financing Activities					
Debt	(6,545)	0	7,862	(1)	0
Equity	100	13,393	0	11,023	0
Other	0	0	0	0	0
Cash from Financing Activities	\$ (6,445)	\$ 13,393	\$ 7,862	\$ 11,022	\$ -
Change in Cash	\$ 1,768	\$ (2,752)	\$ 419	\$ 6,727	\$ 4,042

Source: SRAX, Inc. and Dawson James Securities estimates

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

Initiated – Buy – April 19, 2021 – Price Target \$10.00

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Ratings Definitions:

- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months.
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months.
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	20	69%	6	30%
Market Perform (Neutral)	9	31%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	29	100%	6	21%

Analyst Certification:

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