

Tenet Fintech Group

(OTC PINK: PKKFF)

Tenet Works Through Q2 China Lockdowns Still Achieving 10% Growth

Compared to its peers in the fintech space who trade at an average of 2.9 times enterprise value to 2022 estimated sales, we believe Tenet is worth US\$3.48 per share.

Current Price (8/30/2022)

\$1.52

Valuation

\$3.48

OUTLOOK

Tenet Fintech Group (formerly Peak Fintech) operates a B2B business platform for micro and small and medium size (SMBs) businesses in China. Most of its business is lending. It earns a fee for matching lenders and borrowers and selling services. It grew revenues 143% in 2021 and could grow faster than that this year. It has arrangements with cities, wholesale distributors, retailers and eCommerce platforms to facilitate commercial loans and other business services to their constituents and customers. Tenet earns a fee of between 1-4% of the value of each loan it facilitates as well as fees for other services. It is expanding to other verticals such as insurance and soon to new geographies.

SUMMARY DATA

52-Week High	11.09
52-Week Low	0.94
One-Year Return (%)	-82.7
Beta	2.8
Average Daily Volume (sh)	80,385

Shares Outstanding (mil)	99.5
Market Capitalization (\$mil)	\$151
Short Interest Ratio (days)	0
Institutional Ownership (%)	0
Insider Ownership (%)	0

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	N/M
P/E using 2022 Estimate	N/M
P/E using 2023 Estimate	N/M

Risk Level	High
Type of Stock	Small Blend
Industry	Financial Trans

ZACKS ESTIMATES

Revenue

(In millions of US\$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020	\$3.9 A	\$7.3 A	\$15.1 A	\$16.4 A	\$42.7 A
2021	\$14.2 A	\$30.6 A	\$25.7 A	\$33.0 A	\$103.6 A
2022	\$34.7 A	\$32.4 A	\$45.1 E	\$68.1 E	\$180.4 E
2023					\$380.0 E

Earnings per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2020	-\$0.02 A	-\$0.02 A	-\$0.03 A	-\$0.07 A	-\$0.16 A
2021	-\$0.01 A	-\$0.00 A	\$0.02 A	-\$0.59 A	-\$0.66 A
2022	-\$0.05 A	-\$0.07 A	-\$0.05 E	-\$0.03 E	-\$0.13 E
2023					\$0.03 E

Tenet Shows Growth of 6% in Q2 Despite China Shutdown for Two Months

Q2 was a challenging quarter for anyone with Chinese business dealings and growing at all defied logic. Yet Tenet managed to turn in year over year growth of 6% despite having virtually only one month to do it in and with limited capital due to delayed fund raising. Of the \$32.4 million it reported, \$10.1 million was from the June 618 Shopping Festival. It also participated in the 618 Shopping Festival last year, financing 789 transactions worth approximately \$200,000,000 and generated \$15 million in sales then. All other verticals declined except for insurance. The company said in Q1 insurance generated \$500,000 to revenues and in Q2 it was up 9.8% sequentially, thus about \$550,000 and clearly a disappointment. With China shut down to travel, there was no surprise that car insurance would also be hit but that business is ramping slower than expected.

The company is in the final stages of filing a prospectus and uplisting in Canada and listing in London. We expect to possibly see a filing within the next 10 days. Once the capital raise is over, the company should be back on track as it will have cash to fund working capital and not be constrained as it is now. After reporting Q2 that was impacted by China lockdowns and lack of capital, the company still maintained its 2022 guidance of \$210 million in revenues and positive EBITDA. We are keeping our estimated where they are for now, but believe that revenues could come in higher than our \$45 million Q3 estimate, but would like to see the financing finished before raising numbers.

The company now has CN\$15 million on cash on hand. Using a fully diluted share count of 119.2 million puts its US market cap at US\$181 million and its enterprise value at US\$166 million. Using company guidance of US\$161 million for 2022 estimated revenues, the stock is trading at 1.0xs EV to sales versus its peers who now trade at 2.9 times. The valuations for the fintech space have come down hugely from their peak. Given the company needs to raise cash to reach its guidance, and that has not yet happened we are using lower estimates until we see that happen and how it will be achieved. Using a revenue expectation of US\$138 million, that yields an EV to Sales of 1.2 times 2022 estimated revenues.

Outside of China, the company is planning a new business model that relies on data and analytics to produce information of value as well as providing a platform for small and medium business to communicate, trade and advertise. We expect it to launch a Canadian hub by year end followed by the US and eventually Europe.

Q2 2022 Earnings Results

Q2 revenues were \$32.4 million versus \$30.6 million in Q2 2021, up 10% but down sequentially from \$34.7 million in Q1. Supply chain related revenues were \$30.3 million in Q1 2022 compared to \$28.7 million a year ago, or growth of 6%. Non-supply chain (the bank) revenues were \$2.1 million versus \$2.0 million. Insurance revenues are still in supply chain revenues but the company may break that revenue stream out once it becomes more meaningful.

Applying cost of service to the supply chain revenues gives us a gross margin of 3.8% compared to 4.3% in Q2 2021 and 8.7% in Q1 2022. Total gross margin was 10.0% this quarter versus 10.5% last year and 13.6% in Q1 2022.

Expenses increased to \$8.3 million compared to \$2.4 million last year and \$7.4 million in Q1 2022 taking out the one-time charges.

Salaries and fringe benefits increased to \$2.0 million from \$692,000 a year ago as the headcount increased. The Canadian business is rapidly hiring and has gone to two offices. Tenet hired 93 people since last year

and now has 135 employees. The next biggest increase was a new category called “outsourced services” which is paying for developers mainly to build out the Canadian hub; it was \$1.0 million in the quarter and expected to continue the next two or three quarters. Consulting fees increased to \$370,000 compared to \$119,000 in last year’s quarter, mainly relate to capital markets consulting fees incurred as Tenet plans to list its securities on the London Stock Exchange and uplist in Canada. Amortization grew to \$1.6 million from \$156,000 with two acquisitions.

The pretax loss was \$5.1 million in Q2 2022 versus a profit in Q2 2021 of \$956,000 aided by a one-time gain of \$194,000 from the impairment of an intangible asset. The net loss to common shareholders was \$6.5 million in Q2 2022 compared to a loss of \$20,000 in Q2 2021. On a non-IFRS basis it was a loss of \$5.9 million compared to a profit of \$183,000 last year.

The loss per share to common shareholders was \$0.07 compared to breakeven a year ago. On a non-IFRS basis, taking out stock-based compensation, this year the loss was \$0.05 per share compared to zero last year. During that time the share count increased 52% to 99 million. Adjusted EBITDA for Q2 2022 was a loss of \$3 million versus a positive \$1.0 million a year ago.

Balance Sheet

Tenet ended the June quarter with \$15.0 million in cash. Working capital was \$65.6 million with the bank portfolio and \$44.9 million without. Debt was \$442,000. Its loan portfolio was valued at \$20.7 million. Adjusted EBITDA for the quarter was a negative \$3.0 million. Cash flow not including changes in working capital was a positive \$924,000 million in Q2. While the Chinese operations are generating cash, Canadian operations are still currently burning approximately \$2 million a month. We expect a capital raise at Tenet within the next month if not sooner. As of August 25, 2022, the cash available to manage the company’s Canadian operations and meet its obligations amounted to approximately \$5,300,000. As of August 25, 2022, Tenet had 99,544,183 common shares outstanding

Legacy Loan Portfolio

Since the launch of its platform, Tenet has been making loans to small and micro businesses primarily as a way to prove its model to potential platform users. It has a \$21 million portfolio that it reinvests to keep that amount steady. The loan business is only 51% owned by Tenet and it consists of loans made to small and micro businesses and was, for the most part, collateralized by vehicles. Last year the bank diversified into residential real estate.

Gross Loans Receivable

	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22
Current	16,374,526	18,430,566	17,408,384	17,882,518	18,309,258	18,747,008
30-90 days	35,010	35,010	35,010	540,283	239,951	43,005
Over 90 days	3,705,805	3,124,592	3,378,553	2,567,134	2,308,390	2,200,369
% over 90 days	18.4%	14.5%	16.2%	12.2%	11.1%	10.5%
Total over 30 days	3,740,815	3,159,602	3,413,563	3,107,417	2,548,341	2,243,374
% Non-current	18.6%	14.6%	16.4%	14.8%	12.2%	10.7%
Total	20,115,341	21,590,169	20,821,947	20,989,935	20,857,599	20,990,383

During the Quarter

On May 16th Tenet announced that it is working with the People's Insurance Company of China and eHi Auto Services Ltd. to launch the "Driver's Seat" policy, the first insurance policy to be exclusively available through Tenet's Heartbeat insurance brokerage platform. Driver's Seat policy holders can obtain replacement vehicles in the event of accidents or any other situation where their vehicles would require servicing for an extended period of time.

On June 10th Tenet announced it signed an agreement with Huai'an Rural Commercial Bank Ltd. to create a program to target the restaurant and food services vertical. Businesses that qualify will obtain a revolving credit of up to 50,000 RMB (about CAD\$10,000) from HRCB to purchase goods and supplies from a list of Business Hub approved vendors and suppliers. The credit will be made available through a mobile app. HRCB will earn interest on the loan and Tenet will earn a 2% one-time service fee on each transaction. Tenet plans to replicate this offering in other cities with other banks.

On June 23rd Tenet announced that it signed an agreement with China's Shanghai Electric Power Company to prepare, present and promote nationwide solar power project proposals. The proposed projects will run through the i3060 platform while SEPC will fund, manage and operate them. Tenet is also currently working with [China Energy Engineering Corp.](#) on an ongoing pilot project in six cities highlighting i3060's capabilities and expects to have a similar agreement in place with CEEC.

KEY POINTS

- Tenet Fintech Group operates a lending platform in China that matches lending institutions and borrowers and earns a fee of between one and four percent of the value of those loans. It targets primarily small and micro businesses. Much of what it does involves financing inventory and as a result it has great visibility, in some cases going out months, and lots of repeat business. It is now also selling services through the hub such as insurance and shipping.
- It generated CN\$103.5 million in revenues in 2021 and we expect it could reach CN\$180 million this year. The company will need to raise capital to reach its goals, which we expect will happen within the next month. It is currently losing money, is EBITDA negative and needs cash to fund working capital. The company has CN\$15 million in cash and only CN\$442,000 in debt.
- The stock was listed on NASDAQ last September and then removed as the SEC requested further information on all companies doing most of its business in China. The company went back to the OTC and submitted further information to the SEC where the filing is still in review. We expect the stock to eventually return to NASDAQ. In the interim, Tenet is exploring listing on other major exchanges in Canada and London.
- Tenet bought Cubeler, the company from which it licenses its business platform on October 1. It now has the rights to use that platform in countries other than China and plans to launch its in Canada, followed by the US, UK, France and Brazil.
- Compared to its fintech peers who trade at an average of 2.9 times enterprise value to 2022 estimated revenues, Tenet is currently trading at a fully diluted enterprise value US\$182 million or only 1.2 times EV/sales using a 2022 revenue estimate of US\$138 million. With a longer track record, consistent profits, and a return to NASDAQ or more senior exchange, we believe Tenet will be able to trade closer to its peers and given its growth could be a much more valuable company next year.

VALUATION

Given the lack of China-based fintech platforms, we are using the US and Canadian names we think are as comparable. Based on its business model, Tenet most closely resembles Upstart which now trades at 2.4

2022 estimated revenues. While the range is great based on margins and growth, we calculate an average of 2.9 times 2022 calendar estimates taking out the low, Green Dot, and the high, Intuit. This is significantly down from the 9.0 multiple this group previously enjoyed.

Based on this multiple and our estimate for Tenet's 2022 sales of CN\$180 million or US\$138 million, and using fully diluted shares of 119.2 million, the enterprise value would be US\$400 million and the market value US\$415 million. The stock price would be approximately US\$3.48.

Company	Ticker	Revenue		LTM	TTM		Enterprise Value / Sales			EV/ EBITDA	Enterprise Value	EBITDA Margin
		2023E	2022E		EBITDA	2023E	2022E	LTM				
Fintech Platforms												
Green Dot	GDOT	\$1,460	\$1,420	\$1,430	\$217	0.2x	0.2x	0.2x	1.6x	337	15.2%	
Intuit	INTU	NA	\$13,600	\$12,730	\$3,180	NA	9.3x	9.9x	39.7x	126,100	25.0%	
LendingTree	TREE	\$1,060	\$1,000	\$1,100	\$38	1.0x	1.1x	1.0x	28.0x	1,051	3.4%	
Lightspeed POS	LSPD	NA	\$704	\$606	-\$227	NA	2.8x	3.3x	-8.8x	2,000	-37.4%	
PayPal	PYPL	\$31,800	\$27,830	\$26,390	\$4,640	3.4x	3.9x	4.1x	23.5x	109,200	17.6%	
Shopify	SHOP	\$8,810	\$7,140	\$5,000	-\$146	4.1x	5.0x	7.2x	-244.7x	35,750	-2.9%	
Upstart	UPST	\$957	\$897	\$1,080	\$104	2.2x	2.4x	2.0x	20.4x	2,132	9.7%	
Square	SQ	\$20,940	\$17,600	\$16,290	-\$159	1.8x	2.1x	2.3x	-233.3x	37,168	-1.0%	
Average					708	2.5	2.9	3.7		31,217		

RISKS

- While Tenet has been successful to date facilitating loans and servicing them through its platform, it could suffer loan defaults on its own loan portfolio, which is collateralized by autos and real estate. Tenet could be impacted both in its own portfolio of loans through charge-offs and the reduction of interest income going forward and as well as a loss of loan volume on its platform due to customers' loans also defaulting.
- Tenet plans to enter the Canadian, US, UK, French and Brazilian markets, risking capital and effort, and may not be successful due to better-funded and entrenched competition.
- The banking industry is highly regulated by the Chinese government and changes in rules and requirements could impact Tenet in the future. It has recently set out a draft of rule changes for micro-lenders ups their capital requirements and increases the criteria for lending. This could affect some of Tenet's lending partners as well as its majority-owned lender. When any rule changes are made, lenders will have twelve months to comply.
- Tenet is taking on a number of ambitious new ventures and may not be successful with any of them. There is no assurance its business model will ultimately result in sustainable, profitable results.
- Tenet plans to pursue rapid growth and plans to raise cash in the near future, possibly diluting current shareholders.
- China proves a risky place to invest due to lower quality auditing and investors may require a discount from US and Canadian valuations.
- The company faces many external and internal challenges that could affect sales and earnings. There is no assurance that the company could reach our forecasts or its own guidance. Valuations are based on those forecasts and may not be met.

INCOME STATEMENT

Canadian Dollars	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022E	Q4 2022E	2020	2021	2022E	2023E
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec				
Supply chain services	12,611,814	28,679,500	23,607,695	30,700,991	32,900,000	30,349,666	43,000,000	66,000,000	36,340,000	95,600,000	172,249,666	371,000,000
Yr-to-yr Growth	490%	428%	212%	128%	161%	6%	82%	115%	577%	163%	374%	288%
Cost of service	12,347,170	27,442,884	21,120,835	28,790,471	30,024,865	29,196,028	39,560,000	60,720,000	35,608,167	89,701,360	159,500,893	329,200,000
Supply chain gross margin	264,644	1,236,616	2,486,860	1,910,520	2,875,135	1,153,638	3,440,000	5,280,000	731,833	5,898,640	12,748,773	41,800,000
Gross Margin %	2.1%	4.3%	10.5%	6.2%	8.7%	3.8%	8.0%	8.0%	2%	6%	7%	11%
Non-supply chain services	1,627,962	1,969,679	2,087,875	2,347,258	1,841,460	2,082,562	2,100,000	2,120,000	6,358,047	8,032,774	8,144,022	9,000,000
Yr-to-yr Growth	-10%	8%	-43%	41%	13%	6%	1%	-10%	0%	26%	28%	12%
Sales	\$14,239,776	\$30,649,179	\$25,695,570	\$33,048,249	\$34,741,460	\$32,432,228	\$45,100,000	\$68,120,000	\$42,698,047	103,632,774	180,393,688	380,000,000
Total gross margin	13.3%	10.5%	17.8%	12.9%	13.6%	10.0%	12.3%	10.9%	16.6%	13.4%	11.6%	13.4%
Yr-to-yr Growth	261%	322%	70%	102%	144%	6%	76%	106%	265%	143%	322%	267%
Operating expenses:												
Salaries and fringe benefits	723,860	692,610	1,375,954	2,105,827	2,345,268	2,734,471	3,200,000	3,800,000	1,859,209	4,898,251	12,079,739	19,000,000
Service fees	157,651	148,987	161,859	127,295	102,926	55,092	160,000	180,000	536,478	595,792	498,018	996,036
Royalty on software	30,776	43,902	32,524	27,476	-	-	-	-	140,224	134,678	-	-
Board remuneration	124,527	146,302	278,191	314,742	191,924	151,080	151,080	151,080	134,323	863,762	645,164	604,320
Consulting fees	62,869	118,873	118,310	162,569	343,738	369,745	400,000	500,000	3,858,509	462,621	1,613,483	1,300,000
Management fees	12,818	14,356	11,670	11,838	11,964	11,580	11,580	11,580	77,625	50,682	46,704	60,818
Outsourced services	-	-	-	-	-	1,000,158	1,000,158	1,000,158	-	-	-	-
Professional fees	331,655	581,227	417,868	1,064,517	1,032,464	666,320	700,000	700,000	567,516	2,395,267	3,098,784	6,197,568
Administrative and indirect costs	-	-	-	-	-	-	-	-	221,972	-	-	-
PR and press releases	121,493	134,987	421,775	391,695	316,072	201,164	300,000	300,000	396,853	1,069,950	1,117,236	2,000,000
Office supplies, software and utilities	30,214	58,272	(1,517)	241,181	177,058	339,018	400,000	450,000	167,010	328,150	1,366,076	2,000,000
Lease expenses	11,570	11,247	11,510	20,116	60,161	25,648	30,000	30,000	46,083	54,443	145,809	300,000
Depreciation of right-of-use assets	69,157	44,749	105,972	66,972	109,782	142,752	150,000	150,000	406,762	286,850	552,534	800,000
Insurance	14,896	27,277	35,637	194,455	331,646	316,735	316,735	316,735	49,147	272,265	1,281,851	1,400,000
Finance costs	44,833	50,935	41,606	44,569	446,983	349,576	349,576	349,576	990,053	181,943	1,495,711	2,000,000
Pre-acquisition expenses on consol of sub	-	-	216,421	(216,421)	-	-	-	-	-	-	-	-
Expected credit loss	19,893	(10,647)	(44,286)	(350,663)	87,618	101,555	-	-	242,593	(385,703)	189,173	-
Travel and entertainment	34,002	43,663	77,510	111,894	78,485	95,734	120,000	150,000	205,059	267,069	444,219	666,329
Stock exchange and transfer agent costs	90,714	62,655	165,154	69,619	45,032	114,545	140,000	140,000	122,717	388,142	439,577	500,000
Translation costs and others	39,310	81,576	16,150	(26,380)	26,020	57,171	57,171	57,171	23,974	110,656	197,533	200,000
Loss on deposit of sub receivable	-	-	-	-	-	-	-	-	97,150	-	-	-
Loss on extinction of debt	-	-	-	-	-	-	-	-	784,750	-	-	-
Gain on purchase	-	-	(1,910,598)	1,910,598	-	-	-	-	-	-	-	-
Impairment of intangible asset	-	(193,717)	-	12,172,000	-	-	-	-	-	-	11,978,283	-
Depreciation of property and equipment	22,337	20,965	22,545	24,292	21,551	21,437	21,437	21,437	86,931	90,139	85,862	200,000
Amortization	66,484	155,948	462,831	1,582,018	1,502,347	1,562,827	1,562,827	1,562,827	379,850	2,267,281	6,190,828	6,251,308
Impairment charge - goodwill	-	-	-	41,386,422	-	-	-	-	-	41,386,422	-	-
Expiration of deferred finance costs	-	-	-	-	-	-	-	-	353,377	-	-	-
Amortization of financing initial costs	6,651	6,725	6,799	6,799	6,551	6,825	6,825	6,825	18,924	26,974	27,026	-
Change in FV of conting. comp payable	-	-	171,432	(3,728,006)	-	-	-	-	(217,325)	(3,556,574)	-	-
Loss (gain) on foreign exchange	(35,379)	7,526	(4,128)	(30,161)	134,424	(7,837)	-	-	201,617	(62,142)	126,587	-
Total expenses	1,980,331	2,248,418	2,191,189	57,685,263	7,372,014	8,315,596	9,077,389	9,877,389	11,751,381	64,105,201	31,641,914	44,476,379
									14,297,070			
Pretax income	(87,725)	957,877	2,383,546	(53,427,485)	(2,655,419)	(5,079,396)	(3,537,389)	(2,477,389)	(4,661,501)	(50,173,787)	(10,749,119)	6,323,621
Pretax Margin	-0.6%	3.1%	9.3%	-161.7%	-7.6%	-15.7%	-7.8%	-3.6%	-10.9%	-48.4%	-6.0%	1.7%
Income taxes	301,977	661,806	857,260	(3,432,862)	704,182	1,253,276	1,000,000	1,000,000	852,010	(1,611,819)	3,957,458	1,000,000
Tax rate	-344%	69%	36%	6%	-27%	-25%	-28%	-40%	-18.3%	3.2%	-36.8%	15.8%
Net income	(389,702)	296,071	1,526,286	(49,994,623)	(3,359,601)	(6,332,672)	(4,537,389)	(3,477,389)	(5,513,511)	(48,561,968)	(14,706,577)	5,323,621
Non-controlling interest	375,929	315,631	169,752	333,790	22,670	136,306	136,306	136,306	1,102,910	1,195,102	431,588	1,500,000
Net income to common shareholders	(765,631)	(19,560)	1,356,534	(50,328,413)	(3,382,271)	(6,468,978)	(4,673,695)	(3,613,695)	(6,616,421)	(49,757,070)	(15,138,165)	3,823,621
Currency translation adjustment	546,909	(325,829)	(1,003,357)	(807,837)	760,601	(1,600,876)	-	-	(1,139,455)	(1,590,114)	-	-
Total comprehensive income	(936,611)	621,900	2,529,643	(49,186,786)	(4,120,202)	(7,933,548)	(4,537,389)	(3,477,389)	(4,374,056)	(46,971,854)	(14,706,577)	5,323,621
Stk based compensation	344,690	396,515	815,801	832,398	541,599	570,703	570,703	570,703	542,832	2,389,404	2,253,708	2,500,000
One-time expenses	-	(193,717)	(1,739,166)	51,741,014	-	-	-	-	920,802	49,808,131	-	-
Non-IFRS Inc to common shareholders	(420,941)	183,238	433,169	2,244,999	(2,840,672)	(5,898,275)	(4,102,992)	(3,042,992)	(5,152,787)	2,440,465	(12,884,457)	6,323,621
EPS to common shareholder	(0.012)	(0.000)	0.017	(0.587)	(0.045)	(0.065)	(0.047)	(0.030)	(0.16)	(0.66)	(0.13)	0.03
Non-IFRS EPS to common shareholder	(0.007)	0.003	0.005	0.019	(0.038)	(0.049)	(0.034)	(0.026)	(0.10)	0.032	(0.11)	0.04
Shares												
Basic	61,683,058	64,863,245	80,351,626	85,800,000	75,700,826	98,815,782	99,544,183	119,221,662	42,670,902	75,700,826	98,320,613	150,000,000
Yr-to-yr Growth	67%	75%	85%	68%	23%	52%	24%	39%	24%	77%	130%	98%
Fully diluted	64,000,000	64,863,245	80,351,626	119,221,662	119,221,662	119,221,662	119,221,662	119,221,662	49,811,545	96,195,524	119,221,662	150,020,000
									93%	139%	139%	56%
Adjusted EBITDA	121,737	1,043,482	1,500,554	(178,242)	(568,205)	(2,995,979)	(1,446,724)	(386,724)	(1,858,179)	2,487,531	(2,270,571)	15,574,929

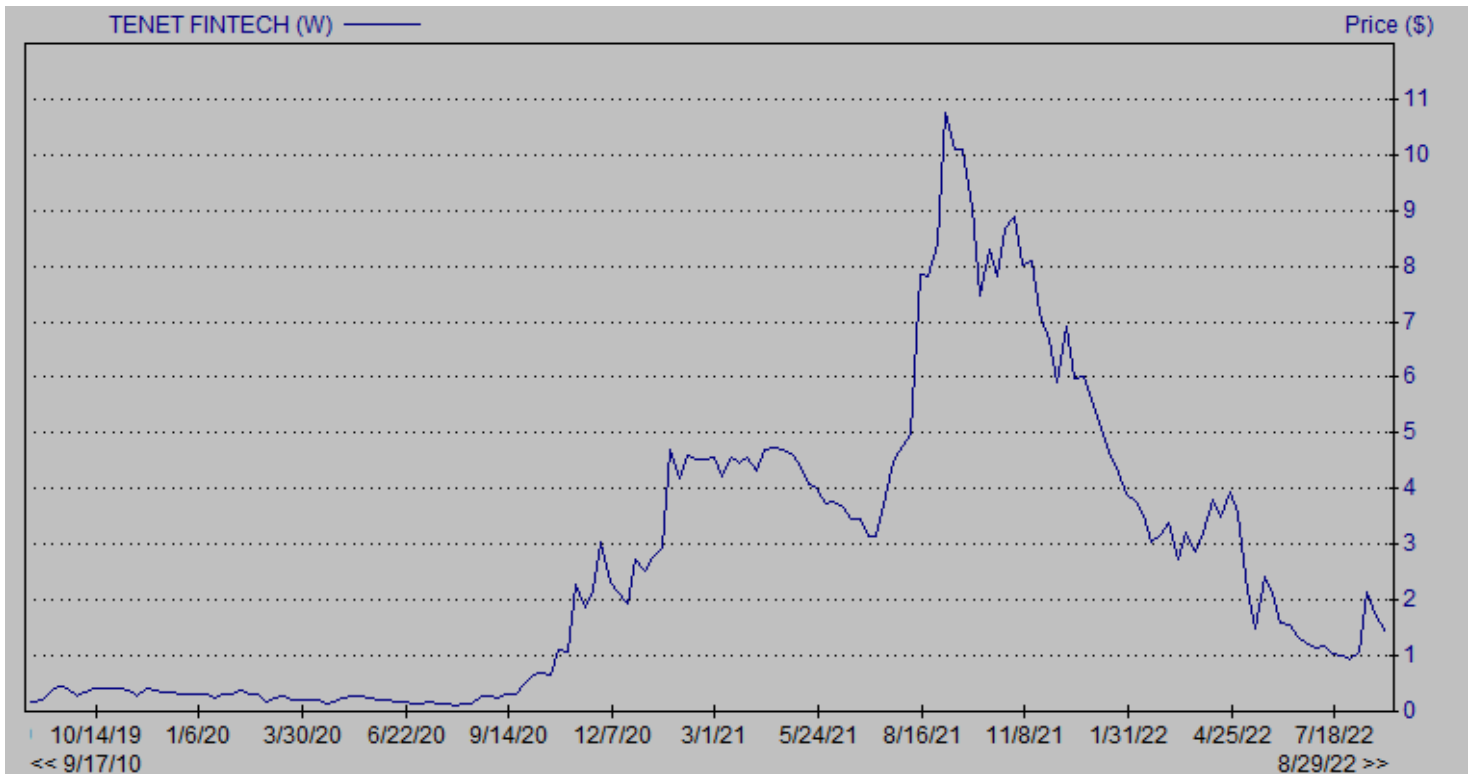
BALANCE SHEET

	June 30, 2022	Mar 31, 2022	Qtr-Qtr % Change	June 30, 2021	Yr-Yr % Change
Current assets					
Cash	\$15,048,547	\$18,964,265	-21%	\$2,091,004	620%
Restricted cash	33,333	43,333	-23%	\$80,171	-58%
Loans receivable	19,022,907	18,172,492	5%	16,047,905	19%
Assets held for sale	256,201	251,272	2%	285,137	-10%
Accounts receivable	0	10,963,599	-100%	32,004,483	-100%
Other debtors	46,539,957	42,584,134	9%	9,208,763	405%
Deposits for investments	0	0	0%	882,740	-100%
Prepaid expenses	1,243,595	1,670,927	-26%	308,464	303%
Total current assets	82,144,540	92,650,022	-11%	60,908,667	35%
Loans receivable	1,680,727	2,450,277	-31%	4,968,596	-66%
Property and equipment, net	2,173,615	1,923,208	13%	482,618	350%
Investments	581,048	492,750	18%	0	NA
Intangible assets	34,209,337	32,770,145	4%	3,897,618	778%
Goodwill	62,522,554	62,522,554	0%	0	NA
Deferred tax assets	83,273	285,586	-71%	291,931	-71%
TOTAL ASSETS	183,395,094	193,094,542	-5%	70,549,430	160%
Current liabilities					
Accounts payable and accruals	11,809,173	15,209,070	-22%	29,646,017	-60%
Lease liabilities	473,118	434,995	9%	169,985	178%
Current tax liabilities	3,888,237	7,337,642	-47%	1,179,449	230%
Bonds	342,313	0	NA	0	NA
Total current liabilities	16,512,841	22,981,707	-28%	30,995,451	-47%
Long-term liabilities					
Bonds	0	327,399	-100%	285,180	-100%
CEBA loan	100,000	100,000	0%	40,000	150%
Lease liabilities	1,481,437	1,273,455	16%	140,909	951%
Foreign deferred tax liabilities	1,922,556	1,922,556	0%	0	NA
Canadian deferred tax liabilities	3,804,004	275,463	1281%	0	NA
Contingent consideration payable	2,622,479	2,319,031	13%	0	NA
Total long-term liabilities	9,930,476	6,217,904	60%	466,089	2031%
TOTAL LIABILITIES	26,443,317	29,199,611	-9%	31,461,540	-16%
Stockholder's equity					
Capital stock	210,838,156	210,712,684	0%	47,904,690	340%
Contributed surplus	21,993,821	21,448,340	3%	10,108,546	118%
Accumulated other comp income	(756,765)	646,398	-217%	(284,900)	166%
Deficit	(89,848,691)	(83,379,713)	8%	(31,025,562)	190%
Shareholder's equity to owners of parent	142,226,521	149,427,709	-5%	26,702,774	433%
Non-controlling interest	14,725,256	14,467,222	2%	12,385,116	19%
Total stockholders' equity	156,951,777	163,894,931	-4%	39,087,890	302%
Total liabilities and stockholders' equity	\$183,395,094	\$193,094,542	-5%	\$70,549,430	160%
Quick Ratio	5.0	4.0	23%	2.0	153%
Working Capital	65,631,699	69,668,315	-6%	29,913,216	119%
Working capital minus bank	44,928,065	49,045,546	-8%	8,896,715	405%
Net cash	15,048,547	18,964,265	-21%	2,091,004	620%
Net cash as % of assets	8%	10%	-16%	3%	177%
Debt	\$442,313	\$427,399	3%	\$325,180	36%
Debt % of assets	0%	0%	9%	0%	-48%
Loan portfolio	20,703,634	20,622,769	0%	21,016,501	-1%

CASH FLOW

	Year 2020	3 Mo. Ended 3/31/21	3 Mo. Ended 6/30/21	3 Mo. Ended 9/30/21	3 Mo. Ended 12/31/21	Year 2021	3 Mo. Ended 3/31/22	3 Mo. Ended 6/30/22
Operating activities:								
Net income	(5,513,511)	(389,702)	296,071	1,526,286	(49,994,623)	(48,561,968)	(3,359,601)	(6,332,672)
Non-cash items								
Loss on deposit & subscription receivable	97,150	-	-	-	-	-	-	-
Depreciation of property and equipment	86,931	22,337	20,965	22,545	24,292	90,139	21,551	21,437
Issuance of shares for settlement of debt	-	15,000	-	-	-	15,000	-	-
Expected credit loss	242,593	19,893	(10,647)	(44,286)	(350,663)	(385,703)	87,618	101,555
Amortization of intangibles	379,850	66,484	155,948	462,831	1,582,018	2,267,281	1,502,347	1,562,827
Amortization of initial cost debenture	18,924	6,651	6,725	6,799	6,799	26,974	6,551	6,825
Depreciation of right-of-use assets	406,762	69,157	44,749	105,972	66,972	286,850	109,782	142,752
Impairment charge - goodwill	-	-	-	-	41,386,422	41,386,422	-	-
Impairment of intangible assets	-	-	(193,717)	-	12,172,000	11,978,283	-	-
Share-based compensation	542,832	344,690	396,515	815,801	832,398	2,389,404	541,599	570,703
Accretion of conv. Debentures	523,850	6,924	6,630	7,047	7,409	28,010	-	-
Accretion of bonds	-	-	-	-	-	-	7,614	8,089
Accretion of lease interest	30,426	6,435	7,534	26,277	25,662	65,908	37,133	38,268
Consult. fees settled by shares and warrants	3,196,170	-	-	-	-	-	-	-
PR expenses settled by shares and warrants	101,520	-	-	-	-	-	-	-
Change in FV of cont. compensation payable	(217,325)	-	-	171,432	(3,728,006)	(3,556,574)	398,031	303,448
Deferred tax liability	(203,917)	-	-	-	(3,178,838)	(3,178,838)	(3,623,295)	3,730,857
Loss on settlement of debt	784,750	-	-	-	-	-	-	-
Gain on bargain purchase	-	-	-	(1,910,597)	1,910,597	-	-	-
Expiration of deferred financing costs	353,377	-	-	-	-	-	-	-
Pre-acquisition exp assumed on cons of sub	-	-	-	216,421	(216,421)	-	-	-
Loans receivable maturing in more than 12 mo.	4,197,103	47,575	(1,016,725)	949,511	748,752	729,113	820,056	769,551
Changes in working capital accounts								
Restricted cash	(80,091)	-	-	-	26,758	26,758	10,000	10,000
Income taxes payable	962,856	131,670	(520,847)	2,485,726	(39,493)	2,057,056	3,711,958	(3,449,404)
Deferred income tax expense	-	-	-	(527,047)	527,047	-	-	-
Other debtors	6,651	(48,295)	1,613,096	8,300,254	(8,784,069)	1,080,986	1,139,804	(970,372)
Accounts receivable	(26,126,649)	2,621,809	-	20,543,495	(5,289,938)	17,875,366	(1,330,948)	2,863,856
Loans receivable maturing in less than 12 mo.	(4,474,748)	(292,755)	(440,558)	(158,996)	(850,103)	(1,742,412)	(706,752)	(951,970)
Assets held for resale	(183,733)	-	-	-	(137,226)	(137,226)	69,687	(4,929)
Lease receivables	-	-	-	-	(84,123)	(84,123)	-	-
Prepaid expenses	(159,056)	(416,506)	1,097,761	110,929	(1,191,350)	(399,166)	4,622	427,332
Deposits made for transactions on platforms	-	-	(7,452,368)	(11,148,198)	(14,047,860)	(32,648,426)	5,154,909	2,046,240
Prepayments to third party subcontractors	-	-	-	(11,595,993)	209,682	(11,386,311)	(2,299,695)	3,177,168
Accounts payable and other liabilities	21,042,845	(2,316,749)	1,787,031	(18,308,787)	(273,049)	(19,111,554)	(755,692)	(1,111,328)
Deposits received for transactions on platforms	-	-	4,349,056	-	(4,349,056)	-	-	-
Proceeds re advanced from third parties	-	-	-	(3,113,772)	3,113,772	-	-	-
Net cash used by operating activities	(3,984,440)	(105,382)	147,219	(11,056,350)	(29,874,238)	(40,888,751)	1,547,279	2,960,233
Investing activities:								
Investment in third party entity	-	-	-	-	-	-	(492,750)	(88,298)
Investment in intangible assets	(1,058,285)	(325,783)	(463,425)	(8,630,952)	3,142,640	(6,277,520)	(1,520,489)	(3,184,959)
Property and equipment	(16,140)	4,393	(2,717)	(24,008)	(26,631)	(48,963)	(14,553)	(8,537)
Acquisition of subsidiaries, net of cash	-	-	-	-	(11,063,412)	(11,063,412)	-	-
Debtors	(585,528)	(4,297,435)	(3,797,536)	-	8,094,971	-	-	-
Deposit for investments	(194,900)	-	-	-	-	-	-	-
Net cash used in investing activities	(1,854,853)	(4,618,825)	(4,263,678)	(8,654,960)	147,568	(17,389,895)	(2,027,792)	(3,281,794)
Financing activities:								
Issuance of debentures	50,000	-	-	-	-	-	-	-
Proceeds from issuance of bonds & warrants	292,464	-	-	-	-	-	-	-
Advance from third parties	1,468,560	(89,675)	(326,230)	-	7,928,859	7,512,954	(303,533)	-
Repayments of advances from third parties	-	-	-	-	-	-	-	(2,288,570)
Repayment of advances from director	-	(261,316)	(9,595)	-	-	(270,911)	-	-
Repayment of advances from affiliates	-	-	-	(30,050)	(10,083)	(40,133)	-	-
Proceeds from adv. made from affiliates	40,134	102,966	(113,050)	-	10,084	-	-	-
Repayment of demand loans	(27,489)	-	-	-	-	-	-	-
CEBA loan	40,000	-	-	-	-	-	-	-
Repayment of lease liabilities	(517,170)	(12,592)	(63,580)	(195,050)	(294,658)	(565,880)	(76,667)	(221,570)
Issuance of shares and warrants	4,442,500	-	-	47,981,290	-	47,981,290	-	-
Proceeds from exercise of warrants	2,890,750	3,708,161	2,178,153	3,708,557	4,074,985	13,669,856	1,508,750	63,500
Proceeds from exercise of options	261,250	25,000	92,500	886,253	-	1,003,753	-	246,750
Subscription for shares from non-cont interest	-	-	-	189,532	-	189,532	164,418	-
Net cash used in financing activities	8,940,999	3,472,544	1,758,198	52,540,532	11,709,187	69,480,461	1,292,968	(2,199,890)
Impact of foreign exchange	1,054,662	(499,771)	326,903	967,068	926,024	1,720,224	(645,104)	(1,394,264)
Net change - cash	4,156,368	(1,751,434)	(2,031,358)	33,796,290	(17,091,459)	12,922,039	167,351	(3,915,715)
Cash, beginning	1,717,509	5,873,877	4,122,443	2,091,085	35,887,375	5,873,876	18,796,914	18,964,265
Cash, acquired on acquisition of subsidiaries	-	-	-	494,697	-	-	-	-
Cash, end of period	5,873,877	4,122,443	2,091,085	35,887,375	18,795,916	18,795,915	18,964,265	15,048,550
Cash flow - ex changes in working capital	5,027,485	215,444	(285,952)	2,356,039	1,294,770	3,580,301	(3,450,614)	923,640
Free cash flow	5,011,345	219,837	(288,669)	2,332,031	1,268,139	3,531,338	(3,465,167)	915,103

HISTORICAL STOCK PRICE



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