

Tenet Fintech Group

(Pink: PKKFF)

China Lockdowns Cause Major Miss Versus Guidance for Tenet Fintech

Compared to its peers in the fintech space who trade at an average of 3.0 times enterprise value to 2022 estimated sales, we believe Tenet is worth US\$2.54 per share.

Current Price (11/29/2022)

\$0.67

Valuation

\$2.54

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 but growth is being hampered by China's COVID lockdowns this year. It has arrangements with cities, wholesale distributors, retailers, and eCommerce platforms to facilitate commercial loans and other business services to its 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	7.27
52-Week Low	0.64
One-Year Return (%)	-89.1
Beta	2.4
Average Daily Volume (sh)	31,236

Shares Outstanding (mil)	99.5
Market Capitalization (\$mil)	\$66
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 Value
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	\$21.6 A	\$23.4 E	\$112.2 E
2023					\$220.0 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	-\$0.08 A	-\$0.07 E	-\$0.25 E
2023					-\$0.07 E

China Lockdowns Cause Major Miss for Tenet

The zero COVID lockdowns in China caused major problems for Tenet as the lenders on the platform froze much lending due to uncertainty. Since most of the lending is short-term (90-100 days) to the supply chain, shutting down businesses with no end in sight caused lending to decline from these alternative lenders. Tenet still hoped for a white knight large lender to come in and fill the requests on the platform and has been in discussion with one, but it has not yet transpired. Management insists the deal is still live and is going through administrative steps and could happen soon. This lender, with billions of assets, can fill the orders and much of what slipped can still generate revenues and make up for the Q3 miss. Since we are already at the end of November, even if this arrangement occurs, sales could slip to Q1 2024 making revenue of \$200 million in 2022 impossible.

The company reported its first year-over-year revenue decline, and all the decline was from the supply chain. The other newer businesses showed growth. The Heartbeat insurance business was most impacted by the lockdown with no one driving and due to unmet forecasts, that business was written down in Q3 at its one-year anniversary. This write-down caused a net \$3 million of the loss reported by the company this quarter.

The company is still in the final stages of doing a capital raise, uplisting in Canada, and listing in London. The company filed a preliminary short-form prospectus on September 27th. It is for a public offering of units for aggregate gross proceeds of between CN\$20 million and CN\$30 million. The net proceeds will be used to launch, market, and operate its Business Hub™ in North America, to help with the continuing expansion of its services in China, as well as for working capital and general corporate purposes. Each unit is comprised of one common share and one 24-month warrant. Tenet hopes to get approval and go live this quarter.

The company now has CN\$4.15 million in cash on hand. Using a share count of 99.5 million puts its US market cap at US\$67 million and its enterprise value at US\$63 million. The stock is trading at 0.8xs EV to 2022 estimated sales of US\$83 million versus its peers who now trade at 3.0 times. The valuations for the fintech space have come down hugely from their peak.

Outside of China, the company is planning a new business model that relies on data and analytics to produce valuable information and provides a platform for small and medium businesses to communicate, trade, and advertise. The Canadian hub launches today and by year-end, it could book its first revenues-- which will be generated by advertising. In 2023 it could launch in the US and Europe.

Q3 2022 Earnings Results

Q3 revenues were \$21.6 million versus \$25.7 million in Q3 2021, down 16% and down sequentially from \$32.4 million in Q2. Supply chain-related revenues were \$18.2 million in Q3 2022 compared to \$26.3 million a year ago, or a decline of 23%. Non-supply chain (the bank and insurance) revenues were \$3.4 million versus \$2.1 million. Insurance generated \$1.7 million in revenues which means the bank had a decline in revenue. Yun Fleet added \$1.1 million.

Applying the cost of service to the supply chain revenues gives us a gross margin of 8.0% compared to 10.5% in Q3 2021 and 8.7% in Q1 2022. Total gross margin was 21.4% this quarter versus 17.8% last year and 10.0% in Q2 2022.

Expenses increased to \$10.4 million compared to \$3.9 million last year taking out all the one-time charges.

The biggest category, salaries and fringe benefits, increased to \$3.2 million from \$1.4 million a year ago as the headcount increased. Tenet added 85 more employees since last year—36 in China and 49 in Canada. The next biggest increase was a new category called “software delivery services” which are expenses related to the SaaS businesses (ASSI, Huike, and WECHAIN). and are fees paid to a third-party provider; it was \$942,837 in the quarter. Consulting fees increased to \$369,000 compared to \$118,000 in last year’s quarter,

mainly related to capital markets consulting fees incurred as Tenet plans to list its securities on the London Stock Exchange and to uplist in Canada. Amortization grew to \$1.8 million from \$463,000 with two acquisitions. The company also took a \$388,395 expense for expected credit loss at the bank.

The pre-tax loss was \$8.6 million in Q3 2022 versus a profit in Q3 2021 of \$2.4 million hurt by a net one-time write-down of Heartbeat as it did not meet its goals. The net loss to common shareholders was \$7.8 million in Q3 2022 compared to a profit of \$1.4 million in Q3 2021. On a non-IFRS basis, it was a loss of \$4.4 million compared to a profit of \$433,169 last year.

The loss per share to common shareholders was \$0.078 compared to earnings per share of \$0.017 a year ago. On a non-IFRS basis, taking out stock-based compensation and one-time expenses, this year the loss was \$0.037 per share compared to a profit of \$0.005 last year. During that time the share count increased by 24% to an average of 99.3 million for the quarter. Adjusted EBITDA for Q3 2022 was a negative \$3.8 million versus a positive \$1.5 million a year ago.

Balance Sheet

Tenet ended the September quarter with \$8.5 million in cash. Working capital was \$60 million with the bank portfolio and \$43 million without. Debt was \$458,000. Its loan portfolio was valued at \$17.1 million. Adjusted EBITDA for the quarter was a negative \$3.8 million. Cash flow not including changes in working capital was a negative \$1.6 million in Q3. We expect a capital raise at Tenet shortly. As of November 29, 2022, the cash available to the company was approximately \$4,150,000. In the opinion of management, the company's current cash position and its access to additional capital will be sufficient to meet its current obligations and allow it to continue as a going concern for the next 12 months. As of November 29, 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 \$17 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. This quarter it took a \$388,000 charge for expected credit losses.

Gross Loans Receivable

	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
Current	16,374,526	18,430,566	17,408,384	17,882,518	18,309,258	18,747,008	15,544,450
30-90 days	35,010	35,010	35,010	540,283	239,951	43,005	117,594
Over 90 days	3,705,805	3,124,592	3,378,553	2,567,134	2,308,390	2,200,369	1,962,293
% over 90 days	18.4%	14.5%	16.2%	12.2%	11.1%	10.5%	11.1%
Total over 30 days	3,740,815	3,159,602	3,413,563	3,107,417	2,548,341	2,243,374	2,079,887
% Non-current	18.6%	14.6%	16.4%	14.8%	12.2%	10.7%	11.8%
Total	20,115,341	21,590,169	20,821,947	20,989,935	20,857,599	20,990,383	17,624,337

Subsequent Events

On October 7th Tenet announced that it has taken ownership control of Asia Synergy Transportation Hub (ASTH), which will manage its recently launched Yun Fleet Platform shipping and transportation platform. Tenet initially took a minority position in ASTH with the understanding that it would become its majority owner once ASTH had acquired the necessary licenses to operate in the industry and built a team. Yun Fleet was launched in March 2022.

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\$112 million this year. The company will need to raise some 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. At quarter end, the company had CN\$8.5 million in cash and CN\$458,000 in debt.
- The stock was listed on NASDAQ in September of 2021 and then removed as the SEC requested further information on all companies doing most of their 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 working to list 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 right to use that platform in countries other than China and plans to launch it in Canada, followed by the US, UK, France, and Brazil.
- Compared to its fintech peers who trade at an average of 3.0 times enterprise value to 2022 estimated revenues, Tenet is currently trading at an enterprise value US\$63 million or only 0.8 times EV/sales using a 2022 revenue estimate of US\$83 million. With a longer track record, consistent profits, and a return to NASDAQ or a 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 1.8 2022 estimated revenues. While the range is great based on margins and growth, we calculate an average of 3.0 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\$112 million or US\$83 million, and using fully diluted shares of 99.5 million, the enterprise value would be US\$249 million and the market value US\$253 million. The stock price would be approximately US\$2.54.

Company	Ticker	Revenue		LTM	TTM EBITDA	2023E	Enterprise Value / Sales		EV/ EBITDA	Included in Average?	Enterprise Value
		2023E	2022E				2022E	LTM			
Fintech Platforms											
Green Dot	GDOT	\$1,360	\$1,400	\$1,440	\$161	0.2x	0.2x	0.2x	1.5x	n	245
Intuit	INTU	NA	\$13,600	\$12,730	\$3,240	NA	8.4x	9.0x	35.4x	n	114,800
LendingTree	TREE	\$986	\$991	\$1,040	\$8	0.9x	0.9x	0.9x	111.8x	y	931
Lightspeed POS	LSPD	NA	\$696	\$657	-\$233	NA	2.2x	2.3x	-6.6x	y	1,530
PayPal	PYPL	\$30,070	\$27,390	\$27,050	\$4,770	3.1x	3.4x	3.4x	19.3x	y	92,200
Shopify	SHOP	\$6,670	\$5,510	\$5,240	-\$312	6.5x	7.8x	8.2x	-138.2x	y	43,160
Upstart	UPST	\$736	\$831	\$1,010	\$22	2.0x	1.8x	1.5x	68.7x	y	1,506
Square	SQ	\$20,250	\$17,510	\$16,960	-\$119	1.7x	2.0x	2.0x	-291.8x	y	34,580
Average					689	2.8	3.0	3.4			28,985

RISKS

- China has adopted a zero COVID policy and when cases arise the government is shutting down cities keeping people from leaving their homes and businesses from operating. This has caused widespread disruption in the Chinese economy and is hampering commerce. There is no way to predict when, or if, these actions will cease.
- While Tenet has been successful to date in 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 31-Mar	Q2 2021 30-Jun	Q3 2021 30-Sep	Q4 2021 31-Dec	Q1 2022 31-Mar	Q2 2022 30-Jun	Q3 2022 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	30,349,666	18,224,960	20,000,000	36,340,000	95,600,000	101,474,626	200,000,000
Yr-to-yr Growth	490%	428%	212%	128%	161%	6%	-23%	-35%	577%	163%	179%	109%
Cost of service	12,347,170	27,442,884	21,120,835	28,790,471	30,024,865	29,196,028	16,976,733	18,400,000	35,608,167	89,701,360	94,597,626	175,800,000
Supply chain gross margin	264,644	1,236,616	2,486,860	1,910,520	2,875,135	1,153,638	1,457,997	1,600,000	731,833	5,898,640	7,086,770	24,200,000
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	3,360,298	3,400,000	6,358,047	8,032,774	10,684,320	20,000,000
Yr-to-yr Growth	-10%	8%	-43%	41%	13%	6%	61%	45%	0%	26%	68%	149%
Sales	\$14,239,776	\$30,649,179	\$25,695,570	\$33,048,249	\$34,741,460	\$32,432,228	\$21,585,258	\$23,400,000	\$42,698,047	103,632,774	112,158,946	220,000,000
Total gross margin	13.3%	10.5%	17.8%	12.9%	13.6%	10.0%	21.4%	21.4%	16.6%	13.4%	15.7%	20.1%
Yr-to-yr Growth	261%	322%	70%	102%	144%	6%	-16%	-29%	265%	143%	163%	112%
Operating expenses:												
Software delivery services	-	-	-	-	-	-	942,837	900,000	0	0	1,842,837	4,000,000
Salaries and fringe benefits	723,860	692,610	1,375,954	2,105,827	2,345,268	2,734,471	3,201,274	3,800,000	1,859,209	4,898,251	12,081,013	19,000,000
Service fees	157,651	148,987	161,859	127,295	102,926	55,092	534,087	180,000	536,478	595,792	872,105	1,744,210
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	175,958	175,958	134,323	863,762	694,920	703,832
Consulting fees	62,869	118,873	118,310	162,569	343,738	369,745	369,112	500,000	3,858,509	462,621	1,582,595	1,300,000
Management fees	12,818	14,356	11,670	11,838	11,964	11,580	11,430	11,430	77,625	50,682	46,404	60,818
Outsourced services	-	-	-	-	-	1,000,158	346,832	346,832	-	-	-	-
Professional fees	331,655	581,227	417,868	1,064,517	1,032,464	666,320	1,095,143	1,095,143	567,516	2,395,267	3,889,070	7,778,140
Administrative and indirect costs	-	-	-	-	-	-	-	-	221,972	-	-	-
PR and press releases	121,493	134,987	421,775	391,695	316,072	201,164	420,335	420,335	396,853	1,069,950	1,357,906	2,000,000
Office supplies, software and utilities	30,214	58,272	(1,517)	241,181	177,058	339,018	381,835	450,000	167,010	328,150	1,347,911	2,000,000
Lease expenses	11,570	11,247	11,510	20,116	60,161	25,648	40,045	40,045	46,083	54,443	165,899	300,000
Depreciation of right-of-use assets	69,157	44,749	105,972	66,972	109,782	142,752	182,687	182,687	406,762	286,850	617,908	800,000
Insurance	14,896	27,277	35,637	194,455	331,646	316,735	316,758	316,758	49,147	272,265	1,281,897	1,400,000
Finance costs	44,833	50,935	41,606	44,569	446,983	349,576	23,656	23,656	990,053	181,943	843,871	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	388,396	388,396	242,593	(385,703)	965,965	-
Travel and entertainment	34,002	43,663	77,510	111,894	78,485	95,734	98,581	150,000	205,059	267,069	422,800	634,200
Stock exchange and transfer agent costs	90,714	62,655	165,154	69,619	45,032	114,545	54,282	54,282	122,717	388,142	268,141	500,000
Translation costs and others	39,310	81,576	16,150	(26,380)	26,020	57,171	30,259	30,259	23,974	110,656	143,709	200,000
Loss on disposal of sub receivable	-	-	-	-	-	-	-	-	97,150	-	-	-
Loss on extinction of debt	-	-	-	-	-	-	-	-	784,750	-	-	-
Gain on purchase	-	-	(1,910,598)	1,910,598	-	-	(109,605)	-	-	-	(109,605)	-
Impairment of intangible asset	-	(193,717)	-	12,172,000	-	-	4,218,826	-	-	11,978,283	4,218,826	-
Depreciation of property and equipment	22,337	20,965	22,545	24,292	21,551	21,437	22,397	22,397	86,931	90,139	87,782	200,000
Amortization	66,484	155,948	462,831	1,582,018	1,502,347	1,562,827	1,754,964	1,754,964	379,850	2,267,281	6,575,102	7,019,856
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	6,799	6,799	18,924	26,974	26,974	-
Change in FV of conting. comp payable	-	-	171,432	(3,728,006)	-	-	(1,305,068)	-	(217,325)	(3,556,574)	(1,305,068)	-
Loss (gain) on foreign exchange	(35,379)	7,526	(4,128)	(30,161)	134,424	(7,837)	(13,932)	-	201,617	(62,142)	112,655	-
Total expenses	1,980,331	2,248,418	2,191,189	57,885,263	7,372,014	8,315,596	13,187,888	10,849,941	11,751,381	64,105,201	38,031,617	51,641,056
Pretax income	(87,725)	957,877	2,383,546	(53,427,485)	(2,655,419)	(5,079,396)	(8,579,363)	(5,849,941)	(4,661,501)	(50,173,787)	(20,470,297)	(7,441,056)
Pretax Margin	-0.6%	3.1%	9.3%	-161.7%	-7.6%	-15.7%	-39.7%	-25.0%	-10.9%	-48.4%	-18.3%	-3.4%
Income taxes	301,977	661,806	857,260	(3,432,862)	704,182	1,253,276	(864,154)	1,000,000	852,010	(1,611,819)	2,093,304	1,000,000
Tax rate	-344%	69%	36%	6%	-27%	-25%	10%	-17%	-18.3%	3.2%	-10.2%	-13.4%
Net income	(389,702)	296,071	1,526,286	(49,994,623)	(3,359,601)	(6,332,672)	(7,715,209)	(6,849,941)	(5,513,511)	(48,561,968)	(22,563,601)	(8,441,056)
Non-controlling interest	375,929	315,631	169,752	333,790	22,670	136,306	77,064	77,064	1,102,910	1,195,102	313,104	1,500,000
Net income to common shareholders	(765,631)	(19,560)	1,356,534	(50,328,413)	(3,382,271)	(6,468,978)	(7,792,273)	(6,927,005)	(6,616,421)	(49,757,070)	(22,876,705)	(9,941,056)
Currency translation adjustment	546,909	(325,829)	(1,003,357)	(807,837)	760,601	(1,600,876)	(91,291)	-	(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)	(7,806,500)	(6,849,941)	(4,374,056)	(46,971,854)	(22,563,601)	(8,441,056)
Stk based compensation	344,690	396,515	815,801	832,398	541,599	570,703	559,935	559,935	542,832	2,389,404	2,232,172	2,500,000
One-time expenses	-	(193,717)	(1,739,166)	51,741,014	-	-	2,804,153	-	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)	(4,428,185)	(6,367,070)	(5,152,787)	2,440,465	(20,644,533)	(7,441,056)
EPS to common shareholder	(0.012)	(0.000)	0.017	(0.587)	(0.045)	(0.065)	(0.078)	(0.070)	(0.16)	(0.66)	(0.25)	(0.07)
Non-IFRS EPS to common shareholder	(0.007)	0.003	0.005	0.026	(0.038)	(0.060)	(0.045)	(0.064)	(0.10)	0.032	(0.22)	(0.05)
Shares												
Basic	61,683,058	64,863,245	80,351,626	85,800,000	75,700,826	98,815,782	99,310,145	99,310,145	42,670,902	75,700,826	93,284,225	150,000,000
Yr-to-yr Growth	67%	75%	85%	68%	23%	52%	24%	16%	24%	77%	119%	98%
Fully diluted	64,000,000	64,863,245	80,351,626	85,800,000	75,700,826	98,815,782	99,310,145	99,310,145	49,811,545	75,700,826	93,284,225	150,020,000
										52%	87%	98%
Adjusted EBITDA	121,737	1,043,482	1,500,555	(178,243)	(568,205)	(2,995,979)	(3,784,707)	(3,859,438)	(1,858,179)	2,487,531	(12,206,005)	2,578,800

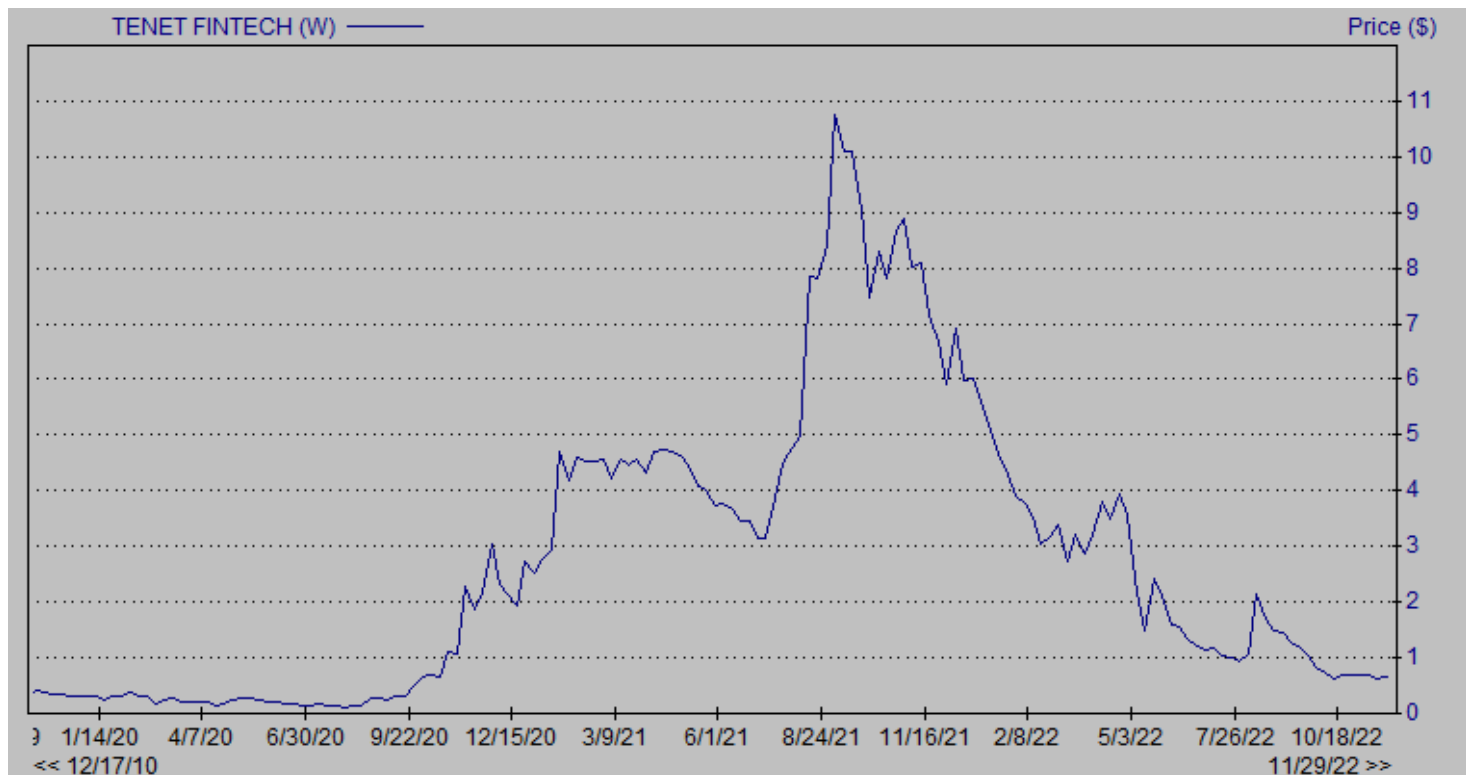
BALANCE SHEET

	Sept 30, 2022	June 30, 2022	Qtr-Qtr % Change	Sept 30, 2021	Yr-Yr % Change
Current assets					
Cash	\$8,488,247	\$15,048,547	-44%	\$36,398,828	-77%
Restricted cash	23,333	33,333	-30%	63,333	-63%
Loans receivable	15,880,636	19,022,907	-17%	16,270,100	-2%
Assets held for sale	344,908	256,201	35%	266,224	30%
Accounts receivable	8,982,413	8,099,746	11%	11,481,033	-22%
Other debtors	42,501,590	38,073,054	12%	24,386,792	74%
Deposits for investments	519,210	367,157	41%	492,500	5%
Prepaid expenses	795,396	1,243,595	-36%	458,240	74%
Total current assets	77,535,733	82,144,540	-6%	89,817,050	-14%
Loans receivable	1,256,033	1,680,727	-25%	4,019,085	-69%
Property and equipment, net	2,085,094	2,173,615	-4%	997,127	109%
Investments	1,061,496	581,048	83%	0	NA
Intangible assets	31,935,847	34,209,337	-7%	35,089,924	-9%
Goodwill	61,265,980	62,522,554	-2%	0	NA
Deferred tax assets	137,091	83,273	65%	818,978	-83%
TOTAL ASSETS	175,277,274	183,395,094	-4%	130,742,164	34%
Current liabilities					
Accounts payable and accruals	13,856,525	11,809,173	17%	14,371,288	-4%
Lease liabilities	486,037	473,118	3%	168,037	189%
Current tax liabilities	3,005,865	3,888,237	-23%	3,665,175	-18%
Bonds	357,708	342,313	4%	0	NA
Total current liabilities	17,706,135	16,512,841	7%	18,204,500	-3%
Long-term liabilities					
Bonds	0	0	0%	299,026	-100%
CEBA loan	100,000	100,000	0%	40,000	150%
Lease liabilities	1,368,132	1,481,437	-8%	582,283	135%
Foreign deferred tax liabilities	1,922,556	1,922,556	0%	0	NA
Canadian deferred tax liabilities	3,804,004	3,804,004	0%	0	NA
Contingent consideration payable	60,837	2,622,479	-98%	10,036,542	-99%
Total long-term liabilities	7,255,529	9,930,476	-27%	10,957,851	-34%
TOTAL LIABILITIES	24,961,664	26,443,317	-6%	29,162,351	-14%
Stockholder's equity					
Capital stock	211,232,131	210,838,156	0%	89,258,655	137%
Contributed surplus	22,463,031	21,993,821	2%	22,243,418	1%
Accumulated other comp income	(837,856)	(756,765)	11%	682,616	-223%
Deficit	(97,640,964)	(89,848,691)	9%	(29,669,028)	229%
Shareholder's equity to owners of parent	135,216,342	142,226,521	-5%	88,515,661	53%
Non-controlling interest	15,099,268	14,725,256	3%	13,064,153	16%
Total stockholders' equity	150,315,610	156,951,777	-4%	101,579,814	48%
Total liabilities and stockholders' equity	\$175,277,274	\$183,395,094	-4%	\$130,742,165	34%
Quick Ratio	4.4	5.0	-12%	4.9	-11%
Working Capital	59,829,598	65,631,699	-9%	71,612,550	-16%
Working capital minus bank	42,692,929	44,928,065	-5%	51,323,365	-17%
Net cash	8,488,247	15,048,547	-44%	36,398,828	-77%
Net cash as % of assets	5%	8%	-41%	28%	-83%
Debt	\$457,708	\$442,313	3%	\$339,026	35%
Debt % of assets	0%	0%	8%	0%	1%
Loan portfolio	17,136,669	20,703,634	-17%	20,289,185	-16%

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	3 Mo. Ended 9/30/22
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)	(7,715,209)
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	22,397
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	388,396
Amortization of intangibles	379,850	66,484	155,948	462,831	1,582,018	2,267,281	1,502,347	1,562,827	1,754,964
Amortization of initial cost debenture	18,924	6,651	6,725	6,799	6,799	26,974	6,551	6,825	6,799
Depreciation of right-of-use assets	406,762	69,157	44,749	105,972	66,972	286,850	109,782	142,752	182,687
Impairment charge - goodwill	-	-	-	-	41,386,422	41,386,422	-	-	-
Impairment of intangible assets	-	-	(193,717)	-	12,172,000	11,978,283	-	-	4,218,826
Share-based compensation	542,832	344,690	396,515	815,801	832,398	2,389,404	541,599	570,703	559,935
Accretion of conv. Debentures	523,850	6,924	6,630	7,047	7,409	28,010	-	-	-
Accretion of bonds	-	-	-	-	-	-	7,614	8,089	8,596
Accretion of lease interest	30,426	6,435	7,534	26,277	25,662	65,908	37,133	38,268	38,598
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	(1,305,068)
Deferred tax liability	(203,917)	-	-	-	(3,178,838)	(3,178,838)	(3,623,295)	3,730,857	(53,818)
Loss on settlement of debt	784,750	-	-	-	-	-	-	-	-
Gain on bargain purchase	-	-	-	(1,910,597)	1,910,597	-	-	-	(109,605)
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	424,693
Changes in working capital accounts									
Restricted cash	(80,091)	-	-	-	26,758	26,758	10,000	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)	(880,910)
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)	196,579
Accounts receivable	(26,126,649)	2,621,809	-	20,543,495	(5,289,938)	17,875,366	(1,330,948)	2,863,856	(201,413)
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)	2,753,875
Assets held for resale	(183,733)	-	-	-	(137,226)	(137,226)	69,687	(4,929)	(88,707)
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	480,507
Deposits made for transactions on platforms	-	-	(7,452,368)	(11,148,198)	(14,047,860)	(32,648,426)	5,154,909	2,046,240	(1,941,456)
Prepayments to third party subcontractors	-	-	-	(11,595,993)	209,682	(11,386,311)	(2,299,695)	3,177,168	(2,555,966)
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)	346,509
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	(3,458,791)
Investing activities:									
Investment in third party entity	-	-	-	-	-	-	(492,750)	(88,298)	(480,448)
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)	(3,136,950)
Property and equipment	(16,140)	4,393	(2,717)	(24,008)	(26,631)	(48,963)	(14,553)	(8,537)	(19,007)
Acquisition of subsidiaries, net of cash	-	-	-	-	(11,063,412)	(11,063,412)	-	-	93,277
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)	(3,543,128)
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)	717,351
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)	(205,441)
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	303,250
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)	815,160
Impact of foreign exchange	1,054,662	(499,771)	326,903	967,068	926,024	1,720,224	(645,104)	(1,394,264)	(373,541)
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)	(6,560,300)
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	15,048,550
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	8,488,250
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	(1,577,809)
Free cash flow	5,011,345	219,837	(288,669)	2,332,031	1,268,139	3,531,338	(3,465,167)	915,103	(1,596,816)

HISTORICAL STOCK PRICE



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