

REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$0.20	\$0.20
Revenue 2020E (M)	\$35.3	\$35.3
Adj. EBITDA 2020E (M)	\$5.6	\$3.3
Adj. EPS 2020 (M)	\$0.00	\$0.00

MARKET DATA

Date:	Jul 10, 2020
Current Price (C\$):	\$0.03
Target Price (C\$):	\$0.20
52-Week Range:	\$0.02 / \$0.065
Shares O/S (M):	756.1
Mkt Cap (C\$M);	\$18.9
EV (C\$M):	\$30.2
Avg. Weekly Vol. (M):	10.67

Website: www.peakpositioning.com

FINANCIALS

	2019A	2020E
Revenue (\$M)	\$11.7	\$35.3
EBITDA (\$M)	\$0.0	\$5.6
EPS (S)	\$0.00	\$0.00
Cash (\$M)	\$1.7	\$12.2
Current Assets (\$M)	\$18.0	\$26.1
Net Cash (\$M)	-\$16.1	-\$16.6
Total Assets (\$M)	\$29.4	\$35.6
Debt (\$M)	\$3.4	\$3.0
Total Liabilities (\$M)	\$9.2	\$13.7
Fiscal Year End:	31-Dec	

Source: Company Reports, S&P Capital IQ, Yahoo!Finance, eResearch Corp.

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Director of Equity Research

Peak Positioning Technologies Inc. (CNSX:PKK)

Solid Q1/2020 Revenue Despite Covid-19 Impacts

COMPANY DESCRIPTION:

Peak Positioning Technologies Inc. (“Peak” or “the Company”) is the parent company of a group of financial technology (“FinTech”) subsidiaries operating in China’s commercial lending industry. Peak thereby provides an investment vehicle for North American investors looking to participate in China’s FinTech industry. In China, Peak’s subsidiaries use technology, analytics, and artificial intelligence (“AI”) to provide loans, help small and medium enterprises (“SMEs”) obtain loans, help lenders find clients, and also minimize lending risk. Peak accomplishes this through an ecosystem of lenders, borrowers, loan brokers, and other participants that have come together around its Cubeler Lending Hub platform to improve the efficiency and transparency of loan generation.

INVESTMENT HIGHLIGHTS:

- **Peak’s revenue in Q1/2020 was \$3.9M compared to \$0.9M in Q1/2019.** Revenue for Q1 was higher than our estimate of \$2.6M, even with the Covid-19 pandemic impacting operations in China. Peak’s revenue benefited late in Q1/2020 from the Company’s lending platforms being used to help distribute government relief funds to SME’s that were affected by the coronavirus.
- **In Q1/2020, 70% of the revenue was generated by Peak’s ASDS & ASSC subsidiaries with 30% coming from ASCS and ASFC.** Acquired in later 2019, the Jinxiaoer Platform integration was completed in May and we expect the Jinxiaoer subsidiary to start contributing revenue in the second half of Q2/2020 with the full impact to be felt in Q3/2020 and subsequent quarters.
- **On June 14, 2020, Peak announced that it has begun the process to have its shares listed for trading on the OTCQB stock exchange in the U.S.** Peak believes by upgrading the listing to the OTCQB from the OTC Market’s Pink exchange, the Company will gain access to a new pool of U.S. Investors.
- **Model Impact:** We expect Peak’s revenue growth to continue now that the health crisis has subsided in China. With the higher revenue in Q1/2020, we have slightly decreased our Q2, Q3 & Q4/2020 revenue estimates to maintain our 2020 revenue estimate of \$35.3M.

FINANCIAL ANALYSIS & VALUATION:

- **We modelled Peak’s revenue for 2020-2022 as a sum of the revenue from the six operating subsidiaries and estimated:**
 - **2020: Revenue \$35.3 million; EBITDA \$5.6 million;**
 - **2021: Revenue \$53.1 million; EBITDA \$18.1 million;**
 - **2022: Revenue \$58.4 million; EBITDA \$22.9 million.**
- **Using a revenue multiple of 4x 2020 Revenue, an EBITDA multiple of 10x 2020 EBITDA, and a DCF at 10%, we estimate an equal-weighted price per share target of \$0.20.**
- **We are maintaining a Buy rating and one-year price target of \$0.20.**

All figures in CAD unless otherwise stated.

eResearch Corporation

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COMPANY SUMMARY

Headquartered in Montreal, Quebec, Canada, Peak Positioning Technologies Inc. is the parent company of a group of FinTech subsidiaries operating in China's commercial lending industry.

Over the past three years, Peak has created six operating subsidiaries in China focusing on FinTech solutions, primarily in the commercial credit industry:

1. Asia Synergy Information Technology ("AST")
2. Asia Synergy Data Solutions ("ASDS")
3. Asia Synergy Financial Capital ("ASFC") – joint venture, 49% ownership
4. Asia Synergy Credit Solutions ("ASCS")
5. Asia Synergy Supply Chain Technology ("ASSC") – joint venture, 49% ownership
6. Jinxiaoer Technology Ltd. ("Jinxiaoer")

For more detailed information on Peak's corporate structure, see "APPENDIX A: PEAK'S CORPORATE STRUCTURE".

For North American investors looking to participate in the digitization of China's financial services industry, Peak provides an investment vehicle to enter this market. Peak's subsidiaries have created a technology-based ecosystem of lenders, borrowers, and other participants in China's commercial lending and supply chain industries, targeting Small-to-Medium Enterprises ("SMEs").

In this post-Covid-19 environment, Peak is providing technology and services to help re-start the Chinese economy. The market opportunity in China for Peak's solutions is large as the number of SMEs was estimated to be over 80 million. Peak's matching solutions automate various aspects of lending transactions, including financial due diligence and qualification for borrowers, making it faster and easier for a Chinese SME to obtain credit and reduces the risk for corporate lenders.

In Figure 4, eResearch has modeled Peak's revenue for 2020 and 2021 to show the revenue potential of the Company. According to the Company's financial information, revenue from Q1/2020 was divided as such:

- ASDS and ASSC: 70%
- ASCS and ASFC: 30%
- AST and Jinxiaoer: negligible

At this time, eResearch is not adjusting its revenue model for 2020 or 2021 and we expect the Jinxiaoer subsidiary to contribute revenue in Q2/2020.

REVIEW OF PEAK'S Q1/2020 FINANCIALS

Peak's revenue for the 3 months ended March 31, 2020, was \$3.9 million compared to revenue of \$0.9 million for the 3 months ended March 31, 2019. Revenue for the quarter was slightly higher than our estimate of \$2.6 million.

Due to the Covid-19 pandemic in China, when we published our last report (May 31, 2020) we adjusted our revenue estimates downward for Q1/2020 & Q2/2020 and shifted the revenue in Q3/2020 & Q4/2020. As economic stimulus rolled out across China towards the end of Q1/2020, Peak's solutions benefited, increasing revenue in the quarter above our estimates.

In Q1/2020, revenue was divided into:

- (1) Fintech Platform: \$2.76 million, 70% of annual revenue.
- (2) Financial Services: \$1.19 million, 30% of annual revenue.

ASDS and ASSC operate primarily as part of Peak's Fintech Platform, which includes credit analysis services, and various financial and logistical services specifically catered to supply-chain participants. ASCS and ASFC operate as part of Peak's Financial Services group and offer loans and loan management services.

ASDS and ASCS accounted for \$8.3 million (70.6%) of revenue in 2019; these subsidiaries did not exist or generate revenue in 2018.

In Q1/2020, as the new divisions ramped up services, Operating Expenses increased substantially to \$3.8 million, up from \$0.97 million in Q1/2019. The increase was primarily due to Outsourcing Services expense that booked in at \$2.1 million in Q1/2020 which did not exist for the company in Q1/2019.

As mentioned in our last research report, Outsourcing Services was introduced as part of the new ASSC business subsidiary that was started in 2019. The Outsourcing Services include logistical services related to material purchased by ASSC clients on credit, and where credit was extended because of ASSC's credit analysis services utilizing Peak's Lending Hub platform. For more information about Peak's Lending Hub platform, please see [eResearch's Initiation Report](#) on Peak.

During the month ended March 31, 2020, Peak incurred a net loss of \$0.81 million compared to a net loss of \$0.57 million in the same quarter a year ago, and better than our estimate of a loss of \$2.5 million due to lower Outsourcing Expense and Travel & Entertainment costs.

Cash Flow from Operations in Q1/2020 was positive at \$0.03 million compared to negative \$1.7 million in the same period in 2019. Adjusted EBITDA was positive \$0.17 million, better than our estimate of negative \$3.5 million.

Figure 1: Financial Summary

Model Data	Q119A	2019A	Q120A	Q120E	Change	Q220E	Q320E	Q420E	2020E
Revenue (\$M)	\$0.9	\$11.7	\$3.9	\$2.6	49%	\$7.5	\$11.0	\$12.8	\$35.3
Adj. EBITDA (\$M)	(\$0.2)	\$1.5	\$0.2	(\$3.5)	-105%	(\$0.0)	\$2.4	\$3.6	\$5.6
EPS (Basic)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	+\$0.00	(\$0.00)	\$0.00	\$0.00	\$0.00
CFPS	(\$0.00)	(\$0.00)	\$0.00	\$0.02	-2%	\$0.01	(\$0.00)	\$0.00	\$0.01

Source: Company Report and eResearch Corp.

As mentioned previously, in Q1/2020, almost all of Peak's revenue came from the ASDS, ASSC, ASCS, and ASFC subsidiaries.

Peak acquired the Jinxiaoer loan brokerage platform in Q4/2019 and believes the Jinxiaoer platform is a catalyst for the expansion of Peak's services throughout China. After the acquisition of Jinxiaoer, Peak committed R&D funding to the integration of the Peak's Lending Hub platform with the Jinxiaoer platform. On May 11, 2020, Peak announced that its ASDS subsidiary completed the integration of the Jinxiaoer Platform into Cubeler Lending Hub. With that announcement, we expect the Jinxiaoer subsidiary to start contributing revenue in the second half of Q2/2020 with the full impact to be felt in Q3/2020 and subsequent quarters.

Events in the Quarter

In the first part of the quarter, Peak experienced a decline in revenue based on the negative impact of the Covid-19 health crisis that affected the overall economy in China. Peak's ASSC subsidiary resumed operations on February 24, 2020 and the Peak remaining Chinese subsidiaries returned to normal business operations by the end of Q1/2020.

On March 3, Peak announced that the Company's Cubeler Lending Hub platform would be used to help distribute government relief funds from the Jiangyin Municipal Government and the Jiangyin Federation of Industry and Commerce to the city's small and medium-sized businesses that were affected by the coronavirus.

On February 5, 2020, Peak closed a non-brokered private placement to help fund the acquisition of the Jinxiaoer platform. Peak sold 14.4 million units at a price of C\$0.04 per unit for proceeds of C\$0.58 million. Each unit consisted of one common share and one-half of one common share purchase warrant, with an exercise price of C\$0.10, for a period of twenty-four months.

On February 18, 2020, Peak released its three-year Revenue and EBITDA forecast:

	2020	2021	2022
Revenue	\$40 million	\$55 million	\$80 million
EBITDA	\$4 million	\$22 million	\$55 million

See Figure 4 for eResearch's revenue model Peak in 2020 and 2021.

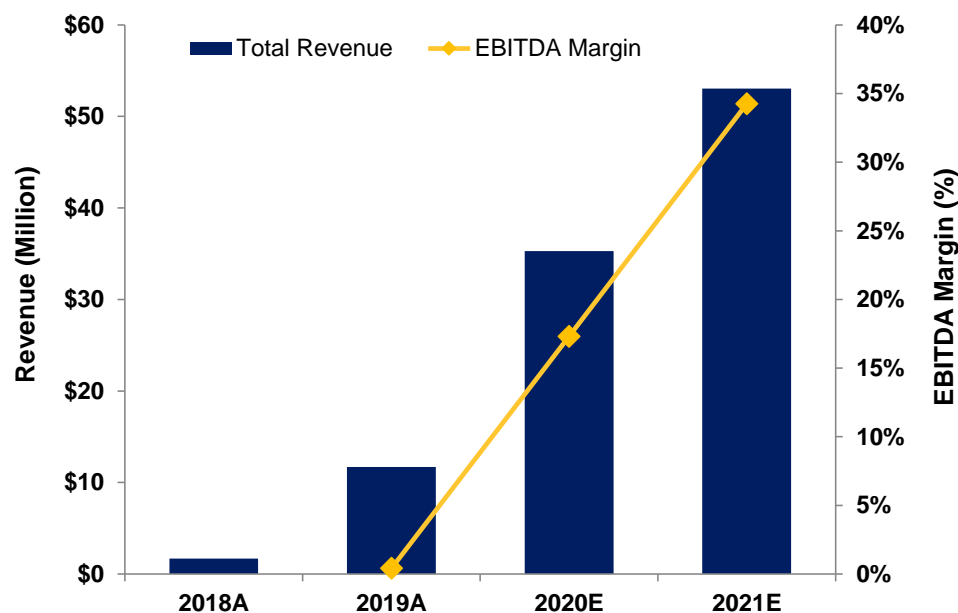
On February 24, Peak announced that its ASDS entered the Shanghai credit market through a relationship with the Midai Group. ASDS will use the Cubeler Lending Hub platform to analyze data on prospective Midai clients to help qualify them for credit. The Midai Group provides financing and leasing services to the automotive industry.

Subsequent Events to the Quarter End

Subsequent events after March 31, 2020, included:

- On May 11, 2020, Peak announced that its ASDS subsidiary completed the integration of the Jinxiaoer Platform with the Cubeler Lending Hub.
- On June 10, 2020, Peak announced the closing of a C\$0.4 million corporate bond offering to help Peak expand its services throughout China and for potential acquisition opportunities. The corporate bonds accrue interest at the simple rate of 10% per year for a period of 36 months and were issued with \$0.05 warrants that expire in 36 months.
- On June 14, 2020, Peak announced that it has begun the process to have its shares listed for trading on the OTCQB stock exchange in the U.S. Currently listed on the OTC Market's Pink exchange which has some limits and restrictions, Peak believes by upgrading the listing to the OTCQB, the Company will gain access to a new pool of prospective U.S. Investors.

Figure 2: Revenue and EBITDA Margins



Source: Company Reports and eResearch Corp.

Revenue Model

We modelled Peak's revenue for 2020-2022 as a sum of the revenue from the five operating subsidiaries with the following assumptions. See Figure 2. From this model, we estimated that revenue and EBITDA would be:

- 2020: Revenue \$35.3 million; EBITDA \$5.6 million;
- 2021: Revenue \$53.1 million; EBITDA \$18.1 million;
- 2022: Revenue \$58.4 million; EBITDA \$22.9 million.

Currently our Revenue estimates are 88%, 96% and 73%, of Peak's announced revenue forecasts for 2020, 2021 and 2022, respectively.

Due to the better than expected Revenue results in Q1/2020, we slightly reduced our revenue estimates for the next three quarters to maintain our previous revenue estimate for 2020 of \$35.5 million.

VALUATION

Currently, based on our analysis of the Small Cap FinTech industry in Canada (see APPENDIX C: FINTECH COMPARABLES), Enterprise Value (EV)/Revenue was 4.0x in 2018 with EV/EBITDA of almost 10x. Multiples for 2019 were not applicable as there were insufficient companies with revenue or EBITDA estimates to make the average relevant.

Our DCF model with a 10% WACC and a six-year terminal multiple of 9.0x EBITDA yields a one-year target share value of \$0.30. Using a revenue multiple of 4x and a one-year ahead Revenue of \$45 million, the one-year target share price is \$0.18. Using an EBITDA multiple of 10x and a one-year ahead EBITDA of \$11 million, the one-year target share price is \$0.11.

The equal-weighted price per share is \$0.20 and we are keeping the one-year price target at \$0.20.

Figure 3: Target Price (1 year) Calculation for Peak

	Estimates (M)		Net Debt (M) (Dec 2020)	Shares O/S (M)	Price /Share
Method 1: DCF	WACC 10%	Terminal Multiple 9x EBITDA		1108.6	\$0.30
Method 2: Revenue Multiple	4x	1-Year Forward \$45	-\$19.6	1108.6	\$0.18
Method 3: EBITDA Multiple	10x	1-Year Forward \$11	-\$19.6	1108.6	\$0.11
Equal-Weighted Price Per Share (1-year):					\$0.20
Target Price (1-year):					\$0.20

Source: eResearch Corp.

Figure 4: Peak Revenue Model

	2020	2021
AST		
Ownership	100%	100%
Transactional Volume	\$50,000,000	\$55,000,000
Average Transaction Fee	3.50%	3.50%
Gross Revenue	\$1,750,000	\$1,925,000
Revenue to Peak	\$1,750,000	\$1,925,000
ASDS		
Ownership	100%	100%
Loan Pool	\$100,000,000	\$400,000,000
Average Transaction Fee	2.50%	2.50%
Loan Revenue	\$2,500,000	\$10,000,000
Data Revenue	\$250,000	\$1,000,000
Gross Revenue	\$2,750,000	\$11,000,000
Revenue to Peak	\$2,750,000	\$11,000,000
ASFC		
Ownership	51%	51%
Loan Pool	\$30,000,000	\$45,000,000
Average Interest Rate	14.50%	14.50%
Gross Revenue	\$4,350,000	\$6,525,000
Revenue to Peak	\$2,218,500	\$3,327,750
ASCS		
Ownership	100%	100%
Average Transaction Fee	6.50%	6.50%
Loan Pool	\$1,000,000,000	\$1,000,000,000
Utilization	3%	4%
Gross Revenue	\$1,950,000	\$2,600,000
Revenue to Peak	\$1,950,000	\$2,600,000
ASSC		
Ownership	51%	51%
Transactional Volume	\$650,000,000	\$700,000,000
Average Transaction Fee	3.00%	3.00%
Gross Revenue	\$19,500,000	\$21,000,000
Revenue to Peak	\$9,945,000	\$10,710,000
Jinxiaer		
Ownership	70%	70%
Transactional Volume	\$1,000,000,000	\$2,000,000,000
Average Transaction Fee	0.50%	0.50%
Gross Revenue	\$5,000,000	\$10,000,000
Revenue to Peak	\$3,500,000	\$7,000,000
GROSS REVENUE	\$35,300,000	\$53,050,000
NET REVENUE TO PEAK	\$22,113,500	\$36,562,750

Source: eResearch Corp.

APPENDIX A: PEAK'S CORPORATE STRUCTURE

Over the past three years, Peak has created six operating subsidiaries in China focusing on FinTech solutions, primarily in the commercial credit industry.

7. 2016: Asia Synergy Information Technology (“AST”)
8. 2017: Asia Synergy Data Solutions (“ASDS”)
9. 2018: Asia Synergy Financial Capital (“ASFC”) – Joint Venture with Jiu Dong Limited (49% ownership)
10. 2018: Asia Synergy Credit Solutions (“ASCS”) – Acquisition of Wenyi Financial Services Co. Ltd.
11. 2019: Asia Synergy Supply Chain Technology (“ASSC”) – Joint Venture with ZFOS (49% ownership)
12. 2019: Jinxiaoer Technology Ltd. (“Jinxiaoer”) – Acquisition of Jinxiaoer loan brokerage platform

Figure 5: Peak's Operating Subsidiaries

Subsidiary	Platform	Service Offering	Revenue Model	Ownership
1. AST	Gold River	Supply-chain-related products broker	Markup fee representing small percentage of value of products sold on Gold River platform.	100%
	Cubeler	Refer purchase order financing requests to Cubeler platform.	Up to 0.5% of the value of financing transactions referred to Cubeler platform.	
2. ASDS	Cubeler/ Jinxiaoer	Provides lending risk analysis and matches borrowers and lenders by using analytics and artificial intelligence.	Service fees charged for credit analysis reports and transaction fees of up to 2.5% to facilitate credit transactions between lenders and borrowers.	100%
3. ASFC	Cubeler/ Jinxiaoer	Loans to SMEs, usually guaranteed by vehicles.	15%-17% annual interest earned on loans extended.	51%
4. ASCS	Cubeler/ Jinxiaoer	Turn-key credit outsourcing services to banks and other lending institutions.	Monthly service fees on the loans serviced; range of 6%-8% annually.	100%
5. ASSC	Cubeler	Provides supply-chain-related services and financing services to the businesses, lenders, and suppliers of China's supply-chain industry.	Percentage of the transaction value from the lenders and from credit report fees.	51%
6. Jinxiaoer	Jinxiaoer	Loan brokerage platform allows sales reps and brokers to submit leads, get them matched and earn commissions, and provides qualified leads to lenders.	Membership and service fees charged to loan sales reps, Service Center fees charged to loan brokers, and service fees charged to lenders.	70%

Source: Company Reports; eResearch Corp.

APPENDIX B: PEAK'S FINANCIAL STATEMENTS

Figure 6: PKK Income Statement

Peak Positioning Income Statement (As Dec 31, C\$)	2019A	Q120A	Q220E	Q320E	Q420E	2020E	2021E	2022E
Revenue								
Financial Services Revenue	11,708,653	3,949,395	7,508,535	11,038,535	12,803,535	35,300,000	53,050,000	58,355,000
Sale of Raw Material Products	-	-	-	-	-	-	-	-
Total Revenue	11,708,653	3,949,395	7,508,535	11,038,535	12,803,535	35,300,000	53,050,000	58,355,000
Expenses								
General and Administrative	4,847,709	1,846,368	2,027,304	2,980,404	3,456,954	10,311,031	11,671,000	11,671,000
Consulting & Professional Fees	659,336	382,118	300,341	441,541	512,141	1,636,142	2,122,000	2,334,200
Management Fees to Officers & Directors	138,585	21,545	34,200	32,700	33,500	121,945	146,700	171,600
Travel and Entertainment	393,715	46,832	92,200	90,400	95,800	325,232	401,300	471,700
Outsourcing Services	5,319,307	2,104,150	5,000,000	5,000,000	5,000,000	17,104,150	20,000,000	20,000,000
Depreciation of Property & Equipment	455,159	128,123	136,800	138,300	141,600	544,823	597,700	648,600
Amortization	1,274,191	82,153	304,500	328,600	351,900	1,067,153	1,293,600	1,423,100
Total Operating Expenses	13,088,002	4,611,289	7,895,346	9,011,946	9,591,896	31,110,477	36,232,300	36,720,200
Operating Income	(1,379,349)	(661,894)	(386,811)	2,026,589	3,211,639	4,189,523	16,817,700	21,634,800
Total Other Income	72,824	10,336	(292,301)	(263,496)	(237,551)	(783,011)	(738,573)	(489,065)
EBT	(1,306,525)	(651,558)	(679,112)	1,763,093	2,974,089	3,406,512	16,079,127	21,145,735
Income Taxes	(523,837)	(154,137)	271,645	(705,237)	(1,189,635)	(1,777,365)	(6,431,651)	(8,458,294)
Net Income (Loss)	(1,830,362)	(805,695)	(407,467)	1,057,856	1,784,453	1,629,147	9,647,476	12,687,441
EPS								
Basic EPS	(0.003)	(0.00)	(0.00)	0.00	0.00	0.00	0.01	0.02
Diluted EPS	(0.003)	(0.00)	(0.00)	0.00	0.00	0.00	0.01	0.02
EBITDA	48,980	172,045	(11,907)	2,371,922	3,578,581	5,556,182	18,171,437	22,937,823
Shares Outstanding								
Shares Outstanding, Basic	720,592,135	737,830,598	737,830,598	737,830,598	737,830,598	737,830,598	737,830,598	737,830,598
Shares Outstanding, Diluted	720,592,135	737,830,598	737,830,598	747,830,598	747,830,598	747,830,598	747,830,598	747,830,598

Source: Company Reports and eResearch Corp.

Figure 7: PKK Balance Sheet

Peak Positioning Balance Sheet (As at Dec 31, C\$)	2019A	Q120A	Q220E	Q320E	Q420E	2020E	2021E	2022E
Current Assets								
Cash	1,717,509	5,095,395	12,242,667	9,179,884	8,937,334	8,937,334	22,269,320	34,594,120
Debtors, Loans & Other Receivables	15,125,068	15,795,722	11,512,059	16,924,243	19,630,334	19,630,334	11,183,710	12,302,081
Prepaid Expenses & Other Assets	1,184,039	2,364,047	2,315,670	2,620,038	2,788,475	2,788,475	2,635,281	2,666,061
Total Current Assets	18,026,616	23,255,164	26,070,396	28,724,165	31,356,143	31,356,143	36,088,311	49,562,262
Non-Current Assets								
Property and Equipment	734,443	712,669	709,403	610,366	516,636	516,636	294,437	168,416
Intangible Assets	2,399,410	2,627,081	2,600,810	2,574,802	2,549,054	2,549,054	2,448,611	2,352,126
Loans Receivable	8,196,549	6,241,789	6,241,789	6,241,789	6,241,789	6,241,789	6,241,789	6,241,789
Total Assets	29,357,018	32,836,703	35,622,398	38,151,122	40,663,622	40,663,622	45,073,148	58,324,592
Current Liabilities								
Trade & Other Payables	5,549,832	7,024,853	10,415,646	11,989,614	12,760,400	12,760,400	7,421,149	7,507,829
Debentures	3,221,281	3,148,595	2,821,817	2,527,475	2,262,349	2,262,349	1,440,163	898,958
Contingent Compensation Payable	254,586	254,586	254,586	254,586	254,586	254,586	254,586	254,586
Total Current Liabilities	9,050,122	10,452,457	13,516,472	14,796,098	15,301,758	15,301,758	9,140,321	8,685,795
Non-Current Liabilities								
Notes Payable + Other L-T Liabilities	187,212	24,188	21,769	19,592	17,633	17,633	11,569	7,590
Total Liabilities	9,237,334	10,620,018	13,681,615	14,959,064	15,462,766	15,462,766	9,295,264	8,836,760
Shareholders Equity								
Share Capital	24,775,928	25,892,852	25,892,852	25,892,852	25,892,852	25,892,852	25,892,852	25,892,852
Contributed Surplus	9,580,333	9,736,016	9,867,582	10,061,001	10,285,347	10,285,347	11,214,898	12,237,405
Retained Earnings	(23,623,950)	-24,516,726	-24,924,193	-23,866,337	-22,081,884	(22,081,884)	-12,434,408	253,033
Accumulated OCI	(1,054,211)	210,010	210,009	210,009	210,009	210,009	210,009	210,009
Total Shareholders Equity	20,119,684	22,216,685	21,940,783	23,192,058	25,200,857	25,200,857	35,777,885	49,487,832
Total Liabilities & Shareholders Equity	29,357,018	32,836,703	35,622,398	38,151,122	40,663,622	40,663,622	45,073,148	58,324,592

Source: Company Reports and eResearch Corp.

Figure 8: PKK Cash Flow Statement

Peak Positioning Cash Flow Statement (As at Dec, C\$)	2019A	Q120A	Q220E	Q320E	Q420E	2020E	2021E	2022E
Cash Provided By Operating Activities								
Net Income (Loss)	(1,830,362)	(805,695)	(407,467)	1,057,856	1,784,453	1,629,147	9,647,476	12,687,441
Amortization of Intangibles	595,079	82,154	26,271	26,008	25,748	160,181	100,443	96,485
Depreciation of Property & Equipment	455,159	128,123	217,067	125,906	116,848	587,944	323,742	184,032
Stock Based Compensation Expense	378,091	69,202	131,566	193,419	224,346	618,533	929,552	1,022,507
Impairment	584,189	-	-	-	-	-	-	-
Other	3,819,153	3,100,769	-	-	-	3,100,769	-	-
Changes in Non-Cash Working Capital								
Trade & Other Receivables	(4,496,784)	(1,260,188)	4,283,663	(5,412,183)	(2,706,092)	(5,094,800)	8,446,625	(1,118,371)
Prepaid Expenses & Other Assets	(447,027)	(1,080,436)	48,377	(304,368)	(168,437)	(1,504,864)	153,194	(30,780)
Trade & Other Payables	1,567,441	93,183	3,390,793	1,573,968	770,786	5,828,730	(5,339,252)	86,680
Total Cash Provided By Operating Activities	(272,840)	29,911	7,690,270	(2,739,394)	47,653	5,028,440	14,261,780	12,927,993
Investing Activities								
Purchase of Property & Equipment	(192,738)	(26,993)	(213,801)	(26,869)	(23,118)	(290,781)	(101,543)	(58,010)
Purchase of Intangibles	(697,070)	(346,503)	-	-	-	(346,503)	-	-
Business Acquisition	-	-	-	-	-	-	-	-
Redemption of Short-Term Investments & Restricted Cash	-	-	-	-	-	-	-	-
Total Cash From Investing Activities	(1,679,947)	(162,666)	(213,801)	(26,869)	(23,118)	(426,454)	(101,543)	(58,010)
Financing Activities								
Proceeds from Loan	390,000	160,000	-	-	-	160,000	-	-
Repayment of Loan	(504,539)	(172,473)	(329,197)	(296,519)	(267,085)	(1,065,274)	(828,250)	(545,183)
Operating Line (Repayment)	-	-	-	-	-	-	-	-
Repayment of Loan	(504,539)	(172,473)	(329,197)	(296,519)	(267,085)	(1,065,274)	(828,250)	(545,183)
Issue of Equity	890,000	545,000	-	-	-	545,000	-	-
Total Cash From Financing Activities	2,874,142	2,333,501	(329,197)	(296,519)	(267,085)	1,440,700	(828,250)	(545,183)
Effect of Exchange Rates on Cash	(1,220,256)	1,177,140	-	-	-	1,177,140	-	-
Net Increase in Cash	(298,901)	3,377,886	7,147,272	(3,062,783)	(242,550)	7,219,825	13,331,986	12,324,799

Source: Company Reports and eResearch Corp.

APPENDIX C: FINTECH COMPARABLES

Figure 9: Canadian FinTech Comparables

Name	Ticker	Close Jul 10	Mkt Cap C\$ (M)	Cash (M)	EV (M)	Revenue			EBITDA			EV/Revenue			EV/EBITDA		
						2018A	2019E	LTM	2018A	2019E	LTM	2018A	2019E	LTM	2018A	2019E	LTM
Large Cap																	
Shopify Inc.	NYSE:SHOP	\$1,031.86	\$167,470.9	\$2,360.6	\$120,950.3	\$1,073.2	\$1,555.0	\$1,727.7	-\$68.7	\$66.6	-\$133.2	112.7x	77.8x	70.0x	n/a	1816.7x	n/a
Thomson Reuters	TSX:TRI	\$91.90	\$45,560.7	\$1,264.0	\$48,414.7	\$5,501.0	\$5,916.7	\$5,939.0	\$1,078.0	\$1,500.5	\$1,203.0	8.8x	8.2x	8.2x	44.9x	32.3x	40.2x
TMX Group	TSX:X	\$133.51	\$7,519.3	\$267.0	\$8,355.1	\$820.7	\$800.6	\$1,218.3	\$647.8	\$459.5	\$862.1	10.2x	10.4x	6.9x	12.9x	18.2x	9.7x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												8.8x	8.2x	7.5x	28.9x	25.2x	25.0x
Median												10.2x	10.4x	8.2x	28.9x	32.3x	25.0x
Mid Cap																	
goeasy Ltd.	TSX:GSY	\$52.87	\$738.1	\$90.9	\$1,643.8	\$250.2	\$608.9	\$406.4	NA	\$195.1	NA	6.6x	2.7x	4.0x	n/a	8.4x	n/a
Kinaxis Inc.	TSX:KXS	\$208.96	\$5,543.3	\$233.6	\$5,317.9	\$150.7	\$190.0	\$198.6	\$27.2	\$54.5	\$38.4	35.3x	28.0x	26.8x	195.7x	97.6x	138.7x
Lightspeed POS	TSX:LSPD	\$35.59	\$3,303.7	\$211.0	\$3,139.3	\$71.9	\$105.4	\$120.6	-\$17.8	-\$19.6	-\$41.4	43.7x	29.8x	26.0x	n/a	n/a	n/a
Real Matters	TSX:REAL	\$29.71	\$2,508.5	\$89.1	\$2,431.5	\$268.1	\$359.2	\$412.2	\$3.0	\$39.0	\$51.5	9.1x	6.8x	5.9x	800.9x	62.4x	47.2x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												7.8x	4.7x	5.0x	n/a	8.4x	47.2x
Median												22.2x	17.4x	16.0x	498.3x	62.4x	93.0x
Small Cap																	
AnalytixInsight	TSXV:ALY	\$0.54	\$42.2	\$0.8	\$41.6	\$4.8	\$0.0	\$3.4	-\$2.1	\$0.0	-\$2.3	8.6x	n/a	12.3x	n/a	n/a	n/a
Perk Labs	CNSX:PERK	\$0.08	\$10.6	\$3.0	\$7.6	\$2.0	\$0.0	\$0.0	-\$12.3	\$0.0	-\$6.0	3.7x	n/a	244.0x	n/a	n/a	n/a
Goldmoney	TSX:XAU	\$2.28	\$178.7	\$48.3	\$136.4	\$318.2	\$322.8	\$463.3	-\$15.2	-\$3.1	-\$0.1	0.4x	0.4x	0.3x	n/a	n/a	n/a
IOU Financial	TSXV:IOU	\$0.07	\$6.1	\$5.3	\$52.4	\$5.7	\$0.0	\$9.5	NA	\$0.0	NA	9.2x	n/a	5.5x	n/a	n/a	n/a
Katapult Tech	TSXV:FUND	\$0.25	\$16.8	\$1.5	\$18.0	\$1.2	\$0.0	\$1.5	-\$1.9	\$0.0	-\$1.4	14.7x	n/a	11.9x	n/a	n/a	n/a
Marble	CNSX:MRBL	\$0.18	\$9.8	\$0.3	\$15.7	\$0.2	\$0.8	\$0.2	NA	\$0.0	NA	82.5x	19.6x	67.9x	n/a	n/a	n/a
Mobi724	TSXV:MOS	\$0.03	\$6.6	\$0.5	\$7.7	\$0.6	\$0.0	\$1.5	-\$5.6	\$0.0	-\$3.2	12.3x	n/a	5.0x	n/a	n/a	n/a
Mogo Inc.	TSX:MOGO	\$1.27	\$36.6	\$6.5	\$138.1	\$8.1	\$66.2	\$19.6	NA	\$6.3	NA	17.0x	2.1x	7.0x	n/a	21.9x	n/a
NarrSys Inc.	TSXV:CTZ	\$0.91	\$24.8	\$5.5	\$19.4	\$3.4	\$0.0	\$4.5	\$1.5	\$0.0	\$1.6	5.7x	n/a	4.3x	12.6x	n/a	12.0x
NetCent	CNSX:NC	\$1.25	\$97.4	\$0.2	\$99.2	\$0.1	\$0.0	\$0.2	-\$8.5	\$0.0	-\$6.2	###	n/a	591.7x	n/a	n/a	n/a
Peak Positioning	CNSX:PKK	\$0.03	\$22.7	\$5.1	\$34.0	\$1.7	\$11.7	\$14.7	-\$2.2	\$1.5	\$0.6	20.2x	2.9x	2.3x	n/a	22.7x	55.7x
Points Int'l.	TSX:PTS	\$14.26	\$181.6	\$104.5	\$120.1	\$351.7	\$399.0	\$387.9	\$13.3	\$21.2	\$19.3	0.3x	0.3x	0.3x	9.0x	5.7x	6.2x
Prodigy Ventures	TSXV:PGV	\$0.12	\$13.4	\$1.2	\$12.5	\$16.9	\$0.0	\$19.9	\$0.3	\$0.0	\$0.3	0.7x	n/a	0.6x	41.8x	n/a	38.9x
Solution Financial	TSXV:SFI	\$0.44	\$34.4	\$0.2	\$46.4	\$6.7	\$0.0	\$10.7	-\$0.2	\$0.0	\$1.1	6.9x	n/a	4.3x	n/a	n/a	43.0x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												4.5x	1.4x	3.3x	21.2x	16.7x	25.0x
Median												8.9x	2.1x	5.3x	12.6x	21.9x	38.9x

Source: S&P Capital IQ; eResearch Corp.

Figure 10: U.S.-Listed Chinese Companies that Focus on FinTech and Lending Solutions in China

Name	Ticker	Close Jul 10	Mkt Cap US\$ (M)	Cash (US\$M)	EV (US\$M)	Revenue US\$ (M)			EBITDA US\$ (M)			EV/Revenue			EV/EBITDA		
						2018A	2019E	LTM	2018A	2019E	LTM	2018A	2019E	LTM	2018A	2019E	LTM
U.S. Listed Chinese Companies																	
China Rapid Finance	NYSE:XRF	\$3.01	\$40.8	\$15.4	\$25.9	\$70.6	\$0.0	\$46.7	-\$60.6	\$0.0	-\$18.9	0.4x	n/a	0.6x	n/a	n/a	n/a
FinVolution	NYSE:FINV	\$2.16	\$658.2	\$341.2	\$369.9	\$3,842.0	\$5,629.8	\$6,809.1	\$1,948.8	\$2,376.3	\$3,401.4	0.1x	0.1x	0.1x	0.2x	0.2x	0.1x
Hexindai Inc.	NasdaqGM:HX	\$0.99	\$48.3	\$14.9	\$53.4	-\$1.0	\$0.0	\$15.5	\$27.0	\$0.0	-\$29.7	n/a	n/a	\$3.4	2.0x	n/a	n/a
Jianpu Tech	NYSE:JT	\$0.66	\$112.3	\$99.8	\$38.2	\$2,011.8	\$2,232.6	\$1,630.3	-\$154.2	\$65.2	-\$181.0	0.0x	0.0x	0.0x	n/a	0.6x	n/a
LexinFintech	NasdaqGM:LX	\$12.22	\$2,196.0	\$182.7	\$3,312.9	\$2,600.6	\$10,625.4	\$11,329.0	\$1,852.3	\$2,955.4	\$2,016.5	1.3x	0.3x	\$0.3	1.8x	1.1x	1.6x
Qudian Inc.	NYSE:QD	\$2.38	\$603.9	\$421.4	\$448.7	\$4,129.1	\$8,640.6	\$7,654.4	\$2,818.0	\$4,015.1	\$3,479.3	0.1x	0.1x	0.1x	0.2x	0.1x	0.1x
Senmiao Tech	NasdaqCM:AIHS	\$1.41	\$40.7	\$1.2	\$40.4	\$0.3	\$0.0	\$16.4	-\$1.3	\$0.0	-\$2.4	145.3x	n/a	\$2.5	n/a	n/a	n/a
X Financial	NYSE:XYF	\$0.97	\$155.5	\$86.4	\$121.5	\$3,317.1	\$3,302.2	\$2,840.6	\$1,500.8	\$0.0	\$449.6	0.0x	0.0x	0.0x	0.1x	n/a	0.3x
Yiren Digital	NYSE:YRD	\$4.17	\$387.0	\$451.1	-\$27.5	\$11,244.1	\$1,183.0	\$7,660.0	\$1,343.7	\$155.7	\$990.6	0.0x	0.0x	\$0.0	n/a	n/a	n/a
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												0.3x	0.1x	0.8x	0.8x	0.5x	0.5x
Median												0.1x	0.0x	0.1x	0.2x	0.4x	0.2x

Source: S&P Capital IQ; eResearch Corp.

APPENDIX D: DCF ANALYSIS

Figure 11: PKK DCF Analysis

Peak Positioning DCF Analysis (C\$)	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Revenue (\$M)	1.7	11.7	35.3	53.1	58.4	64.2	70.6	77.7
Revenue Growth	-77.5%	596.3%	201.5%	50.3%	10.0%	10.0%	10.0%	10.0%
EBITDA (\$M)	-2.5	0.0	5.6	18.2	22.9	28.4	34.6	40.7
EBITDA Growth	-9.0%	102.0%	11243.8%	227.0%	26.2%	23.8%	21.7%	17.9%
EBITDA Margin	-148.8%	0.4%	15.7%	34.3%	39.3%	44.2%	49.0%	52.4%
Depreciation and Amort. (\$M)	0.6	1.1	0.7	0.4	0.3	0.2	0.1	0.1
EBIT (\$M)	-3.1	-1.0	4.8	17.7	22.7	28.2	34.4	40.6
NOPAT (\$M)	-3.8	-2.3	2.8	12.0	15.5	19.3	23.7	28.0
Plus Amortization (\$M)	0.6	1.1	0.7	0.4	0.3	0.2	0.1	0.1
Less Capital Expenditures (\$M)	(0.2)	(0.9)	(0.6)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
Capital Intensity	11.3%	7.6%	1.8%	0.2%	0.1%	0.1%	0.0%	0.0%
Net Working Capital Changes (\$M)	-9.2	-3.3	-1.1	3.3	-1.1	-1.2	-1.3	-1.3
EPS (Continuing)	-0.01	0.00	0.00	0.01	0.02	0.02	0.03	0.03
Unlevered Free Cash Flow (\$M)	-12.6	-5.5	1.8	15.6	14.6	18.3	22.5	26.8
PV of Unlevered FCFs (\$)	-14.6	-5.8	1.7	13.5	11.5	13.2	14.7	15.9

Valuation Assumptions:

Discount Rate	10%
Terminal Multiple	9.0x

Valuation Analysis:

	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	70.6	75.7	66.9
Terminal Value (\$M)	366.6	366.6	366.6
PV of Terminal Value (\$M)	217.5	239.2	263.2
Net (debt) cash position	15.6	17.7	28.0
Total Value (\$M)	303.6	332.6	358.0
DCF Value/Share	0.27	0.30	0.32
FD Shares O/S (M)	1,108.6	1,108.6	1,108.6

Source: Company Reports and eResearch Corp.

APPENDIX E: ERESEARCH DISCLOSURE

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