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Tenet Fintech Group (OTCQX: PKKFF)

Revenues Increased 144% In Q1 Despite Delayed Plans and Seasonal Weakness

Compared to its peers in the fintech space who trade at an average of 3.4 times enterprise value to 2022 estimated sales, we believe Tenet is worth US\$4.23 per share.

Current Price (6/1/22) US\$1.74
Valuation US\$4.23

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 US\$11.09
52-Week Low US\$1.49
One-Year Return (%) -53.0
Beta 3.3
Average Daily Volume (sh) 147,804

Shares Outstanding (mil) 98.8
Market Capitalization (US\$ m) 170
Short Interest Ratio (days) 3.5
Institutional Ownership (%) 0.0
Insider Ownership (%) 7.7

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

Risk Level High
Type of Stock Small Growth
Industry Financial Trans

ZACKS ESTIMATES

Revenue

(in millions of Canadian\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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	36.0 E	45.0 E	65.0 E	180.0 E
2023					380.0 E

Earnings Per Share to Common Shareholder

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	-0.02 A	-0.02 A	-0.03 R	-0.07 A	-0.16 A
2021	-0.01 A	-0.00 A	0.02 A	-0.53 E	-0.66 A
2022	-0.04 A	-0.03 E	-0.01 E	0.01 E	-0.07 E
2023					-0.01 E

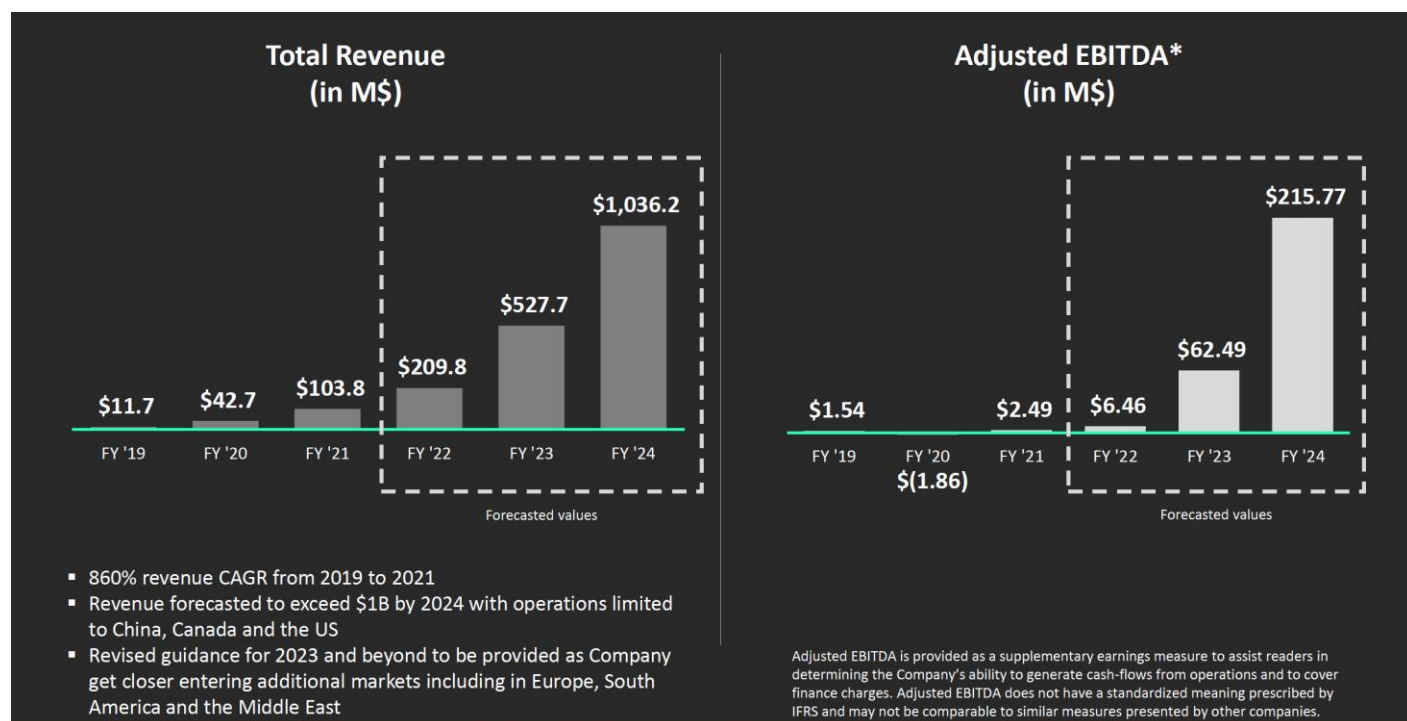
WHAT'S NEW

Revenues Increased 144% In Q1 Despite Delayed Plans and Seasonal Weakness

In Q1 Tenet stayed the course despite delays in raising cash to support growth. After a successful Q4 from shopping holidays, capital was redeployed in Q1 to other sectors. Of the \$34.7 million in revenues generated in Q1 \$7 million came from the petroleum vertical versus none last year. For the first time insurance started to contribute revenues toward the latter part of Q1 and added \$500,000 in revenues. Given its launch late in Q1, we expect that vertical could add over \$3 million to revenues in Q2. Both these sectors add gross margins higher than the corporate average. This is typically the company's weakest quarter as Chinese New Year impacts three weeks to a month of the quarter and we expect sequential improvement in Q2.

With funding delayed and still not resolved, the company slashed its guidance for 2022 down to \$210 million (as shown below) which turned out to be close to the \$220 million we had forecast. Revenues and profits from insurance that had been expected to start in Q4 2021, were shifted to Q2 2022. The launch of the Canadian Business Hub was also delayed by lack of capital. It was expected to be live in Canada by the end of 2021. Adding to woes were lockdowns in parts of China for two months of Q2. It is now June and there still has not been a capital raise although it could happen by August. The company is exploring a number of options: straight debt, convertible debt and equity. It hopes to get on a major Canadian exchange and also list on the London Stock Exchange opening up further options. At any rate Tenet is trying to avoid using equity while the stock price is so low and indicated any raises would be in tranches as needed. While operations in China are self-funding, the company is burning about \$2 million dollars a month in Canada.

Figure 1. Historical Financials and Company Guidance



Source: Tenet Fintech

The company now has CN\$19 million on cash on hand and a fully diluted share count of 119.2 million putting its US market cap at US\$195 million and its enterprise value at US\$210 million. Using company guidance of US\$167 million for 2022 estimated revenues, the stock is trading at 1.3xs EV to sales versus its peers who now trade at 3.4 times. The valuations for the fintech space have come down hugely from their peak, but are

up from the bottom. 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\$143 million, that yields an EV to Sales of 1.5 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 as shown in the figure below:

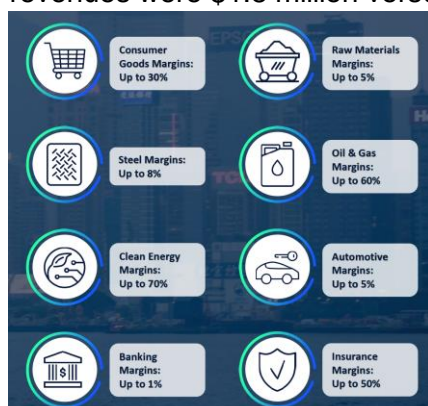


Source: Tenet Fintech

Tenet recently attended the Restaurants Canada Show to encourage industry businesses to pre-register for its Canadian Business hub in order to use it to source financing and promote their products and services. It also attended 2022 NCCCU, a show for Canadian lenders. Tenet was able to meet several interested potential lending partners. Tenet also attended Canada's largest retail industry event, RCC Store 2022 (<https://storeconference.ca/>), on May 31 and June 1.

Q1 2022 Earnings Results

Q1 revenues were \$34.7 million versus \$14.2 million in Q1 2021, up 144%. Supply chain related revenues were \$32.9 million in Q1 2022 compared to \$12.6 million a year ago, or growth of 161%. Non-supply chain revenues were \$1.8 million versus \$1.6 million.



Applying cost of service to the supply chain revenues gives us a gross margin of 8.7% compared to 2.1% in Q1 2021 and 6.2% in Q4 2021. Gross margin is expected to continue to improve by the shift to using Gold River rather than outside suppliers. In the future, revenues from oil & gas, solar, and the insurance verticals that have higher gross margins as shown in the chart. This shift should increase overall gross margins. Total gross margin was 13.6% this quarter versus 13.3% last year and 12.9% in Q4 2021.

Expenses increased to \$7.4 million compared to \$2.0 million last year and \$5.9 million in Q4 2021 taking out the one-time charges.

Source: Tenet Fintech

Salaries and fringe benefits increased to \$2.3 million from \$724,000 a year ago as the headcount increased. Consulting fees increased to \$343,738 compared to \$62,869 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. Amortization which grew to \$1.5 million from \$66,484 with the two acquisitions.

Professional fees, such as audit fees and legal fees, totaled \$1,032,464 for Q1 2022 compared to \$331,655 in 2021. The increase is mainly due to additional legal fees incurred in Canada, the US and China relating to listing upgrades in Canada and the United States, additional governance initiatives and opening of new subsidiaries in China. Audit fees increased with the growth of the company in both countries. Professional fee increases were also attributed to initiatives, in Canada and China, to document and implement additional internal controls in order to comply with major stock exchange high financial standards and requirements.

The pretax loss was \$2.7 million in Q1 2022 versus a loss in Q1 2021 of \$88,000. The net loss to common shareholders was \$3.4 million in Q1 2022 compared to a loss of \$766,000 in the Q1 2021. On a non-IFRS basis it was a loss of \$2.8 million compared to a loss of \$421,000 last year.

The loss per share to common shareholders was \$0.04 compared to a loss of \$0.01 a year ago. On a non-IFRS basis, taking out stock-based compensation, it rounds to the same numbers. During that time the share count increased 23% to 76 million. Adjusted EBITDA for Q1 2022 was a loss of \$568,205 versus a positive \$121,737 a year ago.

Balance Sheet

Tenet ended the March quarter with \$19.0 million in cash. Working capital was \$69.7 million with the bank portfolio and \$49.0 million without. Debt was \$427,000. Its loan portfolio was valued at \$20.6 million. Adjusted EBITDA for the quarter was a negative \$568,205. Cash flow and free cash flow not including changes in working capital was a negative \$3.5 million in Q1. While the Chinese operations are generating cash, Canadian operations are currently burning approximately \$2 million a month. We expect a capital raise at Tenet within the next two months.

As of May 30, 2022, Tenet had 98,812,183 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

	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Current	13,025,226	13,101,465	12,615,806	15,652,125	16,374,526	18,430,566	17,408,384	17,882,518	18,309,258
30-90 days	2,781,282	2,126,862	2,010,182	1,110,537	35,010	35,010	35,010	540,283	239,951
Over 90 days	2,185,414	3,439,835	3,900,619	3,246,443	3,705,805	3,124,592	3,378,553	2,567,134	2,308,390
% over 90 days	12.1%	18.4%	21.1%	16.2%	18.4%	14.5%	16.2%	12.2%	11.1%
Total over 30 days	4,966,696	5,566,697	5,910,801	4,356,980	3,740,815	3,159,602	3,413,563	3,107,417	2,548,341
% Non-current	27.6%	29.8%	31.9%	21.8%	18.6%	14.6%	16.4%	14.8%	12.2%
Total	17,991,922	18,668,162	18,526,607	20,009,105	20,115,341	21,590,169	20,821,947	20,989,935	20,857,599

During the Quarter

On March 21st Tenet launched a platform called the [Yun Fleet Platform](#) as part of its ecosystem to provide shipping and transportation opportunities to China's freight trucking industry resulting from transactions conducted on the Hub. Before this was outsourced, but in order to take control of as much as possible of every aspect of a transactions that goes on on the hub, Tenet is onboarding shippers. The Yun Fleet Platform will match shipping opportunities created by the Hub with owner-operators. Tenet also plans to cross sell to Yun Fleet members other services including financing and insurance.

On April 13th Tenet announced that it has signed a partnership agreement with the Industrial Bank Co. Ltd. to allow members of its hub to open bank accounts at CIB linked to their Business Hub™ accounts. The real bank accounts at CIB will provide clients with an alternative to virtual bank accounts on the China UnionPay network.

After the Quarter Ended

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.

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 a conservative CN\$180 million this year. The company will need to raise capital to reach its goals, the timing and manor of which are unpredictable from the outside looking in. It is currently losing money and EBITDA negative and needs cash to fund working capital. The company has CN\$19 million in cash and only CN\$427,000 in debt. We expect some sort of capital raise in the next two months.
- 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 3.4 times enterprise value to 2022 estimated revenues, Tenet is currently trading at a fully diluted enterprise value US\$210 million or only 1.5 times EV/sales using a 2022 revenue estimate of US\$144 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 3.4 2022 estimated revenues. While the range is great based on margins and growth, we calculate an average of 3.4 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, but up from the bottom.

Based on this multiple and our estimate for Tenet's 2022 sales of CN\$181 million or US\$144 million, and using fully diluted shares of 119.2 million, the enterprise value would be US\$490 million and the market value US\$505 million. The stock price would be approximately US\$4.23. If the company's current CN\$210 million (US\$167 million) 2022 guidance is achieved, that stock price could move to \$4.92 per share and even higher next year.

Company	Ticker	Revenue		LTM	TTM EBITDA	Enterprise Value / Sales			EV/ EBITDA	Enterprise Value	EBITDA Margin
		2023E	2022E			2023E	2022E	LTM			
Fintech Platforms											
Green Dot	GDOT	\$1,520	\$1,420	\$1,440	\$217	0.1x	0.2x	0.1x	1.0x	214	15.1%
Intuit	INTU	NA	\$13,500	\$12,870	\$3,680	NA	8.9x	9.3x	32.6x	119,860	28.6%
LendingTree	TREE	\$1,340	\$1,170	\$1,110	\$47	1.1x	1.2x	1.3x	30.0x	1,413	4.2%
Lightspeed POS	LSPD	NA	\$701	\$548	-\$195	NA	4.1x	5.2x	-14.7x	2,868	-35.6%
PayPal	PYPL	\$33,000	\$28,330	\$25,820	\$4,890	2.9x	3.4x	3.8x	19.8x	96,900	18.9%
Shopify	SHOP	\$9,510	\$7,340	\$4,830	\$157	4.2x	5.4x	8.3x	253.5x	39,900	3.3%
Upstart	UPST	\$1,640	\$1,250	\$1,040	\$172	2.6x	3.4x	4.1x	24.9x	4,275	16.5%
Square	SQ	\$21,570	\$17,840	\$16,560	\$126	2.1x	2.6x	2.8x	360.8x	45,600	0.8%
Average					866	2.6	3.4	4.4		31,826	

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 on 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 microlenders 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 31-Mar	Q2 2021 30-Jun	Q3 2021 30-Sep	Q4 2021 31-Dec	Q1 2022 31-Mar	Q2 2022E 30-Jun	Q3 2022E 30-Sep	Q4 2022E 31-Dec	2020	2021	2022E	2023E
Supply chain services	12,611,814	28,679,500	23,607,695	30,700,991	32,900,000	34,000,000	42,900,000	62,800,000	36,340,000	95,600,000	172,600,000	371,000,000
Yr-to-yr Growth	490%	428%	212%	128%	161%	19%	82%	105%	577%	163%	375%	288%
Cost of service	12,347,170	27,442,884	21,120,835	28,790,471	30,024,865	30,940,000	38,181,000	55,264,000	35,608,167	89,701,360	154,409,865	329,200,000
Supply chain gross margin	264,644	1,236,616	2,486,860	1,910,520	2,875,135	3,060,000	4,719,000	7,536,000	731,833	5,898,640	18,190,135	41,800,000
Gross Margin %	2.1%	4.3%	10.5%	6.2%	8.7%	9.0%	11.0%	12.0%	2%	6%	11%	11%
Non-supply chain services	1,627,962	1,969,679	2,087,875	2,347,258	1,841,460	2,000,000	2,100,000	2,200,000	6,358,047	8,032,774	8,141,460	9,000,000
Yr-to-yr Growth	-10%	8%	-43%	41%	13%	2%	1%	-6%	0%	2%	28%	12%
Sales	\$14,239,776	\$30,649,179	\$25,695,570	\$33,048,249	\$34,741,460	\$36,000,000	\$45,000,000	\$65,000,000	\$42,698,047	103,632,774	180,741,460	380,000,000
Total gross margin	13.3%	10.5%	17.8%	12.9%	13.6%	14.1%	15.2%	15.0%	16.6%	13.4%	14.6%	13.4%
Yr-to-yr Growth	261%	322%	70%	102%	144%	17%	75%	97%	265%	143%	323%	267%
Operating expenses:												
Salaries and fringe benefits	723,860	692,610	1,375,954	2,105,827	2,345,268	2,500,000	3,000,000	3,300,000	1,859,209	4,898,251	11,145,268	19,000,000
Service fees	157,651	148,987	161,859	127,295	102,926	150,000	160,000	180,000	536,478	595,792	592,926	1,185,852
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	350,000	370,000	370,000	134,323	863,762	1,281,924	1,480,000
Consulting fees	62,869	118,873	118,310	162,569	343,738	350,000	350,000	350,000	3,858,509	462,621	1,393,738	1,300,000
Management fees	12,818	14,356	11,670	11,838	11,964	11,964	11,964	11,964	77,625	50,682	47,856	60,818
Professional fees	331,655	581,227	417,868	1,064,517	1,032,464	1,200,000	1,350,000	1,500,000	567,516	2,395,267	5,082,464	10,164,928
Administrative and indirect costs	-	-	-	-	-	-	-	-	221,972	-	-	-
PR and press releases	121,493	134,987	421,775	391,695	316,072	316,072	450,000	500,000	396,853	1,069,950	1,582,144	2,000,000
Office supplies, software and utilities	30,214	58,272	(1,517)	241,181	177,058	200,000	200,000	300,000	167,010	328,150	877,058	2,000,000
Lease expenses	11,570	11,247	11,510	20,116	60,161	70,000	70,000	70,000	46,083	54,443	270,161	300,000
Depreciation of right-of-use assets	69,157	44,749	105,972	66,972	109,782	109,782	109,782	109,782	406,762	286,850	439,128	800,000
Insurance	14,896	27,277	35,637	194,455	331,646	350,000	350,000	350,000	49,147	272,265	1,381,646	1,400,000
Finance costs	44,833	50,935	41,606	44,569	446,983	450,000	450,000	450,000	990,053	181,943	1,796,983	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	-	-	-	242,593	(385,703)	87,618	-
Travel and entertainment	34,002	43,663	77,510	111,894	78,485	100,000	150,000	200,000	205,059	267,069	528,485	792,728
Stock exchange and transfer agent costs	90,714	62,655	165,154	69,619	45,032	50,000	140,000	140,000	122,717	388,142	375,032	500,000
Translation costs and others	39,310	81,576	16,150	(26,380)	26,020	26,020	26,020	26,020	23,974	110,656	104,080	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	21,551	25,000	30,000	86,931	90,139	98,102	200,000
Amortization	66,484	155,948	462,831	1,582,018	1,502,347	1,600,000	1,600,000	1,600,000	379,850	2,267,281	6,302,347	6,400,000
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	6,551	6,551	6,551	18,924	26,974	26,204	-
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	-	-	-	201,617	(62,142)	134,424	-
Total expenses	1,980,331	2,248,418	2,191,189	57,685,263	7,372,014	7,861,940	8,819,317	9,494,317	11,751,381	64,105,201	33,547,588	49,784,326
Pretax income	(87,725)	957,877	2,383,546	(53,427,485)	(2,655,419)	(2,801,940)	(2,000,317)	241,683	(4,661,501)	(50,173,787)	(7,215,993)	1,015,674
Pretax Margin	-0.6%	3.1%	9.3%	-161.7%	-7.6%	-7.8%	-4.4%	0.4%	-10.9%	-48.4%	-4.0%	0.3%
Income taxes	301,977	661,806	857,260	(3,432,862)	704,182	600,000	(480,076)	58,004	852,010	(1,611,819)	882,110	1,000,000
Tax rate	-344%	69%	36%	6%	-27%	-21%	24%	24%	-18.3%	3.2%	-12.2%	98.5%
Net income	(389,702)	296,071	1,526,286	(49,994,623)	(3,359,601)	(3,401,940)	(1,520,241)	183,679	(5,513,511)	(48,561,968)	(8,098,103)	15,674
Non-controlling interest	375,929	315,631	169,752	333,790	22,670	22,670	22,670	22,670	1,102,910	1,195,102	90,680	1,500,000
Net income to common shareholders	(765,631)	(19,560)	1,356,534	(50,328,413)	(3,382,271)	(3,424,610)	(1,542,911)	161,009	(6,616,421)	(49,757,070)	(8,188,783)	(1,484,326)
Currency translation adjustment	546,909	(325,829)	(1,003,357)	(807,837)	760,601	-	-	-	(1,139,455)	(1,590,114)	-	-
Total comprehensive income	(936,611)	621,900	2,529,643	(49,186,786)	(4,120,202)	(3,401,940)	(1,520,241)	183,679	(4,374,056)	(46,971,854)	(8,098,103)	15,674
Stk based compensation	344,690	396,515	815,801	832,398	541,599	541,599	541,599	541,599	542,832	2,389,404	2,166,396	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)	(2,883,011)	(1,001,312)	702,608	(5,152,787)	2,440,465	(6,022,387)	1,015,674
EPS to common shareholder	(0.012)	(0.000)	0.017	(0.587)	(0.045)	(0.029)	(0.014)	0.001	(0.16)	(0.66)	(0.07)	(0.01)
Non-IFRS EPS to common shareholder	(0.007)	0.003	0.005	0.019	(0.038)	(0.024)	(0.008)	0.006	(0.10)	0.032	(0.05)	0.01
Shares									91%		-51%	-79%
Basic	61,683,058	64,863,245	80,351,626	85,800,000	75,700,826	98,800,000	110,000,000	119,221,662	42,670,902	75,700,826	100,930,622	150,000,000
Yr-to-yr Growth	67%	75%	85%	68%	23%	52%	37%	39%	24%	77%	137%	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
Adjusted EBITDA	121,737	1,043,482	1,500,554	(178,242)	(568,205)	(614,056)	191,016	2,438,016	(1,858,179)	2,487,531	1,581,195	10,415,674
	-29%	493%	-375%	-93%	-567%	-159%	-87%	-1468%		-234%	-185%	319%

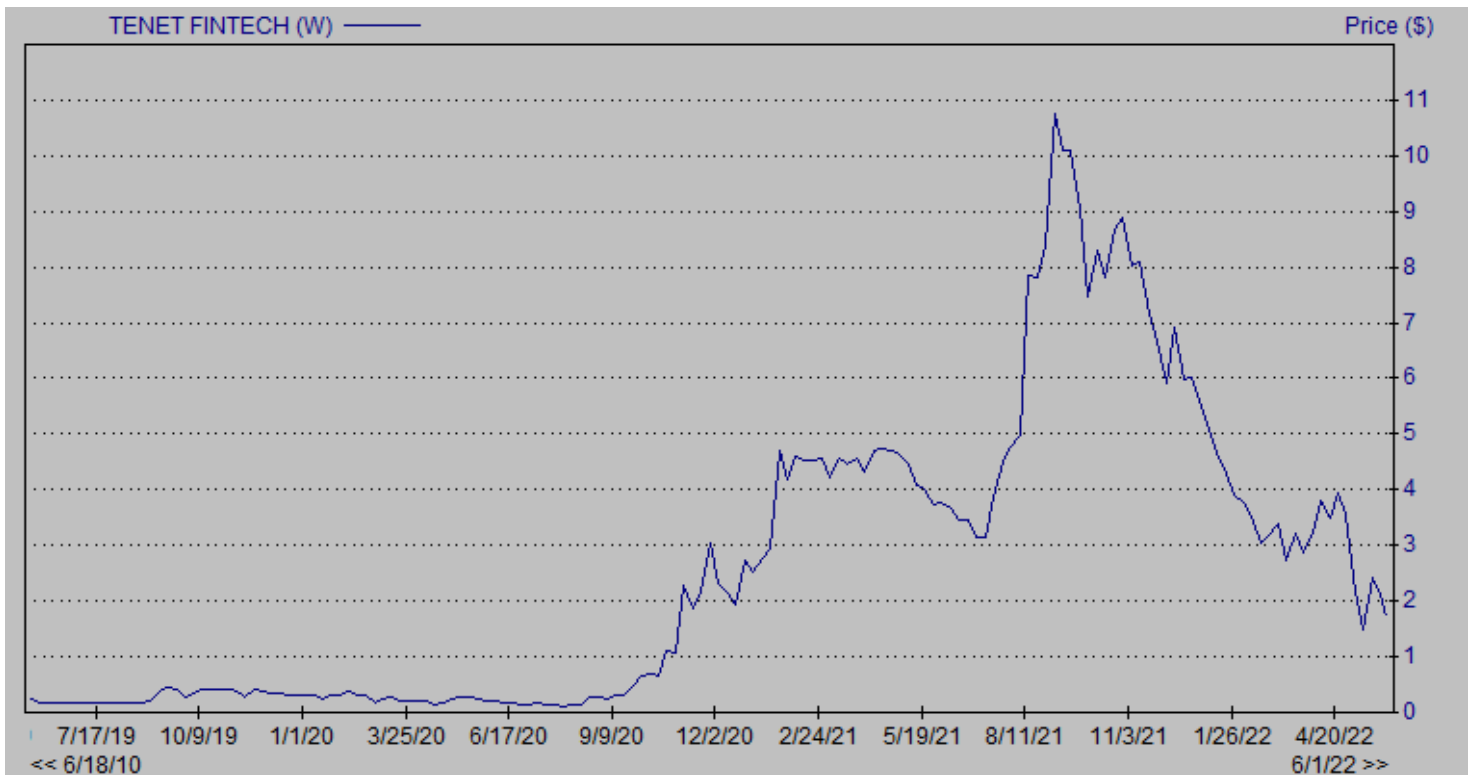
BALANCE SHEET

	Mar 31, 2022	Dec 31, 2021	Qtr-Qtr % Change	Mar 31, 2021	Yr-Yr % Change
Current assets					
Cash	\$18,964,265	\$18,796,914	1%	\$4,122,403	360%
Restricted cash	43,333	53,333	-19%	\$80,131	-46%
Loans receivable	18,172,492	17,553,358	4%	15,581,704	17%
Assets held for sale	251,272	320,959	-22%	300,134	-16%
Accounts receivable	10,963,599	9,632,651	14%	26,213,087	-58%
Other debtors	42,584,134	46,368,824	-8%	6,061,191	603%
Deposits for investments	0	0	0%	194,900	-100%
Prepaid expenses	1,670,927	1,675,549	0%	1,406,224	19%
Total current assets	92,650,022	94,401,588	-2%	53,959,774	72%
Loans receivable	2,450,277	3,270,333	-25%	3,951,871	-38%
Property and equipment, net	1,923,208	2,062,014	-7%	547,379	251%
Investments	492,750	0	NA	0	NA
Intangible assets	32,770,145	32,845,799	0%	3,396,331	865%
Goodwill	62,522,554	62,522,554	0%	0	NA
Deferred tax assets	285,586	190,833	50%	291,931	-2%
TOTAL ASSETS	193,094,542	195,293,121	-1%	62,147,286	211%
Current liabilities					
Accounts payable and accruals	15,209,070	16,268,296	-7%	23,975,754	-37%
Lease liabilities	434,995	432,621	1%	177,415	145%
Current tax liabilities	7,337,642	3,625,683	102%	1,700,296	332%
Total current liabilities	22,981,707	20,326,600	13%	25,853,465	-11%
Long-term liabilities					
Bonds	327,399	313,234	5%	271,825	20%
CEBA loan	100,000	100,000	0%	40,000	150%
Lease liabilities	1,273,455	1,315,363	-3%	190,123	570%
Foreign deferred tax liabilities	1,922,556	1,922,556	0%	0	NA
Canadian deferred tax liabilities	275,463	3,804,004	-93%	0	NA
Contingent consideration payable	2,319,031	1,921,000	21%	0	NA
Total long-term liabilities	6,217,904	9,376,157	-34%	501,948	1139%
TOTAL LIABILITIES	29,199,611	29,702,757	-2%	26,355,413	11%
Stockholder's equity					
Capital stock	210,712,684	208,219,490	1%	44,425,733	374%
Shares to be issued	0	150,000	-100%	511,221	-100%
Contributed surplus	21,448,340	21,531,185	0%	10,402,164	106%
Accumulated other comp income	646,398	1,366,752	-53%	(568,734)	-214%
Deficit	(83,379,713)	(79,997,442)	4%	(31,006,003)	169%
Shareholder's equity to owners of parent	149,427,709	151,269,985	-1%	23,764,381	529%
Non-controlling interest	14,467,222	14,320,381	1%	12,027,492	20%
Total stockholders' equity	163,894,931	165,590,366	-1%	35,791,873	358%
Total liabilities and stockholders' equity	\$193,094,542	\$195,293,123	-1%	\$62,147,286	211%
Quick Ratio	4.0	4.6	-13%	2.1	93%
Working Capital	69,668,315	74,074,988	-6%	28,106,309	148%
Working capital minus bank	49,045,546	53,251,297	-8%	8,572,734	472%
Net cash	18,964,265	18,796,914	1%	4,122,403	360%
Net cash as % of assets	10%	10%	2%	7%	48%
Debt	\$427,399	\$413,234	3%	\$311,825	37%
Debt % of assets	0%	0%	5%	1%	-56%
Loan portfolio	20,622,769	20,823,691	-1%	19,533,575	6%

CASH FLOW

	3 Mo. Ended 3/31/20	3 Mo. Ended 6/30/20	3 Mo. Ended 9/30/20	3 Mo. Ended 12/31/20	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
Operating activities:											
Net income	(805,695)	(538,903)	(512,874)	(3,656,039)	(5,513,511)	(389,702)	296,071	1,526,286	(49,994,623)	(48,561,968)	(3,359,601)
Non-cash items											
Loss on deposit & subscription receivable	-	-	-	97,150	97,150	-	-	-	-	-	-
Depreciation of property and equipment	21,370	21,785	21,495	22,281	86,931	22,337	20,965	22,545	24,292	90,139	21,551
Issuance of shares for settlement of debt	291,878	121,301	702,798	(1,115,977)	-	15,000	-	-	-	15,000	-
Expected credit loss	361,525	254,080	451	(373,463)	242,593	19,893	(10,647)	(44,286)	(350,663)	(385,703)	87,618
Amortization of intangibles	81,806	82,475	67,616	147,953	379,850	66,484	155,948	462,831	1,582,018	2,267,281	1,502,347
Amortization of initial cost debenture	348	348	10,441	7,787	18,924	6,651	6,725	6,799	6,799	26,974	6,551
Depreciation of right-of-use assets	106,753	126,245	137,209	36,555	406,762	69,157	44,749	105,972	66,972	286,850	109,782
Impairment charge - goodwill	-	-	-	-	-	-	-	-	41,386,422	41,386,422	-
Impairment of intangible assets	-	-	-	-	-	-	(193,717)	-	-	12,172,000	11,978,283
Share-based compensation	69,202	78,290	112,920	282,420	542,832	344,690	396,515	815,801	832,398	2,389,404	541,599
Accretion of conv. Debentures	139,229	139,449	147,475	97,697	523,850	6,924	6,630	7,047	7,409	28,010	-
Accretion of bonds	-	-	-	-	-	-	-	-	-	-	7,614
Accretion of lease interest	-	-	-	30,426	30,426	6,435	7,534	26,277	25,662	65,908	37,133
Consult. fees settled by shares and warrants	-	-	-	3,196,170	3,196,170	-	-	-	-	-	-
PR expenses settled by shares and warrants	-	-	-	101,520	101,520	-	-	-	-	-	-
Change in FV of cont. compensation payable	-	-	-	(217,325)	(217,325)	-	-	171,432	(3,728,006)	(3,556,574)	398,031
Deferred tax liability	-	-	-	-	(203,917)	-	-	-	(3,178,838)	(3,178,838)	(3,623,295)
Loss on settlement of debt	-	-	-	784,750	784,750	-	-	-	-	-	-
Gain on bargain purchase	-	-	-	-	-	-	-	(1,910,597)	1,910,597	-	-
Expiration of deferred financing costs	353,377	-	-	-	353,377	-	-	-	-	-	-
Pre-acquisition exp assumed on cons of sub	-	-	-	-	-	-	-	216,421	(216,421)	-	-
Loans receivable maturing in more than 12 mo.	1,954,760	2,597,505	925,704	(1,280,866)	4,197,103	47,575	(1,016,725)	949,511	748,752	729,113	820,056
Changes in working capital accounts											
Restricted cash	-	-	-	-	(80,091)	-	-	-	26,758	26,758	10,000
Income taxes payable	93,183	161,534	135,870	572,269	962,856	131,670	(520,847)	2,485,726	(39,493)	2,057,056	3,711,958
Deferred income tax expense	-	-	-	-	-	-	-	(527,047)	527,047	-	-
Other debtors	-	-	-	6,651	6,651	(48,295)	1,613,096	8,300,254	(8,784,069)	1,080,986	1,139,804
Accounts receivable	(1,081,329)	(2,600,892)	(11,830,148)	(10,614,280)	(26,126,649)	2,621,809	-	20,543,495	(5,289,938)	17,875,366	(1,330,948)
Loans receivable maturing in less than 12 mo.	(178,859)	(3,291,700)	(771,742)	(232,447)	(4,474,748)	(292,755)	(440,558)	(158,996)	(850,103)	(1,742,412)	(706,752)
Assets held for resale	-	-	-	-	(183,733)	-	-	-	(137,226)	(137,226)	69,687
Lease receivables	-	-	-	-	-	-	-	-	(84,123)	(84,123)	-
Prepaid expenses	(1,080,436)	1,768,492	95,999	(943,111)	(159,056)	(416,506)	1,097,761	110,929	(1,191,350)	(399,166)	4,622
Deposits made for transactions on platforms	-	-	-	-	-	-	(7,452,368)	(11,148,198)	(14,047,860)	(32,648,426)	5,154,909
Prepayments to third party subcontractors	-	-	-	-	-	-	-	(11,595,993)	209,682	(11,386,311)	(2,299,695)
Accounts payable and other liabilities	(297,201)	1,218,369	10,732,424	9,389,253	21,042,845	(2,316,749)	1,787,031	(18,308,787)	(273,049)	(19,111,554)	(755,692)
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	29,911	138,378	(24,362)	(3,660,626)	(3,984,440)	(105,382)	147,219	(11,056,350)	(29,874,238)	(40,888,751)	1,547,279
Investing activities:											
Investment in third party entity	-	-	-	-	-	-	-	-	-	-	(492,750)
Investment in intangible assets	(346,503)	(207,713)	(345,740)	(158,329)	(1,058,285)	(325,783)	(463,425)	(8,630,952)	3,142,640	(6,277,520)	(1,520,489)
Property and equipment	(26,993)	9,070	(3,630)	5,413	(16,140)	4,393	(2,717)	(24,008)	(26,631)	(48,963)	(14,553)
Acquisition of subsidiaries, net of cash	-	-	-	-	-	-	-	-	(11,063,412)	(11,063,412)	-
Right of use asset	-	-	-	-	-	-	-	-	-	-	-
Debtors	210,830	177,726	(342,862)	(631,222)	(585,528)	(4,297,435)	(3,797,536)	-	8,094,971	-	-
Deposit for investments	-	-	-	(194,900)	(194,900)	-	-	-	-	-	-
Net cash used in investing activities	(162,666)	(20,917)	(692,232)	(979,038)	(1,854,853)	(4,618,825)	(4,263,678)	(8,654,960)	147,568	(17,389,895)	(2,027,792)
Financing activities:											
Shares to issue	-	265,000	-	(265,000)	-	-	-	-	-	-	-
Debenture to be issued	(110,000)	-	-	110,000	-	-	-	-	-	-	-
Issuance of debentures	160,000	288,159	-	(398,159)	50,000	-	-	-	-	-	-
Payment of debenture	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of bonds & warrants	-	-	-	292,464	292,464	-	-	-	-	-	-
Subscription receivable	-	-	-	-	-	-	-	-	-	-	-
Advance from third parties	1,889,054	-	-	(420,494)	1,468,560	(89,675)	(326,230)	-	7,928,859	7,512,954	(303,533)
Advance from a director	21,920	-	-	(21,920)	-	-	-	-	-	-	-
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	40,134	102,966	(113,050)	-	10,084	-	-
Repayment of demand loans	-	-	-	(27,489)	(27,489)	-	-	-	-	-	-
CEBA loan	-	40,000	-	-	40,000	-	-	-	-	-	-
Repayment of lease liabilities	(172,473)	(74,423)	(101,198)	(169,076)	(517,170)	(12,592)	(63,580)	(195,050)	(294,658)	(565,880)	(76,667)
Non-controlling interest	-	(18,799)	446,671	(427,872)	-	-	-	-	-	-	-
Issuance of shares and warrants	545,000	73,000	2,843,384	981,116	4,442,500	-	-	47,981,290	-	47,981,290	-
Proceeds from exercise of warrants	-	-	-	2,890,750	2,890,750	3,708,161	2,178,153	3,708,557	4,074,985	13,669,856	1,508,750
Proceeds from exercise of options	-	-	-	261,250	261,250	25,000	92,500	886,253	-	1,003,753	-
Subscription for shares from non-cont interest	-	-	-	-	-	-	-	189,532	-	189,532	164,418
Net cash used in financing activities	2,333,501	572,937	3,188,857	2,845,704	8,940,999	3,472,544	1,758,198	52,540,532	11,709,187	69,480,461	1,292,968
Impact of foreign exchange	1,177,140	(987,752)	122,267	743,007	1,054,662	(499,771)	326,903	967,068	926,024	1,720,224	(645,104)
Net change - cash	3,377,886	(297,354)	2,594,530	(1,050,953)	4,156,368	(1,751,434)	(2,031,358)	33,796,290	(17,091,459)	12,922,039	167,351
Cash, beginning	1,717,509	5,095,394	4,798,040	7,392,570	1,717,509	5,873,877	4,122,443	2,091,085	35,887,375	5,873,876	18,796,914
Cash, acquired on acquisition of subsidiaries	-	-	-	-	-	-	-	494,697	-	-	-
Cash, end of period	5,095,395	4,798,040	7,392,570	6,341,617	5,873,877	4,122,443	2,091,085	35,887,375	18,795,916	18,795,915	18,964,265
Cash flow - ex changes in working capital	2,574,553	2,882,575	1,613,235	(1,838,961)	5,027,485	215,444	(285,952)	2,356,039	1,294,770	3,580,301	(3,450,614)
Free cash flow	2,547,560	2,891,645	1,609,605	(1,833,548)	5,011,345	219,837	(288,669)	2,332,031	1,268,139	3,531,338	(3,465,167)

HISTORICAL STOCK PRICE



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