



# Kwik.

February 2, 2023

## **KWIKCLICK, INC.** **(OTC – KWIK)**

Industry: E-Commerce

Price Target: \$4.90



## KWIKCLICK, INC.

### Changing the E-Commerce Industry for Brands, Influencers, Buyers

Rob Goldman  
[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com)

February 2, 2023

#### KWIKCLICK, INC. (OTC – KWIK - \$1.79)

Industry: E-Commerce

Price Target: \$4.90

#### COMPANY SNAPSHOT

KWIK is a social software platform developed to connect sellers with buyers, merging the benefits of social media marketing with the intense power of affiliate marketing. The innovative, multi-currency platform creates a virtually unlimited open marketplace for sharing and cross-selling products, services, loyalty rewards and other consumer benefits.

#### KEY STATISTICS

Price as of 2/1/23	\$1.79
52 Week High – Low	\$10.00 - \$0.40
Est. Shares Outstanding	153M
Market Capitalization	\$273.9M
Average Volume	15,133
Exchange	OTCQB

#### COMPANY INFORMATION

**KwikClick, Inc.**  
585 W 500 South  
Suite 130  
Bountiful UT 84010

Web: [www.Kwik.com](http://www.Kwik.com)  
Email: [IR@kwik.com](mailto:IR@kwik.com)  
Phone : 801.243.4840

#### INVESTMENT HIGHLIGHTS

**KWIK is poised to transform the entire e-commerce ecosystem, improving outcomes for brands, merchants, influencers, affiliate marketers and buyers.** The free KWIK platform enables brands to generate greater ROI on ad spendings, while influencers can earn 2x-4x typical commissions. Plus, customers are incentivized to become brand ambassadors, thereby spurring a brand's viral campaigns.

**The Company is leveraging API integration with Shopify, and similar integration will be completed with other major merchant marketplaces as well.** Shopify boasts over 4 million e-commerce sites and \$200+ billion in gross merchandise volume. Thus, Shopify could be a major sales driver, going forward.

**The patented, free to use KWIK platform offers significant advantages over current marketing methods for brands and a series of income streams for influencers and buyers.** This model results in highly effective word-of-mouth marketing.

**Our forecasts include \$40M in sales for 2023 and \$120M in sales for 2024.** At present, KWIK has over 200 brands and over 30,000 influencers on the platform, and we expect this figure to rise exponentially this year.

**Our \$12-month price target is \$4.90.** This target is based on a 6.3x price/sales multiple on our 2024 estimated sales and a 2024 price/ earnings multiple.

## COMPANY OVERVIEW

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

**KwikClick Inc. (OTC: KWIK)** is a publicly traded company that has introduced the e-commerce industry's first consolidated platform that combines brands' customer acquisition and engagement campaigns with loyalty, rewards, influencer, and affiliate programs. The platform is designed to solve the current issues limiting the potentially meteoric e-commerce ecosystem's growth. For brands, KWIK can ensure that their KWIK-centric online marketing spend will only occur when an influencer or affiliate-driven sale is transacted. Plus, KWIK provides ongoing, detailed monitoring and reporting capabilities. As a result, brands' ROI should be favorably impacted. For influencers and affiliates, income potential increases exponentially.

The KWIK platform typically fosters above-industry average commission payment rates. Plus, not only does it enable affiliate marketers or influencers to generate income when a follower clicks a direct link but if the follower chooses to become an influencer and converts a fellow follower, he/she gets paid as well. This path continues as long as that link is utilized by additional followers. As a result, KWIK enables every customer to become a brand ambassador. Thus, the Company has designed the nirvana of a word-of-mouth marketing and operating model, which is in action today. Word-of-mouth is directly responsible for 13% of online sales.

Although just launched in 2022, this novel approach is a win-win for retailers, sellers, and even buyers, who themselves can evolve into micro-influencers. And it is done for free for all parties. All that is required is a sign-up to the platform and implement the appropriate program via the integration of KWIK's proprietary APIs. To date more than 30,000 influencers/affiliate marketers have signed on and \$340,000 in commissions have been generated.

Against this backdrop, the Company appears on pace to sign on a substantial number of brands and influencers in 2023 and beyond. Leveraging its patented technology, novel approach, and business development activity, KWIK management has identified a "hit list" that could result in obtaining a large number of brands, consumers, and influencers in the coming quarters.

### *Near Term Catalyst: The Huge Shopify Channel*

Currently, the KWIK platform is being accepted by the most prestigious E-Commerce companies in the world, including **Shopify (NASDAQ – SHOP)**, BigCommerce, WooCommerce, and Magento platforms. These developing relationships do more than establish a working partnership with the most potent e-commerce companies in the world; they expedite organic and referral-based introductions to the most aggressive, talented, and motivated influencers.

Recent integration work with Shopify supports the Company's optimism and exposes opportunities. In 2022, Shopify's Gross Merchandise Volume (GMV) reached \$200 billion and is expected to grow by a CAGR of 20%. KWIK believes it could impact Shopify's growth by as much as 1% in the Company's first year of operations after

fully integrating with Shopify. KWIK's API's and customized proprietary software creates an application that brands, without the necessity of any I.T. programming on their side, can offer loyalty, reward, and affiliate programs to their customers and the data necessary to manage these programs. The first application developed under the KWIK platform utilizing these API's will be an integrated application with Shopify, closely followed with Woo Commerce and Magento marketing platforms utilizing widgets designed to automate the process of turning customers in to ambassadors in a natural way.

Given that e-commerce platform leader Shopify services over 4 million e-commerce sites and nearly half a trillion in total sales are executed through its platform, KWIK is in a great position to capture corporate customers, beginning next year. Moreover, this opportunity could serve as a significant sign-up catalyst for both brands and influencers.

### *Forecasts and Valuation*

Our current revenue forecasts for KWIK call for \$40M in 2023 and \$120M in 2024. We believe these figures are very achievable. After all, the Company's disruptive business model is positioned to be transformative for all players in the e-commerce industry. KWIK's approach also fosters a greater ROI (return on investment) for brands, along with better reporting and budget reconciliation, and generates greater customer loyalty from influencers and customers alike. Moreover, the KWIK model results in greater income levels and broader income sources for influencers, affiliate marketers, and customers.

Our current 12-month price target for KWIK's shares is \$4.90. This figure represents a price/sales (P/S) metric of 6.3x 2024E projected revenue of \$120M as a year from now, investors will be valuing growth companies based upon forward 12-month metrics. In addition, as a corollary, we are using a P/E valuation tool as well. This figure was derived using the average current forward 12-month P/S ratio for software firms with an emphasis in internet-related businesses and those in the systems and application segment. As a corollary, we utilized a 12-month forward P/E on the system/application group only, as the internet group had a sky-high multiple. Using this P/E, 56.5x, we arrive at essentially the same figure.

It should be noted that one of KWIK's most direct competitors, the private firm Yotpo we mentioned above, recently completed a funding at a \$1.4B valuation. In our view, this private company valuation confirms our KWIK price target, as the compelling KWIK approach affirms KWIK's outsized future potential.

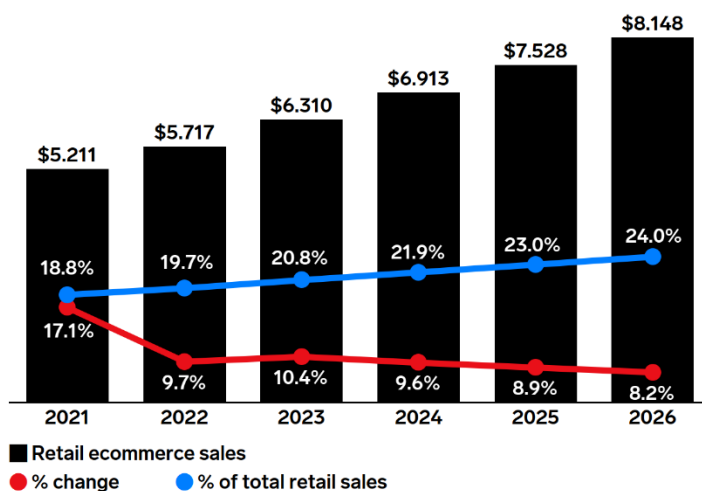
## **TRANSFORMING THE E-COMMERCE ECOSYSTEM**

### *The Space*

A recent industry report estimates that the global e-commerce industry will jump from \$5.7 trillion in 2022 to \$8.1 trillion in 2027. The Influencer Marketing segment's major followers project that the industry sales will rise from \$16.4 billion in 2022 to \$24.5 billion in 2025. One of the reasons for the expected growth is directly related to the role influencers now play in retail e-commerce. According to a Shopify E-Commerce Trends 2023 report, "...more

than 7 out of 10 businesses expect online influencers to become even more important in the future.” It is estimated that even a micro-influencer, with just 10,000 – 50,000 followers, can earn between \$40,000 and \$100,000 each year. They generate income through social media posts, content production, and other methods. Affiliate marketers also generate meaningful income via their work with brands of all sizes, whereby products and services are procured through their websites or via their links.

**Retail Ecommerce Sales Worldwide, 2021-2026**  
trillions, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling and other vice goods sales  
Source: eMarketer, June 2022

T12023

eMarketer | InsiderIntelligence.com

Most industry observers would admit that retailers routinely spend large sums on online ad/marketing campaigns and engage in loyalty/reward programs. Unfortunately, these approaches lead to few consistent, tangible methods of tracking monetization successes or their returns on investment. The recent Shopify report also notes that “Already-high customer acquisition costs are on the rise as return on ad dollar spend declines.” As a result, the billions of dollars that brands currently spend on e-commerce ad/marketing campaigns fall short of optimum effectiveness and sales conversion. While influencer, affiliate marketing and total e-commerce sales figures are not too shabby, the current outmoded payment format is fraught with income limitations for influencers of all sizes. These groups are only paid on a direct basis by brands or third parties, thereby limiting earning potential.

KWIK’s approach is transformative for the e-commerce industry because it improves outcomes for brands and influencers. Brands reward their influencer/customer base which fosters unmatched loyalty rather than spending huge sums to advertising agencies that offer vague returns on investment. By employing a system whereby influencers/customers can earn a commission when they influence their followers’ friends and contacts, retail’s

spheres of influence can maximize their earning potential. This compelling business model design has few direct comparables or peers and KWIK has already signed up roughly 200 companies and influencers of all sizes and interests.

The most direct comparable to KWIK is Yotpo, which offers brands a comprehensive suite of e-commerce marketing tools that leverage various forms of content to foster consumer engagement and retention. Yotpo is a leading player in the space as it is a key platform used by Shopify clients. However, while KWIK's platform is free to brands and influencers, aside from a free "start-up" type of offering, Yotpo's services are assessed monthly fees, depending on the service tier. As a result, it is possible that fee-paying Yotpo -clients may be low-hanging fruit for KWIK which could potentially lead to future, near term business for the Company, even if early usage is on a trial basis.

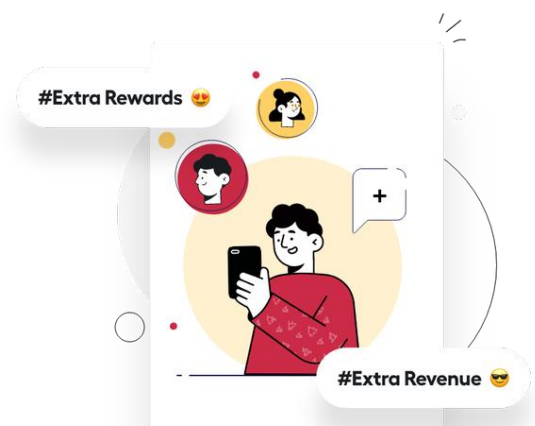
### *The KWIK Difference*

KWIK is a revolutionary platform that centralizes all affiliate and loyalty programs. KWIK helps everyone get paid for the everyday referrals and recommendations they make with a blockchain-powered patented waves of earning. The platform is designed to solve the current issues limiting the potentially meteoric e-commerce ecosystem's growth. For brands, KWIK can ensure that their KWIK-centric online marketing spend will only occur when an influencer or affiliate-driven sale is transacted. Plus, KWIK provides ongoing, detailed monitoring and reporting capabilities. Therefore, brands can easily integrate KWIK into their own shopping cart through API's. With these advantages, brands they join the KWIK network should enjoy favorable ROI benefits.

For influencers and affiliates, income potential increases exponentially---an estimated 2x-4x typical payouts. The KWIK platform typically fosters above-industry average commission payment rates. Not only does it enable affiliate marketers or influencers to generate income when a follower clicks a direct link but if the follower chooses to become an influencer and converts a fellow follower, he/she gets paid as well. This path continues as long as that link is utilized by additional followers. As a result, meaningful revenue can be recorded as influencers generate income as they inform, inspire, recruit, and convert additional affiliates and influencers within their respective communities.

This novel approach is a win-win for retailers, sellers, and even buyers, who themselves can evolve into micro-influencers. And it is done for free for all parties. All that is required is a sign-up to the platform and implement the appropriate program via the integration of KWIK's proprietary APIs.

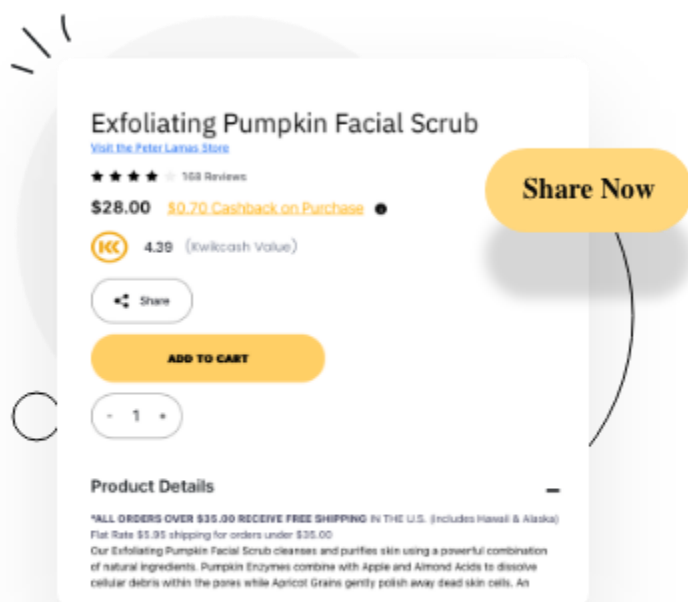
Through KWIK platform, companies benefit from making products viral in minutes, whereby everyone and every entity in the sales channels can make money. In addition, KWIK's platform is unique by providing companies



with an unlimited number of brand ambassadors, who, through a single KWIK-generated link, can represent their brand to multiple influencers in a single click. Then, those influencers can share to their spheres of influence and so on. That engagement happens through a KWIK widget incorporated within the shopping cart options on any brand's website.

Data is free of charge to KWIK Brand users, and the accumulation of credits, sweepstakes entry, and rewards redemption is all handled by KWIK. The result is a single consolidation redemption process for everyone to utilize free of charge, thereby increasing the adoption of KWIK by consumers and strengthening the reputation and validity of Brand programs.

### *The Process*



One concept that KWIK promotes is “Waves”. Under typical affiliate and influencer programs, one’s earning potential is solely peer-to-peer based. With the use of the Company’s sophisticated blockchain technology, influencers and affiliates can earn *multiples* of their current earnings via the referral/promotion process.

In addition to waves of earning, Kwik offers cashback rewards for every purchase made through the platform. This cashback offer also applies to anyone who makes a purchase through a product link. When one earns cash back on a purchase, or shares a favorite product and earn a commission, that money will be added to the account in the form of *Kwikcash*, which can be used for purchases or converted to cash. All transactions can be viewed or accessed in real-time via a personalized Data Dashboard.

Referrer A buys and then promotes/refers product via a custom link.

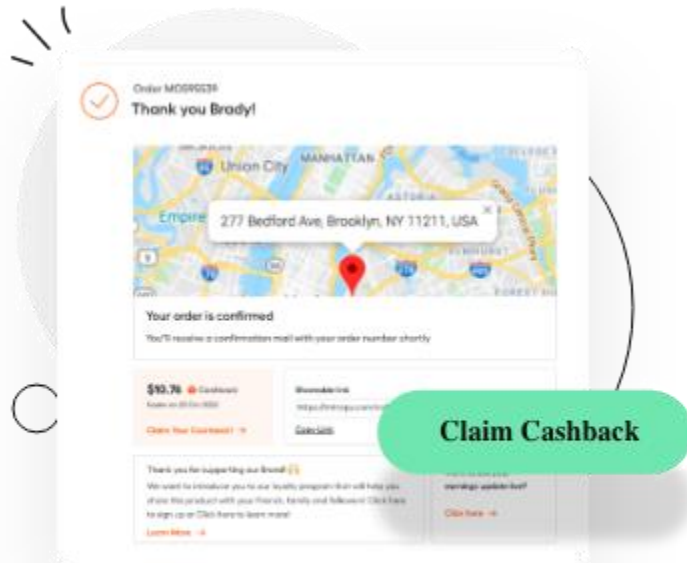
B likes it and buys it. A receives commission.

B promotes/refers his purchase

C likes it and buys it.

A & B receive commissions (B receives lower fee)

And so on...



A free KWIK app account has the potential to turn all social media activity into a product promotion on behalf of sellers in an unobtrusive manner. It provides an efficient and effective distribution channel to brands with a "no risk" proposition since KWIK only earns revenue if a sale occurs. Through the app, influencers can receive rewards through its Waves of Influence program, allowing anyone to earn income among their span of influence by simply sharing a link with friends, potentially resulting in hundreds, even thousands, of waves of earnings possibilities.

#### *KWIK Business Development*

KWIK's management team is working with a sizeable cloud-based commerce company in which KWIK is developing, modifying, and testing a platform specifically designed for their uses. Once thoroughly evaluated and

approved, KWIK would have exposure to approximately 2,000,000 online stores and over 80,000,000 products, as well as to all of the consumers of these products.

In addition, KWIK is entertaining interest from a significantly sized organization to build a specific platform to facilitate its approximately 800,000 influencers to manage and effectively monetize their business models as affiliates to this organization. It is expected that the evaluation and resultant negotiations regarding these opportunities could occur by the end of 1Q23.

Therefore, this under-the-radar potential unicorn is poised to enjoy its early growth in 2023 by early adopter sign-ups from micro-mid-tier sized influencers and small – medium sized businesses. Given the current economic environment, KWIK could enjoy a slew of new influencer sign-ups from consumers seeking a side hustle as well, thereby becoming micro-influencers and generating residual income.

Sometime during mid-2023, it is likely that the Company begins to win large brands as clients, along with word-of-mouth spikes in affiliate and influencer sign-ups. Once a major brand signs on all bets are off—as others could quickly fall in line, particularly in the same industry. Plus, the Shopify channel could begin to bear meaningful fruit.

As a free, API-integrated, offering with real-time reporting, KWIK offers a risk-free e-commerce platform that incentivizes customers by turning them into not just ordinary affiliate marketers and influencers, but true brand





ambassadors. KWIK's approach is designed to generate referred customers which can lead to a three-pronged customer engagement and retention engine. The KWIK platform leads to initial horizontal customer capture through trusted referral which leads to additional, new customer captures as more referrals commence. This approach then leads to vertical repeat customer transactions from referrers and pure customers alike. Finally, these active referrers evolve into a role or community recognition as an active, brand's ambassador.

Brands do not incur costs unless a sale is executed and enjoy customized back-end affiliate, product information, detailed reporting, and total platform implementation and integration. By utilizing a targeted and tactical approach that can be monetized and tracked, brands can smartly manage their marketing budgets. Moreover, as a brand member of KWIK, which can pay customers/influencers above-average commissions (or fees), greater and more consistent brand loyalty can be achieved.

## THE KWIK LEADERSHIP TEAM

### **Fred Cooper, Ph.D., Founder, Chairman, Chief Executive Officer**

Fred Cooper has enjoyed a long, successful career in C-level positions and as an advisor to many companies ranging from Fortune 500 size to early-stage firms. Prior to founding KwikClick, Inc., Fred served as a member of the board of NEWAge (NASDAQ: NBEV). Fred has also serviced as CEO of ARIIX LLC from 2011-2020 and as COO and CIO of Usana Health Services from 1998-2011. He was also the founder and Chairman of iCentris, Inc. from 1999-2003. Over the years, he has been a consultant to Toyota, Franklin Quest, Union Carbide, Morton Thiokol, Gloria Natalia, Your True Colors, Ohio Gas, Bioform, Spa Destinations, American Petroleum Promotions, Krieger Industries, Autoliv, Iomega, and many companies within the Direct Selling Industry. Fred earned bachelor's degrees from the University of Utah in Finance and Psychology, and a Ph.D. from the University of Utah David Eccles School of Business. In addition to publishing a number of works for noted publications, he is a sought-after speaker and has taught both undergraduate and graduate courses at the University of Utah.

### **Jeffrey A Yates. Chief Financial Officer**

Jeffrey A. Yates Presently, Mr. Yates is Chief Financial & Accounting Officer for KwikClick, Inc. Previously, he was a co-founder of ARIIX, a global direct selling company operating in 29 countries with sales of \$220M. In the past he also held the position of Chief Financial Officer & Vice President of USANA Health Sciences, Inc., Chief Financial Officer & Executive Vice President of Deseret Book Company, Chief Financial Officer for Franklin Covey Stores, and Senior Accountant at PricewaterhouseCoopers LLP. He is also Member of The American Institute of Certified Public Accountants and Member of Utah Association of Certified Public Accountants. He received a Master of Accountancy and an undergraduate degree in accounting from Brigham Young University. The father of five children and grandfather of seven, he enjoys time with family, skiing the mountains of Utah, hiking slot canyons and riding his road bike.



## FINANCIALS SNAPSHOT

### *The Big Picture*

KWIK's revenue model is straightforward and built for scale as it uses innovative blockchain technologies to track transactions and offer its high-value reporting. Brands offer targeted products at a discount as part of marketing campaigns, which is a standard practice. The spread between the sale price and discount is made available to KWIK and the influencers and affiliates on the platform. Specifically, KWIK's model results in a typical 20% fee on all (third-party agency) sales through its platform. Therefore, for each \$10 million in KWIK revenue, \$50M in goods and services would be transacted, a relatively small sum, given the ad/marketing spend by brands each year. Some sales (as principal) While our model assumes that Shopify revenue will begin to occur in the first half of 2023, we believe that meaningful revenue from this channel will begin to be recorded mid-year, with exponential figures to follow. Given the typical low-cost structure of KWIK's model, it is reasonable to assume operating profit could be recorded beginning in the sales-heavy fourth quarter of 2023.

### *Variable Forecasts*

It is difficult to forecast revenue and operating profit for a company that is in the early stages of growth that has a limited operating. It is more of a challenge when the underlying company is re-defining and transforming a global, multi-billion industry that itself is enjoying huge growth rates, and the nature of the business should result in an exponential annual sales growth rate. What figure is too high or low?

As a result, we have elected to forecast two years of financials on an annual basis, rather than on a quarterly basis. Plus, the underlying business variables, notably the timing of major milestones and the order of magnitude of the KWIK's potential growth prompted us to prepare three financial scenarios in Table I, below. Our targeted forecasts demonstrate our actual forecasts for 2023E and 2024E revenue and operating income. To account for any shifts in the variables noted above, we have produced two other scenarios-a lower growth projection than the target and a higher growth projection than the target. In this fashion, investors can review future, prospective revenue forecasts, and the underlying impact on the stock.

In the first and third grouping, our revenue estimates assume a 20% drop from our current forecast, while the third grouping reflects a 20% rise from our current estimates. Investors should note that while we do not currently project financials for 2025E, we believe that these revenue could reach the \$200M - \$250M level. While on the surface these estimates may seem optimistic, *even at the \$250M sales mark for 2025, this figure would represent around 1% of the forecasted \$24.9 billion industry revenue for the influencer marketing segment.*

### *Our Estimates*

Our current revenue forecasts for KWIK call for \$40M in 2023 and \$120M in 2024, with operating and net income of \$600,000 and \$13.3M, respectively. *(It should be noted that management did not provide guidance beyond \$40 million in revenue for 2023. These estimates are GSCR-generated figures.)* We believe these figures are



very achievable. After all, the Company's disruptive business model is positioned to be transformative for all players in the e-commerce industry. KWIK's approach also fosters a greater ROI (return on investment) for brands, along with better reporting and budget reconciliation, and generates greater customer loyalty from influencers and customers alike. Moreover, the KWIK model results in greater income levels and broader income sources for influencers, affiliate marketers, and customers. Therefore, meaningful upside to our targets exists.

Separately, while it is possible that our operating expense estimates could be a bit on the light side, our model suggests that the business should not require high fixed operating costs, or costs that rise at a rate commensurate with revenue growth. Therefore, if opex requires increases going forward, we believe that they will be incremental.

**Table I. KwikClick, Inc.**  
Variable Revenue Forecasts

	<i>Lower Growth (-20%)</i>		<i>Targeted Growth</i>		<i>Higher Growth (+20%)</i>	
	<u>FY23E</u>	<u>FY24E</u>	<u>FY23E</u>	<u>FY24E</u>	<u>FY23E</u>	<u>FY24E</u>
Product Sales	<b>\$32,000,000</b>	\$96,000,000	<b>\$40,000,000</b>	\$120,000,000	<b>\$48,000,000</b>	\$144,000,000
Licensing-Related Party	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$32,000,000</b>	<b>\$96,000,000</b>	<b>\$40,000,000</b>	<b>\$120,000,000</b>	<b>\$48,000,000</b>	<b>\$144,000,000</b>
<b>Cost of Sales</b>	<u>\$27,200,000</u>	<u>\$80,640,000</u>	<u>\$34,000,000</u>	<u>\$99,600,000</u>	<u>\$40,800,000</u>	<u>\$119,520,000</u>
<b>Gross Profit</b>	<b>\$4,800,000</b>	<b>\$15,360,000</b>	<b>\$6,000,000</b>	<b>\$20,400,000</b>	<b>\$7,200,000</b>	<b>\$24,480,000</b>
<i>Gross Margin</i>	15%	16%	15%	17%	15%	17%
<b>Operating Expenses</b>						
Management and Payroll	\$4,200,000	\$5,000,000	\$4,200,000	\$5,300,000	\$4,200,000	\$5,300,000
General and Administrative	\$1,200,000	\$1,700,000	\$1,200,000	\$1,800,000	\$1,200,000	\$1,900,000
Total Operating Expenses	<b>\$5,400,000</b>	<b>\$6,700,000</b>	<b>\$5,400,000</b>	<b>\$7,100,000</b>	<b>\$5,400,000</b>	<b>\$7,200,000</b>
<b>Operating Income (Loss)</b>	<b>(\$600,000)</b>	<b>\$8,660,000</b>	<b>\$600,000</b>	<b>\$13,300,000</b>	<b>\$1,800,000</b>	<b>\$17,280,000</b>
<i>Operating Margin</i>	N/A	9.0%	1.5%	11.1%	3.8%	12.0%

Source: Goldman Small Cap Research



## RISK FACTORS

In our view, the Company's biggest risk is simple: What will be the timing and magnitude of KWIK's overall sales growth in its first two years of sales operations? Initially, this risk primarily refers to the completion of the Shopify integration and subsequent conversion of retail entity customers, as well as the overall influencer and affiliate marketer sign-up growth rate. An education process likely has to be borne by the Shopify channel merchants, non-Shopify merchants and influencers as well.

Looking ahead, the timing of and size of the various brands that join the KWIK network, both in the US and abroad. As is the case with many high growth, emerging firms, KWIK may require funding for cash flow purposes over the next few quarters. Separately, a new, similar service could be introduced as a potential competitor to KWIK. The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of KWIK's size and standing. Moreover, we believe that KWIK'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 and KWIK is subject to this trading risk as well given its relatively low, but consistently rising, trading volume. We believe that as attention and awareness regarding the KWIK business occurs, trading volume could dramatically increase, and share price appreciation may be in the offing as well. An overriding financial benefit as a public company is the favorable access to and the availability of capital to fund 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, we believe that any dilutive effect from such a funding could be offset by related increases in market value. Moreover, given the Company's likely future plans to up-list to a senior exchange such as NASDAQ, an associated offering could occur in conjunction with an up-list, which often has a positive effect on the underlying securities.

## VALUATION

Our current 12-month price target for KWIK's shares is \$4.90. This figure represents a price/sales (P/S) metric on 2024E projected revenue of \$120M as a year from now, investors will be valuing growth companies based upon forward 12-month metrics. In addition, as a corollary, we are using a P/E valuation tool as well.

The P/S ratio we have utilized for our price target is 6.3x our 2024E estimate, arriving at a roughly \$756M future market cap. This figure was derived using the average current forward 12-month P/S ratio for software firms with an emphasis in internet-related businesses and those in the systems and application segment. As KWIK could be considered to play in both segments, given its strength in blockchain, application, and its internet-based presence, we deemed that some crossover is most accurate, even though there is little difference in valuation.



To be conservative, we took a 10% haircut to the 7x average P/S forecast for both groups and arrived at the \$4.90 level. It should be noted that we have found that these two groups have at times traded above the 7x P/S figure, including at times in 2022. As a corollary, we utilized a 12-month forward P/E on the system/application group only, as the internet group had a sky-high multiple. Using this P/E, 56.5x, we arrive at essentially the same figure.

One of KWIK's most direct competitors, the private firm Yotpo we mentioned above, recently completed a funding at a \$1.4B valuation. In our view, this private company valuation confirms our KWIK price target, as the compelling KWIK approach affirms KWIK's outsized future potential.

## CONCLUSION

In our view, KWIK is poised to transform the entire e-commerce ecosystem, improving outcomes for brands, merchants, influencers, affiliate marketers and buyers. The free KWIK platform enables brands to generate greater ROI on ad spendings, while influencers can earn 2x-4x typical commissions. Plus, customers are incentivized to become brand ambassadors, thereby spurring a brand's viral campaigns. The patented, free to use KWIK platform offers significant advantages over current marketing methods for brands and a series of income streams for influencers and buyers. This model results in highly effective word-of-mouth marketing.

The Company is leveraging API integration with Shopify, and similar integration will be completed with other major merchant marketplaces as well. Shopify boasts over 4 million e-commerce sites and \$200+ billion in gross merchandise volume. Thus, Shopify could be a major sales driver, going forward. Our forecasts include \$40M in sales for 2023 and \$120M in sales for 2024, with the potential to approach \$250M in sales in 2025.

Our \$12-month price target is \$4.90. This target is based on a 6.3x price/sales multiple on our 2024 estimated sales and a 2024 price/ earnings multiple, which is in line with the Company's industry 12-month forward P/E.



**Table II. KwikClick, Inc.**  
Pro Forma Projected Income Statement

	<u>FY22E</u>	<u>FY23E</u>	<u>FY24E</u>
Product Sales	\$595,000	\$40,000,000	\$120,000,000
Licensing-Related Party	\$300,000	\$0	\$0
<b>TOTAL REVENUE</b>	<b>\$895,000</b>	<b>\$40,000,000</b>	<b>\$120,000,000</b>
<b>Cost of Sales</b>	<u>\$358,000</u>	<u>\$34,000,000</u>	<u>\$99,600,000</u>
<b>Gross Profit</b>	<b>\$537,000</b>	<b>\$6,000,000</b>	<b>\$20,400,000</b>
<i>Gross Margin</i>	60%	15%	17%
<b>Operating Expenses</b>			
Management and Payroll	\$3,500,000	\$4,200,000	\$5,300,000
General and Administrative	\$975,000	\$1,200,000	\$1,800,000
Total Operating Expenses	<b>\$4,475,000</b>	<b>\$5,400,000</b>	<b>\$7,100,000</b>
<b>Operating Income (Loss)</b>	<b>(\$3,938,000)</b>	<b>\$600,000</b>	<b>\$13,300,000</b>
<i>Operating Margin</i>	N/A	1.5%	11.1%
Income Taxes	N/A	N/A	N/A
<b>Total Other Income (Expense)</b>	N/A	N/A	N/A
<b>Net Income (Loss)</b>	<b>(\$3,938,000)</b>	<b>\$600,000</b>	<b>\$13,300,000</b>
<b>Net Loss Per Share</b>	<b>(\$0.03)</b>	<b>\$0.00</b>	<b>\$0.08</b>
<b>Est. Avg Shares Outstanding</b>	130,000,000	155,000,000	157,000,000
<i>Note: Due to NOL we project zero taxes.</i>			
Sources: OTC Markets, GSCR			



**Table III. KwikClick, Inc.**

Balance Sheet: 9/30/22

**Current Assets**

Cash and cash equiv	\$24,476
<b>Total Current Assets</b>	<b>\$24,476</b>

**Non-Current Assets**

Property and Equip, net	\$5,900
Intellectual Prop, net	\$851,721
Right of use asset	\$131,613
<b>Total Non Current Assets</b>	<b>\$989,234</b>

**TOTAL ASSETS \$1,013,710**

**Current Liabilities**

Accounts payable	\$400,396
Accrued liab	\$79,815
Lease Obligation	\$51,288
Shareholder loans	\$684,489
Stock issuable	\$4,010
<b>Total Current Liabilities</b>	<b>\$1,219,998</b>

**Long-Term Liabilites**

Lease obl, net of curr port	\$81,536
-----------------------------	----------

**TOTAL LIABILITIES \$1,301,534**

**SHAREHOLDER'S DEFICIT**

Pref & Common Stock	12,885
Add'l paid-in capital	5,364,780
Accumulated deficit	(\$5,665,489)
<b>TOTAL DEFICIT</b>	<b>(\$287,824)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,013,710</b>

Sources: KWIK and Goldman Small Cap Research



## 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.

## DISCLAIMER

This *Opportunity Research* report was prepared for informational purposes only.

*Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* format reflects the Firm's internally generated stock ideas along with economic and stock market outlooks. *Opportunity Research* reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro-cap research ideas that typically carry greater risks than those stocks covered in the *Select Research* category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Research reports on profiled stocks in the *Opportunity Research* format typically have a higher risk profile and may offer greater upside. *Goldman Small Cap Research* was compensated by a third party in the amount of \$6000 for research services including report production and a press release. All information contained in this report was provided by the Company via filings, press releases or its website, or through our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

Separate from the factual content of our articles about the Company, we may from time to time include our own opinions about the Company, its business, markets and opportunities. Any opinions we may offer about the Company are solely our own and are made in reliance upon our rights under the First Amendment to the U.S. Constitution, and are provided solely for the general opinionated discussion of our readers. Our opinions should not be considered to be complete, precise, accurate, or current investment advice. Such information and the opinions expressed are subject to change without notice.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an





independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: [www.goldmanresearch.com](http://www.goldmanresearch.com)