

August 29, 2022

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OMNIQ Corp. (OMQS - \$6.25 - Buy)

Scaling Digital to Address Public Safety Trends

Key Points

Business Model Strength. OMNIQ's business fundamentals are solid and prove the strength of the business model, in our view. The business model is based on proprietary AI-based innovative solutions and a loyal customer base. The company's solutions are trusted by the most demanding customers.

Financial Results — 1H 2022. The sequential revenue decrease of \$2 million in 2Q 2022 compared to a strong Q1 of 2022 was mainly due to global supply chain shortages. The 54% revenue growth in 1H 2022 to over \$50 million is in line with the annual run rate target of \$100 million. The gross margin for 1H 2022 was 24% compared to 18% in 1H 2021 and is in line with the profitability target. Q2 marks continued momentum in penetrating the retail and restaurant markets with the company's AI-integrated solutions.

Liquidity and Capital Resources. OMNIQ is balancing the need for operational cash with the need to add additional products. The company reported a working capital deficit of \$31 million and an accumulated deficit of \$76 million as of June 30, 2022. As of June 30, the company had cash of \$3 million. Management is evaluating operating expenses with a plan to reduce expenditures without negatively impacting operations.

Scaling Digital to Address Public Safety Trends. Public safety and justice organizations are on the precipice of massive change, brought on by the convergence of disruptions, such as societal expectations, natural disasters, and emerging technologies, such as Internet of Things, 5G and artificial intelligence. OMNIQ solutions aid public safety and justice organizations to adapt to these changes and place them at an advantage in providing quality service to their constituents.

IP-enabled Everything. The IP enablement of much of the communications, sensor, and surveillance capabilities of public safety fosters integration. OMNIQ helps bring together information assets such as databases, radio, video, IoT, mass notification, geographic information systems, license plate readers and geolocation tracking. The lower cost of integration, IoT, and SaaS delivery model is enabling and driving the ability for public safety jurisdictions to have a more sophisticated, near-military-level operational picture and command-and-control capability.

Backlog of Orders and Projects. In August, the company received an initial purchase order, including hardware and AI-based software, from a major U.S. casual fast-food chain. This order follows recent announcements of projects and purchase orders, including the receipt of a \$29 million project for supply chain equipment from a Fortune 100 corporation, the award of an \$11 million project for the government of Israel, and an award of \$4.1 million for supply chain and data collection systems.

Stronger Pipeline Translates to Improving Revenue Visibility. OMNIQ-Q Shield AI-based law enforcement solution for municipalities is experiencing positive momentum, with 12 cities in the U.S. contracted and more in the pipeline. The revenue model is based on recurring revenue-sharing.

Summary

The three business lines – supply chain automation, traffic management, and smart city show growth. OMNIQ continues to sell deeper and wider to existing customers. The company has maintained momentum in sales and deployment of its AI products to newly penetrated segments. Management's focus is on generating cash and profitability through better operations and revenue increase.

Rating, Price and Target

Symbol	OMQS
Rating	Buy
Price	\$6.25
Price Target	\$17.00

Market Data

Market Cap (M)	\$47.40
Shares Outstanding (M)	7.60
Average Daily Volume (000s)	36.00
Float (M)	5.60
Total Debt (M)	\$18
Net Cash/Debt (\$M)	\$(14.70)
Dividend	NM

FYE Dec	2021A	2022E	2023E
EPS ¹	(2.20)	(1.34)	(0.18)
Previous	(2.20)	(0.79)	0.04
Revenue (M) (\$)	78.3	104.0	125.0
Previous	78.3	109.6	140.0

¹ Shares adjusted to reflect 1-for-20 reverse stock split effective November 20, 2019

Quarterly EPS	Q1	Q2	Q3	Q4
2021A	(0.70)	(0.53)	(0.73)	(0.24)
2022E	(0.34)	(0.44)	(0.32)	(0.23)
2023E	-	-	-	-

Quarterly Revenue (M)	Q1	Q2	Q3	Q4
2021A	19.8	13.1	20.5	24.9
2022E	26.3	24.2	26.0	27.5
2023E	-	-	-	-

Company Description

OMNIQ provides computerized and machine vision image processing solutions that use patented and proprietary AI technology to deliver data collection, real-time surveillance and monitoring for supply chain management, homeland security, public safety, traffic & parking management, and access control applications. OMNIQ's customers include government agencies and Fortune 500 companies from several sectors, including manufacturing, retail, distribution, food and beverage, transportation and logistics, healthcare, and oil, gas, and chemicals. OMNIQ currently addresses several large markets including the Global Safe City market, and the Ticketless Safe Parking market. OMNIQ's is based in Salt Lake City, Utah.

Scaling Digital to Address Public Safety Trends

Overview

OMNIQ's numerous acquisitions since 2018 have transformed the company into a key developer and provider of computerized and machine-vision image processing solutions.

OMNIQ AI proprietary and patented technology platform capabilities are the growth engine. The company is focused on gaining market share in the supply chain industry, public safety, automation of parking, self-ordering kiosks, and smart-city sectors.

The opportunity on the other side of the pandemic will be larger as customers seek to leverage AI and self-check-in/check-out solutions to drive automation, minimize people-to-people interaction, and efficiency.

Dangot is a wholly-owned subsidiary effective April 1, 2022. Dangot is a profitable and critical player in automation and frictionless equipment. Dangot's solutions target multiple vertical markets, including healthcare, retail, restaurants, and warehouse automation. The combined companies provide comprehensive automation and object identification solutions, driving increased adoption of OMNIQ's AI-based Offerings.

OMNIQ offers a comprehensive platform solution that combines all three of its offerings – AI solutions, supply chain automation, and Dangot offerings. OMNIQ's total offering is a competitive differentiator and provides value-add for customers. The comprehensive approach is an evolution of the company's product roadmap to a platform provider of turnkey object identification solutions that enables supply chain automation and related efficiencies.

The company's sales from operations for the six months ended June 30, 2022, were \$50.5 million, compared to \$32.9 million for the six months ended June 30, 2021. The loss from operations for the six months ended June 30, 2022, was \$3.4 million compared with the loss of \$4.7 million for the six months ended June 30, 2021.

Figure 1. OMNIQ Corp. - Operating Model



Sources: Company Reports and ThinkEquity estimates

Takeaways

OMNIQ's business fundamentals are solid and prove the strength of the business model, in our view. The business model is based on proprietary AI-based innovative solutions and a loyal customer base.

The company's blue-chip customer base includes the government of Israel, Israeli Defense Forces (IDF), Safeway, Geodis, Google, ACE, Bridgestone, McKesson, Bayer, Abbott, and Foot Locker.

Public sector engagements include police and municipalities of Hialeah, Tel Aviv, City of Adrian. Airport infrastructure customers include JFK, LaGuardia, Los Angeles Airport, Miami, Chicago, and Salt Lake City. The company's solutions are trusted by the most demanding customers.

Financial Results – 1H 2022

OMNIQ reported revenues of \$50.5 million for the 6 months ended June 30, 2022, an increase of 54% from \$32.9 million in the same period of 2021. Gross profit grew to \$12.1 million in the first six months of 2022 compared to \$5.9 million in the same period in 2021. Total operating expenses for 1H 2022 of \$15.5 million compared with \$10.6 million in 1H 2021. Net loss for 1H 2022 was \$5.7 million compared with a

loss of \$5.8 million for 1H 2021. Adjusted EBITDA for 1H 2022 amounted to a loss of \$164K compared with an adjusted EBITDA loss of \$1.6 million in 1H 2021¹.

The sequential revenue decrease of \$2 million in 2Q 2022 compared to a strong Q1 of 2022 was mainly due to the global supply chain shortages. The 54% revenue growth in 1H 2022 to over \$50 million is in line with the annual run-rate target of \$100 million. The gross margin for 1H 2022 was 24% compared to 18% in 1H 2021 and is in line with the profitability target. Q2 marks continued momentum in penetrating the retail and restaurant markets with the company's AI-integrated solutions.

Liquidity and Capital Resources

OMNIQ is balancing the need for operational cash with the need to add additional products. The company reported a working capital deficit of \$31 million and an accumulated deficit of \$76 million as of June 30, 2022. As of June 30, 2022, the company had cash of \$3 million. Management is evaluating operating expenses with a plan to reduce expenditures without negatively impacting operations.

Scaling Digital to Address Public Safety Trends

Public safety and justice organizations are on the precipice of massive change, brought on by the convergence of disruptions, such as societal expectations, natural disasters, and emerging technologies, such as Internet of Things (IoT), 5G and artificial intelligence.

OMNIQ solutions aids public safety and justice organizations to adapt to these changes and place them at an advantage in providing quality service to their constituents.

Figure 2. Public Safety Trends



Sources: Gartner and ThinkEquity estimates

Backlog of Orders and Projects

In August, the company received an initial purchase order, including hardware and AI-based software, from a major American casual fast-food chain. The technology will provide real-time and historical consumption information, helping the locations drive improved customer service and revenue growth.

This order follows the recent announcements of projects and purchase orders, including the receipt of a \$29 million project for supply chain equipment from a Fortune 100 corporation, the award of an \$11 million project for the Government of Israel, and the award of \$4.1 million for supply chain and data collection systems².

Stronger Pipeline Translates to Improving Revenue Visibility

OMNIQ-Q Shield AI-based law enforcement solution for municipalities is experiencing positive momentum, with 12 cities in the U.S. contracted and more in the pipeline. The revenue model is based on recurring revenue-sharing.

Financials – 2Q 2022

OMNIQ reported revenue of \$24.2 million for the quarter that ended June 30, compared to \$13.1 million in the second quarter of 2021. The revenue increase is from consolidation with Dangot and continued traction in core markets. Q2 2022 marks continued momentum in penetrating the retail and restaurant markets with the Company's AI integrated solutions.

Total operating expenses for 2Q 2022 were \$8 million compared to \$5 million in 2Q 2021. The increase is primarily the consolidation of Dangot. Net loss for the quarter was \$3.1 million, compared with a loss of

¹ OMNIQ Corp. 10-Q July 29, 2022

²OMNIQ. GlobeNewswire Aug 11, 2022

\$2.5 million for the second quarter of last year. Adjusted EBITDA for the second quarter of 2022 amounted to a loss of \$777K compared to an adjusted EBITDA loss of \$437K in the three months ended June 30, 2021. The cash balance was \$2.9 million at June 30, compared to \$7.1 million on December 31, 2021.

The company has a Fortune 500 customer base. The strength of the companies that constitute OMNIQ's customer base mitigates some macro risks.

The company is well-positioned to monetize the improved demand for logistic automation with diversified end markets and a strong presence in the food and drug industry sectors.

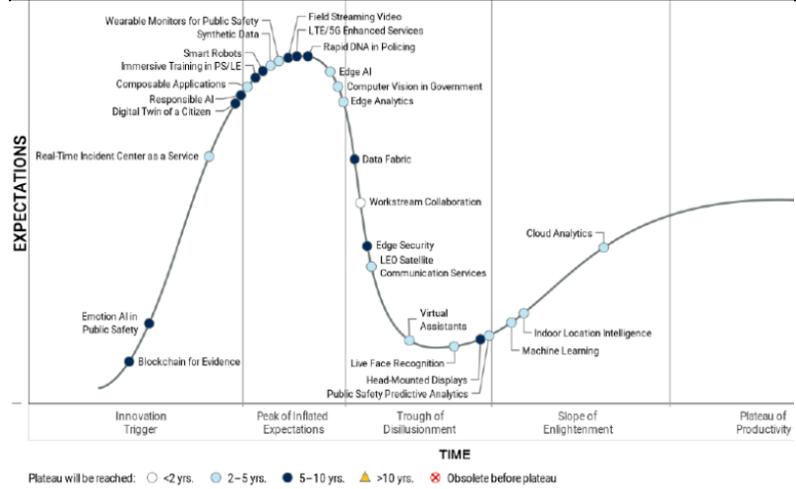
The company saw the sales cycle improve in other verticals like Smart City, Public Safety, and Parking, that mandate face-to-face meetings and physical presence for installations.

Public Safety and Law Enforcement

There are several trends impacting public safety and law enforcement agencies adopting digital government. These trends impact the technologies and approaches that organizations must take to achieve their mission. The innovations offered by OMNIQ can aid CIOs in making the best choices for their organizations relative to risk and investment strategy. For example, a policing agency focused on intelligent situational awareness might consider technology capabilities such as edge analytics, field streaming video, and real-time incident center as a service as means to improve its operational capacity.

OMNIQ edge AI supports public safety and law enforcement organizations in real-time decision-making by enabling greater use of the Internet of Things (IoT), computer vision, machine learning, and analytics in the field.

Figure 3. Adoption Cycle for Public Safety and Law Enforcement



Sources: Gartner and ThinkEquity estimates

Real-Time Incident Center as a Service

Definition

OMNIQ technology building blocks enable real-time incident command centers to fuse information from various sources and provide the visualization to improve situational awareness capability. It is a command-and-control enabling service used by public safety agencies to coordinate responses to emergencies and other events. Typically created and managed by public safety organizations through the integration of databases, sensors, video, and communications systems, that outcome is becoming available in as-a-service form.

Why This Is Important

Information fusion and command-and-control are ubiquitous to public safety. Early examples include real-time crime centers. OMNIQ technology roadmap offers full-spectrum incident management, enabled by information fusion and command-and-control technology. Service providers now offer real-time incident management as a service. Jurisdictions with earlier crime-focused capabilities will seek next-generation full incident management capability. Jurisdictions lacking wherewithal for a command center, now with OMNIQ's solutions, have opportunities with as-a-service offerings.

Business Impact

Public safety mission operators and their technology support organizations are primary stakeholders. Citizens are stakeholders regarding surveillance aspects such as video or license plate readers. Use of the

technology can alter the deployment and focus of resources. OMNIQ’s as-a-service offerings enable improved citizen service through better emergency response.

IP-enabled Everything

The IP enablement of much of the communications, sensor, and surveillance capabilities of public safety fosters integration. OMNIQ helps bringing together information assets like databases, radio, video, IoT, mass notification, geographic information systems, license plate readers and geolocation tracking. With each of these sources being digitized, the integration problem is made simpler.

The lower cost of integration, IoT, and SaaS delivery model is enabling and driving the ability for public safety jurisdictions to have a more sophisticated, near-military-level operational picture and command-and-control capability.

Acquisition accelerates adoption of OMNIQ's AI solutions to automate the supply chain

The Dangot acquisition provides key capabilities in AI, object identification, and automation for the company, technology building blocks to drive growth and stronger financial results. With the Dangot acquisition, OMNIQ has created a \$100+ million 2022 revenue company.

Dangot technology enables frictionless, automated order processing and digital payment processing products for a customer base that includes hospitals, supermarkets, manufacturing plants, retail chains, restaurants, municipalities, and government agencies

OMNIQ plans to cross-sell its AI solutions to Dangot’s customer base to help automate its operations and deliver performances and savings. The acquisition also creates an opportunity for OMNIQ to leverage its sales team in the US.

Figure 4. OMNIQ Corp. –AI-Enabled Business Transformation



Sources: Company Reports and ThinkEquity estimates

Operational Milestones

A highlight of recent order trends. In April 2022, OMNIQ announced the receipt of a purchase order to deploy its AI machine vision system in South America. In June 2022, the Company announced the receipt of \$11 million order from the government of Israel for supply chain IoT solutions.

Figure 5. OMNIQ Corp. – Diversified Customer Base



Sources: Company Reports and ThinkEquity estimates

Summary

The three business lines – supply chain automation, traffic management, and smart city – all show growth. OMNIQ continues to sell deeper and wider to existing customers. The company maintains the momentum in sales and deployment of its AI products to the newly penetrated segments. Management's focus is on generating cash and profitability through better operations and revenue increase.

Figure 6. OMNIQ Corp. – Target Object ID Markets



Sources: Company Reports and ThinkEquity estimates

Recent Financial Results

Revenues

For the three months ended June 30, 2022, and 2021, the company generated net revenues of \$24 million and \$13 million, respectively. The increase is from additional sales channels provided by the acquisition of Dangot.

Margins

For the three months ended June 30, 2022 and 2021, the cost of goods sold was 75% of net revenues.

Figure 7. OMNIQ Corp. – Results of Operations

(In thousands, except share and per share data)	For the three months ending June 30,		For the six months ending June 30,	
	2022	2021	2022	2021
Total Revenues	\$ 24,209	\$ 13,119	\$ 50,531	\$ 32,870
Cost of goods sold	18,222	9,820	38,417	26,936
Gross profit	5,987	3,299	12,114	5,934
Total operating expenses	8,004	5,141	15,539	10,641
Loss from operations	(2,017)	(1,842)	(3,425)	(4,707)
Net loss attributable to common shareholders	(3,327)	(2,535)	(5,942)	(5,910)
Net loss per share - basic	\$ (0.44)	\$ (0.53)	\$ (0.79)	\$ (1.24)

Sources: Company Reports and ThinkEquity estimates

Operating expenses

Total operating expense for the three months ended June 30, 2022, and 2021 was \$8.0 million and \$5.1 million, respectively. The increase is from additional operations from Dangot.

SG&A expenses for the three months ended June 30, 2022, and 2021 totaled \$7.0 million and \$4.1 million, respectively. The increase was primarily from the higher headcount and operating activities from the acquisition of Dangot.

Net Results

The company reported a net loss of \$3.3 million for the three months ended June 30, 2022, compared to a net loss of \$2.5 million for the three months ended June 30, 2021. The increased loss is primarily from higher SG&A expenses.

Figure 8. OMNIQ Corp. – Balance Sheet Summary

<i>(In thousands, except share and per share data)</i>	As of	
	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 2,917	\$ 7,085
Total current assets	39,321	43,159
Property and equipment, net	903	1,127
Goodwill	16,520	15,453
Total assets	69,754	75,081
Liabilities and Equity		
Accounts payable and accrued liabilities	51,548	45,553
Notes payable - current portion	7,168	7,521
Total current liabilities	69,919	66,097
Notes payable - less current portion	2,715	2,646
Lease liability	1,714	2,266
Total liabilities	74,653	72,783
Accumulated deficit	(76,582)	(70,571)
Total equity (deficit)	(4,899)	2,298
Working Capital	(30,598)	(22,938)

Sources: Company Reports and ThinkEquity estimates

Liquidity

OMNIQ is balancing the need for operational cash with the need to add additional products. The company reported a working capital deficit of \$31 million and an accumulated deficit of \$76 million as of June 30, 2022. As of June 30, 2022, the company had cash of \$3 million. Management is evaluating operating expenses with a plan to reduce expenditures without negatively impacting operations.

In March 2022, management finalized an \$8.5 million line of credit with Western Alliance Bank. This line of credit replaced the high-interest Action Capital line of credit (\$6 million) and settled the ScanSource debt of \$2.5 M. Overall, the effective interest rate of the new line of credit is 7% compared to 12% with Action and 10% with ScanSource.

The company's A/P to Blue Star as of June 30, 2022 was \$35 million. Blue Star is an unsecured creditor, financing the company's supply chain demand. Blue Star has agreed to reduce the annual interest rate on past due invoices to 5%.

Figure 9. OMNIQ Corp. – Cash Flow Summary

<i>(,000)</i>	For the six months ended June 30,	
	2022	2021
Net cash provided by operating activities	\$ 1,537	\$ 4,250
Net cash provided by (used in) investing activities	(3,769)	562
Net cash used in financing activities	(2,000)	(4,000)
Net change in cash and cash equivalents	(4,232)	812
Cash and cash equivalents at end of period	2,917	5,437

Sources: Company Reports and ThinkEquity estimates

Cash Flow

Net cash provided by operating activities was \$1.5 million for the six months ended June 30, 2022, compared to \$4.3 million for the six months ended June 30, 2021.

The company's cash used in investing activities was \$3.8 million for the six months ended June 30, 2022 compared to cash provided by investing activities of \$562K for the six months ended June 30, 2021.

The company's financing used \$2.0 million of cash during the six months ended June 30, 2022 and used \$4.0 million during the six months ended June 30, 2021.

Valuation

Our \$17 price target is approximately 1x P/S based on our calendar 2023 forecast revenue of \$125 million. This multiple is a discount to the median peer group valuation of 2.2x sales (Figure 11).

Management is effecting the transformation of OMNIQ to a technological company, from what was historically mostly a channel of sales. The company has developed strong relationships with customers.

The company is spending on R&D to develop algorithms for better image processing, improving speed and accuracy in detecting and identifying objects. This would also include the flexibility to work with different hardware.

The second direction is analytics on big data, providing efficiencies for customers with bespoke hardware and software solutions and predictive analytics to forecast trends and help improve their supply chain efficiency.

Risks

The Company faces risks, which include, but are not limited to the following:

- General economic conditions, including the overall effect of the current COVID19 crisis
- Competitive pressures
- The ability to manage the growth of the business through internal growth and acquisitions
- The ability to raise capital when needed and on acceptable terms and conditions
- The ability to manage credit and debt structures from vendors, debt holders, and secured lenders
- The ability to attract and retain management

For additional risk factors, please refer to the company's SEC filings.

Figure 10. OMNIQ Corp.- Income Statement, FY19-FY23E

(In thousands, except share and per share data)	2019	2020	Forecast includes HTS Image Processing and Dangot Computers								2022E	2023E	
			Mar-21 1Q21	Jun-21 2Q21	Sep-21 3Q21	Dec-21 4Q21	2021	Mar-22 1Q22	Jun-22 2Q22	Sep-22 3Q22E			Dec-22 4Q22E
Total Revenues***	\$ 57,199	\$ 55,209	\$ 19,751	\$ 13,119	\$ 20,513	\$ 24,868	\$ 78,251	\$ 26,322	\$ 24,209	\$ 26,000	\$ 27,500	\$ 104,031	\$ 125,000
Cost of goods sold	43,165	44,293	17,115	9,820	15,842	18,805	61,582	20,194	18,222	19,598	20,350	78,364	90,000
Gross profit	14,034	10,916	2,636	3,299	4,671	6,063	16,669	6,128	5,987	6,500	7,150	25,667	35,000
%Gross margin	25%	20%	13%	25%	23%	24%	21%	23%	25%	25%	26%	25%	28%
Operating expenses**													
Research and development	1,063	1,805	494	468	474	437	1,873	523	468	500	500	1,991	2,400
Selling, general and administrative	13,682	15,802	4,438	4,109	6,801	6,517	21,865	6,476	7,072	7,100	7,150	27,798	28,500
Depreciation and Amortization	2,153	2,292	568	564	1,610	669	3,411	538	464	600	600	2,202	3,000
Total operating expenses	16,898	19,899	5,500	5,141	8,885	7,623	27,149	7,537	8,004	8,200	8,250	31,991	33,900
Income (loss) from operations	(2,864)	(8,983)	(2,864)	(1,842)	(4,214)	(1,560)	(10,480)	(1,409)	(2,017)	(1,700)	(1,100)	(6,226)	1,100
Other income (expenses):													
Interest expense	(2,555)	(2,628)	(589)	(665)	(587)	(600)	(2,515)	(812)	(878)	(500)	(500)	(2,690)	(2,500)
Other (expenses) income	(23)	112	110	-	(159)	(50)	7	(264)	(389)	(85)	(85)	(823)	-
Total other expense	(2,578)	(2,516)	(479)	(665)	(746)	(650)	(2,508)	(1,076)	(1,267)	(585)	(585)	(3,513)	(2,500)
Net loss before income taxes	(5,442)	(11,499)	(3,343)	(2,507)	(4,960)	(2,210)	(12,988)	(2,485)	(3,284)	(2,285)	(1,685)	(9,739)	(1,400)
Total Provision for Income Taxes	(14)	(5)	-	(3)	(117)	(85)	(156)	84	98	50	50	282	50
Net loss attributable to OMNIQ Corp.	(5,456)	(11,504)	(3,343)	(2,510)	(5,076)	(2,295)	13,362	(2,569)	(3,186)	(2,335)	(1,735)	(9,825)	(1,450)
Less: Preferred stock - series C dividend	(146)	(191)	(31)	(25)	(12)	(12)	(80)	(48)	(141)	(12)	(12)	(213)	(50)
Net loss attributable to the common stockholders	(5,310)	(11,695)	(3,374)	(2,535)	(5,088)	(2,307)	13,144	(2,617)	(3,327)	(2,347)	(1,747)	(10,038)	(1,400)
Foreign currency translation adjustment	-	-	105	-	166	166	77	(10)	241	-	-	231	-
Other comprehensive income (loss)	(5,310)	(11,695)	(3,269)	(2,535)	(5,230)	(2,473)	13,439	(2,607)	(3,086)	(2,347)	(1,747)	(10,038)	(1,400)
Net loss per share - basic	\$ (1.37)	\$ (2.49)	\$ (0.70)	\$ (0.53)	\$ (0.73)	\$ (0.24)	\$ (2.20)	\$ (0.34)	\$ (0.44)	\$ (0.31)	\$ (0.23)	\$ (1.32)	\$ (0.18)
Weighted average common shares outstanding - basic*	3,889,478	4,322,303	4,700,737	4,930,000	7,224,958	7,400,000	6,082,763	7,511,376	7,579,795	7,600,000	7,700,000	7,597,793	8,000,000

*Shares adjusted to reflect 1-for-20 reverse stock split effective November 20, 2019

** In 2020, OMNIQ restated components of operating expenses. Aggregate quarterly expenses for 2020 remain as is.

*** Revenue forecast includes Dangot Computers beginning 3Q21

Sources: Company Reports and ThinkEquity Estimates

Figure 11. OMNIQ Corp. – Valuation Comparable, Prices as of 8/27/22

(Amounts listed in USD. Numbers in millions, except per share data)

Company	Stock Price ⁽¹⁾	Market Value of Equity	Enterprise Value ⁽²⁾	Enterprise Value as a Multiple of:						Price as a Multiple of:		Projected EPS Growth	PEG Ratio	
				Sales			EBITDA			EBIT				
				LTM	CY+1	CY+2	LTM	CY+1	CY+2	LTM	CY+2			
National Instruments Corporation	40.95	5,418.4	5,831.8	3.72x	3.47x	3.21x	24.3x	20.4x	16.2x	36.7x	20.2x	16.2x	0.0%	NM
OSI Systems, Inc.	87.05	1,483.7	1,812.8	1.53	1.51	1.40	11.1	9.3	8.2	14.6	15.2	13.4	11.5%	1.2
Advanced Energy Industries, Inc.	90.63	3,385.8	3,512.8	2.22	2.02	1.95	15.1	11.4	10.5	19.9	16.1	14.5	10.0%	1.5
Badger Meter, Inc.	97.07	2,841.1	2,748.5	5.14	5.01	4.80	24.9	23.9	22.5	33.1	43.0	39.4	11.4%	3.5
Itron, Inc.	48.88	2,206.4	2,522.3	1.34	1.35	1.19	36.6	27.7	13.0	NM	64.8	20.5	0.0%	NM
Amdocs Limited	86.33	10,528.9	10,581.0	2.35	2.27	2.10	12.1	10.5	9.8	16.3	15.7	14.1	11.5%	1.2
Coherent, Inc.	0.00	0.0	80.5	0.05	NM	NM	0.3	NM	NM	0.4	NM	NM	0.0%	NM
Rekor Systems, Inc.	1.30	69.6	74.4	5.42	3.34	1.88	NM	NM	NM	NM	NM	NM	0.0%	NM
Teradata Corporation	33.38	3,431.5	3,529.5	1.90	1.97	1.90	11.4	8.3	7.9	20.8	20.7	17.4	(3.6%)	NM
Brady Corporation	48.00	2,410.8	2,418.0	1.88	1.82	1.73	11.3	10.2	9.1	13.4	14.3	12.2	9.0%	1.4

High	5.42x	5.01x	4.80x	36.6x	27.7x	22.5x	36.7x	64.8x	39.4x	11.5%	3.5x
Average	2.56	2.53	2.24	16.3	15.2	12.2	19.4	26.2	18.5	5.0%	1.7
Median	2.06	2.02	1.90	12.1	10.9	10.2	18.1	18.2	15.4	4.5%	1.4
Low	0.05	1.35	1.19	0.3	8.3	7.9	0.4	14.3	12.2	(3.6%)	1.2

OMNIQ Corp.	6.25	47.4	62.1	0.65x	0.59x	0.47x	NM	NM	9.0x	NM	NM	NM	0.0%	NM
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(1) Financial data provided by S&P CapiQ, Google Finance, Company Reports and ThinkEquity estimates as of 08/27/2022

(2) Calculated as Market Value of Equity plus total debt, non-controlling interest and preferred stock, less cash & equivalents.

Sources: S&P CapiQ, Google Finance, and ThinkEquity estimates

Figure 12. OMNIQ Corp. – 3 Years Ratings and Price Target History



Date	Rating and Price Target History
8/2/2021	Company Update Note. PT \$17.00
8/8/2020	Company Update Note. PT \$15.00
11/20/2019	1-for-20 reverse stock split. Changed its name to OMNIQ Corp. in November 2019
8/12/2019	Quest Solution, Inc. Initiate with Buy. PT \$2.00

Sources: S&P CapiQ, Google Finance, and ThinkEquity estimates

Important Disclosures**Analyst Certification**

The analyst, Ashok Kumar, responsible for the preparation of this research report attests to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers; and (2) that no part of the research analyst's compensation was, is, or will be directly related to the specific recommendations or views in this research report.

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Ratings Definitions

ThinkEquity rating definitions are expressed as the total return relative to the expected performance of S&P 500 over a 12-month period.

BUY (B) - Total return expected to exceed S&P 500 by at least 10%

HOLD (H) - Total return expected to be in-line with S&P 500

SELL (S) - Total return expected to underperform S&P 500 by at least 10%

Current Ratings Distribution

This Equity Ratings Distribution reflects the percentage distribution for rated equity securities for the twelve month period June 30, 2019 through June 30, 2020. Within the twelve month period ended June 30, 2020, ThinkEquity, LLC has provided investment banking services to 54% of companies with equity rated a Buy, 0% of companies with equity rated a Hold and 0% of companies with equity rated a Sell. As of June 30, 2020, ThinkEquity, LLC had twenty-three stocks under coverage: Buy 23 (100%), Hold 0 (0%), Sell 0 (0%).

ThinkEquity rating distribution by percentage (as of August 29, 2022):			
All companies under coverage:		All companies under coverage to which it has provided investment banking services in the previous 12 months:	
Buy (1)	100.00%	Buy (1)	63.33%
Hold (2)	0.00%	Hold (2)	0%
Sell (3)	0.00%	Sell (3)	0%