



August 16, 2022

**Key Metrics**

OLB - NASDAQ	\$1.64
Pricing Date	August 15 2022
Price Target	\$5.00
52-Week Range	\$12.80 - \$0.83
Shares Outstanding (mm)	14.7
Market Capitalization (mm)	\$24.1
3-Mo Average Daily Volume	362,535
Book Value/Share	\$0.93
Price/Book	1.8x

**Revenue (000)**

	2021A	Prior 2022E	Curr. 2022E	Prior 2023E	Curr. 2023E
1Q-mar	2.2	7.5E	8.8A	--	--
2Q-jun	2.8	7.9E	8.4A	--	--
3Q-sep	2.8	--	8.1E	--	--
4Q-dec	8.8	--	8.2E	--	--
FY	16.7	31.7E	33.5E	--	35.1E

**GAAP EPS**

	2021A	Prior 2022E	Curr. 2022E	Prior 2023E	Curr. 2023E
1Q-mar	(0.17)	(0.14)E	(0.10)A	--	--
2Q-jun	(0.09)	(0.08)E	(0.10)A	--	--
3Q-sep	(0.11)	(0.04)E	(0.09)E	--	--
4Q-dec	(0.21)	(0.02)E	(0.09)E	--	--
FY	(0.63)	(0.28)E	(0.38)E	--	(0.25)E

**Company Description:**

The OLB Group is an emerging player in the fast growing financial technology, or FinTech, sector, offering its merchant customers a broad suite of products and services, including payment processing solutions, a cloud-based business management platform, a capital raising platform for private companies, and a proprietary payment gateway solution.

**OLB Group, Inc.****Rating: Buy****Significant Year-over-Year Revenue Growth Driven by Major Acquisitions****Investment Highlights:**

**Overview of 2Q results.** The OLB Group announced 2Q revenue of \$8.4 million, nearly triple the level from the year ago quarter, driven primarily by contribution from recent acquisitions. EPS in 2Q of \$(0.10) was relatively in line with our \$(0.08) forecast, as higher operating expense also reflects the impact of recent acquisitions.

**Acquisition of a portfolio of CBD merchants has transformative impact.** The OLB Group's acquisition last year of a portfolio of CBD and other merchants that now utilize the company's SecurePay payment gateway has truly had a transformative impact on the company. With the merchant portfolio reporting annual transaction volume between \$300-400 million, management had forecasted the acquisition to add an incremental \$20 million in revenue and \$5 million in EBITDA annually going forward. We note that the cannabidiol (CBD) products market is a fast growing consumer products sector in the US, and that growth could accelerate even further in the event of more favorable FDA regulation in the sector.

**Maintain BUY rating.** The OLB Group is an emerging player in the rapidly growing financial technology (FinTech) sector. We continue to recommend investors accumulate shares of OLB. We believe shares of OLB should trade at an Enterprise Value/2022E Revenue multiple of 2x, which generates our price target of \$5.

**Offering an expanded suite of products and services in the burgeoning FinTech industry.** In addition to its core eVance payment processing solutions business, the company has significantly expanded its portfolio of FinTech products in recent quarters to include a cloud-based business management platform for commerce services called OmniSoft, a unique online capital raising platform for small and mid-sized businesses called CrowdPay, and a proprietary payment gateway solution called SecurePay. In addition, the company has recently entered the cryptocurrency mining and lending business.

**Significant cross-selling opportunities.** The OLB Group's core eVance business has successfully established relationships and does business with thousands of merchant customers and clients in the U.S., including traditional bricks-and-mortar retailers, eCommerce retailers, restaurants, service companies, and others. We believe these established relationships represent a significant opportunity for the company to market and cross-sell its new FinTech products, which should not only help drive incremental revenue and profitability, but should also help further entrench the company's relationships with these merchants.

**Risks.** Potential investment risks to attainment of our price target include delays and business disruption as a result of the ongoing COVID-19 pandemic, regulatory risk in the highly scrutinized financial services sector, possible dilution from future capital raises, competitive risk, and potential technological obsolescence in a rapidly evolving industry.

### Figure 1. Historical and Projected Income Statement

**THE OLB GROUP, INC.**  
**INCOME STATEMENT (in \$000)**

Period Ending	2018	2019	2020	2021	1Q22	2Q22	3Q22E	4Q22E	2022E	2023E
<b>Net Revenue</b>	<b>\$9,020</b>	<b>\$10,292</b>	<b>\$9,767</b>	<b>\$16,711</b>	<b>\$8,786</b>	<b>\$8,372</b>	<b>\$8,100</b>	<b>\$8,200</b>	<b>\$33,459</b>	<b>\$35,132</b>
% Change yr-yr		14.1%	-5.1%	71.1%	294.6%	195.5%	186.8%	-7.1%	100.2%	5.0%
Operating Expense	9,553	10,560	10,501	21,475	10,242	10,204	9,315	9,430	39,191	38,303
% of revenue	105.9%	102.6%	107.5%	128.5%	116.6%	121.9%	115.0%	115.0%	117.1%	109.0%
<b>Operating Income</b>	<b>(533)</b>	<b>(269)</b>	<b>(735)</b>	<b>(4,765)</b>	<b>(1,456)</b>	<b>(1,831)</b>	<b>(1,215)</b>	<b>(1,230)</b>	<b>(5,732)</b>	<b>(3,171)</b>
Net Margin	-5.9%	-2.6%	-7.5%	-28.5%	-16.6%	-21.9%	-15.0%	-15.0%	-17.1%	-9.0%
Interest and other expense	860	1,075	1,042	214	(0)	(393)	140	140	(113)	560
<b>Pretax income</b>	<b>(1,394)</b>	<b>(1,343)</b>	<b>(1,777)</b>	<b>(4,978)</b>	<b>(1,456)</b>	<b>(1,438)</b>	<b>(1,355)</b>	<b>(1,370)</b>	<b>(5,619)</b>	<b>(3,731)</b>
Provision for Income Taxes	0	0	0	0	0	0	0	0	0	0
<b>Net income (loss)</b>	<b>(1,394)</b>	<b>(1,343)</b>	<b>(1,777)</b>	<b>(4,978)</b>	<b>(1,456)</b>	<b>(1,438)</b>	<b>(1,355)</b>	<b>(1,370)</b>	<b>(5,619)</b>	<b>(3,731)</b>
<b>Diluted earnings per share:</b>	<b>(\$0.26)</b>	<b>(\$0.25)</b>	<b>(\$0.31)</b>	<b>(\$0.63)</b>	<b>(\$0.10)</b>	<b>(\$0.10)</b>	<b>(\$0.09)</b>	<b>(\$0.09)</b>	<b>(\$0.38)</b>	<b>(\$0.25)</b>
Avg. diluted shares outstanding	5,411	5,453	5,711	7,918	14,511	14,703	14,700	14,700	14,653	14,700

Source: Aegis Capital Corporation and Company Reports

**Figure 2. Historical Annual Cash Flow Statement**

**THE OLB GROUP, INC.**

**STATEMENT OF CASH FLOWS (in \$000)**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Net Income (Loss)	(\$1,394)	(\$1,343)	(\$1,777)	(\$4,978)
Depreciation and amortization	583	842	861	1,891
Stock based compensation	186	265	298	296
Non-cash interest expense	8		204	165
Gain on settlement of payables	(16)		1	3
Bad debt expense	38			(236)
<i>Changes in Assets and Liabilities</i>				
Accounts receivable	64	(73)	123	(315)
Prepaid expenses	64	4	101	(720)
Other current assets	(8)	(100)		
Other long-term assets	(27)	63	(68)	(68)
Accounts payable	149	125	(233)	142
Accrued expenses - related party	239	372	236	
Other accrued liabilities	(17)	(10)	25	313
Deferred revenue		100	(100)	
<b>Net Cash From Operations</b>	<b>(131)</b>	<b>245</b>	<b>(327)</b>	<b>(3,508)</b>
Purchase of property, plant, and equipment				
Acquisitions			(150)	(25,662)
Proceeds from note receivable	175			
Cash received in business combination	43			
<b>Net Cash from Investing Activities</b>	<b>218</b>	<b>-</b>	<b>(150)</b>	<b>(25,662)</b>
Proceeds from notes payable	3,055	361	236	
Proceeds from exercise of warrants			95	8,091
Proceeds from sale of common stock			5,446	28,380
Proceeds from sale of warrants			155	
Payment on notes payable - related parties	(30)			
Payment of deferred offering costs		(210)	(293)	
Payments on notes payable	(3,000)		(1,845)	(7,655)
<b>Net Cash from Financing Activities</b>	<b>25</b>	<b>151</b>	<b>3,794</b>	<b>28,816</b>
<b>Net Increase (Decrease) in Cash</b>	<b>112</b>	<b>396</b>	<b>3,317</b>	<b>(354)</b>
<b>Cash, Beginning of the Period</b>	<b>-</b>	<b>112</b>	<b>508</b>	<b>3,824</b>
<b>Cash, End of the Period</b>	<b>112</b>	<b>508</b>	<b>3,824</b>	<b>3,470</b>

Source: Aegis Capital Corporation and Company Reports

**Figure 3. Historical Annual Balance Sheet**

**THE OLB GROUP, INC.  
CONSOLIDATED BALANCE SHEET (in \$000)**

<u>ASSETS</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Current Assets				
Cash	112	508	3,824	3,470
Accounts receivable	406	479	356	671
Prepaid expenses	21	17	16	15
Other current assets	8	108	9	729
Total Current Assets	<u>547</u>	<u>1,112</u>	<u>4,205</u>	<u>4,886</u>
Property and equipment, net	66	37	20	8,967
Intangible assets	4,148	3,335	2,641	23,964
Deferred offering costs		210		
Operating lease right-of-use asset			270	403
Goodwill	6,858	6,858	6,858	6,858
Other long-term assets	<u>380</u>	<u>317</u>	<u>384</u>	<u>452</u>
Total Assets	<u>11,999</u>	<u>11,869</u>	<u>14,378</u>	<u>45,529</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>				
Liabilities				
Accounts payable	468	593	360	502
Accrued expenses - related party	640	1,012		
Accrued expenses	74	74	104	416
Merchant portfolio				2,000
Other accrued liabilities	15	5	86	133
Deferred revenue		100		
Note payable - current portion		325	450	
Note payable - related party - current portion	25	386		
Total Current Liabilities	<u>1,221</u>	<u>2,494</u>	<u>999</u>	<u>3,051</u>
Long-term Liabilities				
Note payable, net	9,500	9,175	7,441	
Notes payable - related party	3,000	3,000		
			185	273
Total Liabilities	<u>13,721</u>	<u>14,669</u>	<u>8,625</u>	<u>3,324</u>
Stockholders' Equity				
Preferred stock			0	0
Common stock	1	1	1	1
Additional paid-in capital	15,786	16,051	26,380	67,811
Accumulated deficit	(17,508)	(18,852)	(20,629)	(25,607)
Total Equity	<u>(1,722)</u>	<u>(2,800)</u>	<u>5,752</u>	<u>42,205</u>
Total Liabilities & Stockholders' Equity	<u>11,999</u>	<u>11,869</u>	<u>14,378</u>	<u>45,529</u>

Source: Aegis Capital Corporation and Company Reports

## Required Disclosures

### Price Target

Our 12-month price target on shares of OLB is \$5.

### Valuation Methodology

We derive our price target by applying an Enterprise Value/2022E Revenue multiple of 2x.

### Risk Factors

- Business delays and overall disruption resulting from the ongoing COVID-19 pandemic.
- Regulatory risk, particularly in the highly scrutinized industry of financial services.
- Possible dilution to shareholders from future capital raises.
- Competitive risk from new product introductions.
- Risk of technological obsolescence of certain products or services in the rapidly evolving FinTech sector.

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Aegis Capital Corp. makes a market in OLB Group, Inc..



**Investment Banking  
Services/Past 12 Mos.**

Rating	Percent	Percent
<b>BUY [BUY]</b>	<b>94.00</b>	<b>45.74</b>
<b>HOLD [HOLD]</b>	<b>6.00</b>	<b>16.67</b>
<b>SELL [SELL]</b>	<b>0.00</b>	<b>0.00</b>

**Meaning of Ratings**

- A) A Buy rating is assigned when we do not believe the stock price adequately reflects a company's prospects over 12-18 months.
- B) A Hold rating is assigned when we believe the stock price adequately reflects a company's prospects over 12-18 months.
- C) A Sell rating is assigned when we believe the stock price more than adequately reflects a company's prospects over 12-18 months.

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