

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Coverage Termination



COMSovereign Holding Corp.

(COMS)

Report Date: 04/16/24

Closing Stock Price at Initiation (Closing Px: 07/16/21): \$192.00 (adjusted for 1 for 100
stock split)

Closing Stock Price at Termination (Closing Px: 04/15/24): \$.24

Prepared By:
David L. Lavigne
Senior Analyst, Managing Partner
Trickle Research

Disclosure: Portions of this report are excerpted from COMSovereign's filings, website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

We are terminating our coverage of COMSovereign. Needless to say, it did not perform anywhere close to our expectations. Much of that occurred early on in the story when they missed our first set of projections around their drone business. In retrospect, the Company suggested that much of that business was earmarked for sale to government agencies that were deploying at the southern border. That never occurred, and the Company's narrative therein was that the orders were effectively deferred and ostensibly never happened because surveilling the border was abandoned by the administration. In retrospect, management overstated a number of things about the business. That said, our discussions with new management had us believing that they may be able to get things back onto the track, and we think that may still be the case. Granted the share price destruction has been so marked that recovering anything meaningful is unlikely even if they right the ship, but we have been hanging in here waiting on the filings and other potential added information to see if it made sense to try to pick up the pieces and move forward with the coverage. However, their decision to suspend their filings, deregister the shares, and suspend its SEC reporting obligations leaves us no avenue to continue trying to provide any useful coverage. Below is their narrative in that regard:

“As the Company seeks to complete its ongoing business transition plan, the Board and management believe the decision to proceed with the Deregistration will allow it to further reduce the complexity and costs of its financial reporting following the recent delisting of its shares from the NASDAQ Capital Market. Eliminating the public company reporting obligations will allow the management team to focus their efforts on completing transition activities including addressing its outstanding debt, balance sheet and enabling the resumption of product production and revenue generation in support of current and future customers. The Company's shares will continue to trade on the OTC under its current stock ticker symbol”.

“Over the past year, our team has successfully navigated the challenges of streamlining and refocusing the business while meeting our financial reporting obligations including returning the Company to current filer status. As we seek to complete the critical work of improving our financial foundation and investing in revenue generation, the Board and our team believe it is in the best interests of the Company and its shareholders to cease the costly SEC financial reporting requirements for now. We remain optimistic about the future of our Company based upon the strength of our technology and the continued interest received from our customers and partners who demand the reliability and cost effectiveness that our Fastback and DragonWave wireless connectivity solutions can deliver,” said David Knight, CEO and President of COMSovereign.

Given the above we are terminating our research of COMSovereign.

General Disclaimer:

Trickle Research LLC produces and publishes independent research, due diligence and analysis for the benefit of its subscriber base. Our publications are for information purposes only. Readers should review all available information on any company mentioned in our reports or updates, including, but not limited to, the company's annual report, quarterly report, press releases, as well as other regulatory filings. Trickle Research is not registered as a securities broker-dealer or an investment advisor either with the U.S. Securities and Exchange Commission or with any state securities regulatory authority. Readers should consult with their own independent tax, business and financial advisors with respect to any reported company. Trickle Research and/or its officers, investors and employees, and/or members of their families may have long/short positions in the securities mentioned in our research and analysis and may make purchases and/or sales for their own account of those securities. David Lavigne does not hold a position in COMSovereign.

Trickle Research co-sponsors two microcap conferences each year. Trickle Research encourages its coverage companies to present at those conferences and Trickle charges them a fee to do so. Companies are under no obligation to present at these conferences.

COMSovereign has paid fees to present at conferences co-sponsored by Trickle Research.

Reproduction of any portion of Trickle Research's reports, updates or other publications without written permission of Trickle Research is prohibited.

All rights reserved.

Portions of this publication excerpted from company filings or other sources are noted in *italics* and referenced throughout the report.

Rating System Overview:

There are no letters in the rating system (Buy, Sell Hold), only numbers. The numbers range from 1 to 10, with 1 representing 1 "investment unit" (for my performance purposes, 1 "investment unit" equals \$250) and 10 representing 10 investment units or \$2,500. Obviously, a rating of 10 would suggest that I favor the stock (at respective/current levels) more than a stock with a rating of 1. As a guideline, here is a suggestion on how to use the allocation system.

Our belief at Trickle is that the best way to participate in the micro-cap/small cap space is by employing a diversified strategy. In simple terms, that means you are generally best off owning a number of issues rather than just two or three. To that point, our goal is to have at least 20 companies under coverage at any point in time, so let's use that as a guideline. Hypothetically, if you think you would like to commit \$25,000 to buying micro-cap stocks, that would assume an investment of \$1000 per stock (using the diversification approach we just mentioned, and the 20-stock coverage list we suggested and leaving some room to add to positions around allocation upgrades. We generally start initial coverage stocks with an allocation of 4. Thus, at \$1000 invested per stock and a typical starting allocation of 4, your "investment unit" would be the same \$250 we used in the example above. Thus, if we initiate a stock at a 4, you might consider putting \$1000 into the position ($\$250 * 4$). If we later raise the allocation to 6, you might consider adding two additional units or \$500 to the position. If we then reduce the allocation from 6 to 4 you might consider selling whatever number of shares you purchased with 2 of the original 4 investment units. Again, this is just a suggestion as to how you might be able to use the allocation system to manage your portfolio.

For those attached to more traditional rating systems (Buy, Sell, Hold) we would submit the following guidelines.

A Trickle rating of 1 thru 3 would best correspond to a "Speculative Buy" although we would caution that a rating in that range should not assume that the stock is necessarily riskier than a stock with a higher rating. It may carry a lower rating because the stock is trading closer to a price target we are unwilling to raise at that point. This by the way applies to all of our ratings.

A Trickle rating of 4 thru 6 might best (although not perfectly) correspond to a standard "Buy" rating.

A Trickle rating of 7 thru 10 would best correspond to a "Strong Buy" however, ratings at the higher end of that range would indicate something that we deem as quite extraordinary..... an "Extreme Buy" if you will. You will not see a lot of these.