



Sify Technologies Limited Sponsored ADR (SIFY)

3Q:F25 Revenue Beat, Earnings Missed; Lower Earnings Estimates; Growth Is Accelerating As Network, Data Center Investments Are Capitalizing On Growing Demand In India; \$18 Target

	F2024	F2025E		F2026E		F2027E	
		OLD	NEW	OLD	NEW	OLD	NEW
June	\$0.01	(\$0.01)A		\$0.01	\$0.00		\$0.01
Sep.	0.00	0.00A		0.01	0.00		0.01
Dec.	0.00	0.00	(0.01)A	0.01	0.00		0.01
Mar.	0.00	0.01	0.00	0.01			0.02
EPS (FY)	\$0.01	\$0.01	(\$0.01)	\$0.04	\$0.01		\$0.04
EPS (Cal.)							
P/E (FY)			NM		NM		73.8x
P/E (Cal.)							

Note: NR = Not Rated. Risk Ratings: H = High; M = Moderate. F2025-F2026E EPS estimates assume 430 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	F2018	F2019	F2020	F2021	F2022	F2023	F2024	F2025E	F2026E	F2027E
Rev.(Mil.)	\$318.2	\$331.5	\$353.1	\$374.1	\$415.8	\$514.1	\$548.2	\$635.6	\$721.0	\$821.6
GAAP EPS	\$0.08	\$0.09	\$0.06	\$0.09	\$0.12	\$0.06	\$0.01	(\$0.01)	\$0.01	\$0.04

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.

- Revenue in 3Q:F25 grew 21% to \$161.4 million, versus our \$152.3 million forecast. Contributions from recent fiber network and data center expansions led to stronger than expected growth.
- Sify posted a loss per share of \$0.01, versus our breakeven estimate. The upfront costs of Sify's growth investments are impacting the company's near-term profitability. We expect leverage will improve as revenue scales.
- We remain bullish on Sify's growth potential, as the company's ongoing data center expansion positions the company to capitalize on the strong secular tailwinds driving demand in India.
- We lower our F2026 EPS estimates to reflect higher costs tied to Sify's growth investments. With revenue projected to grow about 13.5% annually in F2026-F2027 we expect earnings to rebound in F2027.
- Given the company's cash on hand, organic cash generation, the remainder of its Kotak investment, and the recently completed rights offering, we think Sify has the liquidity to fund its capital plans for the next twelve months.
- At the end of 3Q:F25, net debt was \$357 million, or 2.8x trailing 12-month EBITDA.
- We maintain an \$18 price target based on an unchanged 75x our newly introduced F2027 EPS forecast of \$0.04 multiplied by 6 (shares per ADR exchange ratio). (Previously we based our price target on our prior F2026 EPS estimate of \$0.04.) We maintain a moderate risk rating, which considers Sify's track record of growth and positive earnings and cash generation.

Revenue in 3Q:F25 beat our forecast, as Sify's infrastructure investments are paying off. Revenue growth accelerated in 3Q:F25 as Sify's network and data center investments continue to capitalize on strong secular trends within India, which are driving demand for cloud and data services. Revenue in 3Q:F25 grew 21.2% year over year to \$161.4 million, beating our \$152.3 million forecast. The beat was driven in part by Sify's Network Services segment, where the company's investments in fiber are capitalizing on the growing demand for higher bandwidth data transmission services. Network Services revenue grew 22.9% to

NR

Price Target: \$18

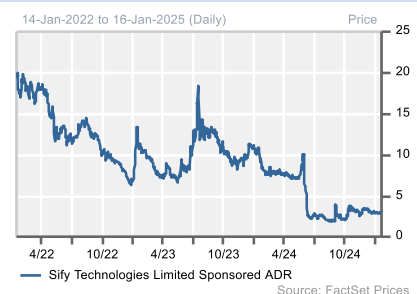
Price: \$2.95

Risk Rating: M

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Key Statistics

Market Cap (Mil)	\$215
Enterprise Value	\$670
52-Week Range (NASDAQ)	10-2
5-Year EPS CAGR	20%
Avg. Daily Trading Volume	102,000
Shares Out (Mil)	430
Float Shares (Mil)	32.8
Insider Ownership	82%
Institutional Holdings	2%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2027E)	(\$0.11)
FCF Yield (F2027E)	-3.7%
Net Cash Per Share (F2027E)	(\$1.17)
Price to Book Value	0.5x
Return on Equity (F2027E)	4.0%
Total Debt to Capital	79%
Interest Coverage Ratio	1.2x
Short Interest %	N/A%
Short Interest Days To Cover	1.1
Russell 2000	2,277
Russell 2000 - Last 12 Months	17.6%
SIFY - Last 12 Months	-69.7%



\$65.8 million versus our \$58.3 million forecast. Sify's Data Center business also delivered better than expected growth, with revenue rising 40.2% to \$59 million, versus our \$54.6 million forecast. The gains in these two areas were partially offset by Sify's Digital Services, where revenue declined 2.9% to \$36.6 million, which was also below our \$39.3 million forecast.

The upfront costs of Sify's infrastructure and operational investments are curbing the firm's near-term profitability; but we expect leverage to improve as revenue scales. Sify's growth investments are putting the digital infrastructure in place to capitalize on strong secular demand trends in India, and the upfront costs of its infrastructure investments, people, and service capabilities are weighing on the company's near-term profitability. The gross margin in 3Q:F25 narrowed 190 basis points year over year to 35.9%, versus our 38.9% forecast. SG&A increased by 12.7%, but as a percent of revenue declined to 17% from 18.2% a year ago. This helped offset the lower gross margin, resulting in EBITDA increasing 17.5% of \$30.5 million. We expect operating and earnings leverage will continue to improve, as Sify's new network and data center capacity starts generating revenue. The growth in EBITDA was, however, offset by higher depreciation and interest charges tied to Sify's infrastructure investments, as well as higher tax expense, which resulted in a net loss of \$4 million. This equated to a loss per share of \$0.01 which was below our breakeven estimate.

New data center capacity continues to come online providing the foundation for future growth. Sify commissioned another 5 megawatts of capacity in 3Q:F25 bringing its total capacity to 120 megawatts, with 110 megawatts contracted in 12 data centers across 6 cities. Looking forward, Sify has new data center capacity under development that will approximately double its capacity over the next twelve months, with two facilities with designed capacities of 26 megawatts each expected to be commissioned in the next few months, and four other facilities targeted to go live by the end of the calendar year. Sify has and will continue to benefit from the digital transformation of India's economy, which is driving exponential growth in demand for data and cloud services. These demand trends are also backed by strong policy and regulatory trends from the Indian , including the recent implementation of the Digital Personal Data Protection Act which will drive increased data localization and demand for Sify's digital infrastructure. With the adoption of new technologies such as 5G wireless and Artificial Intelligence applications adding to the strong secular digitization tailwinds that have been driving demand for Sify's services, we expect the demand for data centers and fiber network services in India will remain strong. Sify's new data center capacity is well positioned to meet this demand, giving Sify a highly visible and long runway for growth.

Exhibit 1: Sify Technologies Variance Analysis						
	<u>3Q:F25E</u>	<u>3Q:F25A</u>	<u>Var</u>	<u>3Q:F24A</u>	<u>3Q:F25A</u>	<u>% Change</u>
Total revenue	\$152.3	\$161.4	9.1	\$133.2	\$161.4	21.2%
Gross Profit	59.3	57.9	(1.4)	50.3	57.9	15.2%
(%)	38.9%	35.9%		37.8%	35.9%	
EBITDA	33.5	30.5	(3.0)	26.0	30.5	17.5%
(%)	22.0%	18.9%		19.5%	18.9%	
Diluted EPS	\$0.00	(\$0.01)	(\$0.01)	\$0.00	(\$0.01)	NM

Sources: Sidoti & Company, LLC estimates and company filings

Valuation	<p>We maintain our \$18 price target. The stock is trading at an enterprise value of just 3.5x our F2027 EBITDA projection, a steep discount to peers in the India telecom and application and technology integration market, which trade at 8x-12x EBITDA. We think this reflects Sify's small size, emerging growth, and the large capital requirements of its expansion. But we think the Market is ignoring SIFY's track record of revenue and EBITDA growth and its growth potential as new data center capacity comes online. We think the stock's discounted valuation is unwarranted. With Sify's infrastructure investments beginning to generate revenue and earnings leverage likely to improve, we see merit to the stock trading within the peer range. Our \$18 price target is based on an unchanged 75x our F2027 EPS estimate of \$0.04 multiplied by the ADR exchange ratio of 6. This equates to about 9.5x our F2026 EBITDA estimate of \$189 million, less projected net debt of \$505 million, to yield \$1.3 billion, or \$3.00 which multiplied by 6 (shares per ADR exchange ratio) equates to \$18. 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	F2024	JunA	SepA	DecA	MarE	F2025E	JunE	SepE	DecE	MarE	F2026E	F2027E
Network Connectivity Services	\$52.7	\$54.9	\$53.5	\$64.4	\$225.6	\$59.5	\$56.6	\$65.8	\$68.9	\$250.7	\$67.2	\$69.1	\$69.0	\$73.0	\$278.3	\$295.0
Data Center Services	41.6	41.8	42.0	44.6	170.1	51.7	51.3	59.0	61.6	223.6	63.6	66.7	70.8	73.9	275.0	341.0
Digital Services	37.2	38.5	37.7	39.2	152.6	33.8	50.2	36.6	40.6	161.2	39.0	43.2	40.8	44.7	167.7	185.5
Total revenue	131.5	135.2	133.2	148.3	548.2	144.9	158.1	161.4	171.1	635.6	169.7	178.9	180.7	191.7	721.0	821.6
COGS	82.6	84.8	82.9	94.0	344.3	91.7	97.9	103.5	107.4	400.4	105.5	111.7	111.8	119.1	448.2	505.0
Gross profit	48.9	50.5	50.3	54.3	203.9	53.2	60.2	57.9	63.8	235.1	64.2	67.2	68.8	72.5	272.8	316.5
SG&A	21.2	27.1	24.3	23.4	96.0	24.4	27.8	27.4	27.6	107.2	28.0	28.6	28.9	29.7	115.3	127.2
EBITDA	27.6	23.4	26.0	30.9	107.9	28.8	32.4	30.5	36.2	127.9	36.2	38.6	39.9	42.8	157.6	189.3
D&A	17.2	18.7	18.2	19.4	73.5	20.1	20.4	22.2	22.7	85.4	24.0	24.8	25.6	26.5	100.9	112.3
EBIT	10.4	4.6	7.8	11.6	34.4	8.7	12.0	8.3	13.5	42.5	12.2	13.8	14.3	16.4	56.7	77.0
Interest and other expense (income)	8.8	4.7	8.1	9.9	31.4	10.3	10.7	11.2	11.4	43.6	12.5	12.5	12.5	12.5	50.1	53.9
Other expense (income)	(0.1)	(0.9)	0.0	(0.4)	(1.4)	(0.9)	(0.0)	(1.1)	(0.5)	(2.5)	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)	(2.2)
EBT	1.8	0.8	(0.3)	2.1	4.4	(0.7)	1.3	(1.8)	2.6	1.4	0.2	1.8	2.3	4.4	8.8	25.2
Taxes	0.8	0.6	(0.1)	1.5	2.8	0.9	0.6	2.1	0.8	4.4	0.1	0.5	0.7	1.3	2.6	7.6
Net income	1.0	0.2	(0.2)	0.6	1.6	(1.6)	0.8	(4.0)	1.8	(3.0)	0.2	1.3	1.6	3.1	6.1	17.6
EPS - diluted	\$0.01	\$0.00	(\$0.00)	\$0.00	\$0.01	(\$0.01)	\$0.00	(\$0.01)	\$0.00	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01	\$0.04
Shares outstanding - diluted	178.0	178.0	178.0	178.0	178.0	178.0	430.0	430.0	430.0	367.0	430.0	430.0	430.0	430.0	430.0	430.0
Margins																
Gross margin	37.2%	37.3%	37.8%	36.6%	37.2%	36.7%	38.1%	35.9%	37.3%	37.0%	37.8%	37.6%	38.1%	37.8%	37.8%	38.5%
EBITDA	21.0%	17.3%	19.5%	20.9%	19.7%	19.9%	20.5%	18.9%	21.2%	20.1%	21.3%	21.6%	22.1%	22.3%	21.9%	23.0%
Operating margin	7.9%	3.4%	5.8%	7.8%	6.3%	6.0%	7.6%	5.1%	7.9%	6.7%	7.2%	7.7%	7.9%	8.5%	7.9%	9.4%
Net margin	0.8%	0.2%	(0.2%)	0.4%	0.3%	(1.1%)	0.5%	(2.5%)	1.1%	(0.5%)	0.1%	0.7%	0.9%	1.6%	0.9%	2.1%
Growth YoY																
YoY																
Network Connectivity Services	11.2%	5.4%	4.8%	19.1%	10.2%	12.8%	3.0%	22.9%	7.0%	11.2%	13.0%	22.0%	5.0%	6.0%	11.0%	6.0%
Data Center Services	3.4%	6.7%	13.4%	13.6%	9.2%	24.3%	22.7%	40.4%	38.0%	31.5%	23.0%	30.0%	20.0%	20.0%	23.0%	24.0%
Digital Services	18.5%	24.9%	(22.3%)	(8.7%)	(0.7%)	(9.1%)	30.3%	(2.9%)	3.6%	5.7%	15.4%	(14.0%)	11.4%	10.1%	4.0%	10.7%
Total revenue	10.4%	10.7%	(2.5%)	8.8%	6.6%	10.2%	16.9%	21.2%	15.4%	15.9%	17.1%	13.2%	11.9%	12.0%	13.4%	13.9%
Gross profit	12.3%	11.3%	4.9%	12.1%	10.1%	8.9%	19.2%	15.2%	17.5%	15.3%	20.7%	11.6%	18.8%	13.8%	16.0%	16.0%
EBITDA	15.6%	0.7%	5.2%	22.8%	11.3%	4.2%	38.4%	17.5%	17.1%	18.5%	25.8%	19.3%	30.8%	18.3%	23.2%	20.1%
EBIT	8.2%	(45.4%)	(17.0%)	38.0%	(4.1%)	(16.6%)	158.3%	6.5%	16.5%	23.3%	40.4%	15.0%	72.5%	21.5%	33.5%	35.8%
EPS	(78.4%)	(86.6%)	NM	NM	(85.0%)	NM	NM	NM	NM	NM	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)

	F2024	F2025E	F2026E	F2027E
Net income	\$0.8	(\$3.0)	\$6.1	\$17.6
D&A	73.4	87.3	100.9	112.3
Provision for doubtful accounts	4.1	-	-	-
Stock compensation	0.1	0.2	0.2	0.2
Net finance (income) / expense	29.8	-	-	-
Unrealized (gain) / loss on account of exchange differences	1.1	-	-	-
Amortization of leasehold prepayments	0.0	-	-	-
Accounts receivable	(7.4)	(69.0)	(38.5)	(45.3)
Inventory	(22.3)	8.2	(5.3)	(6.3)
Prepaid and other current assets	(9.9)	-	-	-
Accounts payable	43.5	44.7	31.1	37.0
Employee benefits	-	-	-	-
Deferred income	-	-	-	-
Income taxes (paid)/ refund received	(39.3)	-	-	-
Cash from operating activities	76.7	68.3	94.5	115.6
PPE	(171.1)	(203.4)	(187.5)	(164.3)
Intangible assets	-	-	-	-
Investments in debt securities	(2.4)	-	-	-
Finance income received	-	-	-	-
Cash from investing activities	(192.8)	(203.4)	(187.5)	(164.3)
Proceeds (purchase) of common stock	0.6	60.8	-	-
Debt	163.5	130.8	38.5	38.5
Finance expenses paid	(43.8)	-	-	-
Proceeds (repayment) finance lease liabilities	(5.8)	-	-	-
Dividend and distribution tax	-	-	-	-
Cash from financing activities	114.5	191.5	38.5	38.5
FX	-	-	-	-
Net change in cash	(1.6)	56.4	(54.5)	(10.3)
Cash and equivalents at the beginning of period	69.7	68.1	124.6	70.1
Cash and equivalents at the end of period	68.1	124.6	70.1	59.8
FCF	(94.4)	(135.1)	(93.0)	(48.7)
FCF / share	(\$0.53)	(\$0.37)	(\$0.22)	(\$0.11)

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)

	F2024	F2025E	F2026E	F2027E
Cash	63.2	119.6	65.1	54.8
Restricted cash	26.6	26.6	26.6	26.6
Inventory	\$52.2	\$44.0	\$49.3	\$55.6
Accounts receivable	217.0	286.0	324.5	369.7
Prepaid expenses	13.4	13.4	13.4	13.4
Total current assets	372.4	489.7	478.9	520.2
PPE	495.5	615.3	701.9	753.9
Intangible assets	-	-	-	-
Lease payments	-	-	-	-
Other assets	111.7	111.7	111.7	111.7
Other investments	18.5	18.5	18.5	18.5
Total assets	998.1	1,235.2	1,311.0	1,404.2
Finance lease obligations	-	-	-	-
Borrowings	99.2	99.2	99.2	99.2
Bank overdraft	7.5	7.5	7.5	7.5
Accounts payable	215.6	260.3	291.3	328.3
Deferred income	-	-	-	-
Total current liabilities	360.2	404.9	436.0	472.9
Finance lease obligations	-	-	-	-
Long-term debt	270.9	401.7	440.1	478.6
Employee benefits	2.5	2.5	2.5	2.5
Other liabilities	88.8	88.8	88.8	88.8
Compulsory convertible debentures	-	-	-	-
Other	-	-	-	-
Other	-	-	-	-
Total liabilities	722.3	897.8	967.3	1,042.7
Share capital	28.4	28.6	28.7	28.9
Share premium	303.6	303.6	303.6	303.6
Share based payment reserve	5.4	5.4	5.4	5.4
Other components of equity	135.4	199.9	199.9	199.9
Accumulated deficit	(103.1)	(106.1)	(100.0)	(82.3)
Total stockholders' equity	369.7	431.3	437.6	455.4
Total liabilities and equity	1,092.0	1,329.1	1,405.0	1,498.2
ROE	0.5%	-0.8%	1.4%	4.0%
Total Debt-to-capital	50.0%	53.7%	55.2%	55.9%
Net debt-to-TTM EBITDA	2.66x	2.83x	2.89x	2.66x
Cash (debt) per share	(\$1.62)	(\$0.99)	(\$1.06)	(\$1.17)

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

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

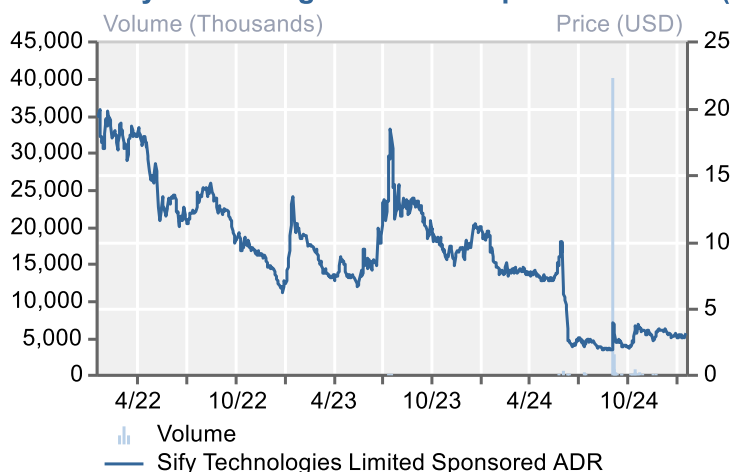
Required Disclosures

Sify Technologies Limited Sponsored ADR (SIFY-\$2.95) NR Price Target: \$18 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
PT	4/18/24	1.2		3	
PT	10/4/24	2.3		18	

Sify Technologies Limited Sponsored ADR (\$



Source: FactSet Prices

Valuation

We maintain our \$18 price target. The stock is trading at an enterprise value of just 3.5x our F2027 EBITDA projection, a steep discount to peers in the India telecom and application and technology integration market, which trade at 8x-12x EBITDA. We think this reflects Sify's small size, emerging growth, and the large capital requirements of its expansion. But we think the Market is ignoring SIFY's track record of revenue and EBITDA growth and its growth potential as new data center capacity comes online. We think the stock's discounted valuation is unwarranted. With Sify's infrastructure investments beginning to generate revenue and earnings leverage likely to improve, we see merit to the stock trading within the peer range. Our \$18 price target is based on an unchanged 75x our F2027 EPS estimate of \$0.04 multiplied by the ADR exchange ratio of 6. This equates to about 9.5x our F2026 EBITDA estimate of \$189 million, less projected net debt of \$505 million, to yield \$1.3 billion, or \$3.00 which multiplied by 6 (shares per ADR exchange ratio) equates to \$18. 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	35	24.1%	3	8.6%
NEUTRAL(a)	17	11.7%	1	5.9%
NOT RATED	0	0.0%	0	0.0%
NR -CSRs Moderate Risk (c)	81	55.9%	1	1.2%
NR -CSRs High Risk (c)	12	8.3%	0	0.0%
TOTAL	145	100%	5	3.4%

(a) Of the NEUTRALS 6 trade above our price target.

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

(c) 87.1% of our CSRs are moderate risk, while 12.9% 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.

Other Disclosures

This report is for information purposes only and is not intended as an offer to sell or a solicitation to buy securities. Sidoti does not maintain a predetermined schedule for publication of research and will not necessarily update this report. The stock rating on this report reflects the analyst's recommendation based on a 12-month period. Past performance should not be construed as indicative of future performance. Information contained herein is based on sources Sidoti believes to be reliable, but it does not guarantee their accuracy. Targets, forecasts, estimates, valuations, and opinions concerning the subject company or its securities, and information involving composition of market sectors included in this report reflect analyst judgments as of this date and are subject to change without notice. It should be presumed that the analyst who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication. This report was prepared for market professionals and institutional investor customers. Market professionals and institutional investors should consider this report as only a single factor in making their investment decisions. This research report is not a substitute for the exercise of your independent judgment. At times, Sidoti may be in possession of material non-public information, none of which is used in the preparation of our research. Sidoti 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. Sidoti receives and seeks to receive, through the efforts of non-research employees, commission sharing agreement compensation from institutional investors in connection with providing securities-related services including access to this report. Reprints of Sidoti & Company, LLC reports are prohibited without permission. Additional information is available upon request. The trademarks and service marks contained in Sidoti & Company Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data.

SPECIAL CSR-RELATED DISCLOSURES

Very Important Notice to Recipients Regarding Purpose and Usage of CSR Reports

If demarcated "Company Sponsored Research" on the cover page of this document, this report was commissioned for a fee by the subject company and is part of our Company Sponsored Research ("CSR") program. All Sidoti & Company, LLC ("Sidoti") research is prepared only for market professionals and institutional investor customers based on publicly available information. This report is for information purposes only and is not intended as an offer to sell or a solicitation to buy securities. Sidoti research does not provide individually tailored investment advice and has been prepared without regard to the circumstances and objectives of those who receive it. Should recipients use the information contained herein to assist them in making an investment decision, they must consider this report as only one factor in making their investment decisions, exercise their own independent judgment and carefully consider the appropriateness of an investment based on their individual circumstances and objectives – including, without limitation, financial status, risk tolerance and risk/return preferences. An investment in the securities described herein may not meet any or all of the recipient's income, capital appreciation or other objectives and is subject to considerable risks. No non-institutional investor recipient should make an investment in the securities discussed herein without first having received advice from his or her purchaser representative, qualified financial advisor and tax and legal advisors. For more information concerning the valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact Sidoti's Client Support Team at US/Canada +1 212-453-7000. Alternatively, you may contact a Sidoti investment representative by mailing Sidoti & Company, LLC, Attention: Director of Research, 1177 Avenue of the Americas, 5th Floor, New York, NY 10036, USA.

CSR Fees and Related Potential Conflicts of Interest

Sidoti receives a flat fee of \$40,000 from companies who commissioned CSR coverage from Sidoti prior to January 1, 2023 ("Pre-2023 CSRs") and \$50,000 from companies that are not Pre-2023 CSRs. Those Pre-2023 CSRs will pay a flat fee of \$45,000 for an additional year of coverage when renewing in 2023. This fee is for the production and dissemination of an Initiation Report (if the initial year of the contract) and quarterly update reports during the one-year term of a CSR contract. (Sidoti does not accept stock or warrant compensation). Such contractually required reports coincide with initiation of coverage and the subject companies' quarterly earnings releases. Sidoti may also publish reports on its CSR companies between each earnings report for which it has a contractual obligation to publish. The purpose of the CSR fee is to subsidize the high costs of providing securities research coverage. Sidoti's receipt of a fee from the issuer described herein for producing this report could present potential conflicts of interest. To mitigate the potential for conflicts, Sidoti:

- assures its contracts with the issuer described herein allows for Sidoti's full editorial control of all research and, within reason, the timing of its release;
- requires the term of a contract extend for one full year, which contract the issuer cannot unilaterally terminate;
- provides Sidoti the ability to terminate the contract under certain circumstances;
- insists that, at a minimum, pro-rata payment of the annual fee is received prior to the publication or release of a research report;
- 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.

Notwithstanding the measures set forth above to mitigate the risk of potential conflicts of interest, Sidoti makes no representations and does not warrant that such measures can or will fully eradicate potential conflicts.

Certain Additional CSR Risk Considerations

Many companies covered under Sidoti's CSR program can be classified as microcap stocks, which equities typically bear certain risks that are not as prevalent in the "Blue Chip", large capitalization, mid capitalization or even the small capitalization segment of the market. Microcap stocks are more prone to trade at discounts. They generally have smaller trading volume and smaller public floats than companies with larger market capitalization, which can lead to an inability to buy or sell shares (liquidity risk) in quantity without moving the market (or at all), large bid-ask spreads, and increased stock price volatility (which can result) even if a trade involves a very small number of shares. In addition, microcaps tend to have significant company specific risks that contribute to lower valuations and may limit stock price appreciation. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market. Given the foregoing, readers of this report are urged to pay special attention to the risk rating and risk factors set forth in this report, as well as to seek more detailed information regarding risks by reviewing the company's public filings at www.sec.gov.

Source(s)

Key Statistics data is sourced from FactSet Research Systems