

# Fundamental Research Corp.

Investment Analysis for Intelligent Investors

Siddharth Rajeev, B.Tech, MBA, CFA  
Analyst

May 24, 2016

**eXp World Holdings, Inc. (OTCQB: EXPI): Q1-2016 revenues up 119% and in line with our estimate**

**Sector/Industry: Real Estate / Brokerage**

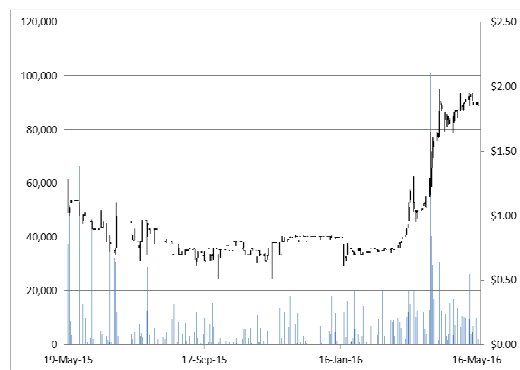
<http://expworldholdings.com/>

## Market Data (as of May 24, 2016)

Current Price	US\$1.80
Fair Value	US\$3.35
Rating*	BUY
Risk*	4 (Speculative)
52 Week Range	US\$0.15 - US\$2.20
Shares O/S	50.61 mm
Market Cap	US\$91.10 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	N/A
YoY Return	60.7%
YoY OTCQX	-3.3%

\*See back of report for rating and risk definitions

\*All of the figures are in US\$ unless otherwise specified.



## Investment Highlights

- On April 7, 2016, the company announced a name change from eXp Realty International Corp. to eXp World Holdings, Inc.
- eXp's membership count is now at 1,204, up from 1,100 at the time of our initiating report, dated April 5, 2016.
- eXp's share price is up 54% since our initiating report.
- The company now operates in 38 states across the U.S. and Alberta, Canada. On May 3, 2016, eXp announced that it has commenced operations in four additional states (Kansas, Missouri, Minnesota, and Idaho), and the District of Columbia in the U.S.
- First Cloud Mortgage, the company's brokerage division, started reporting revenues in Q1.
- In Q1-2016, revenues grew 119% YOY to \$6.98 million.
- We are maintaining our revenue forecast of \$40.50 million and net profit forecast of \$0.72 million (EPS: \$0.01) for 2016.
- Balance sheet remains healthy with no debt.

## Key Financial Data

(in US\$); YE - Dec 31

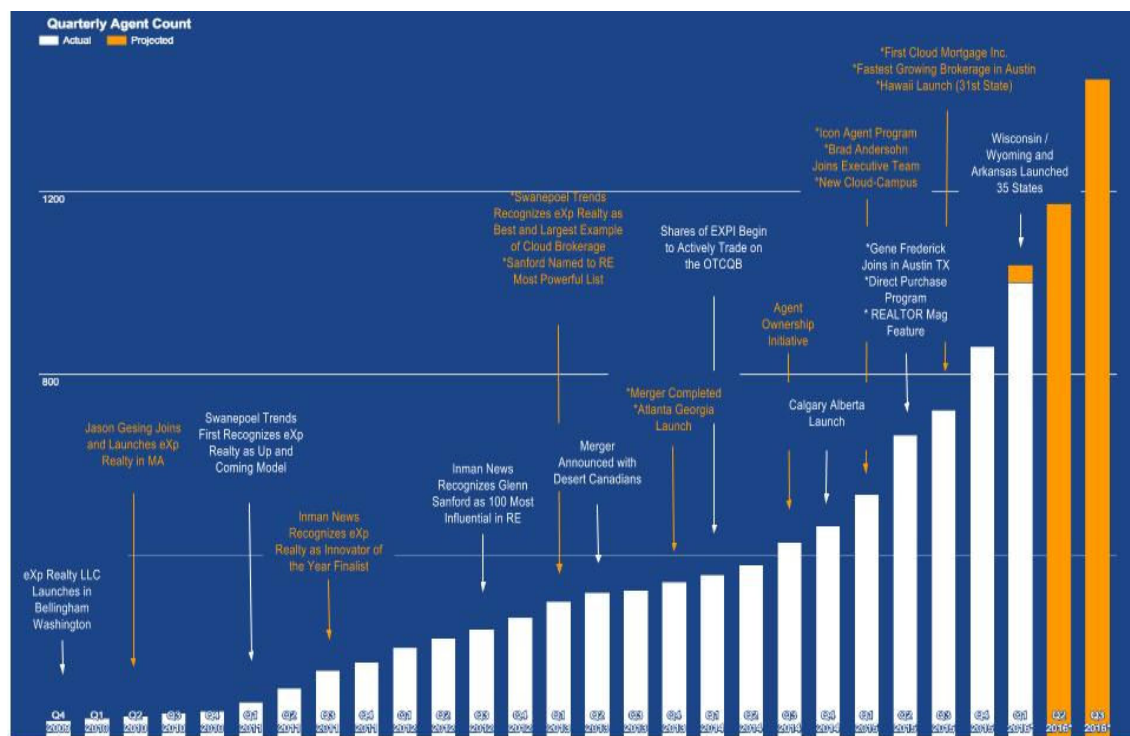
	2011	2012	2013	2014	2015	2016E	2017E
Revenues	4,199,617	6,706,145	10,701,280	13,368,905	22,866,787	40,500,000	72,000,000
Gross Margin	18.7%	15.6%	16.8%	17.0%	14.9%	15.0%	14.0%
EBITDA	23,109	(64,740)	(1,114,166)	47,925	(4,472,498)	1,124,638	1,627,887
Net Income	13,496	(75,492)	(1,118,861)	103,843	(4,581,449)	716,689	1,027,166
EPS (basic)	0.00	(0.00)	(0.00)	0.00	(0.09)	0.01	0.02
Debt to Capital	143.9%	-815.6%	81.0%	13.0%	0.0%	0.0%	0.0%

**Membership count rises to 1,204**

On May 3, 2016, the company announced that it has commenced operations in four additional states (Kansas, Missouri, Minnesota, and Idaho), and the District of Columbia in the U.S. The company now operates in 38 states across the U.S. and Alberta, Canada. eXp also attracted experienced real estate brokers to act as Managing Brokers for each state.

**The company's ability to continue to attract experienced professionals, as well as grow its membership, is very encouraging.** Being cloud-based, eXp's model reduces the burden of bricks-and-mortar and redundant staffing costs, allowing brokers / agents to conduct their business and be a part of a larger brokerage at a significantly lower cost than traditional brokerages. Also, through a 3-D, fully-immersive, cloud campus environment, eXp provides all of the value added services (and more) offered by larger brokerages to its brokers and agents. Services include training, education, coaching, mentoring, transaction support, broker support, and technical support.

The following chart shows the key milestones since inception of the platform.



According to the company, eXp agents transacted \$889 million in real estate from 3,667 transactions (average - \$242k) in 2015. Management estimates the current annual run rate to be approximately \$1.5 billion per year. The company can generate approximately 3% of the total transactions in revenues, implying \$45 million in revenues from \$1.5 billion in transactions a year.

Although the company entered Alberta, Canada in 2014, management's primary near-term strategy is to continue growing in the U.S. through the following key strategies:

- Ongoing commitment to enhancing agent ownership opportunities.
- Increased opportunities for professional development and social events to strengthen relationships among members.
- Develop applications (“apps”) which provide more functionality to members.

**The company’s goal is to have 1,800+ members by the end of 2016, 3,500+ by the end of 2017, and 10,000+ by 2020.**

### *First Cloud*

As mentioned in our initiating report, eXp’s long-term strategy is to derive additional revenues from ancillary services related to real estate transactions. In July 2015, the company formed First Cloud Mortgage, Inc. (“First Cloud”) to originate and provide loan products and service to borrowers. eXp owns a 89.4% interest in this entity, the remaining interest is held by Tim Mulvehill, President of First Cloud Mortgage.

First Cloud operates as a mortgage broker and does not lend its own funds. First Cloud Mortgage is currently licensed to originate mortgages in California, Arizona, New Mexico, and Texas, with pending applications in Virginia and Georgia.

First Cloud started reporting revenues (\$26,330) in Q1-2016. Management estimates First Cloud will broker \$50 million to \$75 million in loans in the next 12 months, and over \$100 million in 2017. First Cloud is expected to generate gross profits of 1.5% - 3.0% of the transactions.

### *Management Updates*

On May 6, 2016, the company announced the appointment of Jason Gesing as the CEO, and Vikki Bartholomae as the President of its real estate brokerage division. Mr. Gesing has been the company’s President since October 2013. Ms. Bartholomae joined eXp in 2015. Her biography, as provided by the company, is provided below.

- *Ms. Bartholomae has over 15 years of real estate industry experience, including more than 6 years as a Team Leader in the Keller Williams organization, during which time she achieved net agent gain of 192% and gains in both agent production (47%) and profit (56%) in the market centers she managed in Southern California and Texas. Bartholomae also has extensive experience in the coaching and training of real estate professionals, which includes the development of mentor programs for new agents. Bartholomae joined eXp Realty in Houston, Texas, where she now resides, in July 2015.*

Approximately 75% of the shares are held by management and related parties. eXp’s CEO Glenn Sanford, owns 21.31 million shares, or 42% of the total outstanding shares.

### *Financials*

Revenues grew by 119% YOY in Q1-2016, from \$3.18 million to \$6.98 million. Approximately 97.7% of revenues in Q1-2016 came from the U.S. Membership count increased YOY from 535 to 1,104 agents.

	Q1-2015	Q1-2016	YOY Change
US	3,181,784	6,980,679	119.4%
Canada	267,452	162,133	-39.4%
<b>Total</b>	<b>3,449,236</b>	<b>7,142,812</b>	<b>107.1%</b>

	Q1-2015	Q1-2016
Real Estate Brokerage Services	3,471,675	7,171,178
Mortgage Origination Services		26,330
Corporate and Other	-22,434	-54,696
<b>Total</b>	<b>3,449,241</b>	<b>7,142,812</b>

Gross margin dropped from 16.6% to 14.4%. Cost of revenues includes costs related to sales agent commissions and revenue sharing. Our discussions with management indicated that gross margins dropped because of a higher rate of commission granted to many of the new high-volume agents for an initial three to six month period.

Margins	2015	Q1-2015	Q1-2016
Gross	14.9%	16.6%	14.4%
EBITDA	-19.6%	0.1%	-8.4%
EBIT	-19.7%	0.0%	-8.6%
Net	-20.0%	-0.5%	-8.7%

Expense as a % of Revenues	2015	Q1-2015	Q1-2016
General and administrative	10.7%	15.0%	10.2%
Stock based compensation	20.9%	-2.1%	9.6%
Professional fees	1.9%	2.2%	2.0%
Sales and marketing	0.9%	1.3%	1.1%
<b>Total</b>	<b>34.5%</b>	<b>16.5%</b>	<b>22.9%</b>

The total operating expenses increased YOY by 188% to \$1.63 million (23% of revenues). Excluding stock based compensation, were up by 49% YOY, \$0.95 million (13% of revenues).

eXp reported a net loss of \$0.63 million (EPS: -\$0.01) in Q1-2016, versus a net loss of \$0.02 million (EPS: -\$0.00) in Q1-2015. Excluding stock based compensation, the company would have reported net profit of \$0.06 million (EPS: \$0.00).

We are maintaining our forecasts, which are shown below:

STATEMENTS OF OPERATIONS					
(in US\$) - YE Dec 31st	2016E	2017E	2018E	2019E	2020E
Net Revenues	40,500,000	72,000,000	120,000,000	183,750,000	258,750,000
COGS	34,425,000	61,920,000	104,400,000	160,781,250	226,406,250
<b>Gross Profit</b>	<b>6,075,000</b>	<b>10,080,000</b>	<b>15,600,000</b>	<b>22,968,750</b>	<b>32,343,750</b>
<b>EXPENSES</b>					
General and administrative	2,835,000	4,320,000	6,000,000	7,350,000	7,762,500
Stock based compensation	1,215,000	2,160,000	3,600,000	5,512,500	7,762,500
Professional fees	483,739	532,113	585,325	643,857	708,243
Sales and marketing	416,623	1,440,000	2,400,000	3,675,000	5,175,000
<b>EBITDA</b>	<b>1,124,638</b>	<b>1,627,887</b>	<b>3,014,675</b>	<b>5,787,393</b>	<b>10,935,507</b>
Amortization	22,039	47,631	78,105	112,484	139,987
<b>EBIT</b>	<b>1,102,599</b>	<b>1,580,256</b>	<b>2,936,570</b>	<b>5,674,909</b>	<b>10,795,520</b>
Other income	-	-	-	-	-
Interest expense	-	-	-	-	-
<b>EBT</b>	<b>1,102,599</b>	<b>1,580,256</b>	<b>2,936,570</b>	<b>5,674,909</b>	<b>10,795,520</b>
Taxes	385,910	553,089	1,027,800	1,986,218	3,778,432
<b>Net Profit (Loss)</b>	<b>716,689</b>	<b>1,027,166</b>	<b>1,908,771</b>	<b>3,688,691</b>	<b>7,017,088</b>
EPS	0.01	0.02	0.04	0.07	0.14
<b>Margins</b>					
Gross	15.0%	14.0%	13.0%	12.5%	12.5%
EBITDA	2.8%	2.3%	2.5%	3.1%	4.2%
EBIT	2.7%	2.2%	2.4%	3.1%	4.2%
Net	1.8%	1.4%	1.6%	2.0%	2.7%

**Our net profit forecast for 2016 is \$0.72 million (EPS: \$0.01) and for 2017 is \$1.03 million (EPS: \$0.03).**

## Cash Flows

The following table shows a summary of the company's cash flows, along with our forecasts.

Summary of Cash Flows		
(US\$, mm)	Q1-2015	Q1-2016
Operating	-\$0.14	-\$0.09
Investing	-\$0.00	-\$0.06
Financing	-\$0.00	-\$0.00
Effects of Exchange Rate	-\$0.01	\$0.01
<b>Net</b>	<b>-\$0.16</b>	<b>-\$0.15</b>
<b>Free Cash Flows to Firm (FCF)</b>	<b>-\$0.14</b>	<b>-\$0.15</b>

Free cash flows ("FCF") were -\$0.15 million in Q1-2016 versus -\$0.14 million in Q1-2015.

## Balance Sheet

At the end of Q1-2016, the company had \$0.42 million in cash. Working capital and the current ratio were \$0.49 million and 1.5x, respectively. The following table shows the company's cash and liquidity position.

Liquidity & Capital Structure (US\$)	2015	Q1-2016
Cash	571,814	424,501
Working Capital	482,311	493,725
Current Ratio	1.7	1.5
LT Debt	-	-
Total Debt	-	-
LT Debt / Capital	0.0%	0.0%
Total Debt / Capital	0.0%	0.0%
EBIT Interest Coverage (excl. stock comp)	258.9	N/A

## Stock Options and Warrants

eXp currently has 8.16 million options (weighted average exercise price – \$0.24), and no warrants outstanding. All the options are currently in the money. The company can raise up to \$1.98 million if all these options are exercised.

## Valuation and Rating

**We are maintaining our BUY rating and fair value estimate of \$3.35 per share.** Refer our initiating report for details of our valuation.

## Risks

The following risks may cause our estimates to differ from actual results (not exhaustive):

- The real estate brokerage industry is highly competitive.
- The company's ability to adapt to technological advancements will play a vital role in its long-term success.
- The company's profitability is highly dependent on the overall health of the real estate market.
- eXp is in a growth phase and has a relatively short track record. Long-term retention of agents has yet to be proven.
- As with any real estate brokerage, the company is also susceptible to negative changes to regulatory laws.
- Critical technologies are currently licensed from third-parties. The company is evaluating insourcing options to alleviate any future risks.

**We are also maintaining our risk rating of 4.**

## Appendix

<b>STATEMENTS OF OPERATIONS</b>							
<b>(in US\$) - YE Dec 31st</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>	<b>2017E</b>
Net Revenues	4,199,617	6,706,145	10,701,280	13,368,905	22,866,787	40,500,000	72,000,000
COGS	3,412,638	5,657,067	8,905,114	11,099,750	19,456,409	34,425,000	61,920,000
<b>Gross Profit</b>	<b>786,979</b>	<b>1,049,078</b>	<b>1,796,166</b>	<b>2,269,155</b>	<b>3,410,378</b>	<b>6,075,000</b>	<b>10,080,000</b>
<b>EXPENSES</b>							
General and administrative	630,083	820,639	1,285,859	1,635,555	2,441,089	2,835,000	4,320,000
Stock based compensation	874		1,139,915	233,098	4,790,568	1,215,000	2,160,000
Professional fees	67,288	190,912	424,361	276,558	439,763	483,739	532,113
Sales and marketing	65,625	102,267	60,197	76,019	211,456	416,623	1,440,000
<b>EBITDA</b>	<b>23,109</b>	<b>(64,740)</b>	<b>(1,114,166)</b>	<b>47,925</b>	<b>(4,472,498)</b>	<b>1,124,638</b>	<b>1,627,887</b>
Amortization	5,472	6,710	4,442	14,493	26,304	22,039	47,631
<b>EBIT</b>	<b>17,637</b>	<b>(71,450)</b>	<b>(1,118,608)</b>	<b>33,432</b>	<b>(4,498,802)</b>	<b>1,102,599</b>	<b>1,580,256</b>
Other income			3,324	0	23	-	-
Interest expense	-2,108	-1,895	-2,034	-942	-1,127		
<b>EBT</b>	<b>15,529</b>	<b>(73,345)</b>	<b>(1,117,318)</b>	<b>32,490</b>	<b>(4,499,906)</b>	<b>1,102,599</b>	<b>1,580,256</b>
Taxes	2,033	2,147	1,543	-71,353	103,069	385,910	553,089
<b>Net Profit (Loss)</b>	<b>13,496</b>	<b>(75,492)</b>	<b>(1,118,861)</b>	<b>103,843</b>	<b>(4,602,975)</b>	<b>716,689</b>	<b>1,027,166</b>
EPS	0.00	-0.00	-0.00	0.00	-0.09	0.01	0.02
Non-controlling interests					21,526	-	-
<b>Net Profit (Loss) to common shareholders</b>	<b>13,496</b>	<b>-75,492</b>	<b>-1,118,861</b>	<b>103,843</b>	<b>-4,581,449</b>	<b>716,689</b>	<b>1,027,166</b>
EPS	0.00	-0.00	-0.00	0.00	-0.09	0.01	0.02

<b>BALANCE SHEETS</b>							
<b>(in US\$) - YE Dec 31st</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016E</b>	<b>2017E</b>
<b>ASSETS</b>							
<b>CURRENT</b>							
Cash and cash equiv.	73,209	58,308	100,056	353,374	571,814	2,501,583	5,834,632
Restricted cash	26,759	61,687	38,198	141,508	148,613	148,613	148,613
A/R	35,556	71,449	107,840	189,026	341,643	469,941	835,451
Prepaid	21,295	16,545	39,793	74,673	84,451	140,914	250,515
<b>Total Current Assets</b>	<b>156,819</b>	<b>207,989</b>	<b>285,887</b>	<b>758,581</b>	<b>1,146,521</b>	<b>3,261,052</b>	<b>7,069,211</b>
Fixed assets	16,106	9,784	44,854	79,393	110,195	238,156	390,525
Deferred tax assets				75,196			
<b>Total Assets</b>	<b>172,925</b>	<b>217,773</b>	<b>330,741</b>	<b>913,170</b>	<b>1,256,716</b>	<b>3,499,208</b>	<b>7,459,736</b>
<b>LIABILITIES</b>							
<b>CURRENT</b>							
A/P	19,923	51,335	55,826	79,389	89,984	149,839	269,515
Customer deposits	26,759	61,687	38,198	141,508	148,613	256,921	456,748
Accrued expenses / interest	80,468	126,736	137,781	216,720	425,613	568,253	1,022,112
Notes payable		15,000		61,887			
Due to related party		102,418	18,232				
<b>Total Current Liabilities</b>	<b>127,150</b>	<b>357,176</b>	<b>250,037</b>	<b>499,504</b>	<b>664,210</b>	<b>975,013</b>	<b>1,748,375</b>
Notes payable	65,862	61,887	61,887				
<b>SHAREHOLDERS EQUITY</b>							
Share capital	156,831	193,331	1,532,299	1,824,847	6,612,283	6,612,283	6,612,283
Accumulated deficit / comprehensive loss	-176,918	-394,621	-1,513,482	-1,411,181	-6,000,201	-4,068,512	-881,346
Non-controlling interests					-19,576	-19,576	-19,576
<b>Total shareholders' equity (deficiency)</b>	<b>(20,087)</b>	<b>(201,290)</b>	<b>18,817</b>	<b>413,666</b>	<b>592,506</b>	<b>2,524,195</b>	<b>5,711,361</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>172,925</b>	<b>217,773</b>	<b>330,741</b>	<b>913,170</b>	<b>1,256,716</b>	<b>3,499,208</b>	<b>7,459,736</b>



STATEMENTS OF CASH FLOWS							
(in US\$) - YE Dec 31st	2011	2012	2013	2014	2015	2016E	2017E
<b>OPERATING ACTIVITIES</b>							
Net profit for the year	13,496	-75,492	-1,118,861	103,843	-4,602,975	716,689	1,027,166
<b>Adjusted for items not involving cash:</b>							
Depreciation	5,472	6,710	4,442	14,493	26,304	22,039	47,631
Stock compensation / option expense	874		1,139,915	233,098	4,790,568	1,215,000	2,160,000
Deferred tax asset	2,108			-75,196	75,196		
<b>Funds From Operations</b>	<b>21,950</b>	<b>-68,782</b>	<b>25,496</b>	<b>276,238</b>	<b>289,093</b>	<b>1,953,728</b>	<b>3,234,797</b>
<b>Change in working capital</b>							
A/R	-8,966	-35,893	-36,391	-81,186	-152,617	-128,298	-365,510
Prepaid	-19,934	5,350	-23,248	-34,880	-9,778	-56,463	-109,600
A/P	-16,585	30,169	4,491	23,563	10,595	59,855	119,675
Accurent expenses	2,675	33,146	11,045	78,939	208,893	250,947	653,687
Due to related parties		35,472	34,633	-18,232			
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>-20,860</b>	<b>-538</b>	<b>16,026</b>	<b>244,442</b>	<b>346,186</b>	<b>2,079,769</b>	<b>3,533,049</b>
<b>INVESTING ACTIVITIES</b>							
PP&E	-13,028	-387	-39,513	-49,032	-57,116	-150,000	-200,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-13,028</b>	<b>-387</b>	<b>-39,513</b>	<b>-49,032</b>	<b>-57,116</b>	<b>-150,000</b>	<b>-200,000</b>
<b>FINANCING ACTIVITIES</b>							
Equity	41,126		80,235	59,450	-1,182		
Debt	-5,638	-13,976	-15,000		-61,877		
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>35,488</b>	<b>-13,976</b>	<b>65,235</b>	<b>59,450</b>	<b>-63,059</b>	<b>0</b>	<b>0</b>
<b>Foreign Exchange / Others</b>				<b>-1,542</b>	<b>-7,571</b>		
<b>INCREASE IN CASH FOR THE YEAR</b>	<b>1,600</b>	<b>-14,901</b>	<b>41,748</b>	<b>253,318</b>	<b>218,440</b>	<b>1,929,769</b>	<b>3,333,049</b>
CASH, BEGINNING OF THE YEAR	71,609	73,209	58,308	100,056	353,374	571,814	2,501,583
<b>CASH, END OF THE YEAR</b>	<b>73,209</b>	<b>58,308</b>	<b>100,056</b>	<b>353,374</b>	<b>571,814</b>	<b>2,501,583</b>	<b>5,834,632</b>

#### Fundamental Research Corp. Equity Rating Scale:

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

#### Fundamental Research Corp. Risk Rating Scale:

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

#### Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees were paid by eXp to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, eXp has agreed to a minimum coverage term including four updates. Coverage can not be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time.

The distribution of FRC's ratings are as follows: BUY (69%), HOLD (8%), SELL (5%), SUSPEND (18%).

To subscribe for real-time access to research, visit <http://www.researchfrc.com/subscription.htm> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.