

Cerberus Cyber Sentinel Corp. (CISO)

EQUITY RESEARCH

April 19, 2023

Price: \$0.24

Price Target: \$2.00 (From \$5.00)

Rating: Overweight

Key Statistics:

Symbol	NASDAQ: CISO
52-Week Range	0.23 - 10.00
Market Cap	37.4
ADV (3 mo)	3,324,987
Enterprise Value (\$M)	50
Shares Out (M)	154.2

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REV (\$M)

FYE Dec	2022A	2023E	2024E
1Q	\$9.3	\$13.5E	\$21.0
Prev	-	\$14.6E	-
2Q	\$11.2	\$17.1E	\$26.7
Prev	-	\$17.9E	-
3Q	\$11.3	\$17.4E	\$27.5
Prev	-	\$20.6E	-
4Q	\$14.7	\$22.1E	\$34.9
Prev	\$13.2	\$26.9E	-
Year	\$46.6	\$70.0E	\$110.0
Prev	\$45.0	\$80.0E	\$120.0
EV/REV	1.1x	0.7x	0.5x

EPS

FYE Dec	2022A	2023E	2024E
1Q	\$(0.06)	\$(0.03)E	\$(0.03)
2Q	\$(0.05)	\$(0.04)E	\$(0.03)
3Q	\$(0.06)	\$(0.04)E	\$(0.03)
4Q	\$(0.07)	\$(0.05)E	\$(0.04)
Prev	\$(0.06)	-	-
Year	\$(0.24)	\$(0.16)E	\$(0.12)
Prev	-	\$(0.17)E	-

Company Update

Strong Finish to 2022: Strategically Positioned to Fill the Cybersecurity Talent Shortage Gap

Reiterate Overweight & Moderating Our 12-Month Price Target from \$5 to \$2 Due to Volatile Trading Condition, However, Growth Fundamentals Intact. Cerberus Cyber Sentinel filed its 2022 10-K, and we caught up with the management team this week post results. Cerberus delivered a solid 4Q22 on >1.5x year-over-year revenue growth coming in at \$14.7M (vs. our estimated \$13.2M) and for 2022, revenue came in at \$46.6M (vs. our estimated \$45M), growth of >2x y/y. Deferred revenue growth continue on its momentum expanding 59.6% q/q to record \$4.9M (vs. our estimated \$1.7M). Recall, Cerberus historically bills customers on a monthly basis; however, the company has been selling larger multi-year enterprise contracts in 2022, resulting in a significant acceleration in deferred revenue. We expect Cerberus to build on its momentum in making headway into larger enterprise customers and therefore, we anticipate deferred revenue balance to build going forward. Free cash flow was at -\$2.8M, strongly ahead of our estimate at -\$5.9M, driven by a more efficient operating margin of -64.5% (vs. our estimate of -67.8%) on the heels of better cost optimization measures.

The cybersecurity talent shortage landscape is cited to be highly favorable to Cerberus, as management has pointed out 62% of chief information security officers (CISOs) are expecting to face talent shortfall over the next five years and 95% of CISOs don't believe the skills shortage gap has improved at all over the last couple of years. The combination of these industry factors is driving a favorable recurring revenue of 62% on a TTM basis and a new logo retention rate of over 90%. Cerberus Cyber Sentinel Corporation is in the process of changing its company's name to CISO Global, Inc. as part of its rebranding effort to better align with its mission to "bring cybersecurity professionals together on a global basis." In summary, we believe team CISO has completed its first year as a public company in a positive note despite the challenging macro environment and volatile trading conditions repeatedly experienced by larger public traded peers, and we envision the growth momentum will carry through into 2023E.

4Q22 Results. CISO Global posted revenue of \$14.7M, up 150.3% y/y, ahead of our estimate of \$13.2M. EPS was -\$0.07, about inline to our EPS estimate of -\$0.06. Free cash flow bested our projection at -\$5.9M, coming in at -\$2.8M at a FCF margin of -19.2%.

- Security Managed Services grew 161.8% y/y to \$12.4M at a margin of 61.8%
- Professional Services grew 102.6% y/y to \$2.3M at a margin of 83.2%

Financial Metrics/KPIs

- As per management, recurring revenue expanded 500 bps from 57% in 2021 to 62% on a TTM basis; Recurring Revenue = Managed Services contracts + Annual (minimum 12 months) Managed Services agreements on monthly bill.
 - New logo retention rate is greater than 90%
- Deferred revenue expanded significantly at 59.6% q/q to record 4.9M (vs. our estimate of \$1.7M); deferred revenue was ~\$0.1M as of 12/31/21
- By geographic region, Chile now makes up 31.8% of total revenue, up >2.5x y/y, with the United States now making up ~66.5%, expanding at >114% y/y.
- Operating margin was ahead of our projection of -67.8%, coming in at -64.5%.
- Stock-based compensation comprised 37.4% of total revenue for 2022, an improvement of ~15.9% from 2021 on more prudent decision in equity awards granted.
- Deals pipeline remains robust, as the management team is seeing small & medium-sized businesses (SMB) and financial/private equity owners seeking to exit.
- As of 12/31/22, the company had 449 employees.

Acquisitions & Strategy. On 1/10/23, CISO entered into an agreement to acquire RAN Security, a secured managed services firm based in Buenos Aires, Argentina, with locations in other Latin America countries. RAN Security is expected to close later in 2023, and we expect RAN Security will strengthen the Latin America secured managed services team. Recall, Cerberus' M&A strategy relies heavily on internal network referrals from successful local leaders and the management team of Chile-based Arkavia (acquired in December 2021) was instrumental as a deal pipeline generation resource for Cerberus in the Latin America region. Future M&A strategy and talent acquisition will be dependent on leveraging local network of leadership teams to efficiently source targets, in our view.

Healthy Deals Pipeline. Current year focus on M&A transactions will be on the quality of the strategic acquisitions rather than delivering high volume. The M&A talent hunting ground will continue to operate at a global scale concentrating in four dimensions: 1) adding geographic reach, 2) increasing consolidation, 3) seeking new services offering, 4) adding technology or IP differentiation. Priority will be placed on adding geographic reach and IP innovation to the product portfolio as evidenced by the Argo platform that offers a comprehensive management dashboard that can easily integrate with governance, risk, & compliance (GRC) tools. We believe CISO Global can enhance profit margin profile by leveraging leading edge technology via automation. The deal pipeline is healthy as both the SMB and private equity owners are standing ready to exit since CISO Global can offer SMB partners stock options as upside financial motivation while PE owners are inclined to leverage the global infrastructure CISO Global has in place to accelerate growth at high efficiency/scale.

New Interim COO Stress Culture of Operational Excellency. Mr. Kyle Young, recently the company's Director of Operations, has been elevated to the post of interim COO. In our previous conversations with Mr. Young, he highlighted a drive on aggressive cost out initiatives to new portfolio companies generally within 60 days to optimize operations in a speedy pace. We caught up with Mr. Young again to get thoughts on his current priorities, call it the 100 day plan, it is summarized by three main objectives:

1. Heavy Focus on Revenue Generation Front - by getting the CISO Global Inc. name to the market, methods could include publishing thought leadership pieces to drive demand. The leadership team is working with members of the Latin America and other geographic teams to deliver on various road shows or partnership events such as working with third party M&A advisors, legal and consulting firms to serve as a channel to distribute the service offerings. A customer success team was set up last quarter mainly to engage with customers at least quarterly to ensure a smooth renewal process and target upsell opportunities.
2. IP/Technology Innovation - the Argo Security Management Platform as well as integration to other GRC tools are areas of high focus for the team to differentiate in the market. The team is working to augment the Argo platform to other secure managed services to better drive upsell and monetization opportunities.
3. Enhancing the Service Side of the Platform - the management team is reviewing each service capabilities in terms of maturity and determining if further work is necessary to build out new or existing services. For example, the penetration (pen) testing could be automated through organic development or outright acquisition to layer software to expedite the time to market; this is the classic build vs. buy decision tree the team will focus attention on.

Competitive Landscape & The Battle for Talents. The general tone we picked up from our conversation with the management is the competitive environment has not changed materially since we last caught up in 3Q22. There are many competitors yet the size of the market is "near infinite" as suggested by management since cybersecurity is still in great demand due to talent shortage in this sector. We did ask if the recent reduction in force (RIF) in the technology sector has eased some talent pressure and management's observation was that it didn't since most of the tech workforce curtailment was not in the cybersecurity function. Overall, we view the competitive landscape as favorable for CISO Global since we don't believe the labor shortage situation will normalize in the next

three to five years leading to what we anticipate will be strong demands for CISO Global's services.

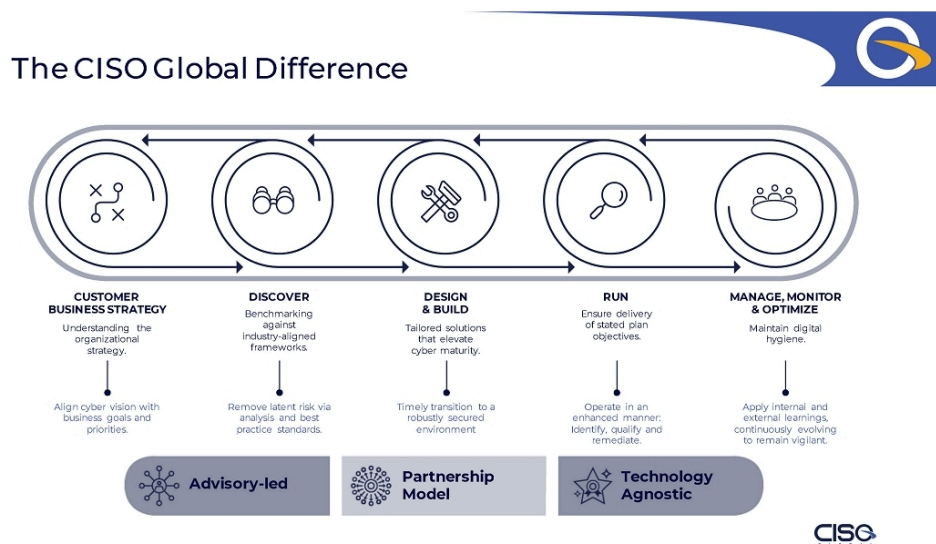
Financial Refresher / Liquidity. As of 12/31/22, the company's cash balance is \$1.833 million, and we noted the company is working to conserve cash by optimizing the cost structure across the organization. The company has issued on 3/20/23 a \$5 million unsecured convertible note with the Hensley Beverage Company, a related party of the company to repay the Bell Bank \$5 million note and is anticipating to repay the Neil Stinchcombe debt balance of \$1.5 million with the cash balance on hand. CISO Global currently has filed a Form S-3, shelf registration offering in the amount of \$100 million; we note approximately \$4 million in equity has been raised to date. We forecast CISO Global may potentially raise between \$5 to \$10 million in the first half of 2023 to fuel its operations and M&A objectives.

Guidance. CISO currently doesn't provide guidance, however, we believe with the company's culture of striving to achieve operational excellency in an expedient manner, the company will be near cash flow and EPS (excluding stock-based compensation) breakeven by the end of 2023E.

Valuation. We are moderating our price target from \$5.00 to \$2.00 based on applying a 2.7x 2024E EV/Sales multiple (vs. previous at 6.0x multiple) compared to its peer group trading at 2.8x. We believe the modest multiple is justified or even undervalues CISO given its leadership position at scale in the cybersecurity services space, hyper growth revenue acceleration, a large and expanding TAM, a favorable macro tailwind on continued talent shortages, and an improving financial profile.

The widespread cybersecurity industry challenges exacerbated by talent shortfall, alert fatigue, expanding attack surface, and compliance/expanded regulation requires a structured process in helping customers manage their IT security function. CISO's advisory led, partnership model that augments technology platform tools like Argo is what we believe is a differentiated factor in managed IT security. Managed IT services for customers include management of firewall, patch & vulnerability, security information & event management (SIEM), extended detection & response (XDR), managed detection & response (MDR), data backup, security awareness training, and compliance.

Exhibit 1: The CISO Global Approach



Source: Company reports

M&A is a key pillar to the investment thesis for CISO Global. To date, the company has engaged in sixteen acquisitions since 2019. We believe the best lead generation for CISO is the network of on the ground business operators the company has acquired over the years. We have seen this strategy worked successfully in the Latin America as the Chile-based acquisition of Arkavia team in December 2021 was instrumental in generating deal pipeline for the company in the region. Future M&A strategy will be dependent on leveraging local leaders to efficiency source targets. We view CISO Global's acquisition strategy are aimed in enhancing four areas, 1) acquire technology/IP, 2) offer new services, 3) add new geographic mix, and 4) consolidation.

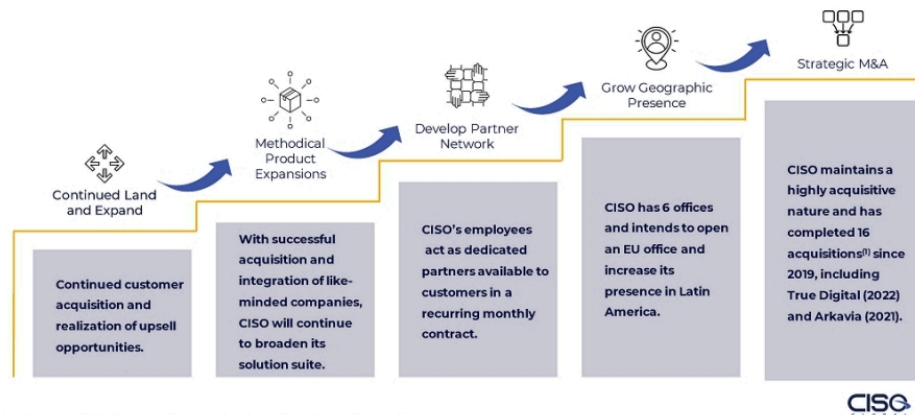
Exhibit 2: Proven Platform for Targeted Acquisition Strategy



Source: Company reports

Growth will be balanced by a combination of organic land and expand, product upsell and inorganically via M&A transactions. We think CISO Global will be more strategic in selecting their targets this year to either boost geographic reach or acquire differentiated IP/technology in their product portfolio.

Exhibit 3: Multiple Drivers for Growth



Source: Company reports

Exhibit 4: Comparable Table

\$ in millions, except per share data

Company	Ticker	Price 4/17/2023	Price Target	Rating	Mkt Cap	EV	Performance YTD TTM	Revenue FY22E FY23E FY24E	Rev Growth FY23E FY24E	EV/Rev FY23E FY24E	FCF FY22E FY23E FY24E	EV/FCF FY23E FY24E	FYE
Cerberus Cyber	CISO	\$0.25	\$2.00	OW	\$39	\$52	(90.0%) (94.3%)	\$47 \$70 \$110	50.4% 57.1%	0.7x 0.5x	-\$11 -\$1 \$4	NM 12.0x	12/31
Cerberus Cyber	CISO		\$2.00	OW	\$288	\$301		\$47 \$70 \$110	50.4% 57.1%	4.3x 2.7x	-\$11 -\$1 \$4	NM NM	12/31
Tenable	TENB	\$46.14	NA	NC	\$5,244	\$5,099	20.9% (24.3%)	\$805 \$956 \$1,118	18.6% 17.0%	5.3x 4.6x	\$153 \$219 \$214	23.3x 23.8x	12/31
Quays	QLYS	\$127.89	NA	NC	\$4,733	\$4,454	14.0% (13.0%)	\$556 \$631 \$688	13.4% 9.1%	7.1x 6.5x	\$190 \$216 \$236	20.6x 18.9x	12/31
Rapid7	RPD	\$47.00	NA	NC	\$2,822	\$3,445	38.3% (58.3%)	\$775 \$900 \$1,058	16.1% 17.6%	3.8x 3.3x	\$80 \$122 \$152	28.2x 22.7x	12/31
Magnet Forensics	MAGT-TS	\$44.24	NA	NC	\$1,808	\$1,617	19.1% 66.4%	\$171 NM NM	NM NM NM	NM NM NM	NM NM NM	NM NM NM	12/31
Arqit Quantum	ARQQ	\$1.22	NA	NC	\$163	\$122	(66.2%) (91.9%)	\$78 \$128 \$175	63.3% 36.8%	1.0x 0.7x	-\$17 \$17 NM	7.2x NM	9/30
SecureWorks	SCWX	\$8.41	NA	NC	\$721	\$595	31.6% (36.5%)	\$391 \$404 \$435	3.4% 7.6%	1.5x 1.4x	-\$61 -\$9 NM	NM NM NM	2/3
Telco	TLS	\$2.14	NA	NC	\$146	\$49	(58.1%) (77.7%)	\$125 \$132 \$121	6.3% (8.8%)	0.4x 0.4x	-\$37 -\$13 NM	NM NM NM	12/31
Intrusion	INTZ	\$1.25	NA	NC	\$27	\$35	(60.5%) (41.0%)	\$10 \$15 NM	54.4% NM	2.3x NM	NM NM NM	NM NM NM	12/31
Mean					\$1,927	(7.6%) (34.5%)	\$364 \$452 \$599	25.1% 13.2%	3.0x 2.8x	\$51 \$92 \$200	19.8x 21.8x		
Median					\$1,106	16.5% (38.7%)	\$281 \$404 \$561	16.1% 13.0%	2.3x 2.3x	\$32 \$70 \$214	21.9x 22.7x		
Max					\$5,099	38.3% 66.4%	\$805 \$956 \$1,118	63.3% 36.8%	7.1x 6.5x	\$190 \$219 \$236	28.2x 23.8x		
Min					\$35	(66.2%) (91.9%)	\$10 \$15 \$121	3.4% (8.8%)	0.4x 0.4x	-\$61 -\$13 \$152	7.2x 18.9x		

Source: Company reports, FactSet and Cantor Fitzgerald

Exhibit 4: Price Target Calculation Table

EV/Sales	2.74x
Sales 2024E	110.0
EV	301.0
Net Debt 4Q22	12.7
Market Cap	288.3
Shares	144.1
Price Target	\$2.00

Source: Company reports, FactSet and Cantor Fitzgerald

Valuation

We based our 12-month \$2.00 PT on a 2.7x EV/Sales multiple on CY2024E revenue. This multiple compares to an average 2024E EV/Sales peer multiple of 2.8x with peers having a lower growth rate. Overall, we believe the premium multiple is justified by strong competitive positioning, higher top-line acceleration, large and growing TAM, favorable macro tailwind on labor shortages, strong execution at scale and an improving financial profile.

Risks

Key Risks include: 1) Deal pipeline could dry up, 2) Integration risk on M&A, 3) Competition from large IT services organizations and small- to medium-sized cybersecurity service providers, 4) Platform/network service disruption, and 5) Macroeconomic risk.

CISO Global, Inc. Income Statement	2021A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	2022A	Mar-23E	Jun-23E	Sep-23E	Dec-23E	2023E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	2024E
Security Managed Services	11.798	8.052	10.376	10.061	12.431	40.920	12.078	15.564	15.796	19.551	62.990	19.325	24.903	25.590	31.844	101.662
Professional Services	3.345	1.277	0.852	1.192	2.309	5.629	1.430	1.491	1.549	2.539	7.010	1.681	1.751	1.859	3.047	8.339
Total Revenue	15.143	9.329	11.228	11.253	14.739	46.550	13.509	17.055	17.345	22.090	70.000	21.006	26.654	27.449	34.891	110.000
y/y change %	109.1%	264.5%	280.6%	200.5%	150.3%	207.4%	44.8%	51.9%	54.1%	49.9%	50.4%	55.5%	56.3%	58.2%	57.9%	57.1%
q/q change %		58.4%	20.4%	0.2%	31.0%		-8.3%	26.3%	1.7%	27.4%		-4.9%	26.9%	3.0%	27.1%	
Security Managed Services - COR	3.090	2.603	3.765	4.310	4.753	15.432	4.091	5.345	5.424	6.654	21.514	5.772	7.359	7.515	9.462	30.109
Professional Services - COR	0.515	0.110	0.163	0.182	0.388	0.844	0.224	0.303	0.322	0.419	1.268	0.340	0.439	0.453	0.573	1.805
Cost of Payroll	9.730	4.446	4.708	4.979	5.904	20.036	5.311	6.603	6.685	8.313	26.911	7.221	9.144	9.349	11.793	37.508
Stock Based Comp - COR	-	2.122	1.826	0.858	2.707	7.512	1.991	2.332	2.313	3.170	9.806	2.631	3.314	3.407	4.340	13.692
Cost of Revenue	13.334	9.281	10.462	10.330	13.752	43.824	11.618	14.582	14.744	18.556	59.499	15.965	20.257	20.724	26.168	83.114
Gross Profit	1.808	0.049	0.765	0.924	0.988	2.725	1.891	2.473	2.602	3.534	10.500	5.041	6.397	6.725	8.723	26.886
GP margin %	11.9%	0.5%	6.8%	8.2%	6.7%	5.9%	14.0%	14.5%	15.0%	16.0%	15.0%	24.0%	24.0%	24.5%	24.5%	24.4%
Professional Fees	1.189	0.623	0.945	0.624	(0.125)	2.068	0.912	1.151	1.171	1.491	4.725	1.365	1.733	1.784	2.268	7.150
PF % of revenue	7.9%	6.7%	8.4%	5.5%	-0.8%	4.4%	6.8%	6.8%	6.8%	6.8%	6.8%	6.5%	6.5%	6.5%	6.5%	6.5%
Advertising & Marketing	0.435	0.155	0.241	0.245	0.163	0.804	0.540	0.682	0.694	0.884	2.800	0.840	1.066	1.098	1.396	4.400
A&M % of revenue	2.9%	1.7%	2.1%	2.2%	1.1%	1.7%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Selling, General & Administrative	9.809	4.616	4.468	6.685	7.337	23.106	2.702	3.411	3.296	4.087	13.495	3.571	4.531	4.666	5.897	18.665
SG&A % of revenue	64.8%	49.5%	39.8%	59.4%	49.8%	49.6%	20.0%	20.0%	19.0%	18.5%	19.3%	17.0%	17.0%	17.0%	16.9%	17.0%
Stock Based Comp - Opex	8.077	2.566	2.404	1.792	3.124	9.885	2.026	2.558	2.602	3.314	10.500	2.521	3.199	3.294	4.187	13.200
Loss on Write-off of AR	22.078	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	41.588	7.960	8.058	9.346	10.499	35.863	6.180	7.803	7.762	9.775	31.520	8.297	10.528	10.842	13.747	43.415
Operating Income (Loss)	(39.780)	(7.912)	(7.293)	(8.423)	(9.511)	(33.138)	(4.289)	(5.330)	(5.160)	(6.241)	(21.020)	(3.256)	(4.131)	(4.117)	(5.024)	(16.529)
Operating margin %	-262.7%	-84.8%	-65.0%	-74.8%	-64.5%	-71.2%	-31.8%	-31.3%	-29.8%	-28.3%	-30.0%	-15.5%	-15.5%	-15.0%	-14.4%	-15.0%
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	(0.307)	(0.044)	(0.065)	(0.108)	(0.464)	(0.681)	(0.469)	(0.631)	(0.631)	(0.631)	(2.361)	(0.631)	(0.631)	(0.631)	(0.631)	(2.522)
Other Income (Expense), net	0.942	0.013	0.017	0.030	(0.017)	0.043	-	-	-	-	-	-	-	-	-	-
Income (Loss) Before Income Taxes	(39.146)	(7.943)	(7.340)	(8.501)	(9.992)	(33.776)	(4.758)	(5.960)	(5.791)	(6.871)	(23.381)	(3.887)	(4.762)	(4.748)	(5.655)	(19.051)
Provision for Income Taxes	-	-	-	-	(0.001)	(0.001)	-	-	-	-	-	-	-	-	-	-
Net Income (loss)	(39.146)	(7.943)	(7.340)	(8.501)	(9.992)	(33.775)	(4.758)	(5.960)	(5.791)	(6.871)	(23.381)	(3.887)	(4.762)	(4.748)	(5.655)	(19.051)
GAAP EPS	(0.33)	(0.06)	(0.05)	(0.06)	(0.07)	(0.24)	(0.03)	(0.04)	(0.04)	(0.05)	(0.16)	(0.03)	(0.03)	(0.03)	(0.04)	(0.12)
WA Shares Outstanding Diluted	118.907	133.984	136.127	142.296	144.126	139.133	145.568	147.023	148.494	149.978	147.766	151.478	152.993	154.523	156.068	153.766

Source: Company Reports and Cantor Fitzgerald

CISO Global, Inc.

Margin Analysis

	2021A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	2022A	Mar-23E	Jun-23E	Sep-23E	Dec-23E	2023E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	2024E
Security Managed Services	73.8%	67.7%	63.7%	57.2%	61.8%	62.3%	66.1%	65.7%	65.7%	66.0%	65.8%	70.1%	70.4%	70.6%	70.3%	70.4%
Professional Services	84.6%	91.4%	80.8%	84.7%	83.2%	85.0%	84.4%	79.7%	79.2%	83.5%	81.9%	79.8%	74.9%	75.6%	81.2%	78.4%
Cost of Payroll	64.3%	47.7%	41.9%	44.2%	40.1%	43.0%	39.3%	38.7%	38.5%	37.6%	38.4%	34.4%	34.3%	34.1%	33.8%	34.1%
Stock Based Comp - COR	0.0%	22.7%	16.3%	7.6%	18.4%	16.1%	14.7%	13.7%	13.3%	14.3%	14.0%	12.5%	12.4%	12.4%	12.4%	12.4%
Gross Margin	11.9%	0.5%	6.8%	8.2%	6.7%	5.9%	14.0%	14.5%	15.0%	16.0%	15.0%	24.0%	24.0%	24.5%	25.0%	24.4%
Professional Fees	7.9%	6.7%	8.4%	5.5%	-0.8%	4.4%	6.8%	6.8%	6.8%	6.8%	6.8%	6.5%	6.5%	6.5%	6.5%	6.5%
Advertising & Marketing	2.9%	1.7%	2.1%	2.2%	1.1%	1.7%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Selling, General & Administrative	64.8%	49.5%	39.8%	59.4%	49.8%	49.6%	20.0%	20.0%	19.0%	18.5%	19.3%	17.0%	17.0%	17.0%	16.9%	17.0%
Stock Based Comp - Opex	53.3%	27.5%	21.4%	15.9%	21.2%	21.2%	15.0%	15.0%	15.0%	15.0%	15.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Operating Margin	-262.7%	-84.8%	-65.0%	-74.8%	-64.5%	-71.2%	-31.8%	-31.3%	-29.8%	-28.3%	-30.0%	-15.5%	-15.5%	-15.0%	-14.4%	-15.0%
Pre-Tax Margin	-258.5%	-85.1%	-65.4%	-75.5%	-67.8%	-72.6%	-35.2%	-34.9%	-33.4%	-31.1%	-33.4%	-18.5%	-17.9%	-17.3%	-16.2%	-17.3%
Effective Tax Rate	0.0%	0.0%	1.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income Margin	-258.5%	-85.1%	-65.4%	-75.5%	-67.8%	-72.6%	-35.2%	-34.9%	-33.4%	-31.1%	-33.4%	-18.5%	-17.9%	-17.3%	-16.2%	-17.3%
Free Cash Flow Margin	-48.8%	-33.4%	-5.8%	-40.8%	-19.2%	-24.0%	-17.5%	-12.0%	0.9%	13.9%	-1.7%	-11.2%	6.0%	8.3%	8.1%	4.0%
Year-on-year (y/y) Growth Rates																
Security Managed Services - Rev	120.1%	330.2%	399.5%	224.6%	161.8%	246.9%	50.0%	50.0%	57.0%	57.3%	53.9%	60.0%	60.0%	62.0%	62.9%	61.4%
Professional Services - Rev	77.8%	85.6%	-2.4%	84.7%	102.6%	68.3%	12.0%	75.0%	30.0%	10.0%	24.5%	17.5%	17.5%	20.0%	20.0%	19.0%
Total Revenue	109.1%	264.5%	280.6%	200.5%	150.3%	207.4%	44.8%	51.9%	54.1%	49.9%	50.4%	55.5%	56.3%	58.2%	57.9%	57.1%
Gross Profit	-37.1%	-93.2%	3.5%	20.5%	NM	50.7%	3782.2%	223.1%	181.7%	257.9%	285.3%	166.6%	158.7%	158.5%	146.8%	156.0%
Professional Fees	28.4%	296.0%	286.9%	112.8%	NM	73.8%	46.3%	21.8%	87.5%	NM	128.5%	49.7%	50.5%	52.4%	52.1%	51.3%
Advertising & Marketing	189.6%	243.5%	39.4%	-3.4%	NM	84.9%	247.8%	183.7%	182.6%	442.5%	248.2%	55.5%	56.3%	58.2%	57.9%	57.1%
Selling, General & Administrative	196.4%	210.3%	165.5%	220.5%	61.1%	135.6%	-41.5%	-23.7%	-50.7%	-44.3%	-41.6%	32.2%	32.8%	41.6%	44.3%	38.3%
Operating Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Diluted EPS	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
WA Shares Outstanding Diluted	6.6%	15.1%	15.6%	20.9%	16.5%	17.0%	8.6%	8.0%	4.4%	4.1%	6.2%	4.1%	4.1%	4.1%	4.1%	4.1%
Sequential (q/q) Growth Rates																
Security Managed Services - Rev		69.6%	28.9%	-3.0%	23.5%		-2.8%	28.9%	1.5%	23.8%		-1.2%	28.9%	2.8%	24.4%	
Professional Services - Rev		12.1%	-33.3%	39.9%	93.7%		-38.0%	4.2%	3.9%	63.9%		-33.8%	4.2%	6.1%	63.9%	
Total Revenue		58.4%	20.4%	0.2%	31.0%		-8.3%	26.3%	1.7%	27.4%		-4.9%	26.9%	3.0%	27.1%	
Gross Profit		NM	1471.3%	20.6%	6.9%		91.5%	30.8%	5.2%	35.8%		42.6%	26.9%	5.1%	29.7%	
Professional Fees		26.1%	51.7%	-33.9%	NM		NM	26.3%	1.7%	27.4%		-8.4%	26.9%	3.0%	27.1%	
Advertising & Marketing		NM	54.8%	2.1%	-33.7%		231.8%	26.3%	1.7%	27.4%		-4.9%	26.9%	3.0%	27.1%	
Selling, General & Administrative		1.4%	-3.2%	49.6%	9.8%		-63.2%	26.3%	-3.4%	24.0%		-12.6%	26.9%	3.0%	26.4%	
Operating Income		NM	NM	NM	NM		NM	NM	NM	NM		NM	NM	NM	NM	
Net Income		NM	NM	NM	NM		NM	NM	NM	NM		NM	NM	NM	NM	
Diluted EPS		NM	NM	NM	NM		NM	NM	NM	NM		NM	NM	NM	NM	
WA Shares Outstanding Diluted		8.3%	1.6%	4.5%	1.3%		1.0%	1.0%	1.0%	1.0%		1.0%	1.0%	1.0%	1.0%	

Source: Company Reports and Cantor Fitzgerald

CISO Global, Inc.															
Balance Sheet															
	2021A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	2022A	Mar-23E	Jun-23E	Sep-23E	Dec-23E	2023E	Mar-24E	Jun-24E	Sep-24E	Dec-24E
Assets															
Cash & Equivalents	2.725	3.863	8.769	4.888	1.833	1.833	4.464	2.418	2.569	5.638	5.638	3.293	4.904	7.176	10.007
Accounts Receivables, net	4.841	5.946	4.912	5.763	7.862	7.862	9.456	11.938	10.407	6.875	6.875	12.137	14.587	13.973	12.251
Notes Receivable, related party	1.091	1.162	1.007	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	0.190	0.736	0.347	0.337	0.012	0.012	0.474	0.412	0.390	0.329	0.329	0.508	0.571	0.570	0.512
Prepaid Exp. & Other Current Assets	0.961	2.166	3.086	3.456	4.359	4.359	3.748	4.926	5.070	4.603	4.603	5.603	7.038	7.078	6.279
Contract Assets	-	0.218	0.427	0.495	0.332	0.332	0.332	0.332	0.332	0.332	0.332	0.332	0.332	0.332	0.332
Total Current Assets	9.807	14.090	18.547	14.940	14.399	14.399	18.475	20.026	18.769	17.776	17.776	21.873	27.432	29.129	29.381
PPE, net	2.394	3.443	2.969	4.461	4.680	4.680	4.663	4.567	4.437	4.330	4.330	4.493	4.638	4.780	4.928
Right of Use Asset, net	0.278	0.407	0.245	0.317	0.256	0.256	0.256	0.256	0.256	0.256	0.256	0.256	0.256	0.256	0.256
Intangible Assets, net	6.540	6.397	8.156	7.650	8.475	8.475	8.475	8.475	8.475	8.475	8.475	8.475	8.475	8.475	8.475
Goodwill	16.793	59.274	58.515	74.095	76.664	76.664	76.664	76.664	76.664	76.664	76.664	76.664	76.664	76.664	76.664
Other Noncurrent Assets	-	0.019	0.018	0.017	0.023	0.023	0.022	0.027	0.027	0.025	0.025	0.031	0.039	0.039	0.035
Total Assets	35.812	83.630	88.451	101.480	104.497	104.497	108.555	110.015	108.628	107.527	107.527	111.792	117.503	119.343	119.739
Liabilities and Equity															
Accounts Payable & Accrued Exp.	2.709	6.222	7.504	6.700	8.310	8.310	8.424	10.451	10.388	9.566	9.566	11.912	14.738	14.767	13.169
Deferred Revenue, current	0.053	1.953	2.351	3.074	4.472	4.472	4.593	5.116	4.857	5.302	5.302	6.092	7.397	7.463	6.798
Lease Liability, current	0.196	0.212	0.116	0.163	0.122	0.122	0.122	0.122	0.122	0.122	0.122	0.122	0.122	0.122	0.122
Debt, current	1.713	2.082	9.167	8.285	10.309	10.309	10.309	10.309	10.309	10.309	10.309	10.309	10.309	10.309	10.309
Notes Payable, related party current	-	0.419	0.177	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	5.142	10.887	19.316	18.223	23.213	23.213	23.448	25.998	25.675	25.298	25.298	28.434	32.566	32.661	30.397
Debt, noncurrent	5.284	5.279	3.094	5.965	4.244	4.244	9.244	9.244	9.244	9.244	9.244	9.244	9.244	9.244	9.244
Lease Liability, noncurrent	0.088	0.203	0.135	0.167	0.159	0.159	0.159	0.159	0.159	0.159	0.159	0.159	0.159	0.159	0.159
Notes Payable, related party NC	-	-	0.202	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	10.514	16.370	22.748	24.355	28.052	28.052	32.851	35.401	35.079	34.701	34.701	37.837	41.969	42.064	39.800
Total Stockholders' Equity	25.298	67.260	65.703	77.124	76.445	76.445	75.705	74.615	73.549	72.825	72.825	73.954	75.535	77.280	79.939
Total Liabilities & Equity	35.812	83.630	88.451	101.480	104.497	104.497	108.555	110.015	108.628	107.527	107.527	111.792	117.503	119.343	119.739

Source: Company Reports and Cantor Fitzgerald

CISO Global, Inc.	In Millions															
Cash Flow Statement	2021A	Mar-22A	Jun-22A	Sep-22A	Dec-22A	2022A	Mar-23E	Jun-23E	Sep-23E	Dec-23E	2023E	Mar-24E	Jun-24E	Sep-24E	Dec-24E	2024E
Cash Flow from Operations																
Net Income	(39.146)	(7.943)	(7.427)	(8.504)	(9.901)	(33.775)	(4.758)	(5.960)	(5.791)	(6.871)	(23.381)	(3.887)	(4.762)	(4.748)	(5.655)	(19.051)
Stock Based Compensation	10.209	4.687	3.492	2.253	6.965	17.397	4.018	4.890	4.915	6.483	20.306	5.152	6.513	6.701	8.527	26.892
Issurance of Stock for Services	-	0.080	0.658	0.397	(1.135)	-	-	(0.020)	(0.189)	(0.336)	(0.545)	(0.136)	(0.170)	(0.208)	(0.213)	(0.728)
Depreciation & Amortization	0.295	0.459	0.704	0.975	0.933	3.072	0.768	0.845	0.880	0.857	3.350	0.838	0.855	0.857	0.852	3.402
Right of Use Amortization	0.123	0.045	0.082	0.056	0.063	0.247	0.062	0.066	0.062	0.063	0.253	0.063	0.064	0.063	0.063	0.253
Non-cash Interest Expense	-	-	0.021	0.040	-	0.061	-	-	-	-	-	-	-	-	-	-
Gain on Term. of Operating Lease/PPE	-	(0.022)	-	0.012	0.010	-	-	-	-	-	-	-	-	-	-	-
Other	0.056	-	-	-	(0.025)	(0.025)	-	-	-	-	-	-	-	-	-	-
Funds Flow from Operations	(5.292)	(2.693)	(2.469)	(4.771)	(3.089)	(13.023)	0.089	(0.179)	(0.123)	0.196	(0.016)	2.030	2.499	2.665	3.574	10.768
Accounts Receivable, net	(2.359)	0.398	1.019	(0.529)	(1.868)	(0.980)	(1.594)	(2.482)	1.531	3.533	0.988	(5.263)	(2.449)	0.613	1.722	(5.377)
Inventory	0.498	(0.522)	0.323	0.093	0.279	0.173	(0.463)	0.062	0.022	0.061	(0.317)	(0.178)	(0.064)	0.002	0.058	(0.183)
Contract Assets	-	(0.087)	(0.175)	(0.068)	0.163	(0.167)	-	-	-	-	-	-	-	-	-	-
Prepays & Other Current Assets	(0.230)	(0.865)	(1.266)	0.179	(0.673)	(2.625)	0.611	(1.182)	(0.145)	0.469	(0.246)	(1.006)	(1.442)	(0.040)	0.803	(1.686)
Accounts Payable & Accrued Exp.	(0.406)	1.149	1.526	0.328	1.234	4.238	0.114	2.027	(0.063)	(0.822)	1.256	2.346	2.826	0.029	(1.598)	3.603
Lease Liability	(0.112)	(0.016)	0.137	(0.275)	(0.052)	(0.207)	(0.062)	(0.066)	(0.062)	(0.063)	(0.253)	(0.063)	(0.064)	(0.063)	(0.063)	(0.253)
Settlement Liability	0.470	(0.470)	-	-	-	(0.470)	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	0.045	0.091	0.347	0.767	1.173	2.379	(0.315)	0.523	(0.260)	0.445	0.394	0.790	1.305	0.066	(0.665)	1.496
(Inc.) Dec. in Operating Working Capital	(2.093)	(0.322)	1.911	0.495	0.258	2.342	(1.708)	(1.118)	1.024	3.622	1.821	(3.375)	0.112	0.607	0.257	(2.399)
Net Cash Flow from Operations	(7.385)	(3.016)	(0.559)	(4.276)	(2.831)	(10.681)	(1.619)	(1.296)	0.901	3.819	1.804	(1.345)	2.611	3.272	3.831	8.370
Free Cash Flow	(7.385)	(3.120)	(0.655)	(4.586)	(2.832)	(11.193)	(2.369)	(2.046)	0.151	3.069	(1.196)	(2.345)	1.611	2.272	2.831	4.370
Cash Flow from Investing Activities																
Capex, Purchase of PPE	-	(0.104)	(0.097)	(0.310)	(0.001)	(0.512)	(0.750)	(0.750)	(0.750)	(0.750)	(3.000)	(1.000)	(1.000)	(1.000)	(1.000)	(4.000)
Acquisitions	2.050	(4.918)	0.004	(0.619)	(0.003)	(5.537)	-	-	-	-	-	-	-	-	-	-
Net Cash Flow from Investing	2.050	(5.022)	(0.093)	(0.930)	(0.005)	(6.049)	(0.750)	(0.750)	(0.750)	(0.750)	(3.000)	(1.000)	(1.000)	(1.000)	(1.000)	(4.000)
Cash Flow from Financing Activities																
Proceeds from Stock Sale	3.250	9.471	0.051	1.041	0.126	10.689	-	-	-	-	-	-	-	-	-	-
Proceeds from Stock Option Exercise	0.050	0.038	0.240	1.082	0.121	1.480	-	-	-	-	-	-	-	-	-	-
Debt Proceeds, net	1.730	0.087	6.000	-	-	6.087	5.000	-	-	-	5.000	-	-	-	-	-
Debt Repayment	(2.084)	(0.459)	(0.436)	(1.050)	(0.508)	(2.453)	-	-	-	-	-	-	-	-	-	-
Notes Payable Proceeds, related	0.133	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes Payable Repayment, related	(0.216)	(0.126)	(0.059)	0.185	-	-	-	-	-	-	-	-	-	-	-	-
Payment of Debt Issurance Cost	-	-	(0.025)	-	-	(0.025)	-	-	-	-	-	-	-	-	-	-
Net Cash Flow from Financing Activities	2.863	9.011	5.770	1.257	(0.260)	15.778	5.000	-	-	-	5.000	-	-	-	-	-
FX effect	-	0.164	(0.213)	0.068	0.041	0.060	-	-	-	-	-	-	-	-	-	-
Beginning Cash Balance	5.197	2.725	3.863	8.769	4.888	2.725	1.833	4.464	2.418	2.569	1.833	5.638	3.293	4.904	7.176	5.638
Total Change in Cash	(2.472)	1.138	4.906	(3.880)	(3.055)	(0.892)	2.631	(2.046)	0.151	3.069	3.804	(2.345)	1.611	2.272	2.831	4.370
Ending Cash Balance	2.725	3.863	8.769	4.888	1.833	1.833	4.464	2.418	2.569	5.638	5.638	3.293	4.904	7.176	10.007	10.000

Source: Company Reports and Cantor Fitzgerald

Company Description

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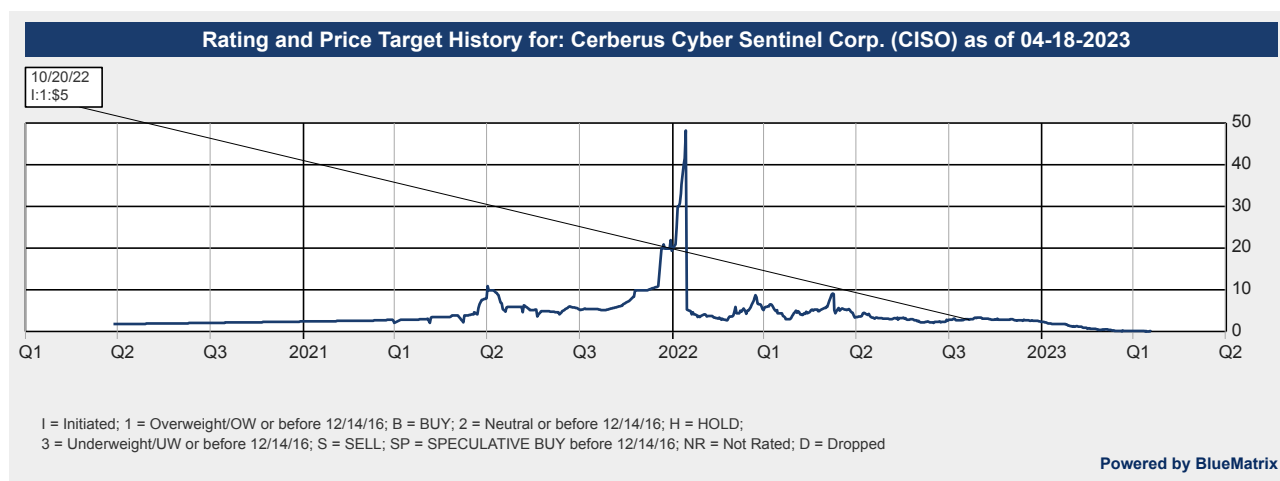
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SELL [SL/3]	0	0.00	0	0.00



U.S. Equity Research Analysts & Management

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