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Zacks Small-Cap Research

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FatPipe Inc. (NASDAQ: FATN)

FATN: Raising the Price Target as Industry Comps Increase and Growth Continues

We believe FatPipe's valuation should be compared to peers trading at an average EV/2026 calendar sales multiple of 10.0x. We think a 5.0 times multiple would be conservative, yielding approximately $8.00 per share.

Current Price (7/30/26)	$5.12
Valuation	**$8.00**

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.

SUMMARY DATA

52-Week High	**$8.89**
52-Week Low	**$1.45**
One-Year Return (%)	**-21.8**
Beta	**2.8**
Average Daily Volume (sh)	**71,597**
Shares Outstanding (mil)	**14.1**
Market Capitalization ($mil)	**$72.3**
Short Interest Ratio (days)	**0.1**
Institutional Ownership (%)	**12.5**
Insider Ownership (%)	**45.9**
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	**13.1**
P/E using FY2027 Estimate	**10.4**
P/E using FY2028 Estimate	**12.5**

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	5.0 A	4.9 E	5.2 E	7.0 E	22.1 E
2028					26.1 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	0.09 A	0.09 E	0.12 E	0.20 E	0.49 E
2028					0.41 E

WHAT'S NEW

As its Salesforce Matures, FatPipe Continues to Land More Deals

For its first fiscal quarter of 2027, FatPipe reported revenues up 28% to $5.0 million while net income rose to $1.2 million, up 65%, aided by a $371,000 tax reversal. The salesforce is bringing in bigger and more deals as it grows and matures. Management said it plans to add five to six more sales employees by the end of December and expects to reach about 36 people by the end of fiscal 2027, with a possible range of 36 to 38 by March. The company is also expanding its sales partnerships. It recently signed up TD Synnex (previously called Tech Data), the largest technology distributor in the world, and we expect more announcements soon.

In FYQ1 2027, the company recognized the second half of a new $7 million contract, and landed another $7 million in July for public schools negotiated at a state level, of which approximately a third will be recognized in the September quarter. The company is hitting on all cylinders and is capturing business from legacy vendors who have been gobbled up by large companies, which offer higher prices with less service. FatPipe wins versus their offerings by providing a more comprehensive product, lower costs, and excellent customer service. As an example, in April, the company created a targeted VeloCloud replacement program to find users of VeloCloud and convert them to FatPipe as their contracts run out. VeloCloud was bought by Arista Networks in July of 2025.

We are making adjustments of our quarterly revenue estimates and revising quarterly net income and EPS to reflect the tax reversals that are expected to be the same as in Q1 for the next three quarters. The company's NOLs should then be used up and the tax rate next year should be the full 22%.

Given the increase in valuation of its peers, we are raising our current valuation from $6.40 to $8.00 per share, which is approximately 5 times EV/Sales versus a peer average of 10.0 times.

Q1 FY2027 Results Ending June 30, 2026

Revenues for the June quarter were $5.0 million, up 28% from $3.9 million in the first quarter of FY2026. Product revenue was $3.5 million compared with $2.4 million during the same period in 2025.

In Q1 FY2027, the cost of revenue was $390,000, an increase of $163,000 from the prior period ended June 30, 2025. Gross profit was $4.6 million, an increase of $932,000, or 25%, from the prior period. The gross margin decreased to 92.2% in the quarter ended June 30, 2026, from 94.2%, reflecting product mix and increased customer support headcount.

As planned, sales and marketing expenses increased as FatPipe added sales headcount across its divisions to invest in long-term growth. Additionally, it attended trade shows in the quarter such as ChannelVision. Expenses increased $304,000 compared to the prior period.

G&A expense was $1.2 million for the quarter, an increase of $577,000 compared to the prior period. This increase was primarily due to higher professional fees (including the shelf registration), bad debt reserves of $157,000, and public-company operating costs. Product development expense was $697,000, up $101,000 as the company continues to develop new products and features.

Pretax income rose $1.0 million to $3.7 million, resulting in an operating margin of 17.9% versus 25.5% the year before. The biggest difference in our model was again the tax rate. The company had a tax reversal of $371,000 compared to an income tax provision of $215,000 in the prior fiscal year. As we mentioned in the year-end report, the company changed tax accountants, who revised how it reported taxes. Last fiscal year, the company had a 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. This fiscal year it is recognizing the remaining 50% of the prior-period accrual as a benefit in fiscal year 2027. We had thought this would be recognized in Q4, but it partially showed up this quarter.

As a result, net income to shareholders was $1.2 million, up from $741,000 last year, generating EPS of $0.09, up from $0.05 last year. The shares outstanding rose 2%.

Balance Sheet

As of June 30th, FatPipe had $4.3 million in cash and $4.5 million in debt. It had working capital of $12.3 million. In Q1 FY2027, it had cash flow (not including changes in working capital) and free cash flow of $1.6 million. The company plans to stay at a positive cash flow in the next two years despite spending on growth.

During the Quarter

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 SYNNEX, for public-sector and education customers.

After the Quarter Ended

On July 21, 2026, FatPipe announced that it was awarded a $7 million contract to provide FatPipe's network edge products and network monitoring services to public schools in an entire state.

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 IPOed on April 7, 2025, at $5.75 and hit an all-time high of $23.27. The stock then fall 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 $73 million. It has an estimated 2026 calendar revenue of $22.4 million, giving it an EV/Sales ratio of 3.2 times, compared with comparable companies that average 10.0 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 approximately $8.00 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."

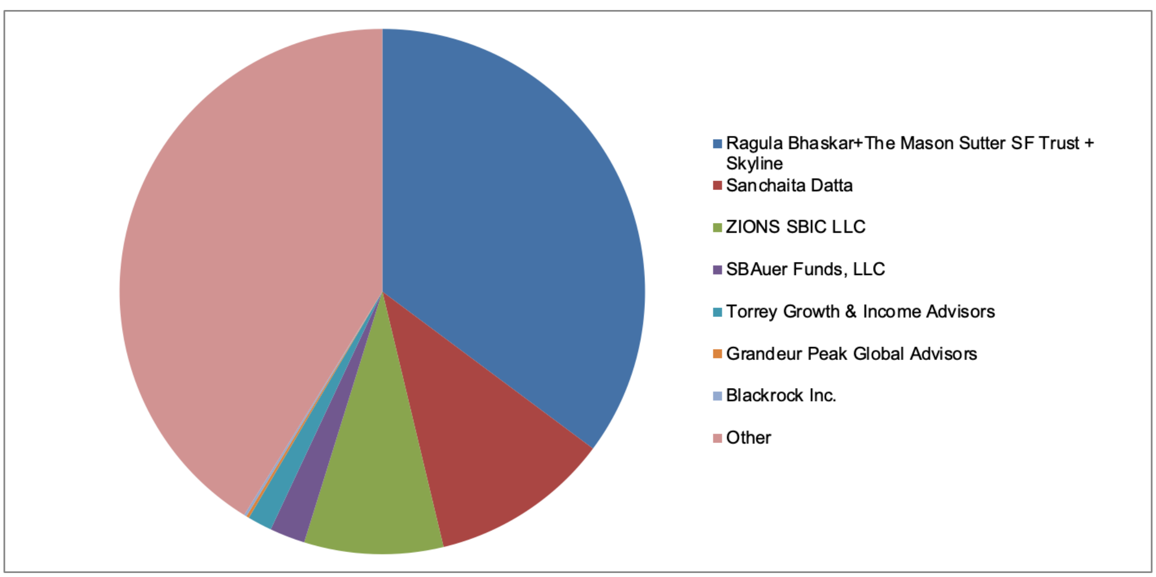
FatPipe's biggest reseller sells FatPipe's SD-WAN as part of its service offering, which is an upsell from just providing internet access or telecom services. Using FatPipe, a customer can separate its networking traffic into two categories: one stream that needs to access the entity's data center for 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 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. We see below that the average company trades at an EV/Sales ratio of 10.0 times the estimated calendar 2026 sales and also has an average EBITDA margin of 23%. 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 10.0 and use 5.0 times, that puts FATN at an enterprise valuation of $111.8 million, a market value of $111.6 million, and a stock price of approximately $8.00 per share.

		Calendar	Calendar			EBIDTA	Enterprise Value / Sales			Included	Enterprise
	Ticker	2027E	2026E	LTM	EBITDA	Margin	2027E	2026E	LTM	in Average?	Value
Arista Networks	ANET	$14,380	$11,620	$9,710	4,240	44%	14.0x	17.3x	20.7x	y	201,340
Broadcom	AVGO	NA	$125,250	$75,460	42,080	56%	NA	14.9x	24.6x	y	1,860,000
Cisco	CSCO	NA	$64,690	$60,750	17,010	28%	NA	7.3x	7.7x	y	470,210
Ericsson	ERIC	$24,250	$23,880	$21,670	3,360	16%	1.3x	1.3x	1.4x	y	30,610
Extreme Networks	EXTR	NA	$1,307	$1,250	94	8%	NA	3.0x	3.2x	y	3,950
Fortinet	FTNT	$8,640	$7,810	$7,110	2,360	33%	12.4x	13.7x	15.1x	y	107,080
Hewlett Packard Enterprise	HPE	NA	$44,090	$38,790	5,630	15%	NA	1.7x	2.0x	y	76,320
Palo Alto Networks	PANW	NA	$12,550	$10,610	1,480	14%	NA	20.6x	24.4x	y	258,940
Average						**23%**	**9.2x**	**10.0x**	**12.4x**		**186,307**
FatPipe	FATN	25	22	20	5	25%	NA	3.2x	3.6x		73

RISKS

- Given the way the company books software revenue upfront, its quarterly results 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 Q1 FY2027 ended June 30, 2026, three major channel partners accounted for approximately 38.4% of FatPipe's consolidated revenues, compared to approximately 43.5% of consolidated revenues for the FY2026 quarter. The largest was 33.9% of revenue, down from 38.0% last year. The next-largest channel partner was only 2.9% of sales.

INCOME STATEMENT

(in thousands)	June FYQ1 26	Sept FYQ2 26	Dec FYQ3 26	March FYQ4 26	June FYQ1 27	Sept FYQ2 27E	Dec FYQ3 27E	March FYQ4 27E	FY2025	FY2026	FY2027E	FY2028E
Product	2,392,303	2,420,579	2,572,879	5,655,510	3,538,734	3,300,000	3,600,000	5,400,000	10,706,169	13,041,271	15,838,734	18,689,706
Service	953,287	905,795	898,127	1,011,789	944,387	1,000,000	1,000,000	1,000,000	3,110,230	3,768,998	3,944,387	4,654,377
Consulting	590,333	632,857	616,780	558,055	548,417	600,000	600,000	600,000	2,472,482	2,398,025	2,348,417	2,771,132
REVENUE	3,935,923	3,959,231	4,087,786	7,225,354	5,031,538	4,900,000	5,200,000	7,000,000	16,288,881	19,208,294	22,131,538	26,115,215
Yr-to-yr Gr.	5%	-29%	30%	90%	28%	24%	27%	-3%	-8.8%	17.9%	15.2%	18.0%
OPERATING EXPENSES												
Cost of revenue	226,934	312,904	503,816	684,730	390,062	490,000	520,000	700,000	1,061,647	1,728,384	2,100,062	2,611,521
Gross Margin	3,708,989	3,646,327	3,583,970	6,540,624	4,641,476	4,410,000	4,680,000	6,300,000	15,227,234	17,479,910	20,031,476	23,503,693
% of Sales	94.2%	92.1%	87.7%	90.5%	92.2%	90.0%	90.0%	90.0%	93.5%	91.0%	90.5%	90.0%
Sales and Marketing	1,051,665	1,202,636	1,282,706	1,254,899	1,355,250	1,250,000	1,250,000	1,400,000	3,753,948	4,791,906	5,255,250	5,800,000
General and Administrative	586,999	1,392,675	828,350	1,951,629	1,163,706	1,007,706	900,000	1,156,629	3,422,596	4,759,653	4,228,041	5,200,000
Product development	474,457	489,157	453,539	487,889	527,045	528,000	528,000	528,000	1,787,128	1,905,042	2,111,045	2,100,000
Employee cost	593,191	562,652	616,955	661,141	694,010	690,000	660,000	670,000	2,791,816	2,433,939	2,714,010	2,800,000
Tot Operating Exp.	2,706,312	3,647,120	3,181,550	4,355,558	3,740,011	3,475,706	3,338,000	3,754,629	11,755,488	13,890,540	14,308,346	15,900,000
Operating Income	1,002,677	(793)	402,420	2,185,066	901,465	934,294	1,342,000	2,545,371	3,471,746	3,589,370	5,723,130	7,603,693
Operating Margin	25.5%	0.0%	9.8%	30.2%	17.9%	19.1%	25.8%	36.4%	21.3%	18.7%	25.9%	29.1%
Interest income	5,799	42,949	41,145	35,292	41,682	40,000	40,000	40,000	42,688	125,185	161,682	150,000
Other income	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	17,792	27,895	61,361	139,826	7,368	0.0	0.0	0.0	101,383	246,874	7,368	0.0
Interest expense	(69,888)	(126,033)	(104,072)	(175,078)	(95,112)	(95,000)	(95,000)	(95,000)	(329,892)	(475,071)	(380,112)	(300,000)
Total other income	(46,297)	(55,189)	(1,566)	40	(46,062)	(55,000)	(55,000)	(55,000)	(183,990)	(103,012)	(211,062)	(150,000)
Profit before tax	956,380	(55,982)	400,854	2,185,106	855,403	879,294	1,287,000	2,490,371	3,287,756	3,486,358	5,512,068	7,453,693
Profit margin	24.3%	-1.4%	9.8%	30.2%	17.0%	17.9%	24.8%	35.6%	20.2%	18.2%	24.9%	28.5%
Taxes	215,185	(12,595)	90,192	(1,776,385)	(370,925)	(370,925)	(370,925)	(370,925)	1,334,862	(1,483,603)	(1,483,700)	1,639,813
Tax Rate	22.5%	-22.5%	22.5%	-81.3%	-43.4%	22.5%	22.5%	-14.9%	40.6%	-42.6%	-26.9%	22.0%
GAAP Net income	741,195	(43,387)	310,662	3,961,491	1,226,328	1,250,219	1,657,925	2,861,296	1,952,894	4,969,961	6,995,768	5,813,881
Minority income	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	741,195	(43,387)	310,662	3,961,491	1,226,328	1,250,219	1,657,925	2,861,296	1,966,408	4,969,961	6,995,768	5,813,881
Yr-to-yr Gr.	-218%	-103%	268%	-1176%	65%	-2982%	-3921%	-28%	-55.0%	152.7%	40.8%	-16.9%
Stock-based comp	0.0	625,220	0.0	145,000	204,290	15,000	0.0	200,000	0.0	770,220	419,290	419,290
One-time	0.0	0.0	0.0	664,217	138,557	0.0	0.0	0.0	0.0	664,217	138,557	0.0
Non-GAAP Net Income	741,195	581,833	310,662	4,770,708	1,569,175	1,265,219	1,657,925	3,061,296	1,966,408	6,404,398	7,553,615	6,233,171
Yr-to-yr Gr.	-218%	-64%	268%	-1396%	112%	117%	434%	-36%		225.7%	17.9%	-17.5%
Diluted GAAP EPS	$0.05	($0.00)	$0.02	$0.28	$0.09	$0.09	$0.12	$0.20	$0.15	$0.35	$0.49	$0.41
Yr-to-yr Gr.	-207%	-102%	244%	-1143%	62%	-2934%	-3858%	-29%	-56.4%	132.0%	39.5%	-17.8%
Non-GAAP EPS	$0.05	$0.04	$0.02	$0.34	$0.11	$0.09	$0.12	$0.20	$0.15	$0.46	$0.54	$0.44
Primary shares out	13,826,468	13,892,903	13,924,468	13,924,468	14,092,732	14,128,468	14,128,468	14,200,000	12,858,852	13,822,787	14,137,417	14,300,000
Yr-to-yr Gr.	11%	9%	7%	3%	2%	2%	2%	2%	3.3%	7.5%	2.3%	1.2%
Diluted shares out	13,826,468	13,892,903	13,924,468	13,924,468	14,092,732	14,128,468	14,128,468	14,200,000	12,858,852	14,006,392	14,006,392	14,200,000
Adjusted EBITDA	1,094,633	819,912	587,547	2,287,903	1,287,426	977,408	1,385,114	2,588,485	5,017,457	4,789,995	6,238,433	7,776,149
EBITDA Margin	27.8%	20.7%	14.4%	31.7%	25.6%	19.9%	26.6%	37.0%	30.8%	24.9%	28.2%	29.8%

BALANCE SHEET

$ in thousands	June 30, 2026	Mar. 31, 2026	Qtr-Qtr % Change	June 30, 2025	Yr-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$4,308,342**	**$5,214,775**	-17.4%	**$5,906,988**	-27.1%
Accounts receivable, net	4,049,414	4,295,370	-5.7%	3,966,695	2.1%
Inventory	769,903	445,842	72.7%	408,160	88.6%
Other current assets	203,752	125,271	62.6%	639,878	-68.2%
Contract receivable - current, net	7,063,792	6,375,651	10.8%	5,415,832	30.4%
Total current assets	16,395,203	16,456,909	-0.4%	16,337,553	0.4%
Property and equipment, net	90,063	95,506	-5.7%	92,791	-2.9%
Intangibile assets, net	661,041	694,192	-4.8%	974,165	-32.1%
Operating lease right-of-use assets	943,286	1,042,476	-9.5%	1,361,468	-30.7%
Contract receivable - non current, net	16,937,434	15,784,746	7.3%	12,806,331	32.3%
Other non-current assets	372,458	372,353	0.0%	379,156	-1.8%
Deferred tax asset	76,905	76,905	0.0%	76,905	0.0%
TOTAL ASSETS	35,476,390	34,523,087	2.8%	32,028,369	10.8%
CURRENT LIABILITIES					
Accounts payable	631,997	390,174	62.0%	310,227	103.7%
Accrued expenses and other	1,768,613	1,993,899	-11.3%	3,666,867	-51.8%
Deferred revenue	919,245	1,093,440	-15.9%	1,218,179	-24.5%
Operating lease liabilities, current	411,079	401,406	2.4%	376,817	9.1%
Notes payable, current	**391,397**	**391,397**	0.0%	**731,196**	-46.5%
Total current liabilities	4,122,331	4,270,316	-3.5%	6,303,286	-34.6%
Notes payable, non current	**4,140,158**	**4,232,886**	-2.2%	**4,183,321**	-1.0%
Operating lease liabilities	575,899	682,437	-15.6%	1,019,498	-43.5%
Other non-current liabilities	121,892	121,818	0.1%	117,039	4.1%
Total liabilities	8,960,280	9,307,457	-3.7%	11,623,144	-22.9%
Common stock	141,255	132,245	6.8%	131,265	7.6%
Additional paid-in capital	6,293,787	6,098,507	3.2%	5,372,577	17.1%
Retained earnings	17,302,352	16,076,024	7.6%	11,847,258	46.0%
Accumulated other comprehensive income	2,778,716	2,908,854	-4.5%	3,045,125	-8.7%
Total stockholders' equity	26,516,110	25,215,630	5.2%	20,396,225	30.0%
Total liabilities and stockholders' equity	$35,476,390	$34,523,087	2.8%	$32,019,369	10.8%
Current Ratio	4.0	3.9	3.2%	2.6	53.4%
Quick Ratio	3.8	3.7	1.1%	2.5	50.0%
Working Capital	12,272,872	12,186,593	0.7%	10,034,267	22.3%
Cash and equivalents	4,308,342	5,214,775	-17.4%	5,906,988	-27.1%
Cash Percent of Assets	12.1%	15.1%	-19.6%	18.4%	-34.2%
Debt	4,531,555	4,624,283	-2.0%	4,914,517	-7.8%
Debt Percent of Assets	12.8%	13.4%	-4.6%	15.3%	-16.8%
Change in cash	(906,433)	(948,439)	-4.4%	2,986,438	-130.4%
Change in debt	(92,728)	23,639	-492.3%	(191,222)	-51.5%

CASH FLOWS

	Year FY2024	Year FY2025	3-Mo 6/30/25	3-Mo 9/30/25	3-Mo 12/31/25	3-Mo 3/31/26	Year FY2026	3-Mo 6/30/25
CASH FLOWS - OPERATING ACTIVITIES								
Net income	$ 4,279,680	$ 1,952,894	$ 741,195	$ (43,387)	$ 310,662	$ 3,961,491	$ 4,969,961	$ 1,226,328
Income and non-cash expense items:								
Depreciation and amortization	699,257	545,709	91,957	104,108	102,837	70,347	369,249	43,114
Income tax provision	0	0	0	202,590	(202,590)	0	0	0
Allowance for contract receivable	262,167	272,057	33,811	32,691	23,053	826,864	916,419	0
Stock-based compensation	0	0	0	625,220	0	145,000	770,220	204,290
Allowance for accounts receivable	88,592	443,804	0	0	0	132,308	132,308	0
Loss on sale of asset	49,067	0	0	0	0	0	0	0
Bad debts written off during the year	54,754	52,942	0	0	0	57,167	57,167	156,991
Reversal of allowances account receivable	(197,024)	0	0	0	0	0	0	0
Changes in assets and liabilities:								
Accounts receivable	(689,481)	(1,098,120)	(201,750)	(367,926)	(79,973)	(70,251)	(719,900)	245,956
Contracts receivable	(6,796,849)	(3,447,334)	(757,572)	(251,196)	(597,758)	(3,971,888)	(5,578,414)	(1,997,820)
Inventories	242,428	(306,155)	11,517	79,424	161,388	(278,494)	(26,165)	(324,061)
Other current assets	420,932	(83,984)	26,498	409,709	76,619	28,279	541,105	(78,481)
Accounts payable	176,419	19,724	(127,026)	(15,465)	57,422	37,990	(47,079)	241,823
Other lnon-current iabilities	116,007	981	51	(62,707)	(1,414)	10,474	(53,596)	74
Other assets	(78,798)	(192,171)	(79)	(23,649)	21,390	9,062	6,724	(105)
Accrued expenses and other current liabilities	929,038	1,480,674	(196,229)	(173,100)	367,554	(1,867,422)	(1,869,197)	(225,286)
Operating lease liabilities	410,424	15,633	9,476	987	3,855	1,678	15,996	2,325
Deferred revenue	(330,038)	(160,780)	(140,453)	(117,464)	(2,144)	(5,131)	(265,192)	(174,195)
Net cash provided by operating activities	(363,425)	(504,126)	(508,604)	399,835	240,901	(912,526)	(780,393)	(679,047)
CASH FLOWS - INVESTING ACTIVITIES								
Purchase of equipment, net	(19,188)	(16,762)	(42,449)	7,002	(8,522)	(8,514)	(52,483)	(4,520)
Investment in intangible	0	(3,000)	0	0	0	0	0	0
Net cash provided by (used in) investing activities	(19,188)	(19,762)	(42,449)	7,002	(8,522)	(8,514)	(52,483)	(4,520)
CASH FLOWS - FINANCING ACTIVITIES								
Proceeds from debt	500,000	5,513,652	0	0	0	0	0	0
Repayment of debt	0	(3,027,913)	(191,222)	(95,065)	(160,383)	23,639	(423,031)	(92,728)
Issuance of shares in IPO	0	0	3,784,474	83,000	(125,002)	(83,310)	3,659,162	0
Proceeds from issuance of common stock	0	0	0	0	0	83,000	83,000	0
Proceeds from related parties	120,000	0	0	0	0	0	0	0
Repayment of financing obligations of lease	(414,322)	0	0	0	0	0	0	0
Net cash used in financing activities	205,678	2,485,739	3,593,250	(12,065)	(285,385)	23,329	3,319,131	(92,728)
Effect of foreign exchange rate change	211,952	(153,822)	(55,759)	(72,739)	(12,803)	(50,729)	(192,030)	(130,138)
INCREASE (DECREASE) IN CASH & EQUIVALENTS	35,017	1,808,029	2,986,438	322,033	(65,809)	(948,440)	2,294,225	(906,433)
CASH & CASH EQTS - BEGINNING OF PERIOD	1,077,502	1,112,519	2,920,550	5,906,988	6,229,023	6,163,214	2,920,550	5,214,775
CASH & CASH EQUIVALENTS - END OF PERIOD	1,112,519	2,920,548	5,906,988	6,229,023	6,163,214	5,214,775	5,214,775	4,308,342
SUPPLEMENTAL DISCLOSURE OF CASH FLOW								
Cash paid for interest	302,124	329,892	69,888	126,033	104,072	175,078	475,071	95,112
Operating Cash Flow	$ 5,236,493	$ 3,267,406	$ 866,963	$ 921,222	$ 233,962	$ 5,193,177	$ 7,215,324	$ 1,630,723
Free cash flow	$ 5,217,305	$ 3,250,644	$ 824,514	$ 928,224	$ 225,440	$ 5,184,663	$ 7,162,841	$ 1,626,203

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