



Sify Technologies Limited Sponsored ADR (SIFY)

3Q:F24 EPS In Line, Revenue Below Our Forecast But New Data Center Capacity Will Be A Major Catalyst For Growth In F2025-F2026 That We Think Remains Unappreciated; Maintain \$7 Target

	F2023	F2024E		F2025E		F2026E	
		OLD	NEW	OLD	NEW	OLD	NEW
June	\$0.03	\$0.01A		\$0.00	(\$0.01)		\$0.01
Sep.	0.01	0.00A		0.01	(0.00)		0.01
Dec.	0.02	0.00	(0.00)A	0.01	(0.00)		0.01
Mar.	0.00	0.01	0.00	0.03	0.02		0.03
EPS (FY)	\$0.06	\$0.01		\$0.05	\$0.00		\$0.06
P/E (FY)		NM		NM			26.0x

Note: NR = Not Rated. Risk Ratings: H = High; M = Moderate. F2023-F2026E EPS estimates assume 178 million fully diluted shares, constant-currency USD/INR exchange rate of 65. Sum of quarterly data may not equal full-year total due to rounding and/or changes in share count. NC = Not covered by Sidoti & Company, LLC.

Year	F2017	F2018	F2019	F2020	F2021	F2022	F2023	F2024E	F2025E	F2026E
Rev.(Mil.)	\$283.6	\$318.2	\$331.5	\$353.1	\$374.1	\$415.8	\$513.9	\$549.3	\$631.2	\$709.0
GAAP EPS	\$0.06	\$0.08	\$0.09	\$0.06	\$0.09	\$0.12	\$0.06	\$0.01	\$0.00	\$0.06

Description: Sify Technologies Ltd., (www.sifytechnologies.com) is one of the largest integrated Information & Communication Technology (ICT) solutions and services companies in India, offering end-to-end solutions over a common telecom data network infrastructure. Sify's network reaches more than 1,550 cities in India and connects 45 data centers, including six owned Tier 3 data centers. Headquarters are in Chennai, India.

- **3Q:F24 sales declined 2.5% year-over-year to \$133.2 million, missing our \$139.5 million forecast, on lower growth in Sify's Network and Data Center Service than projected.**
- **While Data Center revenue growth was lower than we projected, it was still up 13% from a year prior, and with new data centers coming online that will double Sify's capacity, we expect revenue growth will accelerate.**
- **We think investors have yet to fully appreciate the growth potential of Sify's data center investments.**
- **The upfront spending on the tools and headcount to capitalize on the growing demand for its services is crimping Sify's profitability but EBITDA still expanded 5% to \$26 million at a margin of 19.5%, up from 18.1% a year ago.**
- **But higher depreciation and interest expense tied to Sify's infrastructure spending reduced EPS to about breakeven, from \$0.02 a year ago.**
- **Data center spending results in cash outflows in F2024-F2026, by our model. Yet given the capital raised from Kotak Advisors, Sify's modest balance sheet leverage and cash generated from operations, we find Sify has access to sufficient capital to fund its growth.**
- **At the end of 3Q:F24, net debt was \$266 million, or 2.6x trailing 12-month EBITDA.**
- **We maintain a \$7 price target, based on 120x our F2026 EPS forecast of \$0.06 and which equates to 10x our F2026 EBITDA estimate of \$158.5 million, less projected net debt of \$412 million, or \$6.72 per share; previously we valued the stock at 140x our former F2025 EPS estimate of \$0.05.**
- **Our moderate risk rating considers Sify's track record of growth and positive earnings and cash generation.**

Revenue in 3Q:F24 missed our forecast. Revenue in 3Q:F24 declined 2.5% to \$133.2 million, missing our \$139.5 million forecast. Sify's Digital Services, down 22%, was the main driver of the decline as Technology Integration Services faced a difficult comparison from a

NR

Price Target: \$7

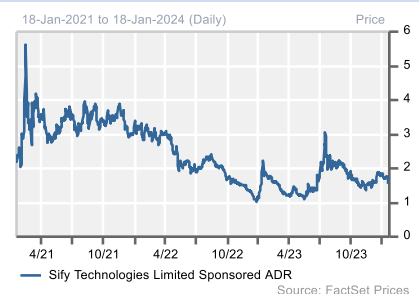
Price: \$1.56

Risk Rating: M

Gregory Burns
(212) 894-3317
(gburns@sidoti.com)

Key Statistics

Market Cap (Mil)	\$280
Enterprise Value	\$597
52-Week Range (NASDAQ)	3-1
5-Year EPS CAGR	20%
Avg. Daily Trading Volume	77,000
Shares Out (Mil)	182.835
Float Shares (Mil)	24.1
Insider Ownership	N/A
Institutional Holdings	1%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2026E)	(\$0.13)
FCF Yield (F2026E)	NM
Net Cash Per Share (F2026E)	(\$2.31)
Price to Book Value	1.5x
Return on Equity (F2026E)	4.3%
Total Debt to Capital	62%
Interest Coverage Ratio	1.0x
Short Interest %	N/A
Short Interest Days To Cover	N/A
Russell 2000	1,924
Russell 2000 - Last 12 Months	3.7%
SIFY - Last 12 Months	-20.3%



year ago, when revenue increased 200%. This business is project-based and lumpy as we saw in the year-over-year comparison this past quarter, but management has become more selective in deal pursuits, making sure projects have a post-implementation service component. This should help reduce segment volatility and improve its margins. The decline in Digital Services was in line with our forecast, so the 3Q:F24 miss was driven in part by Sify's Network and Data Center Services. While each of these businesses grew, the gains were lower than we projected, with Network Services revenue rising 4.8% versus our 8% forecast and Data Center Services revenue increasing 13.4% versus our 24% forecast. While growth in these strategic focus areas was lower than projected, we remain bullish on their growth potential and expect growth to accelerate, particularly in Sify's Data Center business, as new data center capacity comes online. Sify operates 11 facilities with about 100 megawatts (MW) of capacity and will about double capacity over the next two quarters as its data center in Mumbai (38 MW) is scheduled to open in 4Q:F24 and those in Chennai (28 MW) and Noida (28 MW) are on track to be operational in 1Q:F25. This new data center capacity will be a major catalyst for growth that we think investors have yet to fully appreciate.

Profitability was in line with our forecast. Gross margin increased to 37.8% in 3Q:F24 from 35.1% a year ago, missing our 38.4% forecast. Gross margin varies depending on revenue mix, so the lower-than-expected margin was likely driven by the lower mix of higher-margin Data Center and Network revenue. Although the gross margin was below our forecast, the EBITDA margin increased 140 basis points to 19.5%, which was above our 18.8% forecast. Sify is making significant infrastructure investments and is also adding personnel to support its network investments and the growth of its Digital Services. As a result, SG&A was up from a year ago yet lower than projected and we remain impressed with management's disciplined spending and eye toward profitability. The upfront expenditures are nonetheless hurting Sify's near-term profitability, but we think the spending is warranted, given the secular catalysts driving the growth in cloud and data consumption in India. When the new data centers come online and begin generating revenue, we expect Sify will begin to realize improved margin and earnings leverage, though in 3Q:F24 the higher spending led to EBITDA growing just 5% to \$26 million, in line with our forecast. Net income, however, declined to about breakeven, due to higher depreciation and interest expense from Sify's data center and network investments.

Exhibit 1: Sify Technologies Preview

	<u>3Q:F24E</u>	<u>3Q:F24A</u>	<u>Var</u>	<u>3Q:F23A</u>	<u>3Q:F24A</u>	<u>% Change</u>
Total revenue	\$139.5	\$133.2	(6.3)	\$136.7	133.2	(2.6%)
Gross Profit	53.6	50.3	(3.3)	47.9	50.3	5.0%
(%)	38.4%	37.8%		35.0%	37.8%	
EBITDA	26.2	26.0	(0.2)	24.7	26.0	5.3%
(%)	18.8%	19.5%		18.1%	19.5%	
Diluted EPS	\$0.00	\$0.00	\$0.00	\$0.02	\$0.00	(100.0%)

Sources: Sidoti & Company, LLC estimates and company filings

Valuation	<p>We maintain our \$7 price target on SIFY stock. Sify is a primary beneficiary of India's digital transformation. With the stock trading at enterprise value of just 4x our F2025 EBITDA projection and 3.5x our F2026 forecast, SIFY trades at a steep discount to peers in the India telecom and application and technology integration market peer group, which trade 8x-12x EBITDA. We think this reflects Sify's small size, emerging growth and the large capital requirements of its expansion. Given SIFY's track record of revenue and EBITDA growth and its growth potential as new data center capacity comes online, we think the discount is unwarranted and see merit to the stock trading within the peer range. Our \$7 price target is based on 120x our F2026 EPS estimate of \$0.06. This equates to 10x our F2026 EBITDA estimate of \$158.5 million, less projected net debt of \$412 million, to yield \$1.17 billion, or \$6.72 per share. The company's growth potential and modest leverage support our moderate risk rating.</p>		
Key Risks	Foreign exchange	Concentrated ownership	

SIFY TECHNOLOGIES LIMITED SPONSORED ADR

Table 1: Sify Technologies Ltd., Income Statement

(Dollars in millions except where noted)

	Jun	Sep	Dec	Mar	F2023	JunA	SepA	DecA	MarE	F2024E	JunE	SepE	DecE	MarE	F2025E	F2026E
Total revenue	119.0	122.1	136.7	136.1	513.9	131.5	135.2	133.2	149.3	549.3	148.2	155.0	155.7	172.2	631.2	709.0
COGS	75.5	76.7	88.7	87.9	328.9	82.6	84.8	82.9	93.2	343.5	90.3	94.7	94.5	105.7	385.3	427.5
Gross profit	43.5	45.4	47.9	48.2	185.0	48.9	50.5	50.3	56.1	205.8	57.9	60.3	61.2	66.5	245.9	281.4
SG&A	19.6	22.2	23.2	23.2	88.2	22.3	27.1	24.3	26.9	100.6	27.0	27.9	27.7	28.2	110.8	123.1
EBITDA	23.9	23.2	24.7	25.0	96.8	26.5	23.4	26.0	29.2	105.1	30.9	32.4	33.5	38.3	135.1	158.3
D&A	14.3	14.7	15.3	16.8	61.1	17.2	18.7	18.2	20.5	74.7	22.7	23.0	23.4	23.7	92.8	98.3
EBIT	9.6	8.5	9.4	8.2	35.7	9.3	4.6	7.8	8.7	30.5	8.3	9.4	10.1	14.5	42.3	60.1
Interest and other expense (income)	4.3	5.6	6.5	5.6	22.0	7.2	4.7	8.1	8.4	28.5	10.9	10.9	10.9	10.9	43.7	46.8
Other expense (income)	(1.2)	(0.4)	(0.4)	(0.0)	(2.0)	(0.2)	(0.9)	0.0	(0.5)	(1.6)	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)	(2.2)
EBT	6.5	3.4	3.3	2.6	15.7	2.3	0.8	(0.3)	0.8	3.6	(2.1)	(1.0)	(0.3)	4.1	0.7	15.4
Taxes	1.9	1.7	(0.5)	2.2	5.3	0.8	0.6	(0.1)	0.2	1.5	(0.6)	(0.3)	(0.1)	1.2	0.2	4.6
Net income	4.6	1.7	3.8	0.3	10.4	1.5	0.2	(0.2)	0.6	2.1	(1.5)	(0.7)	(0.2)	2.9	0.5	10.8
EPS - diluted	\$0.03	\$0.01	\$0.02	\$0.00	\$0.06	\$0.01	\$0.00	(\$0.00)	\$0.00	\$0.01	(\$0.01)	(\$0.00)	(\$0.00)	\$0.02	\$0.00	\$0.06
Shares outstanding - diluted	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0	178.0
Margins																
Gross margin	36.5%	37.2%	35.1%	35.4%	36.0%	37.2%	37.3%	37.8%	37.6%	37.5%	39.1%	38.9%	39.3%	38.6%	39.0%	39.7%
EBITDA	20.1%	19.0%	18.1%	18.4%	18.8%	20.2%	17.3%	19.5%	19.6%	19.1%	20.9%	20.9%	21.5%	22.2%	21.4%	22.3%
Operating margin	8.1%	7.0%	6.9%	6.0%	6.9%	7.1%	3.4%	5.8%	5.8%	5.5%	5.6%	6.1%	6.5%	8.4%	6.7%	8.5%
Net margin	3.9%	1.4%	2.8%	0.2%	2.0%	1.1%	0.2%	(0.2%)	0.4%	0.4%	(1.0%)	(0.4%)	(0.1%)	1.7%	0.1%	1.5%
Growth YoY																
YoY																
Total revenue	19.9%	13.6%	31.0%	30.0%	23.6%	10.5%	10.7%	(2.5%)	9.7%	6.9%	12.7%	14.6%	16.9%	15.3%	14.9%	12.3%
Gross profit	11.1%	5.9%	9.2%	14.8%	10.2%	12.4%	11.3%	4.9%	16.4%	11.2%	18.5%	19.4%	21.7%	18.5%	19.5%	14.5%
EBITDA	6.9%	2.2%	2.0%	5.8%	4.2%	11.1%	0.7%	5.2%	17.0%	8.6%	16.5%	38.6%	28.8%	30.9%	28.5%	17.2%
EBIT	(3.9%)	(19.5%)	(17.4%)	(21.8%)	(15.8%)	(3.0%)	(45.4%)	(17.0%)	6.2%	(14.7%)	(11.5%)	102.4%	29.8%	67.2%	38.9%	42.0%
EPS	(8.9%)	(68.5%)	(28.9%)	(93.7%)	(50.0%)	(67.8%)	(86.6%)	NM	NM	(80.3%)	NM	NM	NM	NM	NM	NM

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

Sources: Sidoti & Company, LLC. estimates and company reports

Table 2: Sify Technologies Ltd.. Cash Flow Statement

(Dollars in millions except where noted)

	F2023	F2024E	F2025E	F2026E
Net income	\$10.4	\$2.1	\$0.5	\$10.8
D&A	61.1	75.5	92.8	98.3
Provision for doubtful accounts	5.7	-	-	-
Stock compensation	0.3	0.2	0.2	0.2
Net finance (income) / expense	22.0	-	-	-
Unrealized (gain) / loss on account of exchange differences	(0.7)	-	-	-
Amortization of leasehold prepayments	(0.0)	-	-	-
Accounts receivable	(6.2)	(22.3)	(36.8)	(35.0)
Inventory	7.2	(7.9)	(4.6)	(4.6)
Prepaid and other current assets	1.4	-	-	-
Accounts payable	43.7	25.7	27.1	27.5
Employee benefits	(0.9)	-	-	-
Deferred income	-	-	-	-
Income taxes (paid)/ refund received	(21.0)	-	-	-
Cash from operating activities	128.3	73.2	79.1	97.0
PPE	(178.7)	(173.5)	(126.2)	(120.5)
Intangible assets	-	-	-	-
Investments in debt securities	(8.4)	-	-	-
Finance income received	-	-	-	-
Cash from investing activities	(205.3)	(173.5)	(126.2)	(120.5)
Proceeds (purchase) of common stock	0.1	-	-	-
Debt	105.1	100.0	30.8	30.8
Finance expenses paid	(25.0)	-	-	-
Proceeds (repayment) finance lease liabilities	(4.1)	-	-	-
Dividend and distribution tax	-	-	-	-
Cash from financing activities	76.1	100.0	30.8	30.8
FX	-	-	-	-
Net change in cash	(0.9)	(0.3)	(16.3)	7.3
Cash and equivalents at the beginning of period	70.6	69.7	69.4	53.0
Cash and equivalents at the end of period	69.7	69.4	53.0	60.3
FCF	(50.4)	(100.3)	(47.1)	(23.5)
FCF / share	(\$0.28)	(\$0.56)	(\$0.26)	(\$0.13)

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

Sources: Sidoti & Company, LLC. estimates and company reports

Table 3: Sify Technologies Ltd., Balance Sheet

(Dollars in millions except where noted)

	F2023	F2024E	F2025E	F2026E
Cash	56.2	55.9	39.5	46.8
Restricted cash	18.4	18.4	18.4	18.4
Inventory	\$29.9	\$37.8	\$42.4	\$47.0
Accounts receivable	224.9	247.2	284.0	319.0
Prepaid expenses	14.2	14.2	14.2	14.2
Total current assets	343.4	373.4	398.5	445.4
PPE	343.2	482.2	515.7	537.9
Intangible assets	-	-	-	-
Lease payments	-	-	-	-
Other assets	69.8	69.8	69.8	69.8
Other investments	16.1	16.1	16.1	16.1
Total assets	772.5	941.5	1,000.1	1,069.2
Finance lease obligations	-	-	-	-
Borrowings	87.9	87.9	87.9	87.9
Bank overdraft	14.6	14.6	14.6	14.6
Accounts payable	197.6	223.3	250.4	277.9
Deferred income	-	-	-	-
Total current liabilities	339.5	365.1	392.3	419.7
Finance lease obligations	-	-	-	-
Long-term debt	212.6	312.6	343.3	374.1
Employee benefits	2.0	2.0	2.0	2.0
Other liabilities	65.3	65.3	65.3	65.3
Compulsory convertible debentures	-	61.5	61.5	61.5
Other	-	-	-	-
Other	-	-	-	-
Total liabilities	619.4	806.6	864.5	922.7
Share capital	28.3	28.5	28.6	28.8
Share premium	302.8	302.8	302.8	302.8
Share based payment reserve	5.6	5.6	5.6	5.6
Other components of equity	31.6	11.2	11.2	11.2
Accumulated deficit	(104.5)	(102.5)	(102.0)	(91.2)
Total stockholders' equity	263.8	245.6	246.2	257.2
Total liabilities and equity	883.1	1,052.1	1,110.7	1,179.9
ROE	4.3%	0.9%	0.2%	4.3%
Total Debt-to-capital	53.2%	62.0%	63.7%	64.2%
Net debt-to-TTM EBITDA	2.48x	3.24x	2.87x	2.60x
Cash (debt) per share	(\$1.35)	(\$1.91)	(\$2.18)	(\$2.31)

Note: Historical results and estimates assume constant currency USD/INR exchange rate of 65

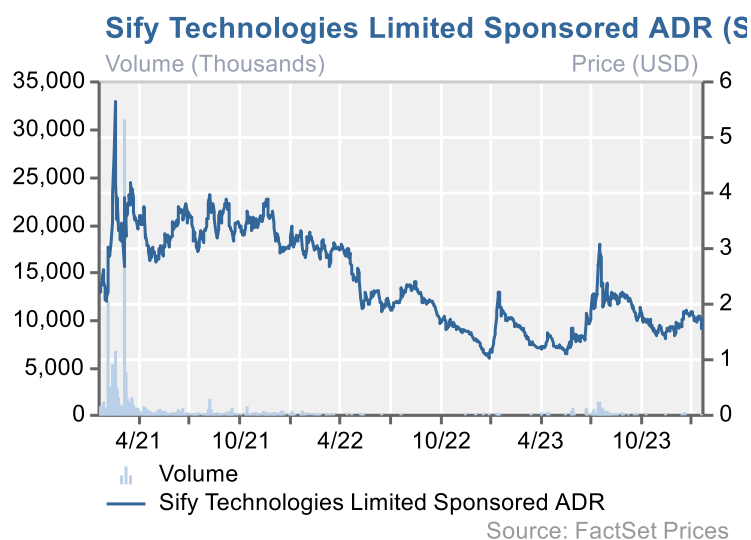
Sources: Sidoti & Company, LLC. estimates and company reports

Required Disclosures

Sify Technologies Limited Sponsored ADR (SIFY-\$1.56) NR Price Target: \$7 Risk Rating: M

Rating and Price Target History Table

Action Date	Px	Rating	PT	Risk Rating
PT 1/28/21	2.3		5	
PT 5/7/21	2.9		6	
PT 10/29/21	3.5		7	



Valuation	We maintain our \$7 price target on SIFY stock. Sify is a primary beneficiary of India's digital transformation. With the stock trading at enterprise value of just 4x our F2025 EBITDA projection and 3.5x our F2026 forecast, SIFY trades at a steep discount to peers in the India telecom and application and technology integration market peer group, which trade 8x-12x EBITDA. We think this reflects Sify's small size, emerging growth and the large capital requirements of its expansion. Given SIFY's track record of revenue and EBITDA growth and its growth potential as new data center capacity comes online, we think the discount is unwarranted and see merit to the stock trading within the peer range. Our \$7 price target is based on 120x our F2026 EPS estimate of \$0.06. This equates to 10x our F2026 EBITDA estimate of \$158.5 million, less projected net debt of \$412 million, to yield \$1.17 billion, or \$6.72 per share. The company's growth potential and modest leverage support our moderate risk rating.		
Key Risks	Foreign exchange	Concentrated ownership	

**(IF A COMPANY SPONSORED RESEARCH ("CSR") REPORT, ALSO REFER TO
ADDITIONAL CSR-SPECIFIC DISCLOSURES PROVIDED BELOW)**

Rating System

Sidoti's Equity Research rating system consists of BUY and NEUTRAL recommendations, as well as a NOT RATED classification. We do not assign these BUY or NEUTRAL ratings for companies covered under our Company Sponsored Research program. Companies (or equity securities) covered by our CSR program are classified as NOT RATED (NR) and are only assigned a HIGH (H) or MODERATE (M) risk rating. Unless otherwise noted in a report, Sidoti ratings should be interpreted as follows:

Rating	Industry	Interpretation
BUY	All, except Utilities	Capital appreciation of at least 25% over the next 12 months
NEUTRAL	All, except Utilities	Capital appreciation of less than 25% over the next 12 months
BUY	Utilities(a)	Capital appreciation of at least 15% over the next 12 months
NEUTRAL	Utilities(a)	Capital appreciation of less than 15% over the next 12 months
HIGH (RISK)	All in CSR program	Companies/equities with among others, one or more of the following characteristics: <ul style="list-style-type: none"> • significant potential for loss of principal; • significant share price volatility; • limited revenue or cash flow and/or high unpredictability associated with revenue and cash flow; • short and/or unprofitable operating history;

		<ul style="list-style-type: none"> • potentially significant issues regarding operational and/or financial success; • problematic financial, liquidity, legal, regulatory or political issues; • upcoming need for additional capital when availability is questionable; • significant related party transactions which could lead to a conflict of interest; • any other factor that the analyst believes could materially and adversely impact the subject company and/or the value of its securities.
MODERATE (RISK)	All in CSR program	<p>Companies which have many of the same risks as described under the HIGH risk rating, but which risks are mitigated (on a relative basis and in the opinion of the analyst) due to, among others, one or more of the following:</p> <ul style="list-style-type: none"> • more stable and predictable revenue, profits and cash flow; • more established operating history; • more favorable operating or business environment • lower potential for financial, liquidity, regulatory or political issues; or • less onerous upcoming capital needs.

(a) those with at least 75% of operations derived from regulated state and federal businesses

**Percentage of Covered Companies with Each Rating and
Realization of Investment Banking Income from Covered Companies Over the Past 12 Months:**

With reference to the information described in the header immediately above please refer to the table below, which is as of, and reflects information immediately prior to, the publication of this report:

Rating	# of Companies	% (b)	Realized Investment Banking Income (# of companies with rating)	Realized Investment Banking Income (% of companies with rating)
BUY	57	37.5%	3	5.3%
NEUTRAL(a)	15	9.9%	0	0.0%
NOT RATED	1	0.7%	1	100.0%
NR -CSRs Moderate Risk (c)	72	47.4%	0	0.0%
NR -CSRs High Risk (c)	7	4.6%	0	0.0%
TOTAL	152	100%	4	2.6%

(a) Of the NEUTRALS 4 trade above our price target.

(b) Numbers may not add due to rounding or because of a pending drop of coverage.

(c) 91.1% of our CSRs are moderate risk, while 8.9% are high risk.

Certain Risks

A universal risk to all our price targets is that the analyst's estimates or forecasts may not be met. Past performance should not be construed as indicative of future performance. This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in the "Risk Factors" section in the subject company's SEC filings available in electronic format through SEC Edgar filings at www.sec.gov.

Certain information Regarding Analyst Compensation

Sidoti employees, including research analysts, receive compensation that is based in part upon the overall performance of the firm, including revenues generated by Sidoti's investment banking activities, brokerage activities, from issuers participating in Sidoti's Company Sponsored Research program, from covered (and non-covered) companies paying to attend our conferences or compensating Sidoti for arranging Non-Deal Road Show (NDR) meetings, but compensation is not directly related to any of these revenue streams. As noted below such factors present a potential conflict of interest.

Factors that May Influence Continuation of Coverage and Related Potential Conflicts of Interest

Sidoti research analysts generally do not cover (or continue to cover) those companies where Sidoti does not deem coverage to be profitable. In determining whether coverage is profitable, Sidoti considers among other things, (a) an estimate of invoice payments received from its institutional investor clients as it relates to a covered company; (b) whether management of a covered company participates in Sidoti-sponsored conferences and/or non-deal roadshows (Sidoti receives a fee from the issuer if the issuer presents at a conference and may receive a fee from the issuer if it schedules an NDR); and (c) whether a covered company has in the past or is inclined to include Sidoti in an investment banking transaction as a co-manager or otherwise. A possible effect of factors (b) and (c) above may be that continued coverage decisions are based, in part, on the willingness of management of covered companies to participate in, and compensate Sidoti for, such conferences and NDR meetings, as well as inclusion in investment banking transactions. This approach could be viewed as presenting potential conflicts of interest.

Sidoti and Analyst Ownership of Securities Described Herein and Other Analyst Restrictions

Sidoti does NOT own securities of the issues described herein. Sidoti policy does not allow an analyst or a member of their household or any account in which they otherwise hold a beneficial interest to own shares in any company that he/she covers. Sidoti policy does not allow employees or household members to serve as an officer or director of a covered company. Sidoti does not make a market in any securities.

Sidoti Investment Banking Revenue Realized from the Subject Company in the Last 12 Month

Sidoti has non-research employees that will seek compensation for investment banking services from the company covered hereunder. As of the date hereof, Sidoti may expect to receive or may intend to seek investment banking compensation from any of its covered companies, including the subject company covered herein, within the next 3 months (additional detail, if any, is provided in a special disclosure below). Investment banking services, as defined under FINRA Rule 2241, includes, among other things, acting as an underwriter in or as a member of the selling group in a securities underwriting. Sidoti's role in most investment banking transactions can be viewed on this company's filings at www.sec.gov. The table below sets forth instances where Sidoti has received investment banking revenue from the company covered hereunder in the last twelve months, if any:

Date	Role	Transaction	Security

Sidoti Non-Investment Revenue Realized from the Subject Company in the Last 12 Months

Prior to December 31, 2022, Sidoti held multiple conferences a year and charged a fee of up to \$6,000 per conference to presenting companies. Beginning January 2023, Sidoti Events, LLC ("Sidoti Events"), an affiliate of Sidoti by common ownership, began to hold these conferences. Sidoti or Sidoti Events may also receive a fee of up to \$8,000 for scheduling a Non-Deal Roadshow ("NDR") day. Sidoti Events reimburses Sidoti for certain services provided by Sidoti to Sidoti Events in respect of these conferences (or NDR days) pursuant to an Expense Sharing Arrangement. The table below sets forth instances where Sidoti or Sidoti Events received non-investment revenue from the company covered hereunder, if any, over the past 12 months:

Conferences	NDR Days

Additional Disclosures Specific to the Subject Company of this Report Including the Pursuit or Expectation of Investment Banking Revenue in the Next Three Months

None.

Analyst Certification

The research analyst that authors this report, Gregory Burns, certifies that this report accurately reflects his/her personal views about the subject securities and issuers and that none of the research analyst's compensation was, is or will be directly or indirectly related to the analyst's specific recommendations or views contained in this research report.

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- utilizes analysts who must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct;
- provide analysts with full discretion on the price target and over other coverage points based on their own due diligence;

- maintains and enforces written policies and procedures reasonably designed to prevent any controlling persons, officers (or persons performing similar functions), or employees of Sidoti from influencing the activities of research analysts and the content of research reports prepared by the research analyst;
- does not directly tie analyst compensation to their willingness to cover a company on a commissioned basis, provided however that the provision of CSR coverage is one of several overall considerations that is factored into Sidoti's determination of analyst compensation; and
- does not directly or indirectly tie analyst compensation to the specific recommendations or views expressed in any research report.

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Source(s)

Key Statistics data is sourced from FactSet Research Systems