

Peak Positioning Technologies Inc.

(CSE: PKK; OTCQB: PKKFF)

Quarterly Revenue Doubles Q/Q Highlighting Fintech Revenue Potential

REVISIONS

Rating/Target	Rev.	Prior
Rating	Buy	Buy
Target Price (C\$)	\$1.80	\$2.00
Revenue 2020E (M)	\$35.3	\$35.3
Adj. EBITDA 2020E (M)	\$2.9	\$3.3
Adj. EPS 2020 (M)	\$0.00	\$0.00

MARKET DATA

Date:	Sep 11, 2020
Current Price (C\$):	\$0.43
Target Price (C\$):	\$1.80
52-Week Range:	\$0.17 / \$0.6
Shares O/S (M):	95.1
Mkt Cap (C\$M);	\$40.4
EV (C\$M):	\$52.2
Avg. Weekly Vol. (M):	0.29

Website: www.peakpositioning.com

FINANCIALS

	2019A	2020E
Revenue (\$M)	\$11.7	\$35.3
Adj. EBITDA (\$M)	\$0.0	\$2.9
EPS (\$)	\$0.00	\$0.00
Cash (\$M)	\$1.7	\$4.8
Current Assets (\$M)	\$18.0	\$26.7
Net Cash (\$M)	-\$16.1	-\$17.7
Total Assets (\$M)	\$29.4	\$33.6
Debt (\$M)	\$3.4	\$3.7
Total Liabilities (\$M)	\$9.2	\$12.2
Fiscal Year End:	31-Dec	

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

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Director of Equity Research

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.

INVESTMENT HIGHLIGHTS:

- **Peak’s revenue in Q2/2020 was \$7.3 million compared to \$3.9 million in Q1/2020.** Revenue for Q2 almost doubled from Q1 and was slightly lower than our estimate of \$7.5 million. Peak’s revenue in the quarter continued to benefit from its lending platforms being used to help distribute government relief funds to SMEs that were affected by the coronavirus.
- **In Q2/2020, 85% of revenue was generated by Peak’s Fintech Platform.** The Company’s FinTech platform’s revenue was \$6.2 million compared with \$1.1 million from Financial Services. This quarter saw revenue from the Jinxiaoer subsidiary, which we expect to positively impact revenue in H2/2020 and beyond.
- **Peak listed shares for trading on the OTCQB stock exchange in the U.S. in July.** 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. Peak also consolidated shares 1-for-10 and the new share count is reflected in our model and in this report.
- **Model Impacts:** Due to the lower revenue in Q2/2020, we have slightly increased our Q3 and Q4 revenue estimates to maintain our original 2020 revenue estimate of \$35.3 million. We have increased the Outsourcing Services expense thereby reducing EBITDA in 2020 through 2022.

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 \$2.9 million;**
 - **2021: Revenue \$53.1 million; EBITDA \$10.8 million;**
 - **2022: Revenue \$58.4 million; EBITDA \$15.6 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 \$1.80.**
- **We are maintaining a Buy rating but reducing our one-year price target to \$1.80 from \$2.00.**

All figures in CAD unless otherwise stated.

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 SMEs.

In this COVID-19 environment, Peak is providing technology and services to help restart 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 loan-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 5, eResearch has modelled Peak's revenue for 2020 and 2021 to show the Company's revenue potential. According to Peak's financial information, revenue from Q2/2020 was divided as such:

- ASDS, ASSC and Jinxiaoer: 85%;
- ASCS and ASFC: 15%;
- AST: negligible.

At this time, eResearch is not adjusting its revenue model for 2020 or 2021 (Figure 5).



REVIEW OF PEAK'S Q2/2020 FINANCIALS

For the 3 months ended June 30, 2020, Peak reported revenue of \$7.3 million compared to revenue of \$3.9 million in Q1/2020 and \$1.9 million in Q2/2019. Revenue for the quarter was slightly lower than our estimate of \$7.5 million but well in line with our expectations.

Due to the Covid-19 pandemic in China, when we published our first quarter report on May 31, 2020, we adjusted our revenue estimates downward for Q1/2020 & Q2/2020 and shifted the revenue in Q3/2020 & Q4/2020. From the Q2/2020 results, as the economic stimulus rolled out across China, it appears Peak's solutions were able to capture the uptick in lending activity.

In Q2/2020, revenue was divided into:

- (1) Fintech Platform: \$6.19 million, 85% of annual revenue.
- (2) Financial Services: \$1.07 million, 15% of annual revenue.

Figure 1: Revenue Segmentation

	Q1/2020 (\$M)	Q2/2020 (\$M)
Fintech Platform		
Supply Chain Services:	2.14	5.43
Fees	0.62	0.76
	2.76	6.19
Financial Services		
Financial service	0.96	0.83
Fees	0.23	0.24
	1.19	1.07
Total	3.95	7.26
Fintech Platform	70%	85%
Financial Services	30%	15%

Source: Company Report and eResearch Corp.

ASDS, ASSC and Jinxiaoer 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, and Jinxiaoer is a recent acquisition. These subsidiaries did not exist or generate revenue in 2018 and, in effect, are still in a start-up mode.

In Q2/2020, as revenue doubled quarter-over-quarter, Operating Expenses increased to \$7.6 million, up from \$4.6 million Q1/2020. The increase was primarily due to Outsourcing Services expense of \$5.4 million in Q2/2020 versus \$2.1 million Q1/2020.

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.

In the second quarter, Peak incurred a net loss of \$0.54 million compared to a net loss of \$0.81 million in the previous quarter, and slightly worse than our estimate of a loss of \$0.41 million due to higher Outsourcing Expense costs than we estimated.

Cash Flow from Operations in Q2/2020 was positive at \$0.13 million compared to only \$0.03 million in the previous quarter. Adjusted EBITDA was positive \$0.17 million, better than our estimate of negative \$0.01 million, and the same as the previous quarter.

Figure 2: Financial Summary

Model Data	Q119A	2019A	Q120A	Q220A	Q220E	Change	Q320E	Q420E	2020E
Revenue (\$M)	\$0.9	\$11.7	\$3.9	\$7.3	\$7.5	-\$0.2	\$11.2	\$12.9	\$35.3
Adj. EBITDA (\$M)	(\$0.2)	\$1.5	\$0.2	\$0.2	(\$0.0)	+\$0.2	\$1.5	\$1.7	\$2.9
EPS (Basic)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	-	\$0.00	\$0.00	(\$0.00)
CFPS	(\$0.00)	(\$0.00)	\$0.00	\$0.00	\$0.01	-\$0.01	\$0.01	(\$0.00)	\$0.01

Source: Company Report and eResearch Corp.

Q2/2020 was the first quarter that the Jinxiaoer loan brokerage platform contributed significant revenue. 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. We expect the Jinxiaoer subsidiary to continue contributing revenue in the second half of 2020.

To expand its service offering to as many cities as possible and add more lenders, brokers and borrowers to its Lending Hub ecosystem, Peak expects to incur "significant expenses" and make "substantial investments" in 2020 and that information is currently reflected in our financial model.

Events in the Quarter

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.

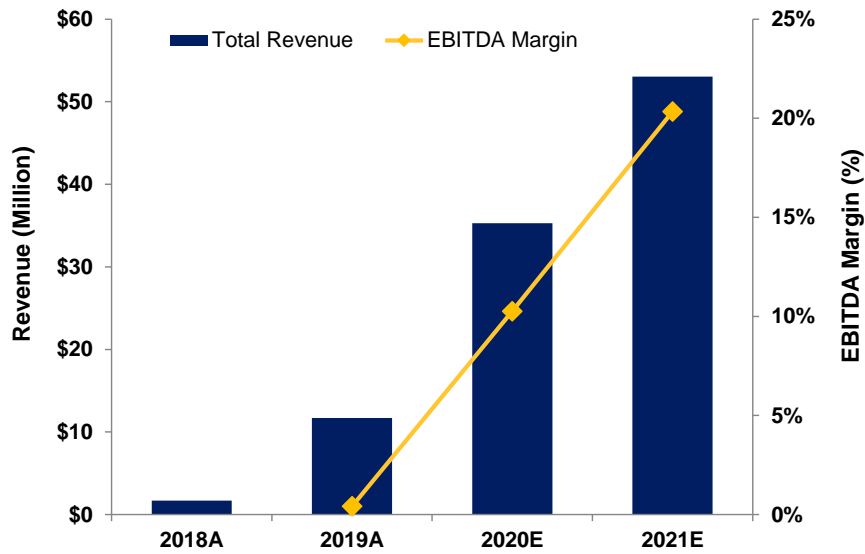
On June 14, 2020, Peak announced that it has begun the process to have its shares listed for trading on the OTCQB stock exchange in the U.S. Currently listed on the OTC Market's Pink exchange which has some limits and restrictions, Peak believes by upgrading the listing to the OTCQB, the Company will gain access to a new pool of prospective U.S. Investors.

Subsequent Events to the Quarter End

Subsequent events after June 30, 2020, included:

- On July 15, 2020, Peak announced that the common shares would begin trading on the OTCQB market in the U.S., under the symbol "PKKFF" and continue to trade under the symbol "PKK" on the Canadian Securities Exchange ("CSE").
- On July 28, 2020, Peak announced a share consolidation on the basis of one (1) post-consolidation share for each ten (10) pre-consolidation share, reducing the number of shares issued and outstanding from 804.9 million to 80.49 million.
- On August 24, 2020, Peak closed the second tranche of a private placement consisting in the sale of 17.8 million units at a price of \$0.20 per unit for gross proceeds of \$3.6 million. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one common share at a price of \$0.25 for a period of 24 months following the closing date of the offering.

Figure 3: Revenue and EBITDA Margins



Source: Company Reports and eResearch Corp.

VALUATION

Due to the slightly worse than expected Revenue results in Q2/2020, we slightly increased our revenue estimates for the next two quarters to maintain our previous revenue estimate for 2020 of \$35.3 million.

Company's Previous Guidance

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 5 for eResearch's revenue model for Peak's revenue in 2020 and 2021.

Revenue Model

We modelled Peak's revenue for 2020-2022 as a sum of the revenue from the six operating subsidiaries (Figure 5). We have increased the Outsourcing Services expense in 2020 and 2021 but kept the revenue estimates the same. In our model, we estimate that revenue and EBITDA will be:

- 2020: Revenue \$35.3 million; EBITDA \$2.9 million;
- 2021: Revenue \$53.1 million; EBITDA \$10.8 million;
- 2022: Revenue \$58.4 million; EBITDA \$15.6 million.

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

We have adjusted our share count to reflect Peak's share consolidation on the basis one (1) post-consolidation share for each ten (10) pre-consolidation share.

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 \$2.45 (Figure 12). Using a revenue multiple of 4x and a one-year ahead Revenue of \$51 million, the one-year target share price is \$1.97. Using an EBITDA multiple of 10x and a one-year ahead EBITDA of \$9 million, the one-year target share price is \$0.95.

The equal-weighted price per share is \$1.79 and we are setting the one-year price target at \$1.80.

Figure 4: Target Price (1 year) Calculation for Peak

	Estimates (M)		Net Debt (M) (Jun 2021)	Shares O/S (M)	Price /Share
Method 1: DCF	WACC 10%	Terminal Multiple 9x EBITDA		112.7	\$2.45
Method 2: Revenue Multiple	4x	1-Year Forward \$51	-\$19.9	112.7	\$1.97
Method 3: EBITDA Multiple	10x	1-Year Forward \$9	-\$19.9	112.7	\$0.95
Equal-Weighted Price Per Share (1-year):					\$1.79
Target Price (1-year):					\$1.80

Source: eResearch Corp.

Figure 5: eResearch's 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
Jinxiaoer		
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.

1. 2016: Asia Synergy Information Technology (“AST”)
2. 2017: Asia Synergy Data Solutions (“ASDS”)
3. 2018: Asia Synergy Financial Capital (“ASFC”) – Joint Venture with Jiu Dong Limited (49% ownership)
4. 2018: Asia Synergy Credit Solutions (“ASCS”) – Acquisition of Wenyi Financial Services Co. Ltd.
5. 2019: Asia Synergy Supply Chain Technology (“ASSC”) – Joint Venture with ZFOS (49% ownership)
6. 2019: Jinxiaoer Technology Ltd. (“Jinxiaoer”) – Acquisition of Jinxiaoer loan brokerage platform

Figure 6: Peak's Operating Subsidiaries

Subsidiary	Platform	Service Offering	Revenue Model	Ownership
1. AST	Gold River	Supply-chain-related products broker	Markup fee representing a 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 7: PKK Income Statement

Peak Positioning Income Statement (As Dec 31, C\$)	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Revenue								
Financial Services Revenue	11,708,653	3,949,395	7,263,504	11,161,051	12,926,051	35,300,000	53,050,000	58,355,000
Sale of Raw Material Products	-	-	-	-	-	-	-	-
Total Revenue	11,708,653	3,949,395	7,263,504	11,161,051	12,926,051	35,300,000	53,050,000	58,355,000
Expenses								
General and Administrative	4,847,709	1,846,368	1,201,911	3,013,484	3,490,034	9,551,796	11,671,000	11,671,000
Consulting & Professional Fees	659,336	382,118	657,418	446,442	517,042	2,003,020	2,122,000	2,334,200
Management Fees to Officers & Directors	138,585	21,545	30,761	31,800	32,300	116,406	140,100	164,000
Travel and Entertainment	393,715	46,832	35,424	74,800	75,900	232,956	289,800	342,900
Outsourcing Services	5,319,307	2,104,150	5,422,993	6,000,000	7,000,000	20,527,143	28,000,000	28,000,000
Depreciation of Property & Equipment	455,159	128,123	148,030	141,300	145,300	562,753	621,000	672,700
Amortization	1,274,191	82,153	82,823	270,400	278,400	713,776	896,400	998,000
Total Operating Expenses	13,088,002	4,611,289	7,579,360	9,978,226	11,538,976	33,707,850	43,740,300	44,182,800
Operating Income	(1,379,349)	(661,894)	(315,856)	1,182,825	1,387,075	1,592,150	9,309,700	14,172,200
Total Other Income	72,824	10,336	716	(322,379)	(291,190)	(602,517)	(909,318)	(606,326)
EBT	(1,306,525)	(651,558)	(315,140)	860,446	1,095,885	989,633	8,400,382	13,565,874
Income Taxes	(523,837)	(154,137)	(223,763)	(344,178)	(438,354)	(1,160,432)	(3,360,153)	(5,426,349)
Net Income (Loss)	(1,830,362)	(805,695)	(538,903)	516,267	657,531	(170,800)	5,040,229	8,139,524
EPS								
Basic EPS	(0.003)	(0.00)	(0.00)	0.01	0.01	(0.00)	0.07	0.11
Diluted EPS	(0.003)	(0.00)	(0.00)	0.01	0.01	(0.00)	0.06	0.09
EBITDA	48,980	172,045	176,113	1,524,548	1,749,864	2,885,283	10,787,853	15,572,070
Shares Outstanding								
Shares Outstanding, Basic	720,592,135	737,830,598	742,913,017	75,864,214	75,864,214	75,864,214	75,864,214	75,864,214
Shares Outstanding, Diluted	720,592,135	737,830,598	742,913,017	86,818,214	86,818,214	75,864,214	86,818,214	86,818,214

Source: Company Reports and eResearch Corp.

Figure 8: PKK Balance Sheet

Peak Positioning Balance Sheet (As at Dec 31, C\$)	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Current Assets								
Cash	1,717,509	5,095,395	4,798,040	11,693,428	11,056,109	11,056,110	19,171,131	26,892,423
Debtors, Loans & Other Receivables	15,125,068	15,795,722	21,275,130	17,112,083	19,818,175	19,818,175	11,183,710	12,302,081
Prepaid Expenses & Other Assets	1,184,039	2,364,047	595,556	2,889,586	3,332,494	3,332,494	3,169,680	3,193,106
Total Current Assets	18,026,616	23,255,164	26,668,726	31,695,096	34,206,778	34,206,779	33,524,521	42,387,610
Non-Current Assets								
Property and Equipment	734,443	712,669	546,227	596,794	672,961	672,961	390,614	219,781
Intangible Assets	2,399,410	2,627,081	2,752,319	2,724,796	2,697,548	2,697,548	2,591,254	2,489,148
Loans Receivable	8,196,549	6,241,789	3,644,284	3,644,284	3,644,284	3,644,284	3,644,284	3,644,284
Total Assets	29,357,018	32,836,703	33,611,556	38,660,970	41,221,570	41,221,571	40,150,673	48,740,823
Current Liabilities								
Trade & Other Payables	5,549,832	7,024,853	8,308,365	12,997,060	14,989,217	14,989,217	8,926,057	8,992,026
Debentures	3,221,281	3,148,595	3,341,211	2,994,307	2,681,140	2,681,140	1,704,858	1,056,567
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	11,928,585	16,270,377	17,949,366	17,949,366	10,909,924	10,327,602
Non-Current Liabilities								
Notes Payable + Other L-T Liabilities	187,212	24,188	95,437	85,893	77,304	77,304	50,719	33,277
Total Liabilities	9,237,334	10,620,018	12,247,283	16,579,532	18,249,932	18,249,932	11,183,905	10,584,141
Shareholders Equity								
Share Capital	24,775,928	25,892,852	26,451,238	26,451,238	26,451,238	26,451,238	26,451,238	26,451,238
Contributed Surplus	9,580,333	9,736,016	9,870,672	10,071,571	10,304,240	10,304,240	11,259,140	12,309,530
Retained Earnings	(23,623,950)	-24,516,726	-25,233,611	-24,717,344	-24,059,813	(24,059,813)	-19,019,584	-10,880,059
Accumulated OCI	(1,054,211)	210,010	(599,760)	(599,761)	(599,761)	(599,760)	(599,760)	(599,760)
Total Shareholders Equity	20,119,684	22,216,685	21,364,273	22,081,438	22,971,638	22,971,639	28,966,768	38,156,682
Total Liabilities & Shareholders Equity	29,357,018	32,836,703	33,611,556	38,660,970	41,221,570	41,221,571	40,150,673	48,740,823

Source: Company Reports and eResearch Corp.

Figure 9: PKK Cash Flow Statement

Peak Positioning								
Cash Flow Statement (As at Dec, C\$)	2019A	Q120A	Q220A	Q320E	Q420E	2020E	2021E	2022E
Cash Provided By Operating Activities								
Net Income (Loss)	(1,830,362)	(805,695)	(538,903)	516,267	657,531	(170,800)	5,040,229	8,139,524
Amortization of Intangibles	595,079	82,154	82,823	27,523	27,248	219,748	106,294	102,106
Depreciation of Property & Equipment	455,159	128,123	148,030	113,301	102,872	492,326	416,959	247,374
Stock Based Compensation Expense	378,091	69,202	78,290	200,899	232,669	581,060	954,900	1,050,390
Impairment	584,189	-	-	-	-	-	-	-
Other	3,819,153	3,100,769	3,112,335	-	-	6,213,104	-	-
Changes in Non-Cash Working Capital								
Trade & Other Receivables	(4,496,784)	(1,260,188)	(5,892,592)	4,163,047	(2,706,092)	(5,695,825)	8,634,465	(1,118,371)
Prepaid Expenses & Other Assets	(447,027)	(1,080,436)	1,768,492	(2,294,030)	(442,908)	(2,048,882)	162,814	(23,426)
Trade & Other Payables	1,567,441	93,183	1,379,903	4,688,695	1,992,157	8,153,938	(6,063,161)	65,969
Total Cash Provided By Operating Activities	(272,840)	29,911	138,378	7,415,703	(136,523)	7,447,469	9,252,500	8,463,566
Investing Activities								
Purchase of Property & Equipment	(192,738)	(26,993)	9,070	(163,868)	(179,038)	(360,829)	(134,612)	(76,541)
Purchase of Intangibles	(697,070)	(346,503)	(207,713)	-	-	(554,216)	-	-
Business Acquisition	-	-	-	-	-	-	-	-
Redemption of Short-Term Investments & Restricted Cash	-	-	-	-	-	-	-	-
Total Cash From Investing Activities	(1,679,947)	(162,666)	(20,917)	(163,868)	(179,038)	(526,489)	(134,612)	(76,541)
Financing Activities								
Proceeds from Loan	390,000	160,000	288,159	-	-	448,159	-	-
Repayment of Loan	(504,539)	(172,473)	(74,423)	(356,447)	(321,757)	(925,100)	(1,002,867)	(665,733)
Operating Line (Repayment)	-	-	-	-	-	-	-	-
Repayment of Loan	(504,539)	(172,473)	(74,423)	(356,447)	(321,757)	(925,100)	(1,002,867)	(665,733)
Issue of Equity	890,000	545,000	338,000	-	-	883,000	-	-
Total Cash From Financing Activities	2,874,142	2,333,501	572,937	(356,447)	(321,757)	2,228,234	(1,002,867)	(665,733)
Effect of Exchange Rates on Cash	(1,220,256)	1,177,140	(987,752)	-	-	189,388	-	-
Net Increase in Cash	(298,901)	3,377,886	(297,354)	6,895,388	(637,319)	9,338,601	8,115,021	7,721,292

Source: Company Reports and eResearch Corp.

APPENDIX C: FINTECH COMPARABLES

Figure 10: Canadian FinTech Comparables

Name	Ticker	Close Sep 11	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	\$910.19	\$144,176.3	\$4,001.0	\$105,529.1	\$1,073.2	\$1,555.0	\$2,080.1	-\$68.7	\$66.6	-\$40.5	98.3x	67.9x	50.7x	n/a	1585.1x	n/a
Thomson Reuters	TSX:TRI	\$100.55	\$49,928.6	\$1,438.0	\$52,633.6	\$5,501.0	\$5,916.7	\$5,921.0	\$1,078.0	\$1,500.5	\$1,321.0	9.6x	8.9x	8.9x	48.8x	35.1x	39.8x
TMX Group	TSX:X	\$133.50	\$7,557.5	\$269.7	\$8,323.8	\$820.7	\$800.6	\$1,151.7	\$647.8	\$459.5	\$781.2	10.1x	10.4x	7.2x	12.8x	18.1x	10.7x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												9.6x	8.9x	8.1x	30.8x	26.6x	25.2x
Median												10.1x	10.4x	8.9x	30.8x	35.1x	25.2x
Mid Cap																	
goeasy Ltd.	TSX:GSY	\$63.82	\$956.3	\$116.7	\$1,769.9	\$250.2	\$608.9	\$420.5	NA	\$195.1	NA	7.1x	2.9x	4.2x	n/a	9.1x	n/a
Kinaxis Inc.	TSX:KXS	\$185.19	\$4,970.1	\$260.6	\$4,724.2	\$150.7	\$190.0	\$217.6	\$27.2	\$54.5	\$47.8	31.3x	24.9x	21.7x	173.8x	86.7x	98.8x
Lightspeed POS	TSX:LSPD	\$41.05	\$3,829.0	\$203.5	\$3,672.2	\$71.9	\$105.4	\$132.8	-\$17.8	-\$19.6	-\$43.8	51.1x	34.8x	27.7x	n/a	n/a	n/a
Real Matters	TSX:REAL	\$23.73	\$2,005.0	\$109.5	\$1,907.4	\$268.1	\$359.2	\$438.8	\$3.0	\$39.0	\$61.9	7.1x	5.3x	4.3x	628.2x	49.0x	30.8x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												7.1x	4.1x	4.3x	n/a	29.0x	30.8x
Median												19.2x	15.1x	13.0x	401.0x	49.0x	64.8x
Small Cap																	
AnalytixInsight	TSXV:ALY	\$0.56	\$43.7	\$0.7	\$43.5	\$4.8	\$0.0	\$3.0	-\$2.1	\$0.0	-\$2.6	9.0x	n/a	14.7x	n/a	n/a	n/a
Perk Labs	CNSX:PERK	\$0.06	\$7.8	\$2.2	\$5.6	\$2.0	\$0.0	\$0.0	-\$12.3	\$0.0	-\$3.7	2.7x	n/a	226.0x	n/a	n/a	n/a
Goldmoney	TSX:XAU	\$2.74	\$206.4	\$35.9	\$172.8	\$318.2	\$322.8	\$579.4	-\$15.2	-\$3.1	\$6.1	0.5x	0.5x	0.3x	n/a	n/a	28.4x
IOU Financial	TSXV:IOU	\$0.10	\$8.6	\$5.4	\$35.1	\$5.7	\$0.0	\$5.5	NA	\$0.0	NA	6.1x	n/a	6.4x	n/a	n/a	n/a
Katapult Tech	TSXV:FUND	\$0.24	\$16.5	\$1.3	\$18.0	\$1.2	\$0.0	\$1.5	-\$1.9	\$0.0	-\$1.6	14.7x	n/a	12.3x	n/a	n/a	n/a
Marble	CNSX:MRBL	\$0.16	\$10.0	\$0.3	\$16.0	\$0.2	\$0.8	\$0.3	NA	\$0.0	NA	84.2x	20.0x	51.8x	n/a	n/a	n/a
Mobi724	TSXV:MOS	\$0.05	\$9.8	\$0.4	\$11.3	\$0.6	\$0.0	\$1.4	-\$5.6	\$0.0	-\$2.3	18.1x	n/a	7.8x	n/a	n/a	n/a
Mogo Inc.	TSX:MOGO	\$2.19	\$63.7	\$7.5	\$157.2	\$8.1	\$66.2	\$19.8	NA	\$6.3	NA	19.4x	2.4x	7.9x	n/a	24.9x	n/a
NarrSys Inc.	TSXV:CTZ	\$1.05	\$28.7	\$5.5	\$23.2	\$3.4	\$0.0	\$4.5	\$1.5	\$0.0	\$1.6	6.8x	n/a	5.2x	15.1x	n/a	14.4x
NetCent	CNSX:NC	\$0.92	\$75.9	\$0.2	\$77.7	\$0.1	\$0.0	\$0.2	-\$8.5	\$0.0	-\$6.2	968.2x	n/a	463.4x	n/a	n/a	n/a
Peak Positioning	CNSX:PKK	\$0.43	\$40.9	\$4.8	\$52.7	\$1.7	\$11.7	\$20.1	-\$2.2	\$1.5	\$0.3	31.3x	4.5x	2.6x	n/a	35.1x	204.3x
Points Int'l.	TSX:PTS	\$13.30	\$169.4	\$98.6	\$108.6	\$351.7	\$399.0	\$328.6	\$13.3	\$21.2	\$8.8	0.3x	0.3x	0.3x	8.2x	5.1x	12.3x
Prodigy Ventures	TSXV:PGV	\$0.09	\$10.5	\$1.5	\$9.2	\$16.9	\$0.0	\$18.7	\$0.3	\$0.0	\$0.2	0.5x	n/a	0.5x	30.8x	n/a	40.7x
Solution Financial	TSXV:SFI	\$0.50	\$38.7	\$0.2	\$50.7	\$6.7	\$0.0	\$10.7	-\$0.2	\$0.0	\$1.1	7.5x	n/a	4.7x	n/a	n/a	47.0x
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												4.2x	1.9x	4.0x	18.0x	21.7x	28.6x
Median												8.3x	2.4x	7.1x	15.1x	24.9x	34.6x

Source: S&P Capital IQ; eResearch Corp.

Figure 11: U.S.-Listed Chinese Companies that Focus on FinTech and Lending Solutions in China

Name	Ticker	Close Sep 11	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																	
FinVolution	NYSE:FINV	\$1.66	\$505.9	\$478.8	\$80.0	\$3,842.0	\$5,629.8	\$6,977.7	\$1,948.8	\$2,376.3	\$3,780.7	0.0x	0.0x	\$0.0	0.0x	0.0x	0.0x
Hexindai Inc.	NasdaqGM:HX	\$1.79	\$29.0	\$10.9	\$38.8	-\$1.0	\$0.0	\$11.4	\$27.0	\$0.0	-\$36.2	n/a	n/a	3.4x	1.4x	n/a	n/a
Jianpu Tech	NYSE:JT	\$0.51	\$86.9	\$99.8	\$12.9	\$2,011.8	\$2,232.6	\$1,630.3	-\$154.2	\$65.2	-\$181.0	0.0x	0.0x	\$0.0	n/a	0.2x	n/a
LexinFintech	NasdaqGM:LX	\$6.83	\$1,227.4	\$164.9	\$2,362.1	\$2,600.6	\$10,625.4	\$11,794.1	\$1,852.3	\$2,955.4	\$1,821.3	0.9x	0.2x	0.2x	1.3x	0.8x	1.3x
Qudian Inc.	NYSE:QD	\$1.45	\$366.6	\$474.8	\$158.1	\$4,129.1	\$8,640.6	\$6,590.9	\$2,818.0	\$4,015.1	\$2,334.4	0.0x	0.0x	\$0.0	0.1x	0.0x	0.1x
Senmiao Tech	NasdaqCM:AIHS	\$0.45	\$19.3	\$0.5	\$25.5	\$0.3	\$0.0	\$11.8	-\$1.3	\$0.0	-\$7.3	91.7x	n/a	2.2x	n/a	n/a	n/a
X Financial	NYSE:XYF	\$0.66	\$105.3	\$47.2	\$110.4	\$3,317.1	\$3,302.2	\$2,436.2	\$1,500.8	\$0.0	-\$104.6	0.0x	0.0x	\$0.0	0.1x	n/a	n/a
Yiren Digital	NYSE:YRD	\$3.00	\$278.4	\$415.5	-\$100.5	\$11,244.1	\$1,183.0	\$6,198.1	\$1,343.7	\$155.7	\$602.7	0.0x	-0.1x	0.0x	n/a	n/a	n/a
Mean (excludes Rev. Multiple >10; EBITDA Multiple >50)												0.2x	0.0x	0.7x	0.6x	0.3x	0.5x
Median												0.0x	0.0x	0.0x	0.1x	0.1x	0.1x

Source: S&P Capital IQ; eResearch Corp.

APPENDIX D: DCF ANALYSIS

Figure 12: 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	2.9	10.8	15.6	21.1	27.3	33.5
EBITDA Growth	-9.0%	102.0%	5790.7%	273.9%	44.3%	35.2%	29.5%	22.9%
EBITDA Margin	-148.8%	0.4%	8.2%	20.3%	26.7%	32.8%	38.6%	43.1%
Depreciation and Amort. (\$M)	0.6	1.1	0.7	0.5	0.3	0.2	0.2	0.1
EBIT (\$M)	-3.1	-1.0	2.2	10.3	15.2	20.8	27.1	33.4
NOPAT (\$M)	-3.8	-2.3	0.7	6.6	10.1	14.0	18.5	22.8
Plus Amortization (\$M)	0.6	1.1	0.7	0.5	0.3	0.2	0.2	0.1
Less Capital Expenditures (\$M)	(0.2)	(0.9)	(0.9)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
Capital Intensity	11.3%	7.6%	2.6%	0.3%	0.1%	0.1%	0.0%	0.0%
Net Working Capital Changes (\$M)	-9.2	-3.3	0.1	2.7	-1.1	-1.2	-1.3	-1.4
EPS (Continuing)	-0.01	0.00	0.00	0.06	0.09	0.13	0.18	0.22
Unlevered Free Cash Flow (\$M)	-12.6	-5.5	0.6	9.8	9.3	13.1	17.3	21.6
PV of Unlevered FCFs (\$)	-14.8	-5.9	0.6	8.6	7.5	9.5	11.5	13.0

Valuation Assumptions:

Discount Rate	10%
Terminal Multiple	9.0x

Valuation Analysis:	Current	1-Yr Target	2-Yr Target
Total PV of FCFs (\$M)	50.8	55.1	50.2
Terminal Value (\$M)	301.6	301.6	301.6
PV of Terminal Value (\$M)	181.9	200.1	220.1
Net (debt) cash position	15.6	21.5	30.2
Total Value (\$M)	248.2	276.7	300.5
DCF Value/Share	2.20	2.45	2.66
FD Shares O/S (M)	112.7	112.7	112.7

Source: Company Reports and eResearch Corp.

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