

Peak Fintech Group Inc.

(CSE: PKK; OTCQX: PKKFF)

NASDAQ Listing & \$100M Sales Guidance Fuels Peak's H2/21

Company Description:

Peak Fintech Group Inc. (Peak or "the Company") is the parent company of a group of financial technology (Fintech) subsidiaries operating in China's lending industry. **Peak** provides an investment vehicle for investors looking to participate in China's **Fintech** industry. **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, brokers, and other participants that have come together around its Cubeler Lending Hub platform.

Investment Highlights:

- **NASDAQ listing imminent.** **Peak's** management believes that the **NASDAQ** listing will attract new tech-centric institutional shareholders. It expects the shares to begin trading on the NASDAQ soon.
- **Peak recently closes \$52.6 million financing.** The Company believes the financing will "unlock" new expansion and partnership opportunities, and new revenue streams, both inside and outside of China.
- **Peak releases Revenue & EBITDA guidance.** It forecasts revenue of \$104 million in 2021 with EBITDA of \$12.5 million, ramping up to \$624 million of revenue in 2023 with EBITDA of \$155 million.
- **Model impacts.** Due to the lower Q1/2021 revenue results, we reduced our 2021 revenue estimate to \$81.5M from \$86.1M. Incorporating **Peak's** recent guidance, we have significantly increased our 2022 revenue estimate to \$258.2M from \$103.6M and \$516.3M from \$113.9M in 2023, approximately 85% and 83% of Peak's guidance, respectively.
- **Share Consolidation:** The share count has been adjusted to accommodate the 1-for-2 share consolidation that took effect on July 27.

Financial Analysis & Valuation:

- The revised revenue and EBITDA estimates for 2021-2023 are:
 - 2021: Revenue \$81.5 million; EBITDA \$9.4 million;
 - 2022: Revenue \$258.2 million; EBITDA \$47.6 million;
 - 2023: Revenue \$516.3 million; EBITDA \$95.8 million.
- To reflect increased confidence in the business, we have raised our revenue multiple to 5x from 4x, increased our EBITDA multiple to 12x from 10x, and raised the DCF terminal EBITDA multiple to 12x from 10x. We estimate an equal-weighted price per share target of \$11.30.
- We are increasing our one-year target price to \$11.00 from \$4.80 and maintaining our Speculative Buy rating.

REVISIONS

Rating/Target	Rev.	Prior
Rating	Spec. Buy	Spec. Buy
Target Price (C\$)	\$11.00	\$4.80
Revenue 2021E (M)	\$81.5	\$86.1
EBITDA 2021E (M)	\$9.4	\$21.2
EPS 2021E (M)	\$0.05	\$0.24

MARKET DATA

Date:	Jul 30, 2021
Current Price (C\$):	\$6.00
Target Price (C\$):	\$11.00
52-Week Range:	\$0.37 / \$6.4
Shares O/S (M):	80.5
Mkt Cap (C\$M):	\$482.9
EV (C\$M):	\$492.6
Avg. Weekly Vol. (M):	4.11

Website: peakfintechgroup.com

FINANCIALS

	2019A	2020A	2021E
Revenue (\$M)	\$11.7	\$42.7	\$81.5
Adj. EBITDA (\$M)	\$0.0	-\$2.8	\$9.4
EPS (\$)	-\$0.04	-\$0.08	\$0.05
Cash (\$M)	\$1.7	\$6.0	\$53.9
Current Assets (\$M)	\$18.0	\$53.3	\$113.3
Net Cash (\$M)	-\$16.1	-\$27.6	-\$87.6
Total Assets (\$M)	\$29.4	\$61.3	\$121.0
Debt (\$M)	\$3.4	\$0.4	\$0.4
Total Liabilities (\$M)	\$9.2	\$28.7	\$27.2
Fiscal Year End:	31-Dec		

Source: *Company Reports, S&P Capital IQ, eResearch Corp.*

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

All figures in CAD unless otherwise stated.

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Company Summary and Update

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

In November 2020, **Peak** changed its name from **Peak Positioning Technologies Inc.** to **Peak Fintech Group Inc.** as part of a plan to rebrand the Company to better reflect the collective business operations of its subsidiaries.

In December 2020, **Peak** began the process to list its common shares on the **NASDAQ Capital Market** stock exchange (NASDAQ) and announced in February 2021 that it has officially filed an application. Peak's management believes that by listing on the NASDAQ, the Company will attract new tech-centric institutional shareholders.

Peak expects its common shares to begin trading on the **NASDAQ** in the coming weeks. The Company is also exploring the possibility of listing its common shares on other senior exchanges around the world, including the Hong Kong Stock Exchange.

At a special meeting of shareholders held in February 2021, shareholders approved a change of the Company's name to "**Tenet Fintech Group Inc.**" that should take place around the same time as the **NASDAQ** listing goes live.

Over the past four years, **Peak** has created seven 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)**
4. 2018: **Asia Synergy Credit Solutions (ASCS)**
5. 2019: **Asia Synergy Supply Chain Technology (ASSC)**
6. 2019: **Jinxiaoer Technology Ltd. (Jinxiaoer)**
7. 2020: **Asia Synergy Supply Chain Technology (ASST)**

According to **Peak's** financial information, revenue from Q1/2021 was divided as such ([Figure 3](#)):

- **ASDS, ASSC** and **Jinxiaoer**: 94%;
- **ASCS** and **ASFC**: 6%;
- **AST**: negligible.

For 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 and **Peak** is tailoring its financial lending and credit solutions that target the complete business ecosystem, including Raw Material Providers, Manufacturers, Distributors and Retailers.

During this past year, **Peak** has provided technology and loan-facilitation services to help support the Chinese economy after the COVID-19 health crisis. The market opportunity in China for **Peak's** solutions is large, as the number of SMEs was estimated to be over 80 million.

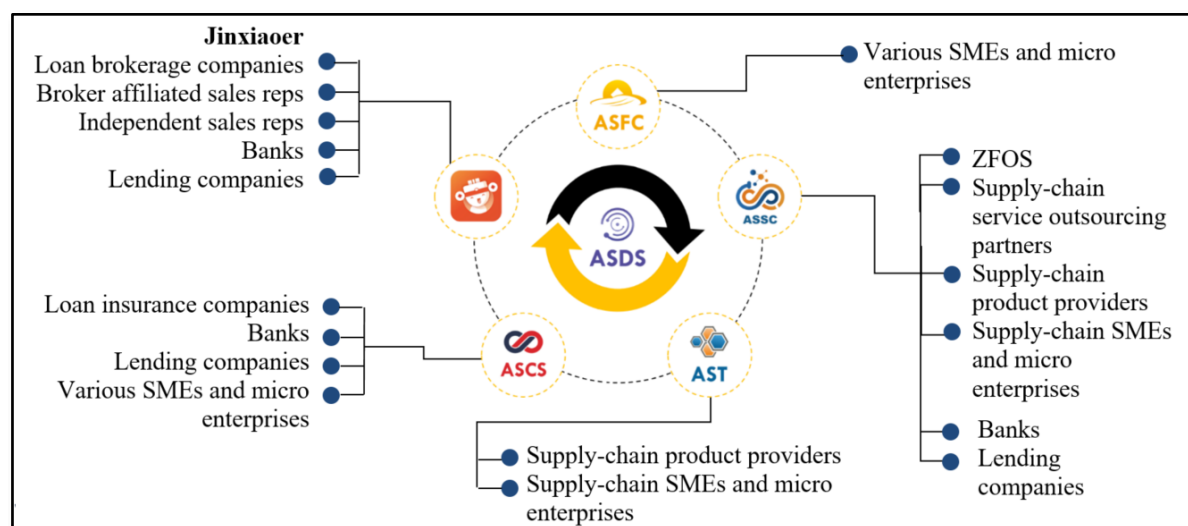
Peak's loan-matching solutions automate various aspects of lending transactions, including financial due diligence and qualification for borrowers, making it faster and easier for a Chinese SME to obtain credit and reduces the risk for corporate lenders.

Peak's Investment Thesis

- **Peak** provides an investment vehicle for North American investors looking to participate in China's **Fintech** industry.
- **Peak's** subsidiaries use technology, analytics, and AI to provide loans, help SMEs obtain loans, help lenders find clients, and also minimize lending risk.
- **Peak** has established an ecosystem of lenders, borrowers, loan brokers, data suppliers, and other participants that have come together around its Cubeler Lending Hub platform to improve the efficiency and transparency of loan generation.
- **Peak's** Cubeler Lending Hub platform offers credit-matching services between businesses (borrowers) and financial institutions (lenders) that automates various aspects of transactions, including financial due diligence and qualification for borrowers, making it faster and easier for a borrower to obtain credit and reduces the risk for corporate lenders.
- The market opportunity in China for **Peak's** solutions is very large. Just focusing on the SME market, according to the Chinese State Administration of Industry and Commerce, the number of SMEs in China was estimated to be over 80 million.
- **Peak** operates several subsidiaries to target various industries including **ASDS** to offer credit-matching services between businesses (borrowers) and financial institutions (lenders), and **Gold River** that provides companies in the commodities trading industry access to credit and financing solutions to facilitate the materials trading.
- Most of the subsidiaries were established in 2019 and 2020 and were "early-stage" start-ups but now are entering the growth phase of their respective business life cycles.
- **Peak** believes it has a competitive advantage in the Chinese market with its dedicated team of experienced business executives and strong ties to China, who understand technology, the Chinese culture and marketplace, and what it takes to be successful in China.

For more information about the investment thesis for Peak and an in-depth review of the Company's operating subsidiaries, please read **eResearch's** [Initiation Report](#) from March 2020 that is available at [eResearch.com](#).

Figure 1: Peak's Subsidiaries and Cubeler Lending Hub at the Centre



Source: Company Reports

Peak's Recent Key Updates

Since **eResearch's** last report, **Peak** has been very active in signing deals. Below is a list of deals that highlight **the Company's** activities and potential for revenue growth.

1) Online Retail Relationships

JD.com

- In July, **Peak** reported that in its first year of participating in China's "618 Shopping Festival", the Company helped **JD.com** retailers and suppliers finance 789 transactions worth a combined **RMB** 1.05 billion (approximately \$200 million).
- **JD.com**, also known as **Jingdong** and formerly called **360buy**, is a large Chinese B2C e-commerce retailer, a member of the Fortune Global 500, and a major competitor to **Alibaba's** Tmall.

Gruppo Coin (Coin)

- In December 2020, **Peak** signed an agreement with Italian retailer **Coin** to provide short-term loans to **Coin's** social-media-influencer online sales partners.
- **Coin** has almost 55,000 influencers and each influencer produces approximately 250 shows per year.
- **Coin's** sales partners will be eligible to have the cost of producing their shows (ranging in cost from \$1,000 to \$10,000), their required cash deposits (20-30% of the value of the products they expect to sell), and their entire sales orders financed through the Cubeler Lending Hub.
- **Peak** will earn its typical approximate 2% fee of the value of the loans provided for facilitating the transactions. **Peak** reported that through the first half of Q1/2021, social media influencers received almost \$3 million in funding through the program to finance 23 shows and product purchase orders.

Pinduoduo

- In December 2020, **Peak** entered into a solution provider and data sharing partnership with **Pinduoduo** to potentially bring credit solutions powered by **Peak's** Cubeler Lending Hub to **Pinduoduo's** e-commerce marketplace.
- **Pinduoduo** is China's second-largest e-commerce marketplace behind **Alibaba** with 5.6 million online stores and more than 600 million active users.

ShopEx

- In March, **Peak** signed a strategic partnership agreement with China's top e-commerce software provider, **ShopEx**.
- The strategic partnership calls for a digital link between the **ShopEx** platform and **Peak's** Lending Hub platform that will allow data from online stores managed with the **ShopEx** applications to flow to the Cubeler Lending Hub and help qualify the stores for loans and credit.
- **ShopEx** client-affiliated marketplaces and social media platforms include Amazon China, JD.com, **Pinduoduo**, **Tik Tok**, and **Weidian (WeChat)**.

2) Distributor and Retailer Financing Program

Beijing Jingying Corporate Management (BJM)

- In January, **Peak** recorded its first transactions with **BJM** from a partnership that was first announced in November 2020.
- **BJM** is a packaged foods wholesale distributor and Peak's Lending Hub platform is bringing financing solutions to product distributors and their clients.
- During the first two weeks of January, credit totalling **RMB** 4 million (\$0.8 million) was extended to almost 900 **BJM** clients to help them acquire supplies from BJM, with Peak earning **RMB** 0.24 million (\$47,000) in service fees.

Xiamen Guangzhui Ltd. (Xiamen)

- Also in January, **Peak** announced that beverage distributor **Xiamen** became the third distributor to join **Peak's** financing solutions program targeting wholesale distributors and their retail clients through the Cubeler Lending Hub platform.
- **Xiamen** has over 1,100 retail clients, including e-commerce giant **JD.com**, and owns distribution rights to several popular beverages in China.

Beijing Dianjing Company Ltd. (BDC)

- In October 2020, **Peak** reported that it signed an agreement with the parent company of national consumer electronics distributor **BDC** to bring financing solutions to **BDC's** 60,000 online retail clients.

In the first half of Q1/2021, transactions through the Distributor and Retailer Financing Program with **BDC**, **BJM**, and **Xiamen** combined to account for \$3 million worth of transactions.

Dajinpengli Trading Ltd. (DT)

- In February, **Peak** announced that distributor **DT** and national convenience store chain **Bianlifeng** were added to its financing program powered by the Cubeler Lending Hub platform.
- Soon afterwards, **DT** financed purchase orders worth RMB 4.2 million (\$800,000) using the Cubeler Lending Hub.
- **Peak** earned approximately \$48,000 in Lending Hub and Gold River service fees related to the transactions.

3) Gold River/Supply-Chain Financing

Most supply-chain financing transactions involving raw material suppliers and manufacturers are funnelled to the Gold River platform. Over the past two years, the supply-chain financing transactions accounted for a large portion of **Peak's** revenues and were facilitated with the help of logistics software provided by a third-party company and recognized on **Peak's** financial Income Statement as an "Outsourcing" expense.

The capabilities of that software were recently added to the Gold River platform, which is allowing **Peak** to gradually reduce this "Outsourcing" expense and improve margins.

Xingcheng Special Steel Works Ltd. (XSSW)

- In December 2020, **Peak** announced that **XSSW**, a subsidiary of Chinese-conglomerate **CITIC Ltd.**, was added to the Cubeler Lending Hub platform to allow supply-chain financing services to all **XSSW** clients. Through the first half of Q1/2021, 57 transactions worth \$15.7 million were initiated through the Gold River platform.

4) Acquisitions

Zhongke Software Intelligence Ltd. (Zhongke)

- In December 2020, **Peak** entered into an agreement to acquire banking software company **Zhongke** for a maximum of \$20 million in cash and shares.
- **Zhongke** develops Analytics and AI software used by banks and financial institutions in China to make decisions on loan and credit applications and is also a strategic partner of **China UnionPay**.
- With this acquisition and integration of **Zhongke's** software into **Peak's** Lending Hub, **Peak** will be in a position to target thousands of small Chinese banks with an end-to-end solution to automate their commercial lending activities, including bringing them new clients.

5) Technology

China's New Digital Currency

- In December 2020, **Peak** announced that its Gold River and Cubeler Lending Hub platforms are ready to support China's new Digital Currency Electronic Payment (DC/EP).
- Unlike other cryptocurrencies, China's DC/EP is legal tender, backed by yuan deposits, not anonymous, and managed by China's Central Bank.
- The DC/EP initiative is aimed at China's unbanked population and brings them into the mainstream economy and accelerates the country's move to a cashless society.

Rongbang Technology Ltd. (Rongbang) – Virtual Bank Accounts

- In January, **Peak** signed an agreement with **Rongbang**, a subsidiary of **China UnionPay**, to become a transaction aggregator partner for **Rongbang**, enabling **Peak** to control the flow of funds within the Lending Hub ecosystem and offer **Peak's** clients virtual bank accounts within the Lending Hub ecosystem.
- UnionPay is a state-owned entity and China's largest POS electronic funds transfer network and, according to Nilson Report, is the largest debit and credit card payment organization in China, ahead of **Visa** and **Mastercard** combined.
- **Peak** receives a 1.5% annual fee from **UnionPay**, calculated and paid daily, on the aggregate value of the funds held in the Cubeler Lending Hub's virtual bank accounts.
- This month, **Peak** completed the integration with the **UnionPay** network and processed its first fund transfer and payment settlement transactions.
- In June, as the integration was progressing, 117 Lending Hub registered businesses created virtual bank accounts and **Peak** processed more than 1,200 fund transfer and payment settlement transactions in and out of those virtual bank accounts for an approximate amount of \$300 million.

Qiyuesuo – Digital Document Signing

- In March, **Peak** announced that it has signed an agreement with **Qiyuesuo**, China's leading digital document signing service provider that will allow members of its Cubeler Lending Hub ecosystem to digitally sign legally binding agreements with each other.

Review of Peak's Q1/2021 Financials

For the three months ended March 31, 2021, **Peak** reported revenue of \$14.2 million, down slightly from \$16.4 million in Q4/2020 but more than triple the revenue of \$3.9 million in the same quarter in 2020. Revenue for the quarter was 24% lower than our estimate of \$14.2 million due to worse seasonality impacts than expected from the annual economic slowdown during the Chinese New Year holiday.

In Q1/2021, as revenue slightly decreased quarter-over-quarter, Operating Expenses (OE) also declined accordingly to \$14.2 million from \$16.0 million in Q4/2020. The largest component of OE remained the Outsourcing Services expense of \$12.4 million in Q1/2021 versus \$15.0 million in Q4/2020.

As mentioned in our last research report, Outsourcing Services was introduced as part of the new ASSC business subsidiary that was started in 2019. 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.

Currently representing almost 87% of sales in Q1/2021, up from 53% in Q1/2020 but lower than 90% in Q4/2020, **Peak** believes that some of the Outsourcing Services will be brought in-house and Outsourcing Services should reduce to 50% of Sales by the end of 2021.

We modelled Outsourcing Services at 80% of Sales in Q2/2021, reducing to 70% of Sales by Q4/2021 and 70% of Sales in 2022.

In the first quarter, **Peak** incurred a net loss of \$0.39 million compared to a net loss of \$0.81 million in the same period last year but much better than the loss of \$3.2 million in Q4/2020 and slightly lower than our estimate of a gain of \$1.6 million due to the lower booked revenue.

Cash Flow from Operations in Q1/2021 was negative at \$0.1 million but was improved compared to negative \$3.9 million in the previous quarter.

Adjusted EBITDA in Q1/2021 was positive \$0.12 million, slightly worse than our estimate of positive \$1.6 million, primarily caused by lower revenue and that Outsourcing Expenses did not decline as fast as we had modelled. We expect Peak to become EBITDA positive in 2021 ([Figure 4](#)).

Figure 2: Financial Summary

Model Data	2019A	Q120A	2020A	Q121A	Q121E	Change	Q221E	Q321E	Q421E	2021E
Revenue (\$M)	\$11.7	\$3.9	\$42.7	\$14.2	\$18.8	-24%	\$21.5	\$22.2	\$23.5	\$81.5
EBITDA (\$M)	\$1.5	\$0.2	(\$2.8)	\$0.1	\$1.6	(\$1.51)	\$1.7	\$2.9	\$4.2	\$9.4
Net Income (\$M)	(\$1.8)	(\$0.8)	(\$5.5)	(\$0.4)	\$1.6	(\$2.02)	\$0.7	\$1.4	\$2.2	\$4.0
EPS (Basic)	(\$0.04)	(\$0.0)	(\$0.08)	(\$0.01)	\$0.01	(\$0.01)	\$0.01	\$0.02	\$0.03	\$0.05
CFPS	(\$0.00)	\$0.0	(\$0.05)	(\$0.00)	\$0.03	(\$0.03)	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.03)
Cash	\$1.72	\$5.1	\$6.0	\$4.2	\$17.7		\$54.6	\$54.3	\$53.9	\$53.9
Debt	\$3.43	\$3.3	\$0.4	\$0.5	\$3.1		\$0.5	\$0.4	\$0.4	\$0.4

Source: Company Report; eResearch Corp.

Revenue Segmentation

In Q1/2021, revenue was divided into:

- (1) Fintech Platform: \$13.4 million, 94% of annual revenue,
- (2) Financial Services: \$0.8 million, 6% of annual revenue,
- (3) Other: \$0.8 million, 0.2% of annual revenue.

Figure 3: Revenue Segmentation

	Q1/2020A (\$M)	Q2/2020A (\$M)	Q3/2020A (\$M)	Q4/2020A (\$M)	2020A (\$M)	Q1/2021A (\$M)
Fintech Platform						
Supply Chain Services	2.14	5.43	13.46	15.31	36.34	12.58
Fees	0.62	0.76	0.76	0.84	2.97	0.80
	2.76	6.19	14.21	16.15	39.31	13.38
Financial Services						
Financial Services	0.96	0.83	0.66	0.00	2.45	0.59
Fees	0.23	0.24	0.24	0.22	0.94	0.23
	1.19	1.07	0.90	0.22	3.38	0.82
Other	0.00	0.00	0.00	0.00	0.004	0.03
Total	3.95	7.26	15.12	16.37	42.70	14.24
Fintech Platform	70%	85%	94%	99%	92%	94%
Financial Services	30%	15%	6%	1%	8%	6%
Other	n/a	n/a	n/a	n/a	0.01%	0.24%

Source: Company Report and eResearch Corp.

ASDS, ASSC, and Jinxiaoer primarily operate 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.

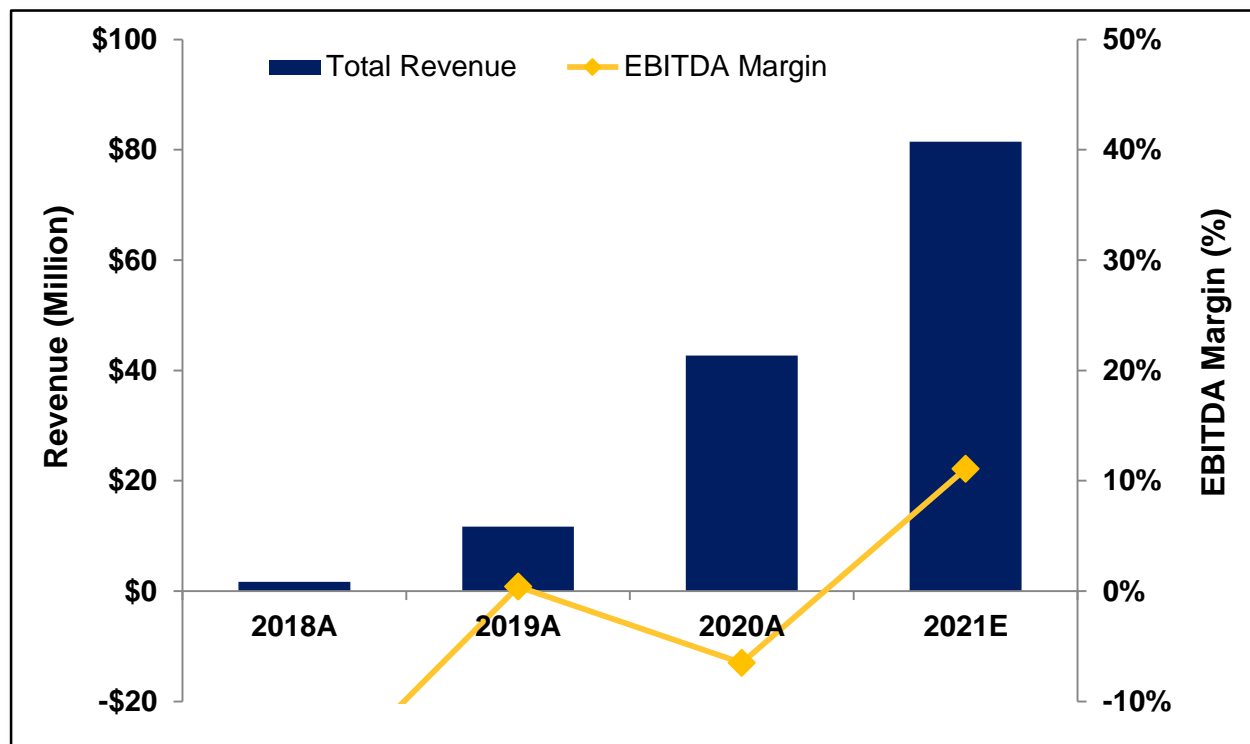
ASDS and **ASCS** accounted for \$8.3 million (70.6%) of revenue in 2019, and **Jinxiaoer** was acquired in March 2020 with integration completed in May 2020. **ASDS** and **ASCS** did not exist or generate revenue in 2018 and were effectively in start-up mode during 2020.

Cash and Debt

As of March 31, 2021, **Peak** had \$4.2 million in cash compared to \$6.0 million at the end of 2020. Major changes to the Cash and Debt positions in the quarter and subsequent to the quarter included:

- Equity Financing and Warrants Exercised
 - In Q1/2021, **Peak** raised \$3.7 million from the exercise of Stock Options and Warrants.
 - In July 2021, after the quarter ended, **Peak** closed a public offering of 26.3 million units of the Company at a price of \$2.00 per unit for gross proceeds of \$52.6 million. Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at \$3.50 into one common share for a period of 24 months from the date of issuance.
- Debentures and Bonds
 - As of May 31, 2021, **Peak** had no debentures outstanding and had bonds outstanding with a face value of \$0.4 million.

Figure 4: Revenue and EBITDA Margins



Source: Company Reports and eResearch Corp.

Valuation

Please note: The share count has been adjusted to accommodate the 1-for-2 share consolidation that took effect on July 27, 2021.

Peak's Recent Guidance

On July 20, 2021, **Peak** released its three-year Revenue and EBITDA forecast (Figure 5). During that period, the Company believes that revenue growth will be mostly organic and EBITDA margins should increase from 12% in 2021 to almost 25% in 2023.

Figure 5: Peak's Revenue and EBITDA Forecast

	Revenue (C\$M)	EBITDA (C\$M)	Net Income (Loss) (C\$M)
2020*	\$42.7	(\$2.78)	(\$5.5)
2021	\$104.0	\$12.5	\$5.6
2022	\$305.0	\$59.0	\$36.1
2023	\$624.0	\$155.0	\$102.3

* Actual results

Source: Company News Release (July 20, 2021)

eResearch's Model – Revenue and Expenses Updates

We modelled **Peak's** revenue for 2021 as a sum of the revenue from the operating subsidiaries. Due to the lower-than-expected Revenue results in Q1/2021, we reduced our revenue estimate for 2021 to \$81.5 million from \$86.1 million.

Incorporating **Peak's** recent guidance, we have significantly increased our revenue estimate in 2022 to \$258.2 million from \$103.6 million and \$516.3 million from \$113.9 million in 2023, approximately 85% and 83% of **Peak's** guidance, respectively (Figure 6). However, for 2021-2023 we are estimating EBITDA Margins of only 11.5%, 18.4% and 18.5%, respectively, and lower than **Peak's** guidance.

Figure 6: Model Revisions

	Revised	Before	Revised	Before	Revised	Before
Model Data	2021E	2021E	2022E	2022E	2023E	2023E
Revenue (\$M)	\$81.5	\$86.1	\$258.2	\$103.6	\$516.3	\$113.9
EBITDA (\$M)	\$9.4	\$21.2	\$47.6	\$40.3	\$95.8	\$43.7
Net Income (\$M)	\$0.0	\$21.2	\$25.5	\$40.3	\$51.7	\$43.7
EPS (Basic)	\$0.05	\$0.24	\$0.33	\$0.47	\$0.66	\$0.51
CFPS	(\$0.03)	\$0.15	\$0.28	\$0.32	\$0.56	\$0.35

Source: eResearch Corp.

Target Price Calculation

Method 1: Discounted Cash Flow

We moved the model forward, extended it to 2026, and increased the Terminal multiple in 2026 to 12x EBITDA from 10x to keep it in-line with comparable companies ([see Appendix C](#)).

Using a Weighted Average Cost of Capital (WACC) of 10% and a five-year terminal multiple of 12x EBITDA, the one-year target share price estimate is \$18.10 ([Figure 8](#)).

Method 2: Revenue Multiple

We moved the model forward and calculated a one-year forward Revenue estimate of \$175 million.

We increased the multiple to 5x Revenue from 4x to keep it in-line with comparable companies ([see Appendix C](#)) and calculated the one-year target share price of \$10.64.

Method 3: EBITDA Multiple

We moved the model forward and calculated a one-year forward EBITDA estimate of \$31 million.

We increased the EBITDA multiple to 12x from 10x to keep it in-line with comparable companies ([see Appendix C](#)) and calculated the one-year target share price of \$5.15.

The equal-weighted price per share is \$11.30. We are increasing our one-year price target to \$11.00 from \$4.80 and maintaining a Speculative Buy rating.

Figure 7: Target Price (1 year) Calculation for Peak

		Estimates (M)	Net Debt (M) (Jun 2022)	Shares O/S (M)	Price /Share
Method 1: DCF	WACC 10%	Terminal Multiple 12x EBITDA		91.4	\$18.10
Method 2: Revenue Multiple	5x	1-Year Forward \$175	-\$98.7	91.4	\$10.64
Method 3: EBITDA Multiple	12x	1-Year Forward \$31	-\$98.7	91.4	\$5.15
Equal Weight: DCF + Revenue Multiple + EBITDA Multiple					\$11.30
Target Price (1-year):					\$11.00

Note: Shares Outstanding include all Options and Warrants

Source: eResearch Corp.

Figure 8: PKK DCF Analysis

Peak Positioning							
DCF Analysis (C\$) ('000)	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Revenue (\$M)	42.7	81.5	258.2	516.3	567.9	624.7	687.2
Revenue Growth	264.7%	90.8%	216.8%	100.0%	10.0%	10.0%	10.0%
EBITDA (\$M)	-2.8	9.4	47.6	95.8	133.8	147.2	161.7
EBITDA Growth	-5775.8%	437.2%	407.4%	101.3%	39.7%	10.0%	9.8%
EBITDA Margin	-6.5%	11.5%	18.4%	18.5%	23.6%	23.6%	23.5%
Depreciation and Amort. (\$M)	0.9	0.6	0.4	0.3	0.2	0.2	0.1
EBIT (\$M)	-3.7	8.8	47.2	95.5	133.6	147.1	161.6
NOPAT (\$M)	-6.0	5.0	30.4	61.6	88.1	97.0	106.6
Plus Amortization (\$M)	0.9	0.6	0.4	0.3	0.2	0.2	0.1
Less Capital Expenditures (\$M)	(1.1)	(0.5)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Capital Intensity	2.5%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Working Capital Changes (\$M)	-9.1	-9.0	-4.7	-10.5	-0.3	3.7	1.3
EPS (Continuing)	-0.08	0.04	0.28	0.57	0.81	0.90	0.98
Unlevered Free Cash Flow (\$M)	-15.3	-3.9	26.0	51.3	88.0	100.9	107.9
PV of Unlevered FCFs (\$)	-16.2	-3.7	22.7	40.7	63.5	66.2	64.4
Valuation Assumptions:							
Discount Rate	10%						
Terminal Multiple	12.0x						
Valuation Analysis:							
	Current	1-Yr Target	2-Yr Target				
Total PV of FCFs (\$M)	253.7	283.2	284.1				
Terminal Value (\$M)	1,940.4	1,940.4	1,940.4				
PV of Terminal Value (\$M)	1,157.0	1,272.7	1,400.0				
Net (debt) cash position	82.8	98.7	142.4				
Total Value (\$M)	1,493.6	1,654.6	1,826.5				
DCF Value/Share	16.34	18.10	19.98				
FD Shares O/S (M)	91.4	91.4	91.4				
<i>Note: FD Shares uses the Treasury Method for ITM Options and Warrants</i>							

		Terminal EV/EBITDA Multiplier						
		9.00	10.00	11.00	12.00	13.00	14.00	15.00
Discount Rate	6%	16.83	18.20	19.56	20.93	22.30	23.66	25.03
	8%	15.67	16.93	18.19	19.45	20.70	21.96	23.22
	10%	14.62	15.78	16.94	18.10	19.26	20.42	21.58
	12%	13.67	14.74	15.81	16.88	17.95	19.02	20.09
	14%	12.80	13.79	14.78	15.77	16.76	17.75	18.74
	16%	12.00	12.92	13.84	14.76	15.67	16.59	17.51

Source: Company Reports and eResearch Corp.

Appendix A: Peak's Corporate Structure

Over the past four years, **Peak** has created seven 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
7. 2020: **Asia Synergy Supply Chain Technology (ASST)** – Focus on the distribution of food products and beverages. **AST** owns 100% interest in **ASST**.

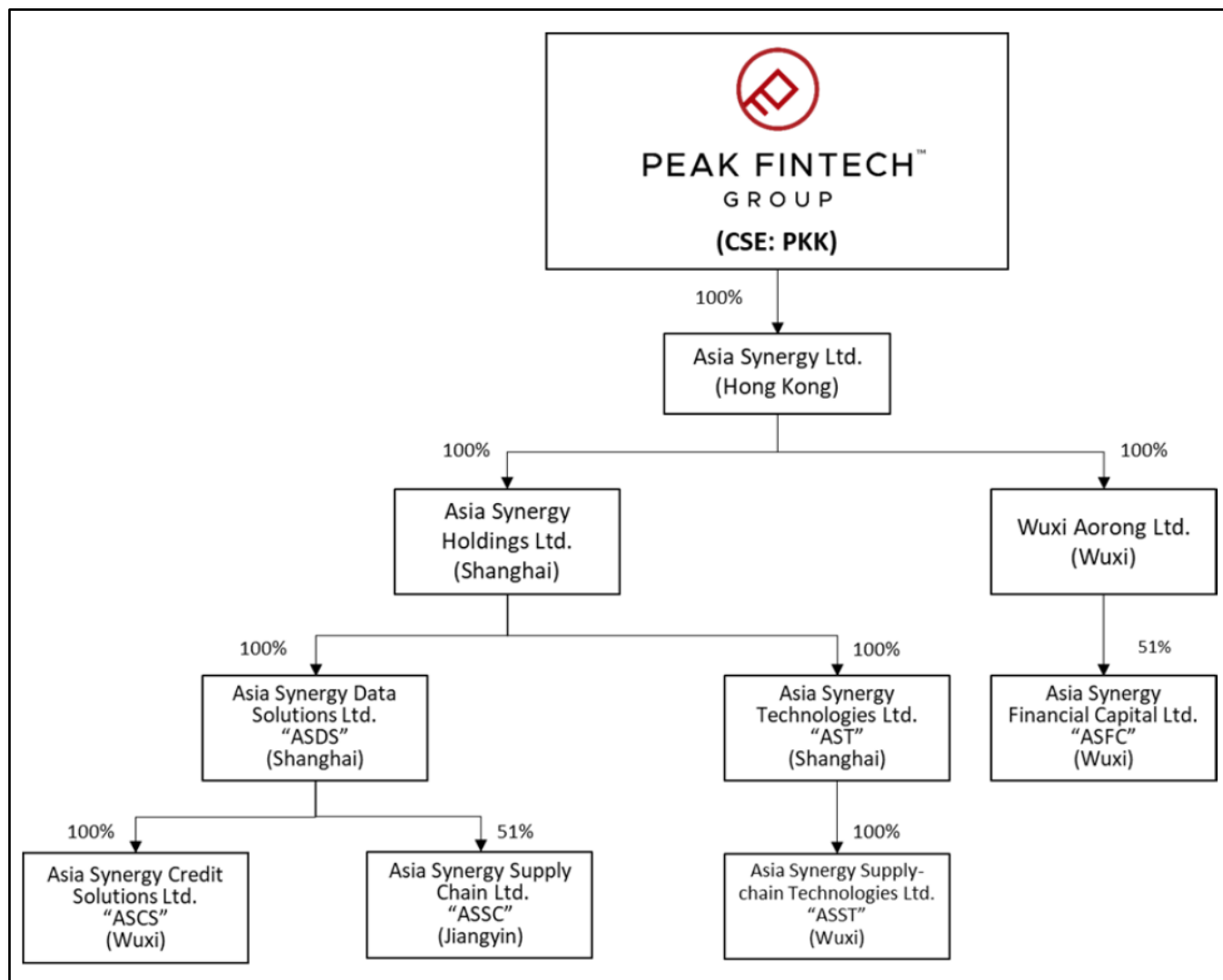
Figure 9: Peak's Operating Subsidiaries – Technology and Revenue Model

Subsidiary	Platform	Service Offering	Revenue Model	%
1. AST	Gold River	Supply-chain-related products broker	Markup fee representing a small percentage of value of products sold on the 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 AI.	Service fees charged for credit analysis reports & 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 credit report fees.	51%
6. Jinxiaoer	Jinxiaoer	Loan brokerage platform allows sales reps & 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 Centre fees charged to loan brokers, and service fees charged to lenders.	70%
7. ASST	Gold River/Cubeler	Focus on the distribution of food products & beverages.	Markup on transaction and credit fees.	100%

Source: Company Reports; eResearch Corp.

The following diagram sets out the corporate structure amongst Peak and its subsidiaries with the percentage of Peak’s ownership in each subsidiary. All of the subsidiaries are incorporated in China, except for Asia Synergy Ltd., which was incorporated in Hong Kong.

Figure 10: Peak’s Operating Subsidiaries – Corporate Tree



Source: Company Annual Information Form (AIF) – May 2021

Appendix B: Peak's Financial Statements

Figure 11: PKK Income Statement

Peak Positioning Income Statement (As Dec 31, C\$)	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E
Revenue								
Sales	11,708,653	42,698,047	14,239,776	21,512,500	22,187,500	23,537,500	81,477,276	258,150,000
Total Revenue	11,708,653	42,698,047	14,239,776	21,512,500	22,187,500	23,537,500	81,477,276	258,150,000
Expenses								
General and Administrative	4,847,709	6,351,892	1,333,159	1,936,125	1,996,875	2,118,375	7,384,534	23,233,500
Consulting & Professional Fees	659,336	4,426,025	400,344	860,500	887,500	941,500	3,089,844	10,326,000
Management Fees to Officers & Directors	138,585	77,625	12,818	18,900	15,700	15,700	63,118	73,800
Travel and Entertainment	393,715	205,059	34,002	52,900	57,700	58,200	202,802	247,800
Outsourcing Services	5,319,307	35,608,167	12,347,170	17,200,000	16,600,000	16,500,000	62,647,170	180,800,000
Depreciation of Property & Equipment	455,159	493,693	91,494	120,000	112,600	100,500	424,594	470,900
Amortization	1,274,191	398,774	73,135	102,300	107,400	115,100	397,935	450,100
Total Operating Expenses	13,088,002	47,561,235	14,292,122	20,290,725	19,777,775	19,849,375	74,209,997	215,602,100
Operating Income	(1,379,349)	(4,863,188)	(52,346)	1,221,775	2,409,725	3,688,125	7,267,279	42,547,900
Total Other Income	72,824	201,687	(35,379)	(125)	(119)	(112)	(35,735)	(385)
EBT	(1,306,525)	(4,661,501)	(87,725)	1,221,650	2,409,606	3,688,013	7,231,544	42,547,515
Income Taxes	(523,837)	(852,010)	(301,977)	(488,660)	(963,843)	(1,475,205)	(3,229,685)	(17,019,006)
Net Income (Loss)	(1,830,362)	(5,513,511)	(389,702)	732,990	1,445,764	2,212,808	4,001,859	25,528,509
EPS								
Basic EPS	(0.038)	(0.08)	(0.01)	0.01	0.02	0.03	0.05	0.33
Diluted EPS	(0.038)	(0.08)	(0.01)	0.01	0.02	0.02	0.04	0.28
EBITDA	48,980	(2,780,000)	121,737	1,739,871	2,939,482	4,238,775	9,375,101	47,567,584
Shares Outstanding								
Shares Outstanding, Basic (Weighted)	720,592,135	85,341,803	123,366,116	77,843,143	77,843,143	77,843,143	77,843,143	77,843,143
Shares Outstanding, Diluted (Weighted)	720,592,135	85,341,803	123,366,116	90,940,328	90,940,328	90,940,328	90,940,328	90,940,328
Shares Outstanding, Basic (End of Quarter)	-	118,024,189	128,086,286	-	-	-	-	-

Source: Company Reports and eResearch Corp.

Figure 12: PKK Balance Sheet

Peak Positioning Balance Sheet (As at Dec 31, C\$)	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E
Current Assets								
Cash & Restricted Cash	1,717,509	5,953,967	4,202,533	54,590,081	54,318,863	53,918,148	53,918,148	79,565,753
Debtors, Loans & Other Receivables	15,125,068	46,000,599	47,855,982	51,830,253	53,456,537	56,709,103	56,709,103	84,813,142
Prepaid Expenses & Other Assets	1,184,039	1,173,450	1,706,359	2,497,059	2,436,904	2,448,003	2,448,003	6,618,396
Total Current Assets	18,026,616	53,322,916	53,959,774	109,112,293	110,407,203	113,270,154	113,270,154	171,192,191
Non-Current Assets								
Property and Equipment	734,443	529,372	547,379	614,685	511,009	411,255	411,255	241,938
Intangible Assets	2,399,410	3,163,877	3,396,331	3,163,877	3,132,238	3,100,916	3,100,916	2,978,727
Loans Receivable	8,196,549	4,291,377	4,243,802	4,243,802	4,243,802	4,243,802	4,243,802	4,243,802
Total Assets	29,357,018	61,307,542	62,147,286	117,134,657	118,294,252	121,026,127	121,026,127	178,656,658
Current Liabilities								
Trade & Other Payables	5,549,832	28,245,762	25,853,465	27,346,294	26,687,516	26,809,068	26,809,068	54,360,543
Debentures	3,221,281	23,311	0	-4,170	-10,225	-17,745	-17,745	-56,204
Contingent Compensation Payable	254,586	0	0	0	0	0	0	0
Total Current Liabilities	9,050,122	28,272,562	25,853,465	27,342,124	26,677,292	26,791,323	26,791,323	54,304,338
Non-Current Liabilities								
Notes Payable + Other L-T Liabilities	187,212	161,797	230,123	207,111	186,400	167,760	167,760	110,067
Total Liabilities	9,237,334	28,693,292	26,355,413	27,821,060	27,135,516	27,230,908	27,230,908	54,686,231
Shareholders Equity								
Share Capital	24,775,928	39,642,231	44,936,954	97,536,954	97,536,954	97,536,954	97,536,954	97,536,954
Contributed Surplus	9,580,333	11,582,653	10,402,164	10,789,389	11,188,764	11,612,439	11,612,439	16,259,139
Retained Earnings	(23,623,950)	(30,240,372)	-31,006,003	-30,273,013	-28,827,250	-26,614,442	-26,614,442	-1,085,932
Accumulated OCI	(1,054,211)	(140,782)	(568,734)	(767,225)	(767,225)	(767,225)	(767,225)	(767,225)
Total Shareholders Equity	20,119,684	32,614,250	35,791,873	89,313,597	91,158,735	93,795,218	93,795,218	123,970,428
Total Liabilities & Shareholders Equity	29,357,018	61,307,542	62,147,286	117,134,657	118,294,252	121,026,126	121,026,126	178,656,658

Source: Company Reports and eResearch Corp.

Figure 13: PKK Cash Flow Statement

Peak Positioning	2019A	2020A	Q121A	Q221E	Q321E	Q421E	2021E	2022E
Cash Flow Statement (As at Dec, C\$)								
Cash Provided By Operating Activities								
Net Income (Loss)	(1,830,362)	(5,513,511)	(389,702)	732,990	1,445,764	2,212,808	4,001,859	25,528,509
Amortization of Intangibles	595,079	379,850	73,135	33,963	31,639	31,322	170,059	122,188
Depreciation of Property & Equipment	455,159	493,693	91,494	96,908	98,743	95,653	382,798	250,795
Stock Based Compensation Expense	378,091	542,832	344,690	387,225	399,375	423,675	1,554,965	4,646,700
Impairment	584,189	-	-	-	-	-	-	-
Other	3,819,153	9,328,538	95,827	-	-	-	95,827	-
Changes in Non-Cash Working Capital								
Trade & Other Receivables	(4,496,784)	(30,785,130)	2,329,054	(3,974,271)	(1,626,283)	(3,252,567)	(6,524,067)	(28,104,038)
Prepaid Expenses & Other Assets	(447,027)	(159,056)	(416,506)	(790,700)	60,155	(11,099)	(1,158,150)	(4,170,393)
Trade & Other Payables	1,567,441	22,005,701	(2,316,749)	1,492,829	(658,778)	121,552	(1,361,146)	27,551,475
Total Cash Provided By Operating Activities	(272,840)	(3,904,350)	(105,382)	(2,021,056)	(249,386)	(378,656)	(2,754,480)	25,825,236
Investing Activities								
Purchase of Property & Equipment	(192,738)	(16,140)	4,393	(164,214)	4,933	4,101	(150,786)	(81,479)
Purchase of Intangibles	(697,070)	(1,058,285)	(325,783)	-	-	-	(325,783)	-
Business Acquisition	-	-	-	-	-	-	-	-
Redemption of Short-Term Investments & Restricted Cash	-	(194,900)	-	-	-	-	-	-
Total Cash From Investing Activities	(1,679,947)	(1,854,853)	(4,618,825)	(164,214)	4,933	4,101	(4,774,004)	(81,479)
Financing Activities								
Proceeds from Loan	390,000	50,000	-	-	-	-	-	-
Repayment of Loan	(504,539)	(517,170)	(12,592)	(27,183)	(26,765)	(26,160)	(92,700)	(96,152)
Operating Line (Repayment)	-	(27,489)	-	-	-	-	-	-
Repayment of Loan	(504,539)	(517,170)	(12,592)	(27,183)	(26,765)	(26,160)	(92,700)	(96,152)
Issue of Equity	890,000	4,442,500	-	52,600,000	-	-	52,600,000	-
Total Cash From Financing Activities	2,874,142	8,940,999	3,472,544	52,572,818	(26,765)	(26,160)	55,992,436	(96,152)
Effect of Exchange Rates on Cash	(1,220,256)	1,054,662	(499,771)	-	-	-	(499,771)	-
Net Increase in Cash	(298,901)	4,236,458	(1,751,434)	50,387,548	(271,218)	(400,715)	47,964,181	25,647,605
Beginning Cash	2,016,410	1,717,509	5,953,967	4,202,533	54,590,081	54,318,863	5,953,967	53,918,148
Ending Cash	1,717,509	5,953,967	4,202,533	54,590,081	54,318,863	53,918,148	53,918,148	79,565,753

Source: Company Reports and eResearch Corp.

Appendix C: Fintech Comparables

Figure 14: Canadian Fintech Comparables

Name	Ticker	Close Jul 30	Mkt Cap C\$ (M)	Cash (M)	EV (M)	Revenue			EBITDA			EV/Revenue			EV/EBITDA		
						2020A	2021E	LTM	2020A	2021E	LTM	2020A	2021E	LTM	2020A	2021E	LTM
Large Cap																	
Shopify Inc.	NYSE:SHOP	\$1,499.93	\$233,415.8	\$7,755.4	\$180,495.8	\$2,929.5	\$4,620.8	\$3,853.2	\$234.7	\$763.3	\$531.6	61.6x	39.1x	46.8x	769.2x	236.5x	339.5x
Thomson Reuters	TSX:TRI	\$132.20	\$65,539.3	\$2,661.0	\$66,946.3	\$5,984.0	\$6,232.2	\$6,044.0	\$1,389.0	\$1,944.3	\$1,445.0	11.2x	10.7x	11.1x	48.2x	34.4x	46.3x
TMX Group	TSX:X	\$137.01	\$7,688.2	\$381.2	\$8,407.1	\$865.1	\$959.4	\$973.1	\$661.5	\$576.7	\$601.1	9.7x	8.8x	8.6x	12.7x	14.6x	14.0x
Mean (excludes Rev. Multiple >20; EBITDA Multiple >100)												10.5x	9.8x	12.8x	30.5x	24.5x	30.2x
Median												11.2x	10.7x	11.1x	48.2x	34.4x	46.3x
Mid Cap																	
goeasly Ltd.	TSX:GSY	\$171.00	\$2,820.7	\$232.7	\$3,547.6	\$243.3	\$827.7	\$484.8	NA	\$0.0	NA	14.6x	4.3x	7.3x	n/a	n/a	n/a
Kinaxis Inc.	TSX:KXS	\$161.86	\$4,412.7	\$229.3	\$4,199.5	\$224.2	\$246.3	\$229.2	\$31.8	\$32.5	\$22.2	18.7x	17.0x	18.3x	131.9x	129.1x	188.9x
Lightspeed POS	TSX:LSPD	\$106.83	\$14,286.8	\$807.2	\$13,535.1	\$175.6	\$406.8	\$221.7	-\$72.2	-\$35.5	-\$88.2	77.1x	33.3x	61.0x	n/a	n/a	n/a
Real Matters	TSX:REAL	\$12.77	\$1,022.1	\$79.3	\$951.4	\$472.5	\$498.6	\$503.0	\$71.2	\$53.3	\$66.6	2.0x	1.9x	1.9x	13.4x	17.8x	14.3x
Mean (excludes Rev. Multiple >20; EBITDA Multiple >100)												11.8x	7.7x	9.2x	13.4x	17.8x	14.3x
Median												16.7x	10.7x	12.8x	72.6x	73.5x	101.6x
Small Cap																	
AnalytixInsight	TSXV:ALY	\$0.58	\$55.6	\$1.8	\$54.2	\$3.2	\$0.0	\$3.5	-\$2.1	\$0.0	-\$2.2	17.1x	n/a	15.5x	n/a	n/a	n/a
Perk Labs	CNSX:PERK	\$0.09	\$15.1	\$3.0	\$12.3	\$0.1	\$0.0	\$0.1	-\$3.2	\$0.0	-\$3.4	192.6x	n/a	169.7x	n/a	n/a	n/a
Goldmoney	TSX:XAU	\$2.84	\$215.4	\$30.0	\$189.2	\$688.7	\$0.0	\$663.3	\$12.5	\$0.0	\$6.1	0.3x	n/a	0.3x	15.1x	n/a	31.1x
IOU Financial	TSXV:IOU	\$0.19	\$19.4	\$11.5	\$19.5	\$5.2	\$0.0	\$8.1	NA	\$0.0	NA	3.8x	n/a	2.4x	n/a	n/a	n/a
Katapult Tech	TSXV:FUND	\$0.21	\$14.5	\$3.7	\$14.5	\$1.3	\$0.0	\$1.3	-\$1.5	\$0.0	-\$1.4	11.0x	n/a	10.8x	n/a	n/a	n/a
Marble	CNSX:MRBL	\$0.17	\$12.8	\$1.4	\$16.9	\$0.2	\$0.0	\$0.2	NA	\$0.0	NA	88.7x	n/a	72.6x	n/a	n/a	n/a
Mobi724	TSXV:MOS	\$0.04	\$10.6	\$0.6	\$15.6	\$1.1	\$0.0	\$0.7	-\$2.7	\$0.0	-\$2.9	13.9x	n/a	22.6x	n/a	n/a	n/a
Mogo Inc.	TSX:MOGO	\$7.16	\$498.1	\$95.5	\$501.0	\$0.0	\$52.4	\$26.3	NA	-\$10.5	NA	n/a	9.6x	19.1x	n/a	n/a	n/a
NamSys Inc.	TSXV:CTZ	\$1.05	\$28.7	\$3.3	\$25.4	\$4.8	\$0.0	\$4.9	-\$1.3	\$0.0	-\$1.4	5.2x	n/a	5.2x	n/a	n/a	n/a
NetCent	CNSX:NC	\$0.69	\$75.9	\$2.4	\$75.4	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	-\$15.9	n/a	n/a	432.9x	n/a	n/a	n/a
Peak Fintech	CNSX:PKK	\$6.00	\$482.9	\$4.1	\$492.6	\$42.7	\$81.5	\$53.0	-\$2.8	\$9.4	-\$2.0	11.5x	6.0x	9.3x	n/a	52.4x	n/a
Points Int'l.	TSX:PTS	\$20.77	\$306.1	\$84.7	\$223.5	\$196.9	\$295.2	\$199.7	\$3.5	\$10.7	\$1.2	1.1x	0.8x	1.1x	64.7x	21.0x	189.6x
Prodigy Ventures	TSXV:PGV	\$0.18	\$21.0	\$2.3	\$18.9	\$16.0	\$0.0	\$14.8	\$0.8	\$0.0	\$0.8	1.2x	n/a	1.3x	22.4x	n/a	24.8x
Solution Financial	TSXV:SFI	\$0.40	\$35.9	\$2.1	\$44.7	\$14.8	\$0.0	\$18.0	\$1.5	\$0.0	\$1.6	3.0x	n/a	2.5x	30.8x	n/a	27.7x
Mean (excludes Rev. Multiple >20; EBITDA Multiple >100)												6.8x	5.5x	6.7x	33.3x	36.7x	27.8x
Median												8.1x	6.0x	10.1x	26.6x	36.7x	29.4x

Source: S&P Capital IQ; eResearch Corp.

Figure 15: U.S.-Listed Chinese Companies that Focus on Fintech and Lending Solutions in China

Name	Ticker	Close Jul 30	Mkt Cap US\$ (M)	Cash (US\$M)	EV (US\$M)	Revenue US\$ (M)			EBITDA US\$ (M)			EV/Revenue			EV/EBITDA		
						2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E	2020A	2021E	2022E
U.S. Listed Chinese Companies																	
FinVolution	NYSE:FINV	\$6.53	\$1,850.4	\$778.1	\$1,089.0	\$1,205.8	\$1,283.6	\$1,574.6	\$711.2	\$0.0	\$0.0	0.9x	0.8x	0.7x	1.5x		
Xiaobai Maimai In	NasdaqGM:HX	\$1.55	\$26.5	\$15.1	\$21.4	\$1.8	\$0.0	\$0.0	-\$4.2	\$0.0	\$0.0	12.2x					
Jianpu Tech	NYSE:JT	\$1.89	\$40.0	\$94.6	-\$28.9	\$125.0	\$0.0	\$0.0	-\$38.6	\$0.0	\$0.0						
LexinFintech	Nasdaq:LX	\$7.86	\$1,430.9	\$356.9	\$2,381.2	\$1,802.2	\$2,023.3	\$2,494.6	\$234.9	\$493.7	\$550.4	1.3x	1.2x	1.0x	10.1x 4.8x 4.3x		
Qudian Inc.	NYSE:QD	\$1.81	\$458.1	\$1,109.0	-\$471.3	\$3,168.1	\$2,725.4	\$3,861.0	\$122.0	\$221.0	\$120.5						
Senmiao Tech	Nasdaq:AIHS	\$0.73	\$40.6	\$4.4	\$41.9	\$6.2	\$0.0	\$0.0	-\$1.8	\$0.0	\$0.0	6.8x					
X Financial	NYSE:XYF	\$7.43	\$407.6	\$122.1	\$308.5	\$397.8	\$0.0	\$0.0	-\$14.6	\$0.0	\$0.0	0.8x					
Yiren Digital	NYSE:YRD	\$4.06	\$341.0	\$360.5	\$114.1	\$613.2	\$1,337.2	\$1,424.3	\$7.0	\$23.0	\$28.6	0.2x	0.1x	0.1x	16.4x 5.0x 4.0x		
Mean												3.7x	0.7x	0.6x	9.4x	4.9x	4.2x
Median												1.1x	0.8x	0.7x	10.1x	4.9x	4.2x

Source: S&P Capital IQ; eResearch Corp.

Appendix D: Key Recent News Releases

Peak Fintech Announces Consolidation of its Common Shares

July 22, 2021

- **Peak** announced that effective July 27, 2021, all of the issued and outstanding common shares of the Company will be consolidated on the basis of one post-consolidation common share for two pre-consolidation common shares. The consolidation is done specifically to allow the Company to meet the minimum share price criteria set out by the NASDAQ stock exchange in order to be listed on the exchange. The minimum share price is the only remaining criteria to be met by Peak following the listing application filed by the Company earlier this year. Peak plans to announce the effective date on which its common shares are expected to begin trading on the NASDAQ in the coming weeks. Following the closing of the Company's recent prospectus financing and as of July 22, 2021, the 160,960,341 Common Shares that would have otherwise been issued and outstanding will be reduced to 80,480,171 Common Shares on a post-Consolidation basis.

Peak Releases Revenue and Earnings Guidance, Expects \$104M in Revenue and \$5.6M in Earnings for 2021

July 20, 2021

- **Peak** released its revenue, EBITDA, and earnings guidance for 2021, 2022, and 2023.

	Revenue (C\$M)	EBITDA (C\$M)	Net Income (Loss) (C\$M)
2020*	\$42.7	(\$2.78)	(\$5.5)
2021	\$104.0	\$12.5	\$5.6
2022	\$305.0	\$59.0	\$36.1
2023	\$624.0	\$155.0	\$102.3

* Actual results

Peak Publishes Results for this Year's "618 Shopping Festival" in China

July 13, 2021

- **Peak** published the results of its operations related to this year's 618 Shopping Festival. Better known in China simply as "618", the festival was started by online retail giant JD.com in 2004 as a way to celebrate the anniversary of the company's founding (June 18, 1998) by offering consumers promotional deals on a variety of products.
- In its first year of participating in 618, **Peak** helped JD.com retailers and suppliers finance 789 transactions worth a combined RMB 1.05 billion (approximately \$200 million).

Peak Completes Integration to China UnionPay Network and Processes First Fund Transfer and Payment Settlement Transactions

July 9, 2021

- **Peak** announced that its Cubeler Lending Hub and Gold River platforms are now linked to the China UnionPay network through direct API links, allowing the Company to process payments, settle transactions, and transfer funds between lending institutions, banks, and the businesses that are part of its Lending Hub ecosystem.
- The Company has implemented a policy that requires all new Lending Hub members to have virtual bank accounts within the ecosystem, where the proceeds of loans and credit for which they qualify will first be held until the funds are used for the intended purpose they were obtained.

Peak Closes Oversubscribed Short-Form Prospectus Financing for Gross Proceeds of \$52.6M

July 7, 2021

- **Peak** announced that it has closed a public offering of 26.3 million units of the Company at a price of \$2.00 per unit for aggregate gross proceeds of \$52.6 million. Each unit is comprised of one common share and one common share purchase warrant, with each whole warrant exercisable at \$3.50 into one common share for a period of 24 months from the date of issuance.

Peak Files Final Short-Form Prospectus

June 25, 2021

- **Peak** announced that it has obtained a receipt for a short-form prospectus from the securities regulatory authority in the province of Quebec and has filed a final short-form prospectus dated June 22, 2021, in the provinces of Quebec, Ontario, Alberta, and British Columbia in connection with a marketed public offering of units of the Company at a price per Unit of \$2.00 for gross proceeds of a minimum of \$20.0 million and a maximum of \$50.0 million. The Company originally filed a preliminary short-form prospectus dated March 11, 2021, for a maximum of \$15.0 million, however, after receiving significantly increased interest, **Peak** agreed to increase the offering amount.

Peak Announces Short-Form Prospectus Public Offering

March 12, 2021

- **Peak** announced that it has obtained a receipt for a preliminary short-form prospectus dated March 11, 2021, from the securities regulatory authority in the province of Quebec in connection with a marketed public offering of units of the Company for aggregate gross proceeds of a minimum of \$12,000,000 and a maximum of \$15,000,000.
- The net proceeds raised under the Offering will be used by the Company 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.

Peak to Implement Digital Contract Signing Capabilities on its Platforms Through Partnership with Qiyuesuo "Contract Lock"

March 9, 2021

- **Peak** announced that it has signed an agreement with Qiyuesuo, China's leading digital document signing service provider that will allow members of its Cubeler Lending Hub ecosystem to digitally sign legally binding agreements with one another.
- The lending platform has become particularly popular with supply-chain businesses, from restaurants and retailers to factories and raw material suppliers.

Peak Signs Strategic Partnership Agreement with China's Top e-Commerce Software Provider ShopEx

March 2, 2021

- **Peak** announced that it has signed a strategic partnership agreement with ShopEx, China's preeminent e-commerce software provider.
- The strategic partnership between **Peak** and ShopEx calls for an API link between the ShopEx platform and **Peak's** Lending Hub platform that will allow data from online stores managed with the ShopEx applications to flow to the Lending Hub and help qualify the stores for loans and credit from the Hub's banks and financial institution lending partners.

Appendix E: Risks

Peak's initial business in China was established in 2016 but has grown into seven business units as of December 2020. Each business unit is subject to the risks inherent with establishing a new business, including execution of the Company's strategy, dealing with competitive pricing pressures from incumbents, limited capital resources, and cash flow constraints. Other risks include the following.

Business and Operating Risks:

- Peak has launched seven business units in China since 2016; if the Company fails to effectively manage its growth, this will negatively impact its business plan.
- Peak's platforms depend on participation from third parties, including lenders and borrowers. If the Company was unable to collect loan payments or these payments did not increase as the Company's costs increased, the financial condition of the Company may be adversely affected.
- If lenders do not provide capital for loans, then the Company could not collect transactional fees or loan interest, thus revenue would be negatively affected.
- Peak depends on third parties, such as Cubeler Inc., to provide certain components of its lending gateway. If any third-party agreement is terminated or there are any increased costs associated with the third-party agreements, then these events may negatively affect the Company's financial condition and/or ability to continue operations.
- The Cubeler Lending Hub licensing contract was signed in 2017 with a term of ten years.
- As Peak operates in China, the Company faces foreign currency exchange rate fluctuations and foreign government risk that could negatively affect its results.

Financial Risks:

- Peak has incurred negative Net Income in the past five years and is not guaranteed to achieve profitability on a going-forward basis.

Legal and Regulatory Risks:

- Financial and Lending operations in foreign countries, states, and regions often require licenses and any restriction or change in the legal requirements could adversely affect revenues and profits.
- Any security or privacy breach involving unauthorized access to customer data or the Company's lending platform may reduce demand for Peak's solutions and/or may result in significant fines or regulatory compliance issues.
- The protection of Peak's intellectual property is important in preventing third parties from using its proprietary technologies and weakening its competitive advantage.

Sales and Marketing Risks:

- Failure by Peak to effectively develop and expand its sales or enhance its brand could adversely affect its operating results.
- There is revenue concentration risk as operations in China generate all revenue.
- Peak's platforms are dependent on lenders, borrowers, and third parties transacting on the platform; if the Company is unable to maintain successful relationships with the platforms' participants, its operating results could be adversely affected.
- There is strong competition in the lending industry in China and if Peak is unable to effectively compete for lenders and borrowers, its business and profitability may be adversely affected.

Technology Risks:

- Peak needs to continually innovate to keep ahead of customer preferences, compliance, and loan matching technology. As Peak grows its new business units, there is a risk that the Company may not be able to successfully scale its technology.

Appendix F: eResearch Disclosure

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ANALYST ACCREDITATION

eResearch Analyst on this Report: Chris Thompson CFA, MBA, P.Eng.

Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own common shares, share options or share warrants of Peak Positioning Technologies Inc. (CNSX:PKK).

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