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April 11, 2023
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DSS, Inc. (NYSE Amer: DSS)

After 133% Revenue Growth in 2022, Spin-Offs are the Focus for DSS in 2023

Using a blended multiple of EV/Sales from its peers we believe DSS stock may worth at least $1.50 per share if we use the value of its base business and the bank and add $50 million for the purchase price of Impact Bio-Medical. The REIT and other businesses are incremental to that.

Current Price (4/10/2023)	$0.22
Valuation	**$1.50**

OUTLOOK

DSS, Inc. has evolved into a multi-industry business growing through opportunistic acquisitions. Its roots lie in packaging and document printing. Its second largest segment is a direct marketing business that sells vitamins and nutraceuticals most of which should be spun off to shareholders in the next few weeks. it has a biotech business and a bank that are also in the process of being spun off to shareholders, a REIT focusing on healthcare facilities, a broker/dealer, and an alternative trading platform for token exchange and other businesses.

SUMMARY DATA

52-Week High	**0.63**
52-Week Low	**0.16**
One-Year Return (%)	**-59.8**
Beta	**1.7**
Average Daily Volume (sh)	**159,863**
Shares Outstanding (mil)	**139.0**
Market Capitalization ($mil)	**$30.6**
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 (%)	**15.6**
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	$11.1 A	$47.3 A
2023	$11.8 E	$11.8 E	$11.9 E	$12.1 E	$47.5 E
2024					$59.0 E

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	-$0.07 A	-$0.54 A
2023	-$0.06 E	-$0.06 E	-$0.07 E	-$0.06 E	-$0.24 E
2024					-$0.22 E

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WHAT'S NEW

DSS Grew 133% in 2022 and Continues to Pursue Spin-Offs Near Term

In 2022 DSS showed considerable revenue growth as its new ventures contributed to total sales. Most of the growth came from a full year of Sharing Services Global which added $18.7 million in revenues to the $20.3 million in revenues for all of 2021. The REIT added another $5.1 million. Since Sharing still has shown declining revenues, DSS plans to distribute its stock to shareholders in the next few weeks, growth in 2023 should have to come from the other businesses. In particular, we expected solid growth and margin improvement at Premier the company's core printing and packaging business due to its increased capacity and elimination of paper acquisition constraints. We expect that in 2023, DSS will focus on increasing shareholder value through spin-offs and focusing on the businesses that are working while reducing exposure to those that are not.

In the next few weeks, we expect DSS should be spinning off Sharing back to its own public company traded on the OTCQB. According to its April 7th red herring, DSS currently owns 79.6% of Sharing. Following the distribution, DSS, together with its subsidiary DSSI, will have approximately 15.9% ownership. DSS will distribute 221,212,840 Sharing Services shares, which constitute approximately 63.7 % of its issued and outstanding shares of common stock to its shareholders. Once this happens, DSS will no longer be consolidating its revenues on the DSS income statement. At that point, we will take forecasted revenues for Sharing off our DSS model. There still will be a few million in revenue left in direct marketing revenues from DSS's legacy business.

This distribution should be followed by the spin-off of Impact Biomedical in Q3. Impact Biomedical filed its latest amended S-1 on January 31st. DSS is about to file what it hopes to be the final amendment to its S-1 which will contain audited financials and a business plan. It could have a dividend record date in June or July for the first tranche of the spinoff with an IPO to follow. Impact hopes to raise $30-50 million in an IPO.

The spin-off of the REIT has been put on hold as DSS has plans to get it to a critical size before spinning it off, and lending in the REIT industry has become more difficult as interest rates rise and lenders become more cautious. As a result, the time required to achieve its size goals has been extended and we no longer think a spin-off is possible in 2023. The plan was for it to reach $200-250 million in assets before a spin-off.

American Pacific Bancorp, the bank, is the most IPO-ready of all DSS's holdings and we still expect it to also be dividended to shareholders, possibly in 2023. This is expected to happen after Sharing and Impact. 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.

Q4 Results

DSS reported Q4 revenues of $11.1 million, up 57% from a year ago's $7.1 million, but down sequentially from Q3. Printed product sales were up 9% year over year and up 6% sequentially while direct marketing was up 362% year over year, but again down sequentially from $4.9 million in Q3 2022.

Premier Packaging (Product Packaging) continued to grow due to demand, increased capacity, and higher prices. Q1 looks to be even stronger as the company can now suddenly get as much paper as it needs and is no longer supply-constrained. All incremental revenues will be at higher gross margins and business should be back to normal. With its increased capacity, we expect Premier to have a good year

and return to profits. With its new customers, we expect far less seasonality if any at all compared with the previous pattern of a much bigger Q4 that is caused by Walgreens' and Shutterfly's strong photo business falling into the Christmas holiday quarter.

Direct marketing sales continued to decline with Sharing Global Services again causing most of the problem. In Q4 2022, Sharing contributed $3.2 million in revenues of the $4.1 million of direct marketing (down 54% year over year) and had a $4.0 million operating loss. We still do not know when or if this business can be fixed. We expect DSS to spin off Sharing to shareholders in Q2; its S-1 is already available and awaiting final approval. Going forward, DSS expects it to fund its own losses and achieve a turnaround. DSS' 10K filing revealed that after the spin-off Sharing Global hopes to uplist to NASDAQ and do a capital raise. The rest of the direct marketing also saw a year-over-year sales decline with revenues of $804,000 versus $895,000 last year. This consumer business has stiff competition and we expect the market is in decline after a COVID-induced boom for vitamins and nutraceuticals.

The REIT contributed $1.6 million in revenues same as last quarter and compared with $1.0 in Q4 of 2021. The bank had negative revenues of $14,000 compared with revenues of $250,000 in Q4 2021 as the company eliminated intercompany transfers and moved revenue categories.

A new segment that appeared in Q4 is Commission revenue. These revenues were generated by the Securities and Investment Management business, and in particular, the subsidiary Sentinel Co. which amounted to $294,000 in revenues in the quarter and was comprised of only one month of revenues. Sentinel primarily operates as a financial intermediary, facilitating institutional trading of municipal and corporate bonds as well as preferred stock. It is located in Jupiter, Florida.

The table below shows segments differently than reported revenues but we see the majority of losses are caused by direct marketing which lost $40 million in 2022 and has not yet turned around.

Table 1. Segment P&L

Year Ended December 31, 2022	Product Packaging	Commercial Lending	Direct Marketing	Biotechnology	Securities
Revenue	$ 17,973,000	$ 764,000	$ 21,989,000	$ -	$ 6,581,000
Depreciation and amortization	715,000	-	413,000	1,113,000	9,093,000
Cost of revenue	16,960,000	1,041,000	9,828,000	-	8,995,000
Interest expense	140,000	-	1,000	-	2,769,000
Interest Income	2,000	12,000	18,000	378,000	204,000
Stock based compensation	1,000	-	-	-	-
Net income (loss) from continuing operations	(1,234,000)	(459,000)	(40,182,000)	(7,462,000)	(8,240,000)
Capital expenditures	1,612,000	-	384,000	276,000	18,000
Identifiable assets	24,641,000	48,240,000	27,526,000	53,069,000	83,873,000

Source: DSS

Gross margin in the quarter was 11.4% versus last year's 3.9%, while gross margin dollars were $1.2 million up from $275,000 last year when the company's move to a new plant caused extra expenses.

Operating expenses were $13.2 million, an increase from $5.4 million last year, mostly from adding costs from Sharing. The biggest increase was in SG&A, rising by $4.3 million. Sales and marketing declined $1.8 million sequentially due to lower sales at Sharing. The operating loss was $11.9 million compared to $7.5 million last year.

Other expenses were $18.7 million, with $8.75 million being from the judgment from losing a court case and $5.6 million from impairment of investment. $4.1 million of that impairment charge was for DSS's investment in Vivacitas.

Minority interest was a reversal of a $3.6 million loss, versus $585,000 last year. Loss to common shareholders was $9.5 million versus a loss of $14.0 million last year. The **GAAP loss per share was $0.07** versus $0.18 per share a year ago. The average shares outstanding increased by 74% to approximately 139 million primary shares.

Balance Sheet

On December 31, 2022, DSS had **$19.3 million in cash**, negative working capital of $25.7 million, and debt of $57.3 million. It also has $27 million in marketable securities it could convert to cash if needed and has a convertible promissory note due on May 19th from Puradigm. At the quarter's end, it owned $55 million in real estate. During the quarter, the company was cash flow negative by $15.7 million not including changes in working capital. It spent $945,000 million on capex. The primary shares outstanding as of March 13, 2023, were 139,017,172.

After the Quarter Ended

Maiden Biosciences commenced an action against DSS, Inc., HWH World, Inc., RBC Life International, Frank D. Heuszel, RBC Life Sciences, Steven E. Brown, Clinton Howard, and Andrew Howard. A trial was conducted in December, and a judgment was entered on December 20, 2022. Following the trial, the parties agreed to a settlement, and a payment of $8.75 million was made on February 10, 2023, by DSS. On February 14, 2023, the court dismissed the case with prejudice, and the judgment was vacated. DSS now has approximately $10 million in cash.

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. It has a variety of ventures in other areas such as direct marketing, 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 to 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.

- If we use the sum of the parts valuation, we believe DSS common stock could be worth about $1.50 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 119 people in locations around the world. It is constantly investing in new businesses and had been exiting others. The following list represents its current businesses. The first four entities are generating revenues while the others are still in development mode.

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. On December 23, 2021, it achieved majority ownership of Sharing Services Global Corporation (OTCQB: SHRG) and consolidated its results with DSS after that date. Currently, DSS operates offices in the USA, Canada, Hong Kong, Singapore, S. Korea, Australia, New Zealand, Malaysia, and Singapore.

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, including 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 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 primary markets, asset digitization/tokenization (securities, currency, and cryp-

tocurrency), 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 2022, Walgreens accounted for 14% of revenue and Shutterfly accounted for 6%. The loss of Walgreens or Shutterfly would affect results significantly but the company has a newly renegotiated multi-year contract with both making their loss less likely.
- DSS owns 80% of Sharing Services Global (OTXQB-SHRG), 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 has 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 successfully bring 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 BioMedical 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	2024E	2023E	LTM	EBITDA	Margin	2024E	2023E	LTM	EV/EBITDA	EV
Herbalife Nutricion	HLF	$4,990	$4,860	$5,200	661	13%	0.8x	0.8x	0.8x	6.0x	3,960
Nu Skin Enterprises	NUS	$2,140	$2,090	$2,230	231	10%	1.0x	1.1x	1.0x	9.7x	2,240
Tupperware	TUP	$1,210	$1,170	$1,310	130	10%	0.6x	0.6x	0.5x	5.5x	709
Average							**0.8x**	**0.8x**	**0.8x**	**7.1x**	**2,303**

Packaging		Cal. Revenue				EBIDTA	EV/ Sales				
Company	Ticker	2024E	2023E	LTM	EBITDA	Margin	2024E	2023E	LTM	EV/EBITDA	EV
Brady Corp.	BRC	NA	$1,346	$1,310	240.3	18%	NA	2.0x	2.0x	11.1x	2,678
Graphic Packaging	GPK	$10,164	$9,958	$9,440	1600.0	17%	1.3x	1.3x	1.4x	8.2x	13,179
Huhtamaki	HUH1V.HE	$4,592	$4,465	$4,480	544.5	12%	1.1x	1.1x	1.1x	9.4x	5,111
WestRock	WRK	NA	$20,900	$21,230	3280.0	15%	NA	0.8x	0.7x	4.8x	15,860
Average							**1.2x**	**1.3x**	**1.3x**	**8.4x**	**9,207**

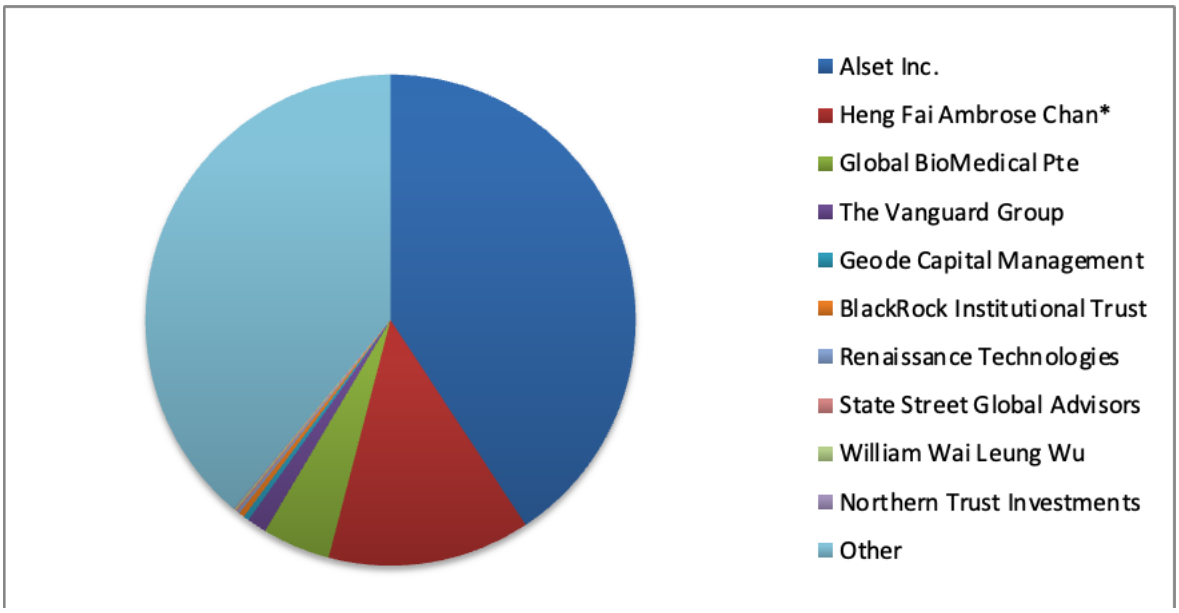
DSS's sales for 2023 are estimated at $48 million. If we value packaging and direct marketing (prematurely taking our Sharing revenues), using the multiples for them, we get an enterprise value of $35 million for those two businesses alone, although given the losses in direct marketing it should be valued lower. The 93% of the REIT DSS owns, the bank, and Impact BioMedical add more value. Adding $50 million for Impact moves the price to at least $1.00 per share using 139 million shares outstanding. Much of the value is the bank. Soon we expect Impact will be public and then we will have a solid market valuation of that entity.

	2023 Revenues	Multiple	Value
Packaging	24,200,000	1.3	31,194,766
Direct Marketing	3,200,000	0.8	2,673,868
REIT	6,100,000	?	NA
Bank	900,000	4-5x loans	162,000,000
Money manager	340,000		NA
Impact BioMedical			50,000,000
Total			245,868,634
Per Share		$	1.52

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, 2022	Mar 31, 2023E	Jun. 30, 2023E	Sep. 30, 2023E	Dec. 31, 2023E	2021R	2022	2023E	2024E
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	$ 5,143,000	$ 5,900,000	$ 5,950,000	$ 5,950,000	$ 6,000,000	$ 15,178,000	$ 17,499,000	$ 23,800,000	$ 30,000,000
Commercial and Security Printing	141,000	40,000	43,000	128,000	53,000	96,000	144,000	181,000	100,000	100,000	100,000	100,000	352,000	474,000	400,000	600,000
Printed products	3,861,000	3,376,000	3,416,000	4,886,000	3,569,000	4,048,000	5,032,000	5,324,000	6,000,000	6,050,000	6,050,000	6,100,000	15,539,000	17,973,000	24,200,000	30,600,000
Yr-Yr Growth	22.0%	48.6%	15.0%	5.6%	-7.6%	19.9%	47.3%	9.0%	68.1%	49.5%	20.2%	14.6%	19.2%	15.7%	34.6%	26.4%
Direct marketing	608,000	809,000	966,000	876,000	6,932,000	6,070,000	4,937,000	4,050,000	4,000,000	4,000,000	4,000,000	4,000,000	3,259,000	21,989,000	16,000,000	20,000,000
Yr-Yr Growth	6.1%	59.9%	35.1%	64.7%	1040.1%	650.3%	411.1%	362.3%	-42.3%	-34.1%	-19.0%	-1.2%	40.1%	574.7%	-27.2%	25.0%
REIT	0	0	184,000	1,019,000	1,663,000	1,508,000	1,485,000	1,631,000	1,500,000	1,500,000	1,500,000	1,600,000	1,203,000	6,287,000	6,100,000	7,000,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	707.1%	60.1%	-9.8%	-0.5%	1.0%	-1.9%	NA	422.6%	-3.0%	14.8%
Net Investment Income	0	0	0	250,000	129,000	145,000	370,000	(14,000)	180,000	200,000	220,000	300,000	250,000	630,000	900,000	1,000,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	NA	-105.6%	39.5%	37.9%	-40.5%	-2242.9%	NA	NA	42.9%	11.1%
Commission Revenue	0	0	0	0	-	-	-	294,000	350,000	375,000	375,000	400,000	-	294,000	1,500,000	1,650,000
Management Fee Income	0	0	0	24,000	11,000	-	38,000	85,000	85,000	85,000	85,000	85,000	24,000	134,000	340,000	400,000
Yr-Yr Growth	NA	NA	NA	NA	NA	NA	NA	254.2%	672.7%	NM	123.7%	0.0%	NA	NA	153.7%	17.6%
Total revenue	**4,469,000**	**4,185,000**	**4,566,000**	**7,055,000**	**12,304,000**	**11,771,000**	**11,862,000**	**11,076,000**	**11,765,000**	**11,835,000**	**11,855,000**	**12,085,000**	**20,275,000**	**47,307,000**	**47,540,000**	**59,000,000**
Yr-Yr Growth	19.5%	50.6%	23.9%	36.7%	175.3%	181.3%	159.8%	57.0%	-4.4%	0.5%	-0.1%	9.1%	31.9%	133.3%	0.5%	24.1%
Costs and expenses:																
Cost of revenue	3,407,000	3,231,000	3,406,000	6,780,000	8,615,000	7,670,000	11,368,000	9,810,000	9,412,000	9,349,650	9,246,900	9,063,750	16,824,000	37,463,000	37,072,300	33,155,000
Gross Margin	1,062,000	954,000	1,160,000	275,000	3,689,000	4,101,000	494,000	1,266,000	2,353,000	2,485,350	2,608,100	3,021,250	3,451,000	9,844,000	10,467,700	25,845,000
Gross Margin %	23.8%	22.8%	25.4%	3.9%	30.0%	34.8%	4.2%	11.4%	20.0%	21.0%	22.0%	25.0%	17.0%	20.8%	22.0%	43.8%
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	6,473,000	6,100,000	6,100,000	6,100,000	6,100,000	12,764,000	26,787,000	22,436,000	24,679,600
Professional fees	970,000	1,235,000	1,245,000	2,324,000	1,222,000	2,275,000	2,919,000	2,770,000	3,000,000	3,000,000	3,000,000	3,000,000	5,774,000	9,186,000	12,000,000	12,000,000
Stock-based compensation	15,000	(30,000)	13,000	48,000	4,000	0	0	0	0	0	0	0	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	1,323,000	1,500,000	2,500,000	2,500,000	2,500,000	3,579,000	11,275,000	9,000,000	11,250,000
Rent and utilities	33,000	75,000	42,000	90,000	149,000	188,000	295,000	343,000	320,000	320,000	320,000	320,000	240,000	975,000	1,280,000	1,300,000
Other expenses	393,000	381,000	913,000	1,809,000	601,000	638,000	1,054,000	1,755,000	1,600,000	1,600,000	1,600,000	1,600,000	3,496,000	4,048,000	6,400,000	6,400,000
R&D	234,000	211,000	190,000	445,000	168,000	206,000	331,000	551,000	360,000	360,000	360,000	360,000	1,080,000	1,256,000	1,440,000	1,440,000
Total costs and expenses	4,442,000	11,240,000	6,705,000	7,823,000	10,356,000	15,283,000	14,677,000	13,215,000	12,880,000	13,603,350	14,677,000	13,880,000	26,979,000	53,531,000	52,556,000	57,074,000
Operating (loss) income	(3,380,000)	(7,055,000)	(5,545,000)	(7,548,000)	(6,743,000)	(11,182,000)	(14,183,000)	(11,949,000)	(10,527,000)	(11,118,000)	(12,068,900)	(10,858,750)	(23,528,000)	(43,687,000)	(42,088,300)	(31,229,000)
Operating Margin	-75.6%	-168.6%	-121.4%	-107.0%	-54.8%	-95.0%	-119.6%	-107.9%	-89.5%	-93.9%	-101.8%	-89.9%	-116.0%	NM	NM	NM
Other expense:																
Other income	0	250,000	325,000	250,000	(1,703,000)	2,344,000	3,627,000	(666,000)	0	0	0	0	825,000	3,602,000	0	0
Interest expense, net	32,000	1,379,000	1,562,000	1,387,000	(1,222,000)	18,000	(287,000)	(790,000)	(790,000)	(790,000)	(790,000)	(790,000)	4,360,000	(2,281,000)	(3,160,000)	(3,160,000)
Dividend income	0	0	0	0	0	0	0	159,000	159,000	159,000	159,000	159,000	0	159,000	636,000	500,000
Litigation loss	0	0	0	0	0	0	0	(8,750,000)	0	0	0	0	0	(8,750,000)	0	0
Net loss on debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortized debt discount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment of investment	0	0	0	0	0	0	0	(5,637,000)	0	0	0	0	0	(5,637,000)	0	0
Gain on extinguishment of debt, net	116,000	0	0	0	0	110,000	0	0	0	0	0	0	116,000	110,000	0	0
Inc from invest in subsidiaries	(579,000)	(332,000)	(1,645,000)	(7,383,000)	(112,000)	(99,000)	344,000	(4,000)	0	0	0	0	(9,939,000)	129,000	0	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)	(218,000)	0	0	0	0	(12,035,000)	(10,697,000)	0	0
Impairment of fixed asset					0	0	0	(2,843,000)	0	0	0	0	0	(2,843,000)	0	0
Gain on sale of asset	0	0	0	0	405,000	0	0	0	0	0	0	0	0	405,000	0	0
Income before income taxes	(4,887,000)	(12,579,000)	(8,299,000)	(14,436,000)	(8,951,000)	(5,410,000)	(24,801,000)	(12,961,000)	(11,317,000)	(11,908,000)	(12,858,900)	(11,648,750)	(40,201,000)	(69,490,000)	(45,248,300)	(34,389,000)
Income tax expense	(838,000)	(1,854,000)	(1,624,000)	284,000	0	0	0	172,000	0	0	0	100,000	(4,032,000)	172,000	100,000	0
Loss from continuing operations	(4,049,000)	(10,725,000)	(6,675,000)	(14,720,000)	(8,951,000)	(5,410,000)	(24,801,000)	(13,133,000)	(11,317,000)	(11,908,000)	(12,858,900)	(11,748,750)	(36,169,000)	(69,662,000)	(47,832,650)	(34,389,000)
Loss from discontinued operations	(114,000)	2,079,000	0	164,000	0	0	0	0	0	0	0	0	2,129,000	0	-	0
Net income	(4,163,000)	(8,646,000)	(6,675,000)	(14,556,000)	(8,951,000)	(5,410,000)	(24,801,000)	(13,133,000)	(11,317,000)	(11,908,000)	(12,858,900)	(11,748,750)	(34,040,000)	(69,662,000)	(47,832,650)	(34,389,000)
Net inc. attributable to non-control interests	31,000	228,000	77,000	585,000	903,000	748,000	4,587,000	3,584,000	3,584,000	3,584,000	3,584,000	3,584,000	921,000	9,822,000	14,336,000	3,200,000
Net income cont ops to common shareholders	(4,132,000)	(8,418,000)	(6,598,000)	(13,971,000)	(8,048,000)	(4,662,000)	(20,214,000)	(9,549,000)	(7,733,000)	(8,324,000)	(9,274,900)	(8,164,750)	(33,119,000)	(59,840,000)	(33,496,650)	(31,189,000)
GAAP loss per share	**$ (0.21)**	**$ (0.24)**	**$ (0.09)**	**$ (0.18)**	**$ (0.10)**	**$ (0.05)**	**$ (0.15)**	**$ (0.07)**	**$ (0.06)**	**$ (0.06)**	**$ (0.07)**	**$ (0.06)**	**$ (0.68)**	**$ (0.54)**	**$ (0.24)**	**$ (0.22)**
Yr-Yr Growth	-68.7%	-13.1%	-108.0%	NA	-55.3%	-78.7%	61.6%	-60.8%	-41.5%	16.6%	-55.5%	-14.5%	-195.6%	-21.1%	-55.4%	-8.8%
Loss per diluted share	(0.19)	(0.23)	(0.09)	(0.18)	(0.10)	(0.05)	(0.15)	(0.07)	(0.06)	(0.06)	(0.07)	(0.06)	(0.68)	(0.54)	(0.24)	(0.22)
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	139,020,000	139,020,000	139,020,000	139,020,000	51,525,746	111,622,114	139,020,000	142,000,000
Yr-Yr Growth	1162.6%	1558.8%	1452.9%	1236.2%	335.5%	160.3%	89.6%	74.3%	64.3%	53.1%	3.1%	0.0%	1352.1%	116.6%	24.5%	2.1%
Diluted shares	21,903,831	35,984,413	71,157,697	79,745,886	84,626,847	90,822,875	134,893,360	139,000,000	139,020,000	139,020,000	139,020,000	139,020,000	51,541,232	111,637,600	139,020,000	142,000,000
EBITDA	(2,847,000)	(6,268,000)	(4,792,000)	(5,253,000)	(3,473,000)	(8,023,000)	(11,257,000)	(8,375,000)	(6,953,000)	(7,544,000)	(8,494,900)	(7,284,750)	(23,482,000)	(43,683,000)	(30,276,650)	(31,224,600)

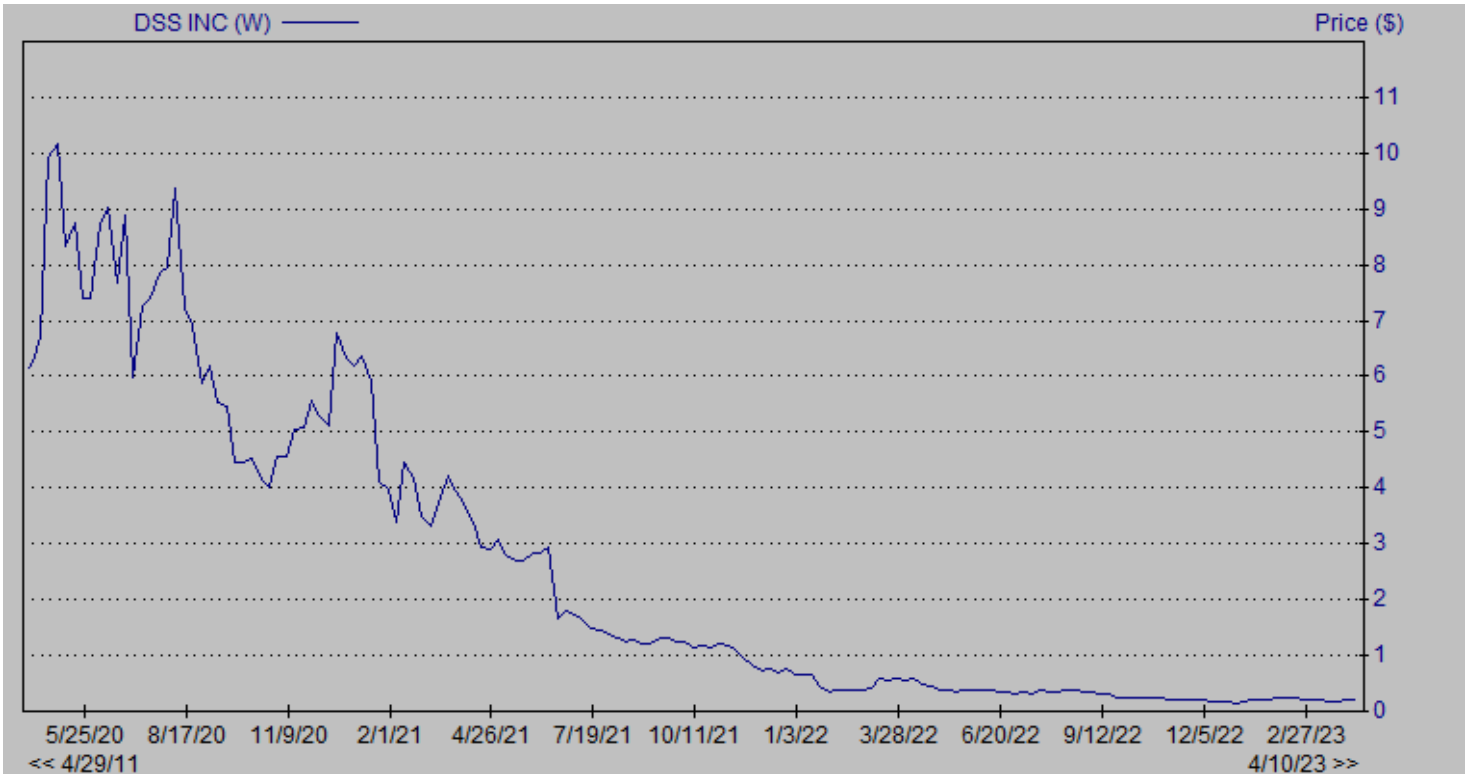
CASH FLOWS

	2020R	March 31, 2021	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	2021	March 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	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)	$ (30,501,000)	$ (69,662,000)
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	3,574,000	12,925,000
Gain on allowance for obsolete inventory	0	0	0	0	0	0	0	(280,000)	606,000	(326,000)	0
Stock based compensation	149,000	15,000	(30,000)	89,000	4,000	78,000	4,000	0	0	0	4,000
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)	5,000	(129,000)
Unrealized gain/loss on investments	(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	2,907,000	13,386,000
Change in ROU assets and lease liabilities, net	0	0	0	0	0	0	0	(80,000)	416,000	46,000	382,000
Deferred tax benefit	(1,774,000)	(838,000)	(1,855,000)	(1,622,000)	283,000	(4,032,000)	0	0	0	38,000	38,000
Accretion of debt dis, fee, & prepaid exp	0	0	(1,698,000)	(589,000)	2,287,000	0	0	0	0	0	0
Gain on extinguishment of liabilities, net	(622,000)	(116,000)	0	0	0	(116,000)	0	(110,000)	0	0	(110,000)
Gain on sale of assets	0	0	0	0	0	0	0	(405,000)	0	405,000	0
impairment of fixed assets	0	0	0	0	0	0	0	0	0	2,843,000	2,843,000
Impairment of notes recceivable and other	0	0	0	0	0	0	1,637,000	108,000	154,000	(374,000)	1,525,000
Impairment of other investments	0	0	0	0	0	0	0	0	0	5,637,000	5,637,000
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)	1,425,000	(1,891,000)
Inventory	(705,000)	(601,000)	(664,000)	(315,000)	(4,726,000)	(6,306,000)	602,000	(1,193,000)	(137,000)	1,268,000	540,000
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)	1,198,000	1,766,000
Other assets	264,000	(382,000)	494,000	(137,000)	1,241,000	1,216,000	(68,000)	(244,000)	(592,000)	(1,306,000)	(2,210,000)
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	1,866,000	3,994,000
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)	7,512,000	4,307,000
Other liabilities	1,001,000	(778,000)	80,000	(356,000)	(950,000)	(2,004,000)	126,000	(499,000)	(6,000)	81,000	(298,000)
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)	(3,702,000)	(26,953,000)
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)	(945,000)	(2,294,000)
Purchase of real estate	0	0	(6,565,000)	0	(50,229,000)	(56,794,000)	0	(689,000)	0	(43,000)	(732,000)
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	(195,000)	(195,000)
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)	(630,000)	(14,884,000)
Disposal of property, plant and equipment	0	0	0	0	0	0	2,152,000	405,000	0	(405,000)	2,152,000
Acquisition of American Pacific Bancorp	0	0	0	1,235,000	2,121,000	3,356,000	0	0	0	(1,879,000)	(1,879,000)
Conversion of SHRG to consolidaton	0	0	0	0	0	0	0	0	0	3,038,000	3,038,000
Change in equity investment	0	0	0	0	0	0	0	0	0	(113,000)	(113,000)
Purchase of equity investment	0	0	(400,000)	(876,000)	(10,949,000)	(12,225,000)	0	0	0	0	0
Sale of marketable securities	0	2,188,000	6,997,000	0	(9,185,000)	0	0	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)	1,066,000	(3,621,000)
Purchase of intangible assets	0	0	(585,000)	(530,000)	(16,995,000)	(18,110,000)	0	0	(180,000)	(328,000)	(508,000)
Payments received on note receivable	0	0	0	0	0	0	0	863,000	(77,000)	281,000	1,067,000
Note receivable investment		0	(18,799,000)	18,799,000	(11,651,000)	(11,651,000)	(791,000)	791,000	0	0	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)	(153,000)	(17,969,000)
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)	(2,943,000)	(3,504,000)
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	3,242,000	9,602,000
Payments of revolver	(500,000)	0	0	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	0	0
Deferred financing fees	0	0	(186,000)	0	(1,239,000)	(1,425,000)	0	0	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	1,000	1,519,000
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)	300,000	7,617,000
Net cash used by discontinued oper.	636,000	(12,000)	3,176,000	0	0	3,207,000	0	0	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)	(3,555,000)	(37,305,000)
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	22,845,000	56,595,000
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	$ 19,290,000	$ 19,290,000
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)	$ (24,257,000)	$ (43,166,000)
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)	$ (25,202,000)	(45,460,000)

BALANCE SHEET

	Dec. 31, 2022	Sept. 30, 2022	Qtr-Qtr % Growth	Dec. 31, 2021 Restated	Yr-Yr % Growth
Current assets:					
Cash	$ 19,290,000	$ 22,845,000	-15.6%	$ 56,595,000	-65.9%
Accounts receivable, net	7,564,000	8,989,000	-15.9%	5,673,000	33.3%
Inventory	7,721,000	8,663,000	-10.9%	8,261,000	-6.5%
Current portion of note receivable, net	11,719,000	12,273,000	-4.5%	6,310,000	85.7%
Prepaid expenses & other curr assets	1,700,000	2,898,000	-41.3%	3,466,000	-51.0%
Total current assets	47,994,000	55,668,000	-13.8%	80,305,000	-40.2%
Property, plant and equipment, net	13,391,000	16,065,000	-16.6%	17,674,000	-24.2%
Investment, real estate	55,029,000	55,493,000	-0.8%	56,374,000	-2.4%
Other investments	1,534,000	8,190,000	-81.3%	11,001,000	-86.1%
Investment, equity method	162,000	1,326,000	-87.8%	1,080,000	-85.0%
Marketable securities	27,307,000	28,083,000	-2.8%	14,172,000	92.7%
Note receivable	922,000	1,704,000	-45.9%	5,878,000	-84.3%
Other assets	2,699,000	1,393,000	93.8%	489,000	451.9%
Right-of-use assets	8,219,000	8,459,000	-2.8%	498,000	1550.4%
Goodwill	60,919,000	56,606,000	7.6%	56,606,000	7.6%
Other intangible assets, net	30,740,000	31,892,000	-3.6%	38,630,000	-20.4%
Total assets	248,916,000	264,879,000	-6.0%	282,707,000	-12.0%
Current liabilities:					
Accounts payable	5,914,000	4,048,000	46.1%	1,920,000	208.0%
Accrued expenses & deferred revenue	19,341,000	11,627,000	66.3%	21,180,000	-8.7%
Other current liabilities	447,000	396,000	12.9%	402,000	11.2%
Current portion of long-term debt, net	**47,161,000**	**6,680,000**	606.0%	**3,916,000**	1104.3%
Current portion of lease liability	796,000	819,000	-2.8%	393,000	102.5%
Total current liabilities	73,689,000	23,570,000	212.6%	27,811,000	165.0%
Long-term debt, net	**10,181,000**	**50,163,000**	-79.7%	**55,711,000**	-81.7%
Lease liability	7,820,000	7,991,000	-2.1%	120,000	6416.7%
Other long-term liabilities	507,000	507,000	0.0%	880,000	-42.4%
Deferred tax liability, net	38,000	0	NM	0	NM
Stockholders' equity					
Common stock	2,779,000	2,779,000	0.0%	1,594,000	74.3%
Additional paid-in capital	317,126,000	317,125,000	0.0%	294,685,000	7.6%
Non-controlling interest in subsidiary	31,119,000	30,162,000	3.2%	36,409,000	-14.5%
Accumulated deficit	(194,343,000)	(167,417,000)	16.1%	(134,503,000)	44.5%
Total stockholders' equity	156,681,000	182,649,000	-14.2%	198,185,000	-20.9%
Total liabilities and stockholders' equity	248,916,000	264,880,000	-6.0%	282,707,000	-12.0%
Current ratio	0.7	2.4	-72.4%	2.9	-77.4%
Quick ratio	0.5	2.0	-72.6%	2.6	-78.9%
Working Capital	(25,695,000)	32,098,000	-180.1%	52,494,000	-148.9%
Net cash	19,290,000	22,845,000	-15.6%	56,595,000	-65.9%
Debt	57,342,000	56,843,000	0.9%	59,627,000	-3.8%
Debt/TA	23%	21%	7.3%	21%	9.2%

HISTORICAL STOCK PRICE



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