

## IQSTEL, INC.

### Great Q, New LOIs Affirm Thesis: IQST Shares Grossly Undervalued

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#### IQSTEL, INC. (OTC – IQST - \$0.085)

Industry: Communications, FinTech Services

6-Mo. Price Target: \$0.54

#### COMPANY SNAPSHOT

iQSTEL Inc ([OTC: IQST](http://OTC: IQST)) ([www.iQSTEL.com](http://www.iQSTEL.com)) is a US-based publicly-listed company offering leading-edge Telecommunication and Technology Services for Global Markets, with presence in 13 countries. The company provides services to the Telecommunications, Financial Services, Liquid Fuel Distribution and Electric Vehicle (EV) Industries. iQSTEL has 3 Business Divisions: Telecom, Technology and Fintech, with worldwide B2B and B2C customer relations operating through its subsidiaries: Etelix, SwissLink, QGlobal SMS, SMSDirectos, IoT Labs, and itsBchain. The Company has an extensive portfolio of products and services for its clients: SMS, VoIP, 4G & 5G international infrastructure connectivity, Cloud-PBX, OmniChannel Marketing, IoT Smart Gas Platform, IoT Smart Electric Vehicle Platform, Mobile Number Portability Application MNPA (Blockchain), Settlement & Payments Marketplace (Blockchain), Visa Debit Card, Money Remittance, Pay Mobile Phone Services among others.

#### KEY STATISTICS

Price as of 11/20/20	\$0.085
52 Week High – Low	\$0.5174 - \$0.03
Est. Shares Outstanding	78.2M
Market Capitalization	\$6.6M
Average Volume	2,654,378
Exchange	OTCPK

#### COMPANY INFORMATION

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#### INVESTMENT HIGHLIGHTS

**IQST Hitting on All Cylinders.** IQST appears primed to again reach its recent share price peak of \$0.137, which was recorded shortly after our coverage initiation three weeks ago. IQST announced a strong third quarter, great start to Q4, and topped it off with two new LOIs that could result in a higher valuation category sooner than later.

**The Q.** IQST reported 3Q20 revenue of \$13.3M as compared with \$4.2M in the year-ago period, a 216% increase! This performance takes revenue for the first nine months of 2020 to the \$29.4M mark. With revenue of \$5.1M for the month of October, its current run-rate would put full-year revenue results well ahead of our \$42M estimate—clearly a potentially bullish event.

**Fintech Drives Revenue and Valuation.** Last week, IQST announced it signed an LOI which in effect launches its consumer fintech category. Preliminary estimates suggest revenues of \$45-\$128M over 5 years with EBITDA margins of 30-40%. Achieving these metrics could affirm IQST as a meaningful fintech player and could have a major impact on its valuation and stock price.

**Innovative Internet of Things (IoT) for Electric Vehicle (EV) LOI.** Furthering its IoT development and VoIP/Fintech reach in Africa, IQST entered into an LOI to codevelop IoT two-way device communication solutions specific to the EV operating environment.

**Reiterate our \$0.54 price target.** With its core business ahead of forecasts and business development accelerating its initiatives, we affirm our target price and project a marked share volume increase in IQST as well.

## THE LOIs HAVE IT

Management clearly desires to increase its reach in fintech to both foster cross-sale opportunities with its downstream partners and direct consumer customers. This planned strategic move dramatically increases gross and operating profitability which in turn positions IQST as a combination of a communications and fintech services provider, thus potentially leading to a valuation that is many times greater than its current market cap.

The Company's recently entered into an MOU agreement with Payment Virtual Mobile Solutions, LLC (PayVMS) to build a Prepaid Debit Card Service (PDCS). The new PDCS will be constructed under a new corporation named Global Money One, Inc. ([www.globalmoneyone.com](http://www.globalmoneyone.com)). iQSTEL will own 75% of Global Money One, Inc. with PayVMS owning the other 25%. Management stated that the PDCS serves as the launchpad for its consumer fintech operations. Given the early anticipated basket of services, we believe the projected \$45 - \$128M in revenue over five years is very achievable. We believe that additional services beyond that should consistently generate 30-40% EBITDA margins, depending upon the services mix. PDCS is expected to enable customers to make purchases in stores and online, withdraw cash at ATMs or receive cash back when using it to make a purchase, recharge prepaid mobile phone service (domestic and international), and send money domestically or internationally. PDCS is expected to also facilitate the deposit of funds into bank accounts, rewards and digital gift cards. In addition, PDCS customers are expected to be able to execute bill payments and remote deposit capture (RDC) by mobile phone.

Separately, IQST and **Altnet Systems, Inc. (OTC-ALYI-Spec Buy)**, an electric vehicle (EV) innovator, announced a letter of intent (LOI) agreement for IQST's Internet of Things (IoT) development team to combine efforts with ALYI's EV engineering and design program to codevelop IoT two-way device communication solutions specific to the EV operating environment. ALYI's first generation EV is an electric motorcycle, designed for, among other applications, utilization within the rideshare (exemplified by Uber and Lyft services) sector in Africa evolving the prevailing robust motorcycle taxi market. IQST subsidiary IoT Labs MX specializes in IoT design and development to include wireless and vehicle telematics space that provide telematics solutions. IoT Lab MX, among other products, has developed the IoT Smart Gas Platform. IoT Labs MX and MODUS plan to work jointly to develop two-way device communication in the Revolt Electric Motorcycles with, among others, the following functions:

- Geolocation
- Battery Management
- Theft and Accident Interfacing with Emergency Services
- Remote Maintenance Management
- Vehicle Body and Component Leasing Management
- Driver and Passenger Personal Mobile Device Interface
- Rideshare System Interface

In the near term, we expect that future monthly interim revenue results and progress in converting the LOI into full-scale projects will serve as key milestones to potentially drive IQST's shares higher. With the stock already trading above its 50 and 200 Daily Moving Averages, and the average daily volume more than 4x higher than a month ago, we believe IQST's stock offers upside for both fundamental and momentum microcap investors.

### RECENT TRADING HISTORY FOR IQST

(Source: [www.StockCharts.com](http://www.StockCharts.com))





## 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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