



**MARKET STATISTICS**

Exchange/Symbol	Nasdaq: BRQS
Current Price:	\$0.50
Market Cap (mm):	\$20.3
Enterprise Value (mm):	\$20.4
Shares Outstanding (mm):	40.69
Float (%):	94.0
Volume (3-month DI avg.):	2.51M
52-week Range:	\$0.44-\$8.96
Industry:	Technology Hardware, Storage and Peripherals

**CONDENSED BALANCE SHEET**

(USD \$mm, except per share data)

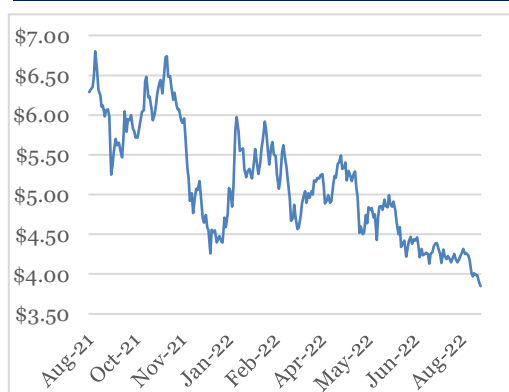
Balance Sheet Date:	06/30/2022
Cash:	18.4
Cash/Share:	0.45
Debt:	\$9.5
Equity (Book Value):	(2.5)
Equity/Share:	-

**CONDENSED INCOME STATEMENTS**

(USD \$Ms, except per share data)

FY-06/30	Revenue	Op. Income	Net Income	EPS
FY20	\$26.80	(\$40.6)	\$(36.1)	\$(0.81)
FY 21	\$29.60	\$(27.3)	\$(56.6)	\$(0.48)
FY22E	\$51.5	(\$4.2)	\$(6.5)	\$(0.01)
FY23E	\$78.3	\$6.3	\$3.8	\$0.03

**STOCK CHART**



**COMPANY DESCRIPTION**

Borqs Technologies Inc. is a global Internet of Things (IoT) and innovative clean energy company with operations in the U.S., India and China. The Company's IoT segment includes both software and hardware solutions. Its IoT software business mainly serves Qualcomm for its inbedded software in the advanced 5G mobile chipsets and automobile chipsets; its IoT hardware business provides customizable, differentiated and scalable Android-based smart connected devices. Its IoT customers mainly come from the United States, Europe, India and China. Borqs entered into solar and energy storage business by acquiring 51% of Holu Hou Energy LLC (HHE) in October 2021 with its unique proprietary EnergyShare solutions for the residential and commercial market in the U.S. The Company was founded in 2000 and got listed on Nasdaq in August 2017.

**COMPANY SUMMARY**

- Valuation:** Given Borqs has not yet reached profitability, we are valuing the Company on an EV/Revenue multiple, using a Sum of the Parts analysis in valuing both business units separately, based on our 2023 revenue estimates.

**ODM Manufacturing/IoT Support:** We are projecting 2022 YoY revenue growth of 48% and 11% growth in 2023. The Company has strong relationships with mobile chipset manufacturers and is well positioned to grow product development workload and recurring client referrals. Given these growth characteristics, we are applying an EV/REV multiple of 0.75x for IOT and arrive at an equity value of ~\$36 million.

**Energy Storage Solutions:** We are projecting 2022 revenues of \$7.8 million and \$29.9 million for 2023. The Company has strong backlog of orders into 2024 and is well positioned to expand into California and other states. The Company should also benefit from the tailwinds of the rapidly growing solar industry. We are applying an EV/REV multiple of 1.5X and arrive at an equity value of ~\$45 million.

**Applying a sum of the parts for both business units results in an equity value of ~\$81 million, or \$2.44/share.**
- Revamped Business Strategy:** Borqs is positioned to revamp its business strategy and along with continuing in its legacy business in providing the hardware and software IoT solutions, it is seeking to develop Borqs' branded products. The first product is the Energy Storage System (ESS) using HHE brand.
- International Presence:** With R&D centers in Wisconsin, U.S., Bangalore, India and Beijing, China, the Company's international presence appears aligned with global technical talent, production capacity, and efficiency.
- One Stop Solution for IoT devices:** What differentiates Borqs operates as a connected products and solutions company that provides technical expertise to help OEMs and global smart device companies from the idea stage and help them productize for commercialization. The Company also supports their customers until the mass production stage when the products are available to the customers. Borqs streamlines the entire product development and handles the challenges of selecting and managing component vendors and service providers (i.e., EMS, certification bodies and test labs), allowing customers to bring their products to market faster.
- Market Reputation:** Borqs is recognized as a global leader in smart connected devices and IoT solutions. Deloitte named Borqs as one of the fastest growing technology companies in China and Asia Pacific in 2011, 2012 and 2013. In 2013, 2014, 2015 and 2016, Borqs was named Company of the Year for Innovation and Leadership in Mobile Technology for Asia Pacific from the International Alternative Investment Review. Also, Borqs received the "50 Most Promising IoT Solution Providers 2016" recognition from CIO Review magazine, as well as one of the "10 Most Innovative IoT Solution Providers" by Insights Success in 2017.
- Strategic Relationships:** The Company's marketing advantage centers on strong relationships with mobile chipset manufacturers such as Qualcomm, which provided significant customer referrals. The strategic partnership with Qualcomm was further strengthened by a joint \$9 million equity funding by Qualcomm Venture and Accel India IV Ltd, before Borqs' public listing.

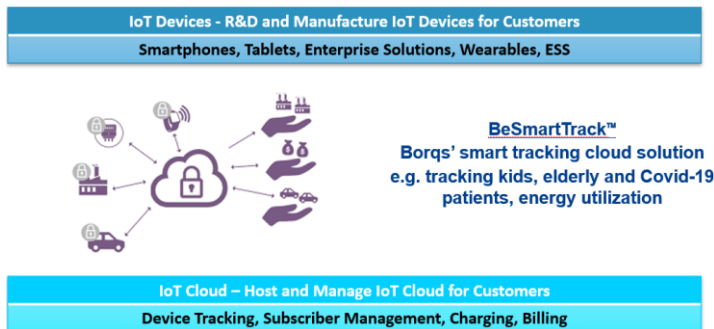
## BUSINESS OVERVIEW

Borqs Technologies, Inc., incorporated in the British Virgin Islands and listed on NASDAQ in 2017 with a stock symbol BRQS, is a globally positioned provider of 5G wireless, Internet of Things (IoT) and innovative clean energy solutions.

The Company operates globally with research and development centers in the U.S. and Asia and is specialized in end-to-end wireless product solutions for the mobile telecommunications and Internet of Things (IoT) markets, as well as a niche provider in solar plus energy storage products in the residential and commercial markets with an energy sharing solution to reduce the ownership cost in the energy storage systems.

Exhibit 1: IOT solutions:

### IoT Solutions = IoT Devices + IoT Cloud



Source: Company Presentation

The Company provides worldwide contracted design, development, and manufacturing services for leading chipset manufacturers by leveraging its proprietary Android-based cloud-enabled commercial-grade platform software. These manufactures include Qualcomm, Intel, Freescale, and Marvell. Borqs also provide services to multinational original equipment manufacturers, such as LG Electronics, Micromax, Acer, Dell, Motorola, Vizio and Coolpad. The Company also works with major mobile network operators around the globe, counting AT&T, Sprint, Verizon, China Mobile, Orange, Reliance Jio, Vodafone, Telefonica, Telcel and Claro.

Borqs has presence in The U.S., India, and China, employing over 300+ people and deploying its products on four continents. Borqs' collaboration with world leading chipset manufacturers offers Borqs strategic relationships and provides early-stage access to next-generation chipset technology, as well as significant direct project workload and vertical client referrals.

Borqs Technologies have two business units ("BU"), Internet of Things (IoT), and Solar & Energy Storage.

Solar & Energy Storage is the recent addition after Borqs acquired 51% of Holu Hou Energy LLC ("HHE"), a company that brings state-of-the-art energy storage systems to both residential and commercial markets. HHE designs and develops proprietary storage systems and software and control platform solutions.

With this acquisition the Company is poised to take advantage of the long-term strong demand for cleaner energy.

The Internet of Things (IoT) segment develops wireless smart connected devices and cloud solutions. Borqs designs develops and provides turnkey solutions across device form factors such as Smartphones, Tablets, Smartwatches, Trackers, Automotive IVI, and Vertical application devices (for restaurants, payments et al.). Borqs has extensive experiences in developing rugged and intrinsically safe devices. Borqs provides customers with customized, integrated, commercial-grade Android platform software and service solutions to address vertical market segment needs through the targeted BorqsWare software platform solutions.

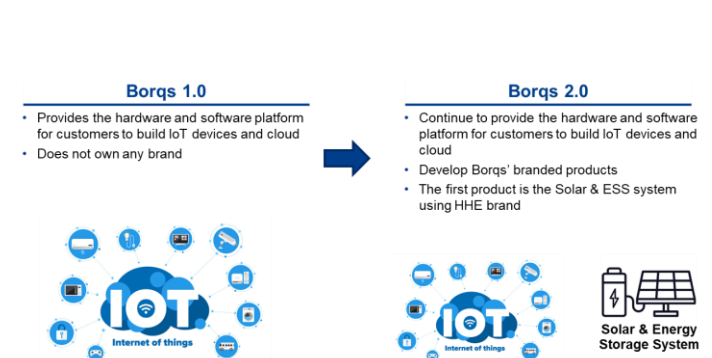
Exhibit 2: Business Segments:



Source: Company Presentation

By forming the new segment from the acquisition of HHE, Borqs intends to diversify its sources of revenue from its legacy business entering a niche segment of renewable power generation and storage. Borqs sees this strategy as a migration to an ESG business model.

Exhibit 3: Borqs Business Strategy upgrade:



Source: Company Presentation

## TECHNOLOGY BACKGROUND

The Company is a long-time contributor to the development of the open-source Android operating system (OS), which Google introduced in 2007. Together with Apple's iOS, these two platforms nurture the introduction of smartphones and helped shape global mobile telecommunications up to the present day.

The Company is a licensed Google Mobile Services (GMS) partner with access to Google's unique collection of applications and application program interfaces (APIs) that support functionality across all Android-based devices.

Since its inception, being an original design manufacturer (ODM) for GMS, Borqs has worked extensively in the IoT landscape, with a focus on personalization and customization for diverse sectors including tablets, hand-held computers, mobile phones and wearable devices. Borqs was one of the first companies to customize Android for global customers, ensuring that the software was carrier-ready to be integrated with its services. Borqs reduces the complexities of IoT adoption for non-traditional applications while enabling innovation at the chipset level and fostering vertical-specific connected devices. Borqs has established strategic relationships with leading chipset vendors such as Qualcomm to provide advanced capabilities in computing and connectivity.

The Company is also a licensee of Qualcomm and undertakes Android-specific upgrades across the telecommunication platform. Borqs implements carrier-specific features for chipset vendors, across markets and even provides some of its own Intellectual Property. While Borqs predominantly works with OEMs (Original Equipment Manufacturers) targeting the US market, they also have a large business in India. Borqs had partnered with Reliance Jio to develop premium handsets, smartwatches, trackers, and network interface cards.

The Company's modular BorqsWare platform architecture enables flexible and scalable customization of full wireless product solutions for the full range of enterprise and consumer telecommunication and Internet of Things (IoT) applications. This includes higher-margin vertical implementations in a variety of industries, including utilities, mining, public safety, automobiles, healthcare, hospitality, and others.

In its latest fleet, Borqs has successfully signed a set of revised licensing agreements with the world's leading mobile chipset vendor, which includes purchasing the 5G patent licensing agreement and use of the latest mobile chipsets. Borqs' R&D team and sales team in India are working closely with partners and customers to build the 5G ecosystem in India, including the development of 5G phones, 5G gateways for residential and business premises, and other devices.

**Exhibit 4: IOT Solution Offerings:**

- Powered 50+ Android devices (phones, tablets, smart watches, automobile and 2-wheeler cockpit, rugged devices, home appliances) using a variety of components
- Devices have been shipping commercially in 15+ countries with over 30M+ units and growing

Smart Connected Devices Everywhere					
<b>Smartphones</b> •50+ models •15M+ shipped •Regular smart phones •Rugged phones •Feature phones	<b>Tablets</b> •Multiple designs •Enterprise Class – Retail, Restaurant, ...	<b>Automobile</b> •In-Vehicle Infotainment System for 10+ car models •Car black box	<b>Home Appliances</b> •Android refrigerator for a leading brand •Android based STB	<b>Wearables</b> •Multiple Designs •Connected and tethered •Android Wear & Android •Multiple IOT projects	<b>Embedded IOT module</b> •Android and Linux based wireless module for multiple chipsets

Source: Company Presentation


**Exhibit 5: IOT Devices Offerings:**

IoT Devices with Software and Hardware Developed using Borqs IoT Platform


Smartphones, Tablets, Enterprise Solutions, Wearables, Special Software

**Smartphone, Tablet, Enterprise Solutions**


Regular, Rugged, Enterprise, POS Machine, Special Software




India Reliance Android smartphone




U.S. Juniper Systems rugged tablet, used in agriculture, natural resources, and other industries.




U.S. One Media Mark One next-gen TV Android phone with mobile TV



Germany ECOM anti-explosion phone, used in hazardous industries, e.g. oil fields




POS machine and handheld computers used by Reliance in India and Honeywell




Mobile carriers required software used by many OEM phones

**Other IoT Devices**


Watch, Tracker, Health-Care Device




4G LTE connected consumer watch




Bestbuy 4G LTE fall device devices for elderly



Cellular kids watch, used in China, Korea, Latin America and the U.S.



Auto and 2-wheeler cockpit & IVI



NB-IOT/Cat-M trackers, used for tracking kids, logistics, etc.

Source: Company Presentation

## SOLAR & ENERGY STORAGE SOLUTIONS

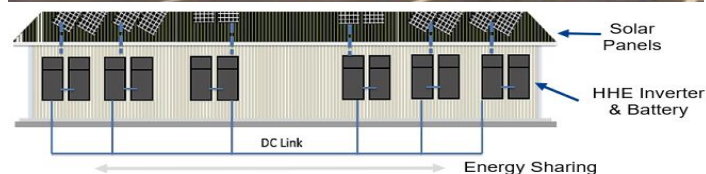
With the new venture with HHE, the company intends to cater to the clean energy demand for the **Multi-Dwelling Unit (MDU) Residential Market**, in addition to the traditional single house residential and commercial markets. The company leverages its software platform technology to maximize the economic benefits of the Energy Storage System (ESS) systems.

The system would work in the following way:

- Solar power supplies most of the demand for each unit
- Excess solar energy charges the unit's energy storage battery
- Once a battery is full, surplus generation enters the energy network connecting each unit
- The Energy Share App intelligently routes this electricity to other units in the network that need more renewable energy
- Energy exported or imported by each unit is monitored and recorded by revenue-grade meters for billing.

Thus, the system is the bankable, scalable, and utility independent energy system. Also, combining meters even out the wide variance of load and makes a more predictable load profile in turn reducing required storage, curtailing energy, and ultimately improving the efficiency of renewable investment.

Exhibit 6: HHE EnergyShare Technology:



Source: Company Presentation

Currently, Koa'e multi-family workforce housing in Hawaii is benefitting from huge productivity gains with HHE EnergyShare technology. HHE's EnergyShare enables 25% more delivered energy with 50% fewer batteries. Borqs intends to enter the California market by 2023.

BRQS will remain B2B with all PPA holding the system risk and financial risk of customers. Below are the advantages supporting Borqs' business model:

- A property owner would have an ongoing revenue stream of \$0.10/kWh (difference between grid rate and PPA rate).
- Investors would enjoy the accelerated depreciation benefit reducing their cash liability.
- Also, the energy generated from the system would provide the investors with energy credits which have an active market in the US and could be converted to cash.
- There are significant benefits for owning these assets by HNI, multi-family offices, and banks in the US.

## BORQS TECHNOLOGIES REVENUE MODEL

Borqs Technologies has two primary sources of revenue:

- 1) **Internet of Things (IoT):** software and hardware solutions
- 2) **Solar Energy Storage:** For innovative clean energy products

During the six months that ended on June 30, 2022, the company generated revenues of \$26.261M from IoT, up 110.1% YOY, and \$3.886M from Solar & Energy Storage.

Exhibit 7: Revenue breakup

	For the six months ended June 30,	
	2021 US\$	2022 US\$
<b>Net revenues:</b>		
<b>IoT</b>	12,497	26,261
Software	5,490	5,065
Hardware	7,007	21,196
<b>Solar &amp; ESS</b>	-	3,886
<b>Total net revenues</b>	<b>12,497</b>	<b>30,147</b>

Source: Company Reports

## OPERATING EXPENSES:

During the six months ended on June 30, 2022, IoT Solutions had operating expenses of \$23.983M and Solar & Energy Storage operating expenses were \$1.883M.

Exhibit 8: Operating expenses

<b>Operating expenses:</b>		
Sales and marketing expenses	(218)	(233)
General and administrative expenses	(24,743)	(5,351)
Research and development expenses	(3,285)	(2,002)
<b>Total operating expenses</b>	<b>(28,246)</b>	<b>(7,586)</b>

Source: Company Reports

## KEY DRIVERS

- 1) **Large Market Opportunity:** The total combined market for both Business Units is substantial:
  - A) **Mobile Market:** Android is inside 2.5 billion active devices produced by more than 180 hardware manufacturers. Android has a 72.3% of the worldwide mobile OS market share, over Apple's iOS with 27.0%. The global mobile application market size amounted to USD 187.58 billion in 2021 and is projected to grow at a compound annual growth rate (CAGR) of 13.4% from 2022 to 2030. (As per Grand View Research and Stat Center)
  - B) The **global mobile communications market** is heavily influenced by Qualcomm, which leads the 5G processor innovation among semiconductor producers, with some of the largest manufacturers and vendors worldwide, including Samsung, Oppo and Xiaomi unveiling 5G devices based on Qualcomm's processors in 2019. 5G mobile subscriptions are expected to grow to 2.6 billion by the end of 2025, with the network covering up to 65 per cent of the world's population. (As per November 2019 Ericsson Mobility Report.)
  - C) **Wearable Market:** The global wearable market was valued at \$54.8 billion in 2020 and as is projected to reach \$184.4 billion by 2031 growing at a CAGR of 12.8% from 2022 to 2031. (As per Allied Market Research)
  - D) **Residential Solar Power:** The global solar power market is expected to grow from \$184.03 billion in 2021 to \$293.18 billion in 2028 at a CAGR of 6.9% in the forecast period 2021-2028. (As per Fortune Business Insights)
  - E) **Energy Storage Market:** According to a recent research report by BloombergNEF (BNEF), the global energy storage installations are projected to reach a cumulative 411 gigawatts (or 1,194 gigawatt-hours) by the end of 2030, 15 times the 27GW/56GWh of storage that was online at the end of 2021. The anticipated accelerated growth of the US market follows the passage of the Inflation Reduction Act in August 2022. Besides the United States, other largest power markets in the world such as the EU, China and India have all passed legislation that incentivizes energy storage deployments.
  - F) **Inflation Reduction Act:** The passing of Inflation Reduction Act (IRA) in August 2022 greatly benefits Borqs' solar and energy storage business with the government's investment tax credits (ITC) coupled with rising fossil fuel energy prices.
- 2) **R&D Centers:** Currently, the company has 3 operating R&D centers in Wisconsin, U.S., Bengaluru, India and Beijing, China. The company leverages its technical expertise from 3 locations in software development, hardware designs and engineering capabilities in collaborative efforts to develop solutions demanded by its global customers.
- 3) **One Stop Solution for IoT Devices:** What differentiates Borqs operates as a connected products and solutions

company that provides technical expertise to help OEMs and businesses at the idea stage and help them productize. The Company also supports their clients until the mass production stage when the products are available to the customers. Borqs streamlines the entire product development and handles the challenges of selecting and managing component vendors and service providers (i.e., EMS, certification bodies and test labs), allowing customers to bring their products to market faster.

- 4) **Borqs Branded Products Offer Higher Margins:** Currently, the company has 130+ patent disclosures with 30+ million IoT units shipped in 15+ countries. Many of these devices/software offerings are more job-work operations based, where the company is offering its services as B2B to a host of clients. Borqs in its revamped business strategy Borqs 2.0 tends to have more patented products catering to end-user segments. The first product is the Solar and ESS system using the HHE brand.
- 5) **Entering Solar Energy Solutions:**
  - A) **Well-defined Product:** The Company provides products that are well-established and tested in Hawaii markets
  - B) **Less Risk:** Product provides less financial risk to the customer
  - C) **Customers Benefits:** Customers benefit from PPA tax incentives, ITC credits, and defined cash flow.
  - D) **Business Interest:** The customers have LOIs in place with various banks and HNI to operate ESS System.
  - E) **Supply Chain:** Leveraging Borqs existing relationships enables the Company to secure hardware from their existing suppliers.

**ESG Opportunity:** Continued governmental incentives and environmental concerns results in higher demand for green energy consumption.
- 6) **Strategic Relationship:** The Company's marketing advantage centers on strong relationships with mobile chipset manufacturers, including Qualcomm.

Exhibit 9: Blue Chip Customers:



Source: Company Website

## FINANCIAL FORECAST:

Borqs has provided revenue guidance for the fiscal years 2022, 2023, and 2024 utilizing the Borqs 2.0 business strategy (see exhibit 10).

The Company is projecting IoT and Solar – ESS to significantly ramp its revenues to \$126.2 million in 2024. The IoT business unit is projected to generate 15% and 16% revenue growth going into 2023 and 2024, respectively. The Energy Storage Solutions has a significant backlog of orders into 2024 that is expected to grow as it expands into the California market, providing considerable tailwinds. This segment is expected to generate \$30 million in 2023, a 408% increase over 2022, and \$60 million in 2024, a 100% increase over 2023. The Company is projecting total revenues are estimated to increase by 58% in 2023 and 45% in 2024.

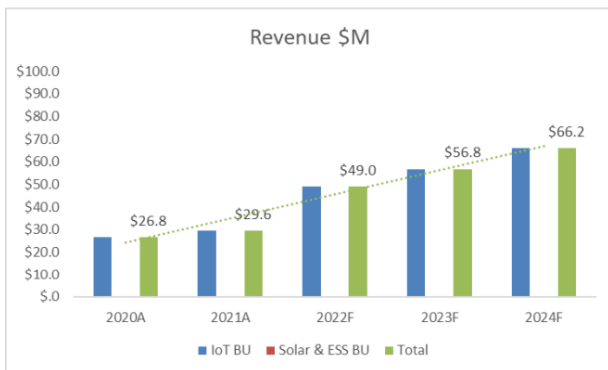
With rapidly increasing demand for solar energy and Borqs’ strong international relationships, we expect the Company’s backlog and product development to see strong growth over the next few years. Given, the projected revenue growth, we believe it is reasonable to expect Borqs to reach profitability in 2023.

*Exhibit 10: Borqs 1.0 vs. Borqs 2.0:*

### Borqs 1.0

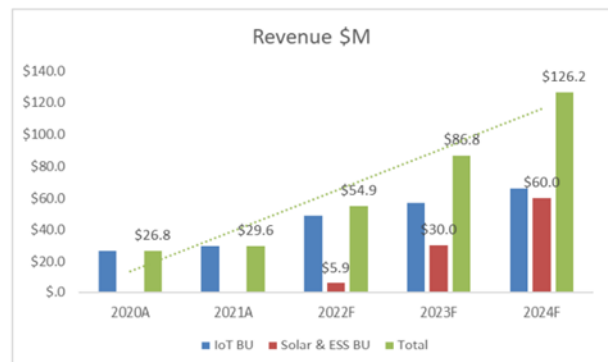
- Stable growth of revenue, with CGAR about 20%
- Revenue will reach \$66.2M by 2024

*Immense served available market for ESS BU*  
*Single-family residential: >\$25B USA market opportunity through 2030*  
*Multi-family residential: \$500M in Hawaii low income housing alone;*  
*likely >\$15.0B of USA market opportunity through 2030*



### Borqs 2.0

- Rapid growth of revenue, with CGAR close to 34%
- Revenue will reach \$126.2M by 2024, close to doubling compared with Borqs 1.0
- As of end of Oct 2022, ESS BU contract booking has reached close to \$50M and forecast to reach \$57M by year end. It has about \$12M backlog revenue to be recognized
- ESS BU ~\$500M of Qualified Pipeline Opportunities in Hawaii alone
- Entry to the California market in 2023



Source: Company Presentation

## RISKS

**Adaptability of Alternate Mobile Operating Systems** – If alternative mobile operating system platforms become more widely used or accepted, or mobile chipset manufacturers, mobile device Original Equipment Manufacturers (“OEMs”) and mobile operators do not continue to make product and service offerings compatible with the Android platform, the business could be materially harmed.

**Reliant of Fewer Big Players** – The Company generates a significant portion of net revenues from a small number of major customers and key projects. Any loss of business from these customers or key projects could reduce their net revenues and significantly harm the business.

**Limited Experience with the Current Business**– The Company has limited experience with the current product offerings, which makes it difficult to predict their future operating results.

**Rapidly Evolving Industry** – Borqs Technologies operate in multiple rapidly evolving industries. If they fail to keep up with technological developments and changing requirements of their customers, the business, financial condition, and results of operations may be materially and adversely affected.

**Regulatory Changes** – The Chinese government exerts substantial influence over the way they may conduct their business activities, and if they are unable to substantially comply with any PRC rules and regulations, their financial condition and results of operations may be materially adversely affected for its IoT hardware business.

**Competition** – Borqs Technologies face intense competition from onshore and offshore third-party software providers in the Android platform and software market, and, if they are unable to compete effectively, they may lose customers and our revenues may decline.

**Security Risks** – Security and privacy breaches may expose the company to liability and harm its reputation and business. And it remains the prime operational risk in technology business.

**Regulatory Risks** - The Committee on Foreign Investment in the United States (CFIUS) initiated inquiries in 2022 on the transaction between Borqs and HHE after Borqs acquired 51% stake in HHE. The inquiries are still ongoing and may approve the transaction or issue an administrative order to reverse the transaction partially or completely.

## VALUATION

Given Borqs has not yet reached profitability, we are valuing the Company on an EV/Revenue multiple, using a Sum of the Parts analysis in valuing both business units separately, based on our 2023 revenue estimates.

**ODM Manufacturing/IoT Support:** We are projecting 2022 YoY revenue growth of 48% and 11% growth in 2023. The Company has strong relationships with mobile chipset manufacturers and is well positioned to grow product development workload and recurring client referrals. Given these growth characteristics, we are applying an EV/REV multiple of 0.75x for IOT and arrive at an equity value of ~\$36 million.

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Applying a sum of the parts for both business units results in an equity value of ~\$81 million, or \$2.24/share.

Particulars	Valuation Range		
EV/Rev multiple for IO T b/s	0.5x	0.75x	1.0x
Connected Solution Revenue FY 2023	48.38	48.38	48.38
EV	24.19	36.29	48.38
EV/Rev multiple for ESS b/s	1.0x	1.50	2.0x
ESS Revenue FY 2023	29.92	29.92	29.92
EV	29.92	44.88	59.84
<b>Total EV</b>	<b>54.11</b>	<b>81.17</b>	<b>108.22</b>
Net Debt	-9.86	-9.86	-9.86
<b>Equity Value (in \$ million)</b>	<b>63.97</b>	<b>91.03</b>	<b>118.09</b>
No of Shares (in million)	40.69	40.69	40.69
Per Share Value	1.57	2.24	2.90

Exhibit 15: Comparison of Companies engaged in Residential Renewable Power generation (solar)

Company Name	Symbol	Price (1)	EV	MC	ROA	ROE	P/B	EV/Rev (2)			P/E (2)			EV/EBIDTA (2)			
								2021	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E
<b>Residential Renewable Energy generation</b>																	
SolarEdge Technologies, Inc.	NasdaqGS:SEDG	\$ 292.40	15,675	16,514	5%	14%	11.9x	8.0x	5.1x	3.9x	96.5x	62.3x	35.4x	59.6x	33.9x	21.7x	
Sunrun Inc.	NasdaqGS:RUN	\$ 30.84	15,790	6,674	-3%	-13%	1.0x	9.8x	6.9x	6.3x	NM	88.3x	NM	NM	NM	NM	
Enphase Energy, Inc.	NasdaqGM:ENPH	\$ 304.38	42,329	42,437	8%	32%	97.2x	30.6x	18.3x	13.5x	NM	71.6x	58.2x	165.0x	59.1x	44.0x	
First Solar, Inc.	NasdaqGS:FSLR	\$ 161.49	16,042	17,656	4%	8%	3.0x	5.5x	6.1x	4.7x	37.8x	NM	31.2x	22.0x	58.0x	22.9x	
Fluence Energy, Inc.	NasdaqGS:FLNC	\$ 16.37	1,429	1,894	-9%	NA	NM	1.9x	1.2x	0.8x	NA	NM	NM	NM	NM	NM	
							Average	28.3x	11.2x	7.5x	5.8x	NA	74.1x	41.6x	82.2x	50.3x	29.5x
							Median	7.4x	8.0x	6.1x	4.7x	NA	71.6x	35.4x	59.6x	58.0x	22.9x
Borqs Technologies, Inc.	BRQS	\$ 0.50	23	23	-40%	NA	NM	0.3x	0.0x	0.0x	NA	0.0x	0.0x	NM	0.0x	0.0x	

Source: Capital IQ, Stonegate Capital Partners



**BALANCE SHEET**

<b>Borqs Technologies, Inc.</b>						
<b>Consolidated Balance Sheets (\$Ms)</b>						
<b>Fiscal Year: December</b>						
<b>ASSETS</b>	<b>FY 2019</b>	<b>FY2020</b>	<b>H1 Jun-21</b>	<b>H2 Dec-21</b>	<b>FY 2021</b>	<b>H1 Jun-22</b>
<b>Current Assets</b>						
Cash and cash-equivalents	1.0	3.0	8.8	7.7	7.7	18.4
Restricted cash	5.0	0.0	0.2	0.2	0.2	0.0
Accounts receivables, net	1.7	0.9	3.3	2.3	2.3	3.3
Inventories, net	4.5	2.7	12.8	7.2	7.2	6.6
Prepaid expenses and other current assets	16.0	17.2	12.6	13.8	13.8	12.1
Amounts due from related parties	0.9	-	-	-	-	-
Current assets held for sale	6.0	-	-	-	-	-
Deferred cost of revenue	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>35.2</b>	<b>23.9</b>	<b>37.4</b>	<b>31.2</b>	<b>31.2</b>	<b>40.4</b>
<b>Non- Current Assets</b>						
Property and Equipment, net	0.2	0.2	0.3	0.7	0.7	3.0
Intangible assets, net	9.4	3.5	2.8	5.4	5.4	4.9
Right of use asset	0.7	0.7	0.7	1.7	1.7	2.0
Deferred Tax assets	1.0	1.1	1.0	0.5	0.5	0.4
Non-current assets held for sale	10.3	-	-	-	-	0.6
Construction in progress	-	-	-	0.1	0.1	-
Contract assets	-	-	-	1.5	1.5	-
Goodwill	-	-	-	12.3	12.3	12.2
Deferred cost of revenues	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
<b>Total Non-current assets</b>	<b>21.6</b>	<b>5.5</b>	<b>4.7</b>	<b>22.1</b>	<b>22.1</b>	<b>23.2</b>
<b>Total Assets</b>	<b>56.8</b>	<b>29.4</b>	<b>42.2</b>	<b>53.3</b>	<b>53.3</b>	<b>63.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b>Current Liabilities</b>						
Accounts payable	16.3	13.0	7.2	10.2	10.2	9.1
Accrued expenses and other payables	32.5	42.5	15.2	27.9	27.9	28.4
Contract liabilities	6.5	7.4	-	8.4	8.4	-
Lease liabilities- current	0.8	0.3	0.7	1.0	1.0	1.6
Amount due to related parties- current	3.5	3.1	3.1	2.5	2.5	1.6
Deferred revenues- current	0.1	0.1	-	-	-	-
Income tax payable	0.9	1.9	0.3	0.4	0.4	0.2
Short-term bank and other borrowings	5.0	2.4	-	1.3	1.3	1.1
Long-term bank borrowings- current portion	13.0	13.0	-	1.3	1.3	-
contingent liability in relation to disposal of a subsidiary	-	3.2	-	-	-	-
Current liabilities held for sale	21.0	-	-	-	-	-
Contingent consideration -current	-	-	-	1.4	1.4	1.4
Convertible notes	-	-	-	10.0	10.0	8.4
Advances from customers	-	-	4.5	-	-	8.5
<b>Total Current Liabilities</b>	<b>99.6</b>	<b>86.8</b>	<b>31.0</b>	<b>64.4</b>	<b>64.4</b>	<b>60.1</b>
<b>Long Term Liabilities</b>						
Unrecognized tax benefits	2.0	2.1	2.1	2.2	2.2	-
Long-term bank borrowings	-	1.3	-	0.7	0.7	-
Deferred tax liabilities	1.8	1.0	1.0	2.2	2.2	2.1
Lease liabilities- non current	-	0.4	-	0.8	0.8	-
Long -term payables	0.4	-	0.2	0.4	0.4	1.3
Other non-current liabilities	-	0.1	-	0.0	0.0	-
Deferred government grants	-	-	0.2	-	-	-
non-current liabilities held for sale	1.8	-	-	-	-	2.5
Deferred revenues	-	-	-	-	-	-
<b>Total Long Term Liabilities</b>	<b>5.9</b>	<b>4.8</b>	<b>3.6</b>	<b>6.1</b>	<b>6.1</b>	<b>5.9</b>
<b>Total Liabilities</b>	<b>105.5</b>	<b>91.6</b>	<b>34.6</b>	<b>70.5</b>	<b>70.5</b>	<b>66.1</b>
<b>Shareholders' Equity</b>						
Ordinary shares	-	-	-	-	-	-
Additional Paid-in capital	150.5	171.6	232.9	262.3	262.3	286.1
Subscription receivable	(15.3)	(19.4)	(19.4)	(15.3)	(15.3)	(19.0)
Statutory reserve	2.1	2.1	1.9	1.9	1.9	1.9
Accumulated deficit	(179.7)	(215.2)	(207.7)	(271.0)	(271.0)	(277.4)
Accumulated other comprehensive loss	(1.9)	(1.2)	-	(1.1)	(1.1)	-
<b>Total Stockholders' Equity</b>	<b>(44.3)</b>	<b>(62.1)</b>	<b>7.7</b>	<b>(23.2)</b>	<b>(23.2)</b>	<b>(8.4)</b>
Non- controlling interest	(4.4)	(0.1)	(0.1)	6.0	6.0	6.0
<b>Total Liabilities,, Non-controlling interest and</b>	<b>56.8</b>	<b>29.4</b>	<b>42.2</b>	<b>53.3</b>	<b>53.3</b>	<b>63.6</b>
<b>Ratios</b>						
<b>Liquidity</b>						
Current Ratio	0.4x	0.3x	1.2x	0.5x	0.5x	0.7x
Quick Ratio	0.3x	0.2x	0.8x	0.4x	0.4x	0.6x
Working Capital	-64.4x	-62.9x	6.4x	-33.2x	-33.2x	-19.7x
<b>Leverage</b>						
Net Debt to Equity	-31.8%	-18.0%	-111.1%	23.3%	23.3%	173.8%
Net Debt to Capital	-6.6%	-17.0%	36.9%	-53.5%	-53.5%	-1971.4%
<b>Capital Usage- Annualized</b>						
A/R Turns	-	20.2	11.9	12.4	18.4	21.5
Days Sales Outstanding	-	18.0	30.7	29.5	19.8	17.0
Inv Turns	-	0.4	0.5	0.2	0.5	1.2
Inv Days	-	825.4	792.6	2,206.9	690.9	293.6
A/P Turnover	-	1.7	(2.1)	(3.7)	2.3	(5.4)
Days Payables outstanding	-	212.4	(171.6)	(97.6)	157.0	(67.9)

Source: Company Reports, Stonegate Capital Partners  
 Debt Includes Convertible Debt of 8.4 million plus short-term borrowing

## INCOME STATEMENT

Borqs Technologies, Inc. Consolidated Statements of Income (in M\$, except per share amounts) Fiscal Year: December							
	FY 2019	FY 2020	FY 2021	H1 Jun-22	H2E Dec-22	FY 2022 E	FY 2023 E
Revenues	99.0	26.8	29.6	30.1	21.3	51.4	78.3
IOT Revenues	99.0	26.8	29.6	26.3	17.4	43.7	48.4
Solar and ESS Revenues	-	-	-	3.9	3.9	7.8	29.9
<b>Total revenues</b>	<b>\$ 99.0</b>	<b>\$ 26.8</b>	<b>\$ 29.6</b>	<b>\$ 30.1</b>	<b>\$ 21.3</b>	<b>\$ 51.4</b>	<b>\$ 78.3</b>
Operating Costs	(98.4)	(25.2)	(27.0)	(25.9)	(18.2)	(44.1)	(60.2)
<b>Gross Margin</b>	<b>0.6</b>	<b>1.6</b>	<b>2.6</b>	<b>4.3</b>	<b>3.1</b>	<b>7.3</b>	<b>18.1</b>
<b>Gross Margin %</b>	<b>0.6%</b>	<b>6.0%</b>	<b>8.8%</b>	<b>14.2%</b>	<b>14.5%</b>	<b>14.3%</b>	<b>23.1%</b>
Sales and Marketing expenses	(1.5)	(0.8)	(0.2)	(0.2)	(0.4)	(6.4)	(3.9)
General and administrative expenses	(24.8)	(33.3)	(24.6)	(5.4)	(1.1)	-	-
Research and Development expenses	(5.3)	(8.2)	(5.3)	(2.0)	(3.2)	(5.2)	(7.8)
Other Operating income	1.9	-	0.2	-	-	-	-
<b>Operating Income</b>	<b>(29.2)</b>	<b>(40.6)</b>	<b>(27.3)</b>	<b>(3.3)</b>	<b>(1.6)</b>	<b>(4.3)</b>	<b>6.4</b>
<b>Operating Margin %</b>	<b>-29.5%</b>	<b>-151.8%</b>	<b>-92.2%</b>	<b>-11.0%</b>	<b>-7.6%</b>	<b>-8.3%</b>	<b>8.2%</b>
Interest Income	0.0	0.0	0.0	0.0	-	-	-
Interest Expenses	(5.0)	(3.8)	(12.0)	(0.9)	(1.4)	(2.4)	(2.5)
Other Income	1.3	0.2	2.4	0.4	-	-	-
Other Expenses	-	(0.2)	(3.2)	(1.4)	-	-	-
Gain (Loss) on disposal of subsidiary	-	10.1	(0.3)	-	-	-	-
Contingency (loss) reversal	-	(3.1)	3.3	-	-	-	-
Gain (loss) on debt settlement	-	0.0	(17.2)	-	-	-	-
Change in fair value of contingent consideration for the acquisition of HHE	-	-	(0.1)	-	-	-	-
Foreign exchange gain (loss)	0.3	1.6	(2.7)	0.0	-	-	-
<b>EBIT</b>	<b>(32.5)</b>	<b>(35.7)</b>	<b>(57.0)</b>	<b>(5.3)</b>	<b>(3.0)</b>	<b>(6.6)</b>	<b>3.9</b>
EBIT Margin	-32.9%	-133.4%	-193.0%	-17.5%	-14.3%	-12.9%	5.0%
Tax Expense	0.9	(0.4)	0.4	-	-	-	-
<b>Net Income (Loss) from continuing operations</b>	<b>(31.6)</b>	<b>(36.1)</b>	<b>(56.6)</b>	<b>(5.3)</b>	<b>(3.0)</b>	<b>(6.6)</b>	<b>3.9</b>
(Loss) income from operations of discontinued operations	(4.2)	1.3	-	-	-	-	-
Income tax benefit	-	-	-	-	-	-	-
<b>Net Loss</b>	<b>(35.7)</b>	<b>(34.8)</b>	<b>(56.6)</b>	<b>(5.3)</b>	<b>(3.0)</b>	<b>(6.6)</b>	<b>3.9</b>
Net Income(loss) attributable to non controlling interest-continuing operations	0.0	(0.0)	(0.7)	-	-	-	-
Net Income(loss) attributable to non controlling interest-discontinued operations	(1.3)	0.7	-	-	-	-	-
<b>Less:Net Income(loss) attributable to non controlling interest</b>	<b>\$ (1.33)</b>	<b>\$ 0.72</b>	<b>\$ (0.74)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net loss attributable to Borqs Technologies</b>	<b>(34.4)</b>	<b>(35.5)</b>	<b>(55.9)</b>	<b>(5.3)</b>	<b>(3.0)</b>	<b>(6.6)</b>	<b>3.9</b>
<b>Net Earnings(loss) per share from continuing operations attributable to Borqs Technologies</b>							
Loss per share- Basic	(0.9)	(0.8)	(1.4)	(0.1)	(0.1)	(0.1)	0.11
Loss per share- Diluted	(0.9)	(0.8)	(1.4)	(0.1)	(0.1)	(0.1)	0.11
<b>Number of ordinary shares used in earnings per share computation:</b>							
Weighted Average number of shares used in calculating continuing operations- Bas	35.9	44.5	40.7	40.7	40.7	40.7	40.7
Weighted Average number of shares used in calculating continuing operations- Dilt	35.9	44.5	40.7	40.7	40.7	40.7	40.7
<b>Margin Analysis</b>							
Gross Margin	0.6%	6.0%	8.8%	14.2%	14.5%	14.3%	23.1%
Operating Margin	-29.5%	-151.8%	-92.2%	-11.0%	-7.6%	-8.3%	8.2%
Pre-Tax Margin	-32.9%	-133.4%	-193.0%	-17.5%	-14.3%	-12.9%	5.0%
Net Income Margin	-34.8%	-132.7%	-189.0%	-17.5%	-14.3%	-12.9%	5.0%
Tax Rate	-2.9%	1.1%	-0.8%	0.0%	0.0%	0.0%	0.0%
<b>Growth Rate YY</b>							
Total Revenue	-	-73.0%	10.5%	141.2%	24.8%	74.0%	52.2%
Total cost of revenues	-	-74.4%	7.2%	141.4%	12.1%	63.6%	36.5%
Selling, General and Administrative	-	34.4%	-26.1%	-78.4%	-1024.4%	-100.0%	0.0%
Operating Income	-	39.3%	-32.9%	-87.5%	100.9%	-84.4%	-250.2%
Pre-Tax Income	-	9.7%	59.9%	-82.2%	-88.9%	-88.4%	-158.9%
Net Income	-	3.2%	57.4%	-82.2%	-88.4%	-88.2%	-158.9%
EPS	-	-7.8%	71.6%	0.0%	-92.1%	-92.1%	-197.6%
Share Count- fully diluted	-	44.52	40.69	40.69	40.69	40.69	40.69
(1) Excludes 1x items							
(2) Using applicable tax rate							

Source: Company Reports, Stonegate Capital Partners estimates

## IN THE NEWS

**Nov 4, 2022** – Borqs' Subsidiary, Holu Hou Energy (HHE), Launches Next-Generation HoluPower xP Energy Storage System.

**Sep 20, 2022** – Borqs Subsidiary Signs Agreement to Provide Solar + Energy Storage Systems to Commercial and Residential Property in Hawaii.

**Aug 18, 2022** – Borqs Technologies is Gearing-up for the immense 5G Market Opportunities in India.

**Jul 29, 2022**– Borqs Technologies' Solar Power Subsidiary Expands Renewable Energy Infrastructure in Kalailoa of Oahu, Hawaii.

**Jul 15, 2022** – Borqs's Subsidiary Holu Hou Energy Signed an Agreement for \$20 Million to Bring Renewable Energy to Key Hawaiian Cultural and Sporting Facility

**Jul 5, 2022** –Borqs' Subsidiary Holu Hou Energy Featured in the New York Times Article "Hit Hard By Energy Costs, Hawaii Looks to the Sun" Reducing monthly electricity bill from \$500 to \$26.

**Jul 1, 2022**– Borqs' Solar Energy Storage Systems Subsidiary Holu Hou Energy has signed \$49.8 million of Contracts in Q2 2022 in the State of Hawaii alone.

**Jun 27, 2022**– Borqs' Solar Energy Storage Systems Subsidiary Presents at Cantor Fitzgerald Conference Started in Hawaii with over \$128 million in contracts to be signed within 2022, and now coming to California.

**Jun 08, 2022** – Borqs Technologies Solar Energy Subsidiary Gets Rapid Market Traction for Participation in Hawaiian Electric Battery Bonus Program for ESG.

**Jun 02, 2022** – Borqs Technologies Completes \$16 Million Strategic Funding For Growth of its Solar Software/Hardware Solution Plus Energy Storage Business in the U.S.

**May 23, 2022** – Borqs Technologies Forms a Strategic Partnership with SkyCentrics to develop the next generation of CTA-2045 smart control products for use by solar companies for "Electrification of Everything"

**May 18, 2022** – Borqs Technologies Wins Solar Plus Energy Storage Contract in Oahu, Hawaii Partnering with a State Agency, the Hawaii Green Energy Infrastructure Authority (HGIA)

**May 02, 2022**– Borqs Technologies to Provide 5G Technical Training Courses at the Mission College in Silicon Valley, California

## CORPORATE GOVERNANCE

**Pat Chan – Founder and Chairman** - Pat Sek Yuen Chan, is the founder and Chairman of the board of directors of Borqs, and since 2007 he has served as its Chief Executive Officer and President. Mr. Chan has over 20 years of experience in the mobile network communications sector. Prior to founding Borqs, Mr. Chan served as Senior Vice President and General Manager of the infrastructure business unit of UTStarcom Inc., a telecommunications equipment company, from 2000 to 2007. Earlier, Mr. Chan was an engineering manager in Motorola responsible for the development of the GPRS switching. Mr. Chan is an established entrepreneur and has received many awards, including the "High-Caliber Talent from Overseas Award" from the PRC government, and "2012 Beijing Entrepreneur of the Year" from Silicon Dragon. Mr. Chan received his bachelor's degree in computer science from the University of Toronto and his master's degree in computer science from the University of British Columbia.

**Anthony Chan – Executive Director of Finance and US operations** – Anthony K. Chan is our Executive Director of Finance and US Operations since October 2021, before that, he was our CFO and Executive Vice President, Corporate Finance and has joined our company since April 2015. Mr. Chan has over 30 years of experience in U.S. and China cross border investments and business operations. From July 2013 until March 2015, Mr. Chan served as the President of Asia Sourcing for Portables Unlimited in New York, a distributor of T-Mobile USA. From March 2009 until July 2013, he served as the CFO for Tianjin Tong Guang Digital Broadcasting Co. Ltd, a mobile communications products company. For the 20 years prior to that, he was involved in multiple investment and technology transfer projects between China, the U.S and Europe, in the areas of communication products, chemical fibers, textile machinery and medical equipment. Mr. Chan received both his bachelor's and MBA degrees from the University of California at Berkeley.

**Hareesh Ramanna – Executive Vice President, Co-General Manager**- Hareesh Ramanna, is our Executive Vice President, Co-General Manager of Product Business Unit, Managing Director of India Operations and Head of Software Development, and has served our company since July 2009. Mr. Ramanna has over 20 years of experience in the mobile industry. Prior to joining us, he served as a Senior Director and Head of Mobile Devices Software in Global Software Group, Motorola India Electronic Limited from May 1992 to November 2008. Mr. Ramanna received his bachelor's degree in Electronics and Communication from National Institute of Engineering in 1983, Post-Graduation Certification from Indian Institute of Science and an advanced leadership Certification from McGill University in collaboration with Lancaster University of UK and Indian Institute of Management in Bangalore.

**Simon Sun – Executive Vice President, Co-General Manager** - Simon Sun, is our Executive Vice President, Co-General Manager of our Product Business Unit and has served our company since November 2013. Mr. Sun has over 20 years of experience in research and development and product engineering in the mobile industry. He served as the Co-Founder and Chief Executive Officer of Nollec Wireless, Ltd., a mobile handset design house, from July 2007 to October 2013. He was the VP of engineering for CEC Wireless, another mobile handset design house in China from September 2006 to June 2007. Mr. Sun received his bachelor's degree in Industrial Engineering from Tianjin University of China.

**Henry Sun –CFO-** Henry Sun, is our Chief Financial Officer. Mr. Sun has extensive experiences in financial reporting and planning, corporate finance and SEC compliance, investor relations and capital raising. He Mr. Sun founded Reach China LLC in 2016, a cross-border consulting firm helping both American and Chinese companies with capital market introductions and international business development. From January 2011 to August 2016, Mr. Sun served as the CFO of Highpower International, Inc., a lithium battery company listed on Nasdaq. From November 2009 to December 2010, Mr. Sun was the CFO of Zoomlion Concrete Machinery Company, a division of Zoomlion that was listed on both the Shanghai and Hong Kong stock exchanges. Mr. Sun also held financial management roles with various public and private companies including Merrill Lynch from 2003 to 2005. Mr. Sun holds an MBA degree from the Thunderbird School of Global Management at Arizona State University.

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