

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Lisa Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Peak Fintech Group (OTCQX: PKKFF)

Raising Estimates as Q2 Comes in Way Above Expectations and Company Turns a Profit

Compared to its peers in the fintech space who trade at an average of 14.9 times enterprise value to 2021 estimated sales, we believe Peak is worth US\$13.00 per share.

OUTLOOK

Peak Fintech Group operates a B2B lending platform for micro and small and medium size (SMBs) businesses in China. It earns a fee for matching lenders and borrowers. It grew revenues 265% in 2020 and could grow more than 184% this year. It has arrangements with cities, wholesale distributors, and eCommerce platforms to facilitate commercial loans to their constituents and customers. Peak earns a fee of between 1-4% of the value of each loan it facilitates as well as fees for other services.

Current Price (08/31/21) US\$8.76
Valuation US\$13.00

SUMMARY DATA

52-Week High US\$8.73
52-Week Low US\$0.52
One-Year Return (%) 1,256
Beta N/A
Average Daily Volume (sh) 321,188

Shares Outstanding (mil) 81.1
Market Capitalization (US\$m) 710
Short Interest Ratio (days) 0.4
Institutional Ownership (%) 0.0
Insider Ownership (%) 12.3

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 2021 Estimate N/A
P/E using 2022 Estimate 97.3

Risk Level Above Average
Type of Stock Small Growth
Industry Technology Services

ZACKS ESTIMATES

Revenue

(in millions of Canadian\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	0.9 A	1.9 A	4.5 A	4.4 A	11.7 A
2020	3.9 A	7.3 A	15.1 A	16.4 A	42.7 A
2021	14.2 A	30.6 A	35.7 E	40.7 E	121.3 E
2022					221.1 E

Earnings Per Share to Common Shareholder

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-0.02 A	-0.01 E	-0.04 R	-0.06 R	-0.08 R
2020	-0.02 A	-0.02 A	-0.03 R	-0.07 A	-0.16 A
2021	-0.01 A	-0.00 A	-0.00 E	0.00 E	-0.01 E
2022					0.09 E

Q2 2021 Earnings Results

Peak Fintech blew away our revenue estimate of \$25 million coming in with a \$30.6 million quarter, which was growth of 322% compared with last year. Taking out the bank interest generation and ASCS loan servicing fees, platform and supply chain related revenues were \$29.8 million compared to \$6.2 million a year ago, or growth of 382%. Most of the revenues in the quarter were from low margin supply chain customers but the future growth is expected to come from higher margin services that will contribute gross margins between 50-60%. This quarter \$2.0 million in revenues came from these higher margin services. The \$2.0 million is the sum of the bank (ASFC) plus ASCS plus services generated from platform customers of \$1.2 million. Although it was not evidenced this quarter, gross margin is expected to improve by the shift to using Gold River rather than outside suppliers, which could cut costs 30% for Peak. Gross margin from the platform were flat with Q1 2021 at 8.0% and down from the 10.6% in Q2 2020. Revenue from ASFC (the bank) was \$610,000 in the quarter compared to \$828,000 last year, down 26%. ASCS loan servicing fees dropped to \$199,000 from \$244,000 a year ago. These two segments are becoming tiny parts of the business and we expect the company may not break them out in the future. Total gross margin was below last year and Q1 2021. It was 10.5% this quarter versus 25.3% last year and 13.3% in Q1 2021.

Despite increasing revenues \$23 million, expenses (ex the one-time gain) only increased \$286,000 showing the huge operating leverage the company has. Spending was slightly higher than our estimates. The pretax income was \$957,877 in Q2 2021 and was a loss in Q2 2020 of \$315,140. The tax rate came in at an unusual 69.1% due to losses in countries where the company pays no income tax and profits where it does. After paying taxes and taking out minority interest, the loss to common shareholders was \$19,560 in Q2 2021 compared to a loss of \$716,886 in the Q2 2020. On a non-IFRS basis it was a profit of \$183,238 compared to a loss of \$638,596 last year.

The loss per share to common shareholders was almost breakeven compared to a loss of \$0.019 a year ago. On a non-IFRS basis taking out stock based compensation and the one-time expense we calculate non-IFRS earnings of \$0.003 per share compared to a loss of \$0.017 in Q2 2020. During that time the share count increased over 75%. Adjusted EBITDA for Q2 2021 was \$1.0 million versus \$176,113 a year ago.

We are again raising our 2021 revenues to CN\$121 million (US\$96 million) due to the strong Q2 results. The company has not yet revised its previous guidance shown below but expects to after it closes the purchase of Cubeler, which is expected by the end of September.

With CN\$24 million on cash on hand and a fully diluted share count of 111.7 million this puts its US market cap at US\$978 million and its enterprise value at US\$959 million. Using US\$96 million for 2021 estimated revenues, the stock is trading at 10.0x EV to sales versus its peers who trade at 14.9 times.

Company Guidance

	Revenue	EBITDA**	Net Income (Loss)
2020*	\$42.7M	(\$2.78M)	(\$5.5M)
2021	\$104.0M	\$12.5M	\$5.6M
2022	\$305.0M	\$59.0M	\$36.1M
2023	\$624.0M	\$155.0M	\$102.3M

Source: Peak Fintech

During the Quarter

Peak integrated its payment system into China UnionPay's network

It created the first virtual bank accounts on its Business Hub and its first fund transfer and payment processing transactions.

It participated in the "618 Shopping Festival" with JD.com retailers and suppliers, and financed 789 transactions worth approximately \$200,000,000.

Peak opened offices in Beijing and Guangzhou.

The Zhejiang Xinjiupin Clean Tech – Oil & Gas Management Ltd. subsidiary was created to provide services related to the selling and distribution of oil and gas products as well as clean technology products.

The Xinxiang (insurance services) Technologies Ltd. subsidiary was created to provide services related to the selling and distribution of property and liability insurance products.

On April 8, 2021 it issued 1,022,337 shares to finalize the acquisition of Wenyi for \$403,610.

Balance Sheet

Peak ended the June quarter with \$2.1 million in cash. Working capital was \$29.9 million with the bank portfolio and \$8.9 million without. Debt was \$325,000. Its loan portfolio was valued at \$21.0 million.

On July 7, 2021, Peak completed an offering of 26.3 million units at \$2.00 for gross proceeds of CAD\$52.6 million (net proceeds of \$48,918,000). Each unit is comprised of one common share and one half of one common share exercisable at \$3.50 for a period of twenty-four months. The company paid a commission of \$3,682,000 in cash and issued 1,841,000 agent's warrants at a price of \$3.50 for a period of twenty-four months from the date of issuance thereof to acquire one common share. The net proceeds will be used to help expand its services in China related to some recently announced partnerships, to expand its services to markets outside of China, as well as for working capital and general corporate purposes.

As of August 26, 2021 the cash available to operate the company, including cash at ASFC (the bank) for loan purposes, amounted to approximately \$24,970,000.

The company is working with Benchmark and others in regards to further capital raises. Its current thinking is to go with a shelf offering with an unknown amount ultimately to be raised. Peak promised to make sure all funds raised would be used for accretive purposes. The company also expects to make an announcement on its NASDAQ listing this week and has only been delayed due to the need to incorporate its recent earnings information into the paperwork.

Legacy Loan Portfolio

Since the launch of its platform, Peak 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 Peak and it consists of loans made to small and micro businesses and was, for the most part, collateralized by vehicles. The bank recently shifted its business to focus on less risky fully secured loans and to real estate. As a result the company expects it will generate less loan interest but at a lower risk profile allowing it to reverse some credit reserves. The percent of non-current loans continued to go down in Q2 due to this strategy.

Gross Loans Receivable

	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21
Current	21,574,191	20,497,483	19,213,416	17,509,277	13,025,226	13,101,465	12,615,806	15,652,125	16,374,526	18,430,566
30-90 days	80,653	717,228	992,810	1,266,596	2,781,282	2,126,862	2,010,182	1,110,537	35,010	35,010
Over 90 days	235,670	404,952	646,037	1,013,710	2,185,414	3,439,835	3,900,619	3,246,443	3,705,805	3,124,592
% over 90 days	1.1%	1.9%	3.1%	5.1%	12.1%	18.4%	21.1%	16.2%	18.4%	14.5%
Total over 30 days	316,323	1,122,179	1,638,847	2,280,306	4,966,696	5,566,697	5,910,801	4,356,980	3,740,815	3,159,602
% Non-current	1.4%	5.2%	7.9%	11.5%	27.6%	29.8%	31.9%	21.8%	18.6%	14.6%
Total	21,890,514	21,619,662	20,852,263	19,789,583	17,991,922	18,668,162	18,526,607	20,009,105	20,115,341	21,590,169

Subsequent Events

On July 7, 2021, the Peak granted incentive options to acquire 1,650,000 common shares to certain directors, officers, and key employees. The stock options expire in July 2026, vest over two years and have an exercise price of \$2.05.

On July 27, 2021, Peak did a 2:1 reverse split in advance of its NASDAQ listing.

On August 16, 2021, Peak announced it would buy Cubeler Inc. and is expected to close on or prior to September 30, 2021. The purchase price is \$1,000,000 in cash and 11,133,326 common shares of Peak, which will represent approximately 10% of Peak's issued and outstanding common shares on a fully diluted basis post transaction. The shares will have a four-month lock up, following which 50% of the shares will be free-trading and the remaining 50% will be released on the two-year anniversary. The deal is expected to close on or prior to September 30, 2021, pending a fairness opinion. The Acquisition is a "related party transaction as Johnson Joseph, CEO and director of Peak; Jean Landreville, CFO of Peak, and directors Charles-André Tessier, Mark Dumas, and Liang Qiu are all shareholders of Cubeler.

KEY POINTS

- Peak 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 \$76 million in revenues in its trailing twelve months and we expect it could reach \$121 million in annual revenues this calendar year versus \$43 million in 2020. It is EBITDA positive and expects to continue to be profitable going forward.
- The company has approximately CN\$24 million in cash due to a recent capital raise and only CN\$325,000 in debt and is adjusted EBITDA positive.
- In February it filed to list on NASDAQ and shareholders authorized a reverse split of between 2:1 and 5:1 at the discretion of the board. We expect a NASDAQ listing announced any day now.
- Peak plans buy Cubeler, the company from which it licenses its lending platform with stock under terms not yet decided. We expect that to happen by the end of September. After that, it plans to launch its lending platform in Canada followed by the US, UK, France and Brazil.
- Compared to its fintech peers who trade at an average of 14.9 times enterprise value to 2021 estimated revenues, Peak is currently trading at a fully diluted enterprise value US\$978 million or only 10.1 times EV/sales using a 2021 revenue estimate of US\$96 million. With a longer track record, consistent profits, and an uplisting, we believe Peak will be able to trade closer to its peers and given its growth should be a much more valuable company next year.

OVERVIEW

Peak Fintech Group is a company headquartered in Montreal, but operating in the People's Republic of China. It was founded in 2011, pivoted to its current business in 2017, and launched its platform solution in 2018. It is a fintech business that matches micro, small, and medium businesses with lending institutions and collects a fee for completed transactions. It also has an \$21 million loan portfolio, secured primarily by borrowers' vehicles and real estate, that was funded just for proof of concept in order to jumpstart its operations. It owns 51% of that loan business which is consolidated on its financial statements.

Peak's platform has lending products from more than 54 different banks and lending institutions and operates in seven cities: Wuxi, Jiangyin, Xi'an, Changzhou, Suzhou, Nanjing, and Shanghai. Peak plans to expand into further cities. The platform matches the compatible lenders and borrowers based on the business data and lending criteria resulting in loan transactions for which Peak charges a fee. The business is B2B. Consumers cannot provide funds on the platform as with Lending Club or Prosper; all the lenders are banks or financial institutions. Peak charges a fee per loan that is 1-4% of the loan amount depending on size and type of loan. Borrowers access Peak's systems and enter their information and give Peak permission to access other types of data such as bank records. Peak then collects the permitted private data along with other public and private sources and matches the borrower with lenders that would make the loan based on the information gleaned. Using Peak's prescreened information a lender can evaluate loans in minutes, reduces the lenders efforts in analysis as well as in sales and marketing to find the borrower. It also can process payments and pay the loan broker his commission.

VALUATION

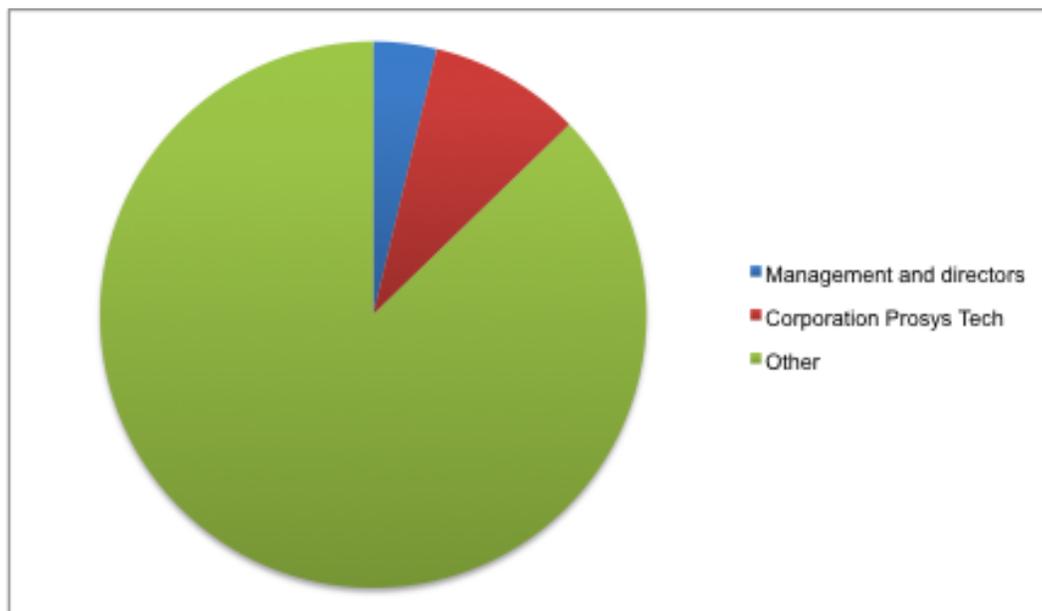
Given the lack of China-based fintech platforms, we are using the US and Canadian names we think are as comparable. While the range is great based on margins and growth, we calculate an average of 14.9 times 2021 calendar estimates and taking out the low, Green Dot, and the high, Shopify. Based on this multiple and our estimate for Peak's 2021 sales of CN\$121 million or US\$96 million, and using fully diluted shares of 111.7 million, the enterprise value would be US\$1.43 billion and the market value US\$1.45 billion. The stock price would be approximately US\$13.00. If the company's CN\$300 million (US\$238 million) 2022 estimate is achieved or even low, that stock price could move to \$32.00 per share next year.

Company	Ticker	Revenue		LTM	TTM EBITDA	Enterprise Value / Sales			EV/ EBITDA	Enterprise Value
		2022E	2021E			2022E	2021E	LTM		
Fintech Platforms										
Green Dot	GDOT	\$1,410	\$1,350	\$1,340	\$186	0.6x	0.7x	0.7x	4.8x	898
Intuit	INTU	NA	\$10,900	\$9,630	\$2,810	NA	14.1x	15.9x	54.5x	153,190
LendingTree	TREE	\$1,190	\$1,090	\$985	\$38	2.3x	2.5x	2.8x	72.9x	2,775
Lightspeed POS	LSPD	\$619	\$463	\$301	-\$95	23.4x	31.3x	48.1x	-151.9x	14,487
PayPal	PYPL	\$31,630	\$25,770	\$23,850	\$5,120	10.2x	12.5x	13.5x	62.9x	322,100
Shopify	SHOP	\$6,210	\$4,630	\$3,850	\$532	29.9x	40.1x	48.2x	349.1x	185,600
Upstart	UPST	\$1,040	\$747	\$472	\$85	16.4x	22.8x	36.1x	201.1x	17,045
Square	SQ	\$21,460	\$19,080	\$15,930	\$433	5.6x	6.3x	7.6x	279.1x	120,890
Average					1,398	11.6	14.9	20.9		105,081

RISKS

- While Peak has been successful to date facilitating loans and servicing them through its platform, the end results due to COVID on loan defaults on its own loan portfolio has not yet completely played out. Peak 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.
- Peak 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 Peak 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 Peak's lending partners as well as its majority-owned lender. When any rule changes are made, lenders will have twelve months to comply.
- Peak is a newcomer to the industry and is currently barely profitable. There is no assurance its business model will ultimately result in sustainable, profitable results.
- Peak 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.

OWNERSHIP



INCOME STATEMENT

Canadian Dollars	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021E	Q4 2021E				
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	2019	2020	2021E	2022E
ASSC & ASST/Gold River & ASDS	2,755,310	6,191,733	14,212,521	16,154,066	13,415,894	29,840,520	35,000,000	40,000,000	7,195,527	39,313,630	118,256,414	218,256,414
Yr-to-yr Growth	NA	952%	336%	382%	387%	382%	291%	181%	NA	446%	201%	85%
Outsourcing services	2,104,150	5,422,993	13,385,347	14,695,677	12,347,170	27,442,884	31,675,000	35,600,000	5,319,307	35,608,167	107,065,054	191,729,644
Platform gross margin	651,160	768,740	827,174	1,458,389	1,068,724	2,397,636	3,325,000	4,400,000	1,876,220	3,705,463	11,191,360	26,526,770
Gross Margin %	16.5%	10.6%	6.2%	9.9%	8.0%	8.0%	9.5%	11.0%	26%	9%	9%	12%
ASFC Loan interest (51% owner)	960,372	828,042	664,178	(6,534)	592,815	609,586	500,000	500,000	3,443,625	2,446,058	2,202,401	2,000,000
Yr-to-yr Growth	33%	-5%	-30%	-101%	-38%	-26%	-25%	-7752%	105%	-29%	-10%	-9%
ASCS Loan Servicing Fees	233,713	243,729	239,640	221,277	231,067	199,073	200,000	200,000	1,104,875	938,359	830,140	800,000
Yr-to-yr Growth	2%	-45%	-17%	53%	-1%	-18%	-17%	-10%	NA	-15%	-12%	-4%
Sales	\$3,949,395	\$7,263,504	\$15,116,369	\$16,368,779	\$14,239,776	\$30,649,179	\$35,700,000	\$40,700,000	\$11,708,653	\$42,698,047	121,288,955	221,056,414
Total gross margin	46.7%	25.3%	11.5%	10.2%	13.3%	10.5%	11.3%	12.5%	54.6%	16.6%	11.7%	13.3%
Yr-to-yr Growth	316%	282%	236%	276%	261%	322%	136%	149%	596%	265%	184%	82%
Operating expenses:												
Salaries and fringe benefits	323,809	389,120	386,676	759,604	723,860	692,610	750,000	800,000	1,665,434	1,859,209	2,966,470	3,263,117
Service fees	131,632	138,831	208,741	57,274	157,651	148,987	392,700	447,700	810,056	536,478	1,147,038	1,376,446
Royalty on software	30,873	26,028	47,469	35,854	30,776	43,902	43,902	43,902	84,762	140,224	118,580	-
Board remuneration	9,569	12,774	29,062	82,918	124,527	146,302	140,000	135,000	71,992	134,323	545,829	545,829
Consulting fees	325,716	527,285	1,181,765	1,823,743	62,869	118,873	150,000	400,000	310,076	3,858,509	731,742	2,500,000
Management fees	21,545	17,987	15,729	22,364	12,818	14,356	14,356	14,356	138,585	77,625	55,886	67,063
Professional fees	56,402	130,133	154,345	226,636	331,655	581,227	400,000	400,000	349,260	567,516	1,712,882	2,055,458
Administrative and indirect costs	236,111	1,717	(16,246)	390	-	-	55,000	55,000	110,161	221,972	110,000	132,000
PR and press releases	24,104	27,800	88,207	256,742	121,493	134,987	150,000	160,000	148,444	396,853	566,480	800,000
Office supplies, software and utilities	52,793	49,517	26,777	37,923	30,214	58,272	58,272	58,272	189,495	167,010	205,030	246,036
Lease expenses	11,533	11,571	11,570	11,409	11,570	11,247	11,247	11,247	42,056	46,083	45,311	54,373
Depreciation of right-of-use assets	106,753	126,245	137,209	36,555	69,157	44,749	40,000	40,000	407,611	406,762	193,906	120,000
Insurance	11,289	10,489	10,112	17,257	14,896	27,277	30,000	30,000	32,169	49,147	102,173	122,608
Finance costs	259,950	260,401	280,584	189,118	44,833	50,935	-	-	1,042,707	990,053	95,768	1,000,000
Expected credit loss	361,525	254,080	451	(373,463)	19,893	(10,647)	-	-	264,378	242,593	9,246	300,000
Travel and entertainment	46,832	35,424	55,943	66,880	34,002	43,863	75,000	200,000	393,715	205,059	352,665	423,198
Stock exchange and transfer agent costs	10,778	25,338	65,857	20,744	90,714	62,655	100,000	120,000	45,787	122,717	373,369	373,369
Translation costs and others	8,353	5,587	6,676	3,358	39,310	81,576	81,576	81,576	38,133	23,974	284,038	23,974
Loss on deposit of sub receiveable	-	-	-	97,150	-	-	-	-	86,400	97,150	-	-
Loss on extinction of debt	-	-	-	784,750	-	-	-	-	816,793	784,750	-	-
Gain on purchase	-	-	-	-	-	-	-	-	(941,000)	-	-	-
Impairment of intangible asset	-	-	-	-	-	(193,717)	-	-	584,189	-	(193,717)	(251,832)
Depreciation of property and equipment	21,370	21,785	21,495	22,281	22,337	20,965	20,965	20,965	47,548	86,931	85,232	80,000
Amortization	81,805	82,475	67,616	147,954	66,484	155,948	155,948	200,000	595,079	379,850	578,380	578,380
Expiration of deferred finance costs	353,377	-	-	-	-	-	-	-	-	353,377	-	-
Amortization of financing initial costs	348	348	10,441	7,787	6,651	6,725	6,725	6,725	30,217	18,924	26,826	26,826
Change in FV of conting. comp payable	-	-	(217,325)	-	-	-	-	-	259,000	(217,325)	-	-
Loss (gain) on foreign exchange	10,336	716	2,776	187,789	(35,379)	7,526	-	-	72,824	201,617	(27,853)	(36,209)
Total expenses	2,496,803	2,155,651	2,575,930	4,522,997	1,980,331	2,248,418	2,675,691	3,180,841	7,695,871	11,751,381	10,085,281	13,800,636
Pretax income	(651,558)	(315,140)	(844,908)	(2,849,895)	(87,725)	957,877	1,349,309	1,919,159	(1,306,525)	(4,661,501)	4,138,620	15,526,134
Pretax Margin	-16.5%	-4.3%	-5.6%	-17.4%	-0.6%	3.1%	3.8%	4.7%	-11.2%	-10.9%	3.4%	7.0%
Income taxes	154,137	223,763	123,504	350,606	301,977	661,806	1,323,612	1,500,000	523,837	852,010	3,787,395	3,881,533
Tax rate	-24%	-71%	-15%	-12%	-344%	69%	98%	78%	-40.1%	-18.3%	91.5%	25.0%
Net income	(805,695)	(538,903)	(968,412)	(3,200,501)	(389,702)	296,071	25,697	419,159	(1,830,362)	(5,513,511)	351,225	11,644,600
Non-controlling interest	87,081	177,983	350,015	487,831	375,929	315,631	300,000	300,000	878,811	1,102,910	1,291,560	1,291,560
Net income to common shareholders	(892,776)	(716,886)	(1,318,427)	(3,688,332)	(765,631)	(19,560)	(274,303)	119,159	(2,709,173)	(6,616,421)	(940,335)	10,353,040
Currency translation adjustment	(1,264,221)	809,770	(472,282)	(212,722)	546,909	(325,829)	-	-	1,291,764	(1,139,455)	221,080	-
Total comprehensive income	458,526	(1,348,673)	(496,130)	(2,987,779)	(936,611)	621,900	25,697	419,159	(3,122,126)	(4,374,056)	130,145	11,644,600
Stk based compensation	69,202	78,290	112,920	282,420	344,690	396,515	400,000	400,000	378,091	542,832	1,541,205	1,541,205
One-time expenses	353,377	-	881,900	-	-	(193,717)	-	-	459,982	920,802	(193,717)	-
Non-IFRS Inc to common shareholders	(470,197)	(638,596)	(1,205,507)	(2,524,012)	(420,941)	183,238	125,697	519,159	(1,871,100)	(5,152,787)	407,153	11,894,245
EPS to common shareholder	(0.024)	(0.019)	(0.030)	(0.072)	(0.012)	(0.000)	(0.000)	0.001	(0.08)	(0.16)	(0.01)	0.09
Non-GAAP EPS to common shareholder	(0.013)	(0.017)	(0.019)	(0.049)	(0.007)	0.003	0.001	0.005	(0.05)	(0.11)	0.00	0.11
									29%	101%	-104%	2264%
Shares												
Basic	36,891,530	37,145,651	43,324,341	51,150,000	61,683,058	64,863,245	81,066,314	82,000,000	34,497,990	42,670,902	72,403,154	82,000,000
Yr-to-yr Growth	9%	10%	88%	122%	67%	75%	87%	60%	-48%	24%	70%	13%
Fully diluted	36,891,530	37,145,651	62,209,000	62,805,210	73,338,268	64,863,245	111,700,000	111,700,000	34,497,990	47,213,996	90,400,378	111,700,000
											91%	24%
Adjusted EBITDA	\$172,045	\$176,113	(327,563)	(2,446,200)	86,358	1,043,482	1,572,947	2,186,849	\$1,535,617	(1,858,179)	4,889,636	17,295,131

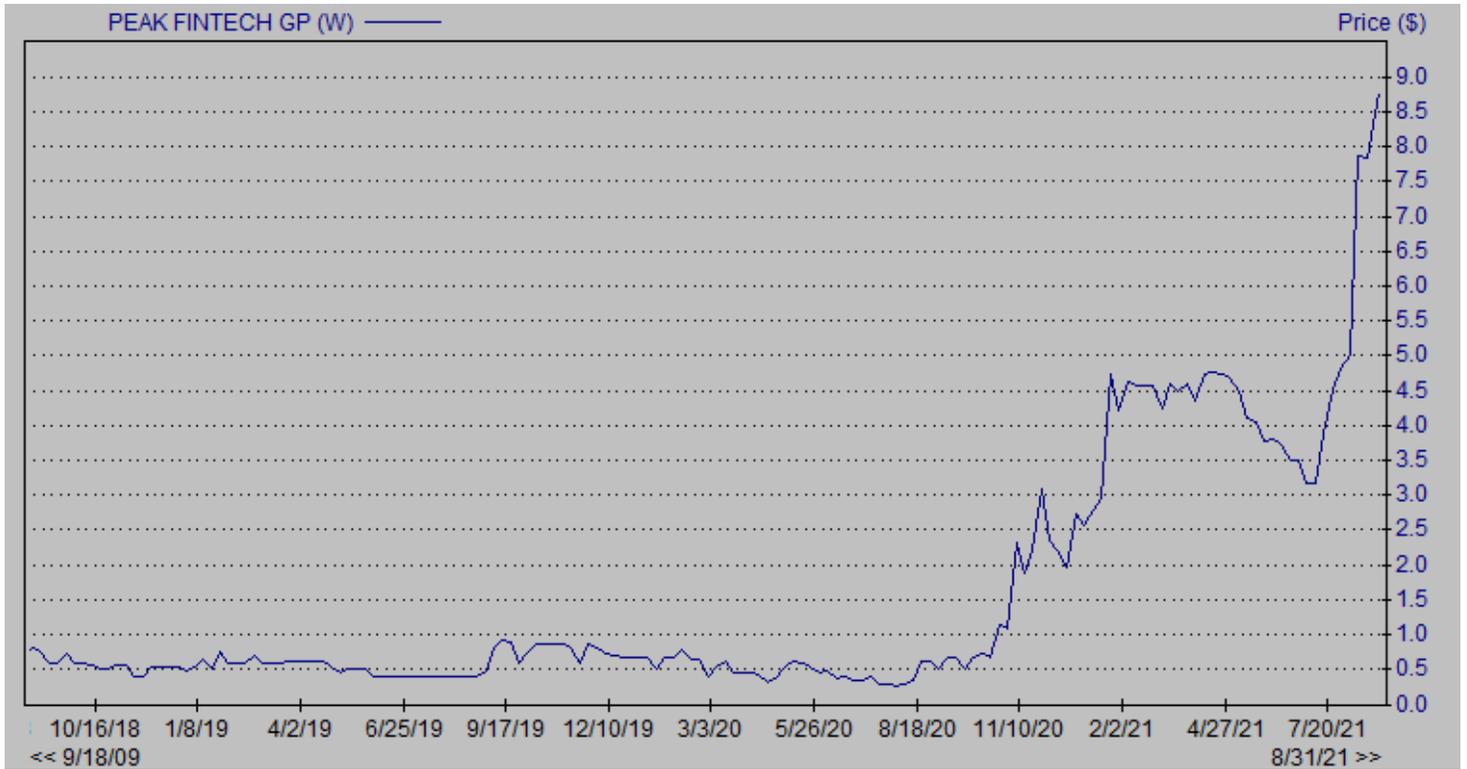
BALANCE SHEET

	June 30, 2021	Mar 31, 2021	Qtr-Qtr % Change	June 30, 2020	Yr-Yr % Change
Current assets					
Cash	\$2,091,004	\$4,122,403	-49%	\$4,798,040	-19%
Restricted cash	\$80,171	\$80,131	0%	\$0	NA
Loans receivable	16,047,905	15,581,704	3%	0	42%
Assets held for sale	285,137	300,134	-5%	0	NA
Accounts receivable	32,004,483	26,213,087	22%	6,333,364	602%
Other debtors	9,208,763	6,061,191	52%	893,725	476%
Deposits for investments	882,740	194,900	353%	0	NA
Prepaid expenses	308,464	1,406,224	-78%	595,556	-41%
Total current assets	60,908,667	53,959,774	13%	12,620,685	132%
Loans receivable	4,968,596	3,951,871	26%	3,644,284	-37%
Property and equipment, net	482,618	547,379	-12%	546,227	-23%
Intangible assets	3,897,618	3,396,331	15%	2,752,319	29%
Deferred tax assets	291,931	291,931	0%	0	NA
TOTAL ASSETS	70,549,430	62,147,286	14%	19,563,515	89%
Current liabilities					
Accounts payable and accruals	29,646,017	23,975,754	24%	7,308,887	294%
Lease liabilities	169,985	177,415	-4%	225,560	-48%
Current tax liabilities	1,179,449	1,700,296	-31%	773,918	186%
Debentures	0	0	0%	3,341,211	-100%
Conversion option	0	0	0%	24,423	-100%
Contingent compensation payable	0	0	0%	254,586	-100%
Total current liabilities	30,995,451	25,853,465	20%	11,928,585	147%
Long-term liabilities					
Bonds	285,180	271,825	5%	223,262	NA
CEBA loan	40,000	40,000	0%	40,000	NA
Lease liabilities	140,909	190,123	-26%	55,437	686%
Total long-term liabilities	466,089	501,948	-7%	318,699	200%
TOTAL LIABILITIES	31,461,540	26,355,413	19%	12,247,284	148%
Stockholder's equity					
Capital stock	47,904,690	44,425,733	8%	25,635,525	73%
Shares to be issued	0	511,221	-100%	758,414	4%
Contributed surplus	10,108,546	10,402,164	-3%	9,870,672	7%
Equity component of converts	0	0	0%	57,299	-100%
Accumulated other comp income	(284,900)	(568,734)	-50%	(599,760)	-371%
Deficit	(31,025,562)	(31,006,003)	0%	(25,233,611)	26%
Shareholder's equity to owners of parent	26,702,774	23,764,381	12%	10,488,539	110%
Non-controlling interest	12,385,116	12,027,492	3%	10,875,734	10%
Total stockholders' equity	39,087,890	35,791,873	9%	21,364,273	61%
Total liabilities and stockholders' equity	\$70,549,430	\$62,147,286	14%	\$33,611,557	89%
Quick Ratio	2.0	2.1	-6%	1.1	-6%
Working Capital	29,913,216	28,106,309	6%	692,100	120%
Working capital minus bank	8,896,715	8,572,734	4%	(2,952,184)	-199%
Net cash	2,091,004	4,122,403	-49%	4,798,040	-19%
Net cash as % of assets	3%	7%	-55%	25%	-57%
Debt	\$325,180	\$311,825	4%	\$3,604,473	-91%
Debt % of assets	0%	1%	-8%	18%	-95%
Loan portfolio	21,016,501	19,533,575	8%	3,644,284	13%

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
Operating activities:								
Net loss	(1,830,362)	(805,695)	(538,903)	(512,874)	(3,656,039)	(5,513,511)	(389,702)	296,071
Non-cash items								
Loss on deposit & subscription receivable	86,400	-	-	-	97,150	97,150	-	-
Depreciation of property and equipment	47,548	21,370	21,785	21,495	22,281	86,931	22,337	20,965
Issuance of shares for settlement of debt	243,000	291,878	121,301	702,798	(1,115,977)	-	15,000	-
Expected credit loss	264,378	361,525	254,080	451	(373,463)	242,593	19,893	(10,647)
Amortization of intangibles	595,079	81,806	82,475	67,616	147,953	379,850	66,484	155,948
Amortization of initial cost debenture	30,217	348	348	10,441	7,787	18,924	6,651	6,725
Depreciation of right-of-use assets	407,611	106,753	126,245	137,209	36,555	406,762	69,157	44,749
Impairment of intangible assets	584,189	-	-	-	-	-	-	(193,717)
Share-based compensation	378,091	69,202	78,290	112,920	282,420	542,832	344,690	396,515
Accretion of conv. Debentures	553,842	139,229	139,449	147,475	97,697	523,850	6,924	6,630
Accretion of lease interest	44,868	-	-	-	30,426	30,426	6,435	7,534
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	259,000	-	-	-	(217,325)	(217,325)	-	-
Loss on settlement of debt	816,793	-	-	-	784,750	784,750	-	-
Gain on bargain purchase	(941,000)	-	-	-	-	-	-	-
Expiration of deferred financing costs	-	353,377	-	-	-	353,377	-	-
Loans receivable 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)
Interest charges	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-
Changes in working capital accounts								
Income taxes payable	494,631	93,183	161,534	135,870	572,269	962,856	131,670	(520,847)
Deferred income tax expense	(88,014)	-	-	-	(203,917)	(203,917)	-	-
Debtors	43,221	-	-	-	6,651	6,651	(48,295)	1,613,096
Accounts receivable	(2,657,029)	(1,081,329)	(2,600,892)	(11,830,148)	(10,614,280)	(26,126,649)	2,621,809	(440,558)
Loans receivable maturing in less than 12 mo.	(1,839,755)	(178,859)	(3,291,700)	(771,742)	(416,180)	(4,658,481)	(292,755)	(440,558)
Lease receivables	-	-	-	-	-	-	-	-
Prepaid expenses	(447,027)	(1,080,436)	1,768,492	95,999	(943,111)	(159,056)	(416,506)	1,097,761
Deposits made for transactions on platforms	-	-	-	-	-	-	-	(7,452,368)
Accounts payable and other liabilities	1,160,824	(297,201)	1,218,369	10,732,424	9,389,253	21,042,845	(2,316,749)	1,787,031
Deposits received for transactions on platforms	-	-	-	-	-	-	-	4,349,056
Net cash used by operating activities	(227,972)	29,911	138,378	(24,362)	(4,048,276)	(3,904,349)	(105,382)	147,219
Investing activities:								
Investment in intangible assets	(697,070)	(346,503)	(207,713)	(345,740)	(158,329)	(1,058,285)	(325,783)	(463,425)
Property and equipment	(192,738)	(26,993)	9,070	(3,630)	5,413	(16,140)	4,393	(2,717)
Right of use asset	-	-	-	-	-	-	-	-
Debtors	(790,139)	210,830	177,726	(342,862)	(631,222)	(585,528)	(4,297,435)	(3,797,536)
Deposit for investments	-	-	-	-	(194,900)	(194,900)	-	-
Net cash used in investing activities	(1,679,947)	(162,666)	(20,917)	(692,232)	(979,038)	(1,854,853)	(4,618,825)	(4,263,678)
Financing activities:								
Shares to issue	-	-	265,000	-	(265,000)	-	-	-
Debenture to be issued	110,000	(110,000)	-	-	110,000	-	-	-
Issuance of debentures	280,000	160,000	288,159	-	(398,159)	50,000	-	-
Payment of debenture	(40,000)	-	-	-	-	-	-	-
Proceeds from issuance of bonds & warrants	-	-	-	-	292,464	292,464	-	-
Subscription receivable	250,000	-	-	-	-	-	-	-
Advance from third parties	1,800,281	1,889,054	-	-	(420,494)	1,468,560	(89,675)	(326,230)
Advance from a director	298,400	21,920	-	-	(21,920)	-	-	-
Repayment of advances from director	-	-	-	-	-	-	(261,316)	(9,595)
Proceeds from adv. made from affiliates	-	-	-	-	40,134	40,134	102,966	(113,050)
Repayment of demand loans	-	-	-	-	(27,489)	(27,489)	-	-
CEBA loan	-	-	40,000	-	-	40,000	-	-
Repayment of lease liabilities	(460,361)	(172,473)	(74,423)	(101,198)	(169,076)	(517,170)	(12,592)	(63,580)
Non-controlling interest	-	-	(18,799)	446,671	(427,872)	-	-	-
Issuance of shares	640,000	545,000	73,000	2,843,384	981,116	4,442,500	-	-
Proceeds from exercise of warrants	-	-	-	-	2,890,750	2,890,750	3,708,161	2,178,153
Proceeds from exercise of options	-	-	-	-	261,250	261,250	25,000	92,500
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
Impact of foreign exchange	(1,269,302)	1,177,140	(987,752)	122,267	743,007	1,054,662	(499,771)	326,903
Net change - cash	(298,901)	3,377,886	(297,354)	2,594,530	(1,438,603)	4,236,459	(1,751,434)	(2,031,358)
Cash, beginning	2,016,410	1,717,509	5,095,394	4,798,040	7,392,570	1,717,509	5,953,968	4,202,534
Cash, end of period	1,717,509	5,095,395	4,798,040	7,392,570	5,953,967	5,953,968	4,202,534	2,171,176
Cash flow - ex changes in working capital	3,105,177	2,574,553	2,882,575	1,613,235	(1,838,961)	5,231,402	215,444	(285,952)
Free cash flow	2,215,369	2,201,057	2,683,932	1,263,865	(1,991,877)	4,156,977	(105,946)	(752,094)

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research (Zacks SCR), a division of Zacks Investment Research (ZIR), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

Zacks SCR Analysts hereby certify that the view expressed in this research report or blog article accurately reflect the personal views of the analyst about the subject securities and issuers. Zacks SCR also certifies that no part of any analysts' compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report or blog article. Zacks SCR believes the information used for the creation of this report or blog article has been obtained from sources considered reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice. The Zacks SCR Twitter is covered herein by this disclosure.

INVESTMENT BANKING AND FEES FOR SERVICE

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer.

The non-investment banking services provided to the issuer include the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR.

Each issuer has entered into an agreement with Zacks to provide continuous independent research for a period of no less than one year in consideration of quarterly payments totaling a maximum fee of \$40,000 annually.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the Valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or Tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.