

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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Recruiter.Com

(RCRT-NASDAQ)

Preannounces Q4 Revenues of \$8.8 Million up 275%

Based on a blended enterprise value to sales multiple of its peers of 5.85 times, we believe the stock is worth \$9.15 per share.

Current Price (01/18/22) \$2.64
Valuation \$9.15

OUTLOOK

Recruiter.com, headquartered in NYC, is a pure play in hiring. It provides a platform for companies to hire recruiters on a temporary gig or project basis (Recruiters on Demand) as well as providing a traditional staffing business. As more of its revenues move to its faster growing, higher margin, scalable platform and SaaS businesses we expect margins to expand and growth to accelerate. We expect the company to reach cash flow breakeven in 2022. While its staffing business is still growing, it is focusing efforts on expanding its AI enhanced platform to more verticals and geographies in the US.

SUMMARY DATA

52-Week High \$11.48
52-Week Low \$2.45
One-Year Return (%) -61.6
Beta -1.7
Average Daily Volume (sh) 115,209

Shares Outstanding (mil) 15
Market Capitalization (\$mil) \$38
Short Interest Ratio (days) 0.2
Institutional Ownership (%) 14
Insider Ownership (%) 19

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

5-Yr. Historical Growth Rates
Sales (%) 172
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A
P/E using 2022 Estimate N/A
P/E using 2023 Estimate N/A

Risk Level High
Type of Stock Small Blend
Industry IT Services

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	2.3 A	1.9 A	2.0 A	2.3 A	8.5 A
2021	3.2 A	4.4 A	6.3 A	8.8 E	22.6 E
2022					40.0 E
2023					

GAAP EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	-\$1.48 A	-\$4.11 A	\$0.16 A	-\$3.21 A	-\$8.76 A
2021	-\$2.40 A	\$0.60 A	-\$0.56 A	-\$0.50 E	-\$2.37 E
2022					-\$1.12 E
2023					

WHAT'S NEW

Recruiter preannounced revenues for Q4 2021 coming in at \$8.8 million versus our estimate of \$7.2 million. This is growth of 275% versus the year ago quarter. Most of the upside came in revenues from its core Recruiter on Demand platform, which contributed 63% of revenue in Q4 and grew to \$5.5 million in revenues versus \$500,000 in revenues in Q4 2020. Software subscriptions added \$750,000 to revenues in the quarter and it is a business that only launched in Q2 of 2021 and contributes approximately 90% gross margins compared to a company average closer to 35%. The company did not break out the results for the rest of the businesses. In our model our estimated revenue breakdown put gross margin for the quarter at near 39% compared to a gross margin of 32% in last year's quarter.

For the year revenues grew to \$22.6 million, up 52% for the year. The Recruiter on Demand business grew to \$11.4 million compared to slightly less than a million last year. Software subscriptions added \$1.4 million to the year's revenues. Our model shows a gross margin for the year at 36% versus 28% last year. When the company reports we will get the actual number. If we are accurate this shows gross margin dollars grew 240% on only 52% revenue growth as the business shifts away from staffing to its higher margin platform model.

We are raising our Q4 and 2021 revenues accordingly. The service mix and higher revenues raises forecasted gross margins and as a result, we are raising Q4 2021 EPS to a loss of \$0.50 from a loss of \$0.55 and raises the year to a loss of \$2.37. The revenue increase leads to an increase in our valuation price to \$9.15. We will adjust 2022 numbers when Q4 is reported.

KEY POINTS

- Recruiter.com is a pure play in hiring and investing in *The Great Resignation*. In contrast to the expected post pandemic *Great Rehire*, *The Great Resignation* is being caused by a combination of factors: employees who were already planning to quit delayed their resignations due to the pandemic and as the job market recovers, they have started resigning en masse; incrementally other people, experiencing a different work environment decided to make changes, and finally, employer forced vaccinations have caused another set of people to change employers. The phenomenon is so extreme that Monster has reported that in a poll taken in July, 95% of all employees are considering changing jobs.
- The labor shortage has created in an unprecedented level of demand for workers. Recruiter.com benefits as companies move to hire more workers, thus more recruiters and better tools to fill openings. Much of what Recruiter.com does is match employers with suitable recruiting help on a gig basis. As a second derivative of hiring, the demand for recruiters have grown even faster than the demand for talent, and prices are increasing benefiting Recruiter.com.
- Recruiter.com's automated platform using AI provides a scalable model providing increasing margins through operating leverage.
- Recruiter.com closed the acquisition of Novo Group on August 27th, which we believe could add \$500,000 or more a month to sales.
- As a traditional staffing company, moving an increasing percentage of sales to its matching platform and software tools, Recruiter.com should enjoy increasing operating profits, cash flow, and

valuation. Rather than trading as a staffing company the business should be valued more like a SaaS platform company as it garners more of its sales from those business lines.

- At an enterprise value of \$38 million, Recruiter.com is trading at an EV/2021 Sales of 1.7 times compared to the blended multiple of 5.85 times of its peers. We believe growth, expanding margins, analyst coverage and its new listing on NASDAQ could increase the stock's appeal and cause appreciation.

OVERVIEW

Recruiter.com Group, Inc. headquartered in NYC, was founded in 2015, and has approximately 80 full time employees, over 150 recruiter-on-demand 1099 contractors, and about 250 temporary staff working at client locations. Management is located in the NYC area as are all but six of the employees. It operates an on-demand recruiting platform matching companies with over 30,000 small and independent recruiters looking for temporary placements. Using the platform companies can hire employees faster and at lower cost than traditional methods. The platform also provides resources for hirers and recruiters to find candidates to fill jobs using AI job-matching technology and video screening software. The company generates revenue by taking a markup on the monies paid for staffing and on-demand recruiters, as well as by selling a SaaS search tool to companies doing hiring in-house.

Table 1. Revenue Breakdown by Product Line
(dollars in hundreds)

	March 31, 2020	Jun. 30, 2020	Sept. 30, 2020	Dec. 31, 2020	March 31, 2021	Jun. 30, 2021	Sept. 30, 2021	Dec. 31, 2021E
Recruiters on Demand	184,975	46,856	234,590	499,683	957,479	1,796,948	3,437,700	5,500,000
Consulting and staffing services	1,913,394	1,576,662	1,521,826	1,672,171	2,072,446	2,157,658	1,665,200	1,550,000
Permanent placement fees	137,627	153,140	131,744	95,193	39,966	188,196	403,100	700,000
Software subscriptions	-	-	-	-	-	175,790	465,100	750,000
Marketplace solutions	77,127	76,756	104,007	(113,084)	94,654	62,302	286,800	300,000
Total	2,313,123	1,853,414	1,992,167	2,153,963	3,164,545	4,380,894	6,257,900	8,800,000

* Bold numbers in Q4 were preannounced, the rest are estimates

Its various businesses, in order of contribution to 2021 revenue to are:

- **Recruiters on Demand (52% of sales):** Is a matching platform that takes companies' hiring requirements and matches them with professional recruiters who work on a temporary basis in the model of a job shop. Recruiters charge based on time spent, at an agreed-upon rate, and are paid as gig workers. Recruiter.com gets an approximate mark up of 20-80%. When companies need to hire multiple people or have a hiring burst, they find this model far less expensive than hiring more in-house staff, or paying typical full-time placement fees. This business also includes the newly acquired Talent Effectiveness business from Novo Group, a monthly subscription executive coaching service. It generates gross margins of between 20-60%.

- **Consulting and Staffing (33% of sales):** Is a traditional staffing business that fills long and short-term employee needs. For these assignments, Recruiter.com is the employee of record (or it may contract that out to a third party), and generates revenue from the placement, as well as a portion of the salary paid. This business generates gross margins of between 9-25% and although it is still growing year over year, it is not the company's focus.

- **Software Subscription (6% of sales):** Companies seeking new hires can access Recruiter.com's newly introduced software as a service product which uses AI to search a database of 150 million workers scraped from various sources to find relevant candidates and email them to apply to positions. Recruiter.com charges a fee per search with a limit on number of emails sent. Prices paid per customer range from \$1000 per month to \$40,000 per month for large enterprise customers. This is a high margin business generating in excess of 90% gross margins.

- **Full-time Placement (6% of sales):** For each employee Recruiter.com places for a full time job, it generates a negotiated one-time fee that is typically 10-30% percent of the candidates first year base salary and is typically paid after 90 days of employment. Employers alert Recruiter.com of their hiring needs and candidates are sourced through independent recruiter users that access the platform and other tools. It supports and supplements the independent recruiters' efforts with dedicated internal employees.

- **Marketplace Solutions (3% of sales):** Recruiter.com also generates revenue by allowing numerous self-service businesses accessed through its platform. Companies can place online ads, or open job postings or sponsor content on our platform. It also offers career solutions, which provides services to job seekers including: resume distribution, upskilling, and training.

VALUATION

As Recruiter.com is composed of two main businesses with vastly different business models we choose to value the company as a composite based on percent of revenues using different comparable companies for the two businesses. For Recruiters on Demand plus software subscriptions we look at platform companies based on operating leverage, while for the traditional staffing and placement business we look at staffing companies. Averages for each are shown below:

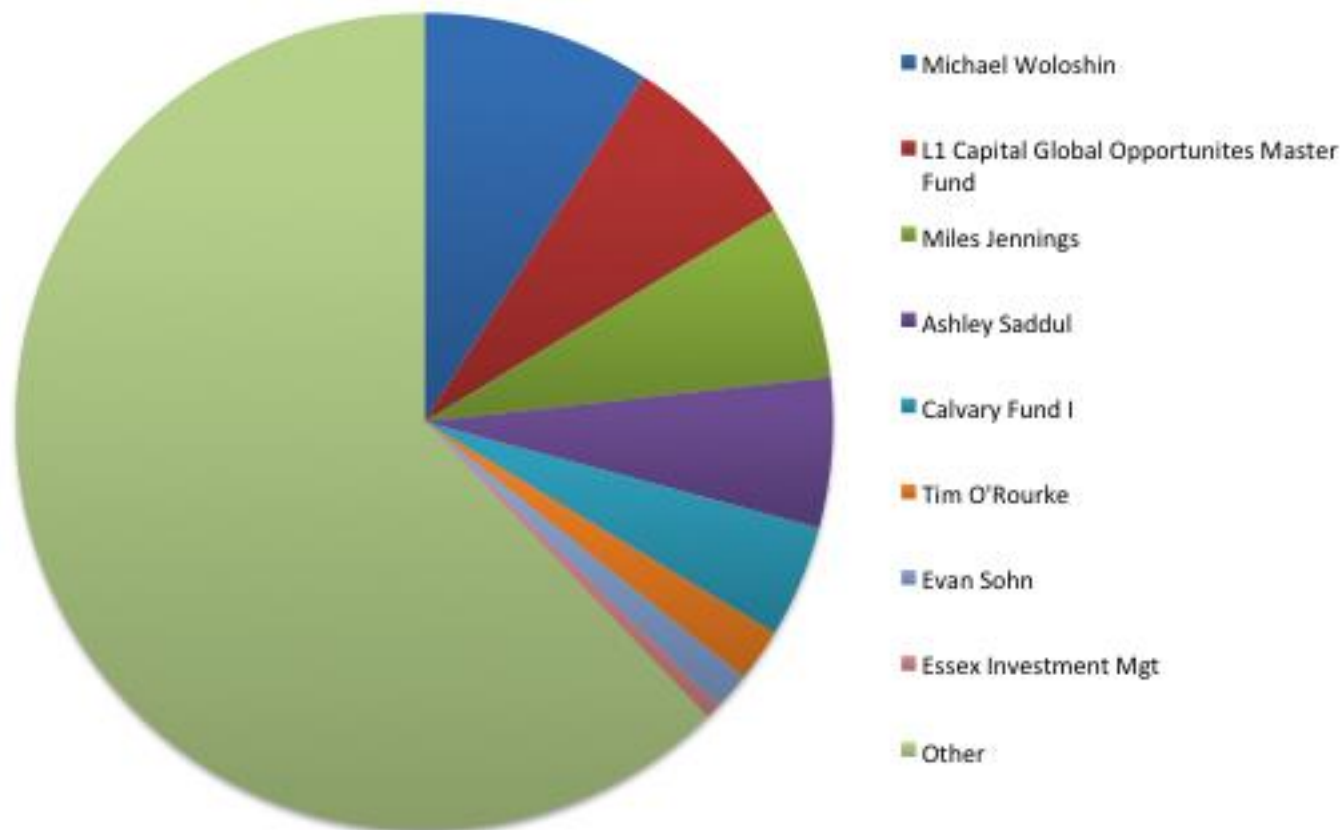
Company	Ticker	Calendar Revenue 2022E	Calendar Revenue 2021E	LTM	EBIDTA Margin	EV/Sales 2022E	EV/Sales 2021E	LTM	Enterprise Value
Platform									
DoorDash	DASH	6,000	4,870	4,560	-11%	6.7	8.2	8.8	40,127
Grubhub	GRUB	2,520	2,170	3,140	-8%	4.9	5.7	4.0	12,420
EBAY	EBAY	11,000	10,420	11,660	30%	3.0	3.2	2.9	33,512
Match Group	MTCH	3,960	3,000	2,830	32%	9.3	12.2	12.9	36,636
Paychex	PAYX	4,600	4,330	4,330	43%	9.5	10.1	10.1	43,750
TriNet	TNET	1,180	1,150	4,370	10%	4.6	4.7	1.2	5,402
Uber	UBER	25,380	17,020	14,840	-18%	3.2	4.8	5.6	82,375
Upstart	UPST	1,130	785	634	16%	7.7	11.1	13.7	8,706
Workday	WDAY	6,120	5,130	4,890	8%	10.0	12.0	12.5	61,356
						6.6	8.0	8.0	36,032
Staffing and Recruiting									
Adecco Group	ADEN.SW	23,750	21,890	20,860	5%	0.4	0.4	0.4	8,600
Hudson Global	HSN	196	165	146	1%	0.2	0.3	0.3	45
Kforce Inc.	KFRC	1,620	1,570	1,520	7%	0.9	1.0	1.0	1,500
Korn Ferry	KFY	2,631	2,260	2,260	10%	1.4	1.7	1.7	3,810
Robert Half	RHI	7,020	6,390	6,000	12%	1.7	1.9	2.0	12,080
ZipRecruiter	ZIP	846	728	635	5%	3.0	3.5	4.0	2,571
Average						1.3	1.5	1.6	4,768

With total revenues for Recruiter.com in 2021 at \$22.6 million and with 67% comes from platform revenues and other and 33% from staffing we get a blended multiple of 5.85 times enterprise value to sales that results in a market value of \$132 million, and a stock price of \$9.15, using the fully diluted share count of 14.4 million shares.

RISKS

- The staffing and recruitment market is experiencing extraordinary times and the past two years are not representative of general trends. While the company is has huge demand now, and an economic downturn could reduce hiring needs and growth prospects for Recruiter.com.
- The company is cash flow negative and unprofitable and there is no assurance it will not remain so and need further cash to sustain its business. This cash need could cause shareholder dilution if it raised by selling equity.
- The economics of hiring could change making Recruiter.com's model less competitive versus alternatives.
- The company competes with much larger and well-financed companies. Customers are often hesitant to work with small money losing operations.

OWNERSHIP



INCOME STATEMENT

	March 31, 2020	Jun. 30, 2020	Sept. 30, 2020	Dec. 31, 2020	March 31, 2021	Jun. 30, 2021	Sept. 30, 2021	Dec. 31, 2021E	2020	2021E	2022E
Revenue	\$ 2,313,123	\$ 1,853,414	\$ 1,992,167	\$ 2,344,188	\$ 3,164,545	\$ 4,380,894	\$ 6,257,882	\$ 8,800,000	\$ 8,502,892	\$ 22,603,321	\$ 40,000,000
Yr-Yr Growth	1316.5%	-6.0%	2.4%	22.3%	36.8%	136.4%	214.1%	275.4%	41.8%	165.8%	77.0%
Cost of revenue	1,751,196	1,418,242	1,377,523	1,591,402	2,254,910	2,946,084	3,953,660	5,415,000	6,138,363	14,569,654	24,000,000
Gross profit	561,927	435,172	614,644	752,786	909,635	1,434,810	2,304,222	3,385,000	2,364,529	8,033,667	16,000,000
	24.3%	23.5%	30.9%	32.1%	28.7%	32.8%	36.8%	38.5%	27.8%	35.5%	40.0%
Operating expenses:											
Sales and marketing	25,243	15,068	22,357	20,236	57,543	75,006	138,442	140,000	82,904	410,991	750,000
Product development	83,093	57,401	79,663	79,355	70,660	75,004	465,141	500,000	299,512	1,110,805	2,500,000
Amortization of intangibles	159,173	159,173	184,172	184,173	159,173	675,095	842,934	900,000	686,691	2,577,202	3,600,000
Impairment expense		0	0	0	0	0	2,530,325	0	0	2,530,325	0
General and administrative	2,148,943	1,626,362	2,223,312	2,035,068	2,545,905	3,062,597	4,882,762	9,000,000	8,033,685	19,491,264	25,000,000
Total operating expenses	2,416,452	1,858,004	2,509,504	2,318,832	2,833,281	3,887,702	8,859,604	10,540,000	9,102,792	26,120,587	31,850,000
Loss from operations	(1,854,525)	(1,422,832)	(1,894,860)	(1,566,046)	(1,923,646)	(2,452,892)	(6,555,382)	(7,155,000)	(6,738,263)	(18,086,920)	(15,850,000)
Operating margin	-80%	-77%	-95%	-67%	-61%	-56%	-105%	-81%	-79%	-80%	-40%
Other income:											
Interest expense	(44,206)	(203,874)	(882,235)	(891,798)	(1,427,588)	(1,592,822)	(167,728)	(76,000)	(2,022,113)	(3,264,138)	(235,000)
Initial derivative expense	0	(3,340,554)	0	0	(3,585,983)	0	0	0	(3,340,554)	(3,585,983)	0
Change in der value due to anti-dil adj	0	(2,642,175)	0	0	0	0	0	0	(2,642,175)	0	0
Change in fair value of derivative liability	(565,088)	(339,088)	4,210,526	(5,964,611)	628,621	7,574,750	(887,791)	0	(2,658,261)	7,315,580	0
Forgiveness of debt income	0	(339,088)	0	715,265	24,925	0	0	0	376,177	24,925	0
Grant income	0	7,262	3,506	0	3,382	0	0	0	10,768	3,382	6,382
Net recog gain (loss) on mkt securities	(18,786)	46	(1,519)	(2,157)	223	(757)	(890)	0	(22,416)	(1,424)	0
Other expense	0	0	0	0	0	0	(38,285)	0	0	(38,285)	0
Total other income	(628,080)	(6,518,383)	3,330,278	(6,143,301)	(4,356,420)	5,981,171	(1,094,694)	(76,000)	(10,298,574)	454,057	(228,618)
Income before income taxes	(2,482,605)	(7,941,215)	1,435,418	(7,709,347)	(6,280,066)	3,528,279	(7,650,076)	(7,231,000)	(17,036,837)	(17,632,863)	(16,078,618)
Provision for income taxes	0	0	0	0	0	0	0	0	0	0	0
Net Income	(2,482,605)	(7,941,215)	1,435,418	(7,709,347)	(6,280,066)	3,528,279	(7,650,076)	(7,231,000)	(17,036,837)	(17,632,863)	(16,078,618)
Stock-based compensation	940,972	709,230	995,811	566,759	654,907	960,334	1,928,646	\$ 2,500,000	3,212,772	6,043,887	5,075,575
Non-GAAP net income	(957,759)	(3,552,389)	(1,777,778)	(1,175,820)	(2,668,020)	(3,085,380)	(2,302,424)	(4,731,000)	(13,824,065)	(15,317,149)	(11,003,043)
EPS - basic	\$ (1.48)	\$ (4.11)	\$ 0.70	\$ (3.21)	\$ (2.40)	\$ 0.99	\$ (0.56)	\$ (0.50)	\$ (8.74)	\$ (2.37)	\$ (1.12)
EPS - diluted	\$ (1.48)	\$ (4.11)	\$ (0.32)	\$ (3.21)	\$ (2.40)	\$ (0.69)	\$ (0.56)	\$ (0.50)	\$ (8.74)	\$ (2.23)	\$ (1.12)
Non-GAAP EPS	\$ (0.57)	\$ (1.84)	\$ (0.87)	\$ (0.49)	\$ (1.02)	\$ (0.52)	\$ (0.17)	\$ (0.33)	\$ (7.09)	\$ (2.06)	\$ (0.76)
Shares - basic	1,672,902	1,933,812	2,050,977	2,400,000	2,614,923	3,560,745	13,592,644	14,394,329	1,949,463	7,450,095	14,400,000
Shares - diluted	1,672,902	1,933,812	8,780,886	2,400,000	2,614,923	5,879,481	13,592,644	14,394,329	1,949,463	7,913,842	14,400,000
Adjusted EBITDA	(761,628)	(546,083)	(712,601)	(816,982)	(1,088,710)	(776,168)	(1,259,452)	(3,654,250)	(2,837,294)	(6,778,580)	

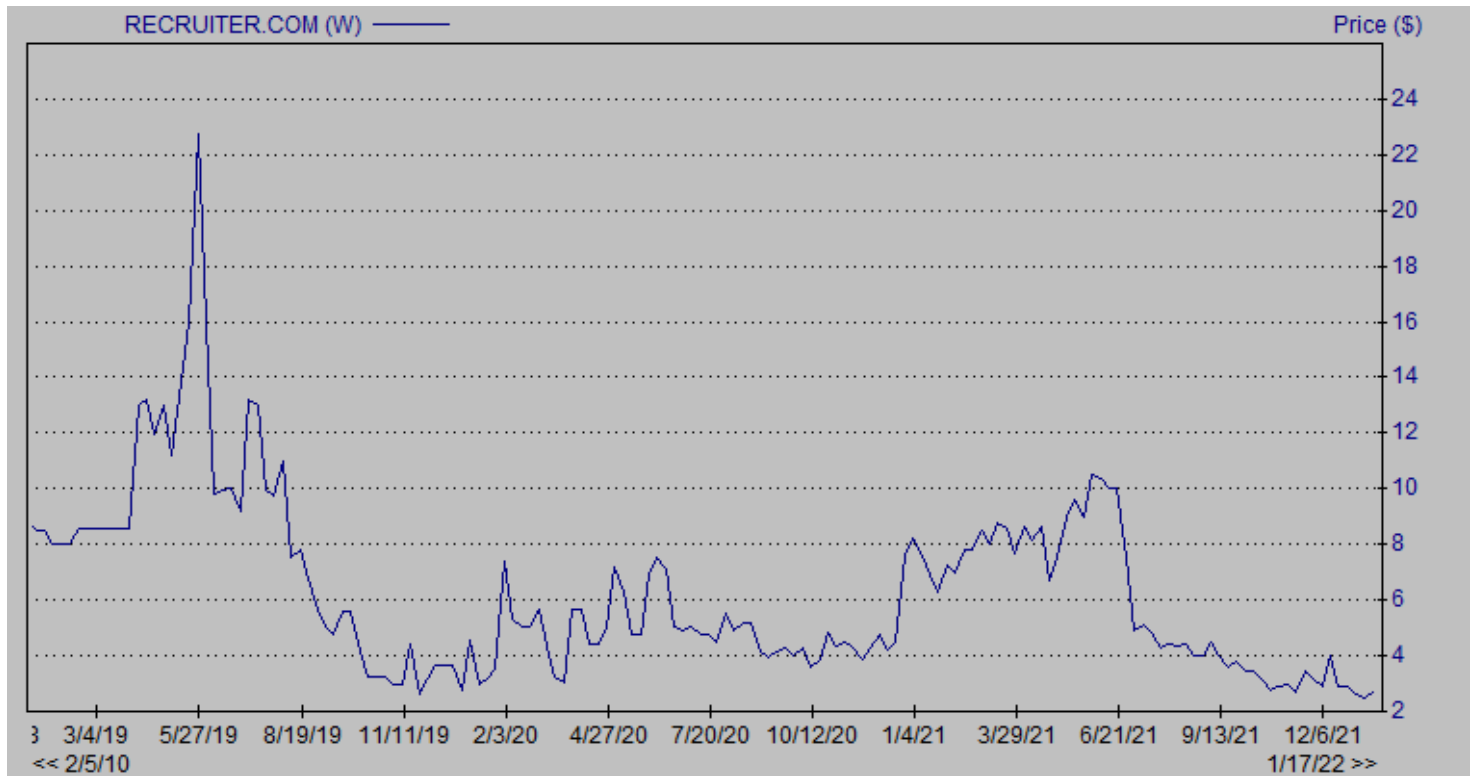
BALANCE SHEET

	Sept. 30, 2021	Jun. 30, 2021	Qtr-Qtr %	Sept. 30, 2020	Yr-Yr %
Current assets:					
Cash	\$ 5,346,769	\$ 86,898	6052.9%	\$ 581,458	819.5%
Accounts receivable, net	5,160,642	2,916,391	77.0%	712,179	624.6%
Accounts receivable - related parties	26,081	46,726	-44.2%	13,744	89.8%
Prepaid expenses and other current assets	287,778	353,374	-18.6%	72,553	296.6%
Investments - marketable securities	0	890	-100.0%	7,498	-100.0%
Total current assets	10,821,270	3,404,279	217.9%	1,387,432	679.9%
Property and equipment, net	770	1,058	-27.2%	1,924	-60.0%
Right of use asset - related party	0	103,953	-100.0%	158,987	-100.0%
Deferred offering costs	0	473,896	-100.0%	0	NA
Intangible assets, net	9,362,993	5,645,009	65.9%	980,036	855.4%
Goodwill	9,161,486	4,929,897	85.8%	3,517,315	160.5%
Total assets	29,346,519	14,558,092	101.6%	6,045,694	385.4%
Current liabilities:					
Accounts payable	813,051	1,168,155	-30.4%	321,462	152.9%
Accounts payable - related parties	106,968	1,194,821	-91.0%	719,869	-85.1%
Accrued expenses	1,023,298	827,612	23.6%	365,053	180.3%
Accrued expenses - related party	0	9,647	-100.0%	0	NA
Accrued compensation	321,158	1,192,888	-73.1%	522,418	-38.5%
Accrued compensation - related party	116,000	116,000	0.0%	0	NA
Accrued interest	34,502	376,272	-90.8%	73,871	-53.3%
Contingent consideration for acquisitions	2,375,763	2,000,118	18.8%	0	NA
Liability on sale of future revenues, net	0	0	0.0%	101,916	-100.0%
Deferred payroll taxes	23,333	159,032	-85.3%	94,457	-75.3%
Other liabilities	17,333	14,493	19.6%	38,493	-55.0%
Loans payable - current portion	1,752,094	30,653	5615.9%	27,784	6206.1%
Convertible notes payable, net	0	4,154,697	-100.0%	928,450	-100.0%
Refundable deposit on preferred stock purchase	285,000	285,000	0.0%	285,000	0.0%
Warrant derivative liability	0	8,921,615	-100.0%	5,573,386	-100.0%
Lease liability - current portion - related party	0	73,378	-100.0%	73,378	-100.0%
Deferred revenue	677,506	476,920	42.1%	78,977	757.9%
Total current liabilities	7,546,006	21,001,301	-64.1%	9,204,514	-18.0%
Lease liability - long term portion - related party	0	30,575	-100.0%	85,609	-100.0%
Loans payable - long term portion	3,167,586	33,965	9226.0%	454,553	596.9%
Total liabilities	10,713,592	21,065,841	-49.1%	9,744,676	9.9%
Stockholders' (Deficit):					
Common stock	1,439	377	281.7%	513	180.5%
Shares to be issued for acquisitions	59	0	NA	0	NA
Additional paid-in capital	63,558,308	30,768,568	106.6%	22,776,960	179.0%
Accumulated deficit	(44,926,888)	(37,276,812)	20.5%	(26,476,590)	69.7%
Total stockholders' (deficit)	18,632,927	(6,507,749)	-386.3%	(3,698,982)	-603.7%
Total liabilities and stockholders' (deficit)	29,346,519	14,558,092	101.6%	6,045,694	385.4%
Series D Preferred Stock [Member]					
Stockholders' (Deficit):					
Preferred stock value	0	39	-100.0%	54	-100.0%
Series E Preferred Stock [Member]					
Stockholders' (Deficit):					
Preferred stock value	9	74	-87.8%	74	-87.8%
Series F Preferred Stock [Member]					
Stockholders' (Deficit):					
Preferred stock value	0	5	-100.0%	7	-100.0%
Cash	\$ 5,346,769	\$ 86,898	6052.9%	\$ 581,458	819.5%
Current ratio	1.4	0.2	784.7%	0.2	851.4%
Working capital	3,275,264	(17,597,022)	-118.6%	(7,817,082)	-141.9%
Debt	4,919,680	4,219,315	16.6%	1,410,787	248.7%
Debt as a % of assets	16.8%	29.0%	-42.2%	23.3%	-28.2%

CASH FLOW

	3 mo Mar. 31, 2020	3 mo Jun. 30, 2020	3 mo Sept. 30, 2020	3 mo Dec. 31, 2020	Year 2020	3 mo Mar. 31, 2021	3 mo Jun. 30, 2021	3 mo Sept. 30, 2021
Cash Flows from Operating Activities								
Net loss	(2,482,605)	(7,941,215)	1,435,418	(8,048,435)	(17,036,837)	(6,280,066)	3,528,279	(7,650,076)
Adjustments to reconcile net loss to net cash used in operating activities								
Depreciation and amortization expense	159,461	159,462	184,461	184,461	687,845	159,461	675,384	843,222
Bad debt expense	11,250	750	0	0	12,000	16,963	41,763	20,579
Gain on forgiveness of debt	0	0	0	(376,177)	(376,177)	(24,925)	0	0
Equity based compensation expense	870,722	779,480	995,811	566,759	3,212,772	502,407	1,112,834	1,928,646
Recognized loss on marketable securities	18,786	(46)	1,519	2,157	22,416	(223)	757	890
Marketable securities distributed as compensation	0	0	0	3,917	3,917	0	0	0
Expenses paid through financings	0	32,500	0	0	32,500	0	0	0
Loan principal paid directly through grant	0	(5,964)	(2,889)	0	(8,853)	(2,992)	0	0
Amortization of debt discount and debt costs	31,976	182,909	814,997	810,863	1,840,745	1,309,212	1,176,899	17,049
Warrant modification expense	0	0	0	0	0	0	0	12,624
Initial derivative expense	0	3,340,554	0	0	3,340,554	3,585,983	0	0
Change in derivative value due to anti-dilution adj	0	2,642,175	0	0	2,642,175	0	0	0
Change in fair value of derivative liability	565,088	339,088	(4,210,526)	5,964,611	2,658,261	(628,621)	(7,574,750)	887,791
Impairment expense	0	0	0	0	0	0	0	2,530,325
Change in fair value of earn-out liability	0	0	0	0	0	0	0	102,116
Changes in operating assets and liabilities:								
(Increase) decrease in accounts receivable	9,749	10,215	106,528	(221,259)	(94,767)	(854,522)	(1,177,753)	(1,485,110)
Increase in accounts receivable - related parties	(5,942)	(4,173)	10,115	(36,784)	(36,784)	(3,259)	(2,343)	20,645
(Increase) decrease in prepaid expenses and other	(19,954)	289,005	(243,101)	(94,492)	(68,542)	28,923	(215,252)	132,506
Increase in accounts payable and accrued liabilities	387,823	(506,187)	118,364	626,895	626,895	643,270	1,256,763	(1,257,606)
Increase in accounts payable and accrued liabilities - related parties	324,073	(220,350)	(172,356)	4,770	(63,863)	136,448	273,592	(1,097,500)
Decrease in deferred payroll taxes	0	0	0	0	0	0	0	(135,699)
Increase in other liabilities	51,780	(2,226)	83,396	40,575	173,525	0	0	2,840
Increase (decrease) in deferred revenue	(15,434)	(43,351)	(7,712)	(27,440)	(93,937)	87,845	337,538	31,441
Net cash used in operating activities	(93,227)	(947,374)	(885,975)	(599,579)	(2,526,155)	(1,324,096)	(566,289)	(5,095,317)
Cash Flows from Investing Activities								
Proceeds from sale of marketable securities	14,955	2,054	0	0	17,009	0	0	0
Cash paid for customer contracts	0	0	(50,000)	0	(50,000)	0	0	0
Cash and receivables acquired	0	0	0	0	0	0	220,153	10,702
Cash paid for acquisitions	0	0	0	0	0	(249,983)	0	(2,054,545)
Net cash (used) provided by investing activities	14,955	2,054	(50,000)	0	(32,991)	(249,983)	220,153	(2,043,843)
Cash Flows from Financing Activities								
Proceeds from notes	0	398,545	0	0	398,545	0	250,000	0
Proceeds from convertible notes	0	2,226,000	0	250,000	2,476,000	2,153,200	0	0
Deferred offering costs	0	0	0	0	0	0	(473,896)	395,858
Payments of notes	(4,984)	(2,412)	(3,759)	(6,752)	(17,907)	(5,767)	(5,426)	(144,938)
Advances on receivables	180,778	0	0	0	180,778	0	0	0
Repayments of advances on receivables	0	(112,622)	(68,156)	0	(180,778)	0	0	0
Repayments of sale of future revenues	(127,241)	(134,625)	(141,751)	(125,221)	(528,838)	(10,904)	0	0
Proceeds from sale of common stock & warrants	0	0	0	0	0	0	0	13,800,000
Offering costs	0	0	0	0	0	0	0	(1,651,889)
Deposit on purchase of preferred stock	25,000	0	(25,000)	0	0	0	0	0
Proceeds from sales of preferred stock	0	0	25,000	0	25,000	0	0	0
Net cash provided by financing activities	73,553	2,374,886	(213,666)	118,027	2,352,800	2,136,529	(229,322)	12,399,031
Net increase (decrease) in cash	(4,719)	1,429,566	(1,149,641)	(481,552)	(206,346)	562,450	(575,458)	5,259,871
Cash, beginning of period	306,252	301,533	1,731,099	581,458	306,252	99,906	662,356	86,898
Cash, end of period	301,533	1,731,099	581,458	99,906	99,906	662,356	86,898	5,346,769
Cash Flow	(825,322)	(470,307)	(781,209)	(891,844)	(2,968,682)	(1,362,801)	(1,038,834)	(3,939,275)
Free cash flow	(825,322)	(470,307)	(831,209)	(891,844)	(3,018,682)	(1,612,784)	(818,681)	(5,993,820)

HISTORICAL STOCK PRICE



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