Zacks Small-Cap Research

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DSS, Inc. (NYSE Amer: DSS)

Spinoffs Timing Changes as Interest Rates Move Up

Using a blended multiple of EV/Sales from its peers we believe DSS stock is worth at least $1.60 per share if we use the value of the two base businesses and the bank and add $50 million for the purchase price of Impact BioMedical. The REIT and other businesses are incremental to that.

Current Price (3/21/2023)	$0.20
Valuation	**$1.60**

OUTLOOK

DSS, Inc. has evolved into a multi-industry business growing through opportunistic acquisitions. Its roots lie in document and packaging printing. Its direct marketing business is now consolidating Sharing Services Global into financials, it has a biotech that is in the process of being spun off to shareholders, a REIT focusing on healthcare facilities, a bank, and an alternative trading platform for token exchange and other businesses. Its enterprise value is approximately $62 million and 2023 revenues are projected at $63 million.

SUMMARY DATA

52-Week High	**1.13**
52-Week Low	**0.16**
One-Year Return (%)	**-69.6**
Beta	**1.6**
Average Daily Volume (sh)	**156,121**
Shares Outstanding (mil)	**139**
Market Capitalization ($mil)	**$28**
Short Interest Ratio (days)	**1.8**
Institutional Ownership (%)	**46**
Insider Ownership (%)	**59**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**10.5**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small Value**
Industry	**Diversified Operation**

ZACKS ESTIMATES

Revenue
(In millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	$4.5 R	$4.2 A	$4.6 R	$7.1 R	$20.3 A
2022	$12.3 A	$11.8 A	$11.9 A	$12.0 E	$48.0 A
2023					$62.9 E
2024					

Earnings per Share
(continuing operations)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.21 A	-$0.24 A	-$0.09 A	-$0.18 R	-$0.68 R
2022	-$0.10 A	-$0.05 A	-$0.15 A	-$0.08 E	-$0.39 E
2023					-$0.16 E
2023					

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WHAT'S NEW

Update on the Three Planned Spin-Offs

Shareholders could look forward to three potential spin-offs at DSS. Investors are aware of the imminent spin-off of Impact Biomedical, as its red herring has been filed, and it is still in the comments phase with the SEC. Impact Biomedical filed its latest amended S-1 on January 31st and is expected to have a record date set soon. The first tranche of the spinoff could occur in the first half of 2023.

A spin-off of **American Pacific Bancorp** is also in the works. An S-1 is expected to be filed in late 2023 or early 2024. We expect it would be valued at the typical four to five times loans outstanding for commercial lenders, which currently stand at about $40 million thus valuing it at $144 million to $180 million. The most recent information is that it is earning approximately 10.6% on average on its loans. DSS's current enterprise value is now $62 million.

The REIT has an 8% cap rate and is currently generating approximately 6.0%. It is still growing and it is expected to reach $200 million (or $250 million with added investment) in assets before IPOing. The company is waiting for an optimal time to spin this entity off as interest rates and the real estate market stabilize.

In all three cases, and in any others going forward, DSS plans to keep at least 50% of each entity. Shareholders will get a certain percentage and a number of shares will be newly issued to raise capital to support the growth of each newly public company.

KEY POINTS

- DSS sales had been primarily from printing and packaging, which is expected to grow from increased capacity, higher passed-on costs, and capturing market share. Since buying the majority of Sharing Services Global in December, an equal amount of sales are now from direct marketing. It has a variety of ventures in other areas such as REITS, banking, biotechnology, investment management, and sales and trading from which it hopes to profit.

- DSS owns a bank, American Pacific Bancorp that makes commercial loans and is expected to be spun off to shareholders early next year. This bank has funded the building purchases of the company's REIT. If DSS retains half of this bank after the spin-off, this business alone could be worth more than the entire DSS enterprise value.

- The company bought a development-stage biotech company, Impact BioMedical, that is expected have the first tranche of its spin-off to shareholders in the first half of this year. This kicker could turn out to have great incremental value for shareholders depending on its IPO results. We have valued its contribution to shareholder value at its purchase price of $50 million.

- After it builds its REIT to a size of over $200 million in assets, it plans to also spin off that entity to shareholders.

- With the consolidation of Sharing Services, the plant expansion, and the addition of new revenues from new businesses, DSS is forecasted to generate $48 million in revenues in 2022 or a growth of 137%. DSS trades at an enterprise value of $62 million or a multiple of 1.0 times EV/2023 estimated sales.

- If we use the sum of the parts valuation, we believe DSS common stock could be worth about $1.60 per share adding together Premier Packaging, Direct Marketing, the bank, and the purchase price of Impact BioMedical. The rest of the businesses also add value. With the three spin-offs planned, DSS should show improvement in its valuation.

OVERVIEW

DSS is based in Henrietta, New York, and has approximately employees 113 people in locations around the world. It is constantly investing in new businesses and had been exiting others. Currently the following represents its businesses. The first three are generating revenues while the others are in development.

1. 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 recently moved to a new facility in West Henrietta, NY, and serves the US market.

2. 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 healthcare products sold throughout North America, Asia Pacific, and Eastern Europe. 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. As of December 23, 2021, it achieved majority ownership of Sharing Services Global Corporation (OTCQB: SHRG) and is now consolidating its results with DSS. We expect direct marketing to be the largest segment of DSS in 2022. Currently, DSS and SHRG operate offices in the USA, Canada, Hong Kong, Singapore, S. Korea, Australia, New Zealand, Malaysia, and Singapore, with additional offices or presence being added.

3. Commercial Lending: American Pacific Bancorp (APB), is a financial network holding company, focused on acquiring equity positions in undervalued commercial banks, bank holding companies, and nonbanking licensed financial companies; companies engaged in nonbanking activities closely related to banking. DSS plans to provide an integrated suite of financial services for businesses that includes commercial business lines of credit, land development financing, inventory financing, and third-party loan servicing.

4. Securities and Investment Management: In 2021, DSS expanded its DSS Securities, Inc. business through its wholly owned subsidiary DSS Financial Management Inc.'s launch of Liquid Value Asset Management Limited (LVAM), a fund management company in Hong Kong. LVAM's algorithmic trading includes short- and long-term trades while offering the unique attribute of being able to liquidate the portfolio into cash within minutes under normal market conditions. DSS also has investments in three broker-dealers; WestPark Capital, BMICI, and Sentinel Brokers and is the registered investment advisor for the DSS AmericaFirst Quantitative Funds family. This segment also contains a REIT. DSS Securities owns 93% of American Medical REIT (AMRE,) a REIT that invests in medical facilities. It owns a medical center in Connecticut and Florida and three hospitals in Texas and Pennsylvania with a combined purchase price of $99 million. It began generating revenues in Q2 2021.

5. The BioHealth Group invests in or acquires companies in the health 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 influ-

enza. 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 primary markets, asset digitization/tokenization (securities, currency, and cryptocurrency), and the listing and trading of digital assets (securities and cryptocurrency) on secondary markets. It is currently headquartered in Houston, Texas.

7. Alset Energy owns Alset Solar, Inc. which 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 and seeking market opportunities in the US sunbelt areas, specifically in Texas, Arizona, New Mexico, and Florida.

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.

9. Digital Transformation: This division was established to be a preferred technology partner and application development solution for mid-cap brands in various industries including the direct selling and affiliate marketing sector. It improves marketing, communications, and operations processes with custom software development and implementation. Digital utilizes data to determine the most effective technological tools such as cognitive systems, predictive analytics, cloud-based applications, and online collaborative platforms to build custom applications that automate and improve the everyday needs of the industries in services. Digital Transformation is headquartered in Hong Kong.

RISKS

- During the nine months that ended September 30, 2022, Walgreens accounted for 13% of revenue. The loss of Walgreens would affect results significantly but the company has a newly renegotiated multi-year contract with it making its loss less likely.
- DSS owns a 65% majority position in Sharing Services Global, which has declining revenues, loses money, and burns cash. DSS hopes to turn it back to profits. DSS may not be successful in this effort.
- 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 several new ventures outside its field of expertise and it is uncertain if they will be successful or non-dilutive.
- Since it is unprofitable, DSS may raise cash in the future using equity and diluting current shareholders.
- The company may not be successful in bringing its REIT, bank, or Impact BioMedical public, thus reducing the total return to DSS shareholders.
- Over 59% of shares are closely held by management and related parties and outside shareholders have little say in governance. Numerous related party transactions may not be favorable to shareholders of DSS.

VALUATION

Valuing DSS has become increasingly complex due to its various businesses, the purchase of Impact Bio-Medical as well as its majority ownership in Sharing Services Global. As a result, we are using the 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.

Direct Marketing		Cal. Revenue				EBIDTA	EV/ Sales				
Company	Ticker	2023E	2022E	LTM	EBITDA	Margin	2023E	2022E	LTM	EV/EBITDA	EV
Herbalife Nutricion	HLF	$4,850	$5,170	$5,340	667.8	13%	0.8x	0.8x	0.8x	6.2x	4,110
Nu Skin Enterprises	NUS	$2,220	$2,250	$2,380	264.7	11%	0.9x	0.9x	0.9x	7.9x	2,080
Tupperware	TUP	$1,280	$1,300	$1,390	143.2	10%	0.8x	0.8x	0.7x	6.9x	994
Average							**0.9x**	**0.8x**	**0.8x**	**7.0x**	**2,395**

Packaging		Cal. Revenue				EBIDTA	EV/ Sales				
Company	Ticker	2023E	2022E	LTM	EBITDA	Margin	2023E	2022E	LTM	EV/EBITDA	EV
Brady Corp.	BRC	NA	$1,306	$1,300	227.2	17%	NA	1.9x	1.9x	10.7x	2,430
Graphic Packaging	GPK	$9,670	$9,365	$9,040	1450.0	16%	1.3x	1.3x	1.4x	8.4x	12,250
Huhtamaki	HUH1V.HE	$4,640	$4,520	$4,370	590.8	14%	1.2x	1.2x	1.2x	9.1x	5,350
WestRock	WRK	NA	$21,400	$21,260	3380.0	16%	NA	0.8x	0.8x	5.0x	16,840
Average							**1.2x**	**1.3x**	**1.3x**	**8.3x**	**9,218**

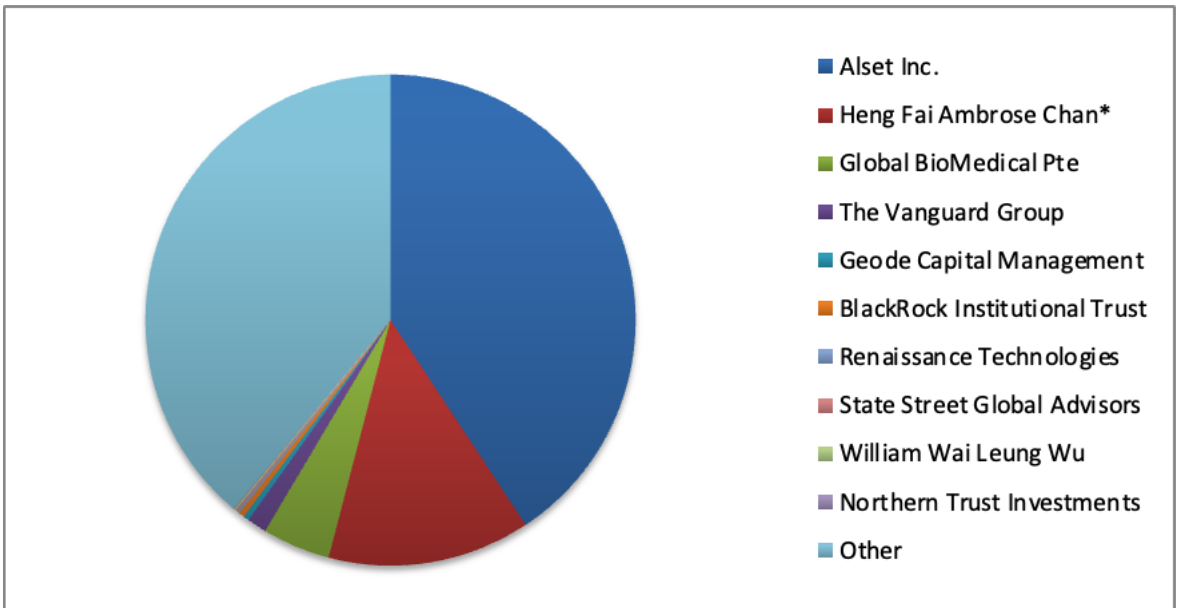
DSS's sales for 2022 are estimated at $48 million. If we value packaging and direct marketing, using the multiples for them, we get an enterprise value of $42 million for those two businesses alone, although given the losses in direct marketing it should be valued lower. The 93% of the REIT DSS owns, the bank, and Impact BioMedical add more value. If we add $50 million for Impact, that moves the price to at least $1.00 per share using 139 million shares outstanding.

	2022 Revenues	Multiple	Value
Packaging	18,893,000	1.3	24,273,959
Direct Marketing	21,939,000	0.8	18,165,717
REIT	6,056,000	?	NA
Bank	1,044,000	4-5x loans	162,000,000
Money manager	49,000		NA
Impact BioMedical			50,000,000
Total			254,439,677
Per Share		$	1.59

OWNERSHIP

The beneficial ownership of Heng Fai Ambrose Chan includes 60,033,659 shares of common stock, consisting of (a) 1,614,552 shares of common stock held by Heng Fai Holdings Limited, an entity controlled by Heng Fai Ambrose Chan; (b) 16,973,020 shares of common stock held by Heng Fai Ambrose Chan directly; (c) 6,232,671 shares of common stock held by Global Biomedical; and (d) 35,213,416 shares of common stock held by Alset Inc.

Based on 139,017,172 shares of the common stock outstanding.



INCOME STATEMENT

	Mar 31, 2021R	Jun. 30, 2021	Sep. 30, 2021R	Dec. 31, 2021R	Mar 31, 2022	Jun. 30, 2022	Sep. 30, 2022	Dec. 31, 2022E	2020	2021R	2022E	2023E
Revenue:												
Packaging Printing and Fabrication	$ 3,720,000	$ 3,336,000	$ 3,373,000	4,749,000	$ 3,516,000	$ 3,952,000	$ 4,888,000	$ 6,100,000	11,822,000	$ 15,178,000	$ 18,456,000	$ 26,000,000
Commercial and Security Printing	141,000	40,000	43,000	128,000	53,000	96,000	144,000	144,000	1,218,000	352,000	437,000	700,000
Printed products	3,861,000	3,376,000	3,416,000	4,886,000	3,569,000	4,048,000	5,032,000	6,244,000	13,040,000	15,539,000	18,893,000	26,700,000
Yr-Yr Growth	22.0%	48.6%	15.0%	5.6%	-7.6%	19.9%	47.3%	27.8%	-1.4%	19.2%	21.6%	41.3%
Direct marketing	608,000	809,000	966,000	876,000	6,932,000	6,070,000	4,937,000	4,000,000	2,326,000	3,259,000	21,939,000	24,000,000
Yr-Yr Growth	6.1%	59.9%	35.1%	64.7%	1040.1%	650.3%	411.1%	356.6%	1254.3%	40.1%	573.2%	9.4%
REIT	0	0	184,000	1,019,000	1,663,000	1,508,000	1,485,000	1,400,000	0	1,203,000	6,056,000	10,000,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	707.1%	37.4%	NA	NA	403.4%	65.1%
Net Investment Income	0	0	0	250,000	129,000	145,000	370,000	400,000	0	250,000	1,044,000	2,080,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	NA	60.0%	NA	NA	NA	99.2%
Management Fee Income	0	0	0	24,000	11,000	-	38,000	-	0	24,000	49,000	100,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	NA	-100.0%	NA	NA	NA	104.1%
Total revenue	**4,469,000**	**4,185,000**	**4,566,000**	**7,055,000**	**12,304,000**	**11,771,000**	**11,862,000**	**12,044,000**	**15,366,000**	**20,275,000**	**47,981,000**	**62,880,000**
Yr-Yr Growth	19.5%	50.6%	23.9%	36.7%	175.3%	181.3%	159.8%	70.7%	-1.2%	31.9%	136.7%	31.1%
Costs and expenses:												
Cost of revenue	3,407,000	3,231,000	3,406,000	4,346,000	8,615,000	7,670,000	11,368,000	9,635,200	11,011,000	14,390,000	37,288,200	27,410,000
Gross Margin	1,062,000	954,000	1,160,000	2,709,000	3,689,000	4,101,000	494,000	2,408,800	4,355,000	5,885,000	10,692,800	35,470,000
Gross Margin %	23.8%	22.8%	25.4%	38.4%	30.0%	34.8%	4.2%	20.0%	28.3%	29.0%	22.3%	56.4%
Selling, general and administrative	2,123,000	5,241,000	3,242,000	2,158,000	4,351,000	8,995,000	6,968,000	6,100,000	7,053,000	12,764,000	26,414,000	29,055,400
Professional fees	970,000	1,235,000	1,245,000	2,324,000	1,222,000	2,275,000	2,919,000	2,919,000	3,343,000	5,774,000	9,335,000	10,268,500
Stock-based compensation	15,000	(30,000)	13,000	48,000	4,000	0	0	0	163,000	46,000	4,000	4,400
Sales and marketing	674,000	896,000	1,060,000	949,000	3,861,000	2,981,000	3,110,000	3,000,000	2,700,000	3,579,000	12,952,000	14,247,200
Rent and utilities	33,000	75,000	42,000	90,000	149,000	188,000	295,000	300,000	208,000	240,000	932,000	1,025,200
Other expenses	393,000	381,000	913,000	(79,000)	601,000	638,000	1,054,000	1,000,000	1,040,000	1,608,000	3,293,000	3,622,300
R&D	234,000	211,000	190,000	445,000	168,000	206,000	331,000	350,000	210,000	1,080,000	1,055,000	1,160,500
Total costs and expenses	4,442,000	11,240,000	6,705,000	5,935,000	10,356,000	15,283,000	14,677,000	13,669,000	15,785,000	29,413,000	53,985,000	59,383,500
Operating (loss) income	(3,380,000)	(7,055,000)	(5,545,000)	(3,226,000)	(6,743,000)	(11,182,000)	(14,183,000)	(11,260,200)	(11,430,000)	(23,528,000)	(43,292,200)	(23,913,500)
Operating Margin	-75.6%	-168.6%	-121.4%	-45.7%	-54.8%	-95.0%	-119.6%	-93.5%	-74.4%	-116.0%	NM	NM
Other expense:												
Other income	0	250,000	325,000	250,000	(1,703,000)	2,344,000	3,627,000	0	1000	825,000	4,268,000	4,268,000
Interest expense, net	32,000	1,379,000	1,562,000	1,387,000	(1,222,000)	18,000	(287,000)	0	(114,000)	4,360,000	(1,491,000)	(1,000,000)
Amortized debt discount	0	0	0	0	0	0	0	0	(8,000)	0	0	0
Gain on extinguishment of debt, net	116,000	0	0	0	0	110,000	0	0	622,000	116,000	110,000	0
Inc from invest in subsidiaries	(579,000)	(332,000)	(1,645,000)	(7,383,000)	(112,000)	(99,000)	344,000	0	604,000	(9,939,000)	133,000	0
Unrealized gain on marketable securities	(1,076,000)	(6,821,000)	(2,996,000)	(1,142,000)	424,000	3,399,000	(14,302,000)	0	10,609,000	(12,035,000)	(10,479,000)	0
Gain on sale of asset	0	0	0	0	405,000	0	0	0	0	0	405,000	0
Income before income taxes	(4,887,000)	(12,579,000)	(8,299,000)	(10,114,000)	(8,951,000)	(5,410,000)	(24,801,000)	(11,260,200)	284,000	(40,201,000)	(50,751,200)	(24,913,500)
Income tax expense	(838,000)	(1,854,000)	(1,624,000)	284,000	0	0	0	0	(1,774,000)	(4,032,000)	0	0
Loss from continuing operations	(4,049,000)	(10,725,000)	(6,675,000)	(10,398,000)	(8,951,000)	(5,410,000)	(24,801,000)	(11,260,200)	2,058,000	(36,169,000)	(50,751,200)	(24,913,500)
Loss from discontinued operations	(114,000)	2,079,000	0	164,000	0	0	0	0	(1,668,000)	2,129,000	0	0
Net income	(4,163,000)	(8,646,000)	(6,675,000)	(10,234,000)	(8,951,000)	(5,410,000)	(24,801,000)	(11,260,200)	390,000	(34,040,000)	(50,751,200)	(24,913,500)
Net inc. attributable to non-control interests	31,000	228,000	77,000	585,000	903,000	748,000	4,587,000	800,000	480,000	921,000	7,038,000	3,200,000
Net income cont ops to common shareholders	(4,132,000)	(8,418,000)	(6,598,000)	(9,649,000)	(8,048,000)	(4,662,000)	(20,214,000)	(10,460,200)	870,000	(33,119,000)	(43,713,200)	(21,713,500)
Non-GAAP earnings	(3,157,000)	(1,295,000)	(3,589,000)	(8,459,000)	(8,077,000)	(11,164,000)	(14,470,000)	(11,260,200)	(10,581,000)	(33,189,000)	(43,819,200)	(21,713,500)
Non-GAAP EPS	$ (0.16)	$ (0.04)	$ (0.05)	$ (0.11)	$ (0.10)	$ (0.12)	$ (0.11)	$ (0.08)	$ (2.98)	$ (0.64)	$ (0.39)	$ (0.16)
Continuing GAAP loss per share	**$ (0.21)**	**$ (0.24)**	**$ (0.09)**	**$ (0.12)**	**$ (0.10)**	**$ (0.05)**	**$ (0.15)**	**$ (0.08)**	**$ 0.72**	**$ (0.68)**	**$ (0.39)**	**$ (0.16)**
Yr-Yr Growth	-68.7%	-13.1%	-108.0%	NA	-55.3%	-78.7%	61.6%	-37.8%	NM	-195.6%	-43.1%	-60.1%
Continuing loss per diluted share	(0.19)	(0.23)	(0.09)	(0.12)	(0.10)	(0.05)	(0.15)	(0.08)	**0.42**	(0.68)	(0.39)	(0.16)
Basic shares outstanding	19,432,831	34,888,054	71,157,697	79,745,886	84,626,847	90,822,875	134,893,360	139,000,000	3,548,421	51,525,746	112,335,771	140,000,000
Yr-Yr Growth	1162.6%	1558.8%	1452.9%	1236.2%	335.5%	160.3%	89.6%	74.3%	317.4%	1352.1%	118.0%	24.6%
Diluted shares	21,903,831	35,984,413	71,157,697	79,745,886	84,626,847	90,822,875	134,893,360	139,017,172	6,019,207	51,541,232	112,351,257	140,000,000
EBITDA	(3,365,000)	(7,085,000)	(5,532,000)	#VALUE!	(6,739,000)	(11,182,000)	(14,183,000)	(11,260,200)	(9,845,000)	(19,160,000)	(43,288,200)	(23,909,100)

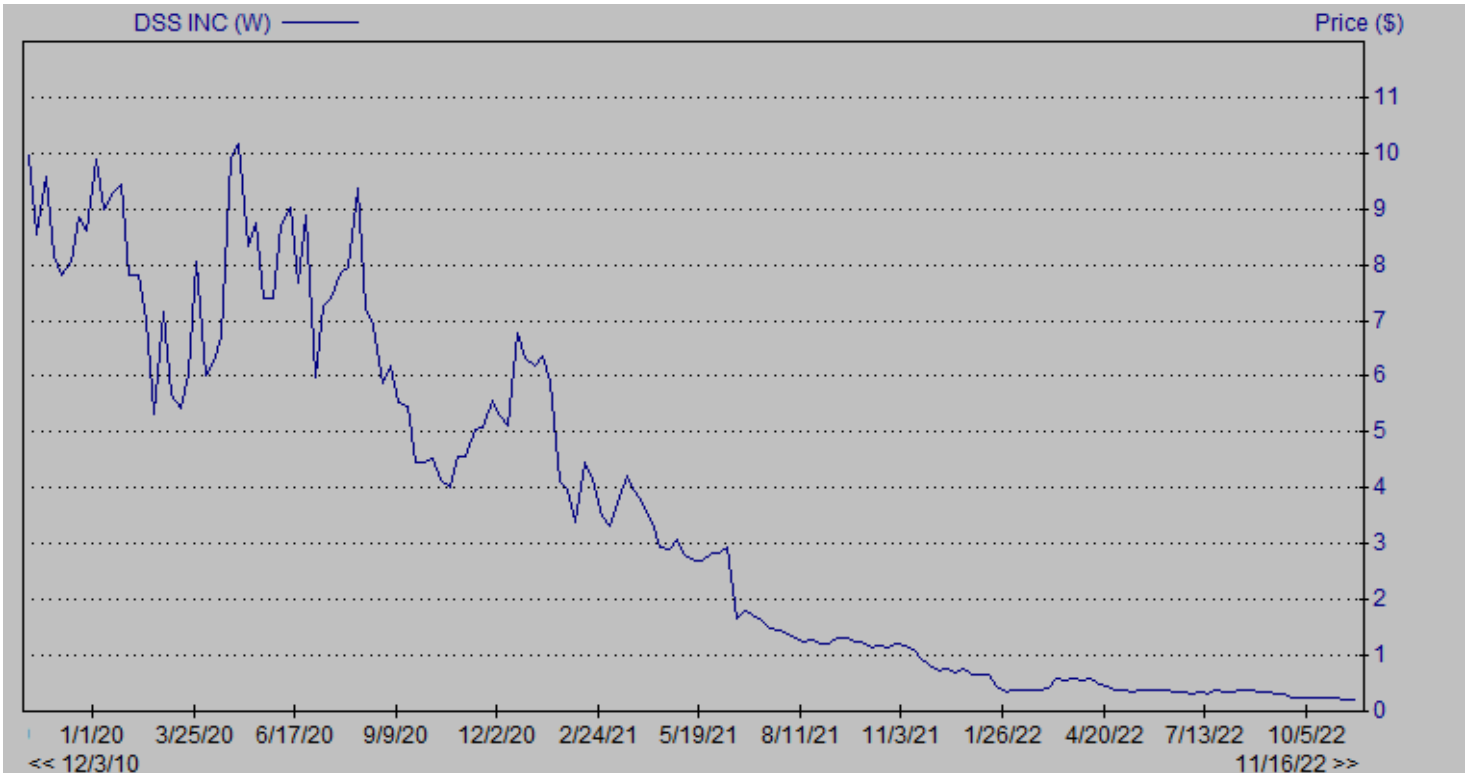
CASH FLOWS

	2020R	March 31, 2021	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	2021	March 31, 2022	June 30, 2022	Sept. 30, 2022
Cash flows from operating activities:									
Net income (loss)	$ 2,060,000	$ (3,898,000)	$ (10,889,000)	$ (6,675,000)	$ (14,707,000)	$ (36,169,000)	$ (8,951,000)	$ (5,410,000)	$ (24,800,000)
Adjustments to reconcile net income (loss) to net cash used by operating activities:									
Depreciation and amortization	1,068,000	518,000	817,000	740,000	2,247,000	4,322,000	3,266,000	3,159,000	2,926,000
Gain on allowance for obsolete inventory								(280,000)	606,000
Stock based compensation	149,000	15,000	(30,000)	89,000	4,000	78,000	4,000	0	0
Income from equity investment	(604,000)	579,000	332,000	1,645,000	7,383,000	9,939,000	(112,000)	323,000	(345,000)
Unrealized gain on investment	(10,609,000)	1,076,000	6,822,000	2,996,000	1,141,000	12,035,000	424,000	(4,247,000)	14,302,000
Change in ROU assets and lease liabilities, net	0	0	0	0	0	0	0	(80,000)	416,000
Deferred tax benefit	(1,774,000)	(838,000)	(1,855,000)	(1,622,000)	283,000	(4,032,000)	0	0	0
Accretion of debt dis, fee, & prepaid exp	0	0	(1,698,000)	(589,000)	2,287,000	0	0	0	0
Gain on extinguishment of liabilities, net	(622,000)	(116,000)	0	0	0	(116,000)	0	(110,000)	0
Gain on sale of assets	0	0	0	0	0	0	0	(405,000)	0
Impairment of notes recceivable and other	0	0	0	0	0	0	1,637,000	108,000	154,000
Decrease (increase) in assets:									
Accounts receivable	(665,000)	90,000	276,000	463,000	(2,913,000)	(2,084,000)	(430,000)	(30,000)	(2,856,000)
Inventory	(705,000)	(601,000)	(664,000)	(315,000)	(4,726,000)	(6,306,000)	602,000	(1,193,000)	(137,000)
Prepaid expenses and other current assets	(509,000)	(92,000)	(467,000)	282,000	(1,997,000)	(2,274,000)	1,597,000	(290,000)	(739,000)
Other assets	264,000	(382,000)	494,000	(137,000)	1,241,000	1,216,000	(68,000)	(244,000)	(592,000)
Increase (decrease) in liabilities:									
Accounts payable	(183,000)	106,000	53,000	273,000	31,000	463,000	532,000	(340,000)	1,936,000
Accrued expenses	4,291,000	(3,472,000)	4,274,000	1,006,000	14,112,000	15,920,000	(4,697,000)	1,661,000	(169,000)
Other liabilities	1,001,000	(778,000)	80,000	(356,000)	(950,000)	(2,004,000)	126,000	(499,000)	(6,000)
Net cash used by operating activities	(6,838,000)	(7,793,000)	(2,455,000)	(2,200,000)	3,436,000	(9,012,000)	(6,070,000)	(7,877,000)	(9,304,000)
Cash flows from investing activities:									
Purchase of property, plant and equipment	(321,000)	(72,000)	(1,191,000)	(1,553,000)	(11,467,000)	(14,283,000)	(942,000)	(34,000)	(373,000)
Purchase of real estate	0	0	(6,565,000)	0	(50,229,000)	(56,794,000)	0	(689,000)	0
Purchase of investments	(9,791,000)	(3,230,000)	(14,884,000)	(912,000)	14,896,000	(4,130,000)	(1,085,000)	1,085,000	0
Purchase of marketable securities	0	(4,329,000)	(4,460,000)	0	618,000	(8,171,000)	(4,693,000)	(112,000)	(9,449,000)
Disposal of property, plant and equipment	0	0	0	0	0	0	2,152,000	405,000	0
Acquisition of American Pacific Bancorp	0	0	0	1,235,000	2,121,000	3,356,000	0	0	0
Purchase of equity investment	0	0	(400,000)	(876,000)	(10,949,000)	(12,225,000)	0	0	0
Sale of marketable securities	0	2,188,000	6,997,000	0	(9,185,000)	0	0	0	0
Issuance of note receivable	(574,000)	(1,006,000)	1,006,000	(24,048,000)	24,048,000	0	0	(3,362,000)	(1,325,000)
Purchase of intangible assets	0	0	(585,000)	(530,000)	(16,995,000)	(18,110,000)	0	0	(180,000)
Payments received on note receivable	0	0	0	0	0	0	0	863,000	(77,000)
Note receivable investment		0	(18,799,000)	18,799,000	(11,651,000)	(11,651,000)	(791,000)	791,000	0
Net cash used by investing activities	(10,686,000)	(6,449,000)	(38,881,000)	(7,885,000)	(68,793,000)	(122,008,000)	(5,359,000)	(1,053,000)	(11,404,000)
Cash flows from financing activities:									
Payments of long-term debt	(304,000)	(89,000)	8,000	(1,812,000)	(57,000)	(1,950,000)	(246,000)	77,000	(392,000)
Borrowing of LTD	1,278,000	110,000	6,218,000	774,000	53,762,000	60,864,000	6,193,000	167,000	0
Payments of revolver	(500,000)	0	0	0	0	0	0	0	0
Debt conversion to equity in subsidiary	0	0	0	0	0	0	840,000	(840,000)	0
Deferred financing fees	0	0	(186,000)	0	(1,239,000)	(1,425,000)	0	0	0
Issuance of common stock, net	20,195,000	61,068,000	45,704,000	14,965,000	(1,000)	121,736,000	1,858,000	(340,000)	0
Net cash used by financing activities	20,669,000	61,089,000	51,744,000	13,927,000	52,465,000	179,225,000	8,645,000	(936,000)	(392,000)
Net cash used by discontinued oper.	636,000	(12,000)	3,176,000	0	0	3,207,000	0	0	0
Net decrease in cash	3,781,000	46,835,000	13,584,000	3,842,000	(12,892,000)	51,412,000	(2,784,000)	(9,866,000)	(21,100,000)
Cash and rest. cash at beginning of period	1,096,000	5,183,000	52,018,000	65,645,000	69,487,000	5,183,000	56,595,000	53,811,000	43,945,000
Cash and restricted cash at end of period	$ 5,183,000	$ 52,018,000	$ 65,602,000	$ 69,487,000	$ 56,595,000	$ 56,595,000	$ 53,811,000	$ 43,945,000	$ 22,845,000
Operating Cash Flow	$ (10,332,000)	$ (2,664,000)	$ (6,501,000)	$ (3,416,000)	$ (1,362,000)	$ (13,943,000)	$ (3,732,000)	$ (6,942,000)	$ (6,741,000)
Free Cash Flow	(10,653,000)	$ (2,736,000)	$ (7,692,000)	$ (4,969,000)	$ (12,829,000)	(28,226,000)	$ (2,522,000)	$ (6,976,000)	$ (7,114,000)

BALANCE SHEET

	Sept. 30, 2022	Jun. 30, 2022	Qtr-Qtr % Growth	Sept. 30, 2021	Yr-Yr % Growth
Current assets:					
Cash	$ 22,845,000	$ 43,945,000	-48.0%	$ 69,137,000	-67.0%
Accounts receivable, net	8,989,000	6,133,000	46.6%	2,774,000	224.0%
Inventory	8,663,000	9,132,000	-5.1%	3,535,000	145.1%
Current portion of note receivable, net	12,273,000	13,440,000	-8.7%	19,716,000	-37.8%
Prepaid expenses & other curr assets	2,898,000	2,159,000	34.2%	1,469,000	97.3%
Total current assets	55,668,000	74,809,000	-25.6%	96,981,000	-42.6%
Property, plant and equipment, net	16,065,000	16,003,000	0.4%	6,396,000	151.2%
Investment, real estate	55,493,000	56,016,000	-0.9%	6,495,000	754.4%
Other investments	8,190,000	15,386,000	-46.8%	11,337,000	-27.8%
Investment, equity method	1,326,000	982,000	35.0%	16,107,000	-91.8%
Marketable securities	28,083,000	17,224,000	63.0%	9,207,000	205.0%
Note receivable	1,704,000	539,000	216.1%	4,483,000	-62.0%
Other assets	1,393,000	801,000	73.9%	409,000	240.6%
Right-of-use assets	8,459,000	10,700,000	-20.9%	198,000	4172.2%
Goodwill	56,606,000	56,606,000	0.0%	43,807,000	29.2%
Other intangible assets, net	31,892,000	33,882,000	-5.9%	23,373,000	36.4%
Total assets	264,879,000	282,948,000	-6.4%	219,076,000	20.9%
Current liabilities:					
Accounts payable	4,048,000	2,112,000	91.7%	1,948,000	107.8%
Accrued expenses & deferred revenue	11,627,000	11,451,000	1.5%	9,555,000	21.7%
Other current liabilities	396,000	402,000	-1.5%	415,000	-4.6%
Current portion of long-term debt, net	**6,680,000**	**46,711,000**	-85.7%	**498,000**	1241.4%
Current portion of lease liability	819,000	1,032,000	-20.6%	122,000	571.3%
Total current liabilities	23,570,000	61,708,000	-61.8%	12,538,000	88.0%
Long-term debt, net	**50,163,000**	**19,567,000**	156.4%	**6,664,000**	652.7%
Lease liability	7,991,000	9,603,000	-16.8%	75,000	10554.7%
Other long-term liabilities	507,000	507,000	0.0%	507,000	0.0%
Stockholders' equity					
Common stock	2,779,000	2,001,000	38.9%	1,594,000	74.3%
Additional paid-in capital	317,125,000	302,017,000	5.0%	294,682,000	7.6%
Non-controlling interest in subsidiary	30,162,000	34,748,000	-13.2%	23,395,000	28.9%
Accumulated deficit	(167,417,000)	(147,203,000)	13.7%	(120,379,000)	39.1%
Total stockholders' equity	182,649,000	191,563,000	-4.7%	199,292,000	-8.4%
Total liabilities and stockholders' equity	264,880,000	282,948,000	-6.4%	219,076,000	20.9%
Current ratio	2.4	1.2	94.8%	7.7	-69.5%
Quick ratio	2.0	1.1	87.4%	7.5	-73.2%
Working Capital	32,098,000	13,101,000	145.0%	84,443,000	-62.0%
Net cash	22,845,000	43,945,000	-48.0%	52,637,000	-56.6%
Debt	56,843,000	66,278,000	-14.2%	7,162,000	693.7%
Debt/TA	21%	23%	-8.4%	3%	556.4%

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