

# Zacks Small-Cap Research

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## DeFi Technologies Inc. (DEFT- NASDAQ)

### DEFT: 2Q25 Earnings Review – Adjusted EPS Miss; Buying Opportunity

DEFT reported 2Q25 IFRS EPS of essentially breakeven. That said, on an Adjusted basis, the company reported EPS of \$0.05 per share vs. our \$0.10 estimate, with the miss largely a function of lower revenues. Raising our 2025 and 2026 EPS estimates from \$0.39/\$0.48 to \$0.44/\$0.52 reflecting more favorable revenue and margin assumptions. No change to our \$7.00 DCF-derived price target.

Current Price (08/14/25) **\$2.61**  
Valuation **\$7.00**

### OUTLOOK

Key 2Q25 takeaways include: 1) as of 7/31/25, Valour managed \$947 million of assets, up 23% from \$773 million as of the end of 2Q25 reflecting market appreciation and ongoing net inflows – reinforcing strong demand for differentiated digital asset-focused ETPs across geographies, as well as the benefits of Valour's diversified platform; 2) senior executives remain focused on continuing to expand into high-growth markets across Africa, Asia, and the Middle East, and bring new ETPs to market, with Valour on track to manage 100 ETPs by the end of this year; 3) recent new business ventures include a joint venture to launch a USD-backed stablecoin issued by a U.S. chartered bank and DeFi Advisory providing digital asset treasury solutions; and 4) beyond traditional management fees (based on a percentage of AUM), Valour earns incremental staking/lending fees from underlying digital asset holdings held in ETPs, thereby optimizing recurring revenue capture.

### SUMMARY DATA

52-Week High **\$4.95**  
52-Week Low **\$1.50**  
One-Year Return (%) **67.31%**  
Beta **N/A**  
Average Daily Volume (sh) **3,573,261**

Shares Outstanding (mil) **339**  
Market Capitalization (\$mil) **\$885**  
Short Interest Ratio (days) **N/A**  
Institutional Ownership (%) **N/A**  
Insider Ownership (%) **33**

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 **26.1**  
P/E using 2025 Estimate **5.9**  
P/E using 2026 Estimate **5.0**

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

### ZACKS ESTIMATES

#### Revenue

(in thousands of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	(8,386) A	5,579 A	4,418 A	6,269 A	7,816 A
2024	(3,640) A	97,294 A	17,884 A	3,970 A	38,362 A
2025	43,658 A	13,423 A	78,893 E	82,555 E	218,529 E
2026					260,698 E

#### Earnings/Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-\$0.06 A	-\$0.00 A	-\$0.01 A	-\$0.00 A	-\$0.07 A
2024	-\$0.05 A	\$0.20 A	\$0.05 A	-\$0.03 A	-\$0.08 A
2025	\$0.08 A	-\$0.00 A	\$0.18 E	\$0.18 E	\$0.44 E
2026					\$0.52 E

Quarterly revenues/EPS may not equal annual revenues/EPS due to FX rates/rounding and/or restatements.

## 2Q25 EARNINGS: ADJUSTED EPS MISS ON LOWER REVENUE

After the market close on 8/14/25, DeFi Technologies reported 2Q25 earnings results. On an IFRS basis, DEFT reported net income per share of (\$0.00). After excluding the application of the Discount for Lack of Marketability (DLOM) applied to certain SOL and AVAX tokens acquired via equity investments in private investment funds reflecting lock-up periods through 2028, Adjusted EPS came in at \$0.05, or below our \$0.10 estimate. While mark-to-market noise make actual vs. estimate analysis a bit more challenging (Exhibit 1), we note core revenue (staking and lending income, management fees, trading commissions, research revenue, and DeFi Alpha arbitrage trades) came in approximately \$10 million shy of our \$38 million forecast – partially driven by lower-than-expected quarter-end assets and a less favorable mix (with lower-yielding BTC accounting for a higher percentage of assets). More specifically, AUM as of June 30, 2025, totaled \$773 million, shy of our \$891 million forecast (mostly a function of crypto market depreciation since we last marked-to-market our model). Core expenses (operating, general and administration, share-based payments, finance costs, and fees and commissions) of \$13.8 million matched our \$13.9 million forecast, with higher operating, general and administrative costs and fees and commissions offset by lower share-based payments.

### Exhibit 1: 2Q25 Actual vs. Estimates

DeFi Technologies Inc.  
(\$ thousands)

	2Q25		Change	
	Actual	Estimate	\$	%
<b>Revenues</b>				
Digital assets realized/unrealized gains/(losses)	70,904	14,344	56,560	394.3%
ETP payables realized/unrealized gains/(losses)	(106,415)	0	(106,415)	NM
Unrealized gain on equity investments at FVTPL	37,829	0	37,829	NM
Derivatives realized/unrealized gains/(losses)	0	0	0	NM
Staking and lending income	6,875	11,254	(4,378)	-38.9%
Management fees	2,129	2,685	(555)	-20.7%
Trading commissions	1,913	23,769	(21,856)	-92.0%
Research revenue	176	359	(183)	-51.0%
Node revenue	0	0	0	NM
Realized gain/(loss) on investments, net	0	0	0	NM
Unrealized gain/(loss) on investments, net	0	3	(3)	-100.0%
Interest income	12	9	2	22.0%
<b>Total Revenues</b>	<b>13,423</b>	<b>52,423</b>	<b>(39,000)</b>	<b>-74.4%</b>
<b>Expenses</b>				
Operating, general and administration	7,791	6,639	1,153	17.4%
Share based payments	3,435	5,371	(1,935)	-36.0%
Depreciation - property, plant and equipment	1	0	1	709.8%
Depreciation - right of use assets	0	0	0	NM
Amortization - intangibles	332	392	(59)	-15.1%
Finance costs	115	122	(7)	-5.7%
Fees and commissions	2,483	1,723	760	44.1%
Foreign exchange gain/(loss)	281	0	281	NM
Impairment loss	0	0	0	NM
<b>Total Expenses</b>	<b>14,440</b>	<b>14,246</b>	<b>194</b>	<b>1.4%</b>
<b>Operating Income/(Loss)</b>	<b>(1,016)</b>	<b>38,177</b>	<b>(39,193)</b>	<b>-102.7%</b>
Loss on settlement of debt	0	0	0	NM
<b>Pre-Tax Income/(Loss)</b>	<b>(1,016)</b>	<b>38,177</b>	<b>(39,193)</b>	<b>-102.7%</b>
Income tax	272	0	272	NM
<b>Net Income/(Loss)</b>	<b>(1,288)</b>	<b>38,177</b>	<b>(39,465)</b>	<b>-103.4%</b>
<b>Earnings per share, diluted</b>	<b>(\$0.00)</b>	<b>\$0.10</b>	<b>(0)</b>	<b>-103.5%</b>
Weighted average shares outstanding, basic	330,104	328,131	1,973	0.6%
Weighted average shares outstanding, diluted	362,049	371,218	(9,168)	-2.5%

Source: Company Reports and Zacks Small Cap Research estimates and calculations.

## KEY TAKEAWAYS

Following our review of 2Q25 results, we highlight the following key takeaways:

- 1. Differentiation increasingly driving scale:** As of July 31, 2025, Valour managed \$947 million of assets, up 23% from \$773 million as of the end of 2Q25, and just a touch below \$1.0 billion as of 7/22/25. While market appreciation continues to drive AUM gains, net inflows remain a key contributor, with Valour generating \$14.5 million in July following \$25 million in the second quarter of this year. Through the first seven months of 2025, Valour raised \$90.4 million of net inflows translating into a 19% annualized organic growth rate, as demand across geographies remains strong for differentiated digital asset-focused ETPs. More specifically, Valour's Bitcoin and SUI AUM both hit record highs of \$302 million and \$64 million, respectively, in mid-July reflecting market gains and ongoing net inflows. Furthermore, Valour remains the largest institutional Solana asset manager in North America, with the firm's Solana ETP AUM approaching \$300 million during 2Q25 – reinforcing the benefits of Valour's diversified platform.
- 2. Continuing to broaden the footprint:** Senior executives remain focused on continuing to bring new ETPs to market, expand into new geographies, and launch complementary business lines. On the product side, Valour remains on track to manage 100 ETPs by the end of this year, with 75+ digital asset products currently available following the launch of 14 new solutions during 2Q25. Recent ETP additions include products listed on Sweden's Spotlight Stock Market tracking Mantra (OM), Tron (TRX), Stellar (XLM), Tether Gold (XAUT), Bitcoin Cash (BCH), Unus Sed Leo (LEO), OKB, Polygon (POL), Algorand (ALGO), Filecoin (FIL), Arbitrum (ARB), and Stacks (STX). Moreover, Valour recently listed the 1Valour Hedera (HBAR) and 1Valour Internet Computer (ICP) staking ETPs on the SIX Swiss Exchange.

From a geographic perspective, senior officials continue to leverage Valour's first-mover advantages in high-growth markets across Africa, Asia, and the Middle East. Indeed, Valour recently engaged GulfCap Investment Bank to oversee the cross-listing of the firm's full suite of digital asset ETPs on the Nairobi Stock Exchange (NSE). Moreover, DEFT recently established a partnership with local banks in Türkiye to launch ETPs, thereby providing access to regulated digital asset solutions to investors in the region. Türkiye maintains high adoption rates, with over half of the country's investors active in cryptocurrencies.

Turning to strategic initiatives, the company recently entered into a joint venture with Fire Labs, a digital asset infrastructure firm, to launch a USD-backed stablecoin issued by a U.S. chartered bank targeting institutional investors. Related economics for DEFT include trading fees, yield participation, as well as cross-selling opportunities. Next, the company introduced DeFi Advisory, a separate business line providing digital asset treasury solutions (including custody and execution) leveraging the company's existing research and domain expertise. DeFi Advisory's first mandate involves managing Nuvve Holding Corp.'s (NVVE) treasury strategy. Related fees are based on AUM, thereby further augment DEFT's recurring revenue profile. Finally, Reflexivity Research entered into a strategic partnership with Beluga, a crypto investing site, to broaden distribution reach, enhance business development capabilities, and introduce collaborative advisory services.

- 3. Powerful revenue model increasingly shining through:** Beyond traditional management fees (based on a percentage of AUM), Valour earns incremental staking/lending fees from underlying digital asset holdings held in ETPs, thereby optimizing recurring revenue capture. Indeed, blended yield across all staked AUM have historically approximated 8% (<5% in 2Q25 implying room to run assuming a more favorable mix skewed toward high-yielding alt coins), well north of management fees typically running below 2% (and subject to ongoing pricing pressure). Furthermore, DEFT generates staking income from Bitcoin held at the corporate level, as part of the company's digital asset treasury program.

## REFINING EPS ESTIMATES

After updating our model for 2Q25 results, we are taking up our 2025 and 2026 forecasts from \$0.39/\$0.48 to \$0.44/\$0.52. Our revisions primarily reflect a steeper revenue growth trajectory, with our model now calling for total revenues of \$218.5 million for 2025 – consistent with management’s updated guidance of \$219 million, up from \$201 million last quarter – given the broader crypto market rebound thus far in 3Q25, as well as more favorable margin given rising operating leverage. In fact, our back-of-the-envelope math suggests Valour’s AUM are up ~27% on a weighted-average basis since June 30, 2025, based solely on market appreciation. Notably, our 2025 revenue assumption includes a considerable step up in DeFi Alpha trading gains in the back half of this year (~\$85 million vs. \$17.3 million in 1H25) reflecting a building pipeline of larger potential trading opportunities.

Turning to valuation, we continue to believe DeFi Technologies is uniquely positioned to capitalize on the burgeoning digital assets ecosystem, with a diversified and differentiated portfolio of asset management, trading, infrastructure, venture capital, and research businesses. We see further room to run, as awareness and appreciation of the company’s unique business model, durable competitive advantages, considerable growth prospects, and unsustainable valuation disconnect continue to build, particularly following the stock’s more recent uplisting to the Nasdaq Capital Market. Indeed, management recently engaged service providers to better understand trading anomalies in DEFT shares across exchanges.

No change to our DCF-derived price target of \$7.00 representing considerable upside potential from current levels. From a relative perspective, DEFT is currently trading at just 5.9x our revised 2025 EPS estimates of \$0.44 and 5.0x our 2026 forecast, or well below other asset managers with meaningful crypto ETF offerings. While we recognize most peers are significantly larger and more mature, with considerable infrastructure, resource, and financial advantages, DEFT maintains a sizeable advantage in terms of projected growth, thereby justifying a comparable (if not higher) P/E multiple, in our minds. On top of that, we expect DEFT’s recent uplisting to the Nasdaq Capital Market to drive an upward revaluation for the stock over time reflecting stepped up liquidity and pent-up institutional investor demand.

## INVESTMENT THESIS

DeFi Technologies Inc. (DEFT) is a diversified technology company primarily focused on the digital assets/decentralized finance ecosystem. DEFT provides digital asset-focused asset management, trading, infrastructure, and research services, while the company's venture capital business invests in early-stage decentralized finance and Web3 companies. Our investment thesis revolves around DeFi Technologies':

- 1. Diversified Platform Focused on Digital Assets, DeFi, and Web3:** DeFi Technologies' mission is to provide investor access to and capitalize on the innovation, value, and high growth of leading decentralized technologies primarily through introducing and managing digital asset ETPs, as well as identifying, investing in, and developing companies focused on the decentralized finance and Web3 ecosystems. Stepping back, decentralized finance (DeFi) applies the model of digital assets (decentralized blockchains to validate and track transactions/ownership) to the world of traditional financial services. Decentralized applications (dApps) run on public blockchains and provide financial services without centralized gatekeepers/toll takers. As a result, decentralized finance apps provide banking, borrowing, lending, trading, and insurance (amongst other services) within a more accessible, timely, cost efficient, secure, and transparent platform. Web3 takes the concept a step further and applies the decentralized blockchain groundwork to the internet.
- 2. Crypto Going Mainstream:** The successful launches of Bitcoin (BTC) and Ethereum (ETH) Exchange Traded Funds (ETFs) here in the U.S. garnered massive media attention/exposure, with a favorable narrative developing for the crypto industry more broadly. In turn, rising awareness and demand combined with improving accessibility continues to drive higher adoption/allocation rates across the digital assets landscape.

Despite the surge in demand for cryptocurrencies via BTC ETFs, a majority of Bitcoins remains held by retail investors. The key to a step function in growth remains rising crypto allocations from institutional investors (pensions, Sovereign Wealth Funds, and insurance companies). While we are still seemingly in the very early stages, a sustainable Bitcoin bull market likely facilitates a shift in institutional allocations. We expect BTC and other cryptocurrencies to continue to broadly outperform more traditional asset classes over time reflecting several powerful tailwinds/catalysts including ongoing ETF inflows, a more favorable interest rate backdrop, and fixed supply.

- 3. ETP Head Start:** DeFi Technologies' subsidiary Valour Asset Management is a leading ETP issuer in Europe, with a broad array of single-asset and multi-asset class products. From a competitive positioning perspective, Valour focuses on niche markets, with investment performance track records and trading/issuance capabilities in local currencies. Despite rising competition, Valour remains well positioned to continue to gain market share reflecting in-house management expertise, regulatory approvals to list ETPs on major exchanges across Europe, and a focus on Alt Coins.

Looking ahead, we expect Valour ETP AUM to continue to grow fueled by ongoing new product development. Incremental ETP launches likely extend beyond digital assets, with thematic and active strategies key areas of focus. Furthermore, management remains focused on broadening Valour's geographic footprint, particularly in jurisdictions maintaining favorable regulatory frameworks and high crypto adoption rates (see the Middle East and Asia), via organic initiatives and/or strategic partnerships and joint ventures.

- 4. Supercharged Asset Manager Revenue/Margin Model:** Unlike traditional asset managers that rely almost exclusively on management fees to drive the top line (and are subject to ongoing fee pressures), DeFi Technologies generates revenue across multiple streams including staking, lending, and trading underlying digital assets in addition to ETP management fees. All in, DEFT can earn 8%+ on ETP assets, with staking/lending yields on top of management fees of 1.9% on most ETPs. Moreover, our model assumes operating income margins step function higher reflecting limited expense growth, with senior executives remaining focused on increasingly leveraging a more efficient overhead structure.

## INVESTMENT RISKS

1. **Cryptocurrency volatility:** Near-term cryptocurrency pricing volatility directly impacts DEFT's ETP AUM, management fees, and staking and lending income, and therefore earnings power. That said, we expect ongoing net inflows reflecting accelerating demand/higher allocations to work as an offset.
2. **Challenging regulatory backdrop:** Given the breadth and depth of the U.S. equities market, it makes sense for DeFi to list Exchange-Traded Products on an exchange here in the U.S. Having said that, the U.S. regulatory environment remains uncertain, with any meaningful market penetration likely necessitating considerable time, effort, and resources. Stepping back, the ongoing lack of a comprehensive and consistent regulatory framework here in the U.S. threatens to restrict market access, slow innovation, and trigger operational and financial inefficiencies.
3. **Black swan events:** Black swan events including unanticipated regulatory shifts, technology failures, widespread fraud, or other company collapses would likely trigger step-ups in crypto market volatility and investor uncertainty.
4. **Rising competition:** We expect more players to enter the digital asset management business following the successes of BTC and ETH ETF launches. Furthermore, stepped up competition is unlikely to be limited to the U.S. market, with select managers increasingly focusing on Europe.
5. **Reliance on third-parties:** DeFi's asset management, staking, and lending businesses are all subject to risks related to third-party service providers. More specifically, Valour buys/sells digital assets which the company's ETPs track on crypto exchanges, with any operational issues potentially impacting liquidity and tracking error. Furthermore, digital assets held and staked by third-party custodians are subject to market, liquidity, and loss risks.

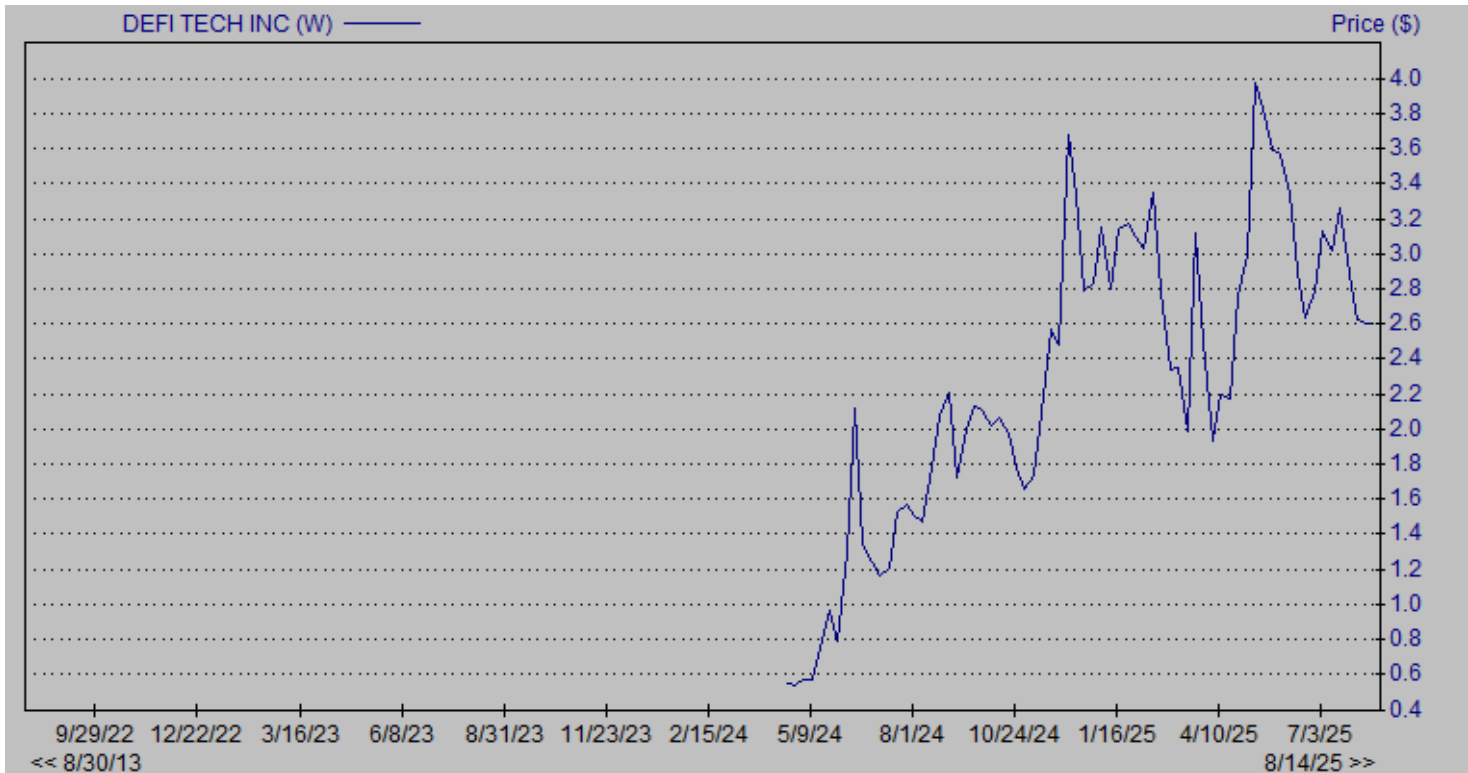
## PROJECTED INCOME STATEMENT (USD)

DeFi Technologies Inc.  
(\$ thousands)

	Quarterly				Annual			Y/Y Growth		
	<u>1Q25</u>	<u>2Q25</u>	<u>3Q25E</u>	<u>4Q25E</u>	<u>2024</u>	<u>2025E</u>	<u>2026E</u>	<u>2024</u>	<u>2025E</u>	<u>2026E</u>
	Mar-25	Jun-25	Sep-25	Dec-25	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
<b>Revenues</b>										
Digital assets realized/unrealized gains/(losses)	(159,834)	70,904	64,000	64,000	239,869	39,070	160,000	-2%	-84%	310%
ETP payables realized/unrealized gains/(losses)	280,224	(106,415)	0	0	(335,505)	173,809	0	NM	NM	-100%
Unrealized gain on equity investments at FVTPL	(90,857)	37,829	0	0	92,041	(53,028)	0			
Derivatives realized/unrealized gains/(losses)	0	0	0	0	0	0	0	NM	NM	NM
Staking and lending income	9,782	6,875	9,843	12,066	24,816	38,567	66,223	825%	55%	72%
Management fees	2,533	2,129	2,836	3,757	6,133	11,254	21,653	456%	84%	92%
Trading commissions	2,085	1,913	2,009	2,109	2,005	8,116	10,124			
Research revenue	183	176	193	610	1,364	1,162	2,637	NM	-15%	127%
Node revenue	0	0	0	0	0	0	0	NM	NM	NM
Realized gain/(loss) on investments, net	(478)	0	0	0	108	(478)	0	NM	-545%	NM
Unrealized gain/(loss) on investments, net	3	0	0	0	7,527	3	0	-26%	-100%	-100%
Interest income	18	12	12	13	4	54	61	287%	1149%	13%
<b>Total Revenues</b>	<b>43,658</b>	<b>13,423</b>	<b>78,893</b>	<b>82,555</b>	<b>38,362</b>	<b>218,529</b>	<b>260,698</b>	<b>391%</b>	<b>470%</b>	<b>19%</b>
<b>Expenses</b>										
Operating, general and administration	6,323	7,791	7,057	7,057	34,962	28,228	33,874	364%	-19%	20%
Share based payments	5,115	3,435	3,607	3,788	18,320	15,945	18,180	731%	-13%	14%
Depreciation - property, plant and equipment	0	1	1	1	5	2	3	-46%	-54%	41%
Depreciation - right of use assets	0	0	0	0	0	0	0	NM	NM	NM
Amortization - intangibles	373	332	332	332	1,469	1,370	1,330	-4%	-7%	-3%
Finance costs	119	115	115	115	2,688	465	461	-14%	-83%	-1%
Fees and commissions	1,641	2,483	2,062	2,062	4,724	8,249	9,899	508%	75%	20%
Foreign exchange gain/(loss)	(659)	281	0	0	(306)	(378)	0	-104%	NM	NM
Impairment loss	0	0	0	0	3,448	0	0	NM	-100%	NM
<b>Total Expenses</b>	<b>12,912</b>	<b>14,440</b>	<b>13,175</b>	<b>13,355</b>	<b>65,310</b>	<b>53,882</b>	<b>63,747</b>	<b>184%</b>	<b>-17%</b>	<b>18%</b>
<b>Operating Income/(Loss)</b>	<b>30,746</b>	<b>(1,016)</b>	<b>65,718</b>	<b>69,200</b>	<b>(26,948)</b>	<b>164,648</b>	<b>196,951</b>	<b>NM</b>	<b>NM</b>	<b>20%</b>
Loss on settlement of debt	0	0	0	0	(178)	0	0	NM	NM	NM
<b>Pre-Tax Income/(Loss)</b>	<b>30,746</b>	<b>(1,016)</b>	<b>65,718</b>	<b>69,200</b>	<b>(27,125)</b>	<b>164,648</b>	<b>196,951</b>	<b>NM</b>	<b>NM</b>	<b>20%</b>
Income tax	746	272	1,595	1,680	0	4,294	4,782	NM	NM	11%
<b>Net Income/(Loss)</b>	<b>30,000</b>	<b>(1,288)</b>	<b>64,122</b>	<b>67,520</b>	<b>(27,125)</b>	<b>160,354</b>	<b>192,169</b>	<b>NM</b>	<b>NM</b>	<b>20%</b>
Foreign currency translation gain/(loss)	(69)	2,155	0	0	3,410	2,085	0	236%	-39%	-100%
Net comprehensive gain/(loss)	29,931	867	64,122	67,520	(23,716)	162,439	192,169	NM	NM	18%
<b>Earnings per share, diluted</b>	<b>\$0.08</b>	<b>(\$0.00)</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>(\$0.08)</b>	<b>\$0.44</b>	<b>\$0.52</b>	<b>NM</b>	<b>NM</b>	<b>18%</b>
Weighted average shares outstanding, basic	323,887	330,104	332,604	335,104	295,591	330,425	340,104	33%	12%	3%
Weighted average shares outstanding, diluted	366,974	362,049	364,549	367,049	334,408	365,155	372,049	44%	9%	2%

Source: Company reports and Zacks SCR estimates and calculations.

HISTORICAL STOCK PRICE





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