

# Zacks Small-Cap Research

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## New Horizon Aircraft Ltd (NASDAQ: HOVR)

**HOVR: Continues to make steady progress toward development milestones. Increasing our 12-month valuation target to \$2.**

Horizon Aircraft's valuation relies on our DCF model and we have adjusted our discount rate to reflect our increased confidence in the company's ability to deliver the Cavorite X7 aircraft in 2030. Our 12-month target valuation is increased from \$1.25 to \$2.00/share.

Current Price (09/10/25) **\$1.66**  
Valuation **\$2.00**

### OUTLOOK

Horizon Aircraft (NASDAQ: HOVR) is an early-stage aerospace OEM that is developing a hybrid electric vertical takeoff and landing ("eVTOL") aircraft for the regional air mobility market.

Horizon Aircraft's recently released 10-K revealed the steady progress the company has made over the past year (roughly doubling its staff) and a recent capital raise has given the company adequate capital to fund operations for at least the next twelve months.

The market frenzy in the eVTOL space has cooled with most of the stocks in the industry trading 25-50% below their August highs but still well above the Spring 2025 lows. The prospect of some eVTOL companies commencing commercial operations in 2026 could be a catalyst for Horizon's shares in the coming months.

### SUMMARY DATA

52-Week High **\$2.52**  
52-Week Low **\$0.24**  
One-Year Return (%) **118%**  
Beta **2.62**  
Average Daily Volume (sh) **1,687,232**

Shares Outstanding (mil) **39.2**  
Market Capitalization (\$mil) **\$65**  
Short Interest Ratio (days) **N/A**  
Institutional Ownership (%) **33.9**  
Insider Ownership (%) **11.7**

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 **NM**  
P/E using 2025 Estimate **N/A**  
P/E using 2026 Estimate **N/A**

Risk Level **High, Speculative**  
Type of Stock **Growth**  
Industry **Aerospace**

### ZACKS ESTIMATES

#### Revenue

(in millions USD)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2024	0 A	0 A	0 A	0 A	0 A
2025	0 A	0 A	0 A	0 A	0 A
2026	0 E	0 E	0 E	0 E	0 E
2027	0 E	0 E	0 E	0 E	0 E

#### EPS / Loss Per Share (in USD)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2024					-\$0.56A
2025	-\$0.11 A	\$0.58 A	-\$0.12 A	-\$0.12A	\$0.12A
2026	-\$0.07 E	-\$0.08 E	-\$0.09 E	-\$0.11 E	-\$0.35E
2027	-\$0.12 E	-\$0.14 E	-\$0.15 E	-\$0.17 E	-\$0.58E

Quarterly EPS may not equal annual EPS due to rounding and/or dilution.  
Reported in USD

## WHAT'S NEW

New Horizon Aircraft (referred to as "Horizon Aircraft" or "Horizon") recently released the company's 10-K for the fiscal year ended 5/31/25 and provided several updates on the development path of the company's Cavorite X7 eVTOL, which has increased our confidence in the company's ability to deliver an aircraft to the market.

When announcing the full-year results, the company's CFO stated that "with \$17 million in cash, Horizon has the resources to complete our full-scale demonstrator aircraft within the next 18 months" (note: the \$17 million cited is in Canadian dollars which is roughly \$12 mil USD). At this time, we continue to forecast that the demonstrator vehicle will be completed in fiscal 2027. We will update this expectation throughout 2026 as the company reports its progress.

In addition to the significantly improved liquidity position of the company, other notable items in the recently filed 10-K include:

- **Staffing additions** – the company roughly doubled its total number of employees from 16 to 30 during the year, which included several key hires in engineering roles. We would also note that the company has 17 positions listed on its website that it is looking to fill, with 15 of those positions classified as engineering roles. If the company were to fill all of these positions, it would boost headcount by more than 50% and likely accelerate the development of the full-scale demonstrator.
- **Patents** – As of the end of fiscal 2024, the company listed a total of 22 patents in its portfolio; however, this number has grown to 31 as of May 2025. We believe this is largely a result of the significant increase in engineering talent added to the roster during fiscal 2025. We expect the company's IP portfolio to continue expanding, with a particular focus on propulsion and aircraft control systems.
- **Development timeline** – While the company had previously stated in its 2024 10-K that it expected to deliver the Cavorite X7 to the market in 2027, it was clear in presentations throughout the last year that the timeline was shifting. In the 2025 10-K, the company noted that "we do not expect to deliver any aircraft prior to 2030." Our original model did forecast the delivery of a handful of aircraft in 2029, but we have always expected that 2030 and beyond will be the critical years for Horizon. We do not believe this is a significant shift in the development timeline at this time. However, we caution that the current timeline means it will be nearly five years until the company delivers an aircraft to the market, and that there may be several significant shifts in the market during that time.
- **Capital structure** – As anticipated, the company has been actively accessing the capital markets to fund operations and the development of the full-scale demonstrator. The company's share count has more than doubled in the past year (last reported at 39.2 million shares) as a result of various financings and capital raised under an at-the-market stock sale agreement. Given that the company has indicated that it has adequate liquidity to fund the development of the full-scale demonstrator aircraft at this point, we anticipate the rate of share issuance to slow in 2026 before accelerating again after the demonstrator completes its initial test flights.

The company's management team has presented at several investor conferences in September, with additional presentations scheduled in late September and October. The increased awareness of the investing public about Horizon Aircraft is undoubtedly welcome. However, we think many new retail investors are hyper-focused on short-term returns, so we welcome the addition of long-term investors who can see through the week-to-week fluctuations in the stock.

We had previously noted that Horizon Aircraft had announced a collaboration with Andrea Mocellin in June 2025 to focus on the design of the Cavorite X7. We appreciate that Horizon's management prefers to focus on the actual models being built rather than renderings. However, we would encourage investors

to seek out some of the exterior design concepts recently released for the Cavorite X7 from Mr. Mocellin. The work that we've seen showcases much of the trademark styling that Mr. Mocellin is known for. We assume that Mr. Mocellin's work as the lead product designer at Lilium (a presumed defunct eVTOL company based in Germany) has given him a unique perspective when working on the Horizon Aircraft. Horizon has made several key hires on the engineering team with experience at Lilium, so we anticipate that the design and engineering teams will work well together to ensure that the aircraft is both aesthetically pleasing to customers and operationally effective.

## HYBRID PROPULSION IS SUDDENLY IN VOGUE

One of the key tenets of our Horizon Aircraft investment thesis is that the company's hybrid propulsion system, utilizing electricity for vertical take-off and landing but conventional fuel for the majority of the flight when traveling horizontally, will be a key differentiator in the market for Horizon Aircraft. As a result of the higher speeds achieved when the Cavorite X7 is flying as a conventional fixed-wing aircraft, the in-flight time is significantly reduced, and the operating cost per mile is anticipated to be substantially lower than that of current solutions (principally helicopters).

The good news is that this messaging is clearly resonating with potential customers who are seeking the flexibility of a helicopter, combined with the speed and lower operating cost per mile of a standard aircraft. Unfortunately, this is a bit of a double-edged sword for Horizon Aircraft, as industry leaders appear to be at least exploring the concept of hybrid propulsion systems to tap into this market. While all the most prominent eVTOL players are still focused on short distance "air taxi" flights, many have also begun to work on secondary platforms that will target the same Regional Air Mobility market as Horizon.

### Joby Aviation: (NASDAQ: JOBY)

In July, internet sleuths and flight data analysts discovered an interesting flight pattern in Eastern Oregon where an aircraft with a tail number related to Joby appeared to fly in circles for nine consecutive hours. Joby quickly and successfully sought to have the data removed from the flight tracking sites, citing competitive risks; however, several items related to this project could be of interest to Horizon Aircraft shareholders.

There are three key takeaways from this flight by Joby – 1) it appears to have been completely autonomous (leveraging the 2024 Joby acquisition of Xwing's autonomy division), 2) it appears to have been powered by a hybrid hydrogen electric drivetrain developed by the company after its 2021 acquisition of the hydrogen electric flight company H2Fly and 3) while the average speed was believed to have been below that of a helicopter, the time aloft indicates to us that the company intends to build a long-distance vehicle capable of serving the Regional Air Mobility Market.

Also, in August, Joby announced that it was partnering with L3Harris (NYSE: LHX), a \$50 billion market cap defense contractor, to develop a "**gas turbine hybrid VTOL**" for the defense industry that can operate autonomously or with a crew. The companies indicated that they would begin flight testing in the Fall of 2025 with full operational demonstrations in 2026.

### Beta Technologies: (Private)

Just last week, Beta Technologies announced an agreement with GE Aerospace to co-develop hybrid electric turbogenerators. Specifically, the company cited the *extended range, higher operating speeds, lower operating costs, and the increased payload capacity of hybrid systems* relative to all-electric VTOLs. As part of this agreement, GE Aerospace will invest \$300 million in Beta Technologies. Although this agreement is relatively recent, Beta Technologies' early success with its eVTOL, combined with the engineering expertise at GE Aerospace, makes this a crucial relationship to monitor closely.

### Archer Aviation: (NASDAQ: ARCH)

In December 2024, Archer announced a partnership with Anduril to develop a hybrid-propulsion VTOL for the defense market. While there have been few updates on the status of this partnership, Archer did

announce two small acquisitions in August to further bolster this project. It seems that Archer is also focusing on delivering a hybrid electric VTOL, although it will clearly target the defense market.

Horizon Aircraft's plan to deliver an aircraft with the vertical take-off and landing capabilities of a helicopter, combined with the speed and range of traditional aircraft, is clearly a message that is resonating in the market. Today, we view this development as a positive for the company. We will have to monitor the developments from the industry leaders (particularly Beta and Joby) because it is possible these companies could have a solution in the market years before the Cavorite X7 is certified.

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## INDUSTRY UPDATE

In our previous update on the eVTOL market, we highlighted the investor frenzy that had gripped the eVTOL space, including industry leaders such as Joby and early-stage startups like Horizon Aircraft, that led to their stocks more than doubling in just a few months. Over the last month, this group has been under pressure, with the average stock in the sector down roughly 17% (led by a 19% decline for Joby and a 36% decline for Eve Holding), while the broader market has continued to move upward. Shares of Horizon Aircraft are actually the best-performing in the sector over the last month, falling just 6% during the period.

It appears that the "rising tide lifts all ships" philosophy may be faltering as investors begin to identify with perceived winners and losers in the eVTOL space. We expect news flow in this market to pick up substantially in early 2026 as several companies begin commercial operations, which could serve as a catalyst for renewed interest in the space. However, continued equity issuance by many companies in the space, combined with uncertain commercial utilization, could also impact returns over the next twelve months.

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## MODEL UPDATE

In the company's 10-K, it appears that some expenses previously classified as part of general and administrative costs were reallocated to research and development. It will take a few quarters for us to better estimate the quarterly breakdown of R&D costs versus G&A costs, but we believe overall costs were roughly in line with our projections. We are only slightly increasing our projected loss for FY 2026 from USD (\$13.3 million) to USD (\$13.7 million), and our FY 2027 loss goes from USD (\$23 million) to USD (\$24.3 million).

While our forecast for the projected loss of the company has increased slightly over the next two years, the increase in the company's shares outstanding means that our loss per share forecast is actually reduced. We caution investors against reading too much into the quarterly loss per share projections over the next few years, as there could be significant variations from our forecast based on when new engineering talent is hired. Our FY 2026 loss per share is now (\$0.35)/share, due to a higher share count compared to our previous estimate of (\$0.41)/share. We are also introducing our FY 2027 estimate of (\$0.58)/share.

We have also adjusted our first delivery date of the Cavorite X7 to 2030, with sales ramping meaningfully by 2033.

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## VALUATION TARGET

In our August update, we noted that if the company continued to deliver and make progress toward building its full-scale demonstrator aircraft, while also improving its liquidity/financial condition, we would reevaluate our 12-month target. The addition of key technical staff and the company's ability to secure sufficient funding to complete the full-scale demonstrator of its aircraft have removed two significant uncertainties that previously impacted our valuation.

We will likely need to adjust our model several times over the coming years before Horizon Aircraft delivers its first aircraft. However, the elimination of near-term liquidity concerns is a significant positive development for the company, and we have lowered our discount rate in our DCF model to 17% as a result. If competitors make meaningful progress toward bringing a hybrid electric VTOL to the market before 2030, we may need to adjust this discount rate higher to reflect the added risk of market acceptance. However, for the moment, we believe this is an appropriate discount rate. Our DCF target valuation is now \$2.00 within the next 12 months. However, as we have seen in the past three months, the company's shares are frequently influenced by movements in the shares of industry leaders. Therefore, investors will need to be aware of any meaningful announcements from these companies as well.

Horizon Aircraft is still one of a handful of public eVTOL companies and its lower share price and valuation are due to the early stage of its development arc. We expect that if the company remains on track to complete its full-scale demonstrator vehicle in the next 18 months, the company may start to close the valuation gap between itself and the other public eVTOL companies.

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## KEY POINTS

- The Cavorite X7 is a unique approach to solving the problem of regional air mobility by offering a hybrid approach that utilizes electricity to power vertical takeoff and landing while using existing technologies (conventional fuel or potentially hydrogen and fixed-wing design) to achieve horizontal flight. By combining these approaches, it is expected that the Cavorite X7 will offer the ability to travel further and faster than existing options in the vertical takeoff world (principally helicopters). Also, by utilizing traditional fuel and a propeller, the Cavorite X7 will significantly exceed the range capacity of nearly all proposed eVTOLs we've reviewed while expanding the landing possibilities of fixed-wing aircraft to more remote locations not currently served by regional airports.
- We believe the team at Horizon Air has carefully analyzed the market to build a product that will find demand in the market. Rather than building a product for a potential market that has yet to develop (like the "air taxis" envisioned by many eVTOL players), Horizon's team is building a product to address the greatest weakness of helicopters and small aircraft markets. While any new aircraft design will inherently face challenges, building an aircraft with a clear end-market in mind is a sensible approach.
- Most investor attention in the emerging market for new aircraft remains focused on the high-profile, fully electric vehicles that plan to offer vertical takeoff and landing, targeting the intracity "air taxi" market. These companies have raised substantial amounts of venture capital, private equity, strategic investments, and public financing as they pursue certification for their vehicles. Horizon's possible use cases are well-established since regional aircraft and helicopters have a long history of operating safely and successfully, so the company is not attempting to create a market that does not currently exist. The high-profile eVTOL companies have significant advantages in terms of both engineering prowess and financial resources, but in an emerging market like eVTOLs, we do not expect it to be a "winner-take-all" as many different models may succeed.

## OVERVIEW - HORIZON'S FAVORITE X7

Horizon Aircraft is taking an interesting approach to the market for regional air travel by building a hybrid vehicle, unlike the pure electric alternatives proposed by many of the industry's first movers, which are targeting intracity travel.

Horizon Aircraft aims to offer an aircraft that incorporates a hybrid electric Vertical Takeoff and Landing system for flights of up to 500 miles carrying up to 6 passengers (with one pilot). The ability to take off and land vertically will enable the Cavorite X7 to serve communities that a traditional regional airport does not currently serve or to rapidly reach emergencies (natural disaster or medical emergencies).

The unique design of the Horizon Air "fan-in-wing" technology allows the company's vehicle (at least in early tests) to achieve vertical lift, but then, when the fan covers are closed, the aircraft takes on a more standard configuration of a fixed-wing aircraft for horizontal flight powered by a rear propeller. The company will use lithium-ion batteries to power isolated motors and a more traditional internal combustion engine to power an on-board generator. This hybrid approach has allowed the company to design a system that will utilize smaller batteries than most other eVTOL designs (reducing the total weight of the aircraft) and which enables inflight recharging of the batteries.

The ability to offer inflight recharging of its batteries is one of the key differentiators that we think can separate the Cavorite X7 from other proposed vehicles. We believe this addresses the greatest concern customers have expressed with eVTOLs – the ability to make multiple takeoffs and landings without requiring downtime to recharge. Inflight recharging will mean that vertical takeoff and landing for the Cavorite X7 is not constrained by access to charging infrastructure. While an eVTOL flying a consistent route (for example, from a Manhattan helipad to one of the region's three major airports) would likely have charging infrastructure in place at its key docking locations, a vehicle flying to an emergency location to enable paramedics to treat injuries or access remote locations in combat scenarios is almost always going to have a different flight path that includes multiple points of departure and arrival.

**Figure 1: 50% scale prototype in flight**



Source: Company's YouTube Channel

The company anticipates that the full-size version of the Cavorite X7 will be capable of carrying seven people (6 passengers and one pilot) and have a cargo capacity of 1,500 pounds, which exceeds most of the other later stage eVTOL concepts we have reviewed, but it is still short of the useful load of a comparable helicopter. The company envisions that the target markets for its vehicle will be those customers who value a combination of speed, capacity, efficiency, and increased operating range.

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## RISKS

- Execution and certification risk. The company has only flight-tested a 50%-scale prototype to date.
- There are risks associated with a completely new product. The company must build brand and product recognition among its potential customers. It will also have to price a new product competitively in the market to ensure demand materializes and adequate margins.
- The electrification of aircraft may never materialize. There are several relatively safe and effective solutions in the marketplace today that use hydrocarbons as the energy source. If policy shifts away from environmentally friendly initiatives, like aircraft electrification, the market may never develop.
- The competition in the eVTOL space has financial and human capital that vastly exceeds Horizon's. Archer Aviation and Joby Aviation spend hundreds of millions of dollars annually on research and development.
- Supplier risk. The aircraft will rely on various components from suppliers, including batteries, electric motors, etc., which may not meet the company's expectations and could impact the vehicle's performance.

# PROJECTED INCOME STATEMENT

New Horizon Aircraft

9/10/25

	FY	FY	FY	Sep	Dec	Mar	June	FY	Sep	Dec	Mar	June	FY
	2023A	2024A	2025A	2025E	2025E	2026E	2026E	2026E	2026E	2026E	2027E	2027E	2027E
<i>(USD in Thousands; May Year-End)</i>													
<b>Revenues:</b>													
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Profit</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Expenses:</b>													
Research and Development	501	651	2,620	791	1,187	1,780	2,670	6,428	3,204	3,845	4,422	5,085	16,556
General and administrative	583	2,761	7,106	1,733	1,819	1,847	1,874	7,273	1,902	1,931	1,960	1,989	7,783
<b>Total Operating Expenses</b>	<b>1,084</b>	<b>3,411</b>	<b>9,727</b>	<b>2,524</b>	<b>3,006</b>	<b>3,627</b>	<b>4,544</b>	<b>13,701</b>	<b>5,107</b>	<b>5,776</b>	<b>6,382</b>	<b>7,074</b>	<b>24,339</b>
<b>% change (yoy)</b>			<b>185%</b>	27.8%	26.3%	46.1%	58.1%	40.9%	102.3%	92.1%	76.0%	55.7%	77.6%
<b>Operating Income (Loss)</b>	<b>(1,084)</b>	<b>(3,411)</b>	<b>(9,727)</b>	<b>(2,524)</b>	<b>(3,006)</b>	<b>(3,627)</b>	<b>(4,544)</b>	<b>(13,701)</b>	<b>(5,107)</b>	<b>(5,776)</b>	<b>(6,382)</b>	<b>(7,074)</b>	<b>(24,339)</b>
Other income (expense)	215	422	7	28	29	31	32	120	33	34	35	36	138
Interest Expense (Income)	(55)	(120)	(88)	(145)	(149)	(156)	(161)	(611)	(166)	(171)	(179)	(185)	(701)
Change in fair value of Warrants	0	0	1,423	1,010	1,040	1,092	1,125	-	1,158	1,193	1,253	1,290	-
Warrant income	0	289	0	0	0	0	0	-	0	0	0	0	-
Termination of Fwd Purchase Agreement	0	0	15,322	0	0	0	0	-	0	0	0	0	-
Change in fair value of Fwd Purchase Agreement	0	(3,228)	(530)	0	0	0	0	-	0	0	0	0	-
<b>Income (loss) before Taxes</b>	<b>(924)</b>	<b>(6,048)</b>	<b>3,723</b>	<b>(2,524)</b>	<b>(3,006)</b>	<b>(3,627)</b>	<b>(4,544)</b>	<b>(13,701)</b>	<b>(5,107)</b>	<b>(5,776)</b>	<b>(6,382)</b>	<b>(7,074)</b>	<b>(24,339)</b>
Income Tax Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Income (Loss)</b>	<b>(924)</b>	<b>(6,048)</b>	<b>3,723</b>	<b>(2,524)</b>	<b>(3,006)</b>	<b>(3,627)</b>	<b>(4,544)</b>	<b>(13,701)</b>	<b>(5,107)</b>	<b>(5,776)</b>	<b>(6,382)</b>	<b>(7,074)</b>	<b>(24,339)</b>
<b>EPS reported</b>	<b>(0.13)</b>	<b>(0.56)</b>	<b>0.12</b>	<b>(0.07)</b>	<b>(0.08)</b>	<b>(0.09)</b>	<b>(0.11)</b>	<b>(0.35)</b>	<b>(0.12)</b>	<b>(0.14)</b>	<b>(0.15)</b>	<b>(0.17)</b>	<b>(0.58)</b>
Diluted Shares (weighted average)	7326.3	10717.4	30760.0	36806.7	39210.0	39798.2	40395.1	<b>39052.5</b>	41001.0	41616.1	42240.3	42873.9	<b>41932.8</b>

Source: Company filings, Zacks Small Cap Research, Brian Lantier

currency adjustment CAD to USD      \$ 1.35   \$ 1.35   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40   \$ 1.40

## BALANCE SHEET

New Horizon Aircraft Ltd

Balance Sheet in USD (CAD 1.3806 to US \$1.00)

5/31/25

<b>Assets</b>	<b>CAD</b>	<b>USD</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	7,547	5,466
Prepaid expenses	530	384
Account receivable	96	70
<b>Total current assets</b>	<b>8,173</b>	<b>5,920</b>
<b>Non-Current Assets</b>		
Property, Plant & Equipment	209	151
Operating lease assets	30	22
<b>Total non-current assets</b>	<b>239</b>	<b>173</b>
<b>Total Assets</b>	<b>8,412</b>	<b>6,093</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	679	492
Accrued liabilities	625	453
Operating lease liabilities	22	16
<b>Total current liabilities</b>	<b>1,326</b>	<b>960</b>
<b>Non-Current Liabilities</b>		
Warrant liabilities	4,488	3,251
Operating lease liabilities	8	6
<b>Total Liabilities</b>	<b>5,822</b>	<b>4,217</b>
<b>Shareholder's Equity</b>		
Class A ordinary shares	84,562	61,250
Preferred shares	6,277	4,547
Additional Paid-in capital	(78,766)	(57,052)
Accumulated deficit	(9,483)	(6,869)
<b>Shareholder's Equity (Deficiency)</b>	<b>2,590</b>	<b>1,876</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>8,412</b>	<b>6,093</b>

Source: Company filing

# HISTORICAL STOCK PRICE

NasdaqCM - Nasdaq Real Time Price - USD

**New Horizon Aircraft Ltd. (HOVR)**

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**1.6800** +0.0200 + (1.20%)

As of 11:51:50 AM EDT. Market Open.



Source: Yahoofinance.com

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