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Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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Document Security Systems (NYSE Amer:DSS)

**Armed with Over \$60 Million in Cash, DSS
Continues to Pursue New Ventures**

Using multiples from its peers of 1.4 times EV/Sales, we believe DSS stock is worth \$2.28 per share if we use the value of the base business and add \$50 million for the value of the soon to be spun off Impact BioMedical plus real estate and marketable securities.

OUTLOOK

Document Security Systems has evolved into a multi-industry business growing through opportunistic acquisitions. Its roots lie in document and packaging printing. It has a new direct marketing company, a biotech that is in the process of being spun off to shareholders, a REIT focusing on health care facilities, and an alternative trading platform for token exchange. It has over \$60 million in cash and another \$7 million in marketable securities with which to pursue opportunities. Its enterprise value is approximately \$28 million.

Current Price (09/01/21) \$1.24
Valuation \$2.28

SUMMARY DATA

52-Week High \$7.10
52-Week Low \$1.18
One-Year Return (%) -81
Beta 1.9
Average Daily Volume (sh) 994,291

Shares Outstanding (mil) 67.6
Market Capitalization (\$mil) \$84
Short Interest Ratio (days) 0.2
Institutional Ownership (%) 15
Insider Ownership (%) 15.7

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

5-Yr. Historical Growth Rates
Sales (%) -1.5
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-Value
Industry Business Services

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2019	3.8 R	3.5 R	2.6 R	5.7 R	15.8 R
2020	4.2 R	3.1 A	4.2 A	5.9 A	17.4 A
2021	4.9 A	4.2 A	4.6 E	8.5 E	20.7 E
2022					30.0 E

GAAP Earnings Per Share

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2019	-\$0.74 R	-\$1.00 R	-\$1.53 A	-\$0.18 A	-\$3.05 A
2020	-\$1.23 R	-\$0.26 A	\$0.70 A	-\$0.44 A	\$0.59 A
2021	-\$0.20 A	-\$0.24 E	-\$0.07 E	-\$0.05 E	-\$0.34 E
2022					-\$0.28 E

WHAT'S NEW

Premier Packaging Has Sold Out for 2021 and New Ventures Could Soon Generate Revenues

Like all businesses this year the supply chain is hurting DSS as it maneuvers to get raw materials. Much as we are used to hearing about chip shortages, DSS has its own problems with paper shortages as a lack of labor makes delivery of material difficult. Premier is now operating at full capacity given its own capabilities combined with the ability to source components. It is sold out for the rest of 2021 and working on its 2022 plans, during which should have double the revenue potential once its new press is installed. It is currently having strong demand from food and beverage manufacturers, and in particular, any beverage sold in a four pack. It is also starting to manufacture higher end higher gross margin packages for direct sales. It has been using these fancier packages for its own direct sales business, and expects to begin selling to other direct marketing companies not affiliated with DSS in Q4 2021.

Impact Biomedical continues to test its products and seek out customers. DSS is on track to dividend out this entity and is waiting for SEC approval before its holds a board of directors meeting to pick a record date. At the moment, the plan is to wait until the entity has some revenues under its belt before pursues an IPO as a separate public company. Revenues could start as soon as Q4 for some of its products. Those with the most near term promise include the 3FDB (DEET Booster) insect repellent and anti-microbial ingredient to improve the effectiveness of DEET used in bug spray or lotions, etc. Another product with near term potential is its Laetose technology that combines sugar and inositol to lower sugar consumption and may even be able to avoid tariffs supported by big sugar. Equivir might result in a Cold-EEZE type product with anti-viral effects and made from substances found in plants.



Puradigm is a new May investment for DSS. It sells air purification systems that kill viruses. DSS plans to help Puradigm get distribution of its products that include stand alone devices, wall mounted as well as all building solutions for HVAC systems. In August Puradigm announced that a study from the University of Florida showed Puradigm's technology makes SARS-CoV-2 undetectable on stainless steel surfaces after 24 hours. It uses a plasma oxidative method of air purification. It can also be used to kill bacteria and improve food safety. Marketing this product line could afford near term revenues for DSS's new DSS PureAir subsidiary.

Source: DSS

Q2 2021 Earnings Results

Total revenues for the quarter were \$4.2 million versus a restated \$2.8 million a year ago, up 50.6%. Printed product sales were \$3.4 million versus a restated \$2.3 million in Q2 2020, up 48.6%. Technology sales, services, and licensing grew 2.1% to \$480,000. The AuthentiGuard business was sold on May 7, 2021 to Proof Authentication Corporation for \$5 million. Proof is obligated to give DSS a licensing fee for any new business Proof brings in and DSS will also refer new customers to them generating fees. RBC Life Sciences (direct marketing) reported revenues of \$809,000 up from \$506,000 a year ago, up 59.9%.

Gross margins were 27.3% down from last year's restated 37.8%, and also down sequentially; gross margin dollars were \$1.1 million up only 9% from last year despite the sales growth.

Operating expenses were \$11.2 million a huge increase from \$2.3 million last year and \$4.8 million in Q1 2021. SG&A was up \$3.8 million and every category increased except rent and stock-based compensation. Included in SG&A were about \$3 million in accruals for future spending.

Other expenses contained a one-time unrealized loss on marketable securities of \$6.8 million. Its 48.8% of Sharing Services Global's net income produced a loss of \$332,000. Minority interest was a reversal of \$228,000 loss. DSS is currently working to help turn around problems at Sharing.

The loss from continuing operations was \$3.9 million versus a \$920,000 loss last year and discontinued operations lost \$114,000 this quarter versus \$1 million in Q1 2020.

Loss to common shareholders was \$4.0 million versus a loss of \$1.9 million last year. The **GAAP loss per share was \$0.20** versus a loss of \$1.23 a year ago. **Non-GAAP it was a loss per share of \$0.15** versus a loss of \$1.18 last year. The shares outstanding increased 1,163% to 19.4 million primary shares. Primary shares outstanding as of May 7, 2021 were 27,670,125.

Balance Sheet

On June 30, 2021 the company had **\$66 million in cash**, working capital of \$77 million and debt of \$8.1 million. It owns \$6.7 million in real estate as well as \$14 million in marketable securities that includes 91.2 million shares of Sharing Services Global (OTC: SHRG) as well as 150 million warrants exercisable at \$0.22 (valued at \$9.1 million at \$0.10 per share) and 127,179,311 shares of Alset International Limited (Ticker: 40V.SI) worth \$5 million.

During the Quarter

On April 5, 2021, Premier Packaging signed lease for a 101,250 square foot facility located at 275 Wiregrass Parkway, Henrietta, New York, with at target start date of December 1, 2021. It will move its operations approximately 15 miles from its current operations in Victor, NY. Empire State Development is providing up to \$700,000 in Excelsior Tax Credits in exchange for job creation commitments, with additional assistance commitments from Monroe County and Greater Rochester Enterprise. Premier will be able to increase staffing by more than 50% when it begins operations at the new facility later this year. It subsequently arranged to sell its current location at 6 Framark Drive, Victor, NY, for \$2.1 million with an anticipated closing date of January 31, 2022.

On April 8th a subsidiary of Impact BioMedical, Inc., invested in [Vivacitas Oncology, Inc.](#), a clinical-stage company focused on difficult to treat cancers. To add to its position, DSS Biomedical acquired Impact Oncology from Alset EHome International Limited. The principal asset of Impact Oncology consists of equity in Vivacitas.

On April 26, 2021, Impact BioMedical, Inc., entered into a term sheet with Puradigm LLC, to advance \$5 million in the form of a convertible promissory note. It is a two-year note with interest at 6.65% payable quarterly. It is convertible at the sole discretion of Impact BioMedical for up to 18% membership of Puradigm. On May 19, 2021 DSS announced the launch of DSS PureAir, Inc. a new subsidiary targeting commercial and residential air purification markets, following its investment in Puradigm. Puradigm makes proactive air and surface purification solutions that have proven to be safe, scalable and provide 24/7 protection to all indoor environments. Puradigm's technology is different from the typical disinfection technologies (chemical cleaning, UV light, vaporized hydrogen peroxide) because it produces non-Thermal Plasma (NTP) particles. As a comparison with this methodology, there are no downtime, chemical handling procedures, harmful residues, room clearance protocols, manpower requirements or adverse side effects and it can be run safely on a continuous basis even in fully occupied spaces.

On May 7, 2021 Proof Authentication Corporation acquired DSS Digital, Inc., DSS's anti-counterfeit, authentication, and brand protection solutions subsidiary for **\$5 million**, consisting of \$3 million in cash, \$1.5 million in potential earn-out, plus \$500,000 in trade credit issued to DSS by Proof. DSS will retain and sell to **certain key customers** through a non-exclusive license granted by Proof to DSS, while continuing to use AuthentiGuard at its Premier Packaging Corp. division. DSS will earn royalties from Proof and will be compensated for any business it brings Proof going forward. We have adjusted our model to reflect this new arrangement.

On May 12, 2021, Premier Packaging agreed to purchase a new Heidelberg seven color offset press to support its expanding printing and packaging business for \$3.2 million. It is expected to be delivered in December to the new facility.

On May 19th the new subsidiary DSS PureAir, Inc. was created to target the commercial and residential air purification markets, following a significant investment into Puradigm LLC, a manufacturer of proactive air and surface purification solutions for indoor environments. DSS PureAir agreed to provide Puradigm a secured convertible promissory note in the maximum principal amount of \$5 million. The note has a two-year term with interest at 6.65% payable quarterly. All, or part of the Puradigm Note principal balance can be converted at the sole discretion of DSS PureAir for up to an 18% membership interest in Puradigm LLC and is secured by all the assets of Puradigm.

On May 24, 2021 DSS acquired 24.9% of Sentinel Brokers Company, a FINRA-registered broker-dealer. Terms of the agreement include the option to acquire an additional 50.1% of Sentinel. Sentinel primarily operates as a financial intermediary, facilitating institutional trading of municipal and corporate bonds as well as preferred stock.

On June 14, the company sold 33.35 million shares of stock at a price of \$1.50 per share for gross proceeds of \$50.025 million.

On June 18, 2021, AMRE financed the purchase of a 40,000 square foot, 2.0 story, Class A+ multi-tenant medical office building located on a 13.62 acre site in Shelton, Connecticut for \$7.15 million. There is also a \$1.5 million earnout if certain criteria are met. During the three and six months ended June 30, 2021, AMRE had net losses of \$191,000 and \$249,000, respectively, of which \$70,000 and \$93,000, respectively is attributable to the non-controlling interest.

On June 24, the DSS Securities, Inc. bought another 47% of American Medical REIT for \$2.6 million. DSS now owns 99% of REIT. This cash was used to buy the above-mentioned facility.

Since the Quarter Ended

On July 22, 2021, DSS exercised 1 million of the available options under the Vivacitas Agreement #1 for \$1 million. This increased the company's equity position in Vivacitas to 19.3%.

KEY POINTS

- Document Security Systems sales are primarily from printing and packaging, which is expected to grow from increased capacity and by capturing market share. It has a variety of ventures in areas such as direct marketing REITS, biotechnology it hopes to profit with.

- The company has bought a development-stage biotech company with promise that is to be spun off to shareholders early this year. This kicker could turn out to have great incremental value for shareholders depending on its IPO results. We have only valued its contribution to shareholder value at its purchase price of \$50 million.
- DSS trades at an enterprise value of approximately \$28 million that is 1.3 times 2021 estimated sales. Incremental value includes its \$14 million in stocks, \$7 million in real estate, as well as the \$50 million purchase price of Impact BioMedical. If we use sum of the parts valuation, **we believe DSS common stock is worth at least \$2.28 per share.**

OVERVIEW

DSS is constantly investing in new businesses and exiting others. Current the following represents its businesses. The first two are generating revenues while the others are in development.

1. Direct Marketing/Online Sales Group specializes in marketing and distributing its products and services through its subsidiary and partner network using direct marketing. Its products include, among other things, nutritional and personal care products sold throughout North America, Asia Pacific, and Eastern Europe. Over the past 12 months, Direct has made substantial investments in acquiring marketing software, product opportunities, and operational capabilities in this marketplace. Additionally, it has acquired and developed an independent contractor sales force. It has also made substantial investments into other direct marketing companies, including its investment and partnership with Sharing Services Global Corporation (OTCQB: SHRG), of which it owns approximately 48%. Currently, Direct and SHRG operate offices in USA, Canada, Hong Kong, Singapore, S. Korea, Australia, New Zealand, Malaysia, and Singapore, with additional offices or presence being added monthly. Decentralized sharing systems' mission is to become the leading direct sales platform, training, developing, and empowering leaders on a global scale.

2. Premier Packaging, the company's packaging and security printing group, operates in the paperboard folding carton, smart packaging, and document security printing markets. It markets, manufactures, and sells mailers, photo sleeves, sophisticated custom folding cartons, and complex 3-dimensional direct mail solutions. These products are designed to provide functionality and marketability while also providing counterfeit protection. Premier is currently located in Victor, NY and serves the US market.

5. The BioHealth Group invests in, or acquires companies in the biohealth and biomedical fields, including businesses focused on the advancement of drug discovery and prevention, inhibition, and treatment of neurological, oncological, and immune related diseases. This division is also developing open-air defense initiatives, which curb transmission of air-borne infectious diseases, such as tuberculosis and influenza. The BioHealth Group is also targeting unmet, urgent medical needs. It is headquartered in Rochester, NY and has a research facility in Winter Haven, Florida.

6. The Securities and Fintech Group was established to develop and/or acquire assets and investments in the securities trading and/or funds management arena. Securities, in partnership with recognized global leaders in alternative trading systems, intends to own and operate in the US a single or multiple vertical digital asset exchanges for securities, tokenized assets, utility tokens, stablecoins and cryptocurrency via a digital asset trading platform using blockchain technology. The scope of services within this section is planned to include asset issuance and allocation (securities and cryptocurrency), FPO, IPO, ITO, PPO, STO and UTO listings on a primary market(s), asset digitization/tokenization (securities, currency, and cryptocurrency), and the listing and trading of digital assets (securities and cryptocurrency) on a secondary market(s). It is currently headquartered in Houston, Texas.

7. Alset Energy owns Alset Solar, Inc. that is pursuing utility-scale solar farms to serve US regional power grids and to provide underutilized properties with small microgrids for independent energy and will look at

other alternative energy opportunities for investment and development. Alset Energy is also headquartered in Houston.

8. Secure Living is a real estate developer building fully sustainable, secure, and healthy living communities with homes incorporating advanced technology, energy efficiency, and quality of life living environments both for new construction and renovations for single and multi-family residential housing. Secure Living is currently working with several land development partners to develop entire fully sustainable, healthy living single-family subdivisions. Secure Living is also headquartered in Houston, Texas.

9. Blockchain Technology specializes in the development of blockchain security technologies for tracking and tracing solutions for supply chain logistics and cyber securities across global markets. DSS Blockchain leverages DSS's AuthentiChain©, which secures assets across industries to benefit product developers, manufacturers, investors, and consumers. AuthentiChain©, can be applied to decentralize ledgers, help stabilize the token economy, and protect cryptocurrency from counterfeiting, and secure negotiable legal documents and security exchanges.

RISKS

- During the six months ended June 30, 2021, two customers, Walgreens and Shutterfly accounted for 45% of revenues. Loss of either customer would affect results significantly. The company recently signed multi-year contracts with both customers making their loss less likely.
- DSS is small and not profitable and potential customers may be hesitant to do business with it particularly when implementing long term solutions due to its financial situation and limited resources.
- The company is embarking on a number of new ventures outside its field of expertise and it is uncertain of they will be successful or non-dilutive.
- Since it is unprofitable, DSS continues to raise money, often through equity, diluting current shareholders.
- The company may not be successful bringing Impact BioMedical public thus reducing the value to DSS shareholders.

VALUATION

Valuing DSS has become increasing complex due to the purchase of Impact BioMedical as well as its holdings in Sharing Services Global. As a result we are using sum of the parts to value the company. First we look at the base business, which is comprised of two main businesses with public comparables. Companies that are primarily providers of packaging and printing and those involved in direct marketing. Since DSS sold off the anti-counterfeiting business, we are taking those comps out. In 2021 revenues from continuing operations at DSS are expected to be 74% packaging and 23% direct marketing. DSS's continuing sales for 2021 are estimated at \$20.7 million. Using the 1.39 times blended multiple we get an enterprise value of \$28.8 million and a market value of \$86.3 million.

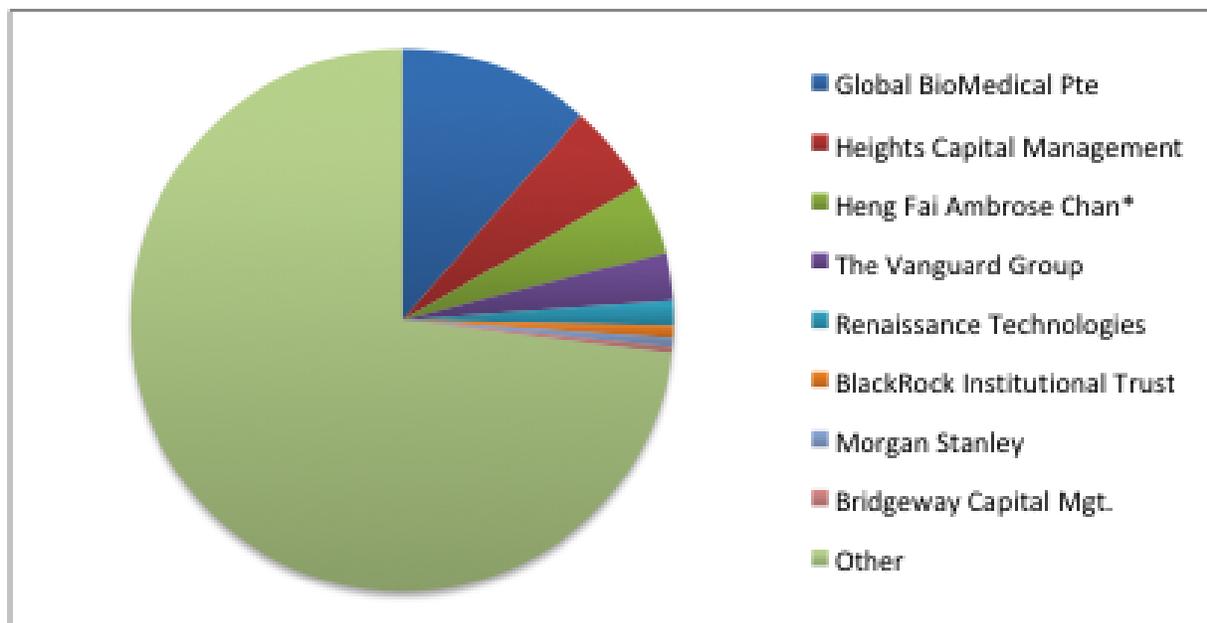
The company is in the process of spinning off Impact BioMedical to shareholders and we have no idea where it might be valued so we are just using the purchase price of \$50 million value. We will update that valuation as more information comes out. Adding the \$50 million plus \$6.7 million in real estate as well as \$14 million in

marketable securities on gives a market value of about \$157 million, and a price per share of \$2.28 per share using 69 million fully diluted shares outstanding.

Direct Marketing Company	Ticker	Cal. Revenue		LTM	EBITDA	EBIDTA Margin	EV/ Sales		LTM	EV/EBITDA	EV
		2022E	2021E				2022E	2021E			
Herbalife Nutrition	HLF	\$6,570	\$6,120	\$5,990	919.6	15%	1.3x	1.4x	1.4x	9.0x	8,300
Nu Skin Enterprises	NUS	\$2,970	\$2,850	\$2,830	385.8	14%	0.9x	0.9x	1.0x	7.0x	2,700
Tupperware	TUP	\$1,950	\$1,850	\$1,890	348.9	18%	0.9x	1.0x	0.9x	5.1x	1,780
Average							1.0x	1.1x	1.1x	7.0x	4,260

Packaging Company	Ticker	Cal. Revenue		LTM	EBITDA	EBIDTA Margin	EV/ Sales		LTM	EV/EBITDA	EV
		2022E	2021E				2022E	2021E			
Brady Corp.	BRC	NA	\$1,260	\$1,090	182.5	17%	NA	2.0x	2.3x	13.6x	2,480
Graphic Packaging	GPK	\$8,060	\$7,040	\$6,740	999.6	15%	1.2x	1.4x	1.5x	10.0x	9,960
Huhtamaki	HUH1V.HE	\$3,697	\$3,457	\$3,340	435.9	13%	1.5x	1.6x	1.7x	13.0x	5,660
WestRock	WRK	NA	\$19,300	\$18,130	2820.0	16%	NA	1.1x	1.2x	7.8x	21,990
Average							1.4x	1.5x	1.7x	11.1x	10,023

OWNERSHIP



INCOME STATEMENT

	Mar 31, 2020R	Jun. 30, 2020R	Sep. 30, 2020	Dec. 31, 2020	Mar 31, 2021	Jun. 30, 2021	Sep. 30, 2021E	Dec. 31, 2021E	2020	2021E	2022E
Revenue:											
Packaging Printing and Fabrication	\$ 2,966,000	\$ 2,103,000	\$ 2,568,000	\$ 4,145,000	\$ 3,688,000	\$ 3,336,000	\$ 3,700,000	\$ 4,000,000	11,782,000	\$ 14,724,000	\$ 20,000,000
Commercial and Security Printing	203,000	169,000	403,000	443,000	158,000	40,000	40,000	40,000	1,218,000	278,000	305,800
Printed products	3,169,000	2,272,000	2,971,000	4,588,000	3,846,000	3,376,000	3,740,000	6,000,000	13,000,000	15,002,000	20,305,800
Yr-Yr Growth	-4.3%	-24.3%	40.2%	-4.4%	21.4%	48.6%	25.9%	30.8%	-1.7%	15.4%	35.4%
Information Technology Sales and Services	11,000	-	24,000	117,000	38,000	-	-	-	152,000	38,000	-
Digital Authentication Products and Services	331,000	-	359,000	813,000	367,000	-	-	-	1,503,000	367,000	-
Yr-Yr Growth	43.9%	-100.0%	16.9%	45.7%	10.9%	0.0%	-100.0%	-100.0%	6.3%	-75.6%	-100.0%
Royalties from Licensees	207,000	-	100,000	123,000	84,000	-	-	-	430,000	84,000	-
Technology sales, services and licensing	479,000	0	483,000	1,053,000	489,000	0	0	0	\$ 2,085,000	\$ 489,000	\$ 0
Yr-Yr Growth	8.2%	-100.0%	-3.0%	45.6%	2.1%	0.0%	-100.0%	-100.0%	-2.9%	-76.5%	-100.0%
Direct marketing	573,000	506,000	715,000	532,000	608,000	809,000	850,000	2,500,000	2,326,000	4,767,000	7,150,500
Yr-Yr Growth	NA	NA	NA	209.8%	6.1%	59.9%	18.9%	369.9%	125.4%	104.9%	50.0%
REIT	0	0	0	0	0	0	200,000	240,000	0	440,000	1,920,000
Total revenue	4,221,000	2,778,000	4,169,000	6,173,000	4,943,000	4,185,000	4,590,000	8,500,000	17,411,000	20,698,000	29,376,310
Yr-Yr Growth	12.4%	-20.3%	59.3%	8.4%	17.1%	50.6%	10.1%	37.7%	12.0%	18.9%	41.9%
Costs and expenses:											
Cost of revenue	2,641,000	1,729,000	2,637,000	4,200,000	3,353,000	3,042,000	3,495,200	4,949,600	11,207,000	14,839,800	11,486,800
Gross Margin	1,580,000	1,049,000	1,532,000	1,973,000	1,590,000	1,143,000	1,094,800	3,550,400	6,204,000	5,858,200	12,430,008
Gross Margin %	37.4%	37.8%	36.7%	32.0%	32.2%	27.3%	23.9%	41.8%	35.6%	28.3%	42.3%
Selling, general and administrative	737,000	749,000	1,075,000	5,312,000	1,905,000	4,609,000	3,000,000	5,000,000	7,873,000	14,514,000	17,416,800
Depreciation and amortization	303,000	273,000	246,000	262,000	518,000	821,000	821,000	260,000	1,084,000	2,420,000	2,420,000
Professional fees	582,000	692,000	943,000	1,128,000	977,000	1,235,000	1,235,000	1,235,000	3,345,000	4,682,000	5,640,000
Stockbased compensation	90,000	47,000	133,000	(82,000)	15,000	(30,000)	10,000	10,000	188,000	5,000	400,000
Sales and marketing	560,000	340,000	1,015,000	923,000	710,000	896,000	1,000,000	1,400,000	2,838,000	4,006,000	5,000,000
Rent and utilities	115,000	78,000	74,000	92,000	73,000	75,000	75,000	75,000	359,000	298,000	300,000
Other expenses	110,000	133,000	409,000	402,000	377,000	381,000	381,000	381,000	1,054,000	1,520,000	1,700,000
R&D	0	0	26,000	184,000	244,000	211,000	211,000	211,000	210,000	877,000	120,000
Total costs and expenses	2,497,000	2,312,000	3,921,000	8,221,000	4,819,000	11,240,000	6,733,000	8,572,000	16,951,000	28,322,000	32,996,800
Operating (loss) income	(917,000)	(1,263,000)	(2,389,000)	(6,248,000)	(3,229,000)	(7,055,000)	(5,638,200)	(5,021,600)	(10,747,000)	(22,463,800)	(20,566,792)
Operating Margin	-21.7%	-45.5%	-57.3%	-101.2%	-65.3%	-168.6%	-122.8%	-59.1%	-61.7%	-108.5%	-70.0%
Other expense:											
Other income	0	0	0	0	0	250,000	0	0	1000		
Interest expense, net	(7,000)	(15,000)	(19,000)	(75,000)	32,000	1,379,000	500,000	500,000	(116,000)	2,411,000	(30,000)
Amortized debt discount	0	0	(8,000)	0	0	0	0	0	(8,000)	0	0
Impairment of investment	0	0	0	0	0	0	0	0	0	0	0
Gain on extinguishment of liabilities, net	0	0	0	969,000	116,000	0	0	0	969,000	116,000	0
Inc from invest in subsidiary (48.8% of SHRG)	0	0	0	604,000	(579,000)	(332,000)	500,000	1,000,000	604,000	589,000	824,600
Unrealized gain on marketable securities	4,000	580,000	7,782,000	2,243,000	(1,076,000)	(6,821,000)	0	0	10,609,000	(7,897,000)	0
Income before income taxes	(920,000)	(698,000)	5,366,000	(3,476,000)	(4,736,000)	(12,579,000)	(4,638,200)	(3,521,600)	1,312,000	(19,463,800)	(19,772,192)
Income tax expense	0	0	0	0	(838,000)	(1,854,000)	0	0	1,774,000	-2692,000	0
Loss from continuing operations	(920,000)	(698,000)	5,366,000	(3,476,000)	(3,898,000)	(10,725,000)	(4,638,200)	(3,521,600)	3,086,000	(19,463,800)	(19,772,192)
Loss from discontinued operations	(1,046,000)	(232,000)	(424,000)	34,000	(114,000)	2,079,000	0	0	(1,668,000)	1965,000	0
Net income	(1,966,000)	(930,000)	4,942,000	(3,476,000)	(4,012,000)	(8,646,000)	(4,638,200)	(3,521,600)	1,418,000	(16,771,800)	(19,772,192)
Net inc. attributable to non-controlling interests	(67,000)	(114,000)	(126,000)	788,000	31,000	228,000	(130,000)	(130,000)	481,000	(1,000)	0
Net income from continuing operations to common shareholders	(1,899,000)	(584,000)	5,492,000	(2,688,000)	(3,981,000)	(8,418,000)	(4,768,200)	(3,651,600)	1,899,000	(16,772,800)	(19,772,192)
Non-GAAP earnings	(1,809,000)	(1,117,000)	(2,157,000)	(5,982,000)	(3,006,000)	(1,295,000)	(4,758,200)	(3,641,600)	(11,065,000)	(16,883,800)	(19,372,192)
Non-GAAP EPS	\$ (1.18)	\$ (0.53)	\$ (0.47)	\$ (1.00)	\$ (0.15)	\$ (0.04)	\$ (0.07)	\$ (0.05)	\$ (3.12)	\$ (0.36)	\$ (0.29)
Continuing GAAP loss per share	\$ (1.23)	\$ (0.28)	\$ 1.20	\$ (0.45)	\$ (0.20)	\$ (0.24)	\$ (0.07)	\$ (0.05)	\$ 1.01	\$ (0.34)	\$ (0.29)
Yr-Yr Growth	66.6%	-72.3%	-178.5%	NA	-83.4%	-13.1%	-105.9%	NA	NM	-134.2%	-16.2%
Continuing loss per diluted share	(1.23)	(0.28)	0.70	(0.45)	(0.18)	(0.23)	(0.07)	(0.05)	0.59	(0.34)	(0.29)
Basic shares outstanding	1,539,052	2,103,199	4,582,374	5,968,000	19,432,831	34,888,054	67,590,295	67,590,295	3,548,421	47,375,369	67,590,295
Yr-Yr Growth	163.9%	188.0%	472.2%	418.6%	1162.6%	1558.8%	1375.0%	1032.5%	317.4%	1235.1%	42.7%
Diluted shares	1,539,052	2,103,199	7,805,629	8,439,000	21,903,831	35,984,413	68,686,654	68,686,654	6,019,207	48,815,388	68,686,654
EBITDA	(524,000)	(943,000)	(2,010,000)	(6,068,000)	(2,696,000)	(6,264,000)	(4,807,200)	(4,751,600)	(9,545,000)	(20,038,800)	(17,746,792)

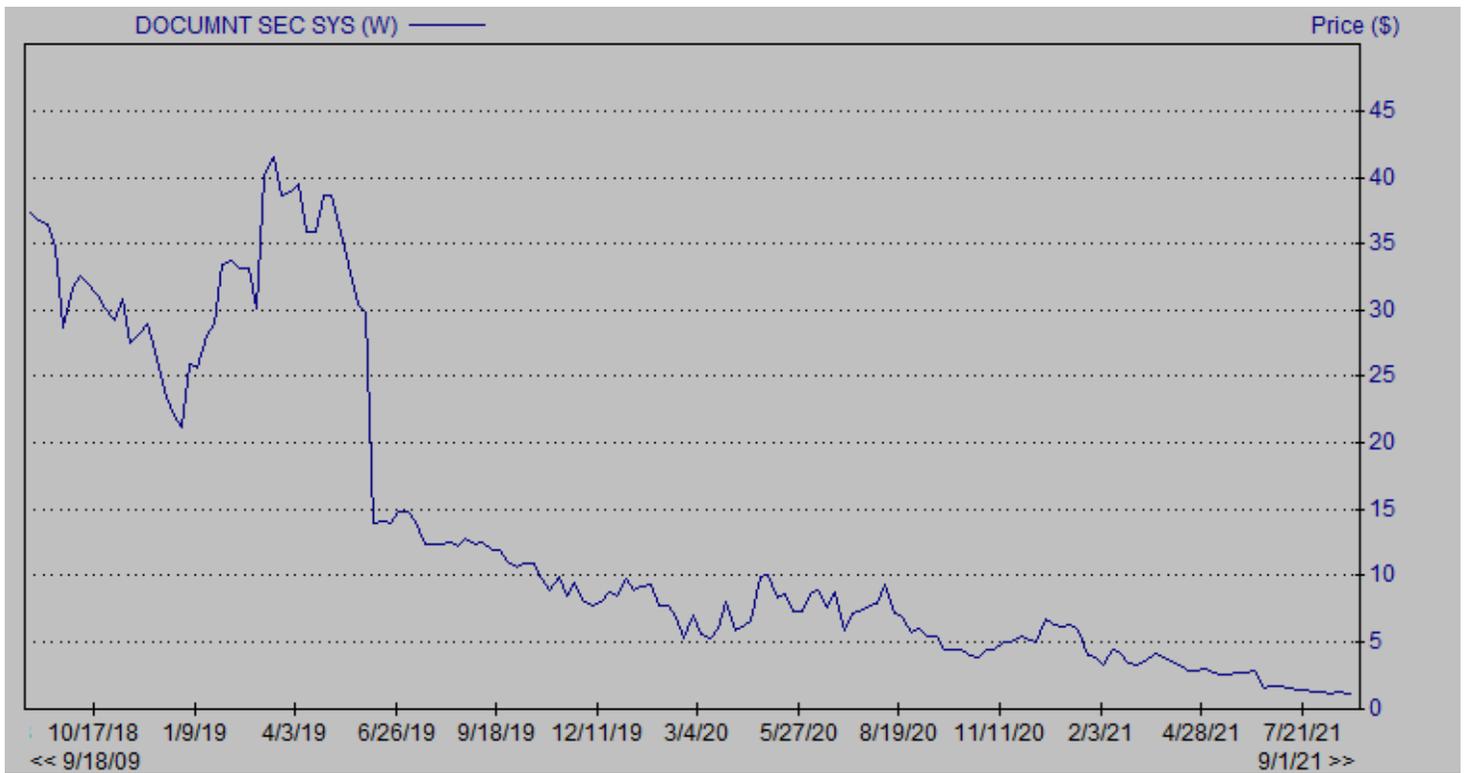
CASH FLOWS

	2019R	March 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	2020	March 31, 2021	June 30, 2021
Cash flows from operating activities:								
Net income (loss)	\$ (2,595,000)	\$ (923,000)	\$ (672,000)	\$ 5,366,000	\$ (685,000)	\$ 3,086,000	\$ (3,898,000)	\$ (10,889,000)
Adjustments to reconcile net income (loss) to net cash used by operating activities:								
Depreciation and amortization	1,151,000	360,000	218,000	246,000	260,000	1,084,000	518,000	817,000
Stock based compensation	421,673	90,000	(6,000)	132,000	(28,000)	188,000	15,000	(30,000)
Income from equity investment	0	0	0	0	(604,000)	(604,000)	579,000	332,000
Unrealized gain on investment	0	(4,000)	(580,000)	(7,781,000)	(2,244,000)	(10,609,000)	1,076,000	6,822,000
Deferred tax benefit	(125,419)	0	0	0	(1,774,000)	(1,774,000)	(838,000)	(1,855,000)
Accretion of debt discount, origin fee, & prepaid expense						0	0	(1,698,000)
Amortization of deferred financing costs	1,901	0	0	0	0	0	0	0
Gain on extinguishment of liabilities, net	0	0	0	0	(969,000)	(969,000)	(116,000)	0
Impairment of goodwill	0	685,000	0	0	0	0	0	0
Decrease (increase) in assets:								
Accounts receivable	(1,659,000)	630,000	769,000	(250,000)	(1,458,000)	(309,000)	90,000	276,000
Inventory	(848,000)	(35,000)	(231,000)	(881,000)	442,000	(705,000)	(601,000)	(664,000)
Prepaid expenses and other current assets	(154,000)	(54,000)	(27,000)	(590,000)	172,000	(499,000)	(92,000)	(467,000)
Other assets	0	0	(94,000)	528,000	(79,000)	355,000	(382,000)	494,000
Restricted cash	0	(4,000)	0	0	0	0	0	0
Increase (decrease) in liabilities:								
Accounts payable	392,000	(3,000)	(783,000)	669,000	(84,000)	(201,000)	106,000	53,000
Accrued expenses	(307,000)	(167,000)	(2,000)	421,000	3,978,000	4,230,000	(3,472,000)	4,274,000
Deferred rev and customer deposits	21,000	0	0	0	0	0	0	0
Other liabilities	(1,750,000)	0	133,000	726,000	185,000	1,044,000	(778,000)	80,000
Net cash used by operating activities	(5,450,845)	575,000	(1,956,000)	(1,414,000)	(2,888,000)	(5,683,000)	(7,793,000)	(2,455,000)
Cash flows from investing activities:								
Purchase of property, plant and equipment	(947,000)	(105,000)	21,000	(19,000)	(222,000)	(325,000)	(72,000)	(1,191,000)
Purchase of real estate							0	(6,565,000)
Purchase of investments	(1,829,245)	(566,000)	(725,000)	1,191,000	(9,691,000)	(9,791,000)	(3,230,000)	(14,884,000)
Purchase of marketable securities	0	0	(1,392,000)	(5,189,000)	6,581,000	0	(4,329,000)	(4,460,000)
Purchase of equity investment							0	(400,000)
Sale of marketable securities				0	0	0	2,188,000	6,997,000
Issuance of note receivable	(793,195)	(462,000)	(104,000)	(8,000)	0	(574,000)	(1,006,000)	1,006,000
Purchase of intangible assets	(369,735)	0	0	111,000	(111,000)	0	0	(585,000)
Note receivable investment							0	(18,799,000)
Net cash used by investing activities	(3,939,175)	(1,133,000)	(2,200,000)	(3,914,000)	(3,443,000)	(10,690,000)	(6,449,000)	(38,881,000)
Cash flows from financing activities:								
Payments of long-term debt	(167,000)	(121,000)	(21,000)	(2,000)	(160,000)	(304,000)	(89,000)	8,000
Borrowing of LTD	0	0	1,272,000	0	6,000	1,278,000	110,000	6,218,000
Borrowing from lines of credit	587,750	200,000	0	(500,000)	500,000	0	0	0
Borrowings from revolver	500,000	300,000	0	500,000	0	0	0	0
Payments of revolver	0	0	0	0	(500,000)	(500,000)	0	0
Borrowings from convertible note	500,000	0	0	0	0	0	0	0
Deferred financing fees			0	0	0	0	0	(186,000)
Issuance of common stock, net	6,658,906	3,929,000	0	9,929,000	46,000	20,195,000	61,068,000	45,704,000
Subscription receivable, net	0	0	0	0	0	0	0	0
Net cash used by financing activities	8,079,656	4,308,000	6,542,000	9,927,000	(108,000)	20,669,000	61,089,000	51,744,000
Net cash used by discontinued oper.	(43,000)	0	(56,000)	(130,000)	20,000	(166,000)	(12,000)	3,176,000
Net decrease in cash	(1,352,000)	3,750,000	2,330,000	4,599,000	(6,419,000)	4,130,000	46,835,000	13,584,000
Cash and restricted cash at beginning of period	2,448,000	537,636	4,287,636	7,176,000	11,645,000	1,096,000	5,226,000	52,061,000
Cash and restricted cash at end of period	\$ 1,096,000	\$ 4,287,636	\$ 6,617,636	\$ 11,645,000	\$ 5,226,000	\$ 5,226,000	\$ 52,061,000	\$ 65,645,000
Operating Cash Flow	\$ (1,145,845)	\$ (477,000)	\$ (1,040,000)	\$ (2,037,000)	\$ (6,044,000)	\$ (9,598,000)	\$ (2,664,000)	\$ (6,501,000)
Free Cash Flow	\$ (4,291,825)	\$ (582,000)	\$ (1,019,000)	\$ (754,000)	\$ (16,068,000)	\$ (19,714,000)	\$ (2,736,000)	\$ (8,277,000)

BALANCE SHEET

	Jun. 30, 2021	Mar. 31, 2021	Qtr-Qtr % Growth	Jun. 30, 2020	Yr-Yr % Growth
Current assets:					
Cash	\$ 65,645,000	\$ 52,061,000	26.1%	\$ 7,176,000	26.1%
Accounts receivable, net	3,223,000	3,806,000	-15.3%	2,445,000	-15.3%
Inventory	3,220,000	2,556,000	26.0%	1,774,000	26.0%
Assets held for sale	0	0	0.0%	236,000	NM
Current portion of note receivable, net	14,511,000	0	NM	0	NM
Prepaid expenses & other curr assets	1,751,000	1,451,000	20.7%	510,000	20.7%
Total current assets	88,350,000	59,874,000	47.6%	12,141,000	47.6%
Property, plant and equipment, net	4,970,000	4,079,000	21.8%	4,257,000	21.8%
Investment, real estate	6,565,000	0	NM	0	NM
Other investments	13,329,000	5,134,000	159.6%	3,445,000	159.6%
Investment, equity method	17,033,000	11,655,000	46.1%	0	46.1%
Marketable securities	7,319,000	10,085,000	-27.4%	1,976,000	-27.4%
Note receivable	3,023,000	1,543,000	95.9%	522,000	95.9%
Non-current assets held for sale	0	0	0.0%	1,608,000	NM
Other assets	308,000	338,000	-8.9%	311,000	-8.9%
Right-of-use assets	118,000	156,000	-24.4%	37,000	-24.4%
Goodwill	26,862,000	26,862,000	0.0%	1,769,000	0.0%
Other intangible assets, net	23,284,000	23,077,000	0.9%	1,347,000	0.9%
Total assets	191,161,000	142,803,000	33.9%	27,413,000	33.9%
Current liabilities:					
Accounts payable	1,591,000	1,248,000	27.5%	690,000	27.5%
Accrued expenses & deferred revenue	8,026,000	1,798,000	346.4%	883,000	346.4%
Other current liabilities	736,000	658,000	11.9%	522,000	11.9%
Current liabilities held for sale	0	0	0.0%	274,000	NM
Current portion of long-term debt, net	687,000	498,000	38.0%	426,000	38.0%
Current portion of lease liability	101,000	138,000	-26.8%	35,000	-26.8%
Total current liabilities	11,141,000	4,340,000	156.7%	2,830,000	156.7%
Long-term debt, net	7,467,000	1,661,000	349.5%	3,388,000	349.5%
Lease liability	17,000	18,000	-5.6%	3,000	-5.6%
Non-current liabilities held for sale	0	0	0.0%	677,000	NM
Other long-term liabilities	507,000	507,000	0.0%	507,000	0.0%
Deferred tax liability, net	1,341,000	2,661,000	-49.6%	44,000	-49.6%
Stockholders' equity					
Common stock	1,351,000	552,000	144.7%	60,000	144.7%
Convertible preferred stock	0	1,000	-100.0%	0	-100.0%
Additional paid-in capital	279,947,000	235,027,000	19.1%	126,058,000	19.1%
Non-controlling interest in subsidiary	3,171,000	3,399,000	-6.7%	(181,000)	-6.7%
Accumulated deficit	(113,781,000)	(105,363,000)	8.0%	(105,973,000)	8.0%
Total stockholders' equity	170,688,000	133,616,000	27.7%	19,964,000	27.7%
Total liabilities and stockholders' equity	191,161,000	142,803,000	33.9%	27,413,000	33.9%
Current ratio	7.9	13.8	-42.5%	4.3	-42.5%
Quick ratio	7.6	13.2	-42.1%	3.7	-42.1%
Working Capital	77,209,000	55,534,000	39.0%	9,311,000	39.0%
Net cash	65,645,000	52,061,000	26.1%	7,176,000	26.1%
Debt	8,154,000	2,159,000	277.7%	3,814,000	277.7%
Debt/TA	4%	2%	182.1%	14%	182.1%

HISTORICAL STOCK PRICE



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