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Peak Fintech Group

(OTCQX: PKKFF)

PKKFF: Peak Fintech Grows 265% in 2020 and Could More than Double this Year

Compared to its peers in the fintech space who trade at an average of 12.6 times enterprise value to 2021 estimated sales and applying a 33% discount, we believe Peak is worth US\$3.88 per share.

OUTLOOK

Peak Fintech Group operates a B2B lending platform for micro and small and medium size (SMBs) businesses in China. It earns a fee for matching lenders and borrowers. It grew revenues 265% in 2020 and could possibly more than double sales this year from already signed deals. It has arrangements with cities, wholesale distributors, and eCommerce platforms to facilitate commercial loans to their constituents and customers. Peak earns a fee of between 1-4% of the value of each loan it facilitates as well as fees for other services.

Current Price (05/03/21) US\$2.35
Valuation **US\$3.88**

SUMMARY DATA

52-Week High US\$2.43
52-Week Low US\$0.26
One-Year Return (%) 770
Beta N/A
Average Daily Volume (sh) 253,149

Shares Outstanding (mil) 130.6
Market Capitalization (US\$m) 307
Short Interest Ratio (days) 1.0
Institutional Ownership (%) 0.0
Insider Ownership (%) 15.0

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

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

P/E using TTM EPS N/A
P/E using 2021 Estimate N/M
P/E using 2022 Estimate N/M

Risk Level Above Average
Type of Stock Small Growth
Industry Technology Services

ZACKS ESTIMATES

Revenue

(in millions of Canadian\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	0.9 A	1.9 A	4.5 A	4.4 A	11.7 A
2020	3.9 A	7.3 A	15.1 A	16.4 A	42.7 A
2021	15.4 E	20.6 E	25.6 E	28.6 E	90.1 E
2022					112.2 E

Earnings Per Share to Common Shareholder

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-0.010 A	-0.007 E	-0.015 R	-0.022 R	-0.039 R
2020	-0.012 A	-0.010 A	-0.015 R	-0.034 A	-0.078 A
2021	-0.015 E	-0.008 E	0.003 E	0.007 E	-0.018 E
2022					0.009 E

KEY POINTS

- Peak Fintech Group operates a lending platform in China that matches lending institutions and borrowers and earns a fee of between one and four percent of the value of those loans. It targets primarily small and micro businesses. Much of what it does involves financing inventory and as a result it has great visibility, in some cases going out months, and lots of repeat business.
- Since its launch in 2018, it has grown to a \$65 million revenue run rate and we expect it could reach \$90 million in annual revenues this year. Despite the pandemic, Peak reported revenue growth of 265% in 2020, while its losses to common shareholders increase to \$1.9 million from losses of \$1.3 million on a non-GAAP basis. It reached and surpassed its target \$40 million in revenues, but fell short of its original \$4 million EBITDA target.
- In February it filed to list on NASDAQ and shareholders authorized a reverse split of between 2:1 and 5:1 at the discretion of the board.
- It recently closed deals with a large Chinese electronics wholesale distributor (Beijing Dianjing Company aka BDC) and packaged foods wholesale distributor Beijing Jingying Corporate Management Ltd, both of whom can add a large volume of transactions to Peak's platform. Customers of these two entities can use its platform to match with lenders for funding inventory purchases.
- Peak plans to launch its lending platform in Canada by the end of the year giving customers of both countries the ability to finance trade, while allowing Peak to generate Canadian currency with which to pay royalties.
- Compared to its fintech peers who trade at an average of 12.6 times enterprise value to 2021 estimated revenues, Peak is currently trading at an enterprise value US\$352 million or only 4.8 times EV/sales using a 2021 revenue estimate of US\$73.1 million. With a longer track record and more visibility we believe Peak will be able to trade closer to its peers and given its growth should be a much more valuable company next year.

WHAT'S NEW

Peak Fintech finished the year strong and with significant activity in Q4 to indicate that 2021 should be a stellar year. It added huge new customers and new city centers that should reap high volumes once new customers are onboarded. Despite growing 276% in Q4, Peak Fintech's Q4 revenues fell short of our overly optimistic forecasts going into the typically strong fourth quarter. The company still beat its goal of reaching over \$40 million in sales for the year by reporting \$42 million, up 259%. It reported negative EBITDA for the year of \$1.9 million versus a positive \$1.5 million in 2019. The company was down to \$3.3 million in cash (including the bank's cash) as of April 30, 2021 but with less than \$300,000 in debt as of December 31, 2020. The current capital raise of up to \$15 million should alleviate the cash crunch.

For 2021 we are leaving the revenue estimate at \$90 million until we get further insight from management after leaving the quiet period after the financing. This number is predicated on the company getting a cash infusion to fund working capital, some of which will be achieved with its current capital raise and some through the exercise of warrants and options. We expect significant revenue growth from Peak's joint venture with BDC and the referral program from Beijing Jingying that was only signed in November. Those two will contribute in Q1 2021 lessening seasonality but hampered by unlimited cash to fund working capital.

Q4 2020 Earnings Results

For Q4 2020, Peak increased revenues by 276% to \$16.4 million compared to \$4.4 million in Q4 of 2019. This was below our estimate of \$19 million due mostly to a shortfall in fintech platform fees but also due to no revenues at the bank subsidiary. The company reports the fintech platform combined with ASDS (the entity that manages the Gold River system.) That segment contributed a net \$16.2 million (99% of total revenues) compared to only \$3.3 million in 2019.

Revenue from ASCS (loan servicing fees) was \$221,277 in the quarter compared to \$145,066 last year, up 53%.

We had been warning about the loan portfolio at ASFC, the 51% owned bank subsidiary, and in Q4 it actually reported negative revenues of \$6,534 rather than the interest of \$500,000 we had been expecting. Loan interest from the lending operation was to \$898,000 in Q4 2019. Despite negative revenues it looks like the bank had a profit based on the \$487,831 that was reversed out in minority income (the 49% the company does not own.) In the quarter there also was a reversal of expected credit losses of \$373,463.

While the company does not report cost of sales, we are look at the margin of platform revenues (now combined with ASDS fees) after taking out the outsourcing expenses, as all those expenses are only related to that business. For Q4 2020 that margin ticked up from the 6.0% in Q3 to 10.1% in Q4 2020. It was down significantly from the 18.6% in Q4 2019. The company has started to bring a portion of those outsourcing services in house, and the profit margin has already begun to increase.

Expenses not including outsourcing were \$4.5 million versus \$2.8 million in 2019, an increase of \$1.7 million. In Q4 2020 there were two one-time charges totally \$882,000: a \$784,750 charge for loss on extinguishment of debt and \$97,150 for Loss on deposit of subscription receivable. In Q4 2019 there were one-time expenses of \$816,793 from the same two items the former being \$816,793 and the latter \$42,817. If we take out the one-times, the operating expenses increased \$1.7 million, the same amount. The biggest increase was in consulting fees that rose \$1.8 million. These fees were for investor awareness, uplisting efforts, and capital raising, and are not expected to be on going at the same level.

The pretax loss was \$2.8 in Q4 2020 and \$1.1 million in Q4 2019. After paying taxes and taking out minority interest, the loss to common shareholders was a loss of \$3.7 million in Q4 2020 compared to a loss of \$1.5 million in the Q4 2019. On a non-IFRS basis it was a loss of \$2.5 million compared to a loss of \$552,000 last year.

The loss per share to common shareholders was \$0.034 compared to a loss of \$0.022 a year ago. On a non-IFRS basis taking out stock based compensation and the one-time expense we calculate non-IFRS loss of \$0.023 per share compared to a loss of \$0.008 in 2019. During that time the share count increased over 50%. EBITDA for Q4 2020 was a negative \$2.4 million from a positive \$498,880 a year ago.

During the Quarter

A large joint venture deal was finalized with Beijing Dianjing Company (BDC) on October 20th, and Peak will be the majority owner of this joint venture. BDC is a large wholesale electronics distributor. The joint venture uses Peak's platform to facilitate inventory financing to BDC's 60,000 online retail customers who buy \$50 billion worth of goods from BDC each year. The customers can to finance up to 90% of their inventory purchased from BDC through the platform, and the JV will collect between 1% and 3% of the value of the loan as a fee from the lenders. Hypothetically the potential revenues to the joint venture could be between \$450 million at 1% and \$1.35 billion at 3%. Even if only 5% of sales were financed at the lower 1% that could be \$23 million in revenues to the JV. As all these customers sell online, the JV also plans to offer fulfillment and shipping to these customers for an additional cost. The two partners plan to use a third party, Wuxi Industry Development Group (WIDG), to execute the fulfillment services.

On October 23, 2020 Peak announced it had won a bid from the city of Nanjing to provide the platform for its lending financial center. Similar to the Jiangyin Financial Center, its objective will be to make loans and credit more accessible to the city's 620,000+ small and medium sized businesses, particularly those involved in the

supply chain. Peak is particularly pleased as it won this deal through open bidding against 42 other tech companies throughout Jiangsu province.

On November 19th Peak signed an agreement with packaged foods wholesale distributor Beijing Jingying Corporate Management Ltd. (BJM) to bring its financing solution to BJM's 250,000 retail clients.

On November 12th Peak began facilitating loans in its joint venture program with BDC.

On December 1, 2020 Peak signed an agreement with high-end Italian retailer Gruppo Coin to provide short-term loans to its social-media-influencer online sales partners. Coin is Italy's largest department store chain.

On December 9, 2020 Peak announced that it signed a memorandum of understanding (MOU) to buy Zhongke Software Intelligence Ltd. for cash and stock not to exceed CN\$20 million. Zhongke develops analytics and AI software used by 34 banks and financial institutions in China to make decisions on loan and credit applications, as well as to process and to manage the applications. It is a strategic partner of China UnionPay. The terms of the deal have not yet been finalized and are pending the results of a three-month pilot.

On December 11, 2020 Peak announced that its Gold River and Cubeler Lending Hub platforms can support China's new digital currency electronic payments (DC/EP).

Peak added Xingcheng Special Steel Works Ltd. (XSSW) to the Cubeler Lending Hub Ecosystem. XSSW is a subsidiary of conglomerate CITIC Ltd. (<https://www.citic.com/en/>). It's the 2nd largest supplier of specialized steel products in China.

On December 21, Peak announced that it has entered into a solution provider and data sharing partnership with Pinduoduo to provide credit solutions to its online stores.

Balance Sheet

Peak ended the quarter with \$5.9 million in cash. Working capital was \$19.6 million and debt was \$322,000. Its loan portfolio is valued at \$19.4 million. Another source of cash would be to sell off the 51% of the bank it owns, which is no longer as strategic a need as it was in the early days.

As of April 30, 2021 the cash available to operate the company, including cash at ASFC for loan purposes amounted to approximately \$3,300,000. The company is in the midst of a capital raise to support working capital needs.

Capital Raises in the Quarter

On Oct 05, 2020 Peak Positioning Technologies sold 1.25 million units for \$0.40 per unit totaling \$500,000 in a private placement financing to a strategic institutional investor. Each unit is composed of one common share and one warrant at a price of \$0.40 expiring in two years. These funds are earmarked to fund the joint venture with electronics distributor Beijing Dianjing Company Ltd. and specifically for inventory financing of Baidu's new [Xiaodu smart speaker](#).

On October 28, 2020, the company granted incentive options to buy 2,450,000 common shares at \$0.75 to certain directors, officers, and key employees. The options expire in October 2025, vest over two years.

From October 29, 2020 to December 31, 2020, the company issued 9,184,000 common shares for gross proceeds of \$2,783,139 from the exercise of warrants. From November 4, 2020 to November 30, 2020, the company issued 522,500 common shares for gross proceeds of \$261,250 from the exercise of stock options.

Subsequent Financing and Transactions

On January 28, 2021, the company granted 50,000 options to a new director at \$2.70 per share.

On March 22, 2021, the company granted 110,000 options as part of an investor relations agreement at \$2.75 per share. The options are vesting at signing of the agreement and over a nine-month period following the date of granting and will be exercisable over a period of five years expiring in March 2026.

From January 1, 2021 to April 30, 2021, the company issued 11,310,464 common shares for gross proceeds of \$4,583,594 from the exercise of warrants.

The primary share count as of April 30, 2021 was 130,554,456.

Peak is in the midst of a financing which is why it did not hold a conference call on the Q4 results. On March 22, it filed to sell units for gross proceeds a minimum of \$12,000,000 and a maximum of \$15,000,000. The net proceeds will be used to help expand its services in China related to some recently announced partnerships, to expand its services to markets outside of China, as well as for working capital and general corporate purposes. Each unit is comprised of one share and half a warrant. Each whole warrant will be exercisable into one common share at an exercise price to be determined in the context of the market for a period of 24 months from the date of issuance. At today's price (CN\$2.88), it would result in an additional 4.2 to 5.2 million shares.

Subsequent Events

In January, Peak signed an agreement with China UnionPay's subsidiary, Rongbang Technology, that will give it the ability to process payments, settle transactions and transfer funds between lending institutions, banks and the businesses that are part of its Lending Hub ecosystem. Peak's clients will have virtual bank accounts Peak will earn transaction fees as well as a 1.5% to 3.0% annual fee on the aggregate value of the funds held in its clients' accounts. Transactions are expected to start being processed this quarter.

On January 28th Peak announced that beverage distributor Xiamen Guangzhui became the third distributor to join the company's wholesaler program. Xiamen has over 1,100 retail clients, including e-commerce giant JD.com.

On February 3rd Peak announced the launch of a new Cubeler Lending Hub financing program for JD.com ("JD") product suppliers that will allow them to receive cash advances on product orders they get from JD. Suppliers of JD.com must pay product manufacturers in advance but only receive payment from JD two weeks after the products have been delivered to JD's warehouses. Peak will collect a flat service fee equal to a percentage of the value the cash advanced.

In February the company announced that it had filed to list on NASDAQ.

On February 16th the shareholders of Peak approved a change of name of the Company to "Tenet Fintech Group" and a reverse split of shares between 2:1 and 5:1. The board of directors was authorized to determine the ultimate consolidation ratio and whether or not to proceed with the split.

On February 24th Peak announced it added distributor Dajinpengli Trading and popular national convenience store chain Bianlifeng to its platform.

OVERVIEW

Peak Fintech Group is a company headquartered in Montreal, but operating in the People's Republic of China. On November 8th it officially changed its name from Peak Positioning Technologies to "Peak Fintech Group." It was founded in 2011, pivoted to its current business in 2017, and launched its platform solution in 2018 in the city of Wuxi. It is a fintech business that matches micro, small, and medium businesses with lending institutions and collects a fee for completed transactions. It also has an \$17 million loan portfolio, secured primarily by borrowers' vehicles, that was funded just for proof of concept in order to jumpstart its operations. It owns 51% of that loan business which is consolidated on its financial statements.

Peak's platform has lending products from more than 54 different banks and lending institutions and operates in seven cities: Wuxi, Jiangyin, Xi'an, Changzhou, Suzhou, Nanjing, and Shanghai. Peak plans to expand into further cities. The platform matches the compatible lenders and borrowers based on the business data and lending criteria resulting in loan transactions for which Peak charges a fee. The business is B2B. Consumers cannot provide funds on the platform as with Lending Club or Prosper; all the lenders are banks or financial institutions. Peak charges a fee per loan that is 1-4% of the loan amount depending on size and type of loan. Borrowers access Peak's systems and enter their information and give Peak permission to access other types of data such as bank records. Peak then collects the permitted private data along with other public and private sources and matches the borrower with lenders that would make the loan based on the information gleaned. Using Peak's prescreened information a lender can evaluate loans in minutes, reduces the lenders efforts in analysis as well as in sales and marketing to find the borrower. It also can process payments and pay the loan broker his commission. The company has two initiatives that could catapult sales:

Financial Centers

The company is teaming up with municipalities to create commercial lending "financial centers" where the cities' banks and lending institutions use the platform to foster business and lending activity in the cities. The company has signed two cities and we expect others to follow. **Jiangyng**, its first city was signed in September. This center is comprised of 30 banks, eight insurance companies, and three investment funds. Peak provides its Lending Hub platform to link its more than 200,000 micro, small, and medium-sized businesses to loan and credit offers from these banks. Peak earns a service fee ranging from 1% to 2.5% of all loans granted through the Financial Center. The second city signed was Nanjing in October.

Legacy Loan Portfolio

Since the launch of its platform, Peak has been making loans to small and micro businesses primarily as a way to prove its model to potential platform users. It has a \$19 million portfolio that it reinvests to keep that amount steady. The loan business is only 51% owned by Peak and it consists of loans made to small and micro businesses that are, for the most part, collateralized by vehicles. Since the beginning of the pandemic its loan quality has deteriorated significantly as businesses were shut down. While business has mostly returned to normal in China, we are keeping an eye on these loans. Since Q1 2019, the percent of loans that haven't paid on time ballooned from 1.4% and peaked at 31.9% as of the end of September. In December that percent was reduced to 21.8%. The company has been taking reserves for these delinquent loans and as a 51% holder of these loans is ultimately responsible for only half of any potential losses. In Q4 the company reversed some reserves. The plan is to reduce this number and get closer to December 31, 2019 percentages. The company expects the COVID-19 effect on the borrowers' finances to eventually dissipate and that loan repayment habits will return to normal.

Gross Loans Receivable

	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20
Current	21,574,191	20,497,483	19,213,416	17,509,277	13,025,226	13,101,465	12,615,806	15,652,125
30-90 days	80,653	717,228	992,810	1,266,596	2,781,282	2,126,862	2,010,182	1,110,537
Over 90 days	235,670	404,952	646,037	1,013,710	2,185,414	3,439,835	3,900,619	3,246,443
% over 90 days	1.1%	1.9%	3.1%	5.1%	12.1%	18.4%	21.1%	16.2%
Total over 30 days	316,323	1,122,179	1,638,847	2,280,306	4,966,696	5,566,697	5,910,801	4,356,980
% Non-current	1.4%	5.2%	7.9%	11.5%	27.6%	29.8%	31.9%	21.8%
Total	21,890,514	21,619,662	20,852,263	19,789,583	17,991,922	18,668,162	18,526,607	20,009,105
Avg loan portfolio	18,607,820	20,455,634	20,779,256	NA	19,073,016	17,121,366	17,683,147	NA
Effective avg interest rate	15.9%	17.3%	17.4%	NA	17.0%	15.5%	15.0%	NA
Avg maturity	16.3	16.1	16.5	NA	17.7	16.4	16.4	NA

FINANCIALS

2021

As its new agreements with BDC and Beijing Jingying and the new financial centers continue to roll out we expect solid growth with upside potential as the platform expands and new customers come on board. Its fixed cost model has huge operating leverage and 2021 should show that. The company previously guided to \$55 million in sales before its new agreements, which was long ago. Looking at how fast the company is adding large customers to its platform, and given that much of it is repeat business, combined with future opportunities, we are sticking to our revenue estimate of CN\$90 million this year. We expect profit margins to grow given the operating leverage of the company.

VALUATION

Given the lack of China-based fintech platforms, we are using the US names we think are as comparable. While the range is great based on margins and growth, we calculate an average of 12.6 times 2021 calendar estimates and taking the low, Green Dot and the high, Lightspeed out. Based on this multiple and our estimate for Peak's 2021 sales of CN\$90 million or US\$73.1 million, and using fully diluted shares (using the treasury stock method of 152 million, the enterprise value would be US\$921 million. The market value would be US\$924 million and the stock price US\$3.50 per share if estimates prove accurate. Even based on 2020 revenues, it would be worth US\$6.08. Of course the company is in the middle of a raise that could add another 5.2 million shares and that cash will be used so we reduce that number to \$5.88. To be conservative we are taking a one third discount to account for the capital raise, Chinese operations, the acquisition of Zhongke, and estimate risk and come up with a valuation of US\$3.88.

Company	Ticker	Revenue		LTM	TTM EBITDA	2022E	Enterprise Value / Sales		EV/ EBITDA	Enterprise Value	EBITDA Margin
		2022E	2021E				2021E	LTM			
Fintech Platforms											
Green Dot	GDOT	\$1,340	\$1,250	\$1,260	\$186	0.7x	0.8x	0.8x	5.4x	1,000	14.8%
Intuit	INTU	NA	\$9,970	\$7,720	\$2,320	NA	9.9x	12.8x	42.7x	99,000	30.1%
LendingTree	TREE	\$1,300	\$1,110	\$900	\$38	2.5x	2.9x	3.6x	84.3x	3,200	4.2%
Lightspeed POS	LSPD	NA	\$234	\$176	-\$72	NA	34.8x	46.4x	-112.8x	8,150	-41.1%
PayPal	PYPL	\$31,020	\$25,710	\$21,450	\$4,300	9.3x	11.2x	13.4x	66.7x	287,000	20.0%
Shopify	SHOP	\$5,870	\$4,440	\$3,450	\$425	22.0x	29.1x	37.4x	303.7x	129,000	12.3%
Upstart	UPST	\$682	\$504	\$241	\$22	11.3x	15.3x	31.9x	349.3x	7,710	9.1%
Square	SQ	\$16,950	\$14,310	\$9,500	\$46	6.0x	7.1x	10.7x	2236.8x	102,000	0.5%
Average					1,109	4.8	12.6	18.3		84,510	

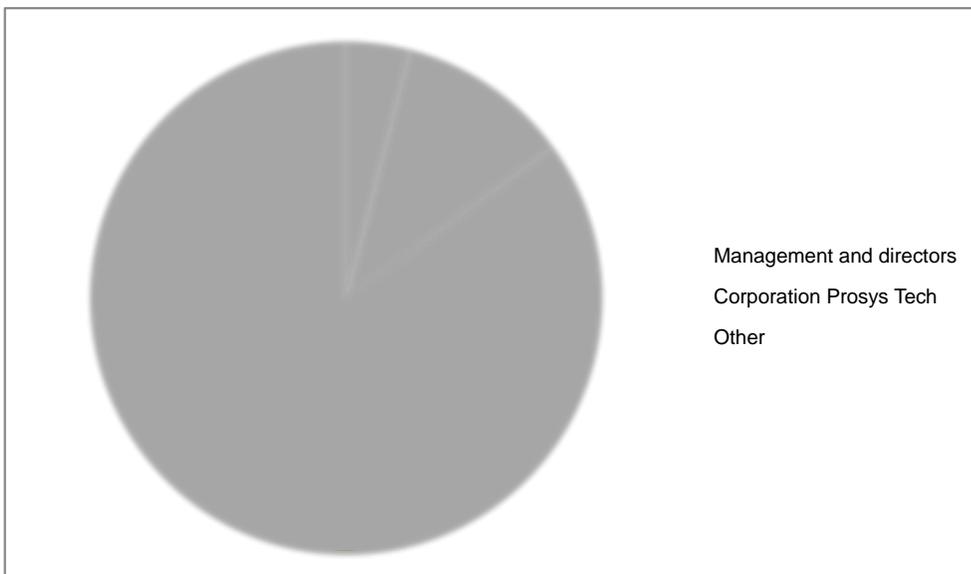
In the company's MD&A filing it pointed out two new factors that may affect how investors think about Peak Fintech. It points out that In December 2020 the US Congress passed "The Holding Foreign Companies Accountable Act" (HCAA), making it more difficult for Chinese companies to go public in the US. Then in April 2021, the China Securities Regulatory Commission announced a series of updated guidelines for companies looking to list on the Shanghai Stock Exchange's STAR market, which is considered the Chinese equivalent of the NASDAQ. One of those guidelines was a ban of Fintech companies. Some Chinese fintechs who had hopes of going public on the STAR market or the NASDAQ are now looking for alternative ways of accessing the capital markets including merging their operations with other fintech companies, like Peak, who are already listed. Peak has already been approached by one such Chinese fintech whose offering would be complementary.

Peak also believes listing on the Hong Kong Stock Exchange could give Asian investors a fintech in which they can invest that also affords audited financial statements which comply with international regulations.

RISKS

- Since Peak is cash flow negative and growing rapidly it is relying on outside financing to sustain operations and to grow. Not raising capital or not raising it in a timely fashion could stymie growth.
- While Peak has been successful to date facilitating loans and servicing them through its platform, the end results due to COVID on loan defaults on its own loan portfolio has not yet played out. Peak could be impacted both in its on portfolio of loans through charge-offs and the reduction of interest income going forward and as well as a loss of loan volume on its platform due to customers' loans also defaulting.
- After COVID shut downs, lenders may be more hesitant to lend to small and micro businesses.
- The banking industry is highly regulated by the Chinese government and changes in rules and requirements could impact Peak in the future. It has recently set out a draft of rule changes for microlenders ups their capital requirements and increases the criteria for lending. This could affect some of Peak's lending partners as well as its majority-owned lender. When any rule changes are made, lenders will have twelve months to comply.
- Peak is a newcomer to the industry and is currently unprofitable. There is no assurance its business model will ultimately result in profitable results.
- Peak plans to pursue rapid growth and as a result it may need to raise cash through the sale of equity in the future, diluting current shareholders.
- China proves a risky place to invest due to lower quality auditing and investors may require a discount from US and Canadian valuations.

OWNERSHIP



INCOME STATEMENT

Canadian Dollars	2019				2020				2021E				2022E			
	Q1-Mar	Q2-Jun	Q3-Sep	Q4-Dec	Q1-Mar	Q2-Jun	Q3-Sep	Q4-Dec	Q1-Mar	Q2-Jun	Q3-Sep	Q4-Dec	2019	2020	2021E	2022E
ASSC Fintech Platform & ASDS	\$0	588,550	3,296,855	3,314,748	2,755,310	6,191,733	14,212,521	16,154,066	15,000,000	20,000,000	25,000,000	28,000,000	7,160,153	39,313,530	88,000,000	110,000,000
Yr-to-yr Growth	NA	NA	NA	NA	NA	952%	336%	387%	444%	223%	179%	97%	NA	449%	124%	25%
Outsourcing services	-	-	2,619,916	2,699,391	2,104,150	5,422,993	13,385,347	14,695,677	13,500,000	18,200,000	22,000,000	24,360,000	5,319,307	35,608,167	78,060,000	95,416,600
Gross profit	-	588,550	636,939	615,357	651,160	768,740	827,174	1,458,389	1,500,000	1,800,000	3,000,000	3,640,000	NA	3,705,463	9,940,000	14,583,400
Gross Margin %	NA	100.0%	19.6%	18.6%	16.5%	10.6%	6.2%	9.9%	10.0%	11.0%	12.0%	13.0%	NA	9%	11%	13%
ASFC Loan interest (51% owner)	720,229	870,605	955,139	897,652	960,372	828,042	664,178	(6,534)	200,000	300,000	310,000	320,000	3,443,625	2,446,058	1,130,000	1,130,000
Yr-to-yr Growth	NA	289%	35%	21%	33%	-5%	-30%	-101%	-79%	64%	-53%	-499%	105%	-29%	-54%	0%
ASCS Loan Servicing Fees	229,282	442,568	287,959	145,066	233,713	243,729	239,640	221,277	250,000	250,000	250,000	250,000	1,104,875	938,359	1,000,000	1,050,000
Yr-to-yr Growth	NA	NA	NA	NA	2%	-45%	-17%	-53%	7%	3%	NA	NA	NA	-15%	7%	5%
Sales	\$949,511	\$1,901,723	\$4,499,953	\$4,357,466	\$3,949,395	\$7,263,504	\$15,116,369	\$16,368,779	\$15,450,000	\$20,550,000	\$25,560,000	\$28,570,000	\$11,708,653	\$42,698,047	\$90,130,000	\$112,180,000
Yr-to-yr Growth	18348%	747%	534%	487%	316%	282%	236%	276%	291%	183%	69%	75%	596%	265%	111%	24%
Operating expenses:																
Salaries and fringe benefits	402,026	429,614	401,598	432,196	323,809	389,120	386,676	759,604	700,000	720,000	740,000	760,000	1,665,434	1,859,209	2,920,000	3,212,000
Service fees	27,434	384,399	32,132	366,091	131,832	138,831	209,741	57,274	150,000	160,000	170,000	180,000	810,056	536,478	660,000	792,000
Royalty on software	-	-	30,427	54,335	30,873	26,028	47,469	35,854	35,854	35,854	35,854	35,854	84,762	140,224	143,416	150,000
Board remuneration	16,794	17,589	19,179	18,430	9,569	12,774	29,062	82,918	33,750	33,750	33,750	33,750	71,992	134,323	135,000	135,000
Consulting fees	114,701	139,168	33,427	22,780	325,716	527,285	1,181,765	1,823,743	1,500,000	900,000	900,000	900,000	310,076	3,858,509	3,000,000	2,500,000
Management fees	35,906	39,482	29,878	33,319	21,545	17,987	15,729	22,364	22,000	22,000	22,000	22,000	138,585	77,625	88,000	105,600
Professional fees	49,376	35,731	132,386	131,767	56,402	130,133	154,345	226,636	200,000	150,000	150,000	150,000	349,260	567,516	650,000	780,000
Administrative and indirect costs	59,100	88,841	47,269	(85,049)	236,111	1,717	(16,246)	390	55,000	55,000	55,000	55,000	110,161	221,972	220,000	264,000
PR and press releases	31,317	35,595	46,689	36,843	24,104	27,800	88,207	256,742	250,000	250,000	250,000	250,000	148,444	396,853	1,000,000	800,000
Office supplies, software and utilities	26,430	71,589	52,035	39,441	52,793	49,517	26,777	37,923	42,500	42,500	42,500	42,500	189,495	167,010	170,000	204,000
Lease expenses	13,277	11,665	8,447	8,667	11,533	11,571	11,570	11,409	11,400	11,400	11,400	11,400	42,056	46,083	45,600	54,720
Interface development cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation of right-of-use assets	52,791	120,715	115,522	118,583	106,753	126,245	137,209	36,555	36,555	36,555	36,555	36,555	407,611	406,762	146,220	120,000
Insurance	7,239	8,039	6,279	10,612	11,289	10,489	10,112	17,257	17,257	17,257	17,257	17,257	32,169	49,147	69,028	82,834
Finance costs	231,538	256,430	267,283	287,456	259,950	260,401	280,584	189,118	189,118	260,401	260,401	260,401	1,042,707	990,053	970,321	1,000,000
Expected credit loss	4,467	32,576	176,103	51,232	361,525	254,080	451	(373,463)	75,000	75,000	75,000	75,000	264,378	242,593	300,000	300,000
Travel and entertainment	105,223	98,837	70,717	118,938	46,832	35,424	55,943	66,860	68,000	100,000	100,000	200,000	393,715	205,059	468,000	561,600
Stock exchange and transfer agent costs	7,238	19,008	12,138	7,403	10,778	25,338	65,857	20,744	21,000	21,000	40,000	40,000	45,787	122,717	122,000	122,000
Translation costs and others	16,540	8,471	3,734	7,388	8,353	5,567	6,676	3,358	3,500	3,500	3,500	3,500	38,133	23,974	14,000	23,974
Loss on deposit of sub receivable	-	-	43,583	42,817	-	-	-	97,150	-	-	-	-	86,400	97,150	-	-
Loss on extinction of debt	-	-	-	816,793	-	-	-	784,750	-	-	-	-	816,793	784,750	-	-
Gain on purchase	-	(941,000)	-	-	-	-	-	-	-	-	-	-	(941,000)	-	-	-
Impairment of intangible asset	9,389	10,147	584,189	-	-	-	-	-	-	-	-	-	584,189	-	-	-
Depreciation of property and equipment	9,389	10,147	10,382	17,630	21,370	21,785	21,495	22,281	22,300	21,785	21,785	21,785	47,548	86,931	87,655	80,000
Amortization	187,147	103,125	230,675	74,132	81,805	82,475	67,616	147,954	150,000	160,000	170,000	170,000	595,079	379,850	650,000	650,000
Expiration of deferred finance costs	-	-	-	353,377	-	-	-	-	-	-	-	-	-	353,377	-	-
Amortization of financing initial costs	-	-	-	348	-	348	-	7,787	-	350	350	350	30,217	18,924	-	-
Change in FV of conting. comp payable	9,054	9,155	9,090	2,918	-	-	10,441	7,787	-	-	-	-	30,217	(2,717)	1,400	1,400
Loss (gain) on foreign exchange	(627)	20,672	17,289	35,490	10,336	716	2,776	187,789	-	-	-	-	72,824	201,617	-	-
Total expenses	1,408,360	1,064,598	2,443,201	2,779,712	2,496,803	2,155,651	2,575,930	4,522,997	3,583,584	3,076,352	3,135,352	3,265,352	7,695,871	11,751,381	11,860,640	11,939,128
Pretax income	(458,849)	837,125	(563,164)	(1,121,637)	(651,558)	(315,140)	(844,908)	(2,849,895)	(1,633,584)	(726,352)	424,648	944,648	(1,306,525)	(4,661,501)	(1,920,640)	2,644,272
Pretax Margin	-48.3%	44.0%	-12.5%	-25.7%	-16.5%	-4.3%	-5.6%	-17.4%	-10.6%	-3.5%	1.7%	3.3%	-11.2%	-10.9%	-2.1%	2.4%
Income taxes	109,930	156,213	278,902	(21,207)	154,137	223,763	123,504	350,606	200,000	200,000	200,000	200,000	523,837	852,010	800,000	800,000
Tax rate	0%	0%	-50%	0%	-24%	-71%	-15%	-12%	-12%	-28%	47%	21%	-40.1%	-18.3%	-41.7%	30.3%
Net income	(568,779)	680,912	(842,066)	(1,100,430)	(805,695)	(538,903)	(968,412)	(3,200,501)	(1,833,584)	(926,352)	224,648	744,648	(1,830,362)	(5,513,511)	(2,720,640)	1,844,272
Non-controlling interest	113,388	209,628	165,756	390,039	87,081	177,983	350,015	487,831	87,081	177,983	200,000	200,000	878,811	1,102,910	665,064	665,064
Net income to common shareholders	(682,167)	471,284	(1,007,822)	(1,490,469)	(892,776)	(716,886)	(1,318,427)	(3,688,332)	(1,920,665)	(1,104,335)	24,648	544,648	(2,709,173)	(6,616,421)	(3,385,704)	1,179,208
Currency translation adjustment	(74,207)	518,817	1,027,084	(179,930)	(1,264,221)	809,770	(472,282)	(212,722)	-	-	-	-	1,291,764	(1,139,455)	-	-
Total comprehensive income	(494,572)	1,620,935	(1,869,150)	(1,670,399)	458,526	(1,348,673)	(496,130)	(2,987,779)	(1,833,584)	(926,352)	224,648	744,648	(3,122,126)	(4,374,056)	(2,720,640)	1,844,272
Stk based compensation	73,094	78,290	105,343	121,364	69,202	78,290	112,920	282,420	150,000	150,000	150,000	150,000	378,091	542,832	600,000	600,000
One-time expenses	-	(941,000)	584,189	816,793	353,377	-	-	881,900	-	-	-	-	459,982	920,802	-	-
Non-GAAP Inc to common shareholders	(609,073)	(391,426)	(318,290)	(552,312)	(470,197)	(638,596)	(1,205,507)	(2,524,012)	(1,683,584)	(776,352)	374,648	894,648	(1,871,100)	(5,152,787)	(2,785,704)	1,779,208
EPS to common shareholder	(0.010)	0.007	(0.015)	(0.022)	(0.012)	(0.010)	(0.015)	(0.036)	(0.015)	(0.008)	0.000	0.004	(0.039)	(0.078)	(0.025)	0.009
Non-GAAP EPS to common shareholder	(0.009)	(0.006)	(0.005)	(0.008)	(0.006)	(0.009)	(0.010)	(0.025)	(0.013)	(0.006)	0.003	0.007	(0.027)	(0.055)	(0.018)	0.011
Share													-36%	102%	-67%	-163%
Basic	67,521,214	67,687,560	68,996,496	68,996,496	73,783,060	74,291,302	86,648,682	102,300,000	130,400,000	133,000,000	135,600,000	136,000,000	68,995,981	85,341,803	133,750,000	136,000,000
Yr-to-yr Growth	4%	2%	3%	1%	9%	10%	26%	48%	77%							

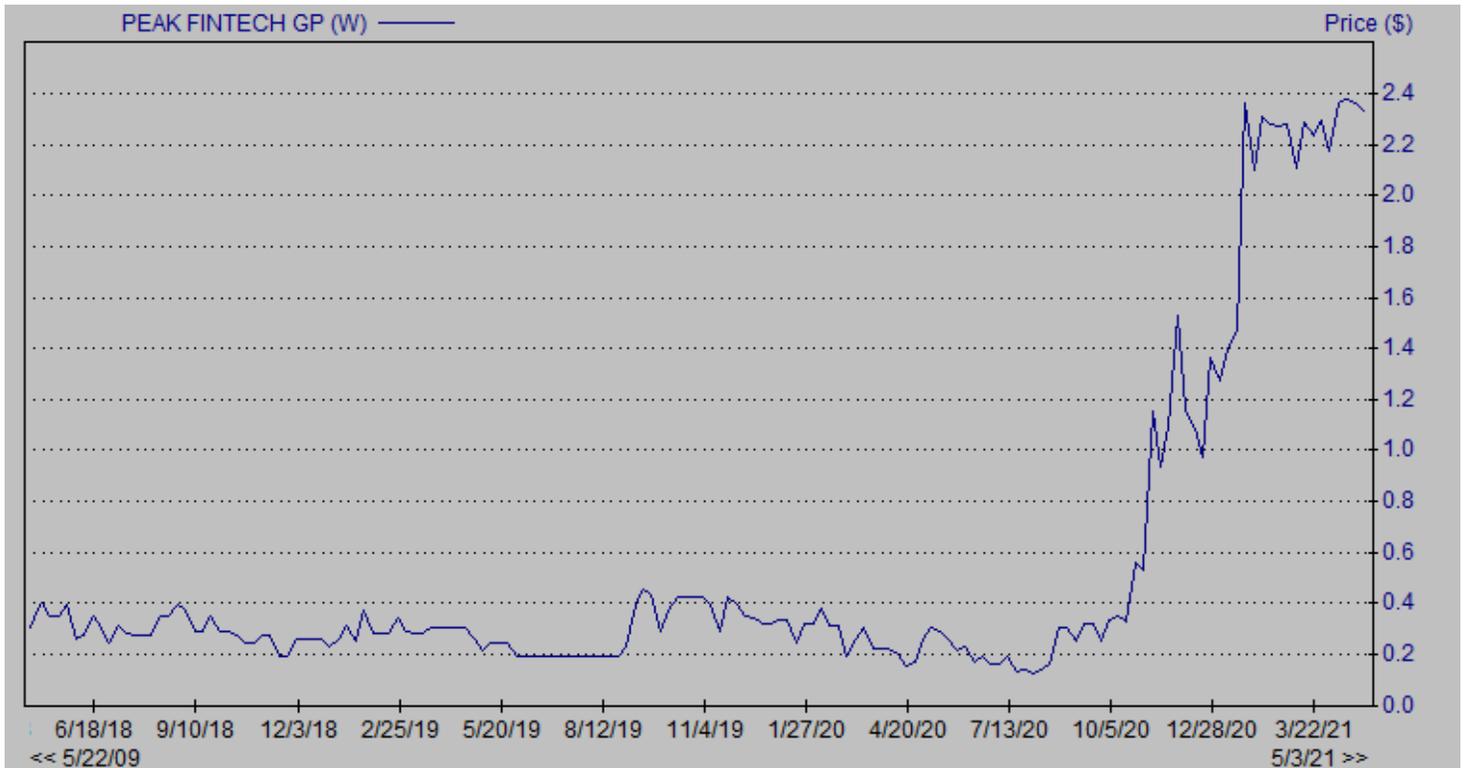
BALANCE SHEET

	Dec 31, 2020	Sept 30, 2020	Qtr-Qtr % Change	Dec 31, 2019	Yr-Yr % Change
Current assets					
Cash	\$5,873,876	\$7,392,570	-21%	\$1,717,509	242%
Restricted cash	\$80,091	\$0	NA	\$0	NA
Loans receivable	15,425,242	14,819,332	4%	11,193,087	38%
Assets held for sale	183,732	0	NM	0	NM
Accounts receivable	28,834,941	18,163,512	59%	2,657,029	985%
Debtors	1,740,416	1,453,834	20%	1,274,952	37%
Deposits for investments	194,900	0	NM	0	NM
Prepaid expenses	989,718	499,556	98%	830,662	19%
Deferred financing cost	0	0	0%	353,377	-100%
Total current assets	53,322,916	42,328,804	26%	18,026,616	196%
Loans receivable	3,999,446	2,718,580	47%	8,196,549	-51%
Property and equipment, net	529,372	609,713	-13%	734,443	-28%
Intangible assets	3,163,877	3,030,444	4%	2,399,410	32%
Deferred tax assets	291,931			88,014	232%
TOTAL ASSETS	61,307,542	48,687,541	26%	29,445,032	108%
Current liabilities					
Accounts payable and accruals	26,559,427	18,044,249	47%	4,629,122	474%
Lease liabilities	117,709	239,307	-51%	402,954	-71%
Current tax liabilities	1,568,626	907,035	73%	605,770	159%
Debentures	23,311	3,271,888	-99%	3,221,281	-99%
Conversion option	3,489	24,423	-86%	24,423	-86%
Contingent compensation payable	0	254,586	-100%	254,586	-100%
Total current liabilities	28,272,562	22,741,488	24%	9,138,136	209%
Long-term liabilities					
Debentures	0	0	0%	137,638	-100%
Bonds	258,933	241,067	7%	0	NA
CEBA loan	40,000	40,000	0%	0	NA
Lease liabilities	121,798	159,052	-23%	49,574	146%
Total long-term liabilities	420,731	440,119	-4%	187,212	125%
TOTAL LIABILITIES	28,693,293	23,181,607	24%	9,325,348	208%
Stockholder's equity					
Capital stock	39,131,010	27,837,048	41%	24,234,623	61%
Shares to be issued	511,221	493,414	4%	493,414	4%
Contributed surplus	11,582,653	12,022,687	-4%	9,580,333	21%
Equity component of converts	-	54,359	-100%	47,891	-100%
Accumulated other comp income	(140,782)	(127,478)	10%	(1,054,211)	-87%
Deficit	(30,240,372)	(26,096,500)	16%	(23,623,950)	28%
Shareholder's equity to owners of parent	20,843,730	14,183,530	47%	9,678,100	115%
Non-controlling interest	11,770,520	11,322,405	4%	10,441,584	13%
Total stockholders' equity	32,614,250	25,505,935	28%	20,119,684	62%
Total liabilities and stockholders' equity	\$61,307,543	\$48,687,542	26%	\$29,445,032	108%
Quick Ratio	1.9	1.9	1%	2.0	-4%
Working Capital	25,050,354	19,587,316	28%	8,888,480	182%
Net cash	5,873,876	7,392,570	-21%	1,717,509	242%
Net cash as % of assets	10%	15%	-37%	6%	64%
Debt	\$322,244	\$3,552,955	-91%	\$3,358,919	-90%
Debt % of assets	1%	7%	-93%	11%	-95%
Loan portfolio	19,424,688	17,537,912	11%	19,389,636	0%

CASH FLOW

	3 Mo. Ended 3/31/19	3 Mo. Ended 6/30/19	3 Mo. Ended 9/30/19	3 Mo. Ended 12/31/19	Year 2019	3 Mo. Ended 3/31/20	3 Mo. Ended 6/30/20	3 Mo. Ended 9/30/20	3 Mo. Ended 12/31/20	Year 2020
Operating activities:										
Net loss	(568,779)	(295,987)	(777,316)	(188,280)	(1,830,362)	(805,695)	(538,903)	(512,874)	(3,656,039)	(5,513,511)
Non-cash items										
Loss on deposit & subscription receivable	-	-	-	86,400	86,400	-	-	-	97,150	97,150
Depreciation of property and equipment	9,389	10,147	10,382	17,630	47,548	21,370	21,785	21,495	22,281	86,931
Issuance of shares for settlement of debt	35,000	90,000	85,000	33,000	243,000	291,878	121,301	702,798	(1,115,977)	-
Expected credit loss	4,468	32,576	176,103	51,231	264,378	361,525	254,080	451	(373,463)	242,593
Amortization of intangibles	187,147	203,773	230,676	(26,517)	595,079	81,806	82,475	67,616	147,953	379,850
Amortization of initial cost debenture	9,054	-	-	21,163	30,217	348	348	10,441	7,787	18,924
Depreciation of right-of-use assets	-	-	289,027	118,584	407,611	106,753	126,245	137,209	36,555	406,762
Impairment of intangible assets	-	-	584,189	-	584,189	-	-	-	-	-
Share-based compensation	73,094	90,026	105,343	109,628	378,091	69,202	78,290	112,920	282,420	542,832
Accretion of conv. Debentures	123,830	145,608	154,836	129,568	553,842	139,229	139,449	147,475	97,697	523,850
Accretion of lease interest	-	-	-	44,868	44,868	-	-	-	30,426	30,426
Consult. Fees settled by shares and warrants	-	-	-	-	-	-	-	-	3,196,170	3,196,170
PR expenses settled by shares and warrants	-	-	-	-	-	-	-	-	101,520	101,520
Change in FV of cont. compensation payable	-	-	-	259,000	259,000	-	-	-	(217,325)	(217,325)
Loss on settlement of debt	-	-	-	816,793	816,793	-	-	-	784,750	784,750
Gain on bargain purchase	-	-	-	(941,000)	(941,000)	-	-	-	-	-
Expiration of deferred financing costs	-	-	-	-	-	353,377	-	-	-	353,377
Loans receivable maturing in more than 12 mo.	(59,719)	152,306	851,459	621,477	1,565,523	1,954,760	2,597,505	925,704	(1,280,866)	4,197,103
Interest charges	109,084	-	105,667	(214,751)	-	-	-	-	-	-
Interest paid	(107,770)	-	(105,667)	213,437	-	-	-	-	-	-
Changes in working capital accounts										
Income taxes payable	-	85,669	276,122	132,840	494,631	93,183	161,534	135,870	572,269	962,856
Deferred income tax expense	-	-	-	(88,014)	(88,014)	-	-	-	(203,917)	(203,917)
Debtors	74,715	-	-	(31,494)	43,221	-	-	-	6,651	6,651
Accounts receivable	-	(867,943)	(2,464,875)	675,789	(2,657,029)	(1,081,329)	(2,600,892)	(11,830,148)	(10,614,280)	(26,126,649)
Loans receivable maturing in less than 12 mo.	(2,299,557)	110,961	(96,224)	445,065	(1,839,755)	(178,859)	(3,291,700)	(771,742)	(416,180)	(4,658,481)
Lease receivables	180,865	426,457	(234,614)	(372,708)	-	-	-	-	-	-
Prepaid expenses	48,174	(13,188)	(140,930)	(341,083)	(447,027)	(1,080,436)	1,768,492	95,999	(943,111)	(159,056)
Accounts payable and other liabilities	479,711	871,039	2,429,963	(2,619,889)	1,160,824	(297,201)	1,218,369	10,732,424	9,389,253	21,042,845
Net cash used by operating activities	(1,701,294)	1,041,444	1,479,141	(1,047,263)	(227,972)	29,911	138,378	(24,362)	(4,048,276)	(3,904,349)
Investing activities:										
Investment in intangible assets	(1,757,928)	(462,432)	447,018	1,076,272	(697,070)	(346,503)	(207,713)	(345,740)	(158,329)	(1,058,285)
Property and equipment	(18,101)	(137)	(9,275)	(165,225)	(192,738)	(26,993)	9,070	(3,630)	5,413	(16,140)
Right of use asset	-	-	(863,430)	863,430	-	-	-	-	-	-
Debtors	(34,212)	99,001	(76,038)	(778,890)	(790,139)	210,830	177,726	(342,862)	(631,222)	(585,528)
Deposit for investments	-	-	-	-	-	-	-	-	(194,900)	(194,900)
Net cash used in investing activities	(1,810,241)	(363,568)	(501,725)	995,587	(1,679,947)	(162,666)	(20,917)	(692,232)	(979,038)	(1,854,853)
Financing activities:										
Shares to issue	-	-	-	-	-	-	265,000	-	(265,000)	-
Debenture to be issued	250,000	280,000	-	(420,000)	110,000	(110,000)	-	-	110,000	-
Issuance of debentures	1,430,000	-	-	(1,150,000)	280,000	160,000	288,159	-	(398,159)	50,000
Payment of debenture	-	-	-	(40,000)	(40,000)	-	-	-	-	-
Proceeds from issuance of bonds & warrants	-	-	-	-	-	-	-	-	292,464	292,464
Subscription receivable	-	-	-	250,000	250,000	-	-	-	-	-
Advance from third parties	-	-	-	1,800,281	1,800,281	1,889,054	-	-	(420,494)	1,468,560
Advance from a director	-	-	-	298,400	298,400	21,920	-	-	(21,920)	-
Proceeds from adv. made from affiliates	-	-	-	-	-	-	-	-	40,134	40,134
Repayment of demand loans	-	-	-	-	-	-	-	-	(27,489)	(27,489)
CEBA loan	-	-	-	-	-	-	40,000	-	-	40,000
Repayment of lease liabilities	-	-	147,117	(607,478)	(460,361)	(172,473)	(74,423)	(101,198)	(169,076)	(517,170)
Non-controlling interest	128,482	(227,365)	(315,578)	414,461	-	-	(18,799)	446,671	(427,872)	-
Issuance of shares	-	-	640,000	-	640,000	545,000	73,000	2,843,384	981,116	4,442,500
Proceeds from exercise of warrants	-	-	-	-	-	-	-	-	2,890,750	2,890,750
Proceeds from exercise of options	-	-	-	-	-	-	-	-	261,250	261,250
Net cash used in financing activities	1,808,482	52,635	471,539	545,664	2,878,320	2,333,501	572,937	3,188,857	2,845,704	8,940,999
Impact of foreign exchange	(39,180)	(728,445)	(289,607)	(212,070)	(1,269,302)	1,177,140	(987,752)	122,267	743,007	1,054,662
Net change - cash	(1,742,233)	2,066	1,159,348	281,918	(298,901)	3,377,886	(297,354)	2,594,530	(1,438,603)	4,236,459
Cash, beginning	2,016,410	274,177	276,244	1,435,592	2,016,410	1,717,509	5,095,394	4,798,040	7,392,570	1,717,509
Cash, end of period	274,177	276,243	1,435,592	1,717,510	1,717,509	5,095,395	4,798,040	7,392,570	5,953,967	5,953,968
Cash flow - ex changes in working capital	(185,202)	428,449	1,709,699	1,152,231	3,105,177	2,574,553	2,882,575	1,613,235	(1,838,961)	5,231,402
Free cash flow	(1,961,231)	(34,120)	1,284,012	2,926,708	2,215,369	2,201,057	2,683,932	1,263,865	(1,991,877)	4,156,977

HISTORICAL STOCK PRICE



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