

Zacks Small-Cap Research

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Siyata Mobile

(SYTA-NASDAQ)

UPDATE: Siyata issues announcements highlighting growing partnerships and distribution channels that is laying the foundation for future growth.

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe SYTA could be worth \$9.00. There is a wide range of outcomes which could materially increase or decrease our value price.

Current Price (08/3/22) \$0.76
Valuation \$9.00

OUTLOOK

Siyata Mobile Inc. is a global developer of innovative cellular-based communications products and solutions. Siyata's three complementary product categories include in-vehicle communications solutions, rugged handheld mobile devices, and cellular amplifiers to boost cellular signals. In January 2022, Siyata completed a public offering raising \$20 million in gross proceeds. The company now has \$9.2 million in cash as of 3/31/22 and we believe the company may be sufficiently funded until free cash flow is generated. We estimate breakeven adjusted EBITDA profitability in late 2022 and free cash flow from operations in the following year.

SUMMARY DATA

52-Week High \$9.26
52-Week Low \$0.98
One-Year Return (%) -86.77
Beta 3.01
Average Daily Volume (sh) 1,309,056

Shares Outstanding (mil) 15.1
Market Capitalization (\$mil) \$15
Short Interest Ratio (days) 1
Institutional Ownership (%) 25
Insider Ownership (%) 6.8

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A

P/E using 2022 Estimate N/A

P/E using 2023 Estimate N/A

Zacks Rank N/A

Risk Level

Type of Stock
Industry

High,
Small-Growth
Tech-Comm Equip

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020	2.30 A	2.10 A	2.30 A	-0.71 A	5.99 A
2021	4.00 A	0.36 A	1.22 A	1.94 A	7.55 A
2022	0.38 A	2.12 E	4.24 E	6.93 E	14.12 E
2023					27.54 E

EPS / Loss Per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020					-\$9.15 A
2021	-\$0.46 A	-\$2.27 A	-\$1.18 A	-\$0.95 A	-\$4.87 A
2022	-\$0.38 A	-\$0.14 E	-\$0.09 E	-\$0.00 E	-\$0.61 E
2023					-\$0.14 E

Quarterly revenues may not equal annual revenues due to rounding.
Quarterly EPS may not equal annual EPS due to rounding or dilution.
Historical data may exclude extraordinary items.

WHAT'S NEW



Source: Siyata Mobile Investor Presentation (SD7)

Siyata Mobile has issued multiple press releases in June and July that highlights the company's growing distribution channels and partnerships. This is expected to provide a foundation for increasing volume growth and sustainable revenue generation.

June 7th, 2022 - Siyata Launches Next Generation Push-to-Talk Over Cellular SD7 Device on Verizon Global Network

The company announced that Verizon Communications Inc. (NYSE:VZ), one of the largest mobile operators in the U.S. with approximately 143 million retail connections, has fully integrated Siyata's rugged SD7 device into their network. As a Siyata channel partner, Verizon will sell the SD7 to their broad enterprise customer base as well as their first responder network of 4.5 million connections which includes over 30,000 public-safety agencies.

June 27th - Siyata's Next Generation Push-to-Talk Over Cellular SD7 Device is Now Commercially Available and Sold Through FirstNet® and AT&T.

The company announced the SD7 rugged device is now commercially available to the FirstNet network and to AT&T Inc. (NYSE:T) enterprise channels. AT&T is one of the country's largest mobile operators with 201.8 million mobility subscribers. As a Siyata channel partner, AT&T will offer the SD7 device and accessories to their extensive U.S. enterprise customer base.

July 6th – UScellular™ to Launch Siyata's Next Generation Push-to-Talk Over Cellular SD7 Device Across Their Network

Siyata announced that United States Cellular Corporation (NYSE: USM), the fourth largest wireless carrier in the U.S. with 4.8 million retail connections in 21 states, will launch Siyata's rugged SD7 device onto their network. UScellular™ is expected to begin selling the SD7 to their broad enterprise customer base beginning in the 3rd quarter of 2022.

July 13th - Logic Wireless and Siyata Mobile Launch Next Generation Push-to-Talk Over Cellular SD7 Device in the United Kingdom, Australia, New Zealand and the Pacific Islands

The company announced that Logic Wireless Europe Ltd., a leading distributor of business-critical communication solutions across the United Kingdom, Australia, New Zealand and the Pacific Islands, will introduce the Siyata SD7 rugged PoC device integrated with ChatterPTT. ChatterPTT is Logic Wireless's mobile application and gateway solution that intelligently enables different types of communication devices to communicate directly with each other.

July 18th - Siyata Accelerates Global Rollout of its Next Generation Push-to-Talk Over Cellular SD7 Device through Agreement with Azetti Networks

Siyata announced that Spain's Wireless Zeta Telecomunicaciones (Azetti) will begin to offer the company's SD7 rugged mission-critical push-to-talk (MCPTT) device through Azetti's existing enterprise sales channels. Azetti, established in 2000, offers mobile data related solutions and systems based on IP technology, and value-added services platforms for mobile operators, service providers and mission

critical users. Products include Push-To-Talk over Cellular (PoC), Multi-Media Message Center (MMSC) and Wireless Internet Gateway.

July 26th - Siyata's Mission-Critical Push-to-Talk (PTT) Over Cellular SD7 Device Now Available with TASSTA's Industry-Leading PTT Solutions

The company announced that its SD7 rugged mission-critical push-to-talk (MCPTT) device is now available for customers who need the integrated industry-leading PTT solutions from TASSTA, a global MCPTT software provider and end-to-end solution for critical communications. TASSTA offers voice communications, emergency solutions, messaging and data transfers through a PTT solution that leverages the technical capabilities of enterprise grade smartphones. TASSTA's expansive product suite includes Push-to-Video, individual, group and priority calls, messaging including data transfer, voice recording, GPS and in-house tracking, alarm emergency solutions and many additional features.

KEY INVESTMENT POINTS

- Siyata Mobile is a developer and provider of cellular communication systems for enterprise customers and first responders. The company's solutions include in-vehicle mounted communication devices, rugged smartphones and cellular signal boosters.
- The company is a beneficiary of first responders need for next generation communication known as Push-to-Talk over Cellular (PoC). PoC is the next-generation solution displacing traditional land mobile two-way radios (LMR). LMR often has limited coverage area and poor reliability of communication for emergencies and outdoor workers.
- The company's rugged MCPTT handset SD7 is a simple, yet highly functional push-to-talk (PTT) only device that has all the benefits of PoC without any of the problems managing the current generation of rugged smart/feature phones. This appears to be a major improvement from the current lineup of LMRs and could take significant market share from the LMR industry.
- SYTA targets vehicle fleets, ambulances, school buses, police vehicles, utility fleets, industrial and residential customers, and large enterprise wireless carriers around the world.
- The company develops and manufactures products under the Siyata brand name and licenses the Uniden® brand name for its UV350 in-vehicle device, its cellular signal boosters and some of its rugged smartphones.
- In 2021, pilot programs for the SD7 commenced with multiple potential large customers. In 2022, the company made major announcements regarding new distribution channels and partnerships.
- Sales growth is expected to materially improve in 2022 and 2023 from previous levels. It's possible the company will be break-even on an operating cash flow basis towards the end of 2022.
- The company appears to be well capitalized with \$9.2 million in cash and equivalents at the end of the 1st quarter ending 3/31/22.
- We value the company at \$9.00 per share based on a discounted cash flow calculation and industry multiple comparisons.

OVERVIEW

The company believes it has significant growth opportunities in its three distinct, but related product categories. These include rugged handsets, in-vehicle wireless devices, and cellular boosters.

Rugged Handsets - The company announced that the SD7 Rugged Handset that supports Mission Critical Push-to-Talk (MCPTT) to North American wireless carriers was displayed recently at two important industry trades shows. These include the International Wireless Communications Expo (IWCE) and Motorola Channel Partners Expo. The feedback at both shows, and the direct engagement from senior personnel within the wireless carrier industry has been very strong as they prepare to capture new customers who have been using traditional LMR or two-way radios. In addition, Siyata will showcase its SD7 device with its companion VK7 in-vehicle kit, and a full suite of cellular boosters at the APCO (Association of Public-Safety Communications Officials) International Conference held on August 7-10 in Anaheim, California.

Several strategic domestic customers have already been successfully trialing SD7 pre-launch, which we believe will translate into multiple thousands of units sold in the first half of 2022. In conjunction with the earnings release, the company announced it had received a \$2.2 million purchase order for a Tier 1 wireless carrier. The company's objective remains to expand their launch with additional North American and international carriers later in the year.



Source: Siyata Mobile Investor Presentation (SD7)

Siyata's rugged handsets are targeted to the approximately 47 million enterprise task and public sector workers across North America including construction, transportation, logistics, manufacturing, energy, utility, public safety and government. Siyata's Q4 2021 launch of the SD7 device in North America expanded the Company's footprint into these product customer categories. In addition, the Company is planning to launch the SD7 device in Europe later in 2022. The dollar value of the addressable market with price points ranging for \$300 per unit to \$350 including accessories could be in the range of \$14 to \$16 billion.

The company's VK7 is a first-of-its-kind, patent-pending car kit that hosts a simple slide-in connection sleeve for the SD7. In addition, an external antenna connection for connecting to a windshield or roof mount antenna allows for an in-vehicle experience for users that is similar to that from a traditional LMR device. The VK7 has been designed to be used with the SD7, while connecting directly into the vehicle's power and can also connect to Siyata's Uniden cellular amplifier for better cellular connectivity.



Source: Siyata Mobile Investor Presentation (VK7)

The addressable market for in-vehicle devices such as the VK7 could include 3.5 million public sector and first responder vehicles in the U.S., 17.6 million commercial vehicles, and 3.5 million public sector, first responder, and commercial vehicles in Canada. The dollar value of the North American market alone could exceed \$20 billion.

Cellular Boosters – This category includes devices under the Uniden brand that boosts cellular signal strength in businesses, buildings and vehicles. The company has been focused on building relationships with more booster channel partners, particularly in the domestic market, where these partners pursue small and mid-sized booster sales opportunities on a day-to-day basis. The company previously added two sales and marketing professionals to deepen their partnerships with the large U.S. wireless carriers who can facilitate the sales of these cellular boosters to large enterprises and first responder which require both AT&T and FirstNet® cellular coverage and cellular coverage from other carriers. The Covid-19 had helped fuel strong demand for this line of products in 2020 and 2021, and we believe this momentum will continue this year and beyond.

On January 18, 2022, Signifi Mobile, a subsidiary of Siyata, announced a new distribution agreement with TESSCO Technologies starting in the 1st quarter of 2022. Tessco is a leading value-added distributor of wireless communications and broadband products. The company will combine Siyata's Uniden cellular boosters with their own Ventev wireless accessory products, such as antennas, cables and connectors, to create a portfolio of kits with different configurations for the professional, enterprise and first responder markets. Tessco will market these kits as a co-branded item. Additionally, Siyata will also distribute its pre-kitted in-vehicle products, the Mobile Coverage Kit and Uniden Hero Series of cellular boosters, through Tessco's distribution and dealer networks.

Approximately \$10 billion of cellular boosters are sold annually in North America, however the majority of these are consumer-oriented products mostly sold through electronic or online retailers. This market is expected to grow to \$20 billion by 2026. Siyata is targeting the enterprise level segment of this market which is estimated to be 20% of the total addressable market, which would be a value of \$2 billion growing to \$4 billion over the next five years.

In-Building

In-Vehicle

Direct to UV350



Source: Siyata Mobile Investor Presentation (cellular booster products)

RISKS

- The company relies on channel partners to generate a substantial majority of revenues. If these channel partners fail to perform or Siyata cannot enter into agreements with these partners on favorable terms, financial results could be significantly harmed. A majority of revenues are generated through sales by channel partners, which are primarily wireless carriers who sell the company's products through their sales channels. While these arrangements are typically long term, they generally do not contain any firm purchase volume commitments.
- The company participates in a competitive industry, which may become more competitive over the long-term. Some of the company's competitors have greater resources and significantly more experience in high volume product manufacturing. Primary competitors in the non-rugged mobile device market include Apple Inc. and Samsung Electronics. Primary competitors in the rugged mobile device market include Sonim Technologies, Bullitt Mobile, and Kyocera Corporation. The cellular booster category includes competitors such as Wilson Electronics, Nextivity, and SureCall.
- If the business does not grow as expected, or the company fails to manage the growth effectively, operating results and the business would suffer. The ability to successfully grow the overall business depends on a number of factors including the acceleration and adoption of products by new end customers, the ability to expand into new vertical markets, the capacity to develop and deliver new products and services, and the success of expansion into international markets.
- Growth could be curtailed if land mobile radio (LMR) or other competitive alternatives are more successful than the company's offerings. Public sector and enterprise customers could incur restrained budgets or a preference for a competitive product.
- The company has a history of operating losses and might not be able to achieve profitability if revenue growth targets are not met. The accumulated deficit as of 12/31/2021 was \$62,519,412.
- Material weaknesses were previously identified in 2019 and 2020 for product returns, intercompany transactions, insufficient audit support for journal entry testing, receivables expected credit losses, obsolete inventory, share issuance costs versus transaction expenses. The company has partially remediated the weaknesses and taken steps to strengthen internal controls for financial reporting.

VALUATION

Our primary valuation tool utilizes a Discounted Cash Flow (DCF) process and produces three different scenarios.

Bull Case – The company experiences above average growth in all three of its key product categories. This includes a 10-year compound annual growth rate of 45% in the rugged handset business, 8.2% for the in-vehicle device business, and 8.6% in the cellular booster business. The value in this scenario is \$15.20 and we apply a probability factor of 50%.

Base Case – The company experiences rapid growth in the rugged handset business but modest low-to-mid single-digit growth in the in-vehicle device and cellular booster businesses. The value in this scenario is \$12.00 and we apply a probability factor of 35%.

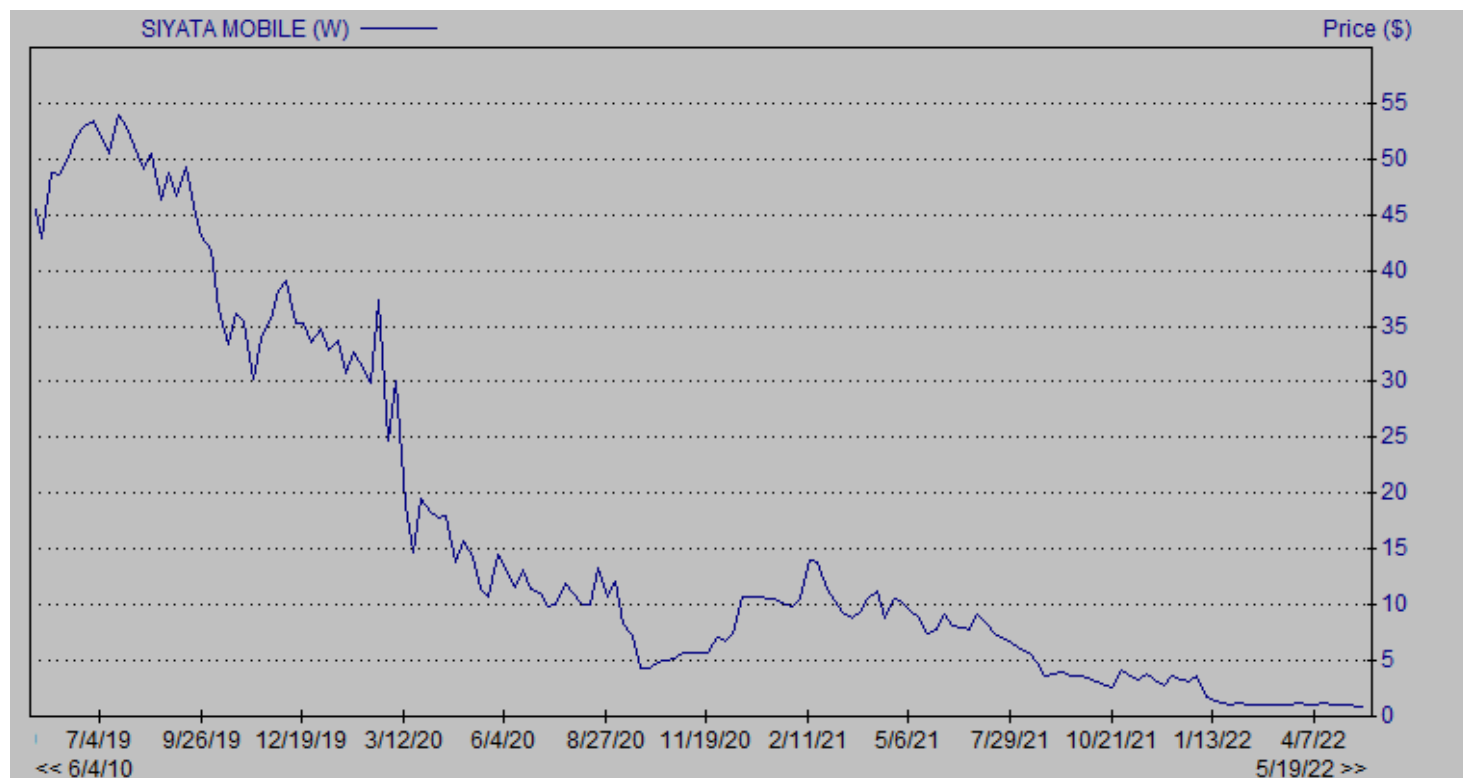
Bear Case – The company experiences low-single digit growth across all product lines and fails to produce meaningful gross and operating margins. The exception is strong growth in the years 1-3 for rugged handsets. The value in this scenario is \$0.00 as the company may not generate material free cash flow to create meaningful equity value. We apply a probability factor of 15% to this scenario.

The weighted average price target of these three scenarios is \$11.80. It is notable that the DCF calculation incorporates a 12% discount rate, which is very conservative in light of global risk-free rates that are still near historical lows.

We also value Siyata using a peer comparables valuation methodology based on EV/Sales for our 2023 revenue estimates of \$27.5 million. This methodology produces a \$6.25 equity value per share value by applying the current peer group average of 2.73 times to our 2023 revenue estimate. Cash balances as of 3/31/22 totaling \$9.22 million and common shares outstanding of approximately 15,120,524 were used in this calculation.

The average of these two valuation methodologies creates a target value of \$8.92, which we round up to \$9.00 to account for the conservative nature of our projections. Although we tend to put greater emphasis and meaning towards the DCF because it reflects cumulative cash flows, we're comfortable equal weighting these two methodologies to account for current global market conditions which include high input cost inflation, manufacturing product shortages, wage pressures, and supply chain and logistics difficulties.

HISTORICAL STOCK PRICE



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