

Zacks Small-Cap Research

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Yatra Online, Inc.

(YTRA-NASDAQ)

YTRA: Possible Additional Listing on India Stock Exchanges Should Accelerate Valuation Re-rating

Based on 10-15% discount to the blended industry average and median of 3.4x EV/Sales 2022 on our Sales estimate, we believe the stock could be worth \$4.25 per share.

Current Price (9/16/21) \$2.06
Valuation **\$4.25**

OUTLOOK

Yatra Online is evaluating an additional listing on India stock exchanges. We like this consideration as it could help the stock's valuation re-rate faster.

Adding a listing in India could attract more retail mom & pop investors, who are currently prohibited from buying US shares (YTRA). It could also attract more mutual funds based in India. We expect the company to reach a decision by December.

Yatra is likely seeing continued week-on-week improvement in travel trends. Management had highlighted on their call a month ago the uptick in July and through mid-August for travel and bookings.

SUMMARY DATA

52-Week High **\$2.94**
52-Week Low **\$0.63**
One-Year Return (%) **136**
Beta **1.67**
Average Daily Volume (sh) **229,460**

Shares Outstanding (mil) **62**
Market Capitalization (\$mil) **\$128**
Short Interest Ratio (days) **2**
Institutional Ownership (%) **57**
Insider Ownership (%) **5**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **-30.6**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2021 Estimate **N/A**
P/E using 2022 Estimate **N/A**
P/E using 2023 Estimate **20x**

Risk Level **Above Average**
Type of Stock **Small-Growth**
Industry **Internet-Services**

ZACKS ESTIMATES

Revenue

(Adjusted in millions \$ USD, fiscal year-end March)

	Q1	Q2	Q3	Q4	Year
	(Jun)	(Sep)	(Dec)	(Mar)	(Mar)
2021	3.1 A	5.1 A	8.3 A	13.3 A	29.9 A
2022	6.6 A	9.7 E	13.6 E	17.6 E	47.4 E
2023	14.1 E	18.3 E	23.0 E	27.6 E	83.0 E
2024					121.2 E

EPS (Non-GAAP)

(Adjusted in \$ USD, fiscal year-end March)

	Q1	Q2	Q3	Q4	Year
	(Jun)	(Sep)	(Dec)	(Mar)	(Mar)
2021	-\$0.13 A	-\$0.06 A	-\$0.04 A	-\$0.06 A	-\$0.29 A
2022	-\$0.01 A	-\$0.03 E	-\$0.02 E	-\$0.02 E	-\$0.08 E
2023	\$0.00 E	\$0.02 E	\$0.00 E	\$0.01 E	\$0.03 E
2024					\$0.13 E

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

WHAT'S NEW

Business Update

We were pleasantly surprised by the news that Yatra Online, Inc. is considering whether to do additional listing of its Indian subsidiary on stock exchanges in India. The company will likely reach its decision by December after it further evaluates it with financial advisors.

We believe this move could lead to a re-rating of the stock more quickly than if it stayed entirely listed in the US with its YTRA ticker on the NASDAQ and YTROF on OTC Pink.

We envision retail investors located in India, like mom and pops, buying shares if it were to list there also. Currently, Indian retail investors are unable to buy shares of YTRA. Furthermore, mutual funds in India might become more attracted to local shares.

Additional benefits of adding listings in India would be access to more resources for capital if needed, some bigger institutional investors in India who might wade in on Yatra shares or possible increased sellside coverage from India-based analysts.

While we do not know the cost of doing additional listings, we believe the cost to list in India would be lower than what is charged in the US by investment bankers and service providers.

Our estimates remain unchanged for now until we learn if the company will incur additional expenses to list also on India stock exchanges.

We continue to believe this stock is undervalued for its prospects and versus peers. In our initiation report last month, we described several of Yatra's competitors such as MakeMyTrip (Golbibo), Easy Trip Planners (Ease My Trip), Thomas Cook India and a handful of others. We continue to point out that YTRA trades at a seemingly underserving too large of a discount compared to its peer group.

YTRA is trading at a 60% discount on EV/Sales calendar 2022 and 33% discount on EV/EBITDA calendar 2022 versus the peer group. This appears too wide of a discount in our opinion.

Fundamentals have been improving since June. July, August and likely September air passenger travel and corporate hotel bookings have improved sequentially from June. Per the company's comments on their earnings call last month, they cited that corporate gross bookings in July were up 268% over June. August, by that point in time, was up 316% from June.

Passenger travel has picked up and corporate travel is showing green shoots. Consulting, Banks and Big Tech Indian firms (including outsourcing players) are leading the recovery.

Holiday season travel begins soon, especially for the Diwali festival holiday in early November, Christmas in December and more comfortable weather for travel.

India has vaccinated 583 million people with at least one dose (42% of the population). A separate high percentage of the population could also have antibodies from becoming infected by the Delta wave in the spring. India's vaccination rates have held up well since accelerating in early June after slow progress February through May. We remind investors that India's metro areas and surrounding suburbs (35% of India's population, but 52% of its consumer spending) should have a higher percentage of protection, via combination of vaccinations and recent infections, than the rural areas. This augurs well for recent pickup in business and leisure travel and over the coming quarters (if no third wave of COVID-19).

Expanded offerings, including freight (air and ocean) and Book Now/Pay Later, should help YTRA be better positioned for the recovery unfolding. Yatra's Clean Pass has been successful with hotels.

Operating leverage thesis remains intact. Travel appears to have bottomed in June and is improving strongly since then. We believe that Yatra Online (YTRA) is well-positioned for travel recovery because of its #1 leading independent market share in corporate bookings in India and as #2 or #3 position in leisure OTA (online travel agency) in India.

We continue to believe that Yatra's Corporate and B2B side is a gem and make Yatra very interesting. Yatra should be capable of gaining market share on the corporate business travelers side and with B2B and enterprises because of its technology platform advantages, corporate SaaS platform, shift to online bookings away from traditional agents and new offerings.

VALUATION

We value YTRA using a peer comparables valuation methodology based on EV/Sales for 2022 estimates. We expect YTRA to begin generating positive annual adjusted EBITDA during this fiscal year.

\$4.25 remains our price target valuation for YTRA using a blended peer group average & median of 3.4x EV/Sales 2022 and applying a 10-15% discount for micro cap size, single country risk and corporate governance.

The stock is trading at 1.4x our calendar 2022 Sales estimate, which is a 60% discount to the peer group. 9.6x EV/Adjusted EBITDA calendar 2022 is a 33% discount to peers.

We expect a re-rating to narrow YTRA's relative valuation gap as travel picks up in India. An additional listing on India stock exchanges could accelerate this re-rating depending if there is no third wave of COVID-19 to strike India or the world.

Peer Group Valuation Table

Company	Ticker	Price* (local FX)	Market Cap* (local FX)	EV (local FX)	Sales 2021E Consensus	Sales 2022E Consensus	EV/Sales 2021E	EV/Sales 2022E	EBITDA 2021E Consensus	EBITDA 2022E Consensus	EV/EBITDA 2021E	EV/EBITDA 2022E
MakeMyTrip (Golbibo)**	MMYT	24.38	2,553	2,348	379	680	6.2x	3.5x	(15)	33	-158.6x	72.2x
Booking Holdings (Priceline/Kayak/Agoda)	BKNG	2,345	96,285	92,714	10,461	15,227	8.9x	6.1x	2,581	5,351	35.9x	17.3x
Expedia (Orbitz, Travelocity, Hotwire)	EXPE	150.17	22,649	28,148	8,365	11,505	3.4x	2.4x	1,177	2,380	23.9x	11.8x
Trip.com (formerly Ctrip)	9961 HK	217.60	115,086	127,194	23,844	35,092	5.3x	3.6x	2,532	7,541	50.2x	16.9x
Trivago N.V.	TVAG GR	2.12	767	612	360	604	1.7x	1.0x	13.3	52.8	46.0x	11.6x
TripAdvisor	TRIP	35.73	4,909	5,096	939	1,400	5.4x	3.6x	137	392	37.2x	13.0x
Corporate Travel Management (CTM)	CTD AU	21.42	2,933	2,896	443	677	6.5x	4.3x	113	209	25.7x	13.9x
Tongcheng-Elong Holdings	780 HK	16.94	31,092	25,150	8,095	10,419	3.1x	2.4x	1,634	2,280	15.4x	11.0x
Easy Trip Planners**	EASEMYT	648.45	70,451	68,329	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Thomas Cook India**	TC IN	64.45	24,380	21,634	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tripborn Holdings	TRRB	0.50	67	78	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cleartrip (private peer in India)	private				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carlson Wagonlit (private)	private				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ebookers (acquired by Avis Budget 2005)	private				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peer Average							5.1x	3.4x				21.0x
Peer Median							5.4x	3.5x				13.4x
Yatra Online**	YTRA	\$2.06	\$128	\$102	\$47	\$83	2.2x	1.2x	2.0	10.6	51.0x	9.6x
							2.4x cal '21	1.4x cal '22	adj	adj	70.3x cal '21	11.5x cal '22
							Discount to Peer Group	-55%	-60%		N/A	-33%

*9/16/21 closing prices **Fiscal years are March-end; 2022 = March 2023 year

Source: Bloomberg Consensus & Zacks SCR

RISKS

- COVID-19 pandemic or other severe illness outbreaks causing a prolonged downturn and decline in revenues. New variant strains, ineffective vaccinations, inadequate vaccination supply.
- Competition landscape risks including increased competition, search engines popularity for travel planning or lost market share in either air ticketing or hotels and packages
- Semi-permanent decline in corporate travel from work-from-home trend or remote workers.
- Channel partners such as airline suppliers, may reduce or eliminate commissions. Financial challenges or insolvency of major airlines like Jet Airways experienced in 2018 & 2019.
- History of operating losses and might not achieve profitability.
- Cybersecurity attacks on airline provider's, hotels or Yatra Online.
- Acts of terrorism in India or the company's travel market countries.
- Geopolitical risks and changes in regulations and laws.
- Macroeconomic risks and India country-specific risks.
- Foreign private issuer status on Nasdaq allows home country corporate governance practices (India)
- Liquidity of stock shares. 34% of shares owned by insiders, directors and affiliated companies
- Dilution from Equity Raises, Options, Restricted Stock Units (RSUs), Warrants, Convertible Debt, Preferred Debt & Private Placements: The company might need to raise capital to support working capital during high-growth periods or for acquisitions. Equity issuance would be dilutive to stock shareholders. See the Capital Structure section above for some details on options, RSUs, warrants.
- Affiliates, Large Shareholders, Executive Officers & Directors could exert significant control over stockholder matters.
- Investor Rights Agreement from the 2016 listing with MIHI LLC, Terrapin Sponsors and certain Terrapin 3 Acquisition Corp holders.
- Dual Classes of stock shares: Class A shares are non-voting shares, Class F
- Related Party Financing & Transactions.
- Staggered Board of Directors and Affiliated Owners could prevent a takeover. Not held an annual general meeting since December 2018 or done board elections since then.
- Bad Debt Provisions: write-offs and provisions for doubtful accounts.
- Impairments of Goodwill or Intangible Assets: such as taken in the March quarters of 2021 & 2020.
- Accounting practices differences: IFRS and not GAAP standards; non-IFRS financial measures.
- Bank Covenants: could be breaches that restrict credit facility or working capital funding.
- Currency Volatility: fluctuations in the value of the Indian rupee against USD, Euro, British Pound.
- Additional Operating Expenses or One-Off Costs: such as listing fees and expenses if also lists stock shares in India.

INCOME STATEMENT FORECASTS

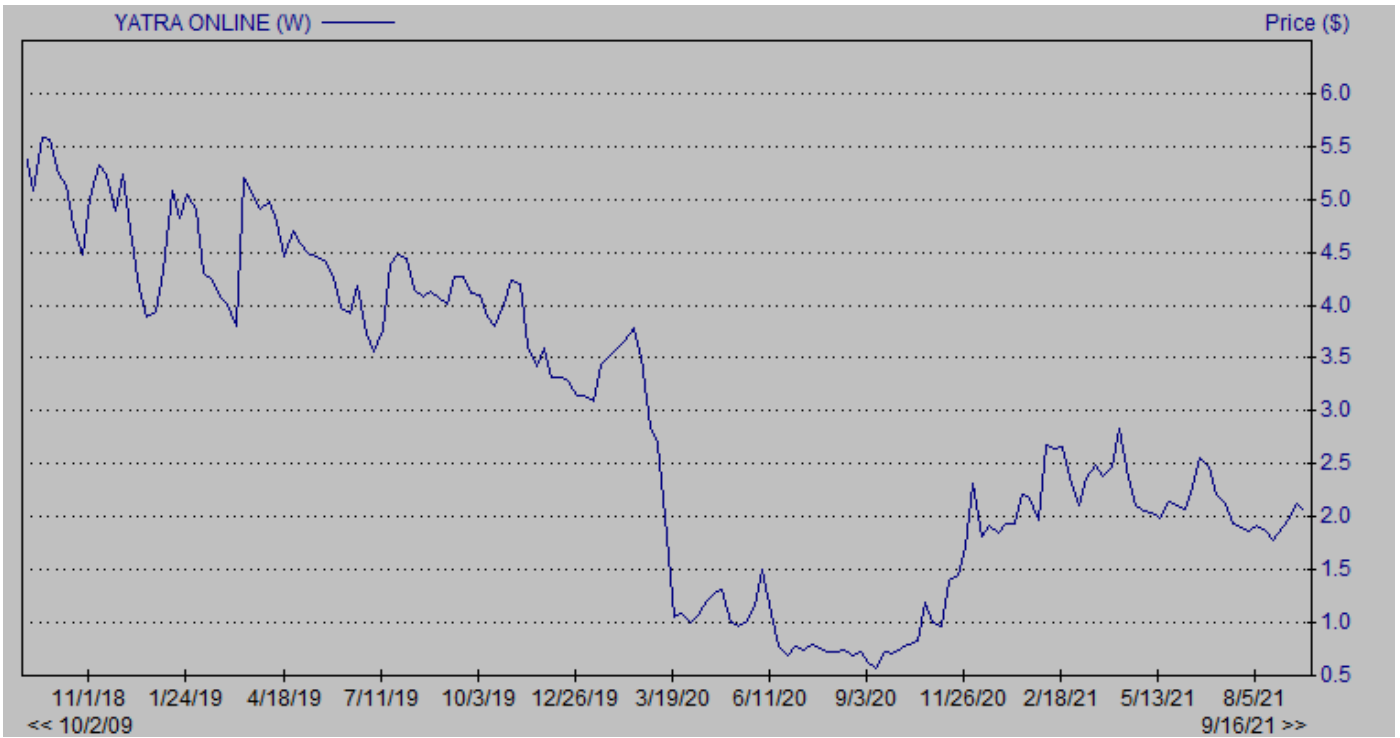
We show financials and forecasts translated into US Dollars (USD), rather than Indian Rupee (INR). We believe that USD translation is a more sensible comparison against public stock peers.

(Millions US Dollars* except EPS; March Yr-End)

Reports in INR (Indian Rupee); translated to USD*

	2018	2019	2020	June 1Q21	Sept 2Q21	Dec 3Q21	March 4Q21	2021	June 1Q22	Sept 2Q22E	Dec 3Q22E	March 4Q22E	2022E	June 1Q23E	Sept 2Q23E	Dec 3Q23E	March 4Q23E	2023E	2024E
Revenues:			82,389	2,223	2,941	3,585	5,831	14,580											
Adjusted Revenues **													47,436	14,114	18,269	23,039	27,563	82,985	121,184
Air Ticketing	77,024	82,283	52,538	2,253	3,443	5,870	8,689	20,325	4,151	6,197	9,686	11,730	31,764	9,962	11,465	15,497	17,888	54,813	80,849
% change (yoy)	37%	7%	-36%	-86%	-76%	-59%	24%	-61%	84%	80%	65%	35%	56%	140%	85%	60%	53%	73%	48%
Hotels & Packages	26,082	27,102	10,415	158	619	1,502	2,508	4,790	607	1,640	2,253	3,260	7,761	1,700	3,609	4,506	5,543	15,357	23,036
% change (yoy)	47%	4%	-62%	-95%	-74%	-50%	52%	-54%	284%	165%	50%	30%	62%	180%	120%	100%	70%	98%	50%
Other Services (Rail, Bus, Insurance, Cabs, A	10,715	19,067	16,458	717	1,074	937	2,066	4,818	1,816	1,826	1,687	2,583	7,911	2,452	3,195	3,036	4,132	12,815	17,300
% change (yoy)	74%	78%	-14%	-85%	-77%	-81%	-7%	-71%	153%	70%	80%	25%	64%	35%	75%	80%	60%	62%	35%
Adjusted Revenues **	113,820	128,452	79,411	3,128	5,136	8,309	13,263	29,933	6,574	9,664	13,625	17,573	47,436	14,114	18,269	23,039	27,563	82,985	121,184
% change (yoy)	42%	13%	-38%	-87%	-76%	-63%	22%	-62%	110%	88%	64%	32%	58%	115%	89%	69%	57%	75%	46%
Non-Adjusted Revenues:																			
Air Ticketing	76,992	49,874	34,613	2,084	2,458	2,980	4,688	12,210	2,958	3,854	6,023	7,295	20,130	6,196	7,130	9,637	11,125	34,088	50,280
% change (yoy)	36%	-35%	-31%	-81%	-75%	-67%	9%	-65%	42%	57%	102%	56%	65%	109%	85%	60%	53%	69%	48%
Hotels & Packages	101,801	71,059	47,776	139	483	605	1,142	2,370	459	812	1,759	2,874	5,903	6,296	13,367	16,691	20,531	56,884	85,327
% change (yoy)	24%	-30%	-33%	-99%	-96%	-96%	-78%	-95%	229%	68%	191%	152%	149%	1273%	1547%	849%	614%	864%	50%
Other Services (Rail, Bus, Insurance, Cabs, A	1,616	816	716	318	12	3	97	430	713	149	138	211	1,210	200	261	248	337	1,046	1,412
% change (yoy)	110%	-50%	-12%	-92%	-100%	-100%	-101%	-40%	124%	1141%	4487%	117%	181%	-72%	75%	80%	60%	-14%	35%
Total Rendering of Services Revenues	180,409	121,749	83,105	2,542	2,994	3,761	5,713	15,010	3,643	4,815	7,920	10,380	27,244	12,691	20,758	26,576	31,993	92,018	137,018
% change (yoy)	29%	-33%	-32%	-91%	-86%	-84%	-40%	-82%	43%	61%	111%	82%	82%	248%	331%	236%	208%	238%	49%
Other Revenues (Advertising, Facilitation Fe	7,712	13,570	13,186	318	627	645	781	2,371	486	803	1,133	1,637	4,058	1,385	2,158	2,952	3,807	10,302	14,542
% change (yoy)	54%	76%	-3%	-92%	-82%	-85%	-54%	-82%	53%	80%	100%	70%	71%	110%	100%	95%	80%	154%	41%
Total Revenues (non-Adjusted)	188,121	135,319	96,291	2,859	3,580	4,234	6,708	17,381	4,129	5,618	9,053	12,016	31,302	14,076	22,916	29,528	35,800	102,320	151,560
% change (yoy)	30%	-28%	-29%	-91%	-86%	-85%	-40%	-82%	44%	57%	114%	79%	80%	241%	308%	226%	198%	227%	48%
Other income	1,382	3,814	2,117	384	412	217	792	1,805	1,062	515	282	713	2,572	1,274	592	324	820	3,011	3,312
% change (yoy)	85%	176%	-44%	-13%	-45%	-38%	37%	-15%	177%	25%	30%	-10%	42%	20%	15%	15%	15%	17%	10%
Operating Expenses:																			
Service Cost	75,730	61,926	38,771	-	35	81	189	305	127	257	822	1,727	2,933	1,323	4,331	8,829	13,568	28,051	53,046
Personnel Expense	44,584	36,874	23,574	2,271	3,054	2,469	2,856	10,650	2,939	3,292	3,654	4,165	14,050	5,332	6,505	7,415	8,305	27,556	35,548
Marketing & Sales Promotion Expense	63,822	11,712	2,603	77	200	365	446	1,088	204	360	724	1,081	2,369	1,267	2,062	2,657	2,864	8,851	12,125
Other Operating Expenses	50,438	57,487	29,968	4,680	2,774	2,293	3,629	13,376	2,060	2,921	4,345	5,527	14,854	6,053	8,250	9,449	10,382	34,133	40,921
Depreciation & Amortization	6,537	8,412	8,839	2,110	1,854	1,948	4,335	10,247	1,030	1,300	1,500	1,500	5,330	1,700	1,800	1,800	1,900	7,200	7,800
Goodwill Impairment	-	-	2,945	-	-	-	3,622	3,622	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	241,111	176,411	106,700	9,138	7,917	7,156	15,077	39,288	6,360	8,130	11,045	14,002	39,536	15,674	22,948	30,150	37,019	105,792	149,439
% change (yoy)	-27%	-40%	-76%	-73%	-74%	28%	-63%	-30%	3%	54%	-7%	1%	146%	182%	173%	164%	168%	41%	
Operating Income (Loss)	(51,608)	(37,278)	(8,292)	(5,895)	(3,925)	(2,705)	(7,577)	(20,102)	(1,169)	(1,997)	(1,710)	(1,273)	(5,662)	(324)	560	(298)	(399)	(461)	5,432
Joint Venture Share of Loss	(162)	(185)	(143)	(25)	5	(23)	(11)	(54)	(13)	(15)	(20)	(20)	(68)	(25)	(25)	(35)	(35)	(120)	(175)
Interest Income	1,412	597	778	416	307	185	208	1,116	307	200	200	200	907	200	200	200	200	800	800
Interest Expense	(2,351)	(3,807)	(2,564)	(512)	(427)	(391)	(273)	(1,603)	(350)	(350)	(350)	(350)	(1,400)	(325)	(300)	(300)	(300)	(1,225)	(1,375)
Change in Fair Value of Warrants (Loss)	(8,651)	24,106	1	5,277	(54)	(141)	100	5,182	164	-	-	-	164	-	-	-	-	-	-
Income before Taxes (Loss)	(61,360)	(16,567)	(10,220)	(739)	(4,094)	(3,075)	(7,553)	(15,461)	(1,061)	(2,162)	(1,880)	(1,443)	(6,059)	(474)	435	(433)	(534)	(1,006)	4,882
Income Taxes	(874)	(692)	(926)	4	7	105	(992)	(876)	(21)	(178)	(239)	(369)	(807)	(148)	(254)	(221)	(275)	(898)	(932)
Net Income (reported)	(62,234)	(17,259)	(11,146)	(735)	(4,087)	(2,970)	(8,545)	(16,337)	(1,082)	(2,339)	(2,119)	(1,811)	(6,866)	(621)	181	(654)	(810)	(1,904)	3,950
Net Income Adjusted (Non-IFRS)	(38,117)	(30,218)	(13,281)	(6,001)	(3,670)	(2,570)	(4,215)	(16,841)	(590)	(1,869)	(1,549)	(1,179)	(5,186)	193	1,176	301	327	1,996	8,299
EPS (reported, diluted)	(\$1.81)	(\$0.39)	(\$0.24)	(\$0.02)	(\$0.07)	(\$0.05)	(\$0.14)	(\$0.28)	(\$0.02)	(\$0.04)	(\$0.03)	(\$0.03)	(\$0.12)	(\$0.01)	\$0.00	(\$0.01)	(\$0.01)	(\$0.03)	\$0.06
EPS Adjusted (Non-IFRS, diluted)	(\$1.11)	(\$0.68)	(\$0.29)	(\$0.12)	(\$0.06)	(\$0.04)	(\$0.07)	(\$0.29)	(\$0.01)	(\$0.03)	(\$0.02)	(\$0.02)	(\$0.08)	\$0.00	\$0.02	\$0.00	\$0.01	\$0.03	\$0.13
Calendar EPS (reported, diluted)		(\$0.26)	(\$0.48)					(\$0.17)					(\$0.23)					\$ (0.05)	\$ 0.03
Calendar EPS Adjusted (diluted)		(\$0.88)	(\$0.45)					(\$0.29)					(\$0.13)					\$ 0.01	\$ 0.10
EBITDA (reported)	(45,071)	(28,866)	547	(3,785)	(2,071)	(757)	(3,242)	(9,855)	(139)	(697)	(210)	227	(332)	1,376	2,360	1,502	1,501	6,739	13,232
Adjusted EBITDA (Non-IFRS)	(29,339)	(17,759)	(1,767)	(3,779)	(1,702)	(498)	796	(5,179)	521	(226)	361	860	2,002	2,190	3,356	2,456	2,637	10,639	17,581
Diluted Shares (weighted average)	34.3	44.3	46.5	48.5	61.6	61.0	62.1	58.5	62.2	62.3	62.4	62.5	62.3	62.6	62.7	62.8	62.9	62.7	63.1
Margins:																			
EBITDA Margin Adjusted (ex-stock comp &	-25.8%	-13.8%	-2.2%	-120.8%	-33.1%	-6.0%	6.0%	-17.3%	7.9%	-2.3%	2.6%	4.9%	4.2%	15.5%	18.4%	10.7%	9.6%	12.8%	14.5%
EBITDA Margin (reported)	-39.6%	-22.5%	0.7%	-121.0%	-40.3%	-9.1%	-24.4%	-32.9%	-2.1%	-7.2%	-1.5%	1.3%	-0.7%	9.8%	12.9%	6.5%	5.4%	8.1%	10.9%
OpEx % of Total Revenues	128%	130%	111%	320%	221%	169%	225%	226%	154%	145%	122%	117%	126%	111%	100%	102%	103%	103%	99%
Service Cost % of Revenues (packages, etc)																			

HISTORICAL STOCK PRICE



DISCLOSURES

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