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Zacks Small-Cap Research

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HeartCore Enterprises (HTCR-NASDAQ)

HTCR: HeartCore reports 3rd quarter financial results that showed strong core revenue growth. However, no GO-IPO proceeds were received during the quarter.

Utilizing a discounted cash flow valuation process containing conservative estimates combined with other valuation methodologies, we believe HTCR could be worth **$3.00** per share.

Current Price (11/15/23)	$0.50
Valuation	**$3.00**

OUTLOOK

HeartCore Enterprises is an established software development and consulting company based in Tokyo, Japan and operates in five core offerings and solutions. These include 1) Content Management in which the core product is HeartCore CMS, 2) Digital Transformation which includes Controlio, myInvenio, Apromore and HeartCore Robo, 3) GO IPO, a consulting service that helps Japanese companies prepare for a U.S. Nasdaq public listing, 4) Sigmaways, that specializes in infrastructure modernization, and 5) other revenues. We believe the company is poised for strong growth due to its entry in the U.S. market and solid results from the GO IPO offering.

SUMMARY DATA

52-Week High	**$3.43**
52-Week Low	**$0.36**
One-Year Return (%)	**-56.0**
Beta	**N/A**
Average Daily Volume (sh)	**60,743**
Shares Outstanding (mil)	**20.8**
Market Capitalization ($mil)	**$10.5**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**76**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**5.0**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Software**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$2.1 A	$2.9 A	$3.5 A	$2.4 A	$10.8 A
2022	$2.2 A	$2.7 A	$1.9 A	$2.0 A	$8.8 A
2023	$8.7 A	$5.1 A	$4.7 A	$8.2 E	$26.7 E
2024					$28.9 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.01 A	$0.03 A	$0.01 A	-$0.10 A	-$0.02 A
2022	-$0.09 A	-$0.09 A	-$0.11 A	-$0.08 A	-$0.37 A
2023	$0.10 A	-$0.04 A	-$0.11 A	$0.08 E	$0.02 E
2024					$0.10 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution, or intangibles.

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WHATS NEW

Financial Results

The company reported 3rd quarter 2023 financial results on November 13th, 2023. Revenues increased 150% to $4.7 million compared to $1.9 million in the prior year period. The increase was primarily due to increased revenue from customized software development and services as a result of the acquisition of Sigmaways and its subsidiaries, and an increase from Go IPO consulting services as the company obtained more IPO consulting customers in 2023.

Gross profit increased 151.7% to $0.8 million (17.7*% gross margin*) from $0.3 million (17.6*% gross margin*) in the same period last year. The increase was primarily from increased maintenance and support services, customized software development and services, and Go IPO consulting fees. There were no IPOs in the quarter from GO IPO clients which tend to carry higher margins when the public offering occurs.

Operating expenses were approximately $2.6 million in the quarter compared to $2.3 million in the prior year period. The net loss was ($2.5) million or ($0.11) per diluted share, compared to a net loss of ($2.0) million, or ($0.11) per diluted share, in the period year period.

In the Other Income line items, the company recorded a negative change in value of their marketable securities and warrants totaling ($732,412) related to GO-IPO clients.

As of September 30, 2023, the company had cash and cash equivalents of $2.2 million compared to $7.2 million on December 31, 2022. The company also had marketable securities totaling $3.2 million which is related to GO-IPO clients. Working capital was positive $1.1 million and total debt was $1.9 million at quarter end.

CEO Sumitaka Yamamoto stated, *"HeartCore's transformation continued in the third quarter, as we made progress across all facets of our business operations. In October, our Content Management System (CMS) platform was awarded as the solution with top market share in Japan for the eighth consecutive year by ITR Corporation, an independent IT consulting research firm. As the market leader in Japan, we are now focused on growing our global footprint. Our acquisition of Sigmaways and the hiring of the New York-based sales team of Sabatini Global provides talented individuals and new technologies to expand our business in the dynamic U.S. market.*

Go IPO

The Go-IPO consulting offering, which was launched in April 2022, has already contributed meaningful value to HeartCore. Go IPO is a service that helps Japanese companies achieve a NASDAQ public listing in the U.S. This consulting service is based on the company's own go-public experience as well as its general business expertise in navigating cross border issues between Japan and the U.S. From the Japanese market perspective, the company helps with audit attestation, underwriter exams and TSE related information and processes. For the U.S. markets, the company helps with auditor audit attestation for two years, reviews by the underwriter and their attorneys, as well as SEC confirmation. Go-IPO performs the difficult task of converting Japanese accounting data to IFRS and U.S. GAAP accounting principles and works with the audit firm.

Since inception, Go-IPO has signed 11 companies as clients, two of which have already gone public. The company receives a base consulting fee, often in the range of $500,000 to $900,000, as well as low cost warrants that are converted to shares once the IPO occurs. Revenue is recognized using mark-to-market accounting at the end of each quarter, and the recognized stock price for revenue recognition may be above or below the official IPO price.

The two client IPOs that have occurred created marketable securities for HeartCore that are valued at $757,106 as of September 30th, 2023. The warrants that have been issued by remaining Go-IPO clients are valued at $2.5 million as of the end of the 3rd quarter. The company has the flexibility to hold these shares and warrants as investments or to sell them as a source of capital.

There is an approximate 9-month time frame from when a client is signed to when an IPO will recur based on recent history. Based on the contract signing dates for the remaining 9 clients, the company believed it could recognize IPO revenue from two clients in the 3rd quarter. This did not occur due to current market conditions. These two IPOs will likely occur in the 4th quarter along with one other GO-IPO client. However, the timing of this is highly uncertain due to potential regulatory delays, the complexity of each offering, and overall stock market conditions.

CEO Sumitaka Yamamoto stated, *"The second and third quarters of 2023 did not turn out exactly like we expected for our consulting service clients, as the IPO market was turbulent, and markets were faced with rising interest rates and economic uncertainty. During the first nine months of 2023, we generated $6.4 million in revenue, primarily from valuation of warrants from our GO IPO consulting services business. Nearly all of that, over $5 million, occurred in the first quarter 2023 when two of our clients launched their IPOs. We have entered into consulting agreements with 11 companies to assist them in their IPO process. With two of them across the finish line and three more companies slated to IPO soon, we anticipate this segment of the business to be a vital growth engine for our organization that will drive significant revenue growth and add value to our balance sheet in the coming quarters."*

Valuation and Estimates

We adjust our 2023 revenue estimate to $26.7 million and our 2023 EPS estimate to $0.02 due to market conditions and 3rd quarter results. Our 2024 revenue estimate is approximately $29.0 million, and 2024 EPS estimate is $0.10.

We adjust our target price to **$3.00** based on 3rd quarter financial results and the timing and uncertainty regarding the occurrence of Go-IPO client public offerings.

We believe this to be a conservative estimate as revenue growth rates could greatly exceed our estimates as a result of better than expected client IPO revenues. There is also potential for gross margin improvements above our estimates. Our discount rate also utilizes a high equity risk premium to account for execution risks and possible macroeconomic disruptions.

The markets which HeartCore is focused on are expected to produce above average growth rates for an extended period of time. We expect the company's revenues to grow at solid double-digit rates over the next 10 years.

Recent Business Highlights

- Partnered with INTRIX, Inc. to license HeartCore's Content Management System (CMS).
- Executed a deal with Honda Trading Corporation for HeartCore's task mining software solution, CONTROLIO, a web-based cloud system for employee monitoring and productivity enhancement.
- Hosted a U.S. Exchange Listing seminar in Tokyo, Japan on June 9th, 2023 to a myriad of Japanese companies on the realities of going public on U.S. Exchanges in addition to an overview of its very successful Go IPO consulting service.
- Partnered with Toppan Inc. to strengthen and expand Toppan's digital marketing business utilizing HeartCore's Contents Management System, in addition to both companies collaborating on joint business ventures.
- Signed 11th Go IPO consulting service agreement with GATES GROUP Inc.

KEY INVESTMENT POINTS



Source: HeartCore Investor Presentation

- HeartCore Enterprises (NASDAQ:HTCR) is an established software development and consulting company based in Tokyo, Japan and currently has a market capitalization of approximately $24.6 million.

- The company operates in five core product and offering areas which include Content Management, Digital Transformation, GO IPO, Sigmaways, and Other Revenues.

- The company has a large installed user base of business and government agency customers which are mostly based in Japan at this time.

- The company accelerated its efforts to establish a presence in North American markets by acquiring California based Sigmaways. The acquisition closed in the 1st quarter of 2023.

- The company's customer retention rate for its core products is approximately 95%, which creates a steady stream of recurring revenues.

- The company is led by an experienced management team with expertise in software development, technology and corporate finance.

- As of 9/30/23, the company had $2.2 million in cash and equivalents and $3.2 in marketable securities, and we believe the company may generate free cash flow in the 4th quarter of 2023 based on GO-IPO clients completing their initial public offerings.

- We believe HeartCore is poised for strong profitable growth in 2024 and believe the stock is worth **$3.00** based on our discounted cash flow calculation which incorporates conservative estimates and a high discount rate.

OVERVIEW



Source: HeartCore.com

HeartCore Enterprises (NASDAQ:HTCR) is an established software development company based in Tokyo, Japan and operates in five key areas. These include 1) Content Management in which the core product is HeartCore CMS, 2) Digital Transformation which includes Controlio, myInvenio, Apromore and HeartCore Robo, 3) GO IPO, a consulting service that helps Japanese companies prepare for a U.S. Nasdaq public listing and 4) Sigmaways which closed in February 2023, and 5) Other Revenues.

HeartCore was founded in 2001 and has 44 employees at this time of which approximately half are devoted to software programming and engineering. The company has an established customer base with over 800 active customers and maintains a very high retention rate of approximately 95%. The company went public through an initial public offering in February 2022 raising $15 million in proceeds. The IPO was priced at $5.00 per share.

In September 2022, HeartCore announced they had entered into an agreement to acquire 51% of Sigmaways, a California based digital technology company. This acquisition would expand the operational footprint in the U.S. and is expected to add significantly to HeartCore's revenue base. In 2021, Sigmaways generated approximately $8.7 million in revenues. The acquisition is also expected to create complementary cross-sell and upsell opportunities for both organizations. This acquisition closed in February 2023.

The company is led by an experienced management with deep expertise in software development, technology and corporate finance. Sumitaka Kanno (Yamamoto) is the founder of HeartCore and has served as the Chief Executive Officer and member of the Board of Directors of HeartCore since June 2009.

With $2.2 million in cash on the balance sheet available as of the end of the 3rd quarter of 2023, we believe the company may be self-funded to support future operations and does not need to access the debt or equity markets if the GO-IPO clients go public as expected. However, for potential material future acquisitions, the company may access the capital markets to finance a large acquisition.

PRODUCT PORTFOLIO

Content Management



Source: HeartCore Investor Presentation

Large enterprises or organizations that operate complex websites, blogs, mobile apps, ecommerce businesses or social networks need to utilize and manage large amounts of content to deliver their services or products. These websites often contain many thousands of pages. To handle this complex task, most large enterprises use a content management system, also referred to as a customer experience management platform. These platforms integrate marketing, sales, service, and content

management systems as well as other tools and integrations that enable companies to attract and engage customers throughout the customer lifecycle.

The company's core offering that provides these services is the HeartCore CMS which allows the user to create, manage, and modify content on websites without the need for specialized technical knowledge. Key benefits to this system include a high degree of user-friendliness, relatively quick deployment compared to other complex processes, low ongoing maintenance requirements, extendable functionality, and SEO friendly features.

Specific HeartCore CMS features include an easy-to-use editor that can create and update web pages as easily as entering text into a word processor as well as the ability to import data by simply copying and pasting specific information and content. The system offers secure and privacy-oriented publishing settings where the user can view private information on the restricted website before it gets publicly disclosed. The company believes HeartCore CMS is the only CMS in the world that can publish tens of thousands of pages simultaneously as well as thousands of PDF files at the same time. The product also offers granular access rights and detailed access permissions and flexible workflows. This allows users to reduce the production and operation time and ensure the accuracy of information. Lastly, HeartCore CMS offers extensive review and preview functions that's show final versions across all screen sizes and device types. The program can also preview registered content from two or three generations ahead with a future date on the same page.

The total addressable market size for content management software is approximately $6.0 billion and expected to grow at an annualized rate of 18% over the next ten years. The content management offerings represented 81% of 1st quarter 2022 revenues.

Digital Transformation

This consists of three separate offerings which includes robotic process automation (RPA), task mining and process mining. They share a common goal of accelerating the digital transformation of enterprises across their entire business lines, particularly in the areas of marketing, sales, and customer service.



Source: HeartCore Investor Presentation

Robotic process automation is an advanced technology that allows automation for a predetermined set of tasks. RPA robots can mimic most human-computer interactions to carry out error-free tasks at high volume and speed. These tasks can include invoice processing, process sales orders, account reconciliation, employee onboarding, payroll, and enterprise data entry for core processes such as finance, human resources, manufacturing, supply chain, services, and procurement.

HeartCore Robo is the company's flagship RPA product and offers automation of key business applications such as packaged business software, internally developed software, website applications and mobile apps. This RPA offering can work across all platforms including remote and virtual environments as well as all operating systems and browsers. Specific features include high-speed identification of operation targets on the screen using a proprietary image analysis engine as well as automatic HTML operations and data acquisition within web pages. The product also utilizes highly advanced optical character recognition tools. The company believes it may be the only major RPA provider to focus on Android and Mac devices.



Source: HeartCore Investor Presentation

Task mining is an important technology that enables organizations to detect and analyze the tasks employees perform as they relate to completing larger processes which works by monitoring the actions users take. The purpose of using task mining software is to discover and understand the tasks employees are performing. This software process became particularly important during the Covid-19 pandemic as a substantial number of office-based employees were forced to work from home.
The company's task mining offering is Controlio which began operations in March 2020. The company believes Controlio has a much more comprehensive and inclusive solution than competitors such as Skysea, LanScope, and MeeCap. Task mining represents approximately 4.0% of total company revenues.

myInvenio apromore

Source: HeartCore Investor Presentation

Process mining is the technology that investigates and analyzes the large amounts of data in enterprise event logs to discover and present end-to-end processes that the organization is performing to complete work. The purpose of most process mining applications is to optimize and improve business processes which may lead to more efficient operations and even automation of processes.

The company has two process mining offerings, myInvenio which began operations in March 2019, and Apromore which became available for sale in June 2021. Similar to the company's task mining offerings, the company believes myInvenio has a far more comprehensive process mining solution than competitors such as Celonis, Signavio, and UiPath. Process mining represents approximately 10% of total company revenues.

Go IPO Consultation

Go IPO is a new service from HeartCore that helps Japanese companies achieve a NASDAQ public listing in the U.S. Launched in April 2022, this NASDAQ consulting service is based on the company's own go-public experience as well as its general business expertise in navigating cross border issues between Japan and the U.S. From the Japanese market perspective, the company helps with audit attestation, underwriter exams and TSE related information and processes. For the U.S. markets, the company helps with auditor audit attestation for two years, reviews by the underwriter and their attorneys, as well as SEC confirmation. More specifically, the company performs the difficult task of converting Japanese accounting data to IFRS and U.S. GAAP accounting principles and works with the audit firm.



Source: HeartCore Investor Presentation

Sigmaways (51%)

In September 2022, HeartCore announced that they signed an agreement to acquire 51% of Sigmaways, a California based digital technology company. This acquisition would expand the operational footprint in the U.S. and is expected to add significantly to HeartCore's revenue base. In 2021, Sigmaways generated approximately $8.7 million in revenues. The acquisition is also expected to create complementary cross-sell and upsell opportunities for both organizations.

Key services include Infrastructure Modernization in which the company leads organizations in their business modernization efforts. This includes seeking new ways to leverage data, artificial intelligence, and optimization of other technologies.

Sigmaways also offers Data Analytics & Business Intelligence services where they use data-driven insights to help businesses to unlock hidden opportunities. The company delivers data management, business intelligence and analytics solutions to optimize and realize the true potential of data.

Through Digital Commerce services, the company helps clients build customer centric solutions across a variety of retail channels. These solutions adapt to unexpected market changes and deliver customized products and services.

Sigmaways also helps clients to attain operational efficiency by integrating Robotic Process Automation (RPA) with technologies to achieve enterprise transformation across the organization. This includes providing consulting to clients for understanding existing automation levels and discovering areas of new opportunities.

STRATEGY & BUSINESS MODEL

For Content Management product offerings, the company is targeting enterprises with over $100 million in annual revenues and particularly those businesses that use websites for e-commerce, or to engage and inform customers. HeartCore markets its products at software and technology trades shows, partnership arrangements, direct sales to companies through their own sales team, and referrals from current customers. The pricing arrangement is typically $26,000 per on-premise server plus 18% from licensing. There are also annual maintenance fees.

For most of the digital transformation businesses, the company is targeting larger organizations with over $1 billion in revenues and those that have a need to make their operations and business processes more efficient and productive. Similar to CMS products, the company markets its products at trades shows, seminars, partnership arrangements, and direct sales to companies through their own sales team. The pricing model is $50,000 per year for process mining, $250 per year per unit for task mining, and an annual $5,000 subscription fee per year for RPA. The company has an alliance with IBM that they hope to expand, as well as other partnerships with consulting and ERP firms.

Sample customers for the company include such iconic names as Japan Airlines, Hitachi, Seibu Railway, Mitsubishi UFJ Morgan Stanley Securities, Ricoh, Tokyu department stores.

MANAGEMENT

Sumitaka Kanno (Yamamoto),CEO, is the founder of HeartCore and has served as the Chief Executive Officer and member of the Board of Directors of HeartCore since June 2009. Mr. Kanno is an experienced information technology software programmer and graduated with a bachelor's degree from Kansai Gaidai University, Osaka, Japan. He has worked at BroadVision.com in Japan, a global software vendor and former NASDAQ company, where he specialized in websites and software.

Kimio Hosaka, Chief Operating Officer, has been a member of the Board of Directors since May 18, 2021. Mr. Hosaka has served as the Chief Operating Officer and member of the Board of Managers of HeartCore since August 2015. Mr. Hosaka graduated with a bachelor's degree in physics from Chuo University, Tokyo, Japan. Mr. Hosaka brings 20 years of experience in technology as an engineer and manager at All Nippon Airways Systems, Electronic Data Systems, and Heartcore.

Hidekazu Miyata has served as Chief Technical Officer since May 18, 2021. Mr. Miyata graduated with a bachelor's degree in economics from Doshisha University, Japan. Mr. Miyata worked for a software development company, Electronic Data Systems and has more than 20 years of software development experience.

Qizhi Gao has served as the Chief Financial Officer of HeartCore since May 2017. From December 2007 through April 2017, Mr. Gao served as the Group Leader, Finance & Accounting Department at Marubishi Corporation in Tokyo, Japan. Mr. Gao graduated with a bachelor's degree in computer accounting from Chuo College of Information and Accounting.

Keisuke Kuno has served as CX division Vice President since May 18, 2021. Since March 2010, Mr.Kuno has also served as the head of the CX division and member of the Board of Directors of HeartCore. Mr. Kuno graduated with a bachelor's degree in business administration from Hosei University, Tokyo, Japan. Mr. Kuno does not hold, and has not previously held, any directorships in any reporting companies.

RISKS

- The company may require additional funding for its growth plans and such funding may result in a dilution of your equity investors. If the costs of implementing the company's growth plans exceeds internal estimates significantly or if the company can't come across opportunities to grow through expansion plans which cannot be predicted at this time, and if funds generated from our operations prove inadequate for these purposes, the company may need to raise additional funds to meet these funding requirements. These additional funds may be raised by issuing equity or debt securities or by borrowing from banks or other resources.

- Subscription renewal rates may decrease, and any decrease could harm future revenue and operating results. Customers have no obligation to renew their subscriptions for the company's processes and services after the expiration of their subscription periods, substantially all of which are one year or less. In addition, customers may seek to renew for lower subscription tiers, for fewer contacts or seats, or for shorter contract lengths, which could materially affect the company's operating results.

- The company faces significant competition from both established and new companies offering digital marketing, task and process mining, content management, customer experience management, and robotic process automation. The digital marketing, task and process mining, content management, customer experience management, and robotic process automation market is evolving, highly competitive and significantly fragmented. With the introduction of new technologies and the potential

entry of new competitors into the market, the company expects competition to persist and intensify in the future, which could harm the company's operating results.

- The company may acquire or invest in other companies or technologies in the future, which could divert management's attention, fail to meet management expectations, result in additional dilution to current shareholders, increase operating expenses, disrupt operations or harm financial results. There are many inherent risks in integrating and managing acquisitions.

- The ability to raise capital in the future may be limited and the failure to raise capital when needed could prevent the company from growing or meeting its financial goals. The business and operations may consume resources faster than anticipated. In the future, the company may need to raise additional funds to invest in future growth opportunities and additional financing may not be available based on prevailing market conditions.st write.

INSIDER TRADING AND OWNERSHIP

Currently, Sumitaka Yamamoto, the CEO of the company, beneficially owns 10,984,539 shares of common stock, which currently represents approximately 62.2% of the voting power of the outstanding capital stock.

Name and Address of Beneficial Owner	Number and Nature of Shares Beneficially Owned (1)	Percentage of Outstanding Common Stock
Directors and Executive Officers:		
Sumitaka Yamamoto	10,984,539	58.07%
Keisuke Kuno	53,338	*
Kimio Hosaka	89,669	*
Ferdinand Groenewald	—	—
Yoshitomo Yamano	—	—
Yuki Tan	—	—
Takeshi Omoto	—	—
Yuta Katai	—	—
All executive officers and directors as a group (10 persons) (2)	11,217,326	59.30%
Other 5% Stockholders:		
Daishin Yasui	2,325,425	12.29%

Source: HeartCore SEC filings

SUMMARY

We believe HeartCore Enterprises is entering a strong growth phase due to multiple factors. The company's key industry verticals of customer management, content management, and data mining are expected to grow at strong double-digit rates. The company has multiple cross-selling and up-selling opportunities across all of its offerings and product lines, particularly after the Sigmaways acquisition. In addition, expansion into the U.S market is just beginning with a new office being opened up in the Silicon Valley region of California and the Sigmaways deal. The 90%+ retention rate will provide a solid base of recurring revenues and will also help with marketing and sales efforts as its satisfied customer base is reflected in those numbers. Currently, over 650 customers will be able to upgrade to the latest version of HeartCore CMS (Version 12).The company's GO-IPO has the potential to generate million of dollars in high margin revenues.

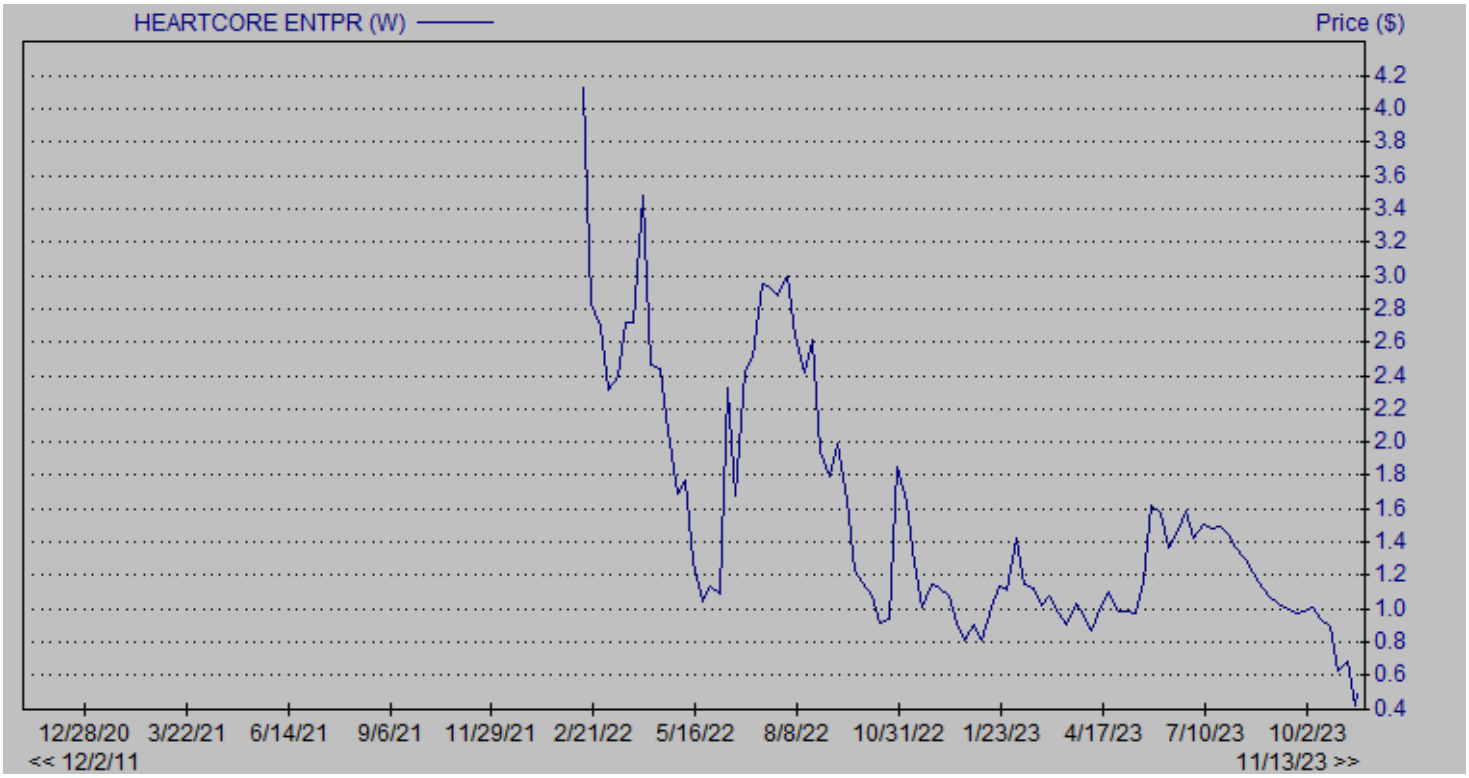
HeartCore has the potential to grow both revenues and earnings at very robust double-digit growth rates if it is able to execute on its strategic plans. Prudent tuck-in acquisitions will also play a role in future growth as the company attempts to capitalize on synergistic opportunities. The company's current stock price does not likely reflect that potential level of profitable growth going forward.

PROJECTED INCOME STATEMENT

Income Statement	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Net Sales	**10,822,514**	**8,818,312**	**26,710,488**	**28,894,186**	**31,325,383**
Growth	*19.9%*	*-18.5%*	*202.9%*	*8.2%*	*8.4%*
Cost of Goods Sold	**5,529,343**	**5,383,684**	**13,653,084**	**14,552,576**	**15,542,110**
%	*51.1%*	*61.1%*	*51.1%*	*50.4%*	*49.6%*
Depreciation & Amort	**105,394**	**83,333**	**524,928**	**551,174**	**578,733**
Gross Profit	**5,187,777**	**3,351,295**	**12,532,476**	**13,790,435**	**15,204,540**
Margin	*47.9%*	*38.0%*	*46.9%*	*47.7%*	*48.5%*
Sales & Marketing Expenses	**296,778**	**2,826,615**	**1,607,530**	**1,687,907**	**1,772,302**
% of sales	*2.7%*	*32.1%*	*6.0%*	*5.8%*	*5.7%*
General & Administrative Expenses	**4,321,241**	**6,579,734**	**8,993,961**	**9,083,901**	**9,174,740**
% of sales	*39.9%*	*74.6%*	*33.7%*	*31.4%*	*29.3%*
Research & Development	**510,740**	**641,025**	**464,476**	**487,700**	**438,930**
% of sales	*4.7%*	*7.3%*	*1.7%*	*1.7%*	*1.4%*
Amortization	**0**	**0**	**584,375**	**584,375**	**584,375**
% of sales	*0.0%*	*0.0%*	*2.2%*	*2.0%*	*1.9%*
Operating Income	**59,018**	**(6,696,079)**	**882,133**	**1,946,553**	**3,234,193**
Margin	*0.5%*	*-75.9%*	*3.3%*	*6.7%*	*10.3%*
EBITDA	**164,412**	**(6,612,746)**	**1,991,436**	**3,082,102**	**4,397,301**
Margin	*1.5%*	*-75.0%*	*7.5%*	*10.7%*	*14.0%*
Other Expenses/(Income)	**877**	**(54,495)**	**916,754**	**(31,143)**	**(49,821)**
%	*0.0%*	*-0.6%*	*3.4%*	*-0.1%*	*-0.2%*
EBIT	**58,141**	**(6,641,584)**	**(34,621)**	**1,977,696**	**3,284,014**
%	*0.5%*	*-75.3%*	*-0.1%*	*6.8%*	*10.5%*
Total Interest Exp (net)	**43,240**	**41,800**	**167,692**	**167,692**	**167,692**
%	*0.4%*	*0.5%*	*0.6%*	*0.6%*	*0.5%*
Net Profit Before Tax	**14,901**	**(6,683,384)**	**(202,313)**	**1,810,004**	**3,116,322**
%	*0.1%*	*-75.8%*	*-0.8%*	*6.3%*	*9.9%*
Income Tax	**341,945**	**(5,918)**	**47,352**	**470,601**	**810,244**
% Effective Rate	*2294.8%*	*0.1%*	*-23.4%*	*26.0%*	*26.0%*
% Cash Tax Rate	*2294.8%*	*0.1%*	*-23.4%*	*26.0%*	*26.0%*
Minority Interests	**11,112**	**0**	**(653,124)**	**(751,093)**	**(863,756)**
Net Profit	**(338,156)**	**(6,677,466)**	**403,460**	**2,090,495**	**3,169,835**
%	*-3.1%*	*-75.7%*	*1.5%*	*7.2%*	*10.1%*
Non-recurring income (expense)					
Average Diluted Shares Outstanding	15,242,454	17,922,585	20,342,000	20,342,000	20,342,000
Reported FD EPS					
Zacks Cash EPS					
Zacks EPS	**(0.02)**	**(0.37)**	**0.02**	**0.10**	**0.16**
Consensus Estimates - EPS					

Source: Zacks analyst

HISTORICAL STOCK PRICE



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