

IQSTEL Inc.
NASDAQ- IQST

April 20, 2026

EBITDA Emerging as Integration and Acquisitions Gain Traction - BUY

Analyst: Barry M. Sine, CFA, CMT

- **Reiterating Buy and \$18 price target:** We see meaningful upside as EBITDA becomes visible through execution on integration, acquisitions, and platform monetization. Visibility is improving as Telecom and Fintech are already generating positive adjusted EBITDA.
- **Telecom profitability inflection underway:** Fourth quarter revenue of \$84.2M declined 18% sequentially, but Telecom EBITDA increased 65% to \$1.0M. Margin expansion is being driven by platform consolidation, intercompany routing, and higher-margin traffic selection.
- **Platform consolidation drives operating leverage:** Management expects 95% of revenue and EBITDA to run on a unified platform in 2026. This supports continued efficiency gains, improved routing economics, and scalable margin expansion.
- **New verticals extend the platform into higher-margin services:** Digital health introduces an IoT + AI monitoring model leveraging telecom distribution. AI, through two internally developed products, and cybersecurity, through Cycurion – CYCU – BUY, further position the company to monetize its network beyond core telecom services.
- **Venezuela provides differentiated strategic upside:** Both the CEO and CFO are Venezuelan, with CEO Leandro Jose Iglesias a former executive at CANTV/Movilnet, the country's primary telecom provider. Recent changes are likely to present opportunities.

Rating	BUY	Earnings Per Share	Normalized to exclude unusual items			
Target Price	\$18.00	FYE - December	2024	2025	2026E	2027E
Ticker Symbol	IQST	1Q - March	(\$0.37)	(\$0.44)	(\$0.12)	(\$0.06)
Market	NASDAQ	2Q - June	(\$0.90)	(\$0.82)	(\$0.11)	(\$0.05)
Stock Price	\$1.61	3Q - September	(\$0.40)	(\$0.68)	(\$0.08)	(\$0.00)
52 wk High	\$18.69	4Q - December	(\$1.13)	(\$0.68)	(\$0.07)	\$0.03
52 wk Low	\$1.48	Year	(\$2.80)	(\$2.86)	(\$0.38)	(\$0.07)
Shares Outstanding:	5.1 M	Revenue (\$mm)	\$283.2	\$316.9	\$428.2	\$452.2
Public Market Float:	4.7 M	EV/Rev	0.0X	0.0X	0.0X	0.0X
Avg. Daily Volume	161,250	EBITDA (\$mm)	(\$0.0)	(\$1.4)	\$0.9	\$2.4
Market Capitalization:	\$8 M	EV/EBITDA	NM	-7.2X	11.9X	4.2X
Institutional Holdings:	3.8%					
Dividend Yield:	0.0%					

Risks/Valuation

- The key risk factors we see are execution risk related to customer acquisition and traffic volume growth, vendor dependence and platform consolidation, and the complexity of integrating partially owned subsidiaries.
- We utilize an EV/EBITDA valuation method and compare it to telecom comps to value IQST shares.

Company description: IQSTEL is a Miami-based, international wholesale telecom carrier founded in 2008 (as Etelix). The company went public in 2018 via a reverse merger. It offers a comprehensive suite of services, including international voice and SMS termination, DID and toll-free numbers, PBX services, and SIP trunking. Through nine acquisitions, IQSTEL now operates five voice businesses, two SMS subsidiaries, two fintech ventures, and one metaverse joint venture. Revenue is currently split approximately 80% telecom and 20% fintech.



IQSTEL Inc. NASDAQ- IQST

EBITDA Emerging as Integration and Acquisitions Gain Traction

IQSTEL's revenue for the fourth quarter came in at \$84.2 million, down approximately 18% from the third quarter, but a deeper dive into the numbers shows that the company is managing for profitability as it seeks to move toward consolidated positive EBITDA. For the quarter, Consolidated EBITDA was negative \$254k, a narrowing of the loss versus the prior two quarters despite the decline in revenue.

IQSTel reports results by business segment: Telecom, Fintech, pre-revenue business units, and Corporate. Telecom is by far the largest at 84% of fourth quarter revenue and showed solid margin improvement as EBITDA reached positive \$1.0 million, up 65% from the third quarter. The company operates under eight telecom brand names but is consolidating them, as most were acquired and historically operated on different software platforms. The company is consolidating these operations and expects 95% of revenue and EBITDA to be on a common platform in 2026. It is also acquiring the remaining 49% minority stakes in five subsidiaries under preset terms.

The first factor driving profitability is platform consolidation. The acquired businesses historically operated on different software systems, and the company is migrating them onto a common platform, which reduces duplication and improves operating efficiency. The second factor is intercompany routing. Intercompany revenue was up 83% for the year as the company increasingly routes traffic to its subsidiary with the lowest cost routing, improving margins across the system. The third factor is traffic selection. The company appears to be more selective in accepting wholesale telecom traffic, focusing on higher-margin routes rather than maximizing volume. Thus they were able to grow telecom segment EBITDA 65% sequentially despite an 18% decline in revenue. While this clearly makes sense, it remains somewhat opaque and does not appear to be fully reflected by the market.

The rest of their revenue came from GlobeTopper, which comprises 100% of the Fintech segment following its July 2025 acquisition. It posted a modest EBITDA loss for the quarter. With losses at the corporate level and in pre-revenue businesses, consolidated EBITDA came in at negative \$254k for the quarter.

We forecast positive EBITDA starting in 2026, in line with management commentary on the April 7, 2026 earnings call. Management expects to focus revenue on higher-margin segments:

- Fintech – which now consists solely of GlobeTopper but may be enhanced by acquisitions.
- Artificial intelligence – this business has produced no revenue to date, but as disclosed in a company presentation dated January 12, 2026, the company has developed two in-house solutions targeting the call center market.
- Cybersecurity – IQSTel has a close relationship with cybersecurity company Cycurion (CYCU – rated Buy) to resell its ARx platform. As discussed in our Cycurion initiation report, ARx runs in the cloud on AWS, and client traffic is routed through it for threat detection, making it easy to deploy and resell.
- Digital Health – on April 7, 2026 the company announced this initiative, outlining its entry into connected health services, with further details to be provided at an upcoming industry conference.

During the call, the company discussed several strategic initiatives:

Platform Expansion Accelerates as EBITDA Visibility Improves

IQSTEL's fourth quarter call confirmed that it has moved beyond the phase of building scale and is now focused on monetizing the platform it has assembled. The company reported 2025 revenue of \$316.9 million and gross profit of



IQSTEL Inc. NASDAQ- IQST

\$9.46 million in its April 6, 2026 earnings release, while highlighting that its Telecom and Fintech businesses are already generating more than \$2.7 million of adjusted EBITDA. At the same time, management emphasized the underlying asset that supports the next phase of growth: a commercial platform spanning more than 600 telecom operators and reaching approximately 2.3 billion end users through partner networks. The company is positioning itself as a distribution channel capable of supporting multiple higher-margin services. The focus is now on improving revenue quality and converting scale into EBITDA through a combination of integration, acquisitions, and new verticals.

Digital Health Extends the Platform into Scalable, Higher-Margin Services

The digital health discussion provides a clear example of how the platform is expected to evolve. On April 7, 2026, the company announced its entry into digital health, describing an initial model leveraging connected devices and telecom infrastructure. This approach positions IQSTEL as a commercialization and distribution layer rather than a direct provider of clinical services. It allows the company to deploy new offerings across its existing carrier relationships without additional infrastructure. The opportunity reflects a broader strategy of introducing recurring, data-driven services that can leverage the same underlying network.

Integration And Ownership Consolidation Are Strengthening the Operating Model

The integration of acquired businesses has progressed to a point where it is now visible in the operating structure. Management confirmed on the April 7, 2026 call that subsidiaries are operating on a unified voice platform, with SMS integration planned next, and that approximately 95% of revenue and EBITDA is targeted to run through a single platform in 2026. In parallel, the company is acquiring minority interests in subsidiaries where it initially held 51% stakes, improving economic capture and alignment. These efforts are driving increased internal routing, improved coordination, and more efficient use of network assets.

Acquisition Roadmap Now Anchored to Specific 2026 Milestones

The acquisition strategy remains central to the company's path to EBITDA expansion and is tied to a defined execution timeline. Management indicated that minority-interest consolidation is expected to contribute in the second quarter of 2026, followed by additional acquisitions later in the year. On the April 7, 2026 call, management confirmed that acquisitions are in process and expected to contribute meaningfully to EBITDA. The structure of these transactions includes multi-year payment terms tied to performance, aligning incentives and limiting near-term cash requirements.

Venezuela Provides Incremental Strategic Optionality

Management indicated that it is evaluating opportunities in Venezuela, leveraging its existing relationships and familiarity with the market. This is supported by management's background, as both the CEO and CFO are Venezuelan. The CEO, Leandro Iglesias, previously served as an executive at CANTV/Movilnet, the country's primary telecommunications provider, providing direct operating experience and global relationships that he is now leveraging for the benefit of IQST shareholders. Any potential activity would focus on high-margin technology services, consistent with the company's broader strategy.

Execution Is Driving the Next Phase of the Story

iQSTEL has established a global platform with meaningful scale and is now leveraging that foundation to drive higher-margin growth, improve operational efficiency, and expand EBITDA through acquisitions. The transition from platform buildout to platform monetization is underway. Integration is consolidating the operating structure, acquisitions are advancing according to a defined timeline, and new verticals are beginning to emerge. Each of these elements contributes to improving revenue quality and increasing earnings visibility. In our view, continued execution on these initiatives supports our Buy rating and \$18.00 price target.



IQSTEL Inc.

NASDAQ - IQST

IQSTEL Telecom Segment Forecast

Dollars in thousands	2025					2026E					2027E				
Fiscal years ended December 31	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
	March	June	September	December		March	June	September	December		March	June	September	December	
Revenue	57,633	72,183	102,868	84,216	316,899	105,050	106,050	107,050	110,050	428,200	108,050	109,050	114,050	121,050	452,200
YoY growth	12.1%	-8.2%	89.6%	-14.9%	11.9%	82.3%	46.9%	4.1%	30.7%	35.1%	2.9%	2.8%	6.5%	10.0%	5.6%
Seq growth	-41.7%	-74.5%	42.5%	-18.1%		24.7%	-66.5%	0.9%	2.8%		-1.8%	-74.5%	4.6%	6.1%	
Cost of revenue	55,698	70,312	100,127	81,306	307,442	102,250	103,223	104,089	107,005	416,567	104,957	105,928	110,669	117,459	439,013
As a percent of revenue	96.6%	97.4%	97.3%	96.5%	97.0%	97.3%	97.3%	97.2%	97.2%	97.3%	97.1%	97.1%	97.0%	97.0%	97.1%
Gross profit	1,935	1,871	2,741	2,910	9,457	2,800	2,827	2,961	3,045	11,633	3,093	3,122	3,381	3,591	13,187
Gross margin	3.4%	2.6%	2.7%	3.5%	3.0%	2.7%	2.7%	2.8%	2.8%	2.7%	2.9%	2.9%	3.0%	3.0%	2.9%
General and administration	2,539	2,528	3,300	3,174	11,541	3,230	3,230	3,230	3,230	12,922	3,230	3,230	3,230	3,230	12,922
As a percent of revenue	4.4%	3.5%	3.2%	3.8%	3.6%	3.1%	3.0%	3.0%	2.9%	3.0%	3.0%	3.0%	2.8%	2.7%	2.9%
Impairment	-	-	-	2,169	2,169	-	-	-	-	-	-	-	-	-	-
Operating income	(604)	(656)	(559)	(2,432)	(4,252)	(430)	(403)	(269)	(185)	(1,289)	(137)	(108)	151	361	265
Operating margin	-1.0%	-0.9%	-0.5%	-2.9%	-1.3%	-0.4%	-0.4%	-0.3%	-0.2%	-0.3%	-0.1%	-0.1%	0.1%	0.3%	0.1%
Other Income	(520)	(1,601)	(1,695)	(321)	(4,137)	-	-	-	-	-	-	-	-	-	-
Profit before taxes	(1,124)	(2,257)	(2,254)	(2,754)	(8,389)	(430)	(403)	(269)	(185)	(1,289)	(137)	(108)	151	361	265
Income taxes	21	92	72	(63)	122	70	70	70	70	280	70	70	70	70	280
Tax rate	-1.8%	-4.1%	-3.2%	3.2%	-1.5%	-16.3%	-17.4%	-26.0%	-37.7%	-21.7%	-50.9%	-64.5%	46.5%	19.4%	105.6%
Net income	(1,145)	(2,349)	(2,326)	(2,691)	(8,510)	(500)	(473)	(339)	(255)	(1,569)	(207)	(178)	81	291	(15)
Non-controlling interests	13	58	141	441	654	100	100	100	100	400	100	100	100	100	400
Net income to iQSTEL Inc.	(1,158)	(2,407)	(2,467)	(3,132)	(9,164)	(600)	(573)	(439)	(355)	(1,969)	(307)	(278)	(19)	191	(415)
Diluted shares outstanding	2,630	2,953	3,654	4,572	3,452	5,072	5,172	5,272	5,372	5,222	5,472	5,572	5,672	5,772	5,622
Seq change	243	675	3,654	1,943		500	100	100	100		100	100	100	100	
EPS diluted	(\$0.44)	(\$0.82)	(\$0.68)	(\$0.68)	(\$2.86)	(\$0.12)	(\$0.11)	(\$0.08)	(\$0.07)	(\$0.38)	(\$0.06)	(\$0.05)	(\$0.00)	\$0.03	(\$0.07)
EBITDA															
Net income	(1,145)	(2,349)	(2,326)	(2,691)	(8,510)	(500)	(473)	(339)	(255)	(1,569)	(207)	(178)	81	291	(15)
Depreciation and amortization	127	161	162	178	628	160	160	160	160	640	160	160	160	160	640
Interest expense	532	459	342	(178)	1,154	342	342	342	342	1,368	342	342	342	342	1,368
FX gain losses	32	(66)	(13)	89	42	-	-	-	-	-	-	-	-	-	-
Loss on debt settlement	33	879	1,346	(26)	2,231	-	-	-	-	-	-	-	-	-	-
Loss on salary settlement	-	217	-	-	217	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	-	22	16	267	305	15	15	15	15	60	15	15	15	15	60
Other non-recurring	151	(10)	49	2,135	2,326	-	-	-	-	-	-	-	-	-	-
Taxes	26	99	93	(28)	189	90	90	90	90	360	90	90	90	90	360
EBITDA	(245)	(588)	(331)	(254)	(1,418)	107	134	268	352	859	400	429	688	898	2,413
YoY growth	-0.4%	-0.8%	-0.3%	-0.3%	-0.4%	0.1%	0.1%	0.2%	0.3%	0.2%	0.4%	0.4%	0.6%	0.7%	0.5%
EBITDA margin	-0.4%	-0.8%	-0.3%	-0.3%	-0.4%	0.1%	0.1%	0.2%	0.3%	0.2%	0.4%	0.4%	0.6%	0.7%	0.5%
EBITDA by business unit															
Telecom	593	513	605	1,000	2,711	620	647	766	850	2,883	858	887	1,130	1,340	4,215
Fintech	-	-	79	(59)	20	117	117	132	132	498	172	172	188	188	720
Pre-revenue companies	(1)	(0)	(0)	(1)	(4)	(0)	(0)	(0)	(0)	(2)	(0)	(0)	(0)	(0)	(2)
IQSTEL	(837)	(1,100)	(1,013)	(1,195)	(4,145)	(630)	(630)	(630)	(630)	(2,520)	(630)	(630)	(630)	(630)	(2,520)
EBITDA	(245)	(588)	(331)	(254)	(1,418)	107	134	268	352	859	400	429	688	898	2,413

Source: Company reports and Litchfield Hills Research



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IQSTEL Income Forecast

Dollars in thousands		2025					2026E					2027E				
Fiscal years ended December 31		1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR	1Q	2Q	3Q	4Q	YEAR
		March	June	September	December		March	June	September	December		March	June	September	December	
Revenue		57,633	72,183	102,868	84,216	316,899	105,050	106,060	107,050	110,050	428,200	108,050	109,050	114,050	121,050	452,200
YoY growth		12.1%	-8.2%	89.6%	-14.9%	11.9%	82.3%	46.9%	4.1%	30.7%	35.1%	2.9%	2.8%	6.5%	10.0%	5.6%
Seq growth		-41.7%	-74.5%	42.5%	-18.1%		24.7%	-66.5%	0.9%	2.8%		-1.8%	-74.5%	4.6%	6.1%	
Cost of revenue		55,698	70,312	100,127	81,306	307,442	102,250	103,223	104,089	107,005	416,567	104,957	105,928	110,669	117,459	439,013
As a percent of revenue		96.6%	97.4%	97.3%	96.5%	97.0%	97.3%	97.3%	97.2%	97.2%	97.3%	97.1%	97.1%	97.0%	97.0%	97.1%
Gross profit		1,935	1,871	2,741	2,910	9,457	2,800	2,827	2,961	3,045	11,633	3,093	3,122	3,381	3,591	13,187
Gross margin		3.4%	2.6%	2.7%	3.5%	3.0%	2.7%	2.7%	2.8%	2.7%	2.7%	2.9%	2.9%	3.0%	3.0%	2.9%
General and administration		2,539	2,528	3,300	3,174	11,541	3,230	3,230	3,230	3,230	12,922	3,230	3,230	3,230	3,230	12,922
As a percent of revenue		4.4%	3.5%	3.2%	3.8%	3.6%	3.1%	3.0%	3.0%	2.9%	3.0%	3.0%	3.0%	2.8%	2.7%	2.9%
Impairment		-	-	-	2,169	2,169	-	-	-	-	-	-	-	-	-	-
Operating income		(604)	(656)	(559)	(2,432)	(4,252)	(430)	(403)	(269)	(185)	(1,289)	(137)	(108)	151	361	265
Operating margin		-1.0%	-0.9%	-0.5%	-2.9%	-1.3%	-0.4%	-0.4%	-0.3%	-0.2%	-0.3%	-0.1%	-0.1%	0.1%	0.3%	0.1%
Other income		(520)	(1,601)	(1,695)	(321)	(4,137)	-	-	-	-	-	-	-	-	-	-
Profit before taxes		(1,124)	(2,257)	(2,254)	(2,754)	(8,389)	(430)	(403)	(269)	(185)	(1,289)	(137)	(108)	151	361	265
Income taxes		21	92	72	(63)	(59)	70	70	70	280	280	70	70	70	70	280
Tax rate		-1.8%	-4.1%	-3.2%	2.3%	-1.5%	-16.3%	-17.4%	-26.0%	-37.7%	-21.7%	-50.9%	-64.5%	46.5%	19.4%	105.6%
Net income		(1,145)	(2,349)	(2,326)	(2,691)	(8,510)	(500)	(473)	(339)	(255)	(1,569)	(207)	(178)	81	291	(15)
Non-controlling interests		13	58	141	441	654	100	100	100	100	400	100	100	100	100	400
Net income to IQSTEL Inc.		(1,158)	(2,407)	(2,467)	(3,132)	(9,164)	(600)	(573)	(439)	(355)	(1,969)	(307)	(278)	(19)	191	(415)
Diluted shares outstanding		2,630	2,953	3,654	4,572	3,452	5,072	5,172	5,272	5,372	5,222	5,472	5,572	5,672	5,772	5,622
Seq change		243	675	3,654	1,943		500	100	100	100		100	100	100	100	
EPS diluted		(\$0.44)	(\$0.82)	(\$0.68)	(\$0.68)	(\$2.86)	(\$0.12)	(\$0.11)	(\$0.08)	(\$0.07)	(\$0.38)	(\$0.06)	(\$0.05)	(\$0.00)	\$0.03	(\$0.07)
EBITDA																
Net income		(1,145)	(2,349)	(2,326)	(2,691)	(8,510)	(500)	(473)	(339)	(255)	(1,569)	(207)	(178)	81	291	(15)
Depreciation and amortization		127	161	162	178	628	160	160	160	160	640	160	160	160	160	640
Interest expense		532	459	342	(178)	1,154	342	342	342	342	1,368	342	342	342	342	1,368
FX gain losses		32	(66)	(13)	42		-	-	-	-	-	-	-	-	-	-
Loss on debt settlement		33	879	1,346	(26)	2,231	-	-	-	-	-	-	-	-	-	-
Loss on salary settlement		-	217	-	-	217	-	-	-	-	-	-	-	-	-	-
Stock-based compensation		-	22	16	267	305	15	15	15	15	60	15	15	15	15	60
Other non-recurring		151	(10)	49	2,135	2,326	-	-	-	-	-	-	-	-	-	-
Taxes		26	99	93	(28)	189	90	90	90	360	360	90	90	90	90	360
EBITDA		(245)	(588)	(331)	(254)	(1,418)	107	134	268	352	859	400	429	688	898	2,413
YoY growth																
EBITDA margin		-0.4%	-0.8%	-0.3%	-0.3%	-0.4%	0.1%	0.1%	0.2%	0.3%	0.2%	0.4%	0.4%	0.6%	0.7%	0.5%
EBITDA by business unit																
Telecom		593	513	605	1,000	2,711	620	647	766	850	2,883	858	887	1,130	1,340	4,215
Fintech		-	-	79	(59)	20	117	117	132	132	498	172	172	188	188	720
Pre-revenue companies		(1)	(0)	(0)	(1)	(4)	(0)	(0)	(0)	(2)	(2)	(0)	(0)	(0)	(2)	
IQSTEL		(837)	(1,100)	(1,013)	(1,195)	(4,145)	(630)	(630)	(630)	(630)	(2,520)	(630)	(630)	(630)	(630)	(2,520)
EBITDA		(245)	(588)	(331)	(254)	(1,418)	107	134	268	352	859	400	429	688	898	2,413

Source: Company reports and Litchfield Hills Research



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Disclosures:

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

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