Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

August 29, 2023
Lisa Thompson
312-265-9154 / lthompson@zacks.com
scr.zacks.com
10 S. Riverside Plaza, Suite 1600, Chicago, IL 60606

DSS, Inc. (NYSE Amer: DSS)

DSS Exits the Direct Marketing Business to Focus Near Term Opportunities

Using a blended multiple of EV/Sales from its peers, we believe DSS stock may be worth at least $1.38 per share if we use the value of its packaging business and the bank and add 55% of $50 million for the purchase price of Impact BioMedical. The REIT and other businesses are incremental to that.

Current Price (8/28/2023)	$0.20
Valuation	**$1.22**

OUTLOOK

DSS, Inc., is a multi-industry business growing through opportunistic acquisitions. Its roots lie in packaging and document printing which is still its largest business. It just sold what was left of its direct marketing business. Its biotech business, Impact BioMedical, was spun off, and the company is picking bankers for this business's NASDAQ IPO. It also owns a bank, as well as 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	**0.41**
52-Week Low	**0.16**
One-Year Return (%)	**-43.5**
Beta	**1.8**
Average Daily Volume (sh)	**99,784**
Shares Outstanding (mil)	**140.3**
Market Capitalization ($mil)	**$32.3**
Short Interest Ratio (days)	**0**
Institutional Ownership (%)	**46**
Insider Ownership (%)	**59**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**23.4**
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	**High**
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	$11.9 A	$7.2 A	$5.7 E	$6.7 E	$31.3 E
2024					$29.7 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 A	-$0.27 A	-$0.02 E	-$0.02 E	-$0.13 E
2024					$0.01 E

© Copyright 2023, Zacks Investment Research. All Rights Reserved.

WHAT'S NEW

Q2 2023 Results and DSS Exits the Direct Marketing Business

DSS reported Q2 revenues of $7.2 million, down 39% from the year ago's $11.8 million. Most of the total revenue decline was driven by a $4.5 million decline in Direct Marketing revenues as the company divested Sharing Global Services on May 4th. Direct marketing was down 74% year over year. On April 5th, Sharing was dividended to shareholders with DSS retaining 7% of the shares (25 million shares). In Q2 Sharing was only consolidated with DSS except for the first month. On July 1st, after the quarter ended, DSS sold the remaining portion of Direct Marketing to Sharing for $711,000 representing the gross proceeds of the sale of HWH inventory less the cost of goods sold. So from Q3 on, there is no longer a direct marketing business at DSS.

Printed product sales were down 10% year over year and down 39% sequentially. In Q1 2023 $3.0 million of the $5.8 million of Packaging Printing and Fabrication revenues were from Walgreens' photo business which slipped into Q1 from Q4. In Q2, Walgreens cut back orders but business to be back to normal there in Q3. With its new capabilities, Premier is expanding further into food packaging and recently landed a number of new customers in that area, one being Wegmans. Wegmans is moving to replace plastic-based containers with cardboard. It also landed a large food company as a new customer. It is a NY-based maker of syrups, sauces, fillings, and toppings with over $200 million in sales.

The REIT contributed $1.5 million in revenues almost the same as Q2 2022. The bank generated $197,000 in net investment income and the commodity broker revenues were $295,000. combined this quarter and had revenues of $117,000 compared with revenues of $129,000 in Q1 2022. The brokerage business is expected to have variable results due to its trading business.

The table below shows segment reporting. All of the businesses reported a loss. The majority of losses were caused by direct marketing which lost $28.1 million in the quarter. Impact Biomedical spent $3.9 million. Next quarter both Direct Marketing and Biotechnology will be off DSS's income statement reducing operating expenses significantly.

Table 1. Segment P&L

Three Months Ended June 30, 2023	Product Packaging	Commercial Lending	Direct Marketing	Biotechnology	Securities
Revenue	$ 3,626,000	$ 197,000	$ 1,572,000	$ -	$ 1,838,000
Interest expense	47,000	-	-	-	91,000
Interest income	-	-	280,000	49,000	78,000
Net Loss (income) from continuing operations	(205,000)	(1,213,000)	(28,074,000)	(3,934,000)	(4,413,000)
Capital expenditures	4,000	-	(4,000)	12,000	7,000
Identifiable assets	23,080,000	41,324,000	7,159,000	49,952,000	71,610,000
Assets held for sale	-	-	2,004,000	-	-

Source: DSS

Gross margin in the quarter was 33.2% versus a reclassified 34.8% last year, while gross margin dollars were $2.4 million.

Operating expenses were $8.9 million, a decrease from $15.2 million last year driven by the spin-off of Sharing. In other income, there was a one-time $3.4 million reserve for rent receivable to the REIT. Without that, operating expenses would have been $5.5 million. We expect that to go down further in Q3 with the elimination of the direct marketing business.

The operating loss was $6.5 million compared to $11.2 million last year. It would have been $3.1 million without the reserve.

Other expenses were $31.3 million, with $27.9 million being from unrealized losses on marketable securities. $29.2 million of the loss was from Sharing, meaning other securities increased. There was also a $3.8 million provision for loan losses from the bank.

Minority interest was a reversal of a $200,000 profit, versus a $748,000 loss last year. Loss to common shareholders was $37.9 million, compared to a $4.7 loss last year. The **GAAP loss per share was $0.27** versus $0.05 per share a year ago. The average shares outstanding increased by 54% to 140 million shares.

Balance Sheet

On March 31, 2023, DSS had **$10.0 million in cash**, negative working capital of $32.2 million, and debt of $54.6 million. It also has $11.6 million in marketable securities it could convert to cash. At the quarter's end, it owned $54 million in real estate. During the quarter, the company was cash flow negative by $4.7 million not including changes in working capital. It sold a net $98,000 of equipment in the quarter. The primary shares outstanding as of May 3, 2023, were 140,264,250.

Aside from its $10.0 million in cash as of June 30, 2023, DSS believes it can continue as a going concern, due to its ability to generate operating cash through the sale of its $11.6 million of marketable securities.

It also expects to collect principal and interest on its notes receivable of approximately $9.3 million through June 30, 2024, which includes the $5.5 million Puradigm was supposed to pay on May 19th. The company now has a reserve of $2,884,000 against the principal and interest outstanding. The due date of this loan is currently being renegotiated.

Its subsidiary Impact BioMedical is in the process of an IPO in which DSS plans to maintain a minimum of 55% ownership. Part of the proceeds of the IPO are expected to pay in part, amounts utilized by DSS for Impact BioMedical expenses. This is expected to close in the fourth quarter of 2023.

SHRG is in the process of uplisting to NASDAQ and then expects to raise approximately $15 million dollars. A significant portion of the funds raised from this uplisting will be used to repay loans SHRG owes to DSS.

Finally, it is in negotiations with Pinnacle Bank to extend its note payable of approximately $40.2 million through November 2024. This note payable is currently in default, however, DSS is in the process of renegotiating the terms of this note, which is expected to be completed during the third quarter.

Impact BioMedical Spin-Off

The record date for the spin-off of Impact BioMedical was July 10th with a distribution date of August 8th. It entitled DSS shareholders to receive four shares of Impact for each share of DSS. It plans to IPO on NASDAQ, probably in Q4, and is now in the process of picking bankers. Each share of Impact BioMedical distributed has a lockup of 180 days from the date Impact BioMedical's IPO becomes effective (August 4, 2023), subject to the discretion of the company to lift the restriction sooner. Post-spin-off, DSS still has 55% of Impact and its financials will still be consolidated with DSS. Impact hopes to raise $30-50 million in an IPO. Impact has many products already developed and it will be interesting to see how the market values the company and to monitor its progress toward generating revenues.

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.

- Impact BioMedical, a development-stage biotech company, had the first tranche of its spin-off to shareholders. This kicker could turn out to have great incremental value for shareholders depending on its future IPO results.

- After it builds its REIT to a size of over $200 million in assets, it plans to also spin off that entity to shareholders. However due to industry turmoil from higher interest rates and lower revenues for the medical industry, expansion plans have been put on hold.

- If we use the sum of the parts valuation, we believe DSS common stock could be worth about $1.38 per share adding together Premier Packaging, the bank, and the purchase price of Impact BioMedical. The rest of the businesses also add value. With a declining cash burn, 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 has been exiting others. The following list represents its current businesses.

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. Premier operates from a new facility in West Henrietta, NY, and serves the US market.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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

- As of June 30, 2023, two customers, Walgreens and Shutterfly, accounted for approximately 19% and 5% of DSS' consolidated revenue. The loss of Walgreens would affect results significantly, but the company has a multi-year contract with it making its loss less likely.
- DSS is small and not profitable. 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 or bank, 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 spin-off of 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.

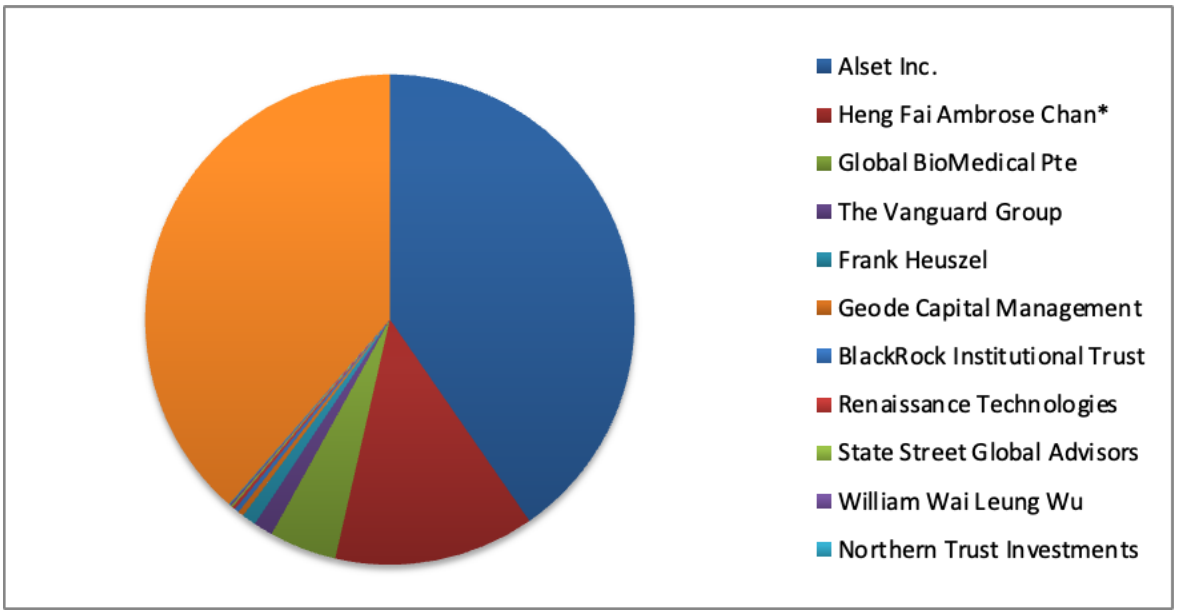
Packaging		Cal. Revenue			EBIDTA		EV/ Sales				
Company	Ticker	2024E	2023E	LTM	EBITDA	Margin	2024E	2023E	LTM	EV/EBITDA	EV
Brady Corp.	BRC	NA	$1,335	$1,310	249	19%	NA	1.8x	1.9x	9.7x	2,430
Graphic Packaging	GPK	$10,060	$9,800	$9,670	1,800	19%	1.2x	1.2x	1.2x	6.7x	12,080
Huhtamaki	HUH1V.HE	$4,430	$4,270	$4,380	495	11%	1.0x	1.1x	1.0x	9.2x	4,540
Packaging Corp	PKG	$7,890	$7,800	$8,030	1,740	22%	1.9x	2.0x	1.9x	8.8x	15,350
WestRock	WRK	NA	$20,600	$20,720	2,940	14%	NA	0.8x	0.8x	5.7x	16,840
Average							**1.4x**	**1.4x**	**1.4x**	**8.0x**	**8,973**

DSS's sales for 2023 are estimated at $31 million. Premier comprises $18.8 million of the total. If we value packaging at the multiple of its comps, we get an enterprise value of $26 million. The 93% of the REIT DSS owns, the bank, and Impact BioMedical add more value. Since the record date for Impact has passed, and DSS now owns 55%, we take 55% of the $50 million purchase price for Impact. Therefore we believe the price is worth at least $1.00 per share using 140 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	18,811,000	1.4	25,964,952
REIT	6,228,000	?	NA
Bank	708,000	4-5x loans	162,000,000
Money manager	-		NA
Impact BioMedical			27,500,000
Total			215,464,952
Per Share		$	1.22

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.



INCOME STATEMENT

	Mar 31, 2022R	Jun. 30, 2022R	Sep. 30, 2022	Dec. 31, 2022	Mar 31, 2023	Jun. 30, 2023	Sep. 30, 2023E	Dec. 31, 2023E	2021R	2022	2023E	2024E
Revenue:												
Packaging Printing and Fabrication	$ 3,516,000	$ 3,952,000	$ 4,888,000	$ 5,143,000	$ 5,865,000	$ 3,571,000	$ 4,000,000	$ 4,945,000	$ 15,178,000	$ 17,499,000	$ 18,381,000	$ 22,057,200
Commercial and Security Printing	53,000	96,000	144,000	181,000	265,000	55,000	55,000	55,000	352,000	474,000	430,000	430,000
Printed products	3,569,000	4,048,000	5,032,000	5,324,000	6,130,000	3,626,000	4,055,000	5,000,000	15,539,000	17,973,000	18,811,000	22,487,200
Yr-Yr Growth	-7.6%	19.9%	47.3%	9.0%	71.8%	-10.4%	-19.4%	-6.1%	19.2%	15.7%	4.7%	19.5%
Direct marketing	6,932,000	6,070,000	4,937,000	4,050,000	3,994,000	1,572,000	-	-	3,259,000	21,989,000	5,566,000	-
Yr-Yr Growth	1040.1%	650.3%	411.1%	362.3%	-42.4%	-74.1%	-100.0%	-100.0%	40.1%	574.7%	-74.7%	-100.0%
REIT (securities)	1,663,000	1,508,000	1,485,000	1,631,000	1,685,000	1,543,000	1,500,000	1,500,000	1,203,000	6,287,000	6,228,000	6,228,000
Yr-Yr Growth	NA	NA	707.1%	60.1%	1.3%	2.3%	1.0%	-8.0%	NA	422.6%	-0.9%	0.0%
Net Investment Income	129,000	145,000	370,000	(14,000)	117,000	197,000	197,000	197,000	250,000	630,000	708,000	1,000,000
Yr-Yr Growth	NA	NA	NA	-105.6%	-9.3%	35.9%	-46.8%	-1507.1%	NA	NA	12.4%	41.2%
Commission Revenue	-	-	-	294,000	NA	295,000	-	-	-	294,000	-	-
Management Fee Income	11,000	-	38,000	85,000	-	-	-	-	24,000	134,000	-	-
Yr-Yr Growth	NA	NA	NA	254.2%	-100.0%	NM	-100.0%	-100.0%	NA	NA		
Total revenue	**12,304,000**	**11,771,000**	**11,862,000**	**11,076,000**	**11,926,000**	**7,233,000**	**5,752,000**	**6,697,000**	**20,275,000**	**47,307,000**	**31,313,000**	**29,715,200**
Yr-Yr Growth	175.3%	181.3%	159.8%	57.0%	-3.1%	-38.6%	-51.5%	-39.5%	31.9%	133.3%	-33.8%	-5.1%
Costs and expenses:												
Cost of revenue	8,878,000	7,670,000	11,368,000	9,547,000	8,533,000	4,832,000	2,958,500	3,620,000	16,824,000	37,463,000	19,943,500	16,239,280
Gross Margin	3,426,000	4,101,000	494,000	1,529,000	3,393,000	2,401,000	2,793,500	3,077,000	3,451,000	9,844,000	11,369,500	13,475,920
Gross Margin %	27.8%	34.8%	4.2%	13.8%	28.5%	33.2%	48.6%	45.9%	17.0%	20.8%	36.3%	45.4%
Selling, general and administrative	4,333,000	8,540,000	6,968,000	6,946,000	5,140,000	1,219,000	1,000,000	1,000,000	12,764,000	26,787,000	22,454,000	4,000,000
Professional fees	1,222,000	2,275,000	2,919,000	2,770,000	561,000	1,548,000	1,548,000	1,548,000	5,774,000	9,186,000	5,205,000	6,192,000
Stock-based compensation	4,000	336,000	0	(336,000)	0	0	0	0	46,000	4,000	-	-
Sales and marketing	3,861,000	2,981,000	3,110,000	1,323,000	1,810,000	1,242,000	800,000	800,000	3,579,000	11,275,000	4,652,000	3,200,000
Rent and utilities	149,000	189,000	295,000	342,000	236,000	264,000	264,000	264,000	240,000	975,000	1,028,000	1,056,000
Other expenses	1,008,000	756,000	1,054,000	1,230,000	1,047,000	4,312,000	912,000	912,000	3,496,000	4,048,000	7,183,000	3,648,000
R&D	168,000	206,000	331,000	551,000	179,000	266,000	266,000	266,000	1,080,000	1,256,000	977,000	1,500,000
Total costs and expenses	10,745,000	15,283,000	14,677,000	12,826,000	8,973,000	8,851,000	4,790,000	4,790,000	26,979,000	53,531,000	41,499,000	19,596,000
Operating (loss) income	(7,319,000)	(11,182,000)	(14,183,000)	(11,297,000)	(5,580,000)	(6,450,000)	(1,996,500)	(1,713,000)	(23,528,000)	(43,687,000)	(30,129,500)	(6,120,080)
Operating Margin	-59.5%	-95.0%	-119.6%	-102.0%	-46.8%	-89.2%	-34.7%	-25.6%	-116.0%	NM	NM	NM
Other expense:												
Other income	(1,703,000)	2,344,000	3,627,000	(666,000)	(65,000)	147,000	0	0	825,000	3,602,000	82,000	0
Interest expense, net	(646,000)	18,000	(287,000)	(1,366,000)	(119,000)	269,000	300,000	300,000	4,360,000	(2,281,000)	750,000	0
Dividend income	0	0	0	159,000	4,000	8,000	8,000	8,000	0	159,000	28,000	28,000
Litigation loss	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
Amortized debt discount	0	0	0	0	0	0	0	0	0	0	0	0
Impairment of investment	0	0	0	(5,637,000)	0	0	0	0	0	(5,637,000)	0	0
Gain on extinguishment of debt, net	0	110,000	0	0	0	0	0	0	116,000	110,000	0	0
Inc from invest in subsidiaries	(112,000)	(99,000)	344,000	(4,000)	(4,000)	(18,000)	0	0	(9,939,000)	129,000	(22,000)	0
Unrealized gain on marketable securities	424,000	3,399,000	(14,302,000)	(218,000)	(2,869,000)	(27,922,000)	0	0	(12,035,000)	(10,697,000)	(30,791,000)	0
Provision for loan losses	0	0	0	0	0	(3,757,000)	0	0	0	0	(3,757,000)	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	405,000	0	0	0	0	0	0	0	0	405,000	0	0
Total other expense	(1,632,000)	5,772,000	(10,618,000)	(19,325,000)	(3,053,000)	(31,273,000)	308,000	308,000	(16,673,000)	(25,803,000)	(33,710,000)	28,000
Income before income taxes	(8,951,000)	(5,410,000)	(24,801,000)	(12,885,000)	(8,633,000)	(37,723,000)	(1,696,500)	(1,413,000)	(40,201,000)	(69,490,000)	(60,110,500)	(6,120,080)
Income tax expense	0	0	0	172,000	0	0	0	100,000	(4,032,000)	172,000	100,000	0
Loss from continuing operations	(8,951,000)	(5,410,000)	(24,801,000)	(13,057,000)	(8,633,000)	(37,723,000)	(1,696,500)	(1,513,000)	(36,169,000)	(69,662,000)	(49,565,500)	(6,120,080)
Loss from discontinued operations	0	0	0	0	0	0	0	0	2,129,000	0	-	0
Net income	(8,951,000)	(5,410,000)	(24,801,000)	(13,057,000)	(8,633,000)	(37,723,000)	(1,696,500)	(1,513,000)	(34,040,000)	(69,662,000)	(49,565,500)	(6,120,080)
Net inc. attributable to non-control interests	903,000	748,000	4,587,000	3,584,000	598,000	(200,000)	0	0	921,000	9,822,000	398,000	7,200,000
Net income cont ops to common shareholders	(8,048,000)	(4,662,000)	(20,214,000)	(9,473,000)	(8,035,000)	(37,923,000)	(1,696,500)	(1,513,000)	(33,119,000)	(59,840,000)	(49,167,500)	1,079,920
GAAP loss per share	**$ (0.10)**	**$ (0.05)**	**$ (0.15)**	**$ (0.07)**	**$ (0.06)**	**$ (0.27)**	**$ (0.01)**	**$ (0.01)**	**$ (0.68)**	**$ (0.54)**	**$ (0.35)**	**$ 0.01**
Yr-Yr Growth	-55.3%	-78.7%	61.6%	-61.1%	-39.2%	427.2%	-91.9%	-84.2%	-195.6%	-21.1%	-35.0%	-102.2%
Loss per diluted share	(0.10)	(0.05)	(0.15)	(0.07)	(0.06)	(0.27)	(0.01)	(0.01)	(0.68)	(0.54)	(0.35)	0.01
Basic shares outstanding	84,626,847	90,822,875	134,893,360	139,000,000	139,017,172	140,140,913	140,140,913	140,140,913	51,525,746	111,622,114	140,140,913	142,000,000
Yr-Yr Growth	335.5%	160.3%	89.6%	74.3%	64.3%	54.3%	3.9%	0.8%	1352.1%	116.6%	25.5%	1.3%
Diluted shares	84,626,847	90,822,875	134,893,360	139,000,000	139,017,172	140,140,913	140,140,913	140,140,913	51,541,232	111,637,600	140,140,913	142,000,000
EBITDA	(4,049,000)	(7,687,000)	(11,257,000)	(8,059,000)	(4,247,000)	(1,736,000)	(663,500)	(380,000)	(23,482,000)	(43,683,000)	(7,026,500)	(2,120,080)

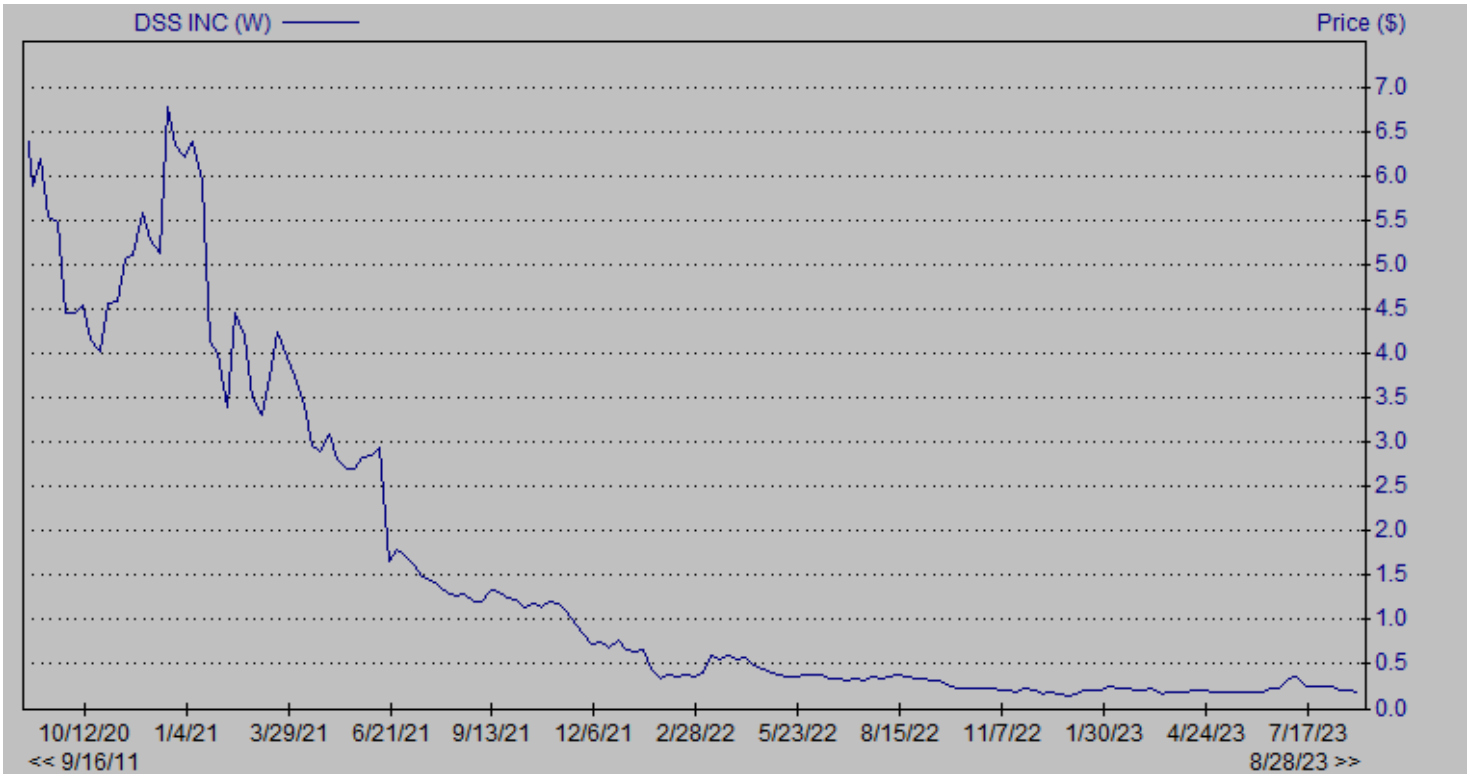
CASH FLOWS

	2020R	2021	March 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	2022	March 31, 2023	June 30, 2023
Cash flows from operating activities:									
Net income (loss)	$ 2,060,000	$ (36,169,000)	$ (8,951,000)	$ (5,410,000)	$ (24,800,000)	$ (30,501,000)	$ (69,662,000)	$ (8,633,000)	$ (37,724,000)
Adjustments to reconcile net income (loss) to net cash used by operating activities:									
Depreciation and amortization	1,068,000	4,322,000	3,266,000	3,159,000	2,926,000	3,574,000	12,925,000	1,333,000	1,314,000
Gain on allowance for obsolete inventory	0	0	0	(280,000)	606,000	(326,000)	0	0	0
Stock based compensation	149,000	78,000	4,000	0	0	0	4,000	0	268,000
Income from equity investment	(604,000)	9,939,000	(112,000)	323,000	(345,000)	5,000	(129,000)	0	22,000
Unrealized gain/loss on investments	(10,609,000)	12,035,000	424,000	(4,247,000)	14,302,000	2,907,000	13,386,000	2,869,000	27,921,000
Change in ROU assets and lease liabilities, net	0	0	0	(80,000)	416,000	46,000	382,000	(27,000)	(251,000)
Deferred tax benefit	(1,774,000)	(4,032,000)	0	0	0	38,000	38,000	0	0
Accretion of debt dis, fee, & prepaid exp	0	0	0	0	0	0	0	0	0
Gain on extinguishment of liabilities, net	(622,000)	(116,000)	0	(110,000)	0	0	(110,000)	0	0
Gain on sale of assets	0	0	0	(405,000)	0	405,000	0	0	0
impairment of fixed assets	0	0	0	0	0	2,843,000	2,843,000	0	0
Impairment of notes recceivable and other	0	0	1,637,000	108,000	154,000	(374,000)	1,525,000	0	3,757,000
Impairment of other investments	0	0	0	0	0	5,637,000	5,637,000	0	0
Decrease (increase) in assets:									
Accounts receivable	(665,000)	(2,084,000)	(430,000)	(30,000)	(2,856,000)	1,425,000	(1,891,000)	608,000	1,923,000
Inventory	(705,000)	(6,306,000)	602,000	(1,193,000)	(137,000)	1,268,000	540,000	459,000	4,248,000
Prepaid expenses and other current assets	(509,000)	(2,274,000)	1,597,000	(290,000)	(739,000)	1,198,000	1,766,000	(383,000)	975,000
Other assets	264,000	1,216,000	(68,000)	(244,000)	(592,000)	(1,306,000)	(2,210,000)	(55,000)	3,178,000
Increase (decrease) in liabilities:									
Accounts payable	(183,000)	463,000	532,000	(340,000)	1,936,000	1,866,000	3,994,000	(819,000)	(3,027,000)
Accrued expenses	4,291,000	15,920,000	(4,697,000)	1,661,000	(169,000)	7,512,000	4,307,000	(9,551,000)	(6,407,000)
Other liabilities	1,001,000	(2,004,000)	126,000	(499,000)	(6,000)	81,000	(298,000)	0	(81,000)
Net cash used by operating activities	(6,838,000)	(9,012,000)	(6,070,000)	(7,877,000)	(9,304,000)	(3,702,000)	(26,953,000)	(14,199,000)	(3,884,000)
Net cash used by oper. held for sale	0	0	0	0	0	0	0	0	(1,632,000)
Cash flows from investing activities:									
Purchase of property, plant and equipment	(321,000)	(14,283,000)	(942,000)	(34,000)	(373,000)	(945,000)	(2,294,000)	(594,000)	98,000
Purchase of real estate	0	(56,794,000)	0	(689,000)	0	(43,000)	(732,000)	0	0
Purchase of investments	(9,791,000)	(4,130,000)	(1,085,000)	1,085,000	0	(195,000)	(195,000)	0	0
Purchase of marketable securities	0	(8,171,000)	(4,693,000)	(112,000)	(9,449,000)	(630,000)	(14,884,000)	11,330,000	(11,330,000)
Disposal of property, plant and equipment	0	0	2,152,000	405,000	0	(405,000)	2,152,000	32,000	183,000
Acquisition of American Pacific Bancorp	0	3,356,000	0	0	0	(1,879,000)	(1,879,000)	0	0
Conversion of SHRG to consolidaton	0	0	0	0	0	3,038,000	3,038,000	0	0
Change in equity investment	0	0	0	0	0	(113,000)	(113,000)	5,000	(5,000)
Purchase of equity investment	0	(12,225,000)	0	0	0	0	0	0	0
Sale of marketable securities	0	0	0	0	0	0	0	0	11,330,000
Issuance of note receivable	(574,000)	0	0	(3,362,000)	(1,325,000)	1,066,000	(3,621,000)	0	0
Purchase of intangible assets	0	(18,110,000)	0	0	(180,000)	(328,000)	(508,000)	0	0
Payments received on note receivable	0	0	0	863,000	(77,000)	281,000	1,067,000	764,000	1,563,000
Note receivable investment		(11,651,000)	(791,000)	791,000	0	0	0	0	0
Net cash used by investing activities	(10,686,000)	(122,008,000)	(5,359,000)	(1,053,000)	(11,404,000)	(153,000)	(17,969,000)	11,537,000	1,839,000
Cash flows from financing activities:									
Payments of long-term debt	(304,000)	(1,950,000)	(246,000)	77,000	(392,000)	(2,943,000)	(3,504,000)	(4,002,000)	(1,517,000)
Borrowing of LTD	1,278,000	60,864,000	6,193,000	167,000	0	3,242,000	9,602,000	1,106,000	1,495,000
Payments of revolver	(500,000)	0	0	0	0	0	0	0	0
Debt conversion to equity in subsidiary	0	0	840,000	(840,000)	0	0	0	0	0
Deferred financing fees	0	(1,425,000)	0	0	0	0	0	0	0
Issuance of common stock, net	20,195,000	121,736,000	1,858,000	(340,000)	0	1,000	1,519,000	0	0
Net cash used by financing activities	20,669,000	179,225,000	8,645,000	(936,000)	(392,000)	300,000	7,617,000	(2,896,000)	(22,000)
Net cash used by discontinued oper.	636,000	3,207,000	0	0	0	0	0	0	(1,632,000)
Net decrease in cash	3,781,000	51,412,000	(2,784,000)	(9,866,000)	(21,100,000)	(3,555,000)	(37,305,000)	(5,558,000)	(3,699,000)
Cash and rest. cash at beginning of period	1,096,000	5,183,000	56,595,000	53,811,000	43,945,000	22,845,000	56,595,000	19,290,000	13,732,000
Cash and restricted cash at end of period	$ 5,183,000	$ 56,595,000	$ 53,811,000	$ 43,945,000	$ 22,845,000	$ 19,290,000	$ 19,290,000	$ 13,732,000	$ 10,033,000
Operating Cash Flow	$ (10,332,000)	$ (13,943,000)	$ (3,732,000)	$ (6,942,000)	$ (6,741,000)	$ (15,746,000)	$ (33,161,000)	$ (4,458,000)	$ (4,693,000)
Free Cash Flow	(10,653,000)	(28,226,000)	$ (2,522,000)	$ (6,976,000)	$ (7,114,000)	$ (16,691,000)	(35,455,000)	$ (5,020,000)	$ (4,595,000)

BALANCE SHEET

	June 30, 2023	Mar. 31, 2023	Qtr-Qtr % Growth	Jun. 30, 2022	Yr-Yr % Growth
Current assets:					
Cash	$ 10,033,000	$ 13,732,000	-26.9%	$ 43,945,000	-77.2%
Accounts receivable, net	2,468,000	6,995,000	-64.7%	6,133,000	-59.8%
Inventory	5,300,000	7,262,000	-27.0%	9,132,000	-42.0%
Assets held for sale	1,524,000	0	NM	0	NM
Current portion of note receivable, net	9,269,000	11,422,000	-18.8%	13,440,000	-31.0%
Prepaid expenses & other curr assets	1,199,000	2,043,000	-41.3%	2,159,000	-44.5%
Total current assets	29,793,000	41,454,000	-28.1%	74,809,000	-60.2%
Property, plant and equipment, net	12,438,000	13,611,000	-8.6%	16,003,000	-22.3%
Investment, real estate	53,997,000	54,511,000	-0.9%	56,016,000	-3.6%
Other investments	1,163,000	1,562,000	-25.5%	15,386,000	-92.4%
Investment, equity method	139,000	157,000	-11.5%	982,000	-85.8%
Marketable securities	11,575,000	13,391,000	-13.6%	17,224,000	-32.8%
Note receivable	1,112,000	158,000	603.8%	539,000	106.3%
Non-current assets held for sale	480,000	0	NM	0	NM
Other assets	261,000	2,754,000	-90.5%	801,000	-67.4%
Right-of-use assets	7,515,000	8,203,000	-8.4%	10,700,000	-29.8%
Goodwill	57,880,000	60,919,000	-5.0%	56,606,000	2.3%
Other intangible assets, net	28,508,000	30,030,000	-5.1%	33,882,000	-15.9%
Total assets	204,861,000	226,750,000	-9.7%	282,948,000	-27.6%
Current liabilities:					
Accounts payable	3,046,000	5,095,000	-40.2%	2,112,000	44.2%
Accrued expenses & deferred revenue	3,080,000	9,461,000	-67.4%	11,451,000	-73.1%
Other current liabilities	396,000	477,000	-17.0%	402,000	-1.5%
Current liabilities held for sale	1,129,000	0	NM	0	NM
Current portion of long-term debt, net	**47,206,000**	**48,773,000**	-3.2%	**46,711,000**	1.1%
Current portion of lease liability	633,000	800,000	-20.9%	1,032,000	-38.7%
Total current liabilities	55,490,000	64,606,000	-14.1%	61,708,000	-10.1%
Long-term debt, net	**7,218,000**	**5,778,000**	24.9%	**19,567,000**	-63.1%
Lease liability	7,120,000	7,773,000	-8.4%	9,603,000	-25.9%
Non-current liabilities held for sale	59,000	0	NM	0	NM
Other long-term liabilities	507,000	507,000	0.0%	507,000	0.0%
Deferred tax liability, net	38,000	38,000	0.0%	0	NM
Stockholders' equity					
Common stock	2,804,000	2,779,000	0.9%	2,001,000	40.1%
Additional paid-in capital	317,369,000	317,126,000	0.1%	302,017,000	5.1%
Non-controlling interest in subsidiary	35,785,000	30,521,000	17.2%	34,748,000	3.0%
Accumulated deficit	(221,529,000)	(202,378,000)	9.5%	(147,203,000)	50.5%
Total stockholders' equity	134,429,000	148,048,000	-9.2%	191,563,000	-29.8%
Total liabilities and stockholders' equity	204,861,000	226,750,000	-9.7%	282,948,000	-27.6%
Current ratio	0.4	0.6	-28.1%	1.2	-66.6%
Quick ratio	0.3	0.5	-28.4%	1.1	-68.8%
Working Capital	(43,896,000)	(32,235,000)	36.2%	13,101,000	-435.1%
Net cash	10,033,000	13,732,000	-26.9%	43,945,000	-77.2%
Debt	54,424,000	54,551,000	-0.2%	66,278,000	-17.9%
Debt/TA	27%	24%	10.4%	23%	13.4%

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research (Zacks SCR), a division of Zacks Investment Research (ZIR), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

Zacks SCR Analysts hereby certify that the view expressed in this research report or blog article accurately reflect the personal views of the analyst about the subject securities and issuers. Zacks SCR also certifies that no part of any analysts' compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report or blog article. Zacks SCR believes the information used for the creation of this report or blog article has been obtained from sources considered reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice. The Zacks SCR Twitter is covered herein by this disclosure.

INVESTMENT BANKING AND FEES FOR SERVICE

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer.

The non-investment banking services provided to the issuer include the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR.

Each issuer has entered into an agreement with Zacks to provide continuous independent research for a period of no less than one year in consideration of quarterly payments totaling a maximum fee of $40,000 annually.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the Valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or Tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.