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Tenet Fintech Group

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(OTCQX: PKKFF)

OUTLOOK

Tenet Grows 143% 2021 and Could More than Triple that in 2022

Compared to its peers in the fintech space who trade at an average of 2.6 times enterprise value to 2022 estimated sales, we believe Tenet is worth US\$3.20 per share.

Valuation	US\$3.20
Current Price (5/10/22)	US\$1.88

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. It grew revenues 143% in 2021 and could double or triple 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 services such as insurance and soon new geographies.

SUMMARY DATA

52-Week High 52-Week Low One-Year Return (%) Beta Average Daily Volume (sh)	US\$11.09 US\$1.88 -54.2 3.1 134,500	-	Level of Stock stry		High Small Growth Financial Trans				
Shares Outstanding (mil) Market Capitalization (US\$ m) Short Interest Ratio (days) Institutional Ownership (%) Insider Ownership (%)	98.8 186 3.5 0.0 7.7	Reven	S ESTIMA Je s of Canadians Q1 (Mar) 3.9 A	-	Q3 (Sep) 15.1 A	Q4 (Dec) 16.4 A	Year (Dec) 42.7 A		
Annual Cash Dividend Dividend Yield (%) 5-Yr. Historical Growth Rates	\$0.00 0.00	2020 2021 2022 2023	3.9 A 14.2 A 33.0 E	30.6 A 45.0 E	25.7 A 65.0 E	33.0 A 77.0 E	42.7 A 103.6 A 220.0 E 380.0 E		
Sales (%) Earnings Per Share (%) Dividend (%)	N/A N/A N/A		gs Per Sh Q1 (Mar)	are to Coi Q2 (Jun)	mmon Sha Q3 (Sep)	Q4 (Dec)	Year (Dec)		
P/E using TTM EPS P/E using 2022 Estimate P/E using 2023 Estimate	N/A N/A N/A	2020 2021 2022 2023	-0.02 A -0.01 A -0.02 E	-0.02 A -0.00 A -0.02 E	-0.03 R 0.02 A -0.03 E	-0.07 A -0.53 E -0.03 E	-0.16 A -0.66 A -0.09 E 0.01 E		

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WHAT'S NEW

Revenues Grow 143% in 2021 Despite Q4 Miss from NASDAQ Listing Delays

Revenues in 2021 grew an amazing 143% to CN\$104 million despite lockdowns, supply chain issues and delays. The company expanded into new verticals, added an insurance product and importantly bought the Cubeler platform that runs its operations in order to roll it out in new countries. This all happened while remaining cash flow (ex-changes in working capital), free cash flow, and adjusted EBITDA positive. However, to grow even faster, the company needs cash to fund working capital.

2021 didn't turn out according to plan due to the removal of Tenet from NASDAQ and the long time it has taken to return. The stock has still not returned to NASDAQ and there is no timetable for that to happen if at all. We have never seen this happen before. To recap-- in an unusual move, NASDAQ allowed Tenet to list and trade on its exchange for about a month when the SEC turned around and decided it really needed more information. As a result, Tenet was delisted from NASDAQ and returned to the OTC where it still trades in the US. The uplisting was to be followed by a capital raise that in turn was needed to fund the company's recently purchased Heartbeat insurance platform and the Canadian Business Hub. Without the raise there was no funding and no money to fund Heartbeat which was looking to be able to use \$11 million. Heartbeat was then expected to add \$11-15 million dollars in revenues with margins of 30-35% in 2021. According to its filing, the company now expects the revenues and profits from insurance expected in Q4 2021 to shift 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.

Tenet will be reporting its Q1 2022 results in the next two or three weeks. At that time, we expect the company to further discuss how it is going to raise cash and/or list on other exchanges in light of the NASDAQ delay. We also expect a guidance update based on the slippage in funds, as well as the lockdowns in China and how those might impact revenues and EBITDA going forward. We expect to adjust our forecasts then.

Tenet has lofty plans to expand globally and connect business hubs in many countries. These hubs will allow companies to trade with each other, find financing, sell products and services, and even communicate with each other via its business oriented social network. The company plans to invest heavily to bring this vision to fruition and we look forward to hearing its strategy in the coming weeks.

With CN\$18.8 million on cash on hand and a fully diluted share count of 118.3 million this puts its US market cap at US\$222 million and its enterprise value at US\$207 million. Using company guidance of US\$262 million for 2022 estimated revenues, the stock is trading at 0.8xs EV to sales versus its peers who now trade at 2.6 times. The valuations for the fintech space have come down hugely. We expect that current guidance could change and given events have to happen to reach company guidance that have not yet happened we are using lower estimates. Using a revenue expectation of US\$170 million, that yields an EV to Sales of 1.2 times 2022 estimated revenues.

Q4 2021 Earnings Results

Q4 results fell short of the company guidance made during the Q3 report and revenues missed by \$5.4 million in Q4. The company attributes the shortfall to the delay in generating insurance revenues from the Heartbeat acquisition. Of the \$33 million in sales in the quarter, \$17 million of that was from Tenet's first participation in the annual Singles' Day (November 11th) and Couples' Day (December 12th) shopping festivals. Tenet generated approximately \$7.8M during Singles Day and approximately \$9.9M during

Couples Day. Although Q1 did not contain massive shopping holidays like those, we believe the company successfully deployed its freed-up resources to other verticals.

Supply chain related revenues were \$30.7 million in Q4 2021 compared to \$15.3 million a year ago, or growth of 128%. Non-supply chain revenues were \$2.3 million versus \$1.1 million.

Applying cost of service to the supply chain revenues gives us a gross margin of 6.2% compared to 10.5% in Q3 2021 and 4.2% in Q4 2021. Gross margin was expected to continue to improve by the shift to using Gold River rather than outside suppliers. In the future, more revenues from oil & gas and the insurance verticals that have higher gross margins should increase overall gross margins. Total gross margin was 12.9% this quarter versus 10.2% last year and 17.8% in Q3 2021.

Expenses increased to \$57.7 million with a number of one-time charges compared to \$4.5 million last year. Despite only purchasing Cubeler on October 1, 2021, for \$1,000,000 in cash and 11,133,012 common shares and Heartbeat on September 14, 2021 for \$31 million, the company took impairment charges of \$41,386,422 for the goodwill and \$11,978,283 for other intangibles assets (technology and tradename). The delay in the launch of Tenet's Canadian operations has caused the company's forecasted North American revenue for 2022 and beyond to have shifted by almost a full year, resulting in lower recoverable amount than the carrying value of the intangible assets and goodwill related to the Cubeler platform as previously forecasted. The one-time gain on purchase of the Heartbeat platform of \$1.9 million in Q3, was reversed in Q4. A one-time gain was from a change in the fair value of contingent compensation of \$3,556,574 regarding the Heartbeat acquisition. By missing their hurdles, Tenet expects that the consideration payable in shares relating for the Heartbeat acquisition may be lower than originally forecasted. Taking those three charges out, operating expenses would have been \$5.9 million in the quarter versus \$3.6 million in Q4 2020.

Salaries and fringe benefits increased to \$2.1 million from \$760,000 a year ago as the headcount increased by 65 people. Board renumeration more than tripled to \$315,000 from \$83,000 last year. Consulting fees decreased to \$162,000 compared to \$1.8 million in last year's quarter. Other large increases were in amortization which grew to \$1.6 million from \$147,000 and professional fees (up \$900,000).

The pretax loss was \$53.4 in Q4 2021 versus a loss in Q4 2020 of \$2.8 million. Without the one-time charges, that would have been a loss of \$1.7 this year. \$3.4 million in taxes were reversed. The net loss to common shareholders was \$50.2 in Q4 2021 compared to a loss of \$3.7 in the Q4 2020. On a non-IFRS basis it was a profit of \$2.2 million compared to a loss of \$2.5 million last year.

The loss per share to common shareholders was \$0.53 compared to a loss of \$0.07 a year ago. On a non-IFRS basis, taking out stock-based compensation and the one-time expense, we calculate non-IFRS earnings of \$0.019 per share compared to a loss of \$0.049 in Q4 2020. During that time the share count increased 85% to 95 million. Adjusted EBITDA for Q4 2021 was a loss of \$142,863 versus a negative \$2.4 million a year ago.

Balance Sheet

Tenet ended the December quarter with \$18.8 million in cash. Working capital was \$74.1 million with the bank portfolio and \$53.3 million without. Debt was \$413,000. Its loan portfolio was valued at \$20.8 million. Adjusted EBITDA for the quarter was a negative \$143,000 and a positive \$2.8 million for the year, missing the company's guidance of \$11.3 million for the year. Cash flow and free cash flow not including changes in working capital was \$1.3 million in Q4 and \$3.5 million for the year.

As of May 2, 2022 there were 98,794,693 primary shares outstanding.

Recap of Heartbeat Acquisition

On September 14, 2021 Tenet Fintech acquired the assets of Huayan Kun Tai Technology Company's Heartbeat insurance platform for \$31 million of which \$11 million was paid in cash. The remaining \$20 million will be paid in stock, of which \$6 million have already been issued and the \$14.0M left (minus the Q4 adjustment) will be payable over a three-year period based on certain net income targets. In Q4, the company took a gain against that earnout of \$3.7 million, reducing that \$14 million as it missed its forecasts.

Huayan provides various SaaS solutions to insurers and insurance brokers in China. It sells a insurance product management and brokerage platform called "Heartbeat" (<u>https://www.happysalers.com</u>) that users pay for on a subscription basis plus a commission fee when transactions are completed. This operation will bring property casualty and liability insurance related products and services to members of Tenet's Business Hub. Tenet has already started to generate sales with the platform. At the time of acquisition, Heartbeat had 420 insurance brokerage company users and was growing rapidly. Its growth is largely attributed to new Chinese regulations that requires all insurance brokers to have systems that allow them to share data as of February 2022. The Heartbeat platform is one of only a few platforms that offer such capabilities. Heartbeat is already linked to China's top insurance companies, including Ping An Insurance (Group) Ltd., China Life Property & Casualty Insurance Company Ltd., The People's Insurance Company (Group) of China Ltd., and Bank of China Insurance Company Ltd.

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. This 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
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
30-90 days	2,781,282	2,126,862	2,010,182	1,110,537	35,010	35,010	35,010	540,283
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
% over 90 days	12.1%	18.4%	21.1%	16.2%	18.4%	14.5%	16.2%	12.2%
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
% Non-current	27.6%	29.8%	31.9%	21.8%	18.6%	14.6%	16.4%	14.8%
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

During the Quarter

On October 1, 2021 Tenet bought Cubeler Inc. for CN\$105.5 million: CN\$1,000,000 in cash and 11,133,012 common shares. Cubeler is the developer and owner of the technology that powers Tenet's Business Hub. The shares had a four-month lock up period for 50% of the shares, and the remaining 50% will be released and become free trading over a two-year period. The acquisition is a related party transaction, as Johnson Joseph, CEO and director of Tenet; Liang Qiu, director of Tenet; Jean Landreville, CFO of Tenet; Charles-André Tessier, director of Tenet; and Mark Dumas, director of Tenet are all shareholders of Cubeler. With the acquisition of Cubeler, Tenet is free to use the system to expand beyond China and expects to be live in Canada by year-end. It also has near term plans for the US, France, and other countries.

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 generated \$103.5 million in revenues in 2021 and we expect it could reach \$220 million this year. Management has guidance of \$345 million this year based on events that have not yet happened and we have not factored into our estimates. We expect guidance to be revised in the coming weeks based on delays incurred to date. 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 profitable and EBITDA positive but needs cash to fund working capital.
- The company has approximately CN\$18.8 million in cash due to a recent capital raise and only CN\$413,000 in debt and with the exception of Q4 2021, is generating cash.
- The stock was recently listed on NASDAQ 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 in review. We expect the stock to eventually return to NASDAQ. In the interim, Tenet is exploring listing on other major exchanges.
- 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 2.6 times enterprise value to 2022 estimated revenues, Tenet is currently trading at a fully diluted enterprise value US\$207 million or only 1.2 times EV/sales using a 2022 revenue estimate of US\$220 million. With a longer track record, consistent profits, and a return to NASDAQ, 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 2.0 the company's recent guidance for 2022. While the range is great based on margins and growth, we calculate an average of 2.6 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\$220 million or US\$140 million, and using fully diluted shares of 118.3 million, the enterprise value would be US\$364 million and the market value US\$379 million. The stock price would be approximately US\$3.20. If the company's current CN\$345 million (US\$274 million) 2022 guidance is achieved, that stock price could move to \$6.14 per share next year.

		F	Revenue	ТТМ			Enterprise Valu	ue / Sales	EV/	Enterprise	EBITDA	
<u>Company</u>	<u>Ticker</u>	<u>2023E</u>	<u>2022E</u>	<u>LTM</u>	<u>EBITDA</u>	<u>2023E</u>	2022E	LTM	<u>EBITDA</u>	Value	<u>Margin</u>	
Fintech Platforms												
Green Dot	GDOT	\$1,530	\$1,420	\$1,430	\$217	0.1x	0.1x	0.1x	0.4x	78	15.2%	
Intuit	INTU	NA	\$13,200	\$11,410	\$3,130	NA	8.3x	9.6x	34.9x	109,340	27.4%	
LendingTree	TREE	\$1,400	\$1,220	\$1,100	\$48	0.9x	1.1x	1.2x	27.1x	1,292	4.3%	
Lightspeed POS	LSPD	NA	\$675	\$484	-\$127	NA	2.3x	3.3x	-12.4x	1,574	-26.3%	
PayPal	PYPL	\$33,150	\$28,360	\$25,370	\$5,210	2.7x	3.1x	3.5x	17.0x	88,371	20.5%	
Shopify	SHOP	\$9,920	\$7,530	\$4,610	\$364	3.4x	4.5x	7.4x	94.1x	34,200	7.9%	
Upstart	UPST	\$1,700	\$1,250	\$852	\$151	1.5x	2.0x	3.0x	16.9x	2,546	17.7%	
Square	SQ	\$21,920	\$18,150	\$17,660	\$334	1.9x	2.3x	2.4x	125.8x	41,976	1.9%	
Average					1,457	2.1	2.6	3.8		40,850		

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 a newcomer to the industry and has just become profitable. There is no assurance its business model will ultimately result in sustainable, profitable results.
- Tenet plans to pursue rapid growth and as a result it may need to raise cash through the sale of equity in the future, 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 2020 31-Mar	Q2 2020 30-Jun	Q3 2020 30-Sep	Q4 2020 31-Dec	Q1 2021 31-Mar	Q2 2021 30-Jun	Q3 2021 30-Sep	Q4 2021 31-Dec	Q1 2022E 31-Mar	Q2 2022E 30-Jun	Q3 2022E 30-Sep	Q4 2022E 31-Dec	2020	2021	2022E	2023E
Supply chain services	2,137,857	5,433,482	13,457,372	15,311,289	12,611,814	28,679,500	23,607,695	30,700,991	30,500,000	42,400,000	62,300,000	74,250,000	36,340,000	95,600,000	209,450,000	369,000,000
Yr-to-yr Growth					490%	428%	212%	128%	142%	48%	164%	142%	577%	163%	476%	286%
Cost of service Supply chain gross margin	2,104,150 33,707	5,422,993 10,489	13,385,347 72,025	14,695,677 615,612	12,347,170 264,644	27,442,884 1,236,616	21,120,835 2,486,860	28,790,471 1,910,520	28,365,000 2,135,000	39,220,000 3,180,000	57,316,000 4,984,000	67,938,750 6,311,250	35,608,167 731,833	89,701,360 5,898,640	192,839,750 16,610,250	334,800,000 34,200,000
Gross Margin %	0.9%	0.1%	0.5%	4.2%	204,044	4.3%	2,400,000	6.2%	2,135,000	3,180,000	4,964,000 8.0%	8.5%	2%	5,696,640	10,010,250	34,200,000 9%
Non-supply chain services	1,811,538	1,830,022	1,658,997	1,057,490	1,627,962	1,969,679 8%	2,087,875	2,347,258 41%	2,500,000	2,600,000	2,700,000 29%	2,750,000 17%	6,358,047	8,032,774	10,550,000 66%	11,000,000
Yr-to-yr Growth Sales	\$3,949,395	\$7,263,504	\$15,116,369	\$16,368,779	-10% \$14,239,776	8% \$30,649,179	-43% \$25,695,570	41% 33,048,249	54% \$33,000,000	32% \$45,000,000	29% \$65,000,000	\$77,000,000	0% \$42,698,047	26% 103,632,774	220,000,000	37% 380,000,000
Total gross margin	46.7%	25.3%	11.5%	10.2%	13.3%	10.5%	17.8%	12.9%	14.0%	12.8%	11.8%	11.8%	16.6%	13.4%	12.3%	11.9%
Yr-to-yr Growth	316%	282%	236%	276%	261%	322%	70%	102%	132%	47%	153%	133%	265%	143%	415%	267%
Operating expenses:																
Salaries and fringe benefits	323,809	389,120	386,676	759,604	723,860	692,610	1,375,954	2,105,827	2,300,000	4,000,000	6,000,000	8,000,000	1,859,209	4,898,251	20,300,000	25,375,000
Service fees	131,632	138,831	208,741	57,274	157,651	148,987	161,859	127,295	140,000	150,000	160,000	180,000	536,478	595,792	630,000	800,000
Royalty on software	30,873	26,028	47,469	35,854	30,776	43,902	32,524	27,476	· ·	-	-		140,224	134,678	-	-
Board renumberation Consulting fees	9,569	12,774	29,062	82,918	124,527	146,302	278,191	314,742	320,000	350,000	370,000	370,000	134,323	863,762	1,410,000	1,500,000
Management fees	325,716 21,545	527,285 17,987	1,181,765 15,729	1,823,743 22,364	62,869 12,818	118,873 14,356	118,310 11,670	162,569 11,838	180,000 12,000	200,000 12,000	200,000 12,000	200,000 12,000	3,858,509 77,625	462,621 50,682	780,000 48,000	1,000,000 60,818
Professional fees	56,402	130,133	154,345	226,636	331,655	581,227	417,868	1,064,517	1,000,000	1,200,000	1,350,000	1,500,000	567,516	2,395,267	5,050,000	5,050,000
Administrative and indirect costs	236,111	1,717	(16,246)	390	· · ·	-	-		· · ·		· · ·		221,972	· · ·	-	· · ·
PR and press releases	24,104	27,800	88,207	256,742	121,493	134,987	421,775	391,695	410,000	410,000	450,000	500,000	396,853	1,069,950	1,770,000	1,800,000
Office supplies, software and utilities	52,793	49,517	26,777	37,923	30,214	58,272	(1,517)	241,181	100,000	150,000	200,000	300,000	167,010	328,150	750,000	1,000,000
Lease expenses Depreciation of right-of-use assets	11,533 106,753	11,571 126,245	11,570 137,209	11,409 36,555	11,570 69.157	11,247 44,749	11,510 105,972	20,116 66,972	22,000 200,000	25,000 200,000	35,000 200,000	40,000 200,000	46,083 406,762	54,443 286.850	122,000 800,000	200,000 1,200,000
Insurance	11,289	120,245	10,112	17,257	14,896	27,277	35,637	194,455	200,000	200,000	240,000	240,000	400,702	272,265	900,000	1,200,000
Finance costs	259,950	260,401	280,584	189,118	44,833	50,935	41,606	44,569	45,000	45,000	45,000	45,000	990,053	181,943	180,000	250,000
Pre-acquisition expenses on consol of sub	-	-	-	-	-	-	216,421	(216,421)	-	-	-	-		-	-	-
Expected credit loss	361,525	254,080	451	(373,463)	19,893	(10,647)	(44,286)	(350,663)	100,000	100,000	100,000	100,000	242,593	(385,703)	400,000	500,000
Travel and entertainment	46,832	35,424	55,943	66,860	34,002	43,663	77,510	111,894	130,000	150,000	200,000	220,000	205,059	267,069	700,000 420.000	1,050,000
Stock exchange and transfer agent costs Translation costs and others	10,778 8,353	25,338 5,587	65,857 6,676	20,744 3,358	90,714 39,310	62,655 81,576	165,154 16,150	69,619 (26,380)	70,000 25,000	70,000 25,000	140,000 25,000	140,000 25,000	122,717 23,974	388,142 110,656	420,000	500,000 200,000
Loss on deposity of sub receiveable	-	- 5,507	-	97,150	-	-	-	(20,000)	-	-	-	-	97,150	-	-	-
Loss on extinction of debt	-		-	784,750		-	-	-		-	-	-	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 Amortization	21,370 81,805	21,785 82,475	21,495 67,616	22,281 147,954	22,337 66,484	20,965 155,948	22,545 462,831	24,292 1,582,018	30,000 1,300,000	35,000 1,300,000	40,000 1,300,000	40,000 1,300,000	86,931 379,850	90,139 2,267,281	145,000 5,200,000	200,000
Impairment charge - goodwill	01,005	02,475	07,010	147,334	00,404	155,540	402,001	41,386,422	1,300,000	1,300,000	1,500,000	1,300,000	573,050	41,386,422	3,200,000	
Expiration of deferred finance costs	353,377	-	-			-	-	-		-	-	-	353,377	-	-	-
Amortization of financing initial costs	348	348	10,441	7,787	6,651	6,725	6,799	6,799	6,700	6,700	6,700	6,700	18,924	26,974	26,800	-
Change in FV of conting. comp payable	-	-	(217,325)	-	-	-	171,432	(3,728,006)		-	-	-	(217,325)	(3,556,574)	-	-
Loss (gain) on foreign exchange Total expenses	10,336 2,496,803	716 2,155,651	2,776 2,575,930	187,789 4,522,997	(35,379) 1,980,331	7,526 2,248,418	(4,128) 2,191,189	(30,161) 57,685,263	- 6,590,700	- 8,648,700	- 11,073,700	- 13,418,700	201,617 11,751,381	(62,142) 64,105,201	- 39,731,800	- 41,885,818
1 otal expenses	2,430,003	2,133,031	2,373,330	3,641,097	1,000,001	2,240,410	2,131,103	37,003,203	0,550,700	0,040,700	11,073,700	13,410,700	11,751,501	14,297,070	55,751,000	41,000,010
Pretax income	(651,558)	(315,140)	(844,908)	(2,849,895)	(87,725)	957,877	2,383,546	(53,427,485)	(1,955,700)	(2,868,700)	(3,389,700)	(4,357,450)	(4,661,501)	(50,173,787)	(12,571,550)	3,314,182
Pretax Margin	-16.5%	-4.3%	-5.6%	-17.4%	-0.6%	3.1%	9.3%	-161.7%	-5.9%	-6.4%	-5.2%	-5.7%	-10.9%	-48.4%	-5.7%	0.9%
Income taxes	154,137	223,763	123,504	350,606	301,977	661,806	857,260	(3,432,862)	(469,368)	(688,488)	(813,528)	(1,045,788)	852,010	(1,611,819)	(3,017,172)	861,687
Tax rate	-24%	-71%	-15%	-12%	-344%	69%	36%	(3,432,862) 6%	(409,308)	(000,400) 24%	(013,328) 24%	(1,045,788) 24%	-18.3%	(1,011,819)	(3,017,172) 24.0%	26.0%
	2476	1170	10,0	12.70	01170	0070	0070	0,0	2470	2476	2476	2476	10.070	0.270	24.070	20.070
Net income	(805,695)	(538,903)	(968,412)	(3,200,501)	(389,702)	296,071	1,526,286	(49,994,623)	(1,486,332)	(2,180,212)	(2,576,172)	(3,311,662)	(5,513,511)	(48,561,968)	(9,554,378)	2,452,494
Non-controlling interest	87,081	177,983	350,015	487,831	375,929	315,631	169,752	333,790	333,790	333,790	333,790	333,790	1,102,910	1,195,102	1,335,160	1,500,000
Net income to common shareholders	(892,776)	(716,886)	(1,318,427)	(3,688,332)	(765,631)	(19,560)	1,356,534	(50,328,413)	(1,820,122)	(2,514,002)	(2,909,962)	(3,645,452)	(6,616,421)	(49,757,070)	(10,889,538)	952,494
	(002,110)	(110,000)	(1,010,121)	(0,000,002)	(700,001)	(10,000)	1,000,001	(00,020,110)	(1,020,122)	(2,014,002)	(2,000,002)	(0,010,102)	(0,010,121)	(10,101,010)	(10,000,000)	002,101
Currency translation adjustment	(1,264,221)	809,770	(472,282)	(212,722)	546,909	(325,829)	(1,003,357)	(807,837)		-	-		(1,139,455)	(1,590,114)	-	-
Total comprehensive income	458,526	(1,348,673)	(496,130)	(2,987,779)	(936,611)	621,900	2,529,643	(49,186,786)	(1,486,332)	(2,180,212)	(2,576,172)	(3,311,662)	(4,374,056)	(46,971,854)	(9,554,378)	2,452,494
Stk based compensation	69,202	78,290	112,920	282,420	344,690	396,515	815,801	832.398	625,000	625,000	625,000	625,000	542.832	2.389.404	2,500,000	2,500,000
One-time expenses	353,377	10,200	- 12,820	282,420		(193,717)	(1,739,166)	51,741,014	- 020,000	- 020,000	- 020,000	- 020,000	920,802	2,369,404 49,808,131	2,000,000	2,000,000
Non-IFRS Inc to common shareholders	(470,197)	(638,596)	(1,205,507)	(2,524,012)	(420,941)	183,238	433,169	2,244,999	(1,195,122)	(1,889,002)	(2,284,962)	(3,020,452)	(5,152,787)	2,440,465	(8,389,538)	3,452,494
EPS to common shareholder	(0.024)	(0.019)	(0.030)	(0.072)	(0.012)	(0.000)	0.017	(0.531)	(0.018)	(0.021)	(0.026)	(0.031)	(0.16)	(0.657)	(0.09)	0.01
Non-IFRS EPS to common shareholder	(0.013)	(0.017)	(0.019)	(0.049)	(0.007)	0.003	0.005	0.019	(0.012)	(0.016)	(0.019)	(0.026)	(0.10) 91%	0.032	(0.07) -31%	0.02
Shares													9170		-31%	-23%
Basic	36,891,530		43,324,341	51,150,000	61,683,058	64,863,245	80,351,626	94,695,013	98,794,693	100,000,000	110,000,000	118,289,381	42,670,902	75,700,826	106,771,019	150,000,000
Yr-to-yr Growth	9%	10%	88%	122%	67%	75%	85%	85%	60%	54%	37%	25%	24%	77%	150%	98%
Fully diluted	36,891,530	37,145,651	62,209,000	63,000,000	64,000,000	64,863,245	80,351,626	118,289,381	118,289,381	118,289,381	118,289,381	118,289,381	49,811,545	96,195,524 93%	118,289,381 137%	150,020,000 56%
Adjusted EBITDA	\$172,045	\$176,113	(544,887)	(2,446,200)	86,358	1,043,482	1,500,554	(142,863)	(374,000)	(1,282,000)	(1,798,000)	(2,765,750)	(1,858,179)	2,487,531	(6,219,750)	4,964,182

BALANCE SHEET

	Dec 31, 2021	Sept 30, 2021	Qtr-Qtr % Change	Dec 31, 2020	Yr-Yr % Change
Current assets			C C		_
Cash	\$18,796,914	\$36,398,828	-48%	\$5,873,876	392%
Restricted cash	53,333	63,333	-16%	80,091	NA
Loans receivable	17,553,358	16,270,100	8%	15,425,242	10%
Assets held for sale	320,959	266,224	21%	183,732	NA
Accounts receivable	9,632,651	11,481,033	-16%	28,834,941	-37%
Other debtors	46,368,824	24,386,792	90%	1,740,416	1577%
Deposits for investments	0	492,500	-100%	194,900	NA
Prepaid expenses	1,675,549	458,240	266%	989,718	-8%
Total current assets	94,401,588	89,817,050	5%	53,322,916	112%
Loans receivable	3,270,333	4,019,085	-19%	3,999,446	48%
Property and equipment, net	2,062,014	997,127	107%	529,372	64%
Intangible assets	32,845,799	35,089,924	-6%	3,163,877	1058%
Goodwill	62,522,554	0	NA	0	NA
Deferred tax assets	190,833	818,978	-77%	291,931	NA
TOTAL ASSETS	195,293,121	130,742,164	49%	61,307,542	169%
Current liabilities					
Accounts payable and accruals	16,268,296	14,371,288	13%	26,559,427	-20%
Lease liabilities	432,621	168,037	157%	117,709	-30%
Current tax liabilitities	3,625,683	3,665,175	-1%	1,568,626	304%
Debentures	0	0	0%	23,311	-100%
Conversion option	0	0	0%	3,489	-100%
Total current liabilities	20,326,600	18,204,500	12%	28,272,562	-20%
Long-term liabilities					
Bonds	313,234	299,026	5%	258,933	24%
CEBA loan	100,000	40,000	150%	40,000	0%
Lease liabilities	1,315,363	582,283	126%	121,798	266%
Foreign deferred tax liabilities	1,922,556	0	NA	0	NA
Canadian deferred tax liabilities	3,804,004	0	NA	0	NA
Contingent consideration payable	1,921,000	10,036,542	-81%	0	NA
Total long-term liabilities	9,376,157	10,957,851	-14%	420,731	2390%
TOTAL LIABILITIES	29,702,757	29,162,351	2%	28,693,293	26%
Stockholder's equity					
Capital stock	208,219,490	89,258,655	133%	39,131,010	221%
Shares to be issued	150,000	6,000,000	-98%	511,221	1116%
Contributed surplus	21,531,185	22,243,418	-3%	11,582,653	85%
Accumluated other comp income	1,366,752	682,616	100%	(140,782)	-635%
Deficit	(79,997,442)	(29,669,028)	170%	(30,240,372)	14%
Shareholder's equity to owners of parent	151,269,985	88,515,661	71%	20,843,730	524%
Non-controlling interest	14,320,381	13,064,153	10%	11,770,520	15%
Total stockholders' equity	165,590,366	101,579,814	63%	32,614,250	298%
Total liabilities and stockholders' equity	\$195,293,123	\$130,742,165	49%	\$61,307,543	169%
Quick Ratio	4.6	4.9	-6%	1.9	165%
Working Capital	74,074,988	71,612,550	3%	25,050,354	266%
Working capital minus bank	53,251,297	51,323,365	4%	(18,647,450)	-386%
Net cash	18,796,914	36,398,828	-48%	5,873,876	392%
Net cash as % of assets	10%	28%	-65%	10%	83%
Debt	\$413,234	\$339,026	22%	\$322,244	-90%
Debt % of assets	0%	0%	-18%	1%	-96%
Loan portfolio	20,823,691	20,289,185	3%	19,424,688	16%

CASH FLOW

	Year 2019	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
Operating activities: Net income	(1,830,362)	(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)
Non-cash items											
Loss on deposit & subscription receivable Depreciation of property and equipment	86,400 47,548	- 21,370	- 21,785	- 21,495	97,150 22,281	97,150 86,931	- 22,337	- 20,965	- 22,545	- 24,292	- 90,139
Issuance of shares for settlement of debt	243,000	291,878	121,301	702,798	(1,115,977)	00,931	15,000	20,905	- 22,34	- 24,292	15,000
Expected credit loss	264,378	361,525	254,080	451	(373,463)	242,593	19,893	(10,647)	(44,286)	(350,663)	(385,703)
Amortization of intangibles	595,079	81,806	82,475	67,616	147,953	379,850	66,484	155,948	462,831	1,582,018	2,267,281
Amortization of initial cost debenture Depreciation of right-of-use assets	30,217 407,611	348 106,753	348 126,245	10,441 137,209	7,787 36,555	18,924 406,762	6,651 69,157	6,725 44,749	6,799 105,972	6,799 66,972	26,974 286,850
Impairment charge - goodwill	-	-	-	-	-	-	-	-	-	41,386,422	41,386,422
Impairment of intangible assets	584,189	-	-	-	-	-	-	(193,717)	-	12,172,000	11,978,283
Share-based compensation Accretion of conv. Debentures	378,091 553,842	69,202 139,229	78,290 139,449	112,920 147,475	282,420 97,697	542,832 523,850	344,690 6,924	396,515 6,630	815,801 7,047	832,398 7,409	2,389,404 28,010
Accretion of lease interest	44,868	- 139,229	- 135,445	-	30,426	30,426	6,435	7,534	26,277	25,662	65,908
Consult. fees settled by shares and warrants	-	-	-	-	3,196,170	3,196,170	-	-	-	-	-
PR expenses settled by shares and warrants Change in FV of cont. compensation payable	-	-		-	101,520	101,520	-	-	- 171,432	-	-
Deferred tax liability	259,000	-	-	-	(217,325)	(217,325) (203,917)	-	-	- 171,432	(3,728,006) (3,178,838)	(3,556,574) (3,178,838)
Loss on settlement of debt	816,793	-	-	-	784,750	784,750	-	-	-	-	-
Gain on bargain purchase	(941,000)	-	-	-	-	-	-	-	(1,910,597)	1,910,597	-
Expiration of deferred financing costs Pre-acquisition exp assumed on cons of sub	-	353,377	-	-	-	353,377	-		- 216,421	- (216,421)	
Loans recievable maturing in more than 12 mo.	1,565,523	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
Changes in working capital accounts Restricted cash		-	-	-	-	(80,091)	-	-	-	26,758	26,758
Income taxes payable	494,631	93,183	161,534	135,870	572,269	962,856	131,670	(520,847)	2,485,726	(39,493)	2,057,056
Deferred income tax expense	(88,014)	-	-	-	-	-	-	-	(527,047)	527,047	-
Other debtors Accounts receivable	43,221 (2,657,029)	- (1,081,329)	- (2,600,892)	- (11,830,148)	6,651 (10,614,280)	6,651 (26,126,649)	(48,295) 2,621,809	1,613,096	8,300,254 20,543,495	(8,784,069) (5,289,938)	1,080,986 17.875.366
Loans recievable maturing in less than 12 mo.	(1,839,755)	(178,859)	(3,291,700)	(771,742)	(232,447)	(4,474,748)	(292,755)	(440,558)	(158,996)	(850,103)	(1,742,412)
Assets held for resale	-	-	-	-	-	(183,733)	-	-	-	(137,226)	(137,226)
Lease receivables Prepaid expenses	- (447,027)	- (1,080,436)	- 1,768,492	- 95,999	- (943,111)	- (159,056)	- (416,506)	- 1,097,761	- 110,929	(84,123) (1,191,350)	(84,123) (399,166)
Deposits made for transactions on platforms	-	(1,000,400)	- 1,700,432	-	(343,111)	(100,000)	(410,500)			(14,047,860)	(32,648,426)
Prepayments to third party subcontractors	-	-	-	-	-	-	-	-	(11,595,993)	209,682	(11,386,311)
Accounts payable and other liabilities Deposits received for transactions on platforms	1,160,824	(297,201)	1,218,369	10,732,424	9,389,253	21,042,845	(2,316,749)	1,787,031 4,349,056	(18,308,787)	(273,049) (4,349,056)	(19,111,554)
Proceeds re advanced from third parties	-	-	-	-	-	-	-	4,349,030	- (3,113,772)	3,113,772	-
Net cash used by operating activities	(227,972)	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)
Investing activities:											
Investment in intangible assets	(697,070)	(346,503)	(207,713)	(345,740)	(158,329)	(1,058,285)	(325,783)	(463,425)	(8,630,952)	3,142,640	(6,277,520)
Property and equipment Acquisition of subsidiaries, net of cash	(192,738)	(26,993)	9,070	(3,630)	5,413	(16,140)	4,393	(2,717)	(24,008)	(26,631) (11,063,412)	(48,963) (11,063,412)
Right of use asset	-	-	-	-	-	-	-	-	-	-	-
Debtors	(790,139)	210,830	177,726	(342,862)	(631,222)	(585,528)	(4,297,435)	(3,797,536)	-	8,094,971	-
Deposit for investments Net cash used in investing activities	- (1,679,947)	- (162,666)	- (20,917)	- (692,232)	(194,900) (979,038)	(194,900) (1,854,853)	- (4,618,825)	- (4,263,678)	- (8,654,960)	- 147,568	- (17,389,895)
Financing activities:											
Shares to issue Debenture to be issued	- 110,000	- (110,000)	265,000	-	(265,000) 110,000	-	-	-	-	-	-
Issuance of debentures	280,000	160,000	288,159	-	(398,159)	50,000	-	-	-	-	-
Payment of debenture Proceeds from issuance of bonds & warrants	(40,000)	-	-	-	- 292,464	- 292,464	-	-	-	-	-
Subcription receiveable	250,000	-	-	-	-	-	-	-	-	-	-
Advance from third parties Advance from a director	1,800,281 298,400	1,889,054 21,920		-	(420,494) (21,920)	1,468,560	(89,675)	(326,230)	-	7,928,859	7,512,954
Repayment of advances from director	-	,025	-	-		-	(261,316)	(9,595)	-	-	(270,911)
Repayment of advances from affiliates Proceeds from adv. made from affiliates	-	-	-	-	- 40,134	- 40,134	- 102,966	- (113,050)	(30,050)	(10,083) 10,084	(40,133)
Repayment of demand loans CEBA loan	-	-	- 40,000	-	(27,489)	(27,489) 40,000	-		-	-	-
Repayment of lease liabilities	(460,361)	(172,473)	(74,423)	(101,198)	(169,076)	(517,170)	(12,592)	(63,580)	(195,050)	(294,658)	(565,880)
Non-controlling interest Issuance of shares and warrants	- 640,000	- 545,000	(18,799) 73,000	446,671 2,843,384	(427,872) 981,116	- 4,442,500	-	-	- 47,981,290	-	- 47,981,290
Proceeds from exercise of warrants	-	-	-	2,043,304	2,890,750	2,890,750	3,708,161	2,178,153	3,708,557	4,074,985	13,669,856
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 Net cash used in financing activities	- 2,878,320	- 2,333,501	- 572,937	- 3,188,857	- 2,845,704	- 8,940,999	- 3,472,544	- 1,758,198	189,532 52,540,532	- 11,709,187	189,532 69,480,461
Impact of foreign exchange	(1,269,302)	1,177,140	(987,752)	122,267	743,007	1,054,662	(499,771)	326,903	967,068	926,024	1,720,224
Net change - cash	(298,901)	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
Cash, beginning	2,016,410	1,717,509	5,095,394	4,798,040	7,392,570	1,717,509	5,873,877	4,122,443	2,091,085	35,887,374	5,873,876
Cash, acquired on acquisiton of subsidiaries Cash, end of period	- 1,717,509	- 5,095,395	- 4,798,040	- 7,392,570	- 6,341,617	- 5,873,877	- 4,122,443	- 2,091,085	494,697 35,887,375	- 18,795,915	- 18,795,915
Cash flow - ex changes in working capital Free cash flow	3,105,177 2,912,439	2,574,553 2,547,560	2,882,575 2,891,645	1,613,235 1,609,605	(1,838,961) (1,833,548)	5,027,485 5,011,345	215,444 219,837	(285,952) (288,669)	2,356,039 2,332,031	1,294,770 1,268,139	3,580,301 3,531,338

HISTORICAL STOCK PRICE



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