

Zacks Small-Cap Research

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Net Element Inc.

(NETE-NASDAQ)

NETE: Lower Revenues and Lower Losses in Q1 as Margins Improve

OUTLOOK

Using an industry average of EV/trailing GM of 11.6X the stock could be worth \$29 per share if NETE could reach profitability.

Net Element is a growing software and services company for global online and mobile payments. It operates a merchant processor in the US with an attractive merchant offering with its Aptito front-end solution and its Netevia payments platform, and an international payment processor, operating primarily in Russia. NETE has shown growth in the US and continues progress toward cash flow break-even and profitability.

Current Price (05/15/19) \$5.28
Valuation \$29.00

SUMMARY DATA

52-Week High \$9.05
52-Week Low \$3.77
One-Year Return (%) -31.3
Beta 0.9
Average Daily Volume (sh) 36,221

Shares Outstanding (mil) 4.0
Market Capitalization (\$mil) \$20
Short Interest Ratio (days) 3.1
Institutional Ownership (%) 9
Insider Ownership (%) 19

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) 33.0
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/M
P/E using 2018 Estimate N/M
P/E using 2019 Estimate N/M

Risk Level

Type of Stock
Industry

Average
Small Blend
Internet Commerce

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2017	13.6 A	16.1 A	14.9 A	15.5 A	60.1 A
2018	16.0 A	16.5 A	17.2 A	16.1 A	65.8 A
2019	15.0 A	15.8 E	17.6 E	18.1 E	66.5 E
2020					72.3 E

Earnings Per Share

(Non-GAAP EPS before non-recurring items)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2017	-\$1.15 A	-\$0.85 A	-\$0.84 A	-\$1.00 A	-\$3.54 A
2018	-\$0.40 A	-\$0.23 A	-\$0.23 A	-\$0.22 A	-\$1.07 A
2019	-\$0.28 A	-\$0.27 E	-\$0.19 E	-\$0.17 E	-\$0.91 E
2020					-\$0.70 E

Zacks Projected EPS Growth Rate - Next 5 Years % **8.0**

WHAT'S NEW

Q1 2019 Results: Revenues Declined But So Did Losses

In the first quarter of 2019, Net Element improved its margins significantly despite reporting down revenues for the very first time in its history. As a sign of improving profitability, EBITDA was a negative \$38,500, a huge improvement over past quarters. Revenues declined 5.9% but gross margin was still up on a dollar and percentage basis. On a non-GAAP basis, the net loss was \$1.1 million in Q1 2019 compared to a loss of \$1.5 million in 2018. Each year the losses have been declining and we expect, with a return to revenue growth, economies of scale, and the company's efforts in improving margins, 2019 operations will again cut those losses.

We expect Net Element should be able to achieve its plan to fund the company with current credit facilities (currently \$11.1 million) through the next twelve months. If Net Element does reach cash flow breakeven and starts to pay down debt, we imagine the stock price will also appreciate. The company is currently at a \$250,000 per month cash burn rate.

Total revenues for Q1 decreased 5.9% year over year to \$15.0 million from \$16.0 million. North America grew 2.8% to \$14.4 million from \$14.0 million a year ago. The international segment declined 66.1% in the quarter from a year ago to \$684,000, and was down \$251,000 sequentially from Q4 2018. The decline in international revenues was due to the decision to exist the mobile payment market in Russia and the loss of legacy clients, some of which went out of business. The company has re-boarded new business and expects international revenues to begin to grow sequentially although they have not replaced lost revenues as soon as expected. New revenues in international are now primarily from companies headquartered outside of Russia doing cross border transactions. Net Element provides them with multi-currency payments and fully integrated solutions to their websites, and in some cases omni-channel or multi-channel processing as well.

Total gross margin in the quarter again improved year over year and sequentially to 18.5% from 14.8% a year ago. Margins for North America increased significantly to 18.1% from 13.6% last year and benefited from the purchase of cash flow assets of Argus Merchant Services and Treasury Payments in December, the processing of transactions utilizing the company's own self-designated BIN, and further acceptance of value-added services by its merchant customers. International margins increased to 28.1% versus 22.9% from cost savings from the consolidation of Russian operations.

Operating expenses were \$3.6 million versus \$3.4 million last year. This resulted in the operating loss declining to \$0.8 million versus \$1.0 a year ago.

Total other expense was \$331,000 versus \$594,000 last year.

The net loss declined to \$1.1 million compared to a loss of \$1.6 million a year ago.

This quarter there were again 3.9 million average primary shares outstanding, flat with last year. Management had been able to keep the primary share count flat since the beginning of 2018. On May 14, 2019, that number was 4.1 million shares.

The adjusted non-GAAP net loss, taking out stock-based compensation and one-time charges, was \$1.1 million versus \$1.5 million last year. The adjusted non-GAAP loss per share, declined **to a loss of \$0.28 per share versus a loss of \$0.40 per share** a year ago.

During the first quarter EBITDA almost reached breakeven and was a slightly negative \$38,500, a decrease of 94% compared to a negative \$636,500 during the first quarter of 2018. In Q2 however there will be \$1.5 million in stock based compensation recorded, which will affect EBITDA negatively.

Net Element now has \$476,989 in cash, negative working capital of \$2.7 million and \$6.6 million in debt. In its 10K filing, the company indicated it needs \$3.3 million in cash to fund the next twelve months, which it plans to do with the debt facilities it already has in place.

International Update

In October 2nd, Net Element announced a memo of understanding with Sputnik Bank of Russia to launch a new business offering third party processing to other banks in Russia, however Sputnik did not get regulatory approval as it fell below capital requirements. Thereafter, PayOnline entered into an agreement with MOBI.Money CJSC, and VTB Bank as sponsoring and transaction clearing banks, which did get regulatory approval. This new financial services agreement for transaction clearing services will allow for greater scalability and sponsorship of PayOnline to card brands. Following the successful registration with card brands, PayOnline plans direct integrations with international payment networks (“IPNs”). PayOnline has identified several investors for financing a proposed venture and working to select the most capable financial partner for this venture.

INVESTMENT THESIS

- Net Element is a growth company in the payments industry that should benefit from the adoption of mobile and online payments in the US, Russia, and Eastern Europe.
- Its award-winning Aptito and Netevia products provide differentiation and value-added services to its generic card processing business. This business should increase margins as well as aid sales efforts by improving price/performance and customer stickiness.
- The company believes its intrinsic value is its payment-processing portfolio and its objective is to grow that portfolio internally and through acquisition.
- The company’s goal in 2019 is to reach cash flow breakeven and thereafter profitability. It was able to grow without addition equity dilution throughout 2018.
- We believe the company could grow revenues to \$66.5 million in 2019 while decreasing losses. It is trading at an enterprise value of \$28 million or 0.4Xs enterprise value to forecasted 2019 sales.
- If NETE achieves our forecasts without further common stock dilution than that already predicted and no incremental debt, we believe its common stock could be worth \$29 per share based on an industry average valuation of approximately 11.6xs enterprise value to gross margin if the company achieves breakeven cash flow results.

VALUATION

Using Net Element’s peer group we find an average valuation of 11.8 times the enterprise value to trailing twelve-month gross margin. If we use that multiple and apply it Net Element’s trailing 12-month gross margin of \$10.6 million, we see that the company could be worth a \$125 million enterprise value or \$119 market value if it were profitable, or **\$29 per share**.

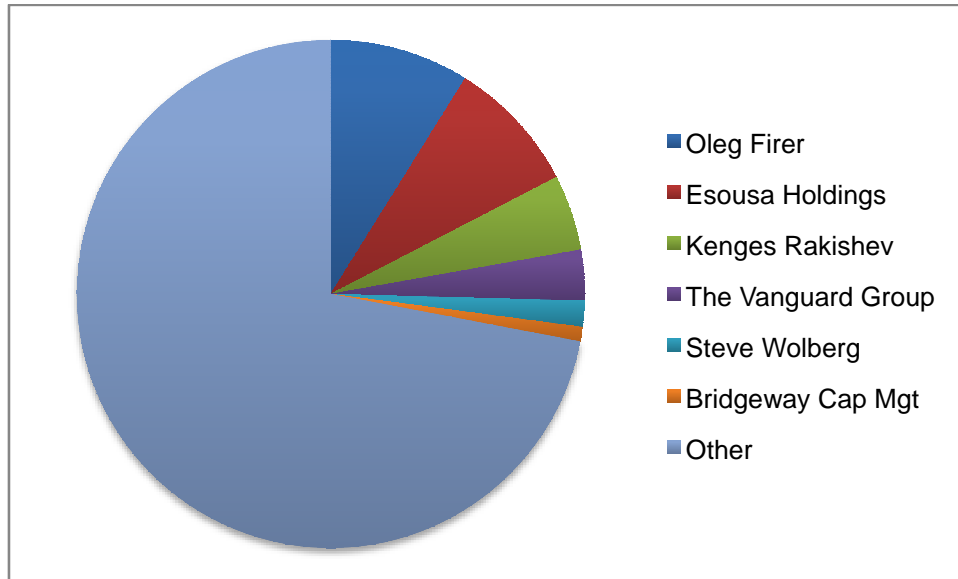
Another way to value the company is to compare it to the acquisition valuation used for its peer JetPay. In October, NCR made a cash tender offer of \$5.05 for each JetPay share represents a multiple of 2.9 times the 2018 consensus revenue forecast of \$63.1 million. Using that valuation metric NETE would be worth an enterprise value of \$193 million, a market value of \$187 million or **\$45.60 per share**.

Merchant Acquiring/Processing					Revenue	Revenue	EBIDTA	EV/19E	EV/LTM			Included	Enterprise
Company	Ticker	EBITDA	Gross Margin	%	2019E	LTM	Margin	Sales	Sales	EV/GM	EV/EBITDA	in Average?	Value
Earthport	EPO.L	(8)	20	62%	NA	33	-26%	NA	6.3	10.2	-24.8	n	206
EVERTEC	EVTC	178	257	56%	474	462	38%	5.3	5.4	9.7	14.0	y	2,490
First Data*	FDC	3,150	5,670	65%	9,010	8,720	36%	4.9	5.0	7.7	13.9	y	43,710
Global Payments	GPN	1,390	2,271	66%	4,470	3,450	40%	6.3	8.2	12.4	20.3	y	28,220
PayPal	PYPL	2,820	7,110	45%	17,980	15,890	18%	7.0	7.9	17.6	44.4	y	125,160
Payment Data Systems	PYDS	(2)	4	16%	29	25	-8%	1.4	1.6	9.7	-21.0	y	40
Total System Services	TSS	1,150	1,540	38%	4,050	4,080	28%	5.3	5.3	13.9	18.7	y	21,450
Worldpay	WP	1,620	3,930	97%	4,270	4,040	40%	10.3	10.9	11.2	27.1	y	43,970
Average				55%			28%	5.8	6.3	11.8	16.8		37,863

RISKS

- The company is losing money and may not be able to reach profitability or positive cash flow. The company believes in spending to grow the business although its goal is to become cash flow positive some time in 2019.
- The company is involved in a number of lawsuits.
- The mobile and online payment market is still in its infancy and there is no assurance countries will adopt this method to pay for goods and services.
- The company is somewhat dependent on Russia and due to oil prices, political turmoil, and sanctions, and this could affect payment volumes and the ability to do business there.
- Future acquisitions may not be successfully integrated operationally or technologically. Purchased portfolios may not yield expected profits.
- The merchant acquirer market in the US is competitive and larger companies have an advantage due to economies of scale and access to capital.
- Operations in Russia and the United Federation and elsewhere internationally face considerable political risk and the company may be prohibited from certain financial transactions by government regulation and restrictions.
- Currency, particularly the ruble, has fluctuated dramatically and could affect reported earnings and operations.
- As a payment company the company is involved with blockchain. This can cause volatility in the stock as blockchain has often caused irrational exuberance among investor. It also draws added scrutiny by regulators.

OWNERSHIP



INCOME STATEMENT

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019E	Q3 2019E	Q4 2019E	2016	2017	2018	2019E	2020E
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec					
North America Transaction	\$14.0	\$14.4	\$15.6	\$15.2	\$14.4	\$15.0	\$16.5	\$17.0	\$42.1	\$51.1	\$59.1	\$62.9	\$67.89
Yr-over-yr Growth	27.4%	5.9%	18.8%	12.8%	2.8%	4.0%	5.8%	12.1%	53.8%	21.4%	15.6%	6.3%	8.0%
Cost of service	12.1	12.2	13.3	13.0	11.8	12.4	13.6	14.0	36.3	44.3	50.5	51.8	55.7
Gross margin	1.9	2.2	2.3	2.2	2.6	2.6	2.9	3.0	5.8	6.9	8.6	11.1	12.2
Gross margin %	13.6%	15.2%	14.8%	14.5%	18.1%	17.5%	17.5%	17.5%	13.7%	13.4%	14.5%	17.6%	18.0%
International	2.0	2.0	1.7	0.9	0.7	0.8	1.1	1.1	12.2	8.9	6.6	3.7	4.4
Yr-over-yr Growth	-22.4%	-19.1%	-7.1%	-53.8%	-66.1%	-60.9%	-33.4%	17.7%	219.6%	-26.6%	-25.5%	-44.6%	19.4%
International Cost of Service	1.6	1.6	1.3	0.7	0.5	0.6	0.8	0.8	9.4	7.0	5.1	2.7	3.5
Gross Margin	0.5	0.5	0.4	0.3	0.2	0.2	0.3	0.3	2.8	2.0	1.6	1.0	0.9
Gross margin %	22.9%	22.4%	22.9%	29.8%	28.1%	28.0%	28.0%	28.0%	23.0%	21.9%	23.7%	28.0%	20.5%
Total revenues	16.0	16.5	17.2	16.1	15.0	15.8	17.6	18.1	54.3	60.1	65.8	66.5	72.3
Yr-to-yr Growth	17.8%	2.0%	15.7%	4.1%	-5.9%	-4.0%	2.1%	12.4%	34.9%	10.6%	9.5%	1.2%	8.6%
Costs and expenses:													
Cost of revenues	13.6	13.8	14.6	13.6	12.3	13.0	14.4	14.8	45.7	51.2	55.6	54.4	59.2
Gross Margin	2.4	2.7	2.7	2.5	2.8	2.8	3.2	3.3	8.6	8.8	10.2	12.1	13.1
% of Sales	14.8%	16.1%	15.6%	15.4%	18.5%	18.0%	18.2%	18.1%	15.8%	14.7%	15.5%	18.2%	18.2%
SG&A	2.4	2.5	2.3	2.5	2.4	2.5	2.5	2.5	8.8	10.6	9.8	9.9	10.0
Stock-based compensation	0.1	0.0	0.0	0.0	0.0	1.5	0.0	0.0	3.5	2.9	0.1	1.5	0.2
Provision for loan losses	0.1	0.9	0.6	0.5	0.3	0.3	0.3	0.3	1.7	1.3	2.1	1.4	1.4
Depreciation and amortization	0.7	0.7	0.5	0.6	0.9	0.9	0.9	0.9	3.5	2.5	2.5	3.4	3.4
Total operating expenses	3.4	4.1	3.4	3.6	3.6	5.2	3.7	3.7	17.4	17.4	14.5	16.1	15.0
Loss from operations	(1.0)	(1.4)	(0.8)	(1.2)	(0.8)	(2.3)	(0.5)	(0.4)	(8.8)	(8.6)	(4.3)	(4.0)	(1.9)
Interest expense, net	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(1.5)	(1.2)	(0.8)	(1.1)	(1.2)
Other expense	(0.4)	0.7	0.0	0.4	(0.1)	0.0	0.0	0.0	0.4	(0.2)	0.8	(0.1)	0.0
One-time charges	0.0	0.0	0.0	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	(0.6)	0.0	0.0
Total non-operating expenses	(0.6)	0.4	(0.2)	(0.4)	(0.3)	(0.3)	(0.3)	(0.3)	(4.8)	(1.4)	(0.7)	(1.2)	(1.2)
Pretax operating income (loss)	(1.6)	(1.0)	(0.9)	(1.5)	(1.1)	(2.6)	(0.8)	(0.7)	(13.6)	(10.0)	(5.0)	(5.2)	(3.0)
Income tax provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Operating Loss	(1.6)	(1.0)	(0.9)	(1.5)	(1.1)	(2.6)	(0.8)	(0.7)	(13.6)	(10.0)	(5.0)	(5.2)	(3.0)
Minority interest	(0.0)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Net loss	(1.6)	(0.9)	(0.9)	(1.5)	(1.1)	(2.6)	(0.8)	(0.7)	(13.5)	(9.9)	(4.936)	(5.2)	(3.0)
Foreign currency translation gain (loss)	0.0	0.0	(0.1)	0.4	(0.0)	0.0	0.0	0.0	(0.9)	(0.0)	0.3	(0.0)	0.0
Comprehensive loss	(1.6)	(0.9)	(1.1)	(1.1)	(1.1)	(2.6)	(0.8)	(0.7)	(14.4)	(10.0)	(4.6)	(5.2)	(3.0)
Earnings ex-one time charge	(1.6)	(0.9)	(0.9)	(0.9)	(1.1)	(2.6)	(0.8)	(0.7)	(11.4)	(9.9)	(4.3)	(5.2)	(3.0)
Stock-based compensation	0.1	0.0	0.0	0.0	0.0	1.5	0.0	0.0	3.5	2.9	0.142	1.5	0.1
Adjusted Non-GAAP Earnings	(1.5)	(0.9)	(0.9)	(0.9)	(1.1)	(1.1)	(0.8)	(0.7)	(7.9)	(7.0)	(4.2)	(3.7)	(2.9)
Yr-to-yr Growth	-19.2%	-41.7%	-44.2%	-56.5%	-27.7%	27.4%	-12.6%	-19.9%	-20%	-12%	-40%	-11%	-21.7%
GAAP EPS	(\$0.42)	(\$0.23)	(\$0.23)	(\$0.39)	(\$0.29)	(\$0.63)	(\$0.19)	(\$0.17)	(\$10.33)	(\$5.04)	(\$1.28)	(\$1.27)	(\$0.74)
Non-GAAP EPS	(\$0.40)	(\$0.23)	(\$0.23)	(\$0.22)	(\$0.28)	(\$0.27)	(\$0.19)	(\$0.17)	(\$6.05)	(\$3.54)	(\$1.07)	(\$0.91)	(\$0.70)
Yr-to-yr Growth	-65%	-73%	-73%	-78%	-29%	19%	-17%	-25%	-60.7%	-41.4%	-69.7%	-15.4%	-22.7%
Share outstanding	3.9	3.9	3.9	3.9	3.9	4.1	4.1	4.1	1.3	1.967676	3.9	4.1	4.1
Yr-to-yr Growth	134%	118%	106%	96%	1%	7%	5%	6%	104.3%	50.7%	96.6%	5.0%	1.3%
Fully diluted shares	4.8	4.8	4.9	4.9	4.9	5.2	5.2	5.2	1.5	2.2	4.8	5.1	5.1
Yr-to-yr Growth	156%	140%	120%	68%	1%	7%	6%	5%	62.8%	48.7%	120.1%	4.8%	0.0%

BALANCE SHEET

	Mar. 31, 2018	Dec 31, 2018	Qtr-Qtr % Change	Mar. 31, 2018	Yr- Yr % Change
Current assets:					
Cash	\$476,989	\$1,645,481	-36%	\$9,190,957	-85%
Accounts receivable, net	5,134,505	6,290,412	27%	5,133,698	15%
Prepaid expenses and other assets	1,426,214	1,749,221	4%	1,881,628	-23%
Total current assets	7,037,708	9,685,114	5%	16,206,283	-49%
Equipment, net	21,853	25,335	-26%	51,218	-57%
Intangible assets, net	6,330,652	6,441,743	20%	2,898,765	106%
Goodwill	9,007,752	9,007,752	-7%	9,643,752	-7%
Operating lease right-of-use asset	471,307	0	NM	0	NM
Other long term	654,754	604,070	0%	462,980	31%
Total assets	23,524,026	25,764,014	4%	29,262,998	-20%
Current liabilities:					
Accounts payable	\$5,301,425	\$6,368,444	18%	\$6,375,505	-6%
Deferred revenue	972,650	1,495,849	27%	1,176,843	-13%
Accrued expenses	2,753,464	2,535,947	13%	3,478,918	-31%
Notes payable (current portion)	330,749	433,448	-11%	1,455,376	-83%
Operating lease liability (current portion)	90,321	0	NM	0	NM
Due to related parties	271,972	387,814	-12%	0	NM
Total current liabilities	9,720,581	11,221,502	15%	12,486,642	-23%
Operating lease liability (net of current)	380,986	0	NM	0	NM
Notes payable (non-current portion)	5,960,361	5,946,046	17%	5,044,211	32%
Total liabilities	16,061,928	17,167,548	16%	17,530,853	-11%
STOCKHOLDERS' DEFICIT					
Common stock	386	386	0%	386	0%
Paid in capital	183,261,238	183,246,232	0%	183,201,232	0%
Accumulated other comp income (loss)	(2,246,724)	(2,232,163)	-4%	(2,490,923)	-12%
Accumulated deficit	(173,413,099)	(172,292,252)	1%	(168,966,916)	3%
Noncontrolling interest	(139,703)	(125,737)	18%	(11,634)	221%
Total stockholders' deficit	7,462,098	8,596,466	-14%	11,732,145	-35%
Total liabilities and stockholders' deficit	23,524,026	25,764,014	4%	29,262,998	-20%
Net Cash	476,989	1,645,481	-36%	9,190,957	-85%
Current and Quick Ratio	0.7	0.9	-9%	1.3	-34%
Working Capital	(2,682,873)	(1,536,388)	183%	3,719,641	-135%
Total Debt	6,563,082	6,767,308	13%	6,499,587	-4%
Debt/TA	28%	26%	9%	22%	21%
DSO	31.1	35.7	36%	29.3	11%

CASH FLOWS

	YR 2017	Mar. 31, 2018 3 month	June 30, 2018 3 month	Sept 30, 2018 3 month	Dec. 31, 2018 3 month	YR 2018	Mar. 31, 2019 3 month
Cash flows from operating activities							
Net loss	\$ (9,913,485)	\$ (1,610,847)	\$ (903,730)	\$ (910,412)	\$ (1,511,193)	\$ (4,936,182)	\$ (1,120,847)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Non controlling interest	(109,564)	27,553	(69,482)	(25,653)	(18,969)	(86,551)	(13,966)
Share based compensation	2,940,424	82,011	22,500	22,500	15,006	142,017	15,006
Deferred revenues	356,619	-	58,319	(594,360)	319,299	(216,742)	(523,199)
Net non cash items in other income	-	-	-	-	(1,202,201)	(1,202,201)	-
Impairment for goodwill	-	-	-	-	636,000	636,000	-
Depreciation and amortization	2,533,985	703,538	662,525	463,384	625,190	2,454,637	851,220
Non cash interest	114,802	16,759	18,437	13,804	24,442	73,442	14,314
(Recovery of) provision for loan losses	-	-	-	-	16,238	16,238	10,013
Changes in assets and liabilities, net of acquisitions and the effect of consolidation of equity affiliates							
Account receivable	3,002,425	1,032,930	(461,525)	(191,804)	(1,883,356)	(1,503,755)	1,151,285
Deferred revenue	-	(535,748)	535,748	-	-	-	-
Prepaid expenses and other assets	(1,047,811)	(308,648)	(47,937)	814,391	(73,403)	384,403	253,634
Accounts payable and accrued expenses	(2,943,154)	(545,306)	(1,566,462)	24,352	3,058,618	971,202	(875,266)
Net cash (used in) provided by operating	(5,065,759)	(1,137,758)	(1,751,607)	(383,798)	5,671	(3,267,492)	(237,806)
Cash flows from investing activities							
Purchase of portfolio and client acquisition	(1,885,098)	(401,980)	(476,466)	(2,973,150)	(1,561,668)	(5,413,264)	(651,365)
Receipt of excess deposits	149,826	-	-	-	-	-	-
Purchase of fixed and other assets	(103,341)	(2,393)	12,291	(124,939)	110	(114,931)	(413,132)
Net cash used in investing activities	(1,838,613)	(404,373)	(464,175)	(3,098,089)	\$ (1,561,558)	(5,528,195)	(1,064,497)
Cash flows from financing activities							
Proceeds from indebtedness	3,678,824	-	-	-	2,131,500	2,131,500	-
Repayment of indebtedness	(998,780)	(515,834)	(522,831)	(419,871)	(1,326,598)	(2,785,134)	(102,700)
Cash received from issuance of shares and Lease liability	14,884,435	-	-	-	-	-	471,307
Related party advances (payments)	-	(33,027)	67,954	(74,192)	39,265	-	(171,615)
Net cash provided by (used in) financing	17,564,479	(548,861)	(454,877)	(494,063)	\$ 844,167	(653,634)	196,992
Effect of exchange rate changes on cash	(20,899)	(3,720)	21,353	(2,597)	(49,435)	(34,399)	(12,497)
Net increase in cash	10,639,208	(2,094,712)	(2,649,306)	(3,978,547)	\$ (761,155)	(9,483,720)	(1,117,808)
Cash at beginning of period	1,094,063	11,733,271	9,638,559	6,989,253	\$ 3,010,706	11,733,271	2,249,551
Cash at end of period	11,733,271	9,638,559	6,989,253	3,010,706	\$ 2,249,551	2,249,551	1,131,743
Cash paid during the period for:							
Interest	1,074,820	226,479	217,753	201,678	127,827	773,737	230,789
Taxes	86,942	4,140	-	40,792	16,939	61,871	46,932
Operating cash flow	(4,077,219)	(780,986)	(211,431)	(1,030,737)	\$ (1,096,188)	(3,119,342)	(767,459)
Free cash flow	(5,915,832)	(1,185,359)	(675,606)	(4,128,826)	\$ (2,657,746)	(8,647,537)	(1,831,956)

HISTORICAL STOCK PRICE



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