

SUPERSEDED — NOT THE CURRENT CALL

This May 28, 2026 report is no longer current. Microcap Research published a newer IC Group Holdings Inc. (ICGH) update on Aug 27, 2026, which reaffirmed the Spec. Buy rating at C\$1.10.

Current report: <https://microcapresearch.ca/reports/icgh-ic-group-holdings-inc-2026-q2update>

Microcap Research INDEPENDENT EQUITY ANALYSIS

ICGH-2026-05-Q1update

IC Group Holdings Inc.

TSXV: ICGH · MARKETING TECHNOLOGY · MAY 28, 2026 · Q1 2026 UPDATE

RATING	12-MO TARGET	AT PUBLICATION	IMPLIED UPSIDE	MARKET CAP
Spec. Buy	C\$1.10	C\$0.46	+139%	C\$18.9M

Bottom line: Microcap Research rates IC Group Holdings Inc. (TSXV: ICGH) Spec. Buy with a 12-month price target of C\$1.10, about 139% above the C\$0.46 share price at publication on May 28, 2026. Market capitalisation at publication: C\$18.9M.

Q1 2026 validated the operating-leverage thesis: Adjusted EBITDA jumped 300% to C\$0.67M on 29% organic-led revenue growth, and EBITDA turned positive. The stock drifted to C\$0.46, leaving ICGH cheaper (~0.85x LTM EV/Revenue) than at initiation. IC Engage strengthened; IC Mobile margin is the watch item. Maintain Spec. Buy, C\$1.10.

KEY STATISTICS — AS OF MAY 28, 2026

Market Cap	C\$18.9M
EV/Revenue (LTM)	~0.85x
EV/Adj. EBITDA (LTM)	~12.8x
Revenue (Q1 2026)	C\$7.8M (+29%)
Adj. EBITDA (Q1 2026)	C\$0.67M (+300%)
Gross Margin (Q1 2026)	43%

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Update Summary

This update follows IC Group's Q1 2026 results (three months ended March 31, 2026), released May 27, 2026, and the May 28 investor webinar. We **maintain** our **Speculative Buy** rating and **maintain** our 12-month price target of **C\$1.10**, representing approximately 139% upside from C\$0.46 (as of 2026-05-28). The quarter validated the operating-leverage leg of our thesis — Adjusted EBITDA rose 300% to C\$0.67M and consolidated EBITDA turned positive — while the stock has drifted lower, leaving ICGH cheaper today (~0.85x LTM EV/Revenue) than at our initiation.

Our initial coverage on ICGH was published May 7, 2026, framing IC Group as an undiscovered, sub-1x-revenue MarTech compounder with Tier-1 messaging infrastructure, a scaling sports-tech SaaS platform (Fannex), and a high-margin specialty insurance book. Q1 is the first earnings print since initiation, and it tests the growth-and-margin trajectory rather than the structure of the business.

What Changed

- **Revenue:** +29% YoY to C\$7.8M, with approximately 86% of the growth organic. Growth moderated from the FY2025 pace of +50%, but that prior figure was inflated by the IC Mobile wholesale ramp and the Fannex acquisition; an 86%-organic +29% is a cleaner read on underlying demand.
- **Adjusted EBITDA inflection:** +300% YoY to C\$0.67M, and up roughly 3% sequentially versus Q4 2025. Consolidated EBITDA swung positive to C\$0.40M from C\$(1.61)M a year ago — the clearest evidence yet of the operating leverage we underwrote.
- **Net loss narrowed to C\$(0.33)M** from C\$(2.09)M, but we flag honestly that most of that improvement reflects the absence of the ~C\$1.06M reverse-takeover listing expense booked in Q1 2025, not a like-for-like operating swing.
- **IC Engage strengthened:** revenue +36% to C\$3.7M at a ~66% gross margin (gross profit +32% to ~C\$2.4M). The Fannex platform now spans 95 professional teams, up from 85 a year ago; 81% of the segment's growth was organic with 19% from continued Fannex integration.
- **IC Mobile margin pressure:** revenue +27% to C\$3.6M (entirely organic), but gross margin compressed to ~17% on lower-margin wholesale messaging mix, so gross profit grew only ~5% to ~C\$0.61M.
- **IC Insurance soft:** revenue flat at ~C\$0.46M and gross profit down 11% to ~C\$0.26M amid industry premium compression as the book rebalances between contingency and liability.
- **Balance-sheet housekeeping:** C\$175K of shareholder debt was converted to equity at C\$0.50/share in January, and the remaining C\$225K was extended to March 31, 2027. Cash ended at C\$3.4M (down from C\$4.8M at year-end) on a deferred-revenue drawdown and deleveraging; management guided cash lower again at Q2-end on seasonality before replenishing in Q3.

Thesis Check

Reviewing each of the five original pillars:

- **Pillar 1 — Exceptional Organic Growth at Scale (INTACT, moderating):** +29% revenue at 86% organic confirms the engine still runs, though the growth rate stepped down from the FY2025 headline. The Adjusted EBITDA inflection is the more important validation — growth is now converting to profitability.

- **Pillar 2 — IC Mobile: Defensible Tier-1 Infrastructure (INTACT):** The segment grew 27% organically and the Tier-1 aggregator position is unchanged, with continued investment in MMS and RCS/RBM. The watch item is margin, not defensibility — wholesale mix is diluting segment economics.
- **Pillar 3 — Fannex: A SaaS Platform at Inflection (STRENGTHENED):** Team count rose to 95 (from 85 YoY), IC Engage gross profit grew 32% to ~C\$2.4M at a 66% margin, and the cross-sell narrative is intact. This is the pillar that advanced most in the quarter.
- **Pillar 4 — Deeply Discounted Valuation (STRENGTHENED):** The dislocation widened. With the stock at C\$0.46 and LTM revenue now ~C\$28.7M, EV/Revenue has compressed to ~0.85x from ~0.94x at initiation — the company is cheaper despite a quarter of growth and a profitability inflection.
- **Pillar 5 — Multiple Near-Term Catalysts (INTACT):** RCS/RBM investment continues, the Players Health insurance assets are integrating, and the shareholder-debt conversions modestly de-risk the balance sheet. No fresh update on the potential TSX uplisting or the US\$7.8M enterprise renewal this quarter.

Updated Financials

METRIC	Q1 2025	Q1 2026	YOY CHANGE
Revenue (C\$M)	\$6.0M	\$7.8M	+29%
Gross Profit (C\$M)	\$2.7M	\$3.3M	+22%
Gross Margin	45%	43%	-2 pts
Adj. EBITDA (C\$M)	\$0.17M	\$0.67M	+300%
Net Loss (C\$M)	\$(2.09)M	\$(0.33)M	improved

Q1 2025 net loss included a ~C\$1.06M non-recurring listing expense from the February 2025 reverse takeover. ARR held at approximately 68% of revenue, consistent with the prior-year period.

Updated Valuation

Our valuation framework is unchanged: EV/Revenue, reflecting the comparability of revenue multiples across MarTech and CPaaS peers (Bandwidth, Sinch, and digital-promotions/sports-tech names that trade at 1.5x–4x trailing revenue). We roll the base to a forward FY2026 revenue estimate of ~C\$32.5M, derived conservatively off the Q1 run-rate. Applying our base-case 1.5x multiple, net of ~C\$5.5M net debt across ~41M shares, supports our maintained C\$1.10 target. The scenario prices below are unchanged in basis; only the “vs. current” column moves with the lower share price.

SCENARIO	EV MULTIPLE (FWD REV)	PRICE / SHARE	VS. CURRENT
Bear Case	1.0x EV/Rev	C\$0.66	+43%
Base Case	1.5x EV/Rev	C\$1.10	+139%
Bull Case	2.0x EV/Rev	C\$1.45	+215%

Risk Update

- **Gross Margin Compression (MEDIUM, now playing out):** The risk we flagged at initiation is materializing — IC Mobile gross margin fell to ~17% on wholesale mix, pulling consolidated margin to 43%. The offset is that IC Engage's high-margin mix is growing faster, but the consolidated trend bears watching.
- **Going Concern / Leverage (HIGH, modestly easing):** The C\$175K debt-to-equity conversion and the extension of the remaining C\$225K to March 2027 improve near-term flexibility, and shareholders' equity held at ~C\$7.2M. Bank indebtedness of ~C\$7.3M remains the structural overhang.
- **Seasonal Cash Drawdown (MEDIUM, new framing):** Management explicitly guided cash lower again at the end of Q2 before a Q3 replenishment. A soft Q2 cash balance should not be read as deterioration.
- **Illiquidity / Small-Cap Risk (HIGH, unchanged):** ~C\$19M market cap, no formal sell-side coverage, thin TSXV volume. Not suitable for large positions.

Conclusion

Q1 2026 was the quarter the thesis needed to show profitability following the growth, and it did: Adjusted EBITDA tripled, EBITDA turned positive, and IC Engage's SaaS-led mix continued to expand at a 66% margin. The two honest caveats are that headline growth moderated to +29% and that IC Mobile's margin compression — the exact risk we underwrote — is now visible in the consolidated numbers. Neither breaks the structure of the business.

At C\$0.46 per share and a ~C\$18.9M market cap, the market is paying ~0.85x LTM revenue for a business that just demonstrated operating leverage, with the RCS opportunity, Fannex's 95-team footprint, and the insurance Coverholder licensing still ascribed essentially no value. The dislocation is wider than at our initiation three weeks ago. We **maintain** our **Speculative Buy** rating with a C\$1.10 price target.

IC Group Holdings Inc. (ICGH) — key questions

What is Microcap Research's rating and price target on IC Group Holdings Inc. (ICGH)?

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What does IC Group Holdings Inc. (ICGH) do?

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What is the investment thesis for IC Group Holdings Inc. (ICGH)?

Q1 2026 validated the operating-leverage thesis: Adjusted EBITDA jumped 300% to C\$0.67M on 29% organic-led revenue growth, and EBITDA turned positive. The stock drifted to C\$0.46, leaving ICGH cheaper (~0.85x LTM EV/Revenue) than at initiation. IC Engage strengthened; IC Mobile margin is the watch item. Maintain Spec. Buy, C\$1.10.

How is IC Group Holdings Inc. (ICGH) valued?

Our valuation framework is unchanged: EV/Revenue, reflecting the comparability of revenue multiples across MarTech and CPaaS peers (Bandwidth, Sinch, and digital-promotions/sports-tech names that trade at 1.5x–4x trailing revenue). We roll the base to a forward FY2026 revenue estimate of ~C\$32.5M, derived conservatively off the Q1 run-rate.

What are the key risks for IC Group Holdings Inc. (ICGH)?

Risks flagged in this report — Gross Margin Compression (MEDIUM, now playing out); Going Concern / Leverage (HIGH, modestly easing); Seasonal Cash Drawdown (MEDIUM, new framing); Illiquidity / Small-Cap Risk (HIGH, unchanged)

What are the key financial metrics for IC Group Holdings Inc. (ICGH)?

As of May 28, 2026 — Market Cap: C\$18.9M · EV/Revenue (LTM): ~0.85x · EV/Adj. EBITDA (LTM): ~12.8x · Revenue (Q1 2026): C\$7.8M (+29%) · Adj. EBITDA (Q1 2026): C\$0.67M (+300%) · Gross Margin (Q1 2026): 43%.

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Microcap Research — Independent Equity Analysis

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