Fundamental Research Corp.
Investment Analysis for Intelligent Investors

December 10, 2021

GlobeX Data Ltd.

(CSE: SWIS / OTCQB: SWISF / FRA: GDT)

Aiming to Capture a Small Share of Gmail and WhatsApp - Initiating Coverage

BUY
Current Price: C$0.43
Fair Value: C$1.21
Risk*: 4

Sector/Industry: Technology / Software

Click here for more research on the company and to share your views

Highlights

- GlobeX offers cybersecurity and internet privacy solutions to consumers and businesses under the brand Sekur®. Sekur is a paid-email/instant messaging service provider **aiming to capture a small share** of traditional and free services such as Gmail, Yahoo! Mail and WhatsApp. Sekur does not mine users' data, is ad-free, and has end-to-end data encryption. In addition to secure and private emails/instant messaging, the company also offers secure data storage and sharing services.
- **Demand for encrypted and secure services is rising** from a segment of individuals/businesses who are willing to switch from free/conventional offerings to paid services to ensure data privacy and curb cybercrime.
- Sekur®'s services are **hosted in Switzerland where there are strict data privacy laws**; operators are not allowed to mine or process users' data. GlobeX stores data in own its servers instead of cloud services such as Amazon Web Services (AWS), Microsoft Cloud, and Google Cloud. These features are critical for privacy and security.
- We believe **businesses operating with sensitive and confidential information** (such as medical, financial, and real estate), and a segment of individuals (5% - 10%) are ideal targets for GlobeX.
- Sekur's closest competitor, ProtonMail, grew its subscriber base from 2-50M from 2017-2020, which indicates that there is demand for such services, and it is growing. We believe Sekur is an improvement over ProtonMail, especially when it comes to security and privacy.
- Sekur® currently has 3,200 subscribers, and is **pursuing aggressive marketing campaigns to grow its user-base globally**. The company has entered into partnership agreements with multiple telecom operators in Latin America and South Asia to offer Sekur to their users.
- **Upcoming catalysts** include results of ongoing marketing programs, and updates on subscriber-growth. The company is well capitalized to fund its marketing programs.

Risks

- The company is in early stages, and yet to generate meaningful revenue.
- Must keep its technology up-to-date constantly to remain ahead of the curve.
- **Getting users to switch from free to paid email/messaging services can be challenging.**
- Rising competition among encrypted service providers.
- We are not expecting the company to break-even before 2024.

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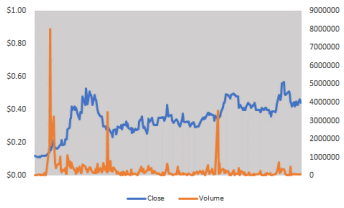
Head of Research

Alexis Cabel, B.A.Econ
Equity Analyst

Price and Volume (1-year)



	YTD	12M
SWIS	158%	270%
CSE	-23%	-13%

Company Data

52-Week Range	C$0.11 – $0.60
Shares O/S	112M
Market Cap.	C$47M
Current Yield	N/A
P/E (forward)	N/A
P/B	5.4x

Key Financial Data (C$) YE Dec 31	2020	2021E	2022E	2023E
Cash	494,927	10,805,856	5,016,050	6,867,688
Working Capital	554,456	10,495,850	4,857,281	5,411,844
Total Assets	3,193,820	13,547,270	8,458,109	10,600,645
Debt	-	-	-	-
Revenue	26,756	125,124	1,919,405	4,267,575
Net Income	-1,319,495	-7,441,414	-6,405,018	-4,770,209
EPS	-0.02	-0.07	-0.06	-0.05

***See last page for important disclosures, rating, and risk definitions. All figures in C$ unless otherwise specified.**

Advantages of Paid/Secure Email Services

GlobeX was formed in 2007 in Switzerland, and went public in 2019 in Canada; $12M spent to date on developing and marketing the technology

GlobeX is an encrypted service provider offering an alternative to mainstream and big-tech services like Gmail, Outlook, WhatsApp, and others. Free email services generate revenue from ads and data mining, and have low security levels. The latter is evident as users receive spam, phishing and malicious emails designed to obtain personal information such as passwords, credit card, and bank account numbers. **According to anti-virus firm Kaspersky Lab, 47% of emails received are spam.**

Free services can track users based on their inbox content, IP addresses, and web-usage. **Free services also require phone numbers and other personal details**. Due to these reasons, there is a growing number of users willing to use paid email and messaging services to ensure security and privacy. Paid/encrypted services do not have ads, require only username/password, and do not take users' phone numbers or personal information. Users' data are encrypted, making it challenging for even service providers to view the actual content of emails/messages.

Disadvantages of Mainstream Email and Cloud Services

1. Cybercrime

Increasing interest in secure email services from tech companies is evident by the recent US$860M acquisition of Zix Corp., a Dallas-based provider of cloud email security, by OpenText (NASDAQ: OTEX)

Mainstream and big-tech providers (such as Gmail/NASDAQ: GOOG, Zoom/NASDAQ: ZM), and WhatsApp/NASDAQ: FB, and Dropbox/NASDAQ:DBX) are **prone to cybercrime**. This year, Microsoft's (NASDAQ:MSFT) exchange server was hacked for illegal gathering of information, emails, calendars, and contacts. According to packetlabs.net, a firm specializing in app security, the cost of cybercrime will grow from US$6T this year, to US$10.5T by 2025. Sekur offers protection from this as users' data are encrypted multiple times from their devices to Globex's servers in Switzerland.

2. Degradation of Privacy

The importance of data privacy has been rising in recent years. There were public backlashes against messaging services Whatsapp and Signal for changing privacy policies. Users are concerned that personal data may be used without their permission. Zoom was recently fined US$85M for misleading users that they have end-to-end encryption. We believe there are a growing number of individuals, businesses, and government departments that are veering away from mainstream services to ensure privacy and security. This is evident from the rapid growth in users of ProtonMail.

The Sekur® Edge

We believe Sekur® stands out among both free and paid email service providers. Key strengths are listed below:

1. Offers **secure and private** emails/messaging services, self-deleting chats, and file transfer using mobile devices, tablets, and PCs. All messages are fully encrypted and scanned for viruses.

2. **Services are hosted in Switzerland** where there are strict privacy laws. Companies operating out of Switzerland are not allowed to process or use personal data.

3. By having its own infrastructure, GlobeX is **independent from other cloud services** such as Amazon Web Services (AWS), Microsoft Cloud, and Google Cloud. GlobeX's servers are located in ISO-certified, **Swiss bank approved data centers**. Users' data is not stored in their devices, but in GlobeX's servers.

4. GlobeX limits the amount of email sent at the same time to **avoid spamming or phishing**.

We note that encrypted platforms **can be subject to illegal/criminal activities**. Our discussions with management indicated that their team constantly monitors for suspicious activities. As subscribers need to provide their credit card information, and GlobeX will be able to identify and locate users misusing their platform.

Business Model

GlobeX sells its products directly through its website, or through third-party wholesalers and distributors, and telecommunications companies with large customer bases. Partners offer Sekur products to their customer-base as an add-on service. GlobeX has undisclosed revenue sharing agreements with its channel partners.

As these agreements are recent, we are expecting a significant ramp-up in user base next year

GlobeX's Channel Partners	
Channel Partner	**Details**
America Movil S.A.B. de C.V. (NYSE:AMX)	flagship partner third largest telecom operator in the world with 400M subscribers Mobile division Telcel will sell SekurMessenger in Mexico SekurMessenger® to be sold eventually in Latin America
Dialog Broadband Networks	part of Sri Lanka-based Dialog Axiata LPC, which is under the telecom giant Aixata Group Berhad (KLSE: AXIATA)
Tasloko SL	holding company of Spain's SA. Micronet Micronet has 385M subscribers and 3,000 resellers covers Spain, Mexico, South and Central America
Synnex Canada Ltd	wholly-owned subsidiary of SYNNEX Corporation (NYSE:SNX) distribution agreement covers all of Canada
Digital Processing System	Initiated presence in the Middle East market

Source: Various

GlobeX also offers its solutions on the RE/MAX Marketplace, providing exposure to over 100,00 real estate agents and brokers.

Products

Email and instant messenger priced at US$10/month (US$100/year) for a user in the U.S.; an upgraded version will be launched shortly, which will be priced US$7/month (US$700/year)

Key Features

- ✓ Lets a user send an email to any recipient, whether they have Sekur® or not, in full privacy and security, as emails never leave Sekur®'s servers.
- ✓ The sender can protect emails by adding a password to open, along with a self-destruct timer.
- ✓ Allows users to send large attachments without crowding recipients' email box.

Source: Company

Priced at US$5/month (US$50/year), and bundled with mail for US$10/month

US$50/month for individuals, US$250/month for a small team, and US$1,250/month for small and medium enterprises

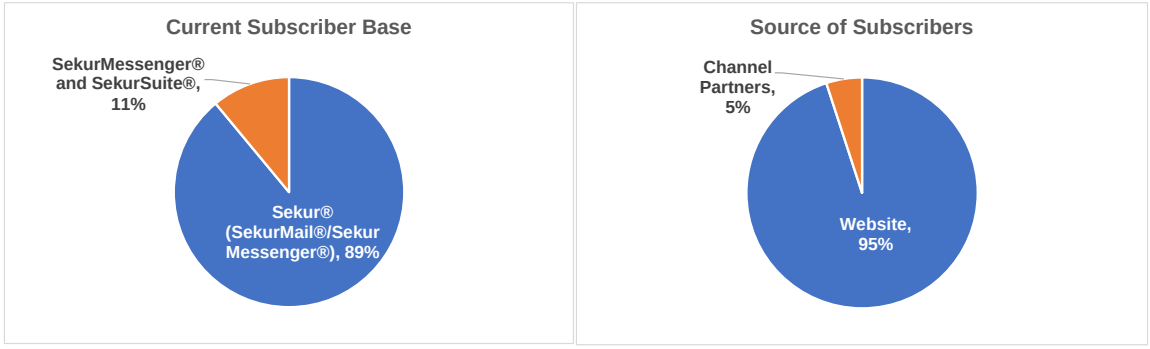
Source: Company

Launching SekurPro® voice and video conferencing in H1-2022

Email, chat, and voice: US$20/month or US$200/year

3,200 subscribers as of October 2021; 89% have subscribed for email/messenger services; 80% of users are individuals, with businesses accounting for the remaining 20%

Sekur had just 77 subscribers in June 2021



Source: Company

Competitors

We believe Sekur's privacy and security features are unparalleled

These comparison charts are very compelling, and will encourage users seeking security/privacy to use Sekur's services

SekurMail® Versus Other Email Services

	SekurMail	Gmail	ProtonMail	Exchange	Zoho Mail	Tutanota
End to End Encryption for Everything Your account at rest, and in transit Emails, Contacts, Calendar, and Tasks are individually protected.	✓	×	Limited Function	×	×	✓
SekurSend - Encrypted Emails to Anyone Communicate in a private channel, within and outside of your organization without recipient sign up, using Helix proprietary technology protection.	✓	×	Limited Function	×	×	Limited Function
Email Protection by Personalized Keys Use SekurSend, with password protection, maximum number of reads by recipient, or time expiration.	✓	×	Limited Function	×	×	Limited Function
Send Unlimited Messages Unlimited encrypted email messages using proprietary technology, military-level encryption, and Swiss Privacy.	✓	×	×	×	Limited Function	✓
Automatic Server Key Exchange Key exchange on private servers to enable encryption and confidentiality.	✓	×	×	×	×	×
Sekur Reply Send encrypted email and receive a reply to it without having to ask the recipient to register to Sekur. Email does not go through open Internet to reach recipient.	✓	×	×	×	×	✓
Advanced Filtering Rules to manage email behavior to handle incoming messages.	✓	✓	✓	✓	✓	✓
Unlimited Secure File Transfer Encrypted and invisible to any ISP provider, using SekurSend feature.	✓	Limited	Limited	Limited	Limited	Encryption Not Using SekurSend
Monitor Module Real time tracking views and Immediate recall of emails.	✓	×	×	×	×	×

	SekurMail	Gmail	ProtonMail	Exchange	Zoho Mail	Tutanota
Secure Calendar Create unlimited private calendars with customized views and advanced edition.	✓	Not Encrypted	Beta Version	Not Encrypted	Not Encrypted	✓
Secure Task List Manage your everyday assignments in a secure and private environment.	✓	✓	×	×	✓	×
Automatic Data Export (ADE) Allow users to automatically export on premise or in any server they wish.	✓	Not Encrypted	Not Encrypted	Not Encrypted	Not Encrypted	Limited Function
Email Migration Tool Easy migration from any Email provider.	✓	×	×	✓	✓	×
Private Domain Hosting Host any domain for business in Swiss hosted environment.	✓	✓	×	✓	✓	×
NO Open Source Protection for each individual account using proprietary technologies VirtualVaults® & HeliX®.	✓	×	×	Not Encrypted/ Source Code Compromised	×	×
Service Runs its Own Servers Own server hosted in Switzerland. No third-party platform, no Big Tech platform (No AWS, Azure or Google Cloud).	✓	×	×	✓	×	×
Data Not Accessible by the CLOUD Act. Entitles US to access data from US IT service providers or platforms (AWS, Microsoft, Google) even if the data is not stored in the US.	✓	×	×	×	✓	×
Not Subject to the PATRIOT Act. Any information that you provide to GlobeX shall remain in our Swiss data centers.	✓	×	×	×	✓	✓
Swiss FADP Jurisdiction All data is protected under the Swiss Federal Act on Data Protection only.	Swiss	USA	Swiss	USA	India	Germany

Source: Company

Sekur's value proposition is attractive for messaging services as well

SekurMessenger® Versus Other Messaging Apps

	SekurMessenger	Signal	Telegram	WhatsApp	Threema	Wire	Skype
Sign Up to the App Anonymously No phone number needed.	✓	✓	×	×	✓	×	×
Private Contacts No Phone Number Permissions to add new contact only by SM number. No contact or social mining.	✓	Limited Function	×	×	×	×	×
Self-Destructing Chats in All Devices Automatic deletion messages, photos, or files with a timer for all devices. Deletion to "bare-metal" in servers.	✓	×	×	Limited Function	Limited Function	Limited Function	×
End to End Encryption by Default Privacy and security by design beyond E2E.	✓	Limited Function	×	Limited Function	Limited Function	Limited Function	×
Encrypted Chats with Non-App Users Communicate in a private session with anyone without recipient being an app user.	✓	×	×	×	×	×	×
Service Runs its Own Servers Own server hosted in Switzerland. No third-party platform, no Big Tech platform (No AWS, Microsoft Azure or Google Cloud).	✓	×	×	×	×	Extra cost	×

	SekurMessenger	Signal	Telegram	WhatsApp	Threema	Wire	Skype
No Third-Party Access No API´s exposing code.	✓	×	×	×	×	×	×
No User Data Collection No statistics or behavior analysis. No metadata collection.	✓	×	×	×	×	×	×
No Open Source Protection for each individual account by segregating each user from the other users, creating several individual barriers of protection. Uses proprietary technology only.	✓	×	×	×	×	×	×
No Access Data by the CLOUD Act. Entitles US to access data from US IT service providers even if the data is not stored in the US.	✓	×	×	×	✓	×	×
Not Subject to the PATRIOT Act. Any information that you provide to GlobeX shall remain in our Swiss data centers.	✓	×	×	×	✓	×	×
Proprietary technology VirtualVaults® & HeliX® wraps data transfer many times stronger than 2048 bit to avoid MITM. Stores data in multiple encryption environment for each user.	✓	×	×	×	×	×	×
Swiss FADP Jurisdiction All data is protected under the Swiss Federal Act on Data Protection only.	Swiss	USA	USA / UK / Belize / UAE	USA	Swiss	USA	USA

Source: sekur.com

Sekur offers favorable pricing/storage

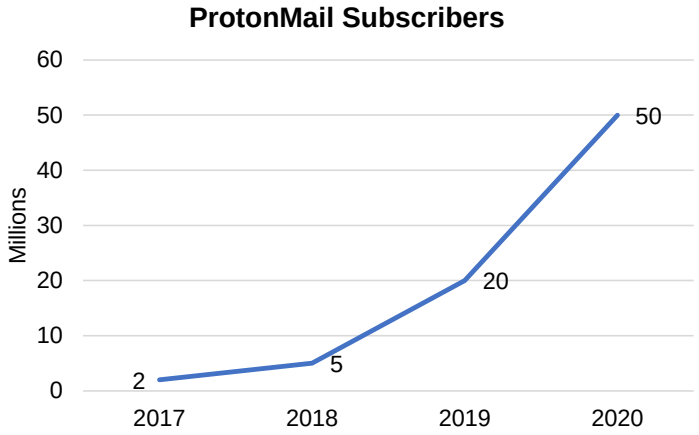
All email services in this table offer end-to-end encryption, and are operated by private companies

Secure Email Service Providers					
		Basic Plan		High-End Plan	
Email Provider	Free Plan	Monthly (US$)	Storage (GB)	Monthly (US$)	Storage (GB)
ProtonMail	Has	6	5	34	20
Hushmail	None	6	10	30	15
Countermail	None	$29/6mos	0.20	$79/2yrs	0.10
Tutanota	Has	$14/yr	1	$68/yr	10
Mailfence	Has	3	5	10	20
Runbox	None	20	1	80	25
Posteo	None	1	2	-	-
Kolab Now	None	4	5	11	5
LuxSci	None	10	10	408	100
SekurMail®	None	7	100	10	100

Source: www.intradyne.com

GlobeX's closest competitor is ProtonMail, an end-to-end encrypted email service also based in Switzerland. **However, ProtonMail uses open-source coding hosted in AWS**, and does not offer the same level of privacy/security offered by Sekur.

ProtonMail's growth confirms the growing demand for encrypted services



Source: Wikipedia

Action Plan

GlobeX has a robust pipeline of new products/services targeting a wide range of potential users.

Launch	Product
Dec-21	BusinessMail
Jan-22	New SekurMail®
Feb-22	New SekurMail® App
Apr-22	SekurVoice (voice, chat, email)
Jun-22	SekurPro®
Sep-22	SekurSuite® Upgrade

Source: Company

Aggressive marketing campaigns

GlobeX Branding and Marketing Efforts

1. Utilizing YouTube influencers
2. Print and media ads
3. 300-400 TV commercials per month across Fox Business, CNBC, and Bloomberg
4. Ads on New York subways, the Nasdaq building, etc.
5. Marketing partners in South America and Europe

The current customer acquisition cost (CAC) is approximately US$70. Our discussions with management indicate that CAC will gradually decline, with a growing user-base, to a long-term average of US$25 vs the subscription revenue of US$70/year/user for the basic email package.

Management and Board

The CEO owns 27% of the outstanding shares

Name	Position/(s)	# Shares Outstanding	% of Total
Alain Mehdi Ghiai-Chamlou	President, CEO, Secretary and Director	30,389,056	27.25%
Henry Sjorman	Independent Director	2,300,000	2.06%
Scott C. Davis	Chief Financial Officer	915,000	0.82%
Amir Assar	Independent Director	71,500	0.06%
	Total Shares Owned by Directors	**33,675,556**	**30.20%**

Source: Company Filings

Brief biographies of the senior management and board members, as provided by the company, follow:

Alain Ghiai – Founder, Chief Executive Officer, Director
Alain Ghiai founded the company and has served as Director and CEO since March 2017. He has served as President and Corporate Secretary of the company since June 2018. Alain Ghiai also founded GlobeX Data S.A. (GDSA) in 2007 and has served as Director and CEO since August 2007. Alain also founded GlobeX Data, Inc. (GlobeX US) in August 2012 and has served as Director and CEO of GlobeX US since August 2012. Alain Ghiai attended the California College of Arts in San Francisco, where he obtained his Bachelor of Architecture in 1994. Alain Ghiai has over 15 years of experience in the software industry and has been instrumental in the development of the company and its IPO in July 2019.

Scott C. Davis, CPA, CGA – Partner, Cross Davis & Company LLP., Chief Financial Officer
Scott Davis is a Chartered Professional Accountant and a partner of Cross Davis Company LLP Chartered Professional Accountants, a firm focused on providing accounting and management services for publicly listed companies. His experience includes CFO positions of several companies listed on the TSX Venture Exchange and his past experience consists of senior management positions, including four years at Appleby as an Assistant Financial Controller. Prior to that, he spent two years at Davidson & Company LLP Chartered Professional Accountants as an

Auditor, five years with Pacific Opportunity Capital Ltd. as an Accounting Manager and two years at Jacobson Soda and Hosak, Chartered Professional Accountants. Scott Davis obtained his CPA, CGA in 2003. Scott Davis has been a service provider to technology companies for over eight years. He is working side by side with Alain Ghiai on the management of the finances of the company.

Amir Assar - Director

Amir Assar has over 27 years of experience in technology sales and leadership and is presently AVP Sales at Workday, Inc. (NASDAQ:WDAY), one of the leading software companies in the world. Prior to joining Workday, Amir was one of the key executives at Adaptive Insights, where he was instrumental in establishing Adaptive as a leader in the financial data analytics market, culminating in an IPO filing in June of 2018 and eventual acquisition by Workday for US$1.55B in August 2018. Amir Assar started his technology career in 1993 at Actel Corporation as the Western USA Director of Sales. Actel was a leading provider of Field Programmable Gate Arrays (FPGA) and was acquired by Microsemi Corporation, a California-based semiconductor and systems provider for the aerospace, defense, communications, data center and industrial markets. From there, Amir went on to work for several successful emerging technology companies in Silicon Valley including Annuncio Software (acquired by Peoplesoft), NetScaler (acquired by Citrix), DataPower (acquired by IBM), and IBM where he held senior sales management and leadership positions. At DataPower, he was part of the original sales leadership team that built the company from a fledgling start-up with no customers into a US$300M business while transitioning it to be one of IBM's most successful acquisitions. He is married and lives with his wife in San Francisco, California. Amir is a Director of the Company and a member of the company's audit committee.

Henry Sjoman - Director

Henry Sjoman has been an entrepreneur and angel investor since 1991. Henry has been involved in the electronics and telecommunications industry since 1974, building a substantial part of ll Blackberry and Nokia phones at one time through his network of manufacturing worldwide. Henry Sjoman co-founded Elcoteq SE 1991, an electronics manufacturing company that was listed on Euro NASDAQ until 2010. He received his BSc, Telecom from the Kopings Tekniska Institut (Sweden), in 1974. Henry is a Director of the company and a member of the company's audit committee.

Financials

Yet to start generating meaningful revenue

Strong balance sheet

Subsequently raised another $2.14M in November 2021

STATEMENTS OF OPERATIONS YE December 31, C$	2020	9M-2020	9M-2021
Revenue	**$ 26,756**	**$ 20,862**	**$ 64,292**
Expenses	$ 1,354,033	$ 760,102	$ 6,123,246
EBITDA	**$ -1,327,277**	**$ -739,240**	**$ -6,058,954**
Net Loss	**$ -1,319,495**	**$ -741,966**	**$ -6,082,732**
EPS	$ -0.02	$ -0.01	$ -0.08

Summary of Cash Flows	2020	9M-2020	9M-2021
Operating	$ -888,090	$ -548,164	$ -3,271,894
Investing	$ -	$ -	$ -
Financing	$ 417,664	$ 99,662	$ 11,511,923
Net	**$ 494,927**	$ 516,851	$ 8,734,956
Free Cash Flows to Firm (FCF)	**$ -888,090**	**$ -548,164**	**$ -3,271,894**

Liquidity and Capital Structure	2020	9M-2021
Cash	$ 494,927	$ 8,734,956
Working Capital	$ 554,456	$ 8,788,735
Current Ratio	7.39	15.24
Total Debt	-	-
Total Debt / Capital	-	-

Source: Company Filings, FRC

Stock Options and Warrants - 12.36M options (weighted average exercise price of $0.35), and 37.82M warrants ($0.53) are outstanding. In-the-money options and warrants could bring in another $2.80M if exercised.

FRC Projections

We are conservatively valuing the company based on a user-base of over 500k by 2030; note that ProtonMail has over 50M subscribers

GlobeX Revenue Projections	2021E	2022E	2023E	2024E	2030E
Subscribers					
Direct consumer	3,222	35,000	70,000	140,000	546,717
B2B	15	5,000	10,000	20,000	93,723
SekurPro	-	25	500	2,000	12,829
Total	3,237	40,025	80,500	162,000	653,269
Net revenue					
Direct consumer	125,001	1,795,670	3,836,700	7,865,235	47,141,934
B2B	124	120,360	360,000	738,000	5,308,029
SekurPro	-	3,375	70,875	345,938	4,000,779
Total	**125,124**	**1,919,405**	**4,267,575**	**8,949,173**	**56,450,742**

STATEMENTS OF OPERATIONS (in C$) - YE Dec 31st	2020	2021E	2022E	2023E	2024E	2030E
Net Revenue	26,756	125,124	1,919,405	4,267,575	8,949,173	56,450,742
COGS						
Gross Profit	**26,756**	**125,124**	**1,919,405**	**4,267,575**	**8,949,173**	**56,450,742**
EXPENSES						
SG&A Expense	329,183	375,000	412,500	433,125	454,781	609,450
Marketing Expense	153,333	2,575,957	5,518,200	6,071,250	6,112,500	2,254,770
Share-based Compensation	461,803	3,065,797	766,449	804,772	845,010	1,132,395
Software Maintenance	409,714	1,549,784	1,627,273	1,708,637	1,794,069	2,404,224
EBITDA	**(1,327,277)**	**(7,441,414)**	**(6,405,018)**	**(4,750,209)**	**(257,188)**	**50,049,904**
Depreciation				20,000	40,000	160,000
Amortization						
EBIT	**(1,327,277)**	**(7,441,414)**	**(6,405,018)**	**(4,770,209)**	**(297,188)**	**49,889,904**
Foreign Exchange Loss	2,122					
Interest Income	5,660					
EBT	**(1,319,495)**	**(7,441,414)**	**(6,405,018)**	**(4,770,209)**	**(297,188)**	**49,889,904**
Non-Recurring Expenses						
Taxes	0	-	-	-	-	5,986,788
Net Profit (Loss)	**(1,319,495)**	**(7,441,414)**	**(6,405,018)**	**(4,770,209)**	**(297,188)**	**43,903,115**

Source: FRC

Valuation

DCF valuation of $1.21 per share

DCF Model (In $)	2022E	2023E	2024E	2030E
EBIT	-6,405,018	-4,790,209	-337,188	43,762,315
Non-Cash Charges	766,449	824,772	885,010	1,292,395
Investment in WC	-151,237	1,297,074	-296,509	-113,612
CFO	-5,789,805	-2,668,362	251,314	44,941,097
CAPEX	-	-500,000	-500,000	-500,000
FCF	-5,789,805	-3,168,362	-248,686	44,441,097
PV	-4,861,739	-2,313,474	-157,901	12,199,155
Discount Rate	15%			
Terminal Growth Rate	3%			
Total PV	154,423,589			
Cash - Debt	10,714,735			
Equity Value	165,138,324			
Shares O/S (dil)	127,648,076			
Fair Value	**1.21**			

Source: FRC

As the company does not have any direct publicly traded comparables, we are not using a comparables valuation model. That said, we note that GlobeX is trading at 2.6x (2025 revenue forecast) vs the Application Software sector average of 10.3x (Source: S&P Capital IQ).

We are initiating coverage with a BUY rating, and a fair value estimate of $1.21 per share. GlobeX has an edge over its competitors as we believe its products are private, secure, and competitively priced. The CEO's high equity interest aligns his interest with investors. Our valuation is heavily dependent on GlobeX's ability to attract users through aggressive marketing campaigns.

Risks

We believe the company is exposed to the following risks:

Assigning a risk rating of 4 (Speculative)

- The company is in early stages, and yet to generate meaningful revenue.
- Must constantly keep its technology up-to-date to remain ahead of the curve.
- **Getting users to switch from free to paid email/messaging services can be challenging.**
- Rising competition among encrypted service providers.
- We are not expecting the company to break-even before 2024.

Appendix

Income Statement (YE December 31, $)	2020	2021E	2022E	2023E
Net Revenue	**26,756**	**125,124**	**1,919,405**	**4,267,575**
Operating Expenses	329,183	375,000	412,500	433,125
Marketing Expense	153,333	2,575,957	5,518,200	6,071,250
Software Maintenance	409,714	1,549,784	1,627,273	1,708,637
EBIT	**-1,327,277**	**-7,441,414**	**-6,405,018**	**-4,770,209**
Depreciation and Amortization	-	-	-	20,000
EBITDA (calculated)	**-1,327,277**	**-7,441,414**	**-6,405,018**	**-4,750,209**
Non-Recurring Expenses	-	-	-	-
Financing Costs	5,660	-	-	-
EBT	**-1,319,495**	**-7,441,414**	**-6,405,018**	**-4,770,209**
Provision for Income Taxes	-	-	-	-
Net Income	**-1,319,495**	**-7,441,414**	**-6,405,018**	**-4,770,209**

Balance Sheet (YE December 31, $)	2020	2021E	2022E
Assets			
Total cash and cash equivalents	494,927	10,805,856	5,016,050
Accounts receivable, net	19,472	55,651	556,510
Other	126,848	133,190	332,976
Total current assets	**641,247**	**10,994,697**	**5,905,536**
Intangibles	2,552,573	2,552,573	2,552,573
Property and equipment, net	-	-	-
Total assets	**3,193,820**	**13,547,270**	**8,458,109**
Liabilities and stockholders' equity			
Accounts payable	45,784	457,840	1,007,248
Licensee Fees Payable	38,248	38,248	38,248
Other liabilities	2,759	2,759	2,759
Total current liabilities	**86,791**	**498,847**	**1,048,255**
Other long-term liabilities	-	-	-
Total liabilities	**86,791**	**498,847**	**1,048,255**
Common stock and paid-in capital	7,180,096	21,497,107	21,497,107
Retained earnings	-4,073,067	-8,448,684	-14,087,253
Total stockholders' equity	**3,107,029**	**13,048,423**	**7,409,854**
Total liabilities and stockholders' equity	**3,193,820**	**13,547,270**	**8,458,109**

Cash Flow (YE December 31, $)	2020	2021E	2022E
Net income	-1,319,495	-7,441,414	-6,405,018
Depreciation, amortization, and other	461,803	3,065,797	766,449
Changes in operating assets and liabilities:			
Accounts receivable	-11,753	-36,179	-500,859
Prepaid expenses and deposit	-29,154	-6,342	-199,786
Accounts payable	6,625	412,056	549,408
Due to Related Parties	2,113	0	0
Net cash from operations	**-888,090**	**-4,006,082**	**-5,789,805**
Investing			
Additions to property and equipment	-	-	-
Other	-	-	-
Net cash used in investing	**-**	**-**	**-**
Financing			
Repayments of debt	-	-	-
Proceeds from equity issue	417,664	14,317,011	-
Net cash from (used in) financing	**417,664**	**14,317,011**	**-**

Fundamental Research Corp. Equity Rating Scale:
Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk
Hold – Annual expected rate of return is between 5% and 12%
Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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