

Zacks Small-Cap Research

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Net Element Inc.

(NASDAQ: NETE)

Net Element Now Trades Based on a Valuation of Mullen Technologies

OUTLOOK

Net Element signed an agreement to merge with Mullen Technologies, an electric vehicle assembler and manufacturer, and plans to divest its payment processing business before year-end. We expect the Mullen merger to close in Q4 of 2020.

Using the electric vehicle peer valuation of 10x EV/sales, and owning 15-21.7% of the post merger company the company could be worth \$30.00 per share once the deal closes and twice that by 2023.

Current Price (08/17/20) \$9.42
Valuation \$30.00

SUMMARY DATA

52-Week High \$16.67
52-Week Low \$1.56
One-Year Return (%) 201
Beta 2.0
Average Daily Volume (sh) 607,141

Shares Outstanding (mil) 4.6
Market Capitalization (\$mil) \$43
Short Interest Ratio (days) 0.1
Institutional Ownership (%) 6
Insider Ownership (%) 16

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

5-Yr. Historical Growth Rates
Sales (%) 11.2
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/M
P/E using 2020 Estimate N/M
P/E using 2021 Estimate N/M

Risk Level High
Type of Stock Small Growth
Industry Internet Commerce

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2018	16.0 A	16.5 A	17.2 A	16.1 A	65.8 A
2019	15.0 A	16.5 A	16.8 A	16.6 A	65.0 A
2020	15.8 A	13.7 A	14.8 E	16.0 E	60.4 E
2021					68.0 E

Earnings Per Share

(Non-GAAP EPS before non-recurring items)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2018	-\$0.40 A	-\$0.23 A	-\$0.23 A	-\$0.22 A	-\$1.07 A
2019	-\$0.28 A	\$0.11 A	-\$0.24 A	-\$0.35 A	-\$0.76 A
2020	-\$0.32 A	-\$0.08 A	-\$0.09 E	\$0.14 E	-\$0.35 E
2021					-\$0.06 E

Zacks Projected EPS Growth Rate - Next 5 Years % 5.0

WHAT'S NEW

Net Element Now Has a Definitive Deal for a Reverse Merger with Mullen Technologies, Future Provider of Electric Vehicles

On August 5, 2020 the company announced it had a definitive deal for a triangular reverse merger with Mullen Technologies, a private company based in California. The closing of the transaction is conditional on the satisfactory completion of due diligence, shareholder and NASDAQ approval and the completion of a capital raise of \$10 million. We expect the deal to close Q4 of 2020. While we await the merger document, which will contain financials on Mullen, we can glean some bits of information from last week's presentation by Mullen at JP Morgan's Virtual Auto Conference.

Mullen believes it has saved time and money by buying Coda's assets, other energy assets for sophisticated battery technology, and by partnering with Qiantu Motors. Mullen Technologies initially plans to sell Qiantu Motors' electric vehicles. Qiantu is a Chinese manufacturer that is a subsidiary of CH Auto based in Beijing. It already sells EVs in China. Mullen has an agreement to sell Qiantu's Dragonfly K50 in the US and plans to assemble it here; it already has preorders for this car, which was introduced to the US market last year. It needs capital to pay for an assembly plant. Mullen is expected to deliver its first Dragonfly K50, in Q2 2021.

Management has a letter of intent with the City of Spokane to build a 1.5 million sq-ft facility to manufacture and assemble vehicles, as well as to start the development of advanced battery solutions for various applications. The project is currently in the design phase and Mullen hopes to break ground in the next two months. The company believes it can get to production with as little as \$400 million invested over five years rather than the de novo \$1 billion requirement because of this plant and its current vehicle IP that has already been two years in the making. This has also cut the future development time needed to 2-1/2 years rather than five.

The company plans to introduce its own SUV, the **Mullen MX-5**, which it believes will be a "game changer." They hope for it to begin production in the second quarter of 2022. It will get vehicle components from existing suppliers, ship them to the assembly plant, and add them to a battery pack that will also be assembled there. It hopes to commercialize this battery for non-automotive uses in the next 24 months. Mullen's own auto dealerships will sell and service the cars it sells. The plan is to build 5,000 vehicles in year one, then 10,000, then and 17,000, to an end production rate of 35,000 per year. At a price of \$55,000, that would be revenue of \$275 million for 5,000 cars up to \$1.9 billion for 35,000 cars.

Figure 1. Mullen MX-05



Source: Mullen Auto

The Mullen MX-5 was designed in California and is expected to ultimately have a range of 500 miles achieved through a 150 KWH battery pack. It will have a solid-state battery. Mullen believes that the mid-sized SUV has the most potential. It believes its competitive advantages will be range, 0-60 speed, and styling. Its co-developed polymer solid state battery is very safe, lasts 10xs longer than lithium batteries, and does not lose range in cold weather. \$55,000 is the entry-level price for the first model year and that model will have a range over 300 mile and use a lithium ion battery. The following model year will use the solid-state battery. This car plans to compete with the Audi e-Tron (MSRP \$78,395), the Tesla X (MSRP \$81.190) and the 2021 Jaguar I-Pace (MSRP estimated at \$71,000.)

Management believes a key to success is having its own dealerships to sell and service its cars and control its own destiny. In the last 24 months it has opened up eight locations with one being outside California in Phoenix. It is about to add another store in Huntington Beach, California.

Mullen also owns CarHub, a platform that leverages AI for a solution for buying, selling, and owning a car. Early in 2020, the company launched Mullen Funding Corp. to provide direct auto financing and lease options for new and pre-owned Mullen vehicles. In April, Mullen Technologies began making portable ventilators out of its battery R&D center in Monrovia, CA. These units are expected to be available for delivery shortly to fulfill contracts already won.

Battery Technology

On August 10th Mullen announced results from the independent testing of its licensed solid-state polymer battery technology by independent lab EV Grid, Inc. The lab confirmed that this battery could be capable of enabling an electric vehicle to travel 640 miles at a cruising speed of 55 mph on a flat surface, and 550 miles at a cruising speed of 75 mph. This would be a much greater range than offered by today's lithium batteries. The company has licensed this technology from Beijing based BOAO Navigator Battery Holding, Ltd. It has the exclusive rights to this battery in North America. The battery pack is also lighter than a typical lithium battery pack, and does not require a cooling system. It also does not contain combustible materials, making it safer than lithium batteries.

Q2 2020 Results Were Not as Bad as Feared

Surprisingly revenues in Q2 2020 were only down 17% to \$13.7 million from \$16.5 million a year ago and \$15.8 million in Q1 2020. North American sales decreased 17.5% year over year to \$13 million, while international was down 1.1% to \$741,000 but up from \$683,000 in Q1 2020.

Margins for North America increased to 15.1% versus 14.6% a year ago. International sales margins decreased to 29.7% versus 39.0% a year ago.

The operating loss was \$16,620 as the company went on austerity versus a loss of \$2.6 million last year caused mostly by the \$2 million in stock-based compensation in the quarter. EBITDA for Q2 was \$763,000 compared with \$144,000 last year.

The GAAP loss was \$325,000 versus last year's \$1.5 million. The non-GAAP loss was \$317,000 versus non-GAAP earnings of \$468,000 in Q2 2019.

The non-GAAP loss per share was \$0.08 per share compared with earnings of \$0.11 per share last year.

This quarter there were 4.2 million average primary shares outstanding, flat with last year. On August 13, 2020, the share count was 4.6 million shares.

On June 30, Net Element had \$866,000 in cash, negative working capital of \$1.6 million and \$10.0 million in debt up from \$9.3 million last quarter. In the quarter Net Element received cash from the government: a

PPP loan of \$491,492, and an EIDL loan of \$160,000, which provides a 30-year loan with a 3.5% interest rate.

In Q2 2020, Net Element had positive cash flow of \$827,000, and positive free cash flow of \$853,000.

VALUATION

Net Element shareholders are expected to own between 15% and 21.7% of the surviving company. If Mullen can reach revenues of \$100 million in the next 24 months, it is entitled to another 5% of the shares leaving Net Element shareholders with 10%. If revenue is less than \$80 million, then the Net Element shareholders will get another 5% leaving Mullen shareholders with 80% of the fully diluted common shares of the company. NETE shareholders can end up with an additional 6.7% of the depending on the financing NETE brings to the closing.

At Net Element's current enterprise value of \$52.4 million (using a \$9.42 stock price) this puts **the entire valuation of Mullen Technologies at between \$241 million and \$349 million**, far less than we expect it is currently valued in the private market. We will get financial information on the privately held Mullen once the S-4 is filed.

Until then, we can look at the valuations of other EV companies and see that the more established ones trade at approximately 10 times sales. If Mullen can produce and sell 5,000 MX-05 SUVs at \$55,000 per car that is revenue of \$275 million add to that used car sales of maybe \$40 million, and 200 Dragonflies at \$150,000 or another \$30 million. This adds to a conservative \$345 million. Ten times that is an enterprise value of \$3.45 billion by 2023. Keep in mind the company should need at least another \$400 million to get there and we expect much of that should be loans.

If Net Element ends up post merger with 50 million shares outstanding, EV per share could be \$70 per share by 2023 with no further equity dilution. Discounting that for risk and dilution and time, we could easily see a current share price over \$30 per share once the deal closes.

Electric Vehicle Makers

Company	Ticker	Gross EBITDA	Margin	%	Revenue 2021E	Revenue 2020E	Revenue LTM	EBIDTA Margin	EV/21E Sales	EV/20E Sales	EV/LTM Sales	EV/GM	EV/EBITDA	Included in Average?	Enterprise Value
Kandi Technologies	KNDI	6	25	21%	NA	NA	119	5%	NA	NA	4.9	23.0	96.2	y	584
Li Auto	LI	NA	10	6%	NA	NA	160	NA	NA	NA	80.4	1343.8	NA	y	12,900
NIO	NIO	NA	NA	NA	3,390	2,070	1,352	NA	4.8	7.8	12.0	NA	NA	y	16,200
Nikola	NKLA	(0)	0	48%	72	0	0	-19%	218.4	NM	35909.1	74881.5	-186761.2	y	15,800
Tesla	TSLA	3,440	4,070	16%	40,800	29,640	25,710	13%	8.6	11.8	13.6	85.7	101.5	y	349,000
Workhorse Group	WKHS	(18)	(5)	-2989%	149	22	0	-9694%	11.1	74.9	9016.4	-301.6	-93.0	y	1,650
Average									8.1	9.8	10.1				95,663

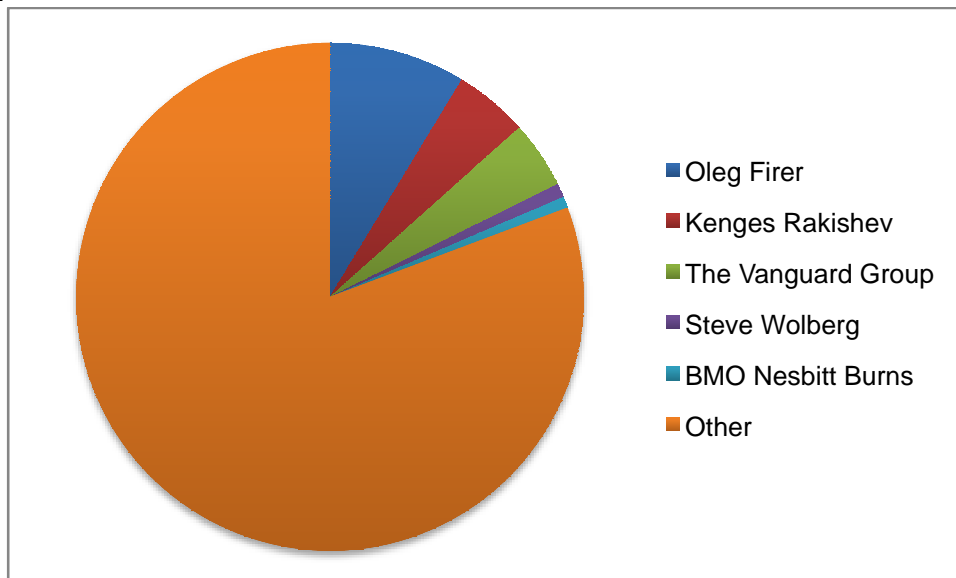
INVESTMENT THESIS

- Net Element is in the process of a reverse merger and has plans to sell off its payment processing business. If the deal goes according to plan, Net Element shareholders will own between 15% and 21.7% of the survivor company.
- Mullen Technologies is an electric car vendor that is raising money to build an assembly plant in the US for cars that are already being produced and sold in China. Its first model is expected to be delivered in the US in the first half of 2021. This transaction should make the required capital raising process faster, less costly, and require less regulatory approval.
- The S-4 will provide more information allowing investors to see the inherent value of Mullen and could compel the stock price higher.

RISKS

- The proposed transaction may not occur as neither company has yet done due diligence. Nor have shareholders approved the deal.
- The survivor company may not be valued very highly by investors due to the high risk in the venture. It will have to raise a large amount of capital to achieve its goals.
- If the deal does not go through, the stock may fall to pre-deal levels and given the affect of the pandemic on Net Elements' business, the stock may even decline from those levels.
- US relations with China could impede the success of Mullen Technologies given its reliance on a China based company. Tariffs with China have changed and could change again.

OWNERSHIP



Source: Zacks Investment Research, SEC filings

INCOME STATEMENT

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020E	Q4 2020E	2018	2019	2020E	2021E
	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec				
North America Transaction	\$14.4	\$15.7	\$15.9	\$15.8	\$15.2	\$13.0	\$14.0	\$15.0	\$59.1	\$61.8	\$57.14	\$63.00
Yr-over-yr Growth	2.8%	9.1%	2.1%	3.9%	5.5%	-17.5%	-12.1%	-4.8%	15.6%	4.5%	-7.5%	10.3%
Cost of service	11.8	13.4	13.4	13.8	12.8	11.0	11.8	11.8	50.5	52.4	47.4	52.9
Gross margin	2.6	2.3	2.5	2.0	2.3	2.0	2.2	2.3	8.6	9.4	9.7	10.1
Gross margin %	18.1%	14.6%	15.8%	12.6%	15.4%	15.1%	15.7%	15.0%	14.5%	15.2%	17.0%	16.0%
International	0.684	0.7	0.9	0.9	0.7	0.7	0.8	1.0	6.6	3.2	3.2	5.0
Yr-over-yr Growth	-66.1%	-63.4%	-45.8%	-4.5%	0.0%	-1.1%	-10.7%	12.0%	-25.5%	-51.5%	0.1%	55.1%
International Cost of Service	0.5	0.5	0.7	0.7	0.5	0.5	0.6	0.7	5.1	2.3	2.3	3.4
Gross Margin	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.3	1.6	0.9	1.0	1.7
Gross margin %	28.1%	39.0%	25.8%	20.2%	30.3%	29.7%	30.0%	30.0%	23.7%	27.8%	30.0%	33.0%
Total revenues	15.0	16.5	16.8	16.6	15.8	13.7	14.8	16.0	65.8	65.0	60.4	68.0
Yr-to-yr Growth	-5.9%	0.1%	-2.5%	3.4%	5.3%	-16.8%	-12.0%	-3.9%	9.5%	-1.2%	-7.1%	12.7%
Costs and expenses:												
Cost of revenues	12.3	13.9	14.1	14.5	13.3	11.5	12.4	12.5	55.6	54.7	49.7	56.3
Gross Margin	2.8	2.6	2.7	2.2	2.5	2.2	2.4	3.5	10.2	10.3	10.7	11.7
% of Sales	18.5%	15.7%	16.3%	13.0%	16.0%	15.9%	16.5%	21.9%	15.5%	15.8%	17.7%	17.3%
SG&A	2.4	2.3	2.4	2.3	2.3	1.4	1.4	1.4	9.8	9.3	6.5	6.5
Stock-based compensation	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.1	0.1	-
Provision for loan losses	0.3	0.1	0.4	0.4	0.4	0.0	0.4	0.4	2.1	1.4	1.3	1.2
Depreciation and amortization	0.9	0.7	0.8	0.8	0.8	0.8	0.8	0.7	2.5	3.1	3.1	3.0
Total operating expenses	3.6	5.2	3.6	3.5	3.6	2.2	2.6	2.5	14.5	15.9	10.9	10.7
Loss from operations	(0.8)	(2.6)	(0.9)	(1.3)	(1.0)	(0.0)	(0.1)	1.0	(4.3)	(5.6)	(0.2)	1.1
Loss from operations ex-one time	(0.8)	(0.6)	(0.9)	(1.3)	(1.0)	(0.0)	(0.1)	1.0	(4.3)	(5.6)	(0.2)	1.1
Interest expense, net	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.8)	(1.1)	(1.4)	(1.4)
Other expense	(0.1)	1.3	0.1	0.2	0.0	0.0	0.0	0.0	0.8	1.5	0.0	0.0
One-time charges	0.0	0.0	0.0	(1.3)	0.0	0.0	0.0	0.0	(0.6)	(1.3)	0.0	0.0
Total non-operating expenses	(0.3)	1.0	(0.2)	(1.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.7)	(1.0)	(1.4)	(1.4)
Pretax operating income (loss)	(1.1)	(1.6)	(1.0)	(2.8)	(1.4)	(0.3)	(0.5)	0.6	(5.0)	(6.6)	(1.6)	(0.3)
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
Tax rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Operating Loss	(1.1)	(1.6)	(1.0)	(2.8)	(1.4)	(0.3)	(0.5)	0.6	(5.0)	(6.6)	(1.6)	(0.3)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Net loss to common stock	(1.1)	(1.5)	(1.0)	(2.8)	(1.4)	(0.325)	(0.4)	0.6	(4.9)	(6.5)	(1.6)	(0.3)
Foreign currency translation gain (loss)	(0.0)	(0.0)	0.0	(0.0)	0.1	(0.1)	0.0	0.0	0.3	(0.0)	0.1	0.0
Comprehensive loss	(1.1)	(1.5)	(1.0)	(2.8)	(1.2)	(0.4)	(0.4)	0.6	(4.6)	(6.5)	(1.6)	(0.3)
Earnings ex-one time charge	(1.1)	(1.5)	(1.0)	(1.5)	(1.4)	(0.3)	(0.4)	0.6	(4.3)	(5.1)	(1.6)	(0.3)
Stock-based compensation	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.1	0.1	0.0
Adjusted Non-GAAP Earnings	(1.1)	0.468	(1.0)	(1.4)	(1.3)	(0.317)	(0.4)	0.6	(4.2)	(3.1)	(1.5)	(0.3)
Yr-to-yr Growth	-27.7%	-153.2%	12.1%	68.3%	20.1%	-167.7%	-58.1%	-144.7%	-40%	-26%	-50.5%	-80.7%
GAAP EPS	(\$0.29)	(\$0.37)	(\$0.24)	(\$0.68)	(\$0.33)	(\$0.08)	(\$0.09)	\$0.14	(\$1.28)	(\$1.60)	(\$0.36)	(\$0.06)
Non-GAAP EPS	(\$0.28)	\$0.11	(\$0.24)	(\$0.35)	(\$0.32)	(\$0.08)	(\$0.09)	\$0.14	(\$1.07)	(\$0.76)	(\$0.35)	(\$0.06)
Yr-to-yr Growth	-29%	-149%	5%	58%	13.5%	-168.1%	-62.1%	-140.0%	-69.7%	-29.1%	-54.2%	-81.7%
Share outstanding	3.9	4.2	4.2	4.1	4.1	4.2	4.6	4.6	3.9	4.0	4.4	4.6
Yr-to-yr Growth	1%	9%	6%	6%	5.8%	-0.6%	10.7%	11.8%	96.6%	4.5%	8.3%	5.0%
Fully diluted shares	3.9	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.8	4.0	4.1	4.1
Yr-to-yr Growth	-19%	-13%	-15%	-16%	0.0%	0.0%	0.0%	0.0%	120.1%	-16.7%	0.0%	17.5%
Adjusted EBITDA	0.063	0.144	(0.082)	(0.539)	(0.221)	0.763	0.655	1.700	(1.734)	(0.414)	2.897	4.030

Source: Zacks Investment Research and SEC Filings

BALANCE SHEET

	June 30, 2020	Mar 31, 2020	Qtr-Qtr % Change	June 30, 2019	Yr- Yr % Change
Current assets:					
Cash	\$865,812	\$606,672	43%	\$840,170	27%
Accounts receivable, net	5,855,538	4,021,585	46%	5,073,168	-22%
Prepaid expenses and other assets	1,530,625	1,300,316	18%	978,737	-9%
Total current assets	8,251,975	5,928,573	39%	6,892,075	-16%
Equipment, net	0	0	0%	16,205	-100%
Intangible assets, net	4,703,406	5,348,652	-12%	6,237,789	-16%
Goodwill	7,681,186	7,681,186	0%	9,007,752	-15%
Operating lease right-of-use asset	316,118	349,036	-9%	442,094	-26%
Other long term	730,185	654,897	11%	655,180	0%
Total assets	21,682,870	19,962,344	9%	23,251,095	-15%
Current liabilities:					
Accounts payable	\$5,360,103	\$4,509,311	19%	\$5,274,782	-15%
Deferred revenue	1,291,703	2,001,091	-35%	449,451	106%
Accrued expenses	2,121,161	930,912	128%	1,700,003	-66%
Notes payable (current portion)	936,391	909,086	3%	224,364	175%
Operating lease liability (current portion)	68,859	101,777	-32%	61,108	13%
Due to related parties	81,591	75,355	8%	200,694	-72%
Total current liabilities	9,859,808	8,527,532	16%	7,910,402	-12%
Operating lease liability (net of current)	247,259	247,259	0%	380,986	-35%
Notes payable (non-current portion)	8,986,881	8,352,627	8%	7,074,978	40%
Total liabilities	19,093,948	17,127,418	11%	15,366,366	7%
STOCKHOLDERS' DEFICIT					
Common stock	419	412	2%	410	7%
Paid in capital	185,496,940	185,337,965	0%	185,267,054	1%
Accumulated other comp income (loss)	(2,209,363)	(2,143,374)	3%	(2,252,261)	-5%
Accumulated deficit	(180,442,122)	(180,116,849)	0%	(174,950,546)	4%
Noncontrolling interest	(256,952)	(243,227)	6%	(179,928)	74%
Total stockholders' deficit	2,588,922	2,834,927	-9%	7,884,729	-62%
Total liabilities and stockholders' deficit	21,682,870	19,962,345	9%	23,251,095	-15%
Net Cash	(152,170)	606,672	-125%	415,112	27%
Current and Quick Ratio	0.8	0.7	20%	0.9	-4%
Working Capital	(1,607,833)	(2,598,959)	-38%	(1,018,327)	-3%
Total Debt	10,004,863	9,337,068	7%	7,500,036	42%
Debt/TA	46%	47%	-1%	32%	68%
DSO	38.9	23.2	68%	28.1	-25%

Source: SEC Filings

CASH FLOWS

	YR 2018	Mar. 31, 2019 3 month	June 30, 2019 3 month	Sept 30, 2019 3 month	Dec. 31, 2019 3 month	YR 2019	Mar. 31, 2020 3 month	June 30, 2020 3 month
Cash flows from operating activities								
Net loss	\$ (4,936,182)	\$ (1,120,847)	\$ (1,537,445)	\$ (1,010,629)	\$ (2,789,461)	\$ (6,458,382)	\$ (1,366,216)	\$ (325,272)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:								
Non controlling interest	(86,551)	(13,966)	(40,225)	(28,783)	(23,287)	(106,261)	(11,228)	(13,725)
Share based compensation	142,017	15,006	2,005,841	15,008	15,007	2,050,862	38,400	7,499
Deferred revenues	(216,742)	(523,199)	(523,199)	494,832	456,834	(94,732)	(470,205)	360,791
Net non cash items in other income	(1,202,201)	-	-	-	-	-	-	-
Impairment for goodwill	636,000	-	-	-	1,326,566	1,326,566	-	-
Depreciation and amortization	2,454,637	851,220	747,347	755,985	765,691	3,120,243	779,443	772,401
Non cash interest	73,442	14,314	7,397	14,972	20,192	56,875	12,294	34,258
(Recovery of) provision for loan losses	16,238	10,013	(18,940)	8,927	(9,226)	(9,226)	485	(9,153)
Changes in assets and liabilities, net of acquisitions and the effect of consolidation of equity affiliates								
Account receivable	(1,503,755)	1,151,285	13,976	(423,880)	(1,005,139)	(263,758)	2,520,395	(1,819,889)
Prepaid expenses and other assets	384,403	253,634	415,012	(442,293)	(358,571)	(132,218)	364,019	(651,405)
Accounts payable and accrued expenses	971,202	(875,266)	(1,429,936)	(182,855)	3,058,618	(1,642,618)	(1,419,019)	880,841
Net cash (used in) provided by operating	(3,267,492)	(237,806)	(360,172)	(798,716)	(755,955)	(2,152,649)	448,368	(763,654)
Cash flows from investing activities								
Purchase of portfolio and client acquisition	(5,413,264)	(651,365)	(558,913)	(412,204)	(691,180)	(2,313,662)	(427,031)	67,681
Purchase of fixed and other assets	(114,931)	(413,132)	(55,155)	4,659	325,628	(138,000)	6,049	(41,715)
Net cash used in investing activities	(5,528,195)	(1,064,497)	(614,068)	(407,545)	(365,552)	(2,451,662)	(420,982)	25,966
Cash flows from financing activities								
Proceeds from SBA loans	-	-	-	-	-	-	-	651,392
Proceeds from indebtedness	2,131,500	-	1,116,500	920,184	997,816	3,034,500	155,206	19,108
Repayment of indebtedness	(2,785,134)	(102,700)	(106,384)	(110,204)	156,841	(162,447)	(145,040)	145,040
Lease liability	-	471,307	(29,213)	(30,098)	-	380,986	(31,950)	(32,918)
Related party advances (payments)	-	(171,615)	338,176	85,942	(50,032)	202,471	133,743	25,689
Net cash provided by (used in) financing	(653,634)	196,992	1,319,079	865,824	1,073,615	3,455,510	111,959	808,311
Effect of exchange rate changes on cash	(34,399)	(12,497)	18,768	(6,555)	15,789	15,505	5,969	8,620
Net increase in cash	(9,483,720)	(1,117,808)	363,607	(346,992)	(32,103)	(1,133,296)	145,314	79,243
Cash at beginning of period	11,733,271	2,249,551	1,131,743	1,495,350	1,148,358	2,249,551	1,116,255	1,261,569
Cash at end of period	2,249,551	1,131,743	1,495,350	1,148,358	1,116,255	1,116,255	1,261,569	1,340,812
Cash paid during the period for:								
Interest	773,737	230,789	245,135	255,069	-	730,993	336,120	-
Taxes	61,871	46,932	56,909	16,703	-	120,544	-	-
Operating cash flow	(3,119,342)	(767,459)	640,776	250,312	(237,684)	(114,055)	(1,017,027)	826,799
Free cash flow	(8,647,537)	(1,831,956)	26,708	(157,233)	(603,236)	(2,565,717)	(1,438,009)	852,765

Source: SEC Filings

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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