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January 25, 2021

# **IQSTEL, INC.**

## **(OTC – IQST)**

**Industry: Communications, Fintech Services**

**New Price Target: \$0.61; Old Target: \$0.54**

## IQSTEL, INC.

### Raising Estimates and Target with More Increases in the Offing

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January 25, 2021

#### IQSTEL, INC. (OTC – IQST - \$0.30)

Industry: Communications, Fintech Services

6-Mo. Price Target: \$0.61

#### COMPANY SNAPSHOT

iQSTEL, Inc. is a US-based, Next Generation Communications and Fintech Services company with a presence in 13 countries. The Company offers a wide range of cloud-based, enhanced services to Tier-1 and Tier-2 carriers, corporate, enterprise customers and the retail market. Through its subsidiaries iQSTEL offers "one-stop-shopping". These offerings include international and domestic VoIP services, IP-PBX services, SMS exchange for A2P and P2P, OmniChannel Marketing, Internet of Things (IoT) applications, 4G/5G international infrastructure connectivity, and diversified blockchain-based platforms.

#### KEY STATISTICS

Price as of 1/22/21	\$0.30
52 Week High – Low	\$0.5174 - \$0.0411
Est. Shares Outstanding	117.2M
Market Capitalization	\$31.5M
Average Volume	5,078,561
Exchange	OTCPK

#### COMPANY INFORMATION

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#### INVESTMENT HIGHLIGHTS

**Enviably Positioning.** IQST is a burgeoning leader in VoIP and SMS services in fast-growing emerging markets. Building its business largely through M&A, new Blockchain, IoT, and Fintech offerings should serve as major profit centers and revenue growth drivers.

**The Big Picture:** Based on its current valuation relative to its peer group and its entry into new, complementary high growth markets, IQST offers huge upside potential with limited downside risk. Recently launched offerings, major debt reduction along with new M&A and initiatives, serve as catalysts to drive continued volume and value in the stock.

**What's New.** IQST issued a shareholder letter that laid out favorable recent events and its game plan, going forward. These included FY20 top-line guidance, substantial debt reduction steps to strengthen the balance sheet, business development initiatives, and prospective M&A and funding.

**The Bottom Line:** IQST has been a huge winner as the stock has leaped by over 360% since our October 2020 initiation of coverage. Based on recent and future initiatives we are raising our 2020 revenue forecast to \$44.8M, up from \$42M and our 6-month target price to \$0.61, up from \$0.54, previously. Even at our revised \$0.61 target IQST would trade at a paltry 1.2x FY21E management's revenue estimate. If management is able to continue the current momentum, we believe these shares could reach the \$1.00 mark later this year.

## THE LATEST

### *Biz Dev*

- The Company has executed a number of business development milestone events in recent months which help set the stage for future success. These include:
- IQST's Technology Division signed a LOI with emerging EV firm **Alternet Systems (OTC – ALYI)** to develop an IoT Smart EV device to enter the Electric Vehicles Supply Market.
- The Fintech Division signed a MOU with PayVMS and the incorporation of a new subsidiary, Global Money One, for the development of our Visa Debit Card.
- Also in Fintech, IQST executed an agreement with DTone for International Remittance and Top Up Mobile services in 42 countries worldwide. These services will be available through the Visa Debit Card.
- IQST's Telecom segment surpassed \$5M in monthly revenue for three consecutive months, setting records.
- The IQST *IoT Smart Gas* won the "Appliance of the Year" award as an IoT Breakthrough.

### *Capital Structure*

In recent weeks, management has done a terrific job of improving the IQST capital structure, notably the balance sheet. Management recently announced the discharge of all convertible notes and warrants, and a 48% reduction in total debt. These critical changes will be reflected in the 1Q21 financial statements and we would not be surprised to see a nearly 100% reduction in long term debt later this year.

On a related front, IQST is pursuing a Reg A registered fund-raising strategy to avoid the potential need of requiring convertible notes or other, similar financing. For this reason, the Company submitted to the SEC an extension for selling 56 Million shares within the Reg A offering statement. We believe that given the big moves in the stock of late, and what we believe will occur in the future, the actual number of shares sold may be substantially fewer than 56 million and at a higher price than when the original documents were filed in 2019. In our view, IQST will likely raise money to fund future M&A, which has proven to be a successful strategy to date, given the integration and cross-sale successes.

Separately, in further proof of their ongoing commitment to and confidence in the overall long-term potential of the Company, senior management decided to convert 21 Million common shares into Series B Preferred shares, with a 1-year Lock-Up and an additional year Leak Out. All of these moves should be viewed as part of a strong, coordinated, and sound corporate strategy. We believe that these moves coupled with continued execution should lead to higher stock prices.

### *Key Numbers*

Last week, management provided a preliminary revenue forecast for 2020 and 2021. Revenue of around \$44.8M is higher than our original \$42M forecast---a major positive in an environment where top-line growth is hard to come by. Moreover, it appears that the majority of sales were led by SMS versus VoIP services, which aids in profit margins as well. The \$60.5M sales estimate for 2021 is essentially the same as our \$60.4M forecast. In response to this guidance, along with a change in shares outstanding due to the capital structure

changes, we revised some of our forecasts. This includes an updated \$44.8M sales figure for 2020 and a higher share count for this year and going forward to reflect a modest fundraising for M&A.

## COMPANY OVERVIEW

Even after a nearly 400% return since late October, we still believe Florida-based IQSTEL, Inc. (OTC – IQST) may offer the greatest upside potential with the lowest downside risk of virtually any low-priced technology stock. Tracing its roots to 2008, the Company is evolving from a traditional telecom services holding company specializing in VoIP (Voice over Internet Protocol) services to a diversified Nex-Gen Communications and Fintech service provider. Recently launched offerings, new and future M&A and initiatives, along with a major capital restructuring should continue to drive substantial interest and value in the stock, given the compelling current valuation as compared with the expected revenue and EBITDA growth.

### *The View From 30,000 Feet*

The objective of this report is to update information and forecasts. Thus, we are providing a high-level view of the core businesses with more detail on other, valuation-driven initiatives. Please refer to our October 2020 report for a more detailed overview of all IQST lines. (<https://www.goldmanresearch.com/202010271291/Opportunity-Research/greatest-upside-limited-downside.html>)

IQST essentially acts as a holding company for a number of subsidiaries offering in-demand, cloud-based, enhanced telecommunications and pioneering fintech services on behalf of carriers, corporate and enterprise customers, and the retail market. The Company focuses its efforts on the high growth emerging markets in Latin America, Africa, and Asia. IQST has grown virtually overnight through a series of majority-share acquisitions,

**verizon**

**KDDI**

**C&W  
Business**

**tigo**

**Telefonica**

**orange**

**T**

**TATA**

**中国电信  
CHINA TELECOM**

**Vonage**

adding high-growth, high-value capabilities for its targeted markets. Given its nimble structure and approach, IQST can grow these businesses and generate meaningful profit at the expense of larger players whose bloated infrastructures prevent their successes. Plus, IQST remains vertically integrated to foster tactical M&A of smaller

firms that match its technology and customer roadmaps. This current environment has prompted industry divestitures and sales---a trend we believe will continue.

Today, the Company operates in 13 countries with roughly 55% of revenue generated from SMS (Short Message Service) and 45% from VoIP (Voice over Internet Protocol) services. Interestingly, by year-end, 6,000M messages will be sent and over 500M voice minutes will be terminated through or by 350 telecom operators, many of which are household Tier 1 and Tier 2 names, and key VARs (Value Added Integrators).

#### *Multiple Offerings, Multiple Markets*

While growing its core telecom services business via acquisition and organic growth, management had the foresight to take the next steps in the evolution of the industry: IoT (Internet of Things) and Fintech solutions. Judging by the Tier 1 players' early moves in these directions thus far, it is clear that we are in the early innings of a technology and fintech evolution. Going forward, these categories should dramatically increase IQST's revenue and profit, given the inherently higher gross margins.

Initially a VoIP wholesale provider for Tier 1 and Tier 2 carriers, through a series of acquisitions, the Company is now 21<sup>st</sup> century cloud-based service provider now offering SMS, value-added SMS services, IoT services, blockchain carrier payment solutions, and B2C fintech products and applications. Each of these offerings represents multi-billion-dollar market opportunities. Today, SMS and value-added SMS accounts for the largest segment of business and also carries a higher gross margin than the VoIP wholesale services. The major entrance into this segment occurred in the first half of 2020 with the acquisitions and full integrations of Global SMS and the SMS division of IoT Labs which provide SMS wholesale exchange services as well as A2P platforms services for carriers and corporate use.

On the IoT front, the Company has a subsidiary that offers an IoT Smart Gas Platform that offers the first automated (IoT) platform for smart management of LPG truck refills. Plus, IQST has a logistics solution for various industry segments that offers significant cross-sale potential. In Fintech, IQST has a blockchain technology and application platform enabling telecom customers to operate with greater efficiency and prevent fraud via its Mobile Number Portability Application (MNPA) and Settlement & Payment Marketplace. Most recently, IQST launched a FinTech Division with a B2C focus on the large and lucrative 272 million migrants market. Future offerings include a VISA Debit Card, remittance applications, bill payment and third-party funds disbursement, sending money via SMS, EV joint ventures, and more. All in all, IQST benefits from the current growth in e-commerce and mobile remittances due to the global COVID-19 pandemic, as well as the favorability of the telecom space given the attention paid to 5G deployment and the introduction of the new iPhone.

The Company is currently finalizing its IoT, Blockchain payment and Fintech solutions and expects to fully launch the businesses during 1H21. It should be noted that the migration to a cloud-based system improves the integration of new clients and the addition of new client groups from any potential acquisitions.

#### *VoIP*

According to TeleGeography, the International Long-Distance traffic market size is estimated at \$13 Billion in annual revenue, with 552 Billion Minutes exchanged yearly. It is estimated that Wholesale Carriers have a 68% total market share, carrying over 375 Billion Minutes per year. In general, this segment is enduring some shrinkage in terms of pricing and usage due to the proliferation of apps such as WhatsApp, Facebook



Messenger, and others. However, emerging markets remain robust. For example, Africa accounted for approximately 10% of wholesale traffic, but 33% of wholesale revenues.

In addition to focusing its efforts on strengthening its business in Latam, Africa, and Asia, management hopes to build deeper relationships with corporations and enterprises by offering unified communication and managed service programs, which are common in more developed markets. Unified communication represents a single platform for voice, messaging and other applications and is offered as a cloud service. Managed service programs enable customers to remotely monitor and service servers, desktops, and mobile devices, thus offering flexibility to implement new resources efficiently and inexpensively. Managed Services market is expected to grow from \$180.5 billion in 2018 to \$282 billion by 2023 according to Markets and Markets Research. Separately, a managed security service provider (MSSP) provides outsourced monitoring and management of security devices and systems. Common services include managed firewall, intrusion detection, virtual private network, vulnerability scanning and anti-viral services. Managed security services in the US market alone is expected to exceed \$45 billion by 2022. Thus, the Company seeks to expand its reach in key high growth markets via these new advanced applications and offerings. It is possible that future M&A could occur in these segments.

#### *SMS*

According to a recent report by Transparency Market Research, the A2P (Application-to-Person) SMS industry is expected to surpass \$100 billion by 2030. The space is expected to experience continued noteworthy adoption in years to come, with 1.243 billion messages projected for year 2020. The ubiquitous nature of SMS ensuring maximum reach to customers has prompted marketers to switch to this communication channel. The steady inclination towards using SMS for marketing and other allied activities has been highly effective and consequently been adopted by various industry verticals. Apart from that, SMS has also been adopted for security authentication purposes proving to be of high worth to BFSI vertical. Banks and financial institutions, as well as **Facebook (NASDAQ – FB)**, **Google (NASDAQ – GOOG)**, **Microsoft (NASDAQ – MSFT)**, and **Netflix (NASDAQ – NFLX)** among thousands of other uses SMS for security authentication purposes.

#### *IoT*

IoT Labs is an IoT (“Internet of things”) value-enhanced developer. The company develops specialized proprietary and OEM devices for different industries that wish to use IoT and AI solutions for their assets. In addition to an inhouse software and hardware world-class development team, IoT Labs has agreements with 4G and Low-Power-WAN providers to offer world-wide connectivity for devices developed for its clients. Thus, it can provide a turn-key-solution via either an OEM agreement for devices and software, or a month-to-month service agreement. The company currently develops for end-users through direct solutions for corporate use, as well as white labels.

Its first product to market is a patented-pending LP gas tank measuring device called SmartGas®. This device is geared for US retail households using traditional LP gas tanks who wish to never again find out they ran out of gas by stepping into a cold shower or by not being able to turn on their stove before a meal and are dissatisfied with the current alternative of climbing onto their roof to check the meter. The Company’s product is a sensor and control chip that you mount on your gas tank in less than 30 seconds that converts your gas tank into an IoT connected device through The Company’s proprietary web portal and phone apps, allowing for constant

monitoring, alerting, and refilling through The Company's gas partners. This device can also be distributed via gas-tank manufacturers, distributors and even LP gas tank providers such as ConEd etc.

Unlike traditional gas monitoring services, The Company's patent pending device works anywhere there is a radio signal and/or cellular connection, and once connected to the tank, can be left unattended for over 2 years without needing replacement.

In addition to the SmartGas product, IoT Labs MX is a full service IoT logistics solution, powerful enough to support the most sophisticated business operations, and affordable enough to empower virtually any application. This disruptive solution could be deployed worldwide and in a variety of industries utilizing varied applications. For example, a combination of IoT, SMS, geo-location, and blockchain or fintech solutions could be developed in the labs where we believe a number of innovations will be introduced in the coming quarters.

### *Blockchain*

IQST is in the final stage of development of a series of blockchain solutions aimed at using the blockchain ledger and smart contract solutions to enable more efficiency, quickness in execution and fraud-prevention in the telco industry. Specifically, the company is developing the Mobile Number Portability Application (MNPA) a solution that will enable users and carriers to transfer mobile phone numbers with just a few clicks, allowing users and carriers the ability to transfer retail users from one mobile carrier to another instantly.

It should be noted that Tier 1 and Tier 2 carriers are exploring how to leverage and utilize blockchain ledger platforms, along with fintech solutions. A leading-edge 21st Century Enhanced Telecommunications Service Provider is pleased to report major progress continues with subsidiary itsBchain's blockchain-based Settlement and Payment Marketplace Platform. Cynopia developers have completed the initial blueprint phase of the Settlement and Payment Marketplace Platform are knee deep in Phase 1 which includes the smart contracts and preliminary clearinghouse for the platform. Once completed, the platform will go live concurrent with Phase 2 development ramp up in 1Q21.

### *Fintech*

Separately, the proliferation of cryptocurrency transactions on leading platforms such as **Paypal (NASDAQ – PYPL)**, CashApp, and others, is setting the stage for a convergence of cloud-based telco services with blockchain and fintech. After all, the backbone is in the cloud, where all of these applications' databases and execution capabilities reside.

While the bulk of the Company's direct Blockchain efforts are on the B2B sector, its recent announcement regarding the formation of a new B2C Fintech division could serve as a major catalyst and value driver for IQST. According to Global X and Mauro F. Romaldini (TopTal), the Fintech industry is growing at an almost exponential rate with over \$500B in annual remittances and over \$1.5T in annual mobile payments.

This division is targeting the 272 million-strong migrant workers, which leadership knows well given its focus on emerging markets. Management has stated that the knowledge gathered over the years through its Telco Division, along with strong customer relations with the large mobile operators around the world, has positioned

iQSTEL to be the 'point man' between the immigrant end-user population and global telecommunications systems.

Migrants have specific financial management criteria that often cannot be met by the ordinary and readily available fintech products such as PayPal and Venmo. Even opening a bank account in a new country can be a challenge as many are often paid in cash. New features will include VISA Debit card, remittance, such as the ability to send money domestically and internationally with low fees or via SMS using a customized SMS service. Bill pay will also likely serve as an early feature.

Clearly, a great deal of cross-sale opportunities exist as IQST's business evolves away from pure telecom services.

## FINANCIALS SNAPSHOT

For the full year 2020, we now project revenue will reach \$44.8M, more than double the \$18M recorded in 2019, and driven by the SMS business, as illustrated in Table I below. At present we anticipate essentially breakeven operating results with a slight loss for the year of (\$0.03). Although higher margin SMS business will have a positive impact on results this year, the true bump in gross profit should occur next year as Blockchain and Fintech offerings begin to generate early market penetration.

<b>Table I. iQSTEL, Inc.</b> Projected Revenue by Category (\$, 000)					
<b>Category</b>	<b><u>CY19A</u></b>	<b><u>Old CY20E</u></b>	<b><u>New CY20E</u></b>	<b><u>CY21E</u></b>	<b><u>CY22E</u></b>
VoiP	\$18,046	\$19,000	\$20,000	\$22,500	\$28,000
SMS	\$0	\$23,000	\$24,800	\$33,000	\$35,000
Blockchain	\$0	\$0	\$0	\$600	\$5,000
IoT	\$0	\$0	\$0	\$3,200	\$6,500
Fintech	\$0	\$0	\$0	\$1,100	\$6,200
<b>TOTAL REVENUE</b>	<b>\$18,046</b>	<b>\$42,000</b>	<b>\$44,800</b>	<b>\$60,400</b>	<b>\$80,700</b>
Sources: iQSTEL, Goldman Small Cap Research					

We estimate revenue will jump to \$60.4 million in 2021 a roughly 44% rise, led by big SMS gains. The introduction of the IoT, Blockchain and Fintech businesses should drive a big increase in gross profit margin to 11.1%, more than double the projected 5% in 2020. Moreover, while the sales forecasts for these new lines are conservative, they should still result in net to IQST shareholders well in excess of \$2 million, or an EPS of \$0.02, reflecting a higher average-weighted shares outstanding. For 2022, top line is forecast to reach \$80.7 million with EPS of



\$0.08 It should be noted that these figures exclude any contribution from potential M&A in its core business or other technology and Fintech offerings.

## RISK FACTORS

In our view, the Company's biggest risk is related to the timing and magnitude of the sales and marketing ramp of the new initiatives, and subsequent broad implementation/utilization of the upgraded SMS and other capabilities. Other risks include potential interconnect issues with carrier partners or global economy issues thanks to the current COVID-19 pandemic that limit early growth prospects. Separately, building out multiple new offerings, converging different business lines into unified solutions, and the contemplation of new M&A could be too much on management's plate. Favorable M&A opportunities may also not become available.

Competitive risks include lower pricing, more effective sales/marketing, greater efficacy, or new technologies/approaches, along with new regulations harming small to medium sized players. The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of IQST's size and standing. Moreover, we believe that IQST's deep and seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. We note that it is possible that the share count could increase due to future fundraises to substantially expand the Company's business and reach and reduce debt obligations. However, an overriding financial benefit as a public company is the favorable access to and the availability of capital to fund platform and product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales via M&A, we believe that any dilutive effect from such a funding could be offset by related increases in market value. Moreover, we believe that management would not execute such a transaction unless the stock price was greater than the current stock price.

## VALUATION

The bottom line is that a company generating roughly \$45 million in sales yet trading at a \$31 million market cap is a tremendous value. What is even more important is that it offers substantial upside, not just value. Many of IQST's telecom service provider peers, including those dabbling in Fintech or IoT and other related verticals, trade at low price/revenue multiple. This is due to the underlying low top-line growth of the peers and firms with limited presence in the higher growth emerging markets. It should be noted that we believe IQST should trade at a premium to the multiples assigned its peer group due to its much higher growth rates (30-45% versus single digits), opportunity for inorganic growth via M&A, and ever-increasing profit margins due to the new product mix. Frankly, the greater the contribution from existing or new acquisitions may have a meaningful, ever-increasing rise in overall valuation on these shares. Separately, the significant debt reduction executed in late 2020 could have a positive incremental impact on the stock when financial results are soon released.

As illustrated in our Peer table, the price/revenue multiples for 2020 and 2021 are 1.2x and 1.15x, respectively. As part of our valuation analysis, we have adjusted our methodology to reflect higher than forecast 2020 sales, successful cap structure initiatives and M&A-contribution optimism. Thus, we have assigned a 1.2x price/revenue multiple for 2021, a small premium to the group average, versus our slight discount in our original assessment that did not reflect these business model improvements. Thus, we arrive at a six-month price target of \$0.61.

As attractive as this target may be given the current share price, there is room for additional upside due to M&A or financial outperformance. If management achieves its goals, a share price of around \$1.00 late this year could be in the cards.

**Table II. iQSTEL Publicly-Traded Peer Group**

Company Name	Symbol	1/22/2021	Mkt Cap (mil)	FY20E Revs (mil)	FY21E Revs (mil)	2020E Price/Revs	2021E Price/Revs
Millicom Int'l Cell	TIGO	\$39.95	\$4,043	\$6,150	\$6,430	0.7	0.6
PLDT	PLDT	\$29.35	\$6,303	\$3,975	\$4,253	1.6	1.5
SK Telecom	SKM	\$25.70	\$16,534	\$17,084	\$18,109	1.0	0.9
Turkcell	TKC	\$5.54	\$4,866	\$3,711	\$3,970	1.3	1.2
ATN Int'l	ATNI	\$45.82	\$729	\$446	\$486	1.6	1.5
Average			\$6,495	\$6,273	\$6,650	<b>1.2</b>	<b>1.15</b>
<b>IQST (today)</b>	<b>IQST</b>	<b>\$0.30</b>	\$31.5	\$45	\$60	0.7	0.5
<b>IQST (6 mo target)</b>	<b>IQST</b>	<b>\$0.90</b>	\$71.5	\$45	\$60	<b>1.6</b>	<b>1.2</b>
Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research							

**Table III. IQSTEL, Inc.**  
Pro Forma Projected Statements of Income  
(\$,000)

	<b>CY19A</b>	<b>Old CY20E</b>	<b>New CY20E</b>	<b>CY21E</b>	<b>CY22E</b>
<b>TOTAL REVENUE</b>	<b>\$18,032</b>	<b>\$42,000</b>	<b>\$44,800</b>	<b>\$60,400</b>	<b>\$80,700</b>
<b>Cost of Sales</b>	<b>\$17,251</b>	<b>\$39,900</b>	<b>\$42,560</b>	<b>\$53,696</b>	<b>\$66,174</b>
<b>Gross Profit</b>	<b>\$781</b>	<b>\$2,100</b>	<b>\$2,240</b>	<b>\$6,704</b>	<b>\$14,526</b>
<i>Gross Margin</i>	<i>4%</i>	<i>5%</i>	<i>5%</i>	<i>11.1%</i>	<i>18.0%</i>
General & Admin	\$1,450	\$2,100	\$2,150	\$3,020	\$6,053
<b>Total Operating Expenses</b>	<b>\$1,450</b>	<b>\$2,100</b>	<b>\$2,150</b>	<b>\$3,020</b>	<b>\$1,900</b>
<b>Operating Income</b>	<b>(\$669)</b>	<b>\$0</b>	<b>\$90</b>	<b>\$3,684</b>	<b>\$12,626</b>
<i>Operating Income Margin</i>	<i>-3.7%</i>	<i>0.0%</i>	<i>0.2%</i>	<i>6.1%</i>	<i>15.6%</i>
Other income	\$3	\$50	\$50	\$50	\$50
Other expenses	(\$11)	(\$25)	(\$25)	(\$25)	(\$25)
Interest Expense	(\$2,654)	(\$2,200)	(\$2,100)	(\$120)	(\$120)
Change in FV of Deriv Liab	(\$2,112)	(\$250)	(\$225)	\$0	\$0
Gain on Debt Settlement	\$0	\$300	\$300	\$0	\$0
<b>Total Other Income (Expense)</b>	<b>(\$4,774)</b>	<b>(\$2,125)</b>	<b>(\$2,000)</b>	<b>(\$95)</b>	<b>(\$95)</b>
<b>Pre-Tax Income (Loss)</b>	<b>(\$5,443)</b>	<b>(\$2,125)</b>	<b>(\$1,910)</b>	<b>\$3,589</b>	<b>\$12,531</b>
<b>Income Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$538</b>	<b>\$1,880</b>
<i>Tax Rate</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>15.0%</i>	<i>15.0%</i>
<b>Net Income</b>	<b>(\$5,443)</b>	<b>(\$2,125)</b>	<b>(\$1,910)</b>	<b>\$3,051</b>	<b>\$10,651</b>
Less: attrib. to non-controlling int.	\$15	\$25	\$25	\$1,254	\$2,506
<b>Net to IQST Shareholders</b>	<b>(\$5,458)</b>	<b>(\$2,150)</b>	<b>(\$1,935)</b>	<b>\$2,335</b>	<b>\$10,025</b>
Foreign Currency Adjustment	(\$0.35)	(\$1)	(\$1)	(\$1)	(\$1)
<b>Total Comprehensive Income (Loss)</b>	<b>(\$5,458)</b>	<b>(\$2,151)</b>	<b>(\$1,936)</b>	<b>\$2,334</b>	<b>\$10,024</b>
Less attrib. to non-controlling int.	\$15	\$15	\$15	\$1,254	\$2,506
<b>Net Comp Inc to IQST shareholders</b>	<b>(\$5,458)</b>	<b>(\$2,151)</b>	<b>(\$1,936)</b>	<b>\$2,334</b>	<b>\$10,024</b>
<b>Diluted Earnings Per Share</b>	<b>(\$0.35)</b>	<b>(\$0.03)</b>	<b>(\$0.02)</b>	<b>\$0.02</b>	<b>\$0.08</b>
Wtd. Est. Shares Outstanding	15,685	72,391	90,000	130,000	131,000

Sources: IQST, OTC Markets, and Goldman Small Cap Research

## 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

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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