



May 24, 2021

# DSG GLOBAL, INC.

(OTC – DSGT)

Industry: Diversified Tech

Segments: EV, Fleet Mgmt

## DSG GLOBAL, INC.

### Poised to Generate Outsized Stock Gains Ahead of June NASDAQ Up-List

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#### DSG GLOBAL, INC. (OTCQB – DSGT - \$0.2197)

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#### COMPANY SNAPSHOT

DSG Global is an emerging global technology company with an array of interconnecting businesses in some of the fastest growing market sectors. With roots in the golf industry in which it specializes in fleet management with patented analytics, mobile touch screen engagement and electric golf carts under the Vantage Tag Systems (VTS) brand, the company is moving quickly with road-ready electric vehicles for sale in the first quarter of 2021 through its Imperium Motor Company subsidiary.

#### KEY STATISTICS

Price as of 5/21/21	\$0.2197
52 Week High – Low	\$1.52 - \$0.01
Est. Shares Outstanding	110.6M
Market Capitalization	\$24.3M
Average Volume	1,111,950
Exchange	OTCQB

#### COMPANY INFORMATION

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#### INVESTMENT HIGHLIGHTS

**In our view, DSGT's shares are set to enjoy outsized growth ahead of and following their up-list to NASDAQ, which we believe will occur sometime in June 2021.** Our thesis is based upon typical up-list catalysts and re-valuations.

**DSGT is a diversified technology firm with subsidiaries that offer one of the most diverse and most affordable electric vehicle (EV) lineups in the space, and globally deployed fleet management systems.** New vehicle introductions and installations in the coming weeks and months could serve as catalysts to drive awareness, revenue and market value.

**The EV market is one of the fastest growing industries in the U.S. and around the world.** According to Allied Market Research, the global EV market is expected to grow from \$11.9B in 2017 to \$56.7B in 2025.

**DSGT began booking EV sales in 1Q21 and going forward will be selling a broad lineup of consumer and commercial vehicles, via exclusive North American distribution rights with key manufacturers abroad.** The lineup includes cars, SUVs, trucks, e-bikes, scooters, cargo vans, buses, and low-speed vehicles sold through its subsidiary's dealer network.

**We believe DSGT could reach the \$0.50 - \$0.60 mark, prior to the up-list.** This range is based upon a high-level view of potential revenue from EV sales this year, relative peer valuations, and the impact of corporate and capital markets catalysts pre and post the up-listing of the stock.

## DSG GLOBAL OVERVIEW

**DSG Global, Inc. (OTCQB – DSGT)** operates via two subsidiaries: Imperium Motor Company (the EV business) and Vantage Tag Systems (fleet management). For the purposes of this trade alert, we are focused on the high growth, high value Imperium Motor segment, rather than the Vantage Tag System, which, while growing in deployment and utilization, has a value and an emphasis that are secondary to the EV business.

DSG's Imperium subsidiary boasts exclusive North American distribution relationships with two highly regarded China-based EV manufacturers:

Zhejiang Jonway Automobile Co., Ltd began manufacturing in May 2003. The Zhejiang province manufacturing plant has an area of 57.3 hectares with more than 800 employees. It has invested more than 600 million RMB in producing three and five-door SUVs and will produce a number of vehicles for the Company.

Imperium also holds exclusive North American distribution rights for Skywell built EVs. Skywell New Energy Automobile Group Co. Ltd. was founded in 2011. The products include new energy EV Buses, passenger cars and passenger vehicles, which are widely sold in many countries and regions in Southeast Asia and widely used in public transport, tourism, commuting, and leasing and other markets. Skywell is an award winning EV manufacturer that ranks as an industry leader for sales of new electric vehicles.

Imperium is positioned as a brand management, distribution, and experience company, unencumbered by the manufacturing process. At its core, designs are advanced, with an emphasis on performance, functionality and comfort. Moreover, the Company's mission is to provide an alternative to high priced EV's offered by the major auto makers---as well as what may be the most diverse types of electric vehicles in North America. These include 10 low-speed vehicles of varying sizes and functions such as 3-4 seater coupes, and sedans and service vans, as well as high speed e-bikes and scooters, trucks, and SUVs, along with soon to be available commercial buses and others. Finally, the Company has an Experience Center in California, in the center of two of the largest, most popular EV procurement regions in the entire country.

DSG is leveraging its many years of experience in the golf cart world with Vantage Tag by incorporating a SaaS-based, advanced fleet management and onboard touchscreen app that provides superior ROI for golf club management, delivery and rental fleets, taxis, limousines, electric rickshaws and more. As noted on the Company's website, the potential for growth is huge. The VTS technology is currently utilized on only 300 of the world's 38,000 golf courses which have an estimated 4 million golf carts. Plus, the offering is replicable for utilization with the Company's service and commercial vehicles, when sold as fleet vehicles.

In the past year, DSG's stock reached \$1.50, likely in response to pre-mature management forecasts. We do not have firm forecasts as the previous projections by management have been rescinded due to the challenge in forecasting and executing product fulfillment during the pandemic. It is important to note: First, virtually all EV companies have had similar fits and starts out of the gate and we believe the stock was overly penalized. Second, no one can expect that a new EV business could ramp up smoothly during the COVID-19 global health pandemic. Considering these factors, we give management a pass and the forecasts we proffer are our own.

## WHY NOW?

We have elected to publish this *Trade Alert* as we believe that a unique trading opportunity exists. Still, we believe that the intermediate-to-long term opportunity is very strong as well, and worth consideration beyond short term trading.

Management has fulfilled 70% of its \$1.1M in signed contracts as of March 2021, which bodes well for business going forward. It should be noted that these orders were largely for e-bikes and a series of new vehicles will become available for purchase and procurement in the coming weeks and months, including trucks, cars, vans, and commercial buses.

### *Upcoming Milestones*

- Concurrent with the planned up-listing, which we believe will occur during June, the Company plans to raise \$15 million through an underwritten offering to provide sufficient capital to rapidly execute on the multitude of growth opportunities available.
- Imperium has scheduled the Grand Opening of the Experience Center in Fairfield, CA. The event will run from June 18-19. At the Grand Opening the audience will be able to view many of the twenty-six (26) models the company sells. Additionally, the company will begin accepting in-person orders.
- The company is also one of the few finalists for a 100-bus order for the city of Kiev, Ukraine valued at 18.3 Million Euro/\$22 Million. Imperium Motors was selected as one of the few qualified applicants chosen from the bidders. It is anticipated this contract will be awarded during the month of June.

Clearly, these milestone events could have a very favorable impact on DSGT's shares pre-up-list, as news and event-driven stocks tend to rise ahead of expected milestones. A number of EV stocks, like DSGT have hit the skids of late and have bounced from recent year lows. Interestingly, peers such the ones listed below also view 2021 as an infrastructure and first stage sales-building year, which is similar to how we view DSGT. Moreover, 2022 is widely viewed to produce hockey-stick type sales growth for the industry and the Company.

## RISK FACTORS

In our view, the Company's biggest risk is related to execution, i.e., its go-to market strategy on social media and other branding and digital marketing converting into sales. Given the reliance on foreign manufacturing in China and the subsequent shipping, delays in fulfillment are to be expected and are often the norm for the industry. In addition, the timing and magnitude of the sales ramp may be muted due to a re-emergence of the COVID-19 pandemic. Last, competitive risks include lower pricing by competitors, more effective sales/marketing, and greater functionality or comfort in competing vehicles. The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of DSGT's size and standing. Moreover, we believe that DSGT's 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. The Company plans to up-list its shares in June. However, delays may occur which would have a deleterious effect on the Company, including its capital raise plans, which would heighten the inherent execution risk in these shares. A reverse split to meet NASDAQ's \$4.00 price requirement could be difficult to maintain in the absence of milestone achievements for the Company or the industry. With the respect to the prospective funding, since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value.

## CONCLUSION

At present, DSGT trades at a market cap of \$24M, which we believe reflects a low-end valuation for the Company based on its prospects and positioning versus its peers and their valuations. Plus, it sends a message to us that this low valuation assumes little value to Vantage Tag which could be a sleeper, going forward, although we admittedly need to perform more due diligence on this subsidiary. If the Company achieves the above milestones (minus bus contract) we proffer that it could reach the \$0.50 - \$0.60 mark which would still be only a \$60-75M market cap for the combined company. If they win the bus award, all bets are off.

Here's why.

Peers such as **Nikola (NASDAQ – NKLA)**, **Arcimoto (NYSE – FUV)**, **Electramecannica Vehicles (NASDAQ – SOLO)**, **Canoo (NASDAQ – GOEV)** are projected to enjoy huge growth next year, yet average \$22M in projected sales for 2021, akin to our \$20M-25M forecast for DSGT. Considering that the average market cap is over \$1.8 billion, and absent the bus contract potential, we believe that Imperium could generate at least \$20M in revenue this year, the current \$24M market cap assigned DGST is ridiculous. While manufacturers typically trade at higher multiples than distributors, the gulf between the group and DSGT appears to be too great.

Looking ahead, we believe the Company could generate \$60M or higher in 2022. The average group price/sales multiple for 2022 is just under 14x projected 2022 sales. Perhaps a 6-9x price sales multiple on 2022 sales for the Company would likely be appropriate down the road. Thus, if major sales growth is achieved a current short-term trade may evolve into a unique longer-term opportunity.

### RECENT TRADING HISTORY FOR DSGT

(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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