



DATA443 RISK MITIGATION, INC. ATDS Stock Worth Nearly 3x Current Price--Today

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DATA443 RISK MITIGATION, INC. (OTC – ATDS - \$0.5374)	
Price Target: \$3.65	Rating: Speculative Buy

COMPANY SNAPSHOT

Formed in 2017, Data443 Risk Mitigation, Inc. provides cyber-data security protection, software and services. Growing privacy legislation such as the CCPA and GDPR are increasing the demand for capabilities delivered by The Company. The Company provides solutions that are designed to protect data via the cloud for sensitive data of all types. The Company's suite of products allowing its clients to create, share, and protect their data wherever it is stored. Its solutions are delivered by proprietary technologies and methodologies that it has developed and acquired, empowering its primary competitive advantage.

KEY STATISTICS

Price as of 11/25/19	\$0.5374
52 Week High – Low	\$4.425 - \$0.030
Est. Shares Outstanding	11.7M
Market Capitalization	\$6.3M
Average Volume	16,957
Exchange	OTCPK

COMPANY INFORMATION

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INVESTMENT HIGHLIGHTS

The Bottom Line: ATDS is enjoying impressive revenue growth and an enviable financial performance. This overlooked, pure play data security company is tremendously undervalued relative to its peers, and we believe that the spread will narrow in the coming months.

ATDS Is Too Cheap: Cybersecurity is one of the most critical, high-profile industry segments and these companies are thus awarded technology's highest valuations. Yet, the current ATDS Price/Sales multiple on 2019 forecasts is a paltry 3.5x versus 8.6x for the publicly traded peer group, including Varonis and Sailpoint. Using the same multiple, our split-adjusted \$3.65 price target reflects an increase of 6.5x current stock price levels.

Huge Growth Across the Board: As evidenced by 3Q19 results, ATDS enjoyed huge growth. Revenue literally rose from zero to \$628,000 in one year, and with net billings of \$1.1M and deferred revenue of \$927,000, the future is bright. Plus, ATDS is nearly cash-flow positive, reflecting its \$5M reduction in debt (35% of debt) from the year ago period.

Major Milestones: ATDS has already achieved major milestones in 4Q19. These include a 1 for 750 stock consolidation along with a name and symbol change to better reflect the Company's operations. This re-branding serves to aid ATDS' corporate marketing efforts. Separately, ATDS' shares outstanding has decreased by 15% due to the recent litigation settlement which also eliminates a potential stock sale overhang.

The Road to \$3.65: We estimate revenue will reach \$1.8M in 2019 and could approach \$5M in 2020---without additional M&A---which we believe will occur sometime in 1H20. **Based on these forecasts, ATDS is worth \$1.32 today (8.6x our 2019 forecast) and \$3.65 next year.** Once additional M&A is executed next year, this target will likely have to be revised upward.

Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

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