March 11, 2021

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

Net Element Inc. (NASDAQ: NETE)

Mullen Announces Agreement to Buy a Manufacturing Facility in Mississippi

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 (03/10/21)	$11.15
Valuation	**$30.00**

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 document to be filed in Q2 of 2021.

At its current enterprise value of $64 million, the stock is getting no premium for its pending merger and is valued only on its card processing business.

SUMMARY DATA

52-Week High	**$17.11**
52-Week Low	**$1.56**
One-Year Return (%)	**449**
Beta	**2.2**
Average Daily Volume (sh)	**715,630**
Shares Outstanding (mil)	**5.0**
Market Capitalization ($mil)	**$56**
Short Interest Ratio (days)	**0.1**
Institutional Ownership (%)	**12**
Insider Ownership (%)	**13**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**7.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2021 Estimate	**N/M**
P/E using 2022 Estimate	**N/M**

Risk Level	**High**
Type of Stock	**Small Growth**
Industry	**Internet Commerce**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	15.0 A	16.5 A	16.8 A	16.6 A	65.0 A
2020	15.8 A	13.7 A	16.7 A	16.7 E	63.0 E
2021	N/A	N/A	N/A	N/A	68.0 E
2022					N/A

Earnings Per Share
(Non-GAAP EPS before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-$0.28 A	$0.11 A	-$0.24 A	-$0.35 A	-$0.76 A
2020	-$0.32 A	-$0.08 A	-$0.28 A	-$0.21 E	-$0.88 E
2021	N/A	N/A	N/A	N/A	-$0.08 E
2022					N/A

Zacks Projected EPS Growth Rate - Next 5 Years % **5.0**

© Copyright 2021, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Update on Mullen Technologies Transaction

Despite keeping a low profile as it works through the merger steps, Net Element and Mullen continue to make progress on their plan and diligently working on completing the transaction. Both Net Element and Mullen are in process of audits and the S-4 document is being drafted. We expect to see it filed after both complete their audits and Net Element reports its fourth quarter. This would push everything into Q2. In the mean time, Mullen is moving forward.

Mullen is currently working on getting its $55,000 MX-05 mid-size, all-electric SUV to market and is set to unveil the initial concept vehicle in the coming months. Mullen has been taking pre-orders on its SUV with a refundable deposit of $100 since last year. Customers can also pre-order the imported Dragonfly K50 super sports car from Mullen.

Mullen To Buy an EV Manufacturing Facility in Tunica, Mississippi

Today it announced it has found a new facility in Mississippi that instantly provides it with manufacturing capability at a lower cost than previously budgeted. While the original plan was to build out its small operation in California, the company has decided to use that only for batteries and move all car testing, the pilot plant, and manufacturing to this ready-to-use EV facility in Tunica. So far, it has a purchase and sales agreement and opened escrow to purchase this facility. The plant was built in 2016, is fully turnkey, and is ready to manufacture and assemble vehicles now. It will be named Mullen's Advanced Manufacturing Engineering Center (AMEC) and Proving Grounds. Mullen will begin engineering and manufacturing efforts for testing and production validation. The assembly line is expected to begin in Q3 2021. It will employ over 50 people in the first year, and may add more than 150 more in three years. Surrounded by 100 vacant acres, the plant has plenty of room for expansion. The company expects to do all of its manufacturing in the US and by US workers and will be among the very few, if not only, EV company that can claim that.

Figure 1. AMEC Facility Aerial View



Source: Mullen Technologies

Figure 2. AMEC Vehicle Assembly Line



Source: Mullen Technologies

Mullen Inks Deal With NexTech Batteries Inc. for next-gen Lithium Sulfur Battery Technology

On March 8th, Mullen also announced a deal with NexTech Batteries Inc., to use its batteries to produce more than 100,000 vehicles over five years. NexTech's lithium sulfur (Li-S) pouch format batteries are 60% lighter than today's EV batteries. This improves both vehicle efficiency and reducing overall energy consumption. NexTech's sulfur is sustainably sourced and is a result from recycling oil refinement by-products. These materials are fully recyclable, sustainable, ubiquitously available, and inexpensive, in contrast to rare earth metals. This technology may allow Mullen to be below $90/kWh at a pack level, reducing costs and making it more competitive. These batteries have a 2.5X higher specific energy compared to current lithium-ion batteries and operating without losses in extremely high and low temperatures with minimal conditioning. They are also safer as they do not explode. Mullen will launch its first-generation vehicle in late 2023 with NexTech's current cells at the same time phase in their next generation solid state battery technology into its pack designs.

Mullen Technologies Receives Letter of Intent for Purchase Order of 1,500 MX-05 Electric Vehicles from Unlimited Electrical Contractors Corp (UEC).

Early in January Mullen received a LOI for an initial purchase order of 1,500 MX-05s and up to and additional 8,500 by 2025 from Unlimited Electrical Contractors. UEC is an electrical contractor based in Pompano Beach, Florida, specializing in commercial and residential projects in South Florida. After the initial 1,500 vehicles it expects to add an additional 8,500 by 2025 for its U.S. West Coast expansion. The initial purchase

order is estimated at $75 million (or $50,000 per vehicle.) The vehicles are based on a modified variant of the MX-05, an electric crossover SUV based on a skateboard EV platform and a unibody frame that comes in a single or dual electric motor configuration. UEC's order is the first of many commercial fleet relationships the company is working on. According to the company, the skateboard platform and low center of gravity of the MX-05 allows it to easily configure the vehicle for many different types of commercial trade use.

VALUATION

Overview of Reverse Merger Transaction with Mullen Technologies

Net Element and Mullen have 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. It is in the due diligence phase.

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 $64 million (using a $11.15 stock price) this puts **the entire valuation of Mullen Technologies at between $295 million and $426 million**. 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 (taking out Nikola), they trade at an average of 10.8 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 Dragonflys at $150,000 or another $30 million. This adds to a conservative $345 million. 10.8 times that is an enterprise value of $3.7 billion by 2023. Keep in mind the company should need at least another $400 million to get there and we expect much of that could be loans.

If Net Element ends up post merger with 50 million shares outstanding, EV per share could be $82 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	Revenue 2021E	Revenue 2020	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	137	78	106	3%	3.6	6.3	4.6	19.2	148.6	y	489
Li Auto	LI	2,940	1,449	1,449	NA	7.1	14.5	14.5	2182.3	NA	y	20,950
NIO	NIO	5,270	2,585	2,585	NA	12.9	26.4	26.4	NA	NA	y	68,200
Nikola	NKLA	22	0	0	-270%	255.8	NM	NM	26066.4	-21459.2	n	5,500
Tesla	TSLA	48,090	31,540	31,540	14%	11.5	17.6	17.6	83.6	129.7	y	554,000
Workhorse Group	WKHS	112	1	1	-2548%	19.1	1546.8	1546.8	-184.2	-60.7	y	2,150
Xpeng	XPEV	2,190	890	890	NA	10.5	25.9	25.9	NA	NA	y	23,060
Average						**10.8**	272.9	272.6				161,853

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 buy 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 Q3 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.

- Net Element's current valuation is based solely on its value as a payment processor leaving little down size for investors and much upside as business returns to normal after pandemic lockdowns are lifted.

RISKS

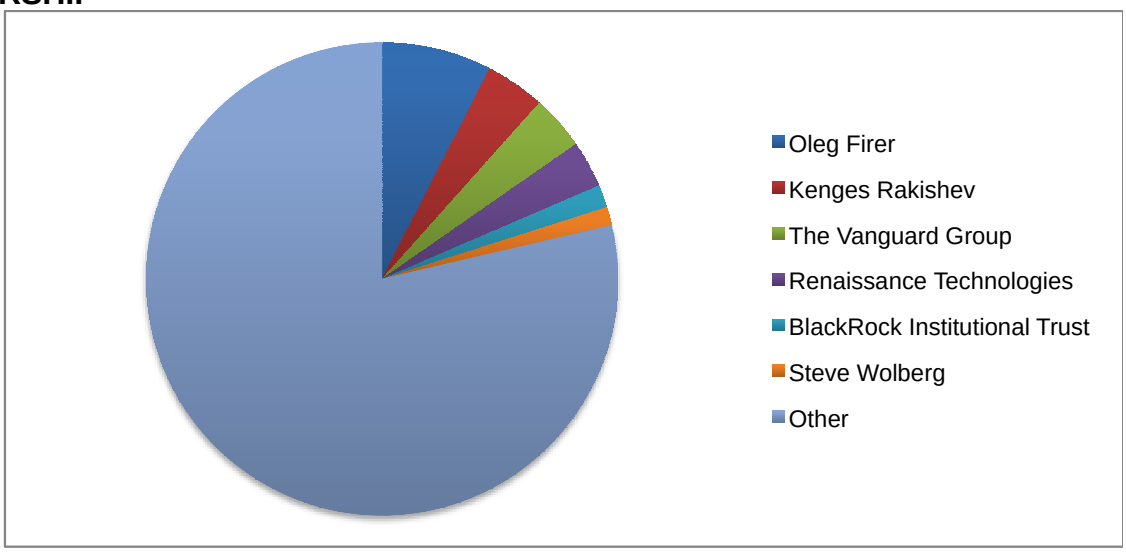
- The proposed transaction may not occur as neither company has yet completed due diligence or auditing. Nor have shareholders and NASDAQ approved the deal. It is also contingent on a $10 million capital raise. Its completion has already been delayed.

- 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



INCOME STATEMENT

	Q1 2019 31-Mar	Q2 2019 30-Jun	Q3 2019 30-Sep	Q4 2019 31-Dec	Q1 2020 31-Mar	Q2 2020 30-Jun	Q3 2020 30-Sep	Q4 2020E 31-Dec	2018	2019	2020E	2021E
North America Transaction	$14.4	$15.7	$15.9	$15.8	$15.2	$13.0	$16.1	$16.1	$59.1	$61.8	$60.28	$63.00
Yr-over-yr Growth	2.8%	9.1%	2.1%	3.9%	5.5%	-17.5%	0.9%	2.0%	15.6%	4.5%	-2.4%	4.5%
Cost of service	11.8	13.4	13.4	13.8	12.8	11.0	14.1	14.1	50.5	52.4	52.0	52.9
Gross margin	2.6	2.3	2.5	2.0	2.3	2.0	2.0	2.0	8.6	9.4	8.3	10.1
Gross margin %	18.1%	14.6%	15.8%	12.6%	15.4%	15.1%	12.4%	12.4%	14.5%	15.2%	13.7%	16.0%
International	0.684	0.7	0.9	0.9	0.7	0.7	0.7	0.7	6.6	3.2	2.7	5.0
Yr-over-yr Growth	-66.1%	-63.4%	-45.8%	-4.5%	0.0%	-1.1%	-26.1%	-25.9%	-25.5%	-51.5%	-14.7%	81.9%
International Cost of Service	0.5	0.5	0.7	0.7	0.5	0.5	0.5	0.5	5.1	2.3	2.0	3.4
Gross Margin	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	1.6	0.9	0.8	1.7
Gross margin %	28.1%	39.0%	25.8%	20.2%	30.3%	29.7%	28.0%	28.0%	23.7%	27.8%	29.0%	33.0%
Total revenues	**15.0**	**16.5**	**16.8**	**16.6**	**15.8**	**13.7**	**16.7**	**16.7**	**65.8**	**65.0**	**63.0**	**68.0**
Yr-to-yr Growth	-5.9%	0.1%	-2.5%	3.4%	5.3%	-16.8%	-0.5%	0.5%	9.5%	-1.2%	-3.0%	7.9%
Costs and expenses:												
Cost of revenues	12.3	13.9	14.1	14.5	13.3	11.5	14.6	14.6	55.6	54.7	54.0	56.3
Gross Margin	2.8	2.6	2.7	2.2	2.5	2.2	2.2	2.2	10.2	10.3	9.1	11.7
% of Sales	18.5%	15.7%	16.3%	13.0%	16.0%	15.9%	13.0%	13.0%	15.5%	15.8%	14.4%	17.3%
SG&A	2.4	2.3	2.4	2.3	2.3	1.4	1.6	1.7	9.8	9.3	7.1	6.5
Stock-based compensation	0.0	2.0	0.0	0.0	0.0	0.0	1.1	0.0	0.1	2.1	1.1	-
Provision for loan losses	0.3	0.1	0.4	0.4	0.4	0.0	0.6	0.4	2.1	1.4	1.5	1.2
Depreciation and amortization	0.9	0.7	0.8	0.8	0.8	0.8	0.7	0.7	2.5	3.1	3.0	3.0
Total operating expenses	3.6	5.2	3.6	3.5	3.6	2.2	4.1	2.8	14.5	15.9	12.7	10.7
Loss from operations	(0.8)	(2.6)	(0.9)	(1.3)	(1.0)	(0.0)	(1.9)	(0.7)	(4.3)	(5.6)	(3.6)	1.1
Loss from operations ex-one time	(0.8)	(0.6)	(0.9)	(1.3)	(1.0)	(0.0)	(1.9)	(0.7)	(4.3)	(5.6)	(3.6)	1.1
Interest expense, net	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.8)	(1.1)	(1.4)	(1.4)
Other expense	(0.1)	1.3	0.1	0.2	0.0	0.0	(0.1)	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)	(0.4)	(0.4)	(0.7)	(1.0)	(1.4)	(1.4)
Pretax operating income (loss)	(1.1)	(1.6)	(1.0)	(2.8)	(1.4)	(0.3)	(2.3)	(1.0)	(5.0)	(6.6)	(5.0)	(0.4)
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)	(2.3)	(1.0)	(5.0)	(6.6)	(5.0)	(0.4)
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)	(0.3)	(2.3)	(1.0)	(4.9)	(6.5)	(5.0)	(0.4)
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)	(2.3)	(1.0)	(4.6)	(6.5)	(5.0)	(0.4)
Earnings ex-one time charge	(1.1)	(1.5)	(1.0)	(1.5)	(1.4)	(0.3)	(2.3)	(1.0)	(4.3)	(5.1)	(5.0)	(0.4)
Stock-based compensation	0.0	2.0	0.0	0.0	0.0	0.0	1.1	0.0	0.1	2.1	1.1	0.0
Adjusted Non-GAAP Earnings	(1.1)	0.5	(1.0)	(1.4)	(1.3)	(0.3)	(1.2)	(1.0)	(4.2)	(3.1)	(3.9)	(0.4)
Yr-to-yr Growth	-27.7%	-153.2%	12.1%	68.3%	20.1%	-167.7%	24.6%	-30.0%	-40%	-26%	26.6%	-90.5%
GAAP EPS	($0.29)	($0.37)	($0.24)	($0.68)	($0.33)	($0.08)	($0.52)	($0.21)	($1.28)	($1.60)	($1.14)	($0.08)
Non-GAAP EPS	**($0.28)**	**$0.11**	**($0.24)**	**($0.35)**	**($0.32)**	**($0.08)**	**($0.28)**	**($0.21)**	**($1.07)**	**($0.76)**	**($0.88)**	**($0.08)**
Yr-to-yr Growth	-29%	-149%	5%	58%	13.5%	-168.1%	15.0%	-40.6%	-69.7%	-29.1%	16.0%	-91.3%
Share outstanding	3.9	4.2	4.2	4.1	4.1	4.2	4.5	4.8	3.9	4.0	4.4	4.8
Yr-to-yr Growth	1%	9%	6%	6%	5.8%	-0.6%	8.3%	17.9%	96.6%	4.5%	9.2%	9.8%
All in shares	3.9	4.2	4.2	4.1	4.3	5.1	5.4	5.8	4.8	4.0	5.2	5.8
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	(0.066)	0.074	(1.734)	(0.414)	0.551	4.030

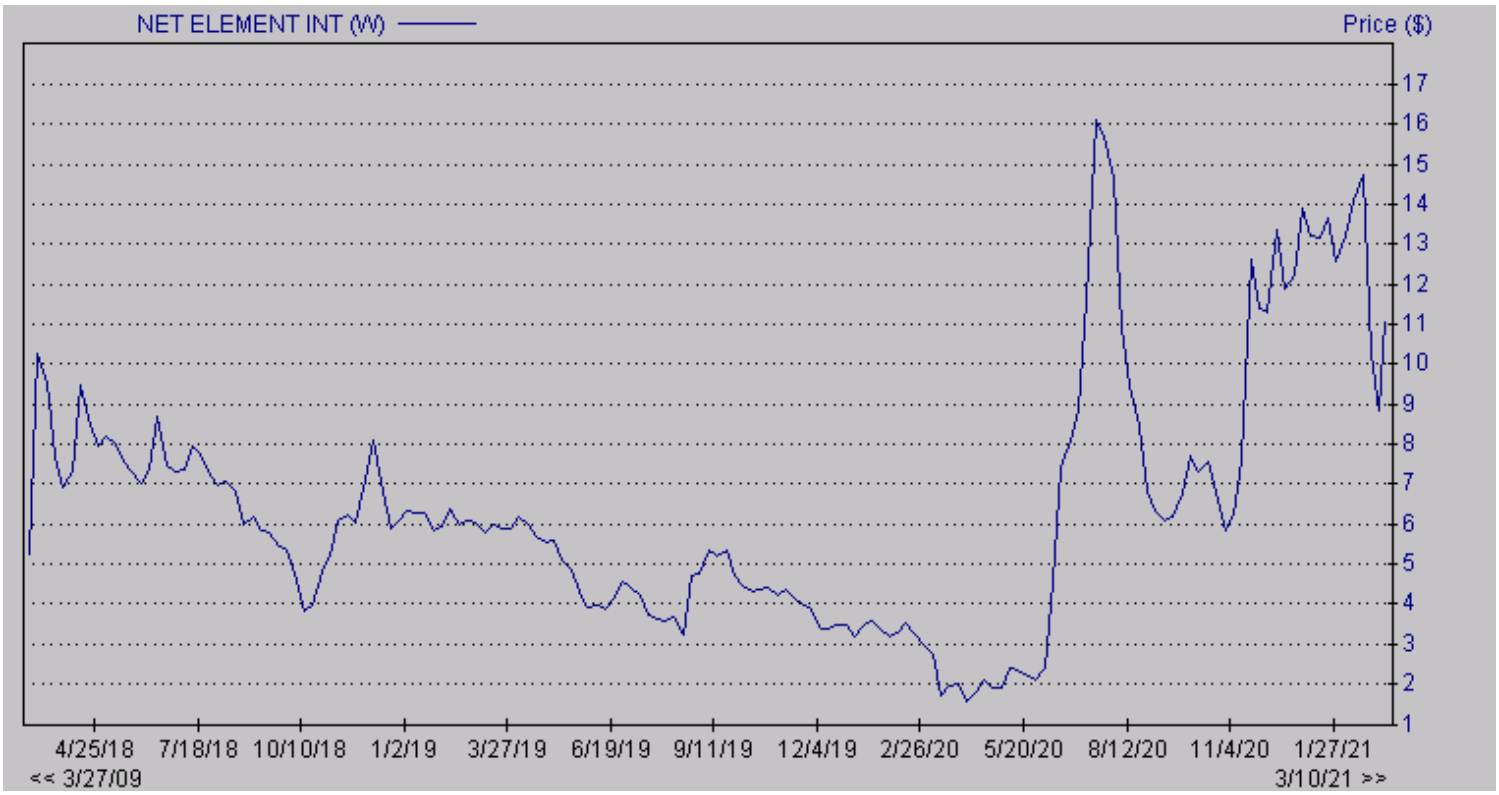
BALANCE SHEET

	Sept 30, 2020	June 30, 2020	Qtr-Qtr % Change	Sept 30, 2019	Yr- Yr % Change
Current assets:					
Cash	**$2,119,628**	**$865,812**	43%	**$492,656**	27%
Accounts receivable, net	5,252,882	5,855,538	46%	5,545,309	-22%
Due from Mullen Technologies	641,000	0	NM	0	NM
Prepaid expenses and other assets	1,156,689	1,530,625	18%	1,367,083	-9%
Total current assets	9,170,199	8,251,975	39%	7,405,048	-16%
Equipment, net	0	0	0%	9,550	-100%
Intangible assets, net	4,131,500	4,703,406	-12%	5,951,219	-16%
Goodwill	7,681,186	7,681,186	0%	9,007,752	-15%
Operating lease right-of-use asset	834,089	316,118	-9%	411,996	-26%
Other long term	755,593	730,185	11%	655,702	0%
Total assets	22,572,567	21,682,870	9%	23,441,267	-15%
Current liabilities:					
Accounts payable	$5,460,746	$5,360,103	19%	$5,350,538	-15%
Deferred revenue	854,436	1,291,703	-35%	944,283	106%
Accrued expenses	2,402,869	2,121,161	128%	1,637,549	-66%
Notes payable (current portion)	**27,305**	**936,391**	3%	**114,160**	175%
Operating lease liability (current portion)	32,628	68,859	-32%	31,010	13%
Due to related parties	**222,398**	**81,591**	8%	**135,311**	-72%
Total current liabilities	9,000,382	9,859,808	16%	8,212,851	-12%
Operating lease liability (net of current)	801,594	247,259	0%	380,986	-35%
Notes payable (non-current portion)	**9,906,134**	**8,986,881**	8%	**7,982,730**	40%
Total liabilities	19,708,110	19,093,948	11%	16,576,567	7%
STOCKHOLDERS' DEFICIT					
Common stock	483	419	2%	411	7%
Paid in capital	188,116,981	185,496,940	0%	185,282,062	1%
Accumulated other comp income (loss)	(2,211,449)	(2,209,363)	3%	(2,247,888)	-5%
Accumulated deficit	(182,771,691)	(180,442,122)	0%	(175,961,173)	4%
Noncontrolling interest	(269,867)	(256,952)	6%	(208,712)	74%
Total stockholders' deficit	2,864,457	2,588,922	-9%	6,864,700	-62%
Total liabilities and stockholders' deficit	22,572,567	21,682,870	9%	23,441,267	-15%
Net Cash	1,869,925	(152,170)	-125%	492,656	27%
Current and Quick Ratio	1.0	0.8	20%	0.9	-4%
Working Capital	169,817	(1,607,833)	-38%	(807,803)	-3%
Total Debt	10,155,837	10,004,863	7%	8,232,201	42%
Debt/TA	45%	46%	-1%	35%	68%
DSO	28.7	38.9	68%	30.0	-25%

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	Sept 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)	$ (2,329,569)
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)	(12,916)
Share based compensation	142,017	15,006	2,005,841	15,008	15,007	2,050,862	38,400	7,499	1,089,114
Deferred revenues	(216,742)	(523,199)	(523,199)	494,832	456,834	(94,732)	(470,205)	360,791	(437,267)
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	749,474
Non cash interest	73,442	14,314	7,397	14,972	20,192	56,875	12,294	34,258	36,818
(Recovery of) provision for loan losses	16,238	10,013	(18,940)	8,927	(9,226)	(9,226)	485	(9,153)	11,515
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)	655,057
Prepaid expenses and other assets	384,403	253,634	415,012	(442,293)	(358,571)	(132,218)	364,019	(651,405)	(94,897)
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	380,680
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)	48,009
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	(79,721)
Purchase of fixed and other assets	(114,931)	(413,132)	(55,155)	4,659	325,628	(138,000)	6,049	(41,715)	(543,379)
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	(623,100)
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	1,510,656
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)	518,104
Related party advances (payments)	-	(171,615)	338,176	85,942	(50,032)	202,471	133,743	25,689	70,277
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	2,099,037
Effect of exchange rate changes on cash	(34,399)	(12,497)	18,768	(6,555)	15,789	15,505	5,969	8,620	10,463
Net increase in cash	(9,483,720)	(1,117,808)	363,607	(346,992)	(32,103)	(1,133,296)	145,314	79,243	1,534,409
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	1,340,812
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	2,875,221
Cash paid during the period for:									
Interest	773,737	230,789	245,135	255,069	-	730,993	336,120	-	630,446
Taxes	61,871	46,932	56,909	16,703	-	120,544	-	-	92,259
Operating cash flow	(3,119,342)	(767,459)	640,776	250,312	(237,684)	(114,055)	(1,017,027)	826,799	(892,831)
Free cash flow	(8,647,537)	(1,831,956)	26,708	(157,233)	(603,236)	(2,565,717)	(1,438,009)	852,765	(1,515,931)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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. 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.