October 1, 2018

Zacks Small-Cap Research

Brian Marckx, CFA
bmarckx@zacks.com
Ph (312) 265-9474

Sponsored – Impartial - Comprehensive

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Pharma-Bio Serv, Inc. (PBSV-OTCQB)

PBSV: Lab Assets Sold, Should Benefit Margins, Profitability. Big Cash Balance Affords Strategic Flexibility

We look for revenue to grow at a 4 year CAGR of approximately 13% through 2021. We use an industry PE/G ratio of 1.9x to value PBSV. We look for 2020 EPS of $0.08 which values the company at approximately $2.25/share. The stock currently trades at about $0.99, indicating the shares are trading cheaper than fair value.

Current Price (10/01/18)	$0.99
Valuation	**$2.25**

OUTLOOK

Announced in mid-August and closed on September 17th, sale of the Scienza Lab laboratory assets sheds a segment which accounted for 12% - 13% of PBSV's total revenue over the last two years but which also struggled to cover its fixed costs. The assets were bought for $5M, which is payable as $2M cash and a $3M two-year promissory note. Given that the lab segment struggled to cover fixed costs (and, presumably, the outlook was that that would continue to be the case) and PBSV had an opportunity to sell the lab for $5M (and to an existing customer), we think it was a sensible and shareholder-friendly decision. Or model updates reflect incremental benefit from the sale of the lab. Specifically, significant improvement to service margin, a slight improvement to operating expenses, operating income and EPS. While the now even more sizeable cash balance provides that much more flexibility in terms of strategy, our model does not (yet) reflect any assumed new (i.e. inorganic) growth catalysts. That could change, however. In the meantime, share buybacks provide an opportunity to reinvest cash and do so at a very attractive valuation. Our price target has moved from $1.50 to $2.25/share.

SUMMARY DATA

52-Week High	**$0.99**
52-Week Low	**$0.33**
One-Year Return (%)	**183.08**
Beta	**0.53**
Average Daily Volume (sh)	**9,427**
Shares Outstanding (mil)	**23**
Market Capitalization ($mil)	**$23**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**52**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-15.3**
Earnings Per Share (%)	**-42.0**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2018 Estimate	**99.0**
P/E using 2019 Estimate	**24.8**
Zacks Rank	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Small-Value**
Industry	**Consulting**

ZACKS ESTIMATES

Revenue
(in millions)

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2017	$4.1 A	$3.9 A	$4.0 A	$3.6 A	$15.6 A
2018	$4.2 A	$4.4 A	$5.2 A	$4.6 E	$18.4 E
2019					$18.0 E
2020					$20.6 E

Earnings per Share

	Q1 (Jan)	Q2 (Apr)	Q3 (Jul)	Q4 (Oct)	Year (Oct)
2017	-$0.02 A	-$0.01 A	-$0.01 A	-$0.02 A	-$0.06 A
2018	-$0.12 A	-$0.01 A	$0.03 A	$0.10 E	$0.01 E
2019					$0.04 E
2020					$0.08 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

Fiscal Q3 2018 Results: *Lab Sale Improves Profitability, Further Bolsters Cash, Provides Strategic Options…*

PBSV reported financial results for their fiscal third quarter ending July 31st. Revenue growth remains very robust, particularly as it relates to Puerto Rico and U.S. consulting – the #1 and #2 largest contributors to total revenue. Total revenue jumped 31% yoy and more than 18% sequentially to $5.2M, the highest level since Q4 2015 ($5.9M). Through the first nine months of fiscal 2018, total revenue was $13.8M, up nearly 16% from the comparable prior-year period.

Consulting revenue was $4.7M, up 35% yoy and 22% better than Q2. Consulting revenue increased sequentially for the third consecutive quarter, expanding by an average of 12% per quarter since fiscal Q4 '17. Through the first nine months of 2018, consulting revenue grew almost 20%. The recent and accelerating strength in consulting revenue is particularly encouraging given PBSV's decision to sell their (Puerto Rico-based) laboratory assets (i.e. Scienza Labs). Lab revenue grew 4% in Q3 but was down almost 7% through the first nine months of the year. The lab similarly lagged consulting on a profitability basis (per 10-Q footnotes) with the former generating an operating loss of $237k YTD, compared to $911k of operating income generated by consulting services.

Similar to results through the first six months of the year, revenue growth in Q3 did not come at the expense of elevated spend - in fact, operating expenses as a percentage of revenue were the lowest in 3 ½ years. That, combined revenue at an 11-quarter high and the beefiest margins in 2 ½ years, pushed operating profit to $368k – a level not achieved since Q1 2016.

Net income and EPS, which further benefitted from $368k in non-recurring income associated with adverse effects of last years' hurricanes, also were at multi-year highs. Captured in 'other income' (i.e. below operating income) on the income statement, $148k relates to property damage-related insurance recoveries while the other $220k relates to U.S. federal grant money paid to P.R. employers that retained (i.e. did not lay off) staff during the post-storm recovery period. Q3 net income and EPS were $731k / $0.03 on a GAAP basis and approximately $400k / $0.02 adjusted for the non-recurring income – even on an adjusted basis, Q3's numbers are the best since Q4 2015.

Lab divestiture

Announced in mid-August and closed on September 17th, sale of the Scienza Lab laboratory assets sheds a segment which accounted for 12% - 13% of PBSV's total revenue over the last two years but which also struggled to cover its fixed costs. Romark Global Pharma, LLC, a pharmaceutical client of PBSV's (per company investor presentation), bought the assets for $5M, which is payable as $2M cash and a $3M two-year promissory note.

Consistent with management's historic approach towards not providing much in the way of financial or strategic guidance, sale of the lab was accompanied by only brief comments from the company…. *"With the completion of the sale, we move forward with our strategy to concentrate our focus and efforts on our core consulting business, and streamline our operating segments"* (Victor Sanchez, PBSV CEO, 8-k filed 9/21/18). But, given disclosures in their public filings which indicated that the lab segment had consistently been less profitable (proportional to revenue contribution) than their consulting operations (in aggregate) over the last two years, anything more than just brief comments may not (necessarily) have been necessary.

While opportunistic timing may have played a role, we think the decision was based around strategic initiatives aimed at accelerating revenue and income growth. While lab revenue posted strong growth from 2014 through 2016 and quickly bounced back following interruption from the hurricanes, this segment was never consistently profitable. Conversely, while consulting revenue has been on a downward trend since reaching a peak of more than $31M in 2013, it did not dip into the red until 2016. And while 2017 was marked from interruption from the hurricanes, PBSV's quick recovery and resurgence of growth from Puerto Rico as well as the United States has resulted in rapid improvement in profitability of consulting services.

PBSV employed expense-control initiatives during times of lower activity which were effective in mitigating losses/improving profitability. That, along with time and material contracts which provide a large degree of 'margin protection' helped to limit losses from consulting services. Unlike the consulting business, the capital-intensive nature of the lab does not lend itself to significant cost-cutting. In order to generate a profit, PBSV's lab needed to meet a minimum revenue threshold to cover its fixed costs (including depreciation on capital assets). Given that it struggled to do so (and, presumably, the outlook was that that would continue to be the case) and PBSV had an opportunity to sell the lab for $5M (and to an existing customer), we think it was a sensible and shareholder-friendly decision.

Revenue	2010 A	2011 A	2012 A	2013 A	2014 A	2015 E	2016 A	2017 A	6mths 2018
Lab	$740.5	$754.8	$857.9	$1,866.9	$1,718.7	$2,005.6	$2,446.6	$2,040.6	$1,062.6
% of total sales	*6.5%*	*3.8%*	*2.9%*	*5.6%*	*6.2%*	*8.6%*	*12.5%*	*13.1%*	*12.3%*
Consulting	$10,606.0	$19,178.4	$28,369.2	$31,195.1	$25,836.3	$21,379.3	$17,090.1	$13,538.7	$7,554.2
% of total sales	*93.5%*	*96.2%*	*97.1%*	*94.4%*	*93.8%*	*91.4%*	*87.5%*	*86.9%*	*87.7%*
Total Revenue	**$11,346.5**	**$19,933.2**	**$29,227.2**	**$33,062.0**	**$27,555.0**	**$23,384.9**	**$19,536.7**	**$15,579.3**	**$8,616.8**

Pre-tax income (loss)	2010 A	2011 A	2012 A	2013 A	2014 A	2015 E	2016 A	2017 A	6mths 2018
Lab	($272.1)	($299.3)	($381.4)	$250.5	($116.7)	($41.9)	($45.9)	($648.6)	($219.5)
pre-tax margin	*-36.7%*	*-39.7%*	*-44.5%*	*13.4%*	*-6.8%*	*-2.1%*	*-1.9%*	*-31.8%*	*-20.7%*
% of total pre-tax income	*-43.8%*	*-8.6%*	*-6.6%*	*4.1%*	*-4.1%*	*-2.3%*	*22.5%*	*46.0%*	*240.3%*
Consulting	$893.3	$3,763.1	$6,137.0	$5,825.8	$2,979.0	$1,834.7	($157.8)	($762.4)	$128.2
pre-tax margin	*8.4%*	*19.6%*	*21.6%*	*18.7%*	*11.5%*	*8.6%*	*-0.9%*	*-5.6%*	*1.7%*
% of total pre-tax income	*143.8%*	*108.6%*	*106.6%*	*95.9%*	*104.1%*	*102.3%*	*77.5%*	*54.0%*	*-140.3%*
Total Pre-Tax Income	**$621.2**	**$3,463.8**	**$5,755.6**	**$6,076.3**	**$2,862.3**	**$1,792.8**	**($203.7)**	**($1,411.0)**	**($91.3)**
pre-tax margin	*5.5%*	*17.4%*	*19.7%*	*18.4%*	*10.4%*	*7.7%*	*-1.0%*	*-9.1%*	*-1.1%*

The table above is aggregated from PBSV's filings and provides a general guide as to the profitability of the lab versus that of the consulting business. Note that the respective pre-tax income figures, as presented above, of each of the two itemized business segments (i.e. lab, consulting) does not reconcile exactly with what is implied in the pro formas (8-k filed Sept 21st and included in this report, below). For example, according to the table above (i.e. per the 10-K) FY2017 lab pre-tax loss was $649k. But, the pro formas imply that it was only $369k. We think the difference (i.e. $649k - $369k = $280k) likely represents general overhead expenses that have been allocated to the lab (but which is not specific to either business segment). If that is the case, we think much or all of this expense ($280k in FY2017) is likely to remain following the lab sale, while it is the direct-lab expenses ($368k in FY2017) that will be shed.

So, while the table above provides insight into relative profitability of consulting versus that of the lab, the pro formas may be more representative of aggregate profitability ex-lab. The tables below illustrate the benefit to margins, operating expense, net income and EPS for fiscal 2017 and the nine months ending 7/31/18.

Expenses per Revenue				
		COGS	OpEx	**Total**
9 mths thru Q3'18	Actual	73.3%	25.0%	98.3%
	PF ex-Lab	69.2%	28.0%	97.2%
FY2017	Actual	76.8%	32.3%	109.1%
	PF ex-Lab	71.4%	36.5%	107.9%

Improvement pro forma ex-Lab							
Rev growth	GM	Op Income	Op margin	Net Income	EPS		
-		-	-	-	-		**9 mths thru Q3'18**
380 bps	410 bps	$103.2K	110 bps	$9.4K	$0.002	PR ex-Lab	
-		-	-	-	-		**FY2017**
-50 bps	550 bps	$368.5K	130 bps	$368.3K	$0.016	PR ex-Lab	

	FY2017	FY2017 ex-Lab	9Mths 2018 Actual	9Mths 2018 ex-Lab
Puerto Rico Consulting	$10,936.2	$10,936.2	$9,737.9	$9,737.9
% of total sales	70.2%	80.8%	70.4%	79.7%
U.S. Consulting	$1,217.5	$1,217.5	$1,311.9	$1,311.9
% of total sales	7.8%	9.0%	9.5%	10.7%
Europe Consulting	$1,087.6	$1,087.6	$1,042.1	$1,042.1
% of total sales	7.0%	8.0%	7.5%	8.5%
Lab (microbiological & chemical	$2,040.6	$0.0	$1,612.0	$0.0
% of total sales	13.1%	0.0%	11.7%	0.0%
Other segments	$297.4	$297.4	$128.4	$128.4
% of total sales	1.9%	2.2%	0.9%	1.1%
Total Revenues	**$15,579.3**	**$13,538.7**	**$13,832.0**	**$12,220.3**
YOY Growth	*-20.3%*	*-20.8%*	*15.8%*	*19.6%*
Cost of Services	$11,968.1	$9,659.8	$10,133.7	$8,453.9
Gross Income	**$3,611.1**	**$3,878.9**	**$3,698.6**	**$3,766.3**
Gross Margin	*23.2%*	*28.7%*	*26.7%*	*30.8%*
SG&A	$5,036.3	$4,935.5	$3,460.3	$3,425.1
% SG&A	*32.3%*	*36.5%*	*25.0%*	*28.0%*
Operating Income	**($1,425.1)**	**($1,056.6)**	**$238.2**	**$341.3**
Operating Margin	*-9.1%*	*-7.8%*	*1.7%*	*2.8%*
Total Other Income (Expense)	$14.1	$13.8	$436.6	$393.2
Pre-Tax Income	**($1,411.0)**	**($1,042.7)**	**$674.8**	**$734.5**
Tax expense (benefit)	$3.9	$3.9	$2,736.6	$2,746.0
Tax Rate	*-0.3%*	*-0.4%*	*405.5%*	*373.9%*
Net Income	**($1,414.9)**	**($1,046.6)**	**($2,061.7)**	**($2,011.6)**
Net Margin	-	-	-	-
EPS	**($0.061)**	**($0.045)**	**($0.089)**	**($0.087)**
YOY Growth	-	-		
Diluted Shares O/S	23,097	23,097	23,076	23,076

Cash balance continues to grow…

Aside from possibly repurchasing additional shares (another ~1.7M shares can be repurchased under their existing stock buyback program), we do not have any particular insight as to management's plans for potentially reinvesting their now even-larger cash position. Pro forma for the sale, cash balance was $16.9M as of July 31st – and that does not include the $3M promissory note (which will be fully collected over two years). In addition, operating cash flow is improving with the recent revenue growth and cost-containment efforts.

Recognition of certain non-recurring items during fiscal 2018 related to the hurricanes and change in U.S. tax law makes profitability and cash flow analysis a little more difficult. For simplicity, our analysis removes the (non-recurring) $2.7M tax expense (in Q1) related to the one-time transition tax as well as the $368k in hurricane-related reimbursements (in Q3). And, as always, we exclude changes in working capital given the potential to skew. Using this methodology, cash flow from operations was $902k in Q3 and $1.15M through the first nine months of 2018. Capex was minimal ($0 and $58k, respectively).

Model Update…

We are encouraged by the recent accelerated growth in PR and US consulting revenue, particularly given the relatively high margins and direct benefit to cash flow, income and EPS. Given that consulting at these current levels is in the black and generating cash, a substantial portion of each incremental dollar should flow through the income statement.

Or model updates reflect incremental benefit from the sale of the lab. Specifically, significant improvement to service margin, a slight improvement to operating expenses, operating income and EPS. While the now even more sizeable cash balance provides that much more flexibility in terms of strategy, our model does not (yet) reflect any assumed new (i.e. inorganic) growth catalysts. That could change, however. In the meantime, share buybacks afford an opportunity to reinvest cash and do so at a very attractive valuation.

We look for consulting revenue to grow at a 4-year CAGR of approximately 15% through 2021. We use an industry PE/G ratio of 1.9x to value PBSV. We look for 2020 EPS of $0.08 which values the company at approximately $2.25/share. The stock currently trades at about $0.99, indicating the shares are trading cheaper than fair value.

We also note that the shares continue to trade well below book value and only slightly higher than cash value. Pro forma for sale of the lab, book value (7/31/2018) is estimated at $21.6M, or $0.94/share. Pro forma cash balance is $16.9M, or ~$0.73/share. We think book value should provide a floor on the stock.

FINANCIAL MODEL

Pharma-Bio Serv, Inc

	2017 A	Q1 A	Q2 A	Q3 A	Q4E	2018 E	2019 E	2020 E	2021 E
Lab (microblgical & chem testing)	$2,040.6	$478.9	$583.7	$549.4	$301.8	$1,913.8	$0.0	$0.0	$0.0
YOY Growth	*-16.6%*	*-25.4%*	*4.2%*	*4.1%*	*-2.8%*	*-6.2%*	*0.0%*	*0.0%*	*0.0%*
% of total sales	13.1%	11.4%	13.3%	10.5%	6.6%	10.4%	0.0%	0.0%	0.0%
Consulting Total (ie. non-lab)	$13,538.7	$3,733.5	$3,820.8	$4,666.0	$4,272.8	$16,493.0	$18,023.1	$20,608.9	$23,535.7
YOY Growth	*-20.8%*	*9.7%*	*13.7%*	*35.2%*	*28.7%*	*21.8%*	*9.3%*	*14.3%*	*14.2%*
% of total sales	86.9%	88.6%	86.7%	89.5%	93.4%	89.6%	100.0%	100.0%	100.0%
Total Revenues	$15,579.3	$4,212.4	$4,404.4	$5,215.4	$4,574.6	$18,406.8	$18,023.1	$20,608.9	$23,535.7
YOY Growth	*-20.3%*	*4.1%*	*12.3%*	*31.0%*	*26.0%*	*18.1%*	*-2.1%*	*14.3%*	*14.2%*
Cost of Services	$11,968.1	$3,129.2	$3,397.2	$3,607.2	$3,316.6	$13,450.3	$12,165.6	$13,292.7	$14,804.0
Gross Income	$3,611.1	$1,083.1	$1,007.2	$1,608.2	$1,258.0	$4,956.6	$5,857.5	$7,316.1	$8,731.7
Gross Margin	*23.2%*	*25.7%*	*22.9%*	*30.8%*	*27.5%*	*26.9%*	*32.5%*	*35.5%*	*37.1%*
SG&A	$5,036.3	$1,064.0	$1,156.4	$1,240.0	$1,669.7	$5,130.0	$4,974.4	$5,519.1	$6,166.4
% SG&A	*32.3%*	*25.3%*	*26.3%*	*23.8%*	*36.5%*	*27.9%*	*27.6%*	*26.8%*	*26.2%*
Operating Income	($1,425.1)	$19.2	($149.2)	$368.2	($411.7)	($173.5)	$883.1	$1,797.1	$2,565.4
Operating Margin	*-9.1%*	*0.5%*	*-3.4%*	*7.1%*	*-9.0%*	*-0.9%*	*4.9%*	*8.7%*	*10.9%*
Total Other Income (Expense)	$14.1	$17.8	$20.8	$397.9	$2,925.0	$3,361.6	$65.0	$50.0	$44.0
Pre-Tax Income	($1,411.0)	$37.0	($128.3)	$766.2	$2,513.3	$3,188.1	$948.1	$1,847.1	$2,609.4
Tax expense (benefit)	$3.9	$2,701.0	$0.0	$35.6	$127.7	$2,864.3	$98.6	$288.1	$443.6
Tax Rate	*-0.3%*	*7297.9%*	*0.0%*	*4.6%*	*5.1%*	*89.8%*	*10.4%*	*15.6%*	*17.0%*
Net Income	($1,414.9)	($2,664.0)	($128.3)	$730.6	$2,385.6	$323.9	$849.5	$1,558.9	$2,165.8
YOY Growth	*451.5%*	*597.1%*	*-60.2%*	*-548.3%*	*-536.1%*	*-122.9%*	*162.3%*	*83.5%*	*38.9%*
Net Margin	*-9.1%*	*-63.2%*	*-2.9%*	*14.0%*	*52.1%*	*1.8%*	*4.7%*	*7.6%*	*9.2%*
EPS	($0.06)	($0.12)	($0.01)	$0.03	$0.10	$0.01	$0.04	$0.08	$0.11
YOY Growth	*453.7%*	*596.8%*	*-60.2%*	*-548.8%*	*-537.2%*	*-122.9%*	*186.1%*	*89.3%*	*38.9%*
Diluted Shares O/ S	23,097	23,064	23,063	23,075	23,062	23,066	21,150	20,500	20,500

Brian Marckx, CFA

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

BALANCE SHEET

	Pro forma for lab sale July 31, 2018	July 31, 2018	October 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	$ 16,939	$ 15,189	$ 11,752
Marketable Securities	39	39	27
Accounts Receivable	5,180	5,180	7,208
Promissory note (ST portion)	500	-	
Other	489	489	550
Total current assets	23,146	20,896	19,537
Property and equipment, net	242	1,992	2,391
Promissory note (LT portion)	2,500	-	
Other assets	419	419	423
Total assets	$ 26,307	$ 23,307	$ 22,350
LIABILITIES			
Current liabilities:			
Current portion-obligations under capital lease	$ 14	$ 14	$ 14
Accounts payable and accrued expenses	1,812	1,787	1,527
Income taxes payable	372	253	2
Total current liabilities	2,198	2,054	1,543
US Tax Reform Transition tax payable	2,485	2,485	-
Obligations under capital leases	50	50	60
Total liabilites	4,733	4,589	1,603
STOCKHOLDERS' EQUITY			
Preferred Stock	-	-	-
Common stock	2	2	2
Additional paid-in capital	1,348	1,348	1,295
Retained earnings	20,354	17,498	19,560
Accumulated other comprehensive loss	131	131	138
Total stockholders' equity	21,836	18,980	20,995
Total liabilities and stockholders' equity	$ 26,307	$ 23,307	$ 22,350

CASH FLOW STATEMENT

	July 31, 2018	2017
Cash flows from operating activities:		
Net income	$ 731	$ (163)
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on disposition of P&E	-	(19)
Stock-based compensation	18	20
Depreciation and amortization	154	88
Impairment of avail-for-sale securities	-	-
Changes in operating assets and liabilities:		
Accounts receivable	1,377	(312)
Other assets	(138)	(102)
Liabilities	104	9
Net cash provided by operating activities	2,245	(478)
Cash flows from investing activities:		
Acquisition of P&E		(41)
Proceeds from disposition of P&E	-	48
Net cash used in investing activities		7
Cash flows from financing activities:		
Proceeds from common stock issuance	-	-
Repurchase of common stock	-	
Payments on obligations under capital lease	(3)	(43)
Net cash provided by (used in) financing activities	(3)	(43)
Effect of exchange rate changes on cash	(40)	6
Net increase (decrease) in cash and cash equivalents	2,202	(507)
Cash and cash equivalents, beginning of period	12,987	12,705
Cash and cash equivalents, end of period	15,189	$ 12,198

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brian Marckx, CFA, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.