



Digital Ally (NASDAQ: DGLY)

January 7, 2020
Recent Price: \$1.07

Market Data

Fiscal Year	December
Industry	Technology
Market Cap	\$12.4M
Shares Outstanding	11.6M
Float	6.3M
Avg. Volume (30-day)	70,185

As of January 7, 2020

Financial Data

Revenue (ttm)	\$10.4M
Gross Profit (ttm)	\$4.0M
Cash (mrq)	\$0.4M
Debt (mrq)	\$6.6M

<http://www.digitalallyinc.com/>

Company Overview

Digital Ally, headquartered in Lenexa, KS, specializes in the design and manufacturing of the highest quality video recording equipment and video analytic software. Digital Ally pushes the boundaries of technology in industries such as law enforcement, emergency management, fleet safety and security. Digital Ally's complete product solutions include in-car and body cameras, cloud and local management software, and automatic recording technology. Digital Ally products are sold by domestic direct sales representatives and international distributors worldwide.

Value Proposition

Digital Ally is pursuing several new market channels that do not involve its traditional law enforcement and private security customers, including partner affiliations with NASCAR, KMC Brands, and the Kansas City Chiefs. The company won the 2019 Global Eagle Award for its deployment at Met Life Stadium in Rutherford, NJ and has received follow-on orders from taxi service zTrip. A settlement win from its patent litigation against WatchGuard (now owned by Motorola) demonstrates the company's rightful ownership of "autoactivation" technology, which the company plans to leverage in its appeal against Axon Enterprises in a suit valued at greater than \$68 million.

Investment Highlights

- **Award-winning technology**
 - Winner of the 2019 Golden Eagle Award at the National Sports Safety and Security Conference & Exhibition for outstanding security projects executed in sporting venues
- **Strong foundation with 93,500+ units deployed globally**
 - Customers in 31 countries globally
 - Law enforcement customers include city, state, county, and federal law enforcement agencies, as well as military (international and domestic)
 - Currently services 9,000 of the 18,500 total law enforcement agencies in the US
 - Expanding commercial customer base includes ambulance, fire, paratransit, taxicabs, mass transit, and trucking
 - 14 domestic direct sales reps and 30+ international distributors
- **Growing base of recurring services revenue**
 - Recurring services account for 19% of total business
 - Includes cloud-based recurring services, accessories & parts, as well as repair services
- **Monetizing robust patent portfolio**
 - Awarded settlement in patent infringement suit against WatchGuard (now owned by Motorola); granted license to WatchGuard through 2023 with potential to extend
 - WatchGuard settlement demonstrates Digital Ally's rightful ownership of "autoactivation" technology
 - Appealing decision in Axon (NASDAQ: AAXN) suit; original verdict based on mistaken interpretation of patent claims
 - Seeking \$68M+ for infringement by Axon between February 2016 and August 2018 (according to pretrial order); additional damages incurred subsequent to August 2018

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