Zacks Small-Cap Research

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November 28, 2023
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DSS, Inc. (NYSE Amer: DSS)

DSS Reports a Challenging Q3 as it Looks to the Spin off of Impact Biomedical this Quarter

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 (11/27/2023)	$0.14
Valuation	**$0.80**

OUTLOOK

DSS, Inc., is a multi-industry business growing through opportunistic acquisitions and creating shareholder value through spin-offs. 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, is slated to be spun off and IPO on the NYSE. 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	**0.14**
One-Year Return (%)	**-37.6**
Beta	**2.0**
Average Daily Volume (sh)	**140,074**
Shares Outstanding (mil)	**140.3**
Market Capitalization ($mil)	**$20**
Short Interest Ratio (days)	**0.9**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**59**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**24.7**
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	$4.2 A	$6.7 E	$29.8 E
2024					$24.7 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	-$0.03 A	-$0.02 E	-$0.13 E
2024					-$0.04 E

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WHAT'S NEW

Q3 2023 Results Show Hesitation from DSS Customers Due to A Worsening Economy and Government Inaction

DSS reported Q3 revenues of $4.2 million, down 65% from the year ago's $11.9 million. Most of the total revenue decline was driven by a $4.4 million decline in Direct Marketing revenues as the company divested Sharing Global Services on May 4th. Direct marketing was down 89% year over year. On April 5th, Sharing was dividended to shareholders with DSS retaining 7% of the shares (25 million shares). 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 in Q4, there is no longer a direct marketing business at DSS.

Printed product sales were down 34% year over year and down 9% sequentially as some orders were delayed due to economic uncertainties and slipped into Q4. We expect a much stronger Q4.

The REIT contributed only $236,000 in revenues versus $1.5 million in Q2 2023 driven by the tenants at AMRE LifeCare being unable to make full rental payments every month. Acute long-term facilities are being affected as Congress has not yet reauthorized Medicare and Medicaid payments back to pre-covid rules after the covid rules ended. Much of our forecast depends on how this is resolved. The bank generated only $108,000 in net investment income due to several loans made going on non-accrual as borrowers struggled to make expected payments and the commodity broker had no revenues. The brokerage business is expected to have variable results due to its banking and trading businesses.

The table below shows segment reporting. All of the businesses reported a loss. The majority of losses were caused by the securities business which lost $2.2 million in the quarter. Impact Biomedical spent $1.2 million. We had expected Direct Marketing to be off DSS's income statement this quarter, but the non-Sharing portion was not yet wound down. The losses incurred by the two were a total of $2.2 million.

Table 1. Segment P&L

Three Months Ended September 30, 2023	Product Packaging	Commercial Lending	Direct Marketing	Biotechnology	Securities
Revenue	$ 3,378,000	$ 108,000	$ 523,000	$ -	$ 173,000
Interest expense	51,000	-	-	-	-
Interest income	-	-	660,000	6,000	16,000
Net Loss (income) from operations	(579,000)	(24,000)	(1,010,000)	(1,151,000)	(2,166,000)
Capital expenditures	67,000	-	-	-	-
Identifiable assets	21,554,000	39,446,000	7,102,000	49,816,000	69,498,000

Source: DSS

Gross margin in the quarter was negative -45.2% versus 4.2% last year, while gross margin dollars were -$1.9 million. The major component of this negative number was $1.9 million in expenses from the REIT with much lower revenues. Also, Premier had a cost of goods of $556,000 higher than revenues as expenses were reallocated up to the cost of goods from other categories and there was a catch-up. Without this reallocation and catch-up, the gross margin would have been a positive $115,000. We expect for the full year Premier should add up to the typical 15% gross margin.

Operating expenses were $3.2 million, a decrease from $14.7 million last year driven by the spin-off of Sharing. The operating loss was $5.1 million compared to $14.2 million last year.

Other expenses were $1.6 million, with a loss of $1.3 million being from a loss on the sale of assets due to the Sharing divestment transaction. Another $1.2 million was for an additional provision for loan losses from the bank.

Minority interest was a reversal of a $2.3 million loss, versus a $4.6 million loss last year. Loss to common shareholders was $4.3 million, compared to a $20.2 loss last year. The **GAAP loss per share was $0.03** versus $0.15 per share a year ago. The average shares outstanding increased by 4% to 140 million shares.

Balance Sheet

On September 30, 2023, DSS had **$6.9 million in cash**, negative working capital of $49.3 million, and debt of $54.4 million. It also has $11.6 million in marketable securities it could convert to cash. At the quarter's end, it owned $53 million in real estate. During the quarter, the company had a negative free cash flow of $3.2 million not including changes in working capital. The primary shares outstanding as of November 6, 2023, were 140,264,250.

Aside from its $6.9 million in cash as of September 30, 2023, DSS believes it can continue as a going concern, due to its ability to generate operating cash through the sale of its $11.1 million of marketable securities.

It also expects to collect principal and interest on its notes receivable of approximately $6.3 million through September 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 terms of this loan are currently being renegotiated.

During Q3 DSS received $908,000 in payments on notes receivable and lent out $400,000.

Its subsidiary Impact BioMedical is in the process of an IPO. 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 hopes to raise approximately $15 million. 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 fourth 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. DSS shareholders will own 88% of the common stock of Impact, but its financials will still be consolidated with DSS as DSS maintains control of the entity. Impact hopes to raise about $10 million in an IPO. Impact has over 40 patents and 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. Impact Biomedical is expected to be listed on the NYSE American exchange. The number of shares of Class A common stock to be offered and the price range for the proposed offering have not yet been determined. The company has engaged Aegis Capital as the exclusive placement agent for the registered direct offering. On October 31, 2023, Impact BioMedical effected a reverse stock split of 1 for 55 converting 3.9 billion shares to 70.5 million. Also on October 31, 2023, DSS converted 60.5 million shares of its common stock into 60.5 million shares of Series A Convertible Preferred Shares, reducing its ownership of Impact's common stock from approximately 88% to approximately 12%.

DSS Makes Progress in its Patent Dispute with Nichia Corporation

Although not recently discussed, DSS had in the past had a business pursuing patent infringement cases of its owned IP. In one of these 2017 suits--with Nichia, U.S. Patent No. 6,879,040 (the '040 Patent). was finally fully cleared by PTSO in the federal appeals court (CAFC). The '040 patent was purchased by DSS, Inc. as part of a portfolio of patents covering technologies used in Light-Emitting Diode (LED) lighting products. DSS now plans to pursue Nichia for patent infringement damages associated with Nichia's LED product line. This win will help in another three or four suits DSS has in the works for its LED technology.

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 at some point. This bank has funded the building purchases of the company's REIT which is now struggling as its long-term acute care facilities have been unable to make rent until Congress passes new funding.

- 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 $0.80 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

- In the September quarter, two customers, Walgreens and Shutterfly, accounted for approximately 21% and 7% of DSS' consolidated revenue. The loss of Walgreens would affect results significantly, but the company just renewed a three-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 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 wealth management businesses 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 is complex due to its various businesses and the spin-offs of Impact BioMedical and Sharing Services Global as well as problems at the REIT. we are using the sum of the parts to value the company. First, we look at the base business in packaging.

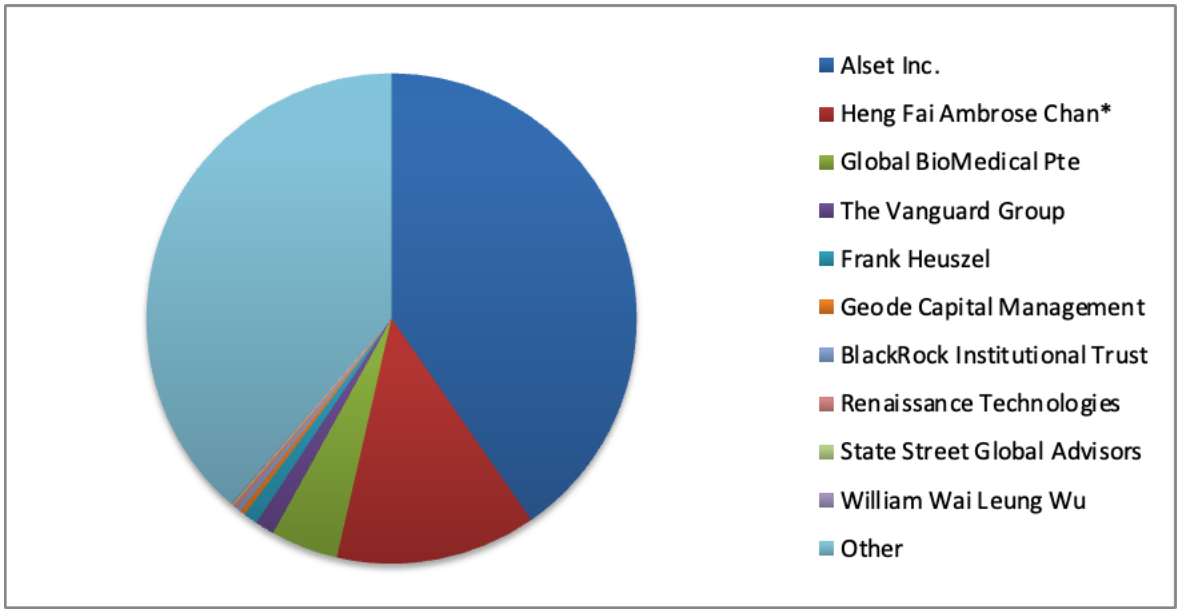
Packaging		Cal. Revenue			EBIDTA		EV/ Sales				
Company	Ticker	2024E	2023E	LTM	EBITDA	Margin	2024E	2023E	LTM	EV/EBITDA	EV
Brady Corp.	BRC	NA	$1,371	$1,330	258	19%	NA	1.9x	1.9x	10.1x	2,590
Graphic Packaging	GPK	$9,700	$9,570	$9,560	1,830	19%	1.3x	1.3x	1.3x	6.7x	12,180
Huhtamaki	HUH1V.HE	$4,200	$4,160	$4,240	450	11%	1.2x	1.2x	1.2x	10.9x	4,890
Packaging Corp	PKG	$7,830	$7,770	$7,840	1,640	21%	2.1x	2.1x	2.1x	9.9x	16,240
WestRock	WRK	NA	$20,200	$20,310	2,740	13%	NA	0.9x	0.9x	6.6x	18,050
Average							**1.5x**	**1.5x**	**1.5x**	**8.8x**	**9,428**

DSS's sales for 2023 are estimated at $30 million. Premier comprises $19.5 million of the total. If we value packaging at the multiple of its comps, we get an enterprise value of $29 million. Impact and the bank add more value, while the 93% of the REIT DSS owns is probably a negative as expenses are higher than revenues at the moment. Since the record date for Impact has passed, and DSS now owns 55% of the company if we convert its preferred into common, we take 55% of the $50 million purchase price for Impact. Therefore, we believe the price is worth at least $0.80 per share using 140 million shares outstanding. Much of the value is the bank which now has some non-performing loans. Soon we expect Impact will be public and then we will have a solid market valuation of that entity.

	2023 Revenues	Multiple	Value
Packaging	19,471,000	1.5	28,509,417
REIT	3,700,000	?	NA
Bank	530,000	4-5x loans	103,500,000
Money manager	-		NA
Impact BioMedical			27,500,000
Total			159,509,417
Per Share		$	0.82

OWNERSHIP

The beneficial ownership of Heng Fai Chan includes a total of 81,786,142 shares of common stock, consisting of (a) 59,552 shares of common stock held by Heng Fai Holdings Limited, an entity controlled by Heng Fai Chan; (b) 18,914,326 shares of common stock held by Heng Fai Chan directly; (c) 35,213,416 shares of common stock held by Alset Inc.; (d) 21,366,177 shares of common stock held by Alset International Limited, a subsidiary of Alset Inc.; and (e) 6,232,671 shares of common stock held by Global Biomedical Pte. Ltd., a subsidiary of Alset International Limited. Mr. Chan, as indirect beneficial owner, has dispositive control over the securities of the Issuer owned by Alset Inc., Alset International Limited and Global Biomedical Pte. Ltd.



INCOME STATEMENT

	Mar 31, 2022R	Jun. 30, 2022R	Sep. 30, 2022	Dec. 31, 2022	Mar 31, 2023	Jun. 30, 2023	Sep. 30, 2023	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	$ 3,293,000	$ 6,300,000	$ 15,178,000	$ 17,499,000	$ 19,029,000	$ 22,834,800
Commercial and Security Printing	53,000	96,000	144,000	181,000	265,000	55,000	22,000	100,000	352,000	474,000	442,000	442,000
Printed products	3,569,000	4,048,000	5,032,000	5,324,000	6,130,000	3,626,000	3,315,000	6,400,000	15,539,000	17,973,000	19,471,000	23,276,800
Yr-Yr Growth	-7.6%	19.9%	47.3%	9.0%	71.8%	-10.4%	-34.1%	20.2%	19.2%	15.7%	8.3%	19.5%
GM								1.5%				
Direct marketing	6,932,000	6,070,000	4,937,000	4,050,000	3,994,000	1,572,000	523,000	-	3,259,000	21,989,000	6,089,000	-
Yr-Yr Growth	1040.1%	650.3%	411.1%	362.3%	-42.4%	-74.1%	-89.4%	-100.0%	40.1%	574.7%	-72.3%	-100.0%
REIT (securities)	1,663,000	1,508,000	1,485,000	1,631,000	1,685,000	1,543,000	236,000	236,000	1,203,000	6,287,000	3,700,000	944,000
Yr-Yr Growth	NA	NA	707.1%	60.1%	1.3%	2.3%	-84.1%	-85.5%	NA	422.6%	-41.1%	-74.5%
Net Investment Income	129,000	145,000	370,000	(14,000)	117,000	197,000	108,000	108,000	250,000	630,000	530,000	432,000
Yr-Yr Growth	NA	NA	NA	-105.6%	-9.3%	35.9%	-70.8%	-871.4%	NA	NA	-15.9%	-18.5%
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**	**4,182,000**	**6,744,000**	**20,275,000**	**47,307,000**	**29,790,000**	**24,652,800**
Yr-Yr Growth	175.3%	181.3%	159.8%	57.0%	-3.1%	-38.6%	-64.7%	-39.1%	31.9%	133.3%	-37.0%	-17.2%
Costs and expenses:												
Cost of revenue	8,878,000	7,670,000	11,368,000	9,547,000	8,533,000	4,832,000	6,072,000	7,340,000	16,824,000	37,463,000	26,777,000	23,785,280
Gross Margin	3,426,000	4,101,000	494,000	1,529,000	3,393,000	2,401,000	(1,890,000)	(596,000)	3,451,000	9,844,000	3,013,000	867,520
Gross Margin %	27.8%	34.8%	4.2%	13.8%	28.5%	33.2%	-45.2%	-8.8%	17.0%	20.8%	10.1%	3.5%
Selling, general and administrative	4,333,000	8,540,000	6,968,000	6,946,000	5,140,000	1,219,000	1,132,000	1,100,000	12,764,000	26,787,000	22,454,000	4,400,000
Professional fees	1,222,000	2,275,000	2,919,000	2,770,000	561,000	1,548,000	1,139,000	1,200,000	5,774,000	9,186,000	4,448,000	4,800,000
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	483,000	450,000	3,579,000	11,275,000	3,985,000	1,800,000
Rent and utilities	149,000	189,000	295,000	342,000	236,000	264,000	156,000	156,000	240,000	975,000	812,000	624,000
Other expenses	1,008,000	756,000	1,054,000	1,230,000	1,047,000	4,312,000	64,000	100,000	3,496,000	4,048,000	5,523,000	400,000
R&D	168,000	206,000	331,000	551,000	179,000	266,000	239,000	240,000	1,080,000	1,256,000	924,000	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	3,213,000	3,246,000	26,979,000	53,531,000	38,146,000	13,524,000
Operating (loss) income	(7,319,000)	(11,182,000)	(14,183,000)	(11,297,000)	(5,580,000)	(6,450,000)	(5,103,000)	(3,842,000)	(23,528,000)	(43,687,000)	(35,133,000)	(12,656,480)
Operating Margin	-59.5%	-95.0%	-119.6%	-102.0%	-46.8%	-89.2%	-122.0%	-57.0%	-116.0%	NM	NM	NM
Other expense:												
Other income	(1,703,000)	2,344,000	3,627,000	(666,000)	(65,000)	147,000	(44,000)	0	825,000	3,602,000	38,000	0
Interest expense, net	(646,000)	18,000	(287,000)	(1,366,000)	(119,000)	269,000	631,000	700,000	4,360,000	(2,281,000)	1,481,000	0
Dividend income	0	0	0	159,000	4,000	8,000	0	0	0	159,000	12,000	12,000
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
Gain on equity method investment	(112,000)	(99,000)	344,000	(4,000)	(4,000)	(18,000)	(6,000)	0	(9,939,000)	129,000	(28,000)	0
Gain (loss) on investments	424,000	3,399,000	(14,302,000)	(218,000)	(2,869,000)	(27,922,000)	301,000	0	(12,035,000)	(10,697,000)	(30,490,000)	0
Provision for loan losses	0	0	0	0	0	(3,757,000)	(1,179,000)	0	0	0	(4,936,000)	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	(1,281,000)	0	0	405,000	(1,281,000)	0
Total other expense	(1,632,000)	5,772,000	(10,618,000)	(19,325,000)	(3,053,000)	(31,273,000)	(1,578,000)	700,000	(16,673,000)	(25,803,000)	(35,204,000)	12,000
Income before income taxes	(8,951,000)	(5,410,000)	(24,801,000)	(12,885,000)	(8,633,000)	(37,723,000)	(6,681,000)	(3,142,000)	(40,201,000)	(69,490,000)	(65,413,000)	(12,656,480)
Income tax expense	0	0	0	172,000	0	0	0	0	(4,032,000)	172,000	-	0
Loss from continuing operations	(8,951,000)	(5,410,000)	(24,801,000)	(13,057,000)	(8,633,000)	(37,723,000)	(6,681,000)	(3,142,000)	(36,169,000)	(69,662,000)	(56,179,000)	(12,656,480)
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)	(6,681,000)	(3,142,000)	(34,040,000)	(69,662,000)	(56,179,000)	(12,656,480)
Net inc. attributable to non-control interests	903,000	748,000	4,587,000	3,584,000	598,000	(200,000)	2,339,000	0	921,000	9,822,000	2,737,000	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)	(4,342,000)	(3,142,000)	(33,119,000)	(59,840,000)	(53,442,000)	(5,456,480)
GAAP loss per share	**$ (0.10)**	**$ (0.05)**	**$ (0.15)**	**$ (0.07)**	**$ (0.06)**	**$ (0.27)**	**$ (0.03)**	**$ (0.02)**	**$ (0.68)**	**$ (0.54)**	**$ (0.38)**	**$ (0.04)**
Yr-Yr Growth	-55.3%	-78.7%	61.6%	-61.1%	-39.2%	427.2%	-79.3%	-67.1%	-195.6%	-21.1%	-29.4%	-89.9%
Loss per diluted share	(0.10)	(0.05)	(0.15)	(0.07)	(0.06)	(0.27)	(0.03)	(0.02)	(0.68)	(0.54)	(0.38)	(0.04)
Basic shares outstanding	84,626,847	90,822,875	134,893,360	139,000,000	139,017,172	140,140,913	140,264,250	140,264,250	51,525,746	111,622,114	140,264,250	142,000,000
Yr-Yr Growth	335.5%	160.3%	89.6%	74.3%	64.3%	54.3%	4.0%	0.9%	1352.1%	116.6%	25.7%	1.2%
Diluted shares	84,626,847	90,822,875	134,893,360	139,000,000	139,017,172	140,140,913	140,264,250	140,264,250	51,541,232	111,637,600	140,264,250	142,000,000
EBITDA	(4,049,000)	(7,687,000)	(11,257,000)	(8,059,000)	(4,247,000)	(1,736,000)	(3,600,000)	(2,509,000)	(23,482,000)	(43,683,000)	(12,092,000)	(8,656,480)
	42.2%	22.6%	134.9%	53.4%	4.9%	-77.4%	-68.0%	-68.9%	138.5%	451.8%	-48.5%	-28.4%

CASH FLOWS

	2020R	2021	March 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	2022	March 31, 2023	June 30, 2023	Sept. 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)	$ (6,682,000)
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	1,503,000
Gain on allowance for obsolete inventory	0	0	0	(280,000)	606,000	(326,000)	0	0	0	0
Stock based compensation	149,000	78,000	4,000	0	0	0	4,000	0	268,000	(268,000)
Income from equity investment	(604,000)	9,939,000	(112,000)	323,000	(345,000)	5,000	(129,000)	0	22,000	6,000
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	(300,000)
Change in ROU assets and lease liabilities, net	0	0	0	(80,000)	416,000	46,000	382,000	(27,000)	(251,000)	264,000
Deferred tax benefit	(1,774,000)	(4,032,000)	0	0	0	38,000	38,000	0	0	0
Accretion of debt dis, fee, & prepaid exp	0	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	0
Loss (gain) on sale of assets	0	0	0	(405,000)	0	405,000	0	0	0	1,281,000
impairment of fixed assets	0	0	0	0	0	2,843,000	2,843,000	0	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	1,179,000
Impairment of other investments	0	0	0	0	0	5,637,000	5,637,000	0	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	(11,000)
Inventory	(705,000)	(6,306,000)	602,000	(1,193,000)	(137,000)	1,268,000	540,000	459,000	4,248,000	(339,000)
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	(269,000)
Other assets	264,000	1,216,000	(68,000)	(244,000)	(592,000)	(1,306,000)	(2,210,000)	(55,000)	3,178,000	(675,000)
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)	950,000
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)	409,000
Other liabilities	1,001,000	(2,004,000)	126,000	(499,000)	(6,000)	81,000	(298,000)	0	(81,000)	0
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)	(2,952,000)
Net cash used by oper. held for sale	0	0	0	0	0	0	0	0	(1,632,000)	0
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	(183,000)
Purchase of real estate	0	(56,794,000)	0	(689,000)	0	(43,000)	(732,000)	0	0	0
Purchase of investments	(9,791,000)	(4,130,000)	(1,085,000)	1,085,000	0	(195,000)	(195,000)	0	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)	0
Disposal of property, plant and equipment	0	0	2,152,000	405,000	0	(405,000)	2,152,000	32,000	183,000	0
Acquisition of American Pacific Bancorp	0	3,356,000	0	0	0	(1,879,000)	(1,879,000)	0	0	0
Conversion of SHRG to consolidaton	0	0	0	0	0	3,038,000	3,038,000	0	0	0
Change in equity investment	0	0	0	0	0	(113,000)	(113,000)	5,000	(5,000)	0
Purchase of equity investment	0	(12,225,000)	0	0	0	0	0	0	0	0
Sale of marketable securities	0	0	0	0	0	0	0	0	11,330,000	0
Issuance of note receivable	(574,000)	0	0	(3,362,000)	(1,325,000)	1,066,000	(3,621,000)	0	0	(400,000)
Purchase of intangible assets	0	(18,110,000)	0	0	(180,000)	(328,000)	(508,000)	0	0	0
Payments received on note receivable	0	0	0	863,000	(77,000)	281,000	1,067,000	764,000	1,563,000	(908,000)
Note receivable investment		(11,651,000)	(791,000)	791,000	0	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	(1,491,000)
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)	1,463,000
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	(1,788,000)
Payments of revolver	(500,000)	0	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	0
Deferred financing fees	0	(1,425,000)	0	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	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)	(325,000)
Net cash used by discontinued oper.	636,000	3,207,000	0	0	0	0	0	0	(1,632,000)	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)	(4,768,000)
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	10,033,000
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	$ 6,897,000
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)	$ (3,017,000)
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)	$ (3,200,000)

BALANCE SHEET

	Sept. 30, 2023	June 30, 2023	Qtr-Qtr % Growth	Sept. 30, 2022	Yr-Yr % Growth
Current assets:					
Cash	$ 6,897,000	$ 10,033,000	-31.3%	$ 22,845,000	-69.8%
Accounts receivable, net	3,136,000	2,468,000	27.1%	8,989,000	-65.1%
Inventory	3,930,000	5,300,000	-25.8%	8,663,000	-54.6%
Assets held for sale	0	1,524,000	-100.0%	0	0.0%
Current portion of note receivable, net	9,225,000	9,269,000	-0.5%	12,273,000	-24.8%
Prepaid expenses & other curr assets	1,215,000	1,199,000	1.3%	2,898,000	-58.1%
Total current assets	24,403,000	29,793,000	-18.1%	55,668,000	-56.2%
Property, plant and equipment, net	12,351,000	12,438,000	-0.7%	16,065,000	-23.1%
Investment, real estate	53,482,000	53,997,000	-1.0%	55,493,000	-3.6%
Other investments	1,163,000	1,163,000	0.0%	8,190,000	-85.8%
Investment, equity method	134,000	139,000	-3.6%	1,326,000	-89.9%
Marketable securities	11,064,000	11,575,000	-4.4%	28,083,000	-60.6%
Note receivable	138,000	1,112,000	-87.6%	1,704,000	-91.9%
Non-current assets held for sale	0	480,000	-100.0%	0	0.0%
Other assets	246,000	261,000	-5.7%	1,393,000	-82.3%
Right-of-use assets	7,470,000	7,515,000	-0.6%	8,459,000	-11.7%
Goodwill	57,880,000	57,880,000	0.0%	56,606,000	2.3%
Other intangible assets, net	28,220,000	28,508,000	-1.0%	31,892,000	-11.5%
Total assets	196,551,000	204,861,000	-4.1%	264,879,000	-25.8%
Current liabilities:					
Accounts payable	2,924,000	3,046,000	-4.0%	4,048,000	-27.8%
Accrued expenses & deferred revenue	2,701,000	3,080,000	-12.3%	11,627,000	-76.8%
Other current liabilities	396,000	396,000	0.0%	396,000	0.0%
Current liabilities held for sale	0	1,129,000	-100.0%	0	0.0%
Current portion of long-term debt, net	**46,638,000**	**47,206,000**	-1.2%	**6,680,000**	598.2%
Current portion of lease liability	813,000	633,000	28.4%	819,000	-0.7%
Total current liabilities	53,472,000	55,490,000	-3.6%	23,570,000	126.9%
Long-term debt, net	**7,747,000**	**7,218,000**	7.3%	**50,163,000**	-84.6%
Lease liability	7,040,000	7,120,000	-1.1%	7,991,000	-11.9%
Non-current liabilities held for sale	0	59,000	-100.0%	0	0.0%
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	NA
Stockholders' equity					
Common stock	2,804,000	2,804,000	0.0%	2,779,000	0.9%
Additional paid-in capital	317,369,000	317,369,000	0.0%	317,125,000	0.1%
Non-controlling interest in subsidiary	33,447,000	35,785,000	-6.5%	30,162,000	10.9%
Accumulated deficit	(225,873,000)	(221,529,000)	2.0%	(167,417,000)	34.9%
Total stockholders' equity	127,747,000	134,429,000	-5.0%	182,649,000	-30.1%
Total liabilities and stockholders' equity	196,551,000	204,861,000	-4.1%	264,880,000	-25.8%
Current ratio	0.3	0.4	-18.1%	2.4	-86.0%
Quick ratio	0.3	0.3	-16.4%	2.0	-86.1%
Working Capital	(49,286,000)	(43,896,000)	12.3%	32,098,000	-253.5%
Net cash	6,897,000	10,033,000	-31.3%	22,845,000	-69.8%
Debt	54,385,000	54,424,000	-0.1%	56,843,000	-4.3%
Debt/TA	28%	27%	4.2%	21%	28.9%

HISTORICAL STOCK PRICE



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