

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Lisa Thompson
312-265-9154
LThompson@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

FatPipe Inc.

(NASDAQ: FATN)

FATN: Raising Numbers as FatPipe Closes More and Bigger Deals

We believe FatPipe's valuation should be compared to peer companies that trade at an average of 8.0 times EV/2026 calendar sales. We think a 4.0 times multiple would be conservative, yielding \$6.40.

OUTLOOK

FatPipe offers patented advanced data communication software that securely connects offices and clouds into one cohesive network. It aggregates multiple data lines from multiple data carriers, using any last-mile connection including 5G and satellite, into a single, seamless corporate network accessible anywhere in the world. It offers this software as a SaaS and also sells the hardware needed to use the software. The company had its IPO in April 2025 and has used to proceeds to increase its direct sales force to spur sales growth.

Current Price (5/21/26) **\$3.79**
Valuation **\$6.40**

SUMMARY DATA

52-Week High **\$11.58**
52-Week Low **\$1.45**
One-Year Return (%) **-62.7**
Beta **2.6**
Average Daily Volume (sh) **2,981,076**

Shares Outstanding (mil) **14.0**
Market Capitalization (\$mil) **\$53**
Short Interest Ratio (days) **0.2**
Institutional Ownership (%) **8.8**
Insider Ownership (%) **46.2**

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 **10.8**
P/E using FY2027 Estimate **7.7**
P/E using FY2028 Estimate **7.4**

Risk Level **High**
Type of Stock **Small Blend**
Industry **Networking**

ZACKS ESTIMATES

Revenue

(in millions of \$)

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2025 | 3.8 A | 5.5 A | 3.1 A | 3.8 A | 16.3 A |
| 2026 | 3.9 A | 4.0 A | 4.1 A | 7.2 A | 19.2 A |
| 2027 | 4.6 E | 5.0 E | 5.5 E | 7.0 E | 22.7 E |
| 2028 | | | | | 26.7 E |

GAAP EPS

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2025 | -0.05 A | 0.13 A | 0.01 A | -0.03 A | 0.15 A |
| 2026 | 0.05 A | -0.00 A | 0.02 A | 0.28 A | 0.35 A |
| 2027 | 0.08 E | 0.04 E | 0.10 E | 0.28 E | 0.49 E |
| 2028 | | | | | 0.51 E |

FatPipe Releases Results for FYQ4 Ending March 31

Ending FY2026 with a large contract and an excellent FYQ4 2026, FatPipe reported revenues up 17.8% to \$19.2 million. The enlarged salesforce is bringing in bigger and more deals as it matures. Now at a count of 30, it continues to add staff. In FYQ4, the company recognized half of a new \$7 million contract, with the other half expected to be recognized in FYQ1 2027, which should also be a very good quarter for the company. We are raising our revenue and earnings estimates to reflect sales success, plus an expected credit to taxes of \$1.5 million in the year, bringing taxes to virtually nothing versus our original estimate of \$930,000.

For FY2027, we are now looking for \$22.6 million in revenues and FY2027 EPS up to \$0.49 per share, compared to our previous estimate of \$0.21. Our new FY2028 estimate is now revenues of \$26.7 million, and EPS of \$0.51 as the company moves back to a normalized tax rate with NOLs still available.

Given the increase in valuation of its peers and the increase in our 2026 calendar-year revenue estimate to \$22.4 million, we are raising our current valuation from \$6.00 to \$6.40 per share.

Q4 FY2026 Results Ending March 31, 2026

Revenues for the March quarter were \$7.2 million, up 90% from \$3.8 million in the last quarter of FY2025. Product revenue was \$5.7 million compared to \$2.0 million during the same period in 2025.

In Q4 FY2026, the cost of revenue was \$685,000, an increase of \$515,000 from the prior period ended March 31, 2025. Gross profit was \$6.5 million, an increase of \$2.9 million, or 80%, from the prior period. The gross margin decreased to 91% in the quarter ended March 31, 2026, from 96%, reflecting product mix and increased customer support headcount.

As planned, sales and marketing expenses increased as FatPipe invested in adding sales headcount across its divisions to invest in long-term growth. It increased \$324,000 compared to the prior period, primarily due to an increase in salary expenses.

G&A expense was \$2.0 million for the quarter, an increase of \$868,000 compared to the prior period. This increase was primarily due to an impairment of contract assets of \$916,419, an increase of \$644,000 over last year. Product development expense was fairly flat compared to last year.

Pretax rose \$2.0 million to \$2.2 million, resulting in an operating margin of 30.2% versus 5.1% the year before. The biggest difference in our model was the tax rate. The company had a tax reversal of \$1.8 million due to recording an income tax benefit of \$1.5 million for the fiscal year, compared to an income tax provision of \$1.3 million in the prior fiscal year. The company changed tax accountants, who revised how it reported taxes. The income tax benefit in the current fiscal year reflects: substantial utilization of net operating loss carryforwards against current-year U.S. taxable income; the partial reversal of approximately 50% of a \$3.0 million prior-period accrued income tax payable balance, recognized as a change in accounting estimate; the utilization of general business credit carryforwards; and the foreign rate differential associated with losses generated by the Indian subsidiary. The company expects to recognize the remaining 50% of the prior-period accrual as a benefit in fiscal year 2027.

As a result, net income to shareholders was \$4.0 million, up from a loss of \$368,000 last year, generating EPS of \$0.28, up from a loss of \$0.03. The shares outstanding rose 3%.

Balance Sheet

As of March 31st, FatPipe had \$5.2 million in cash and \$4.6 million in debt. It had working capital of \$12.2 million. In Q4 FY2026, it had cash flow (not including changes in working capital) and free cash flow of \$5.2 million. For the fiscal year, free cash flow was \$7.2 million compared to \$3.3 million the year before. The company plans to stay at a positive cash flow in the next two years despite spending on growth.

During the Quarter

On March 31, 2026, FatPipe announced a new partnership with TD SYNEX, a leading global distributor and solutions aggregator for the IT ecosystem. It has 150,000 customers in 100+ countries and is headquartered in Clearwater, Florida, and Fremont, California. Its 23,000 employees sell IT products, services, and solutions from over 2,500 vendors.

After the Quarter Ended

On April 28, 2026, FatPipe announced its VeloCloud Replacement Program to help enterprises and channel partners rapidly replace legacy VeloCloud deployments (now part of Arista Networks, NASDAQ: ANET) with FatPipe's SD-WAN platform. It offers:

- **Best Customer Pricing:** at a minimum, 15% discount on the TCV of the existing VeloCloud contract for customers who come directly to FatPipe.
- **Channel Partner Incentive:** 10% rebate on signed total contract value (TCV) for partners who bring VeloCloud replacement opportunities to FatPipe.
- **Zero-Cost Migration Assistance:** Fully managed onboarding and cutover with no additional cost

On April 29, 2026, FatPipe announced expanded availability of its solutions across multiple government and education procurement contract vehicles. FatPipe is now accessible through the NASA Solutions for Enterprise-Wide Procurement (SEWP) contract for federal agencies and authorized users. It is also available through the Equalis Group cooperative purchasing program in partnership with TD SYNEX, for public sector and education customers.

KEY POINTS

- FatPipe is an SD-WAN (Software-Defined Wide Area Network) provider that sells a service to manage the networks of small and medium-sized enterprises. Its patented solution is a software platform, often sold with an appliance, with additional application modules for cybersecurity, SIEM (Security Information and Event Management), and email security. In contrast to its competitors, it provides customers with one vendor to call for all network problems, and it can provide a hybrid solution that combines on-premise assets and cloud services, resulting in significantly lower costs for the customer.
- For the next year and beyond, management is focused on revenue growth and has taken the IPO proceeds to add to the sales effort. Since last year, it has more than tripled its salesforce from eight to 30 people today, and as these salespeople become more productive, revenues should accelerate. The company plans to add another 10 salespeople in large cities where it does not have a presence. Management is also adding other channel partners, both traditional Value-Added Resellers (VARs) and Internet Service Providers (ISPs).

- The company launched its new all-in-one platform, “Total Security 360,” on October 6th and is now selling it as an upgrade to its current customers. It is an advanced single-stack security solution that can be deployed in both the cloud and on-premises. This upgrade can cost as much as three times as much as its base SD-WAN platform and provides the potential for significant revenue increases from current customers as well as new customers. Total Security 360 only became available after the September quarter ended.
- FatPipe’s software is written in-house, and all of its parts are fully integrated, in contrast to its major competitors, Fortinet and Cisco, which have bought companies and offer somewhat unintegrated solutions. FatPipe wrote and owns foundational patents for SD-WANs and can offer a platform differentiated from the competition. As primarily hardware providers, Fortinet, Cisco, and other competitors expect customers to primarily manage their own networks and target large companies with large IT staffs. FatPipe offers first-party management for its customer solutions.
- The company has been booking revenues upfront like traditional software companies, leading to lumpy quarters when big purchase orders come in. After the fiscal year ends, it may choose to move to more SaaS-like revenue recognition, booking revenues ratably throughout the contract, which would lead to more predictable and smoother revenues. The reason revenues were down year over year in FYQ2 is that the year before, their largest reseller booked an exceptionally large order.
- The company IPOed on April 7, 2025, at \$5.75. and hit an all-time high of \$23.27. Since then, the stock has fallen significantly as long-time shareholders sold off stock and the company reported lower revenues in its first six months as a public company due to a comparison with the exceptionally strong first half of the year before. The stock hit a low just before the company reported its December quarter results. After reporting revenue growth in the following quarters, the stock has begun to recover.
- Its enterprise value is now \$53 million. It has an estimated 2026 calendar revenue of \$22.4 million, giving it an EV/Sales ratio of 2.3 times, compared with comparable companies that average 8.0 times. We believe that as the company shows revenue growth and returns to its historical high margins, its multiple will expand. Using just half the peer multiple, that would make FatPipe stock worth \$6.40 per share.

OVERVIEW

FatPipe Inc. was founded in 2010 and is headquartered in Salt Lake City, Utah, with a branch in Chennai, India. Its products are used by more than 2,500 customers across various industries, including government, financial services, healthcare, and manufacturing. As of March 31, 2026, the company had 172 full-time employees, comprised of 56 in the US, 112 in India, and 4 in the Philippines. The company went public on April 9, 2025, selling 791,024 shares of common stock at \$5.75 per share and raising net proceeds of approximately \$3.7 million. It is using the cash to increase its salesforce to spur growth. The salesforce was increased from eight in Q2FY2025 to 30 today. In its experience, sales team members break even in three to six months. In addition to direct sales, the company uses a network of over 100 reseller partners. The nation’s largest ISP is its largest reseller and contributes almost half of its sales.

FatPipe’s main service is managing networks for small to medium organizations using its SD-WAN (Software Defined- Wide Area Network) platform. It has a vast quantity of intellectual property due to the research of its founders, who came from academia. It owns the basic patents for network rollover when there is a failure, and it has defended its patents in court against Cisco and Oracle, both of whom subsequently settled. While FatPipe typically sells its solution as software loaded on a generic appliance, what the customer pays for is the highly differentiated integrated software platform and the support FatPipe provides. FatPipe offers advanced data communication software that securely connects offices and clouds into one cohesive network. It aggregates multiple data lines from multiple data carriers, using

any last-mile connection, including 5G and satellite, into a single, seamless corporate network accessible anywhere in the world. Versus most competitors, FatPipe provides one vendor to manage the entire network with a simple, predictable payment schedule. As the company likes to say, "for the price of a latte, we provide network security, cybersecurity, and email spam and attachment sandboxing, per employee, for a whole month."

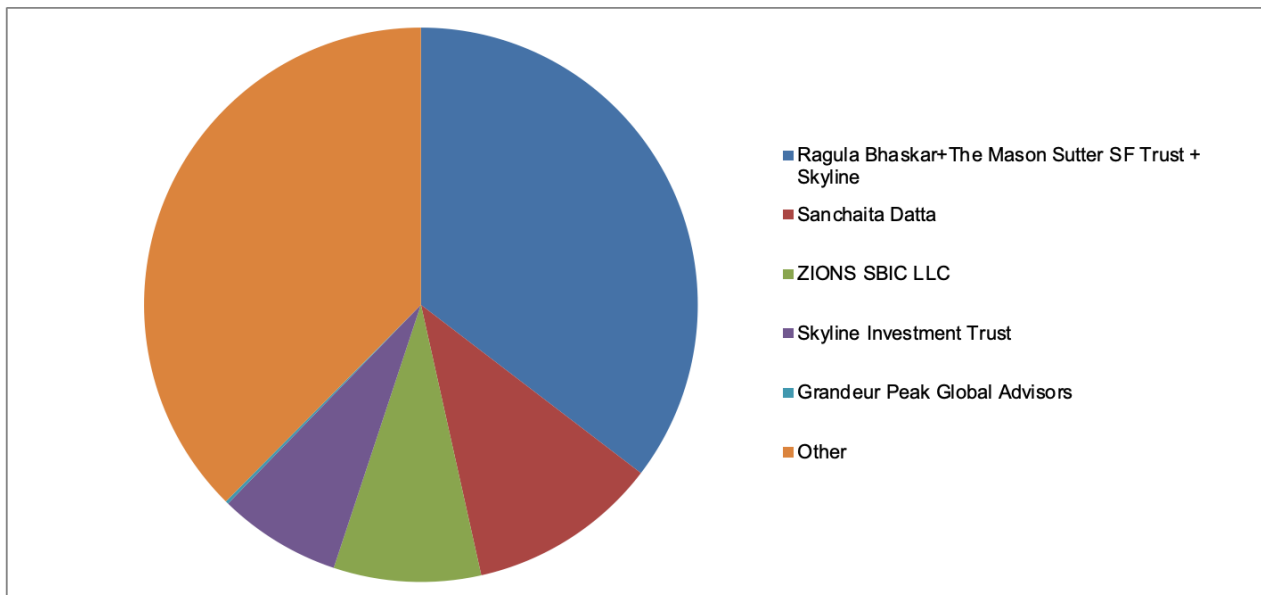
FatPipe's biggest reseller sells FatPipe's SD-WAN as part of its service offering, which is an upsell from just providing internet access or telecom services. Using FatPipe, a customer can separate its networking traffic into two categories: one stream that needs to access the entity's data center for content that is on its servers, and one stream that is looking for content on the internet. For example, a school district will have users looking for information that is stored on its servers (grades, courseware, attendance) and other users that just want to access the internet (social media, research, news) or sources external to the schools. Using FatPipe, the external users go straight to the internet and not via the data center. This is a huge money-saver, as the needed bandwidth will be lower, and the latency will be decreased. No other vendor can do this.

A single FatPipe solution replaces multiple products, offering simpler installation and decreased maintenance costs as well as a single point of contact per company for all networking needs. In one FatPipe SD-WAN product, all the technology needed (i.e., multiple data lines, data carriers, and/or telecommunications companies) is packaged together to connect corporate networks into a seamless, extremely reliable, and highly redundant ecosystem. If any line fails, patented technology prevents the loss of voice and/or data connections by seamlessly failing over the data to the next available line in less than a second. Its firewall and full suite of security features provide network protection from cyber-attacks and optimize productivity via tools such as web filters, geo-blocking, and intrusion prevention/detection to halt unauthorized access to non-productive or malicious sites.

FatPipe's newest offering, Total Security 360, integrates cybersecurity, SIEM, and email security into a single product. Customers have previously had to buy these applications as separate modules, either from FatPipe or other vendors, making management more complicated. Total Security 360 places all of its features on a single platform, providing a holistic view of what is going on and a single phone call to make when there is a problem.

OWNERSHIP

Ragula Bhaskar and Sanchaita Datta are husband and wife, and as a family, they own 46% of the common stock.



VALUATION

For comparables, we are using FatPipe's main competitors that also provide SD-WAN solutions. To calculate the average, we are excluding the high and the low. Broadcom, in particular, is taken out because it is expected to have exceptionally high growth from its data center optical connection products. We see below that the average company trades at an EV/Sales ratio of 8.0 times the estimated calendar 2026 sales and also has an average EBITDA margin of 24%. FatPipe has yet to demonstrate consistent revenue growth and should be at the lower end of the range until it improves. If we take half the 8.0 and use 4.0 times, that puts FATN at an enterprise valuation of \$90 million, a market value of \$91 million, and a stock price of approximately \$6.40 per share.

| | Ticker | Calendar | Calendar | LTM | EBITDA | EBITDA Margin | Enterprise Value / Sales | | | Included in Average? | Enterprise Value |
|----------------------------|--------|-----------|-----------|-----------|--------|------------------|--------------------------|-------------|-------------|-------------------------|---------------------|
| | | 2027E | 2026E | | | | 2027E | 2026E | LTM | | |
| Arista Networks | ANET | \$14,480 | \$11,590 | \$9,710 | 4,240 | 44% | 11.5x | 14.3x | 17.1x | y | 166,160 |
| Broadcom | AVGO | NA | \$121,530 | \$68,280 | 37,220 | 55% | NA | 17.2x | 30.6x | n | 2,090,000 |
| Cisco | CSCO | NA | \$62,800 | \$60,750 | 16,980 | 28% | NA | 6.3x | 6.5x | y | 395,750 |
| Ericsson | ERIC | \$230,840 | \$226,970 | \$230,988 | 35,870 | 16% | 0.2x | 0.2x | 0.2x | n | 36,560 |
| Extreme Networks | EXTR | NA | \$1,325 | \$1,250 | 94 | 8% | NA | 2.4x | 2.5x | y | 3,170 |
| Fortinet | FTNT | \$8,630 | \$7,810 | \$7,110 | 2,360 | 33% | 9.4x | 10.3x | 11.4x | y | 80,710 |
| Hewlett Packard Enterprise | HPE | NA | \$38,680 | \$35,740 | 4,890 | 14% | NA | 1.5x | 1.6x | y | 58,370 |
| Palo Alto Networks | PANW | NA | \$12,350 | \$9,890 | 1,540 | 16% | NA | 13.3x | 16.6x | y | 164,430 |
| Average | | | | | | 24% | 7.0x | 8.0x | 9.3x | | 144,765 |
| FatPipe | FATN | | 22 | 19 | 5 | 25% | NA | 2.3x | 2.7x | | 53 |

RISKS

- Given the way the company books software revenue upfront, its quarterly are quite variable and unpredictable, depending on when contracts are implemented.
- Dr. Ragula Bhaskar and Sanchaita Datta own 46% of the stock and together hold the positions of Chairman of the Board, CEO, President, and CTO. Others have minimal say in governance and management.
- For the fiscal year ended March 31, 2026, three major channel partners accounted for approximately 64.59% of FatPipe's consolidated revenues, compared to two major channel partners that accounted for approximately 53.77% of consolidated revenues for the fiscal year ended March 31, 2025. The largest was 60.7% of revenue, up from 47.3% last year. The next largest channel partner was only 2.3% of sales.

INCOME STATEMENT

| (in thousands) | June FYQ1 25 | Sept FYQ2 25 | Dec FYQ3 25 | March FYQ4 25 | June FYQ1 26 | Sept FYQ2 26 | Dec FYQ3 26 | March FYQ4 26 | June FYQ1 27E | Sept FYQ2 27E | Dec FYQ3 27E | March FYQ4 27E | FY2025 | FY2026 | FY2027E | FY2028E |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Product | 2,105,347 | 4,487,946 | 1,953,706 | 1,953,706 | 2,392,303 | 2,420,579 | 2,572,879 | 5,655,510 | 3,050,000 | 3,400,000 | 3,900,000 | 5,900,000 | 10,706,169 | 13,041,271 | 16,250,000 | 19,175,000 |
| Service | 868,231 | 611,100 | 438,956 | 438,956 | 953,287 | 905,795 | 898,127 | 1,011,789 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 3,110,230 | 3,768,998 | 4,000,000 | 4,720,000 |
| Consulting | 776,742 | 496,529 | 756,015 | 756,015 | 590,333 | 632,857 | 616,780 | 558,055 | 600,000 | 600,000 | 600,000 | 600,000 | 2,472,482 | 2,398,025 | 2,400,000 | 2,832,000 |
| REVENUE | 3,750,319 | 5,595,576 | 3,148,677 | 3,794,309 | 3,935,923 | 3,959,231 | 4,087,786 | 7,225,354 | 4,650,000 | 5,000,000 | 5,500,000 | 7,500,000 | 16,288,881 | 19,208,294 | 22,650,000 | 26,727,000 |
| Yr-to-yr Gr. | | | | | 5% | -29% | 30% | 90% | 18% | 26% | 35% | 4% | -8.8% | 17.9% | 17.9% | 18.0% |
| OPERATING EXPENSES | | | | | | | | | | | | | | | | |
| Cost of revenue | 283,680 | 229,315 | 379,870 | 168,782 | 226,934 | 312,904 | 503,816 | 684,730 | 465,000 | 500,000 | 550,000 | 750,000 | 1,061,647 | 1,728,384 | 2,265,000 | 2,672,700 |
| Gross Margin | 3,466,639 | 5,366,261 | 2,768,807 | 3,625,527 | 3,708,989 | 3,646,327 | 3,583,970 | 6,540,624 | 4,185,000 | 4,500,000 | 4,950,000 | 6,750,000 | 15,227,234 | 17,479,910 | 20,385,000 | 24,054,300 |
| % of Sales | 92.4% | 95.9% | 87.9% | 95.6% | 94.2% | 92.1% | 87.7% | 90.5% | 90.0% | 90.0% | 90.0% | 90.0% | 93.5% | 91.0% | 90.0% | 90.0% |
| Sales and Marketing | 1,014,935 | 919,392 | 888,546 | 931,075 | 1,051,665 | 1,202,636 | 1,282,706 | 1,254,899 | 1,300,000 | 1,350,000 | 1,350,000 | 1,400,000 | 3,753,948 | 4,791,906 | 5,400,000 | 5,800,000 |
| General and Administrative | 581,122 | 1,183,797 | 573,906 | 1,083,772 | 586,999 | 1,392,675 | 828,350 | 1,951,629 | 600,000 | 1,500,000 | 900,000 | 1,366,629 | 3,422,596 | 4,759,653 | 4,366,629 | 5,200,000 |
| Product development | 423,500 | 435,402 | 448,568 | 479,658 | 474,457 | 489,157 | 453,539 | 487,889 | 500,000 | 500,000 | 500,000 | 500,000 | 1,787,128 | 1,905,042 | 2,000,000 | 2,100,000 |
| Employee cost | 587,239 | 564,298 | 672,959 | 967,320 | 593,191 | 562,652 | 616,955 | 661,141 | 640,000 | 650,000 | 660,000 | 670,000 | 2,791,816 | 2,433,939 | 2,620,000 | 2,800,000 |
| Tot Operating Exp. | 2,606,796 | 3,102,889 | 2,583,979 | 3,461,825 | 2,706,312 | 3,647,120 | 3,181,550 | 4,355,558 | 3,040,000 | 4,000,000 | 3,410,000 | 3,936,629 | 11,755,488 | 13,890,540 | 14,386,629 | 15,900,000 |
| Operating Income | 859,843 | 2,263,372 | 184,828 | 163,702 | 1,002,677 | (793) | 402,420 | 2,185,066 | 1,145,000 | 500,000 | 1,540,000 | 2,813,371 | 3,471,746 | 3,589,370 | 5,998,371 | 8,154,300 |
| Operating Margin | 22.9% | 40.4% | 5.9% | 4.3% | 25.5% | 0.0% | 9.8% | 30.2% | 24.6% | 10.0% | 28.0% | 37.5% | 21.3% | 18.7% | 26.5% | 30.5% |
| Interest income | 26,090 | (15,576) | 15,342 | 16,832 | 5,799 | 42,949 | 41,145 | 35,292 | 35,000 | 35,000 | 35,000 | 35,000 | 42,688 | 125,185 | 140,000 | 150,000 |
| Other income | 0.0 | 0.0 | 1,831 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1,831 | 0.0 | 0.0 | 0.0 |
| Foreign exchange gain | (27,426) | 17,380 | 60,506 | 50,923 | 17,792 | 27,895 | 61,361 | 139,826 | 0.0 | 0.0 | 0.0 | 0.0 | 101,383 | 246,874 | 0.0 | 0.0 |
| Interest expense | (86,032) | (86,411) | (118,081) | (39,368) | (69,888) | (126,033) | (104,072) | (175,078) | 180,000 | 180,000 | 180,000 | 180,000 | (329,892) | (475,071) | 720,000 | 700,000 |
| Total other income | (87,368) | (84,607) | (40,402) | 28,387 | (46,297) | (55,189) | (1,566) | 40 | 215,000 | 215,000 | 215,000 | 215,000 | (183,990) | (103,012) | 860,000 | 850,000 |
| Profit before tax | 772,475 | 2,178,765 | 144,426 | 192,089 | 956,380 | (55,982) | 400,854 | 2,185,106 | 1,360,000 | 715,000 | 1,755,000 | 3,028,371 | 3,287,756 | 3,486,358 | 6,858,371 | 9,004,300 |
| Profit margin | 20.6% | 38.9% | 4.6% | 5.1% | 24.3% | -1.4% | 9.8% | 30.2% | 29.2% | 14.3% | 31.9% | 40.4% | 20.2% | 18.2% | 30.3% | 33.7% |
| Taxes | 163,398 | 551,117 | 60,054 | 560,293 | 215,185 | (12,595) | 90,192 | (1,776,385) | 306,000 | 160,875 | 394,875 | (833,758) | 1,334,862 | (1,483,603) | 27,992 | 1,980,946 |
| Tax Rate | 21.2% | 25.3% | 41.6% | 291.7% | 22.5% | -22.5% | 22.5% | -81.3% | 22.5% | 22.5% | 22.5% | -27.5% | 40.8% | -42.8% | 0.4% | 22.0% |
| GAAP Net income | 609,077 | 1,627,648 | 84,372 | (368,204) | 741,195 | (43,387) | 310,662 | 3,961,491 | 1,054,000 | 554,125 | 1,360,125 | 3,862,129 | 1,952,894 | 4,969,961 | 6,830,379 | 7,023,354 |
| Minority income | (16,416) | 16,416 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (13,514) | 0.0 | 0.0 | 0.0 |
| Net income to shareholders | (625,493) | 1,611,232 | 84,372 | (368,204) | 741,195 | (43,387) | 310,662 | 3,961,491 | 1,054,000 | 554,125 | 1,360,125 | 3,862,129 | 1,966,408 | 4,969,961 | 6,830,379 | 7,023,354 |
| Yr-to-yr Gr. | | | | | -218% | -103% | 268% | -1176% | 42% | -1377% | -3235% | -3% | -55.0% | 152.7% | 37.4% | 2.8% |
| Stock-based comp | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 625,220 | 0.0 | 145,000 | 0.0 | 0.0 | 0.0 | 410,000 | 0.0 | 770,220 | 770,220 | 770,220 |
| One-time | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 864,217 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 864,217 | 0.0 | 0.0 |
| Non-GAAP Net Income | (625,493) | 1,611,232 | 84,372 | (368,204) | 741,195 | 581,833 | 310,662 | 4,770,708 | 1,054,000 | 554,125 | 1,360,125 | 4,272,129 | 1,966,408 | 6,404,398 | 7,600,599 | 7,793,574 |
| Yr-to-yr Gr. | | | | | -218% | -64% | 268% | -1396% | 42% | -5% | 338% | -10% | \$ 0.15 | \$ 225.7% | 18.7% | 2.5% |
| Diluted GAAP EPS | (\$0.05) | \$0.13 | \$0.01 | (\$0.03) | \$0.05 | (\$0.00) | \$0.02 | \$0.28 | \$0.08 | \$0.04 | \$0.10 | \$0.28 | \$ 0.15 | \$ 0.35 | \$ 0.49 | \$ 0.51 |
| Yr-to-yr Gr. | | | | | -207% | -102% | 244% | -1143% | 40% | -1365% | -3205% | -3% | -56.4% | 132.0% | 39.3% | 2.8% |
| Non-GAAP EPS | (\$0.05) | \$0.13 | \$0.01 | (\$0.03) | \$0.05 | \$0.04 | \$0.02 | \$0.34 | \$0.08 | \$0.04 | \$0.10 | \$0.28 | \$ 0.15 | \$ 0.46 | 49.4% | 50.8% |
| Primary shares out | 12,449,308 | 12,737,886 | 13,026,464 | 13,500,000 | 13,826,468 | 13,892,903 | 13,924,468 | 13,924,468 | 14,024,468 | 14,024,468 | 14,024,468 | 14,024,468 | 12,858,852 | 13,822,787 | 13,822,787 | 13,822,787 |
| Yr-to-yr Gr. | | | | | 11% | 9% | 7% | 3% | 1% | 1% | 1% | 1% | 3.3% | 7.5% | 0.0% | 0.0% |
| Diluted shares out | 12,449,308 | 12,737,886 | 13,026,464 | 13,500,000 | 13,826,468 | 13,892,903 | 13,924,468 | 13,924,468 | 14,024,468 | 14,024,468 | 14,024,468 | 14,024,468 | 12,858,852 | 14,006,392 | 14,006,392 | 14,006,392 |

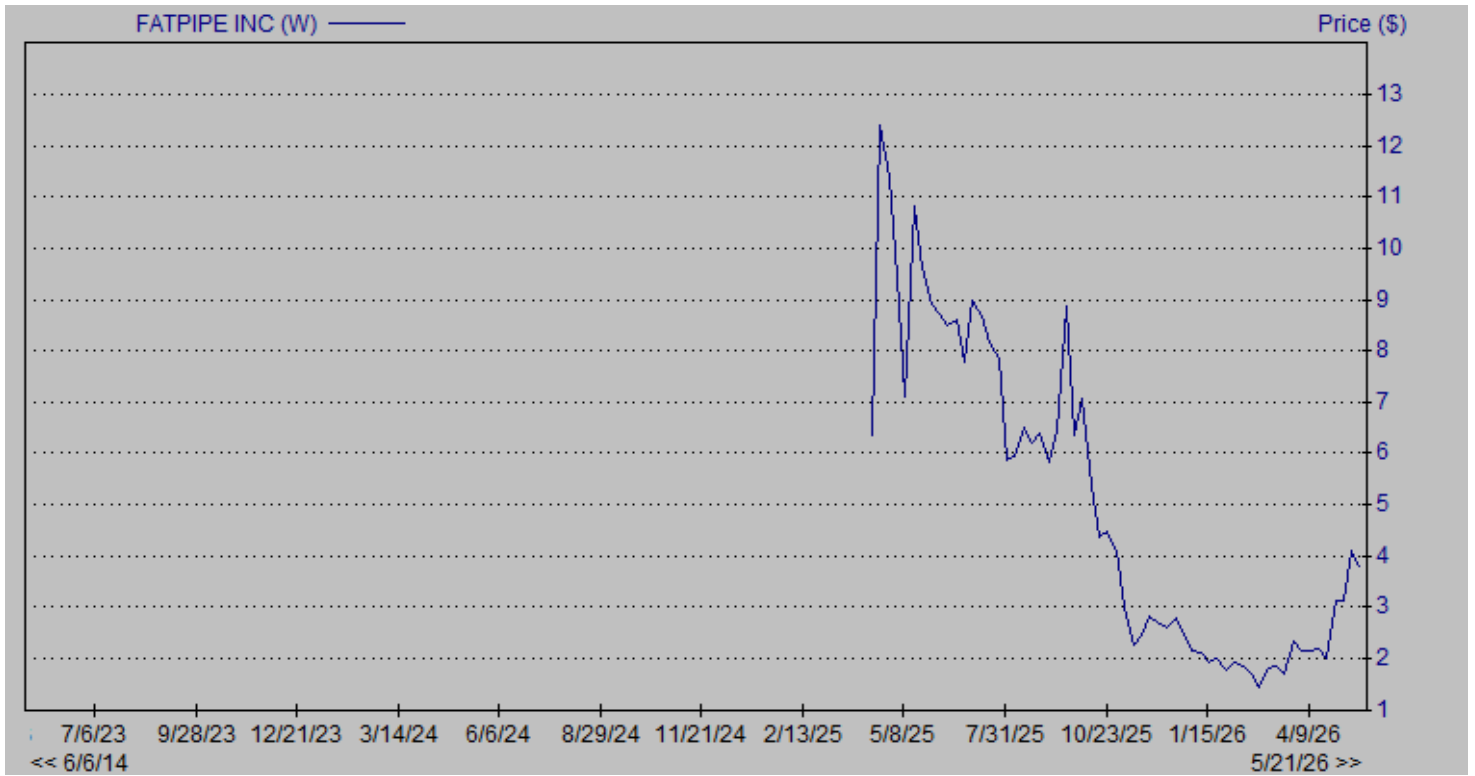
BALANCE SHEET

| \$ in thousands | Mar. 31, 2026 | Dec 31, 2025 | Qtr-Qtr % Change | Mar. 31, 2025 | YTD % Change |
|--|---------------|--------------|---------------------|---------------|-----------------|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | \$5,214,775 | \$6,163,214 | -15.4% | \$2,920,550 | 78.6% |
| Accounts receivable, net | 4,295,370 | 4,414,594 | -2.7% | 3,764,945 | 14.1% |
| Inventory | 445,842 | 167,348 | 166.4% | 419,677 | 6.2% |
| Other current assets | 125,271 | 153,550 | -18.4% | 666,376 | -81.2% |
| Contract receivable - current, net | 6,375,651 | 5,670,124 | 12.4% | 5,191,136 | 22.8% |
| Total current assets | 16,456,909 | 16,568,830 | -0.7% | 12,962,684 | 27.0% |
| Property and equipment, net | 95,506 | 86,731 | 10.1% | 57,844 | 65.1% |
| Intangible assets, net | 694,192 | 764,800 | -9.2% | 1,048,620 | -33.8% |
| Operating lease right-of-use assets | 1,042,476 | 1,154,472 | -9.7% | 1,455,373 | -28.4% |
| Contract receivable - non current, net | 15,784,746 | 13,345,249 | 18.3% | 12,307,266 | 28.3% |
| Other non-current assets | 372,353 | 381,415 | -2.4% | 379,077 | -1.8% |
| Deferred tax asset | 76,905 | 76,905 | 0.0% | 76,905 | 0.0% |
| TOTAL ASSETS | 34,523,087 | 32,378,402 | 6.6% | 28,287,769 | 22.0% |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | 390,174 | 352,184 | 10.8% | 437,253 | -10.8% |
| Accrued expenses and other | 1,993,899 | 3,861,321 | -48.4% | 3,863,096 | -48.4% |
| Deferred revenue | 1,093,440 | 1,098,571 | -0.5% | 1,358,632 | -19.5% |
| Operating lease liabilities, current | 401,406 | 394,128 | 1.8% | 366,677 | 9.5% |
| Notes payable, current | 391,397 | 417,323 | -6.2% | 463,422 | -15.5% |
| Total current liabilities | 4,270,316 | 6,123,527 | -30.3% | 6,489,080 | -34.2% |
| Notes payable, non current | 4,232,886 | 4,183,321 | 1.2% | 4,642,317 | -8.8% |
| Operating lease liabilities | 682,437 | 800,033 | -14.7% | 1,114,067 | -38.7% |
| Other non-current liabilities | 121,818 | 111,343 | 9.4% | 116,988 | 4.1% |
| Total liabilities | 9,307,457 | 11,218,224 | -17.0% | 12,362,452 | -24.7% |
| Common stock | 132,245 | 131,245 | 0.8% | 130,265 | 1.5% |
| Additional paid-in capital | 6,098,507 | 5,954,817 | 2.4% | 1,588,105 | 284.0% |
| Retained earnings | 16,076,024 | 12,114,533 | 32.7% | 11,106,063 | 44.7% |
| Accumulated other comprehensive income | 2,908,854 | 2,959,583 | -1.7% | 3,100,884 | -6.2% |
| Total stockholders' equity | 25,215,630 | 21,160,178 | 19.2% | 15,925,317 | 58.3% |
| Total liabilities and stockholders' equity | \$34,523,087 | \$32,378,402 | 6.6% | \$28,287,769 | 22.0% |
| Current Ratio | 3.9 | 2.7 | 42.4% | 2.0 | 92.9% |
| Quick Ratio | 3.7 | 2.7 | 40.0% | 1.9 | 94.0% |
| Working Capital | 12,186,593 | 10,445,303 | 16.7% | 6,473,604 | 88.3% |
| Cash and equivalents | 5,214,775 | 6,163,214 | -15.4% | 2,920,550 | 78.6% |
| Cash Percent of Assets | 15.1% | 19.0% | -20.6% | 10.3% | 46.3% |
| Debt | 4,624,283 | 4,600,644 | 0.5% | 5,105,739 | -9.4% |
| Debt Percent of Assets | 13.4% | 14.2% | -5.7% | 18.0% | -25.8% |
| Change in cash | (948,439) | (65,807) | 1341.2% | 3,308,471 | -128.7% |
| Change in debt | 23,639 | (160,383) | -114.7% | (344,712) | -106.9% |

CASH FLOWS

| | Year FY2024 | 3-Mo 6/30/24 | 3-Mo 9/30/24 | 3-Mo 12/31/24 | 3-Mo 3/31/25 | Year FY2025 | 3-Mo 6/30/25 | 3-Mo 9/30/25 | 3-Mo 12/31/25 | 3-Mo 3/31/26 | Year FY2026 |
|--|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|------------------|
| CASH FLOWS - OPERATING ACTIVITIES | | | | | | | | | | | |
| Net income | \$ 4,279,680 | \$ 609,077 | \$ 1,627,648 | \$ 84,373 | \$ (368,204) | \$ 1,952,894 | \$ 741,195 | \$ (43,387) | \$ 310,662 | \$ 3,961,491 | \$ 4,969,961 |
| Income and non-cash expense items: | | | | | | | | | | | |
| Depreciation and amortization | 699,257 | 133,545 | 133,147 | 132,662 | 146,355 | 545,709 | 91,957 | 104,108 | 102,837 | 70,347 | 369,249 |
| Income tax provision | 0 | 0 | 714,515 | (714,515) | 0 | 0 | 0 | 202,590 | (202,590) | 0 | 0 |
| Allowance for contract receivable | 262,167 | 49,392 | 84,455 | (31,897) | 170,107 | 272,057 | 33,811 | 32,691 | 23,053 | 826,864 | 916,419 |
| Stock-based compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 625,220 | 0 | 145,000 | 770,220 |
| Allowance for accounts receivable | 88,592 | 0 | 492,772 | 12,281 | (61,249) | 443,804 | 0 | 0 | 0 | 132,308 | 132,308 |
| Loss on sale of asset | 49,067 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bad debts written off during the year | 54,754 | 0 | 52,942 | 0 | 0 | 52,942 | 0 | 0 | 0 | 57,167 | 57,167 |
| Reversal of allowances account receivable | (197,024) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Foreign exchange | 0 | 0 | 10,046 | (46,576) | 36,530 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in assets and liabilities: | | | | | | | | | | | |
| Accounts receivable | (689,481) | (301,098) | (388,344) | 120,706 | (529,384) | (1,098,120) | (201,750) | (367,926) | (79,973) | (70,251) | (719,900) |
| Contracts receivable | (6,796,849) | (546,374) | (2,117,821) | 115,429 | (898,568) | (3,447,334) | (757,572) | (251,196) | (597,758) | (3,971,888) | (5,578,414) |
| Inventories | 242,428 | 24,994 | (73,943) | (280,361) | 23,155 | (306,155) | 11,517 | 79,424 | 161,388 | (278,494) | (26,165) |
| Right of use assets | 0 | 0 | 0 | (965,514) | 965,514 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 420,932 | (66,467) | (321,307) | 287,861 | 15,929 | (83,984) | 26,498 | 409,709 | 76,619 | 28,279 | 541,105 |
| Accounts payable | 176,419 | (168,844) | 98,095 | (15,106) | 105,579 | 19,724 | (127,026) | (15,465) | 57,422 | 37,990 | (47,079) |
| Other non-current liabilities | 116,007 | (148) | 548 | (3,484) | 4,065 | 981 | 51 | (62,707) | (1,414) | 10,474 | (53,596) |
| Other assets | (78,798) | 239 | (2,467) | (338,585) | 148,642 | (192,171) | (79) | (23,649) | 21,390 | 9,062 | 6,724 |
| Accrued expenses and other current liabilities | 929,038 | 225,324 | (19,819) | 595,158 | 680,011 | 1,480,674 | (196,229) | (173,100) | 367,554 | (1,867,422) | (1,869,197) |
| Operating lease liabilities | 410,424 | (21,917) | (75,528) | 947,569 | (834,491) | 15,633 | 9,476 | 987 | 3,855 | 1,678 | 15,996 |
| Deferred revenue | (330,038) | (190,188) | (166,649) | (9,976) | 206,033 | (160,780) | (140,453) | (117,464) | (2,144) | (5,131) | (265,192) |
| Net cash provided by operating activities | (363,425) | (252,465) | 48,290 | (108,975) | (189,976) | (504,126) | (508,604) | 399,835 | 240,901 | (912,526) | (780,393) |
| CASH FLOWS - INVESTING ACTIVITIES | | | | | | | | | | | |
| Purchase of equipment, net | (19,188) | (1,955) | 14,183 | (24,976) | (4,014) | (16,762) | (42,449) | 7,002 | (8,522) | (8,514) | (52,483) |
| Investment in intangible | 0 | (3,000) | 3,000 | 0 | (3,000) | (3,000) | 0 | 0 | 0 | 0 | 0 |
| Net cash provided by (used in) investing activities | (19,188) | (4,955) | 17,183 | (24,976) | (7,014) | (19,762) | (42,449) | 7,002 | (8,522) | (8,514) | (52,483) |
| CASH FLOWS - FINANCING ACTIVITIES | | | | | | | | | | | |
| Proceeds from debt | 500,000 | 0 | 0 | 513,652 | 5,000,000 | 5,513,652 | 0 | 0 | 0 | 0 | 0 |
| Repayment of debt | 0 | 0 | 0 | 0 | (3,027,913) | (3,027,913) | (191,222) | (95,065) | (160,383) | 23,639 | (423,031) |
| Issuance of shares in IPO | 0 | 0 | 0 | 0 | 0 | 0 | 3,784,474 | 83,000 | (125,002) | (83,310) | 3,659,162 |
| Proceeds from issuance of common stock | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 83,000 | 83,000 |
| Proceeds from related parties | 120,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayment of financing obligations of lease | (414,322) | 0 | (87,424) | 87,424 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net cash used in financing activities | 205,678 | 0 | (87,424) | 601,076 | 1,972,087 | 2,485,739 | 3,593,250 | (12,065) | (285,385) | 23,329 | 3,319,131 |
| Effect of foreign exchange rate change | 211,952 | (87,256) | 99,958 | 304,188 | (470,712) | (153,822) | (55,759) | (72,739) | (12,803) | (50,729) | (192,030) |
| INCREASE (DECREASE) IN CASH & EQUIVALENTS | 35,017 | (344,676) | 78,007 | 770,313 | 1,304,385 | 1,808,029 | 2,986,438 | 322,033 | (65,809) | (948,440) | 2,294,225 |
| CASH & CASH EQTS - BEGINNING OF PERIOD | 1,077,502 | 1,112,519 | 767,843 | 845,850 | 1,616,163 | 1,112,519 | 2,920,550 | 5,906,988 | 6,229,023 | 6,163,214 | 2,920,550 |
| CASH & CASH EQUIVALENTS - END OF PERIOD | 1,112,519 | 767,843 | 845,850 | 1,616,163 | 2,920,548 | 2,920,548 | 5,906,988 | 6,229,023 | 6,163,214 | 5,214,775 | 5,214,775 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW | | | | | | | | | | | |
| Cash paid for interest | 302,124 | 302,124 | (129,681) | 118,081 | 39,368 | 329,892 | 69,888 | 126,033 | 104,072 | 175,078 | 475,071 |
| Operating Cash Flow | \$ 5,236,493 | \$ 792,014 | \$ 3,115,525 | \$ (563,672) | \$ (76,461) | \$ 3,267,406 | \$ 866,963 | \$ 921,222 | \$ 233,962 | \$ 5,193,177 | \$ 7,215,324 |
| Free cash flow | \$ 5,217,305 | \$ 790,059 | \$ 3,129,708 | \$ (588,648) | \$ (80,475) | \$ 3,250,644 | \$ 824,514 | \$ 928,224 | \$ 225,440 | \$ 5,184,663 | \$ 7,162,841 |

HISTORICAL STOCK PRICE



DISCLOSURES

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

ANALYST DISCLOSURES

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

INVESTMENT BANKING AND FEES FOR SERVICES

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

POLICY DISCLOSURES

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

ADDITIONAL INFORMATION

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

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.