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10 S. Riverside Plaza, Chicago, IL 60606

Jerrick Media Holdings, Inc. (OTCQB: JMDA)

Jerrick Plans to Raise Capital With \$8 - \$9 Million Stock Sale

Based on an industry standard range of 9-21x, enterprise value to sales, Jerrick Media could be valued at between \$57 - \$148 million.

Current Price (07/13/20) **\$6.47**
Valuation **\$10.20**

OUTLOOK

After over five years of building its Vocal platform, Jerrick is aiming to disrupt the digital media and publishing platform space. Its CMS technology, built from scratch from an open-source framework called *Keystone*, was created in tandem with renowned development company, Thinkmill, led by its founder Jed Watson. *Vocal* enables creators to publish media-rich digital content in a safe and secure environment that allows maximum visibility and the opportunity to be rewarded for their content. Platform revenues are generated primarily through paid creator subscriptions and brand agency services. Vocal does not charge readers for content nor is it reliant on intrusive display advertising. Through a unique low-cost infrastructure, scalable business model, and accretive acquisition strategy, we expect the Vocal technology platform to scale, ultimately profitably, while taking market share from high cost legacy platforms. Jerrick plans to change its name to Creatd, Inc.

SUMMARY DATA

52-Week High **\$6.47**
52-Week Low **\$2.16**
One-Year Return (%) **90.6**
Beta **-0.4**
Average Daily Volume (sh) **8,194**

Shares Outstanding (mil) **10.1**
Market Capitalization (\$mil) **\$65**
Short Interest Ratio (days) **0.5**
Institutional Ownership (%) **0**
Insider Ownership (%) **26.9**

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

5-Yr. Historical Growth Rates
Sales (%) **-19.5**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2019 Estimate **N/A**
P/E using 2020 Estimate **N/A**

Risk Level

Type of Stock
Industry

Average
Small Growth
Technology Services

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	0.0 A	0.1 A	0.0 A	0.0 A	0.1 A
2019	0.0 A	0.0 A	0.1 A	0.3 A	0.5 A
2020	0.3 A	0.4 E	0.4 E	0.6 E	1.7 E
2021					7.0 E

EPS

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	-\$1.05 A	-\$1.22 A	-\$1.67 A	\$0.42 A	-\$4.16 A
2019	-\$0.28 A	-\$0.20 A	-\$0.22 A	-\$0.28 A	-\$0.98 A
2020	-\$0.32 A	-\$0.17 E	-\$0.22 E	-\$0.10 E	-\$0.51 E
2021					-\$0.17 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

WHAT'S NEW

The company is still in the process of raising capital to support operating expenses and shore up its balance sheet ahead of its planned uplisting to the Nasdaq capital markets. Per its revised S-1, it now hopes to raise gross proceeds of between \$8 - \$9 million. Assuming a deal priced at the value of the stock, this would result in the issuance of 1.2 to 1.4 million new shares. The company currently has 10.1 million shares outstanding and, as per the vote conducted at its 2020 annual meeting, Jerrick got approval to raise its authorized to 100 million shares. With the upcoming capital raise, all of the debt and convertible notes will be able to, and are expected to, be converted into common stock with the exception of \$660,000 of the 12.5% notes. After the deal, primary shares outstanding should be closer to 12.5 million. These changes would result in approximately \$5 million in working capital. Additional items voted on at the company's annual meeting included the election of three new board members, and the authorization for Jerrick to change its name to Creatd, Inc. upon uplisting. Post uplisting, the company will begin trading on the Nasdaq Capital Markets under the trading symbol "CRTD." More details on Jerrick's planned uplisting, platform updates, acquisition strategy and growth plans can be found in the [recording and transcript of the shareholder meeting](#), published on July 8th, 2020.

Q1 2020 Results

Q1 revenues were \$293,000, down sequentially from the \$320,000 in revenues in Q4 2019, but a significant increase from the \$34,000 revenues in Q1 2019. Seller's Choice, having completed its full integration into Jerrick's sales infrastructure following its acquisition by Jerrick in September 2019, was the largest contributor to revenues for first quarter 2020, amounting to a total of \$192,251 or 66% of the company's total quarterly revenues. Vocal+ creator subscriptions contributed \$35,962, up only \$4,000 from Q4 2019. Branded content revenues increased to \$56,000 from \$49,450. It was during the course of the first quarter 2020 that the effects of the global pandemic began to manifest, which prompted the company to go into cash preservation mode. This may have resulted in lower growth than might have been achieved in a more normal quarter.

Operating expenses for the first quarter were \$2.1 million, down significantly from the \$2.8 million in Q4 2019. The biggest contributor to this sequential drop was from R&D expenses, which dropped from \$765,000 to \$135,000 as Jerrick's Sydney-based development partner, [Thinkmill](#), got a large payment covering more than one quarter in Q4. Jerrick confirmed at its July 8th, 2020 shareholder meeting that Seller's Choice would again generate approximately \$200K in revenues for second quarter, and that, since the acquisition, it had cut its operational expenses by nearly two-thirds, while keeping revenues steady, effectively increasing margins and generating future opportunities for growth. The company also gave guidance at the meeting that its total Q2 revenues would be approximately \$350,000, and that, post uplist, it expected revenue growth to be exponential due to the inherent scalability and integration capabilities of the Vocal platform, its flagship product.

Q1 2020 operating loss of \$1.8 million was down sequentially from \$2.5 million in Q4 2019, but remained similar to the \$1.7 million loss in the same period last year.

In other income, there was an Australian tax credit for research and development of \$63,556. Typically the company is given a rebate of 40% for R&D expenses during the calendar year. The \$63,000 was a catch up from the amount given in Q4 2019. We are expecting this rebate to continue, and be booked in Q4 2020. Interest expense increased from \$283,790 in Q4 to \$375,530 in Q1, and we expect that to be even higher in Q2 2020.

The greater net loss of \$3 million compared to \$1.9 million a year ago, and \$2.4 million in Q4 2019, is largely attributable to increased spend for R&D and Marketing that contribute to overall growth coupled with additional Professional Services expenditures revolving around the uplist. This resulted in an EPS loss of

\$0.32 per share compared to a loss of \$0.28 per share a year ago. Shares outstanding increased 39% to 9.3 million and currently stand at just over 10.1 million.

Adjusted EBITDA for Q1 2020 was a negative \$2.2 million compared to a negative \$1.5 million a year ago. In the period the company had negative cash flow and free cash flow of \$1.7 million.

Q4 2019 and Full Year Results

Q4 Results

As expected, Q4 2019 revenues surpassed the \$300,000 guidance, closing the quarter at \$320,105. A majority of the revenues were driven by Seller's Choice (referred to as "Managed Services"), whose acquisition by Jerrick was completed on September 11, 2019. It contributed \$222,395 or 69.5% of the total in its first full quarter. Vocal+ paid subscriptions, which is the premium membership offering for creators, contributed a total of \$31,997 in its debut quarter as a category as Vocal + recognized revenues for subscriptions that started to be sold in May. Revenues were up sequentially from \$91,000 in the September quarter, which only had a few days of Seller's Choice revenue.

Operating expenses were higher than expected at \$2.7 million as professional fees grew due to an approaching uplisting, and R&D was recorded at \$764,933 to adjust for a lapse in billing during Q3, which was recorded at \$11,349. R&D expenses reflected a billing and payment made for more than one quarter of R&D work. Compensation declined sequentially by \$130,000 as the company reorganized and streamlined operations with the Seller's Choice integration. Operating losses for the quarter were \$2.5 million compared to a loss of \$1.9 million a year ago.

In other income, there was a one-time Australian tax credit for research and development of \$292,387. Interest expense was \$283,790 and higher than expected. The net loss for Q4 was \$2.6 million versus a loss of \$2.0 million the previous year. EPS was a loss of \$0.28 versus a loss of \$0.31 a year ago due to an increase in the share count, which was up approximately 44%

2019 Year Results

With the acquisition of Seller's Choice and the launch of paid subscriptions the company started to make progress on revenue growth. For the year, Jerrick booked \$453,000 in revenues compared with only \$81,000 in 2018. The two new revenue lines of subscriptions and managed services were 70% of the total in 2019.

Operating expenses increased by \$1.9 million to \$7.7 million mostly due to G&A which was up a million due to an increase in staff, and marketing spend followed by consulting fees which increased by \$0.5 million.

The operating loss was \$7.2 million compared to a loss of \$5.7 million a year ago. Due to a number of one-time items in 2018, the net loss to common shareholders in 2019 declined to \$8.0 million compared to a loss of \$14.2 million in 2018. As a result the loss per share declined to \$0.98 versus \$4.16 a year ago. On a non-GAAP basis we believe the loss to be \$0.94 per share versus \$3.18. Shares outstanding grew 141% to 8.2 million for the year, primarily due to two tender offers conducted by the company, which allowed warrant holders to exchange their warrants for shares of common-stock at a predetermined ratio

Adjusted EBITDA for the year was a negative \$6.9 million compared to a negative \$10.7 million in 2018.

Balance Sheet

On March 31, 2020 the company had \$118,361 in cash, a deficit of \$12.4 million in working capital, and \$10.6 million in debt. The balance sheet is however, much stronger than it appears. The company's largest

asset is the Guccione collection of archival media assets, including acquired artwork, photographs, illustrations and licensing IP, with an appraised value (2016) of \$6-8 million, but is not on the balance sheet as the purchase price was deemed immaterial in 2012. The company used this asset as collateral for a loan with two of its largest investors, which has provided some of the liquidity needed over the years.

During the quarter there were several transactions including:

The January 2020 Rosen Loan Agreement

On January 14, 2020, the company issued a promissory note of **\$150,000** that accrues interest at a fixed amount of \$2,500 for the duration of the note. During the three months ended March 31, 2020 the company accrued interest of \$20,500. During the three months ended March 31, 2020 the Company repaid \$17,500 in principal and \$12,500 in interest.

On February 27, 2020, Jerrick Media raised a net amount of **\$864,950** by selling a current shareholder a convertible promissory note of \$1,500,000 and warrants to purchase 124,995 shares of stock, with an exercise price of \$5.00 per share. The note matures on February 27, 2021, pays 12% interest, and is convertible at \$4.50 per share. This note replaces the promissory notes held by this investor, of \$385,000.

SUBSEQUENT EVENTS

Subsequent to March 31, 2020 Jerrick entered into five convertible promissory note agreements and received proceeds of \$403,000.

On May 5, 2020, Jerrick was granted a loan from PNC Bank of \$412,500, pursuant to the Paycheck Protection Program and the company intends to use the entire amount for qualifying expenses.

OVERVIEW

- Jerrick is a five-year-old company, which spent the startup phase developing a revenue-generating platform, built primarily for the creator and the broader creative community. Via an acquisition, the company recently started to generate meaningful revenues. Its main source of revenue is expected to be from its new subscription services sold to web-based content creators and the brands that are anxious to access the creators' audience. It could now be at the beginning stages of rapid growth.
- Jerrick's platform, [Vocal](#), supports all forms of rich-media content: text, video, audio, images, products, and more. The platform has an easy-to-use open canvas content editor. Users can embed a variety of digital content including YouTube videos, Instagram posts, Spotify playlists, podcasts, and more directly into Vocal's editor. The invention of the smartphone first allowed users to aggregate digital content, resources, and services. Now, the Vocal platform provides users with aggregated digital content, resources, and services on a more targeted basis. Vocal is the next iteration of this aggregation trend, empowering the creative community with powerful storytelling resources and tools, which can be accessed more efficiently and effectively than could its predecessors, and from any device, whether on mobile, desktop or tablet.
- Jerrick has created a next generation platform for creating and sharing multimedia content on the web. Vocal was built in conjunction with Sydney-based development group [Thinkmill](#), led by its founder Jed Watson. Its flexible architecture was built from the ground up using Keystone, a cost-efficient, and highly scalable development framework. Vocal's technology offers a number of differentiating factors that can enable it to compete effectively with the likes of WordPress or Medium for both eyeballs and creators. Vocal's scalable technology is easy to update and built to support future development, which should result in much lower operational costs than its legacy competitors.

- Revenues are primarily generated from content creators and brands, not readers. There is no display advertising on the site or cost for readers to read/view content, both increasingly unprofitable business models. Not having a paywall encourages visitors and views, which supports revenues from brands through native advertising. Jerrick collects first-party data that can be used to help brands target audiences in third party systems such as Facebook, Instagram, and Snapchat, which works to optimize conversions on branded content campaigns. The first-party data collected also serves to continuously lower costs of acquisition for both 'Vocal Free' creators as well as Vocal+ paid creators. Additionally, through Jerrick's acquisition of Seller's Choice and its e-commerce based clientele, Vocal has expanded its technology into the direct-to-consumer marketplace, providing invaluable data to brands and the opportunity to work with [Vocal for Brands](#).
- Viewership on the site is supported by the proprietary search engine optimization (SEO) capabilities built into Vocal's architecture. As creators amplify their content through their own social media channels, the optimization is further enhanced. Creators can get more views and greater discoverability by publishing content on Vocal as opposed to other sites geared toward short-form content, which have limited search capabilities and discovery tools, as well as limited opportunities for content monetization.
- While platforms such as Medium, Patreon, Vimeo, and Automattic have burned through \$100's of millions of dollars and not reached profitability, Jerrick looks to reach operating breakeven at approximately \$1.6 - 2 million in quarterly revenues. This could be reached early next year depending on how subscriptions ramp, based on its next generation technology, low cost architecture, and unique user generated content strategy. Additionally, on January 22, 2020 the company launched Challenges, its latest offering for creators and brands, which is expected to be a key revenue driver in 2020.
- The company is planning an \$8 - \$9 million capital raise to support growth both internally and through acquisitions. At the same time, it will be rebranding and changing its name to Creatd, in conjunction with its expected uplisting to the Nasdaq Capital Markets, hopefully by Q3 of 2020. This cash raise could see it through to cash flow breakeven barring any outsized acquisitions.
- We believe based on our forecasts and comparable companies, Jerrick Media could be worth \$10.20 per share based on a multiple of enterprise value to sales using a combination of public and private company comparables. This is based on it successfully reaching estimated sales of \$7 million in 2021 without any additional equity dilution than forecasted.

FINANCIALS

The Vocal+ Founding Member beta program started on May 6, 2019 and ended on Sept 18, 2019. During that period, members could join Vocal+ for \$50 a year. After Sept 18, 2019 the price rose to \$99 a year or \$9.99 per month. Thus the September quarter revenues reflected ratable revenues based primarily on the \$50 per year rate. Incremental revenues are now at more than twice that rate per Vocal+ member, between \$9.99 and \$8.25, rather than \$4.17. The company reports to now have 650,000 registered content creators on the platform of which 4,000 are paying subscribers. This is up from 2,300 in January. At its recent Shareholder Meeting, the company reported that it anticipates the number of Vocal+ subscribers to increase exponentially following the uplisting, which will fuel a corresponding decrease in acquisition costs. In the past few months alone, the company's Creator Acquisition Cost (CAC) and Subscriber Acquisition Cost (SAC) have each dropped by as much as 50%.

Q2 2020 Forecast

Management has indicated that they expect Q2 revenues to exceed \$350,000. More importantly than the total revenue number, will be the components of that number. We will look to see if content subscriptions have increased substantially and whether managed services can return to sequential growth. Most important is whether the service is getting traction with subscribers and advertisers as the company's business model is built on those revenues ramping significantly and showing the platform has traction.

Given the effects of COVID on US and Australian operations, we would have had no idea where expenses might fall, but management has stated that it believes it will spend below \$1.65 million. If so that would generate an operating loss of about \$1.3 million. That would be slightly less of a loss than that generated in Q2 2019, which was \$1.4 million.

Given increased borrowing compared to Q1, we are using \$390,000 for interest expense resulting in a net loss of \$1.7 million or \$0.17 per share using 10.1 million shares outstanding.

2020 Year Forecast

Since our initial report, the pandemic ensued and particularly hit New Jersey hard where Jerrick is located. Jerrick was easily able to have its entire staff work remotely due to the nature of the business, but certainly some activities were curtailed as a result. We expect the company is currently out of cash and most likely has reached its debt capacity. Much of what happens at Jerrick this year depends on its ability to raise capital to support its plans and the timing of that raise. A cash infusion would allow the company to continue operating as well as provide resources for possible acquisitions. The company hopes to pursue combinations with companies in three areas: direct-to-consumer agencies, content communities, and data science companies. Our forecast is based on a successful capital raise at its current stock price occurring in Q3 2020.

For the year we lowering our outlook due to both COVID reducing ad spending industry-wide, the revenue miss in Q1 and subscription traction not yet being evident as well as the delay in the capital raise. For 2020 we expect revenues of \$1.7 million compared with \$453,000 in 2019. With expected spending this should result in an operating loss of \$5.9 million compared to a loss of \$7.2 million in 2019. The net loss could be \$7.1 million or \$0.68 per share compared to a loss of \$8.0 or \$0.98 in 2019.

2021 Year Forecast

After a successful capital raise and the advertising business returning to more normal levels after the pandemic ends, Jerrick should be able to accelerate revenues by spending on customer acquisition. With a short track record to go on, it is impossible to predict revenues for 2021 without a wide range of outcomes possible. Given the slow ramp of subscription revenues so far, it is still unproved if paid subscriptions will increase exponentially and a network effect will kick in. In theory this should work, but at what rate, would be anyone's guess. Due to the set back from the pandemic, we are looking for revenues of \$7 million and losses of \$1.9 million resulting in a loss per share of \$0.17.

VALUATION

When valuing Jerrick we looked at a number of public and private companies with similar business models or that are competitors. Most sell subscription services to consumers. The most relevant comps are private entities with limited public information. Looking at the table below, we see that these companies trade at an average of 9.2 times 2021 enterprise value to estimated sales with a range of 0.4 times to 38.8 times. Like

Jerrick many of them are cash flow negative, although all, with the exception of Enthusiasts Gaming, are expected to have sales over \$100 million in 2020 proving they have some traction. Using an average of 9.2xs and applying that to Jerrick's estimated 2021 revenues of \$7 million, it could be worth a \$62.1 million enterprise value, a \$57.4 million market value or \$5.68 per share.

Public Companies

Company	Ticker	Revenue			TTM EBITDA	2021E	Enterprise Value / Sales			EV/ EBITDA	Included in Average?	Enterprise Value
		2021E	2020E	LTM			2020E	LTM				
Blue Apron	APRN	\$476	\$451	\$415	-\$31	0.4x	0.5x	0.5x	-6.9x	n	214	
ChannelAdvisor Corp	ECOM	\$139	\$132	\$130	\$15	2.7x	2.9x	2.9x	25.7x	y	377	
Chicken Soup	CSSE	\$91	\$67	\$66	-\$15	1.2x	1.6x	1.7x	-7.2x	y	110	
Etsy	ETSY	\$1,380	\$1,170	\$877	\$118	9.0x	10.6x	14.1x	105.5x	y	12,410	
Enthusiasts Gaming	EGLX.TO	\$46	\$33	\$19	NA	3.1x	4.4x	7.4x	NA	y	143	
Limelight Networks	LLNW	\$255	\$232	\$214	\$9	3.3x	3.6x	3.9x	93.6x	y	834	
Hubspot	HUBS	\$975	\$807	\$722	-\$34	9.4x	11.4x	12.7x	-272.0x	y	9,160	
Match	MTCH	\$2,630	\$2,250	\$2,130	\$717	9.8x	11.5x	12.1x	36.0x	y	25,840	
Netflix	NFLX	\$29,240	\$24,770	\$21,400	\$3,210	8.2x	9.7x	11.2x	75.0x	y	240,637	
Shopify	SHOP	\$2,920	\$2,170	\$1,730	-\$133	38.8x	52.2x	65.5x	-850.1x	y	113,230	
Slack	WORK	\$1,140	\$871	\$697	-\$564	15.9x	20.8x	26.0x	-32.1x	y	18,140	
Spotify	Euros SPOT	9,543	7,930	\$7,101	\$48	4.4x	5.3x	5.9x	867.7x	y	41,650	
Upwork	UPWK	384	337	\$315	-\$16	4.1x	4.7x	5.0x	-96.8x	y	1,576	
Average					279.5x	9.2x	11.5x	14.0x	-4.6x		\$38,676	

The valuations for the private company competitors are much higher than those for the public companies and it is more difficult to get revenue and valuation information. These valuations may not be correct and should not be relied on, but are the numbers discussed during capital raises. From publicly available articles in the press we believe these companies are valued at an average of 21.2Xs enterprise value to sales. At 21.2 times sales, Jerrick could be worth \$148 million using 2021 estimated revenues of \$7 million. This would be \$14.70 per share. To a strategic buyer this would be an even more relevant metric.

Private Companies

Company	Year Founded	EV	Estimated Revenue	EV/Revenue
Medium	2011	550	12	45.8
Patreon	2013	600	55	10.9
VSCO	2011	550	80	6.9
Average				21.2

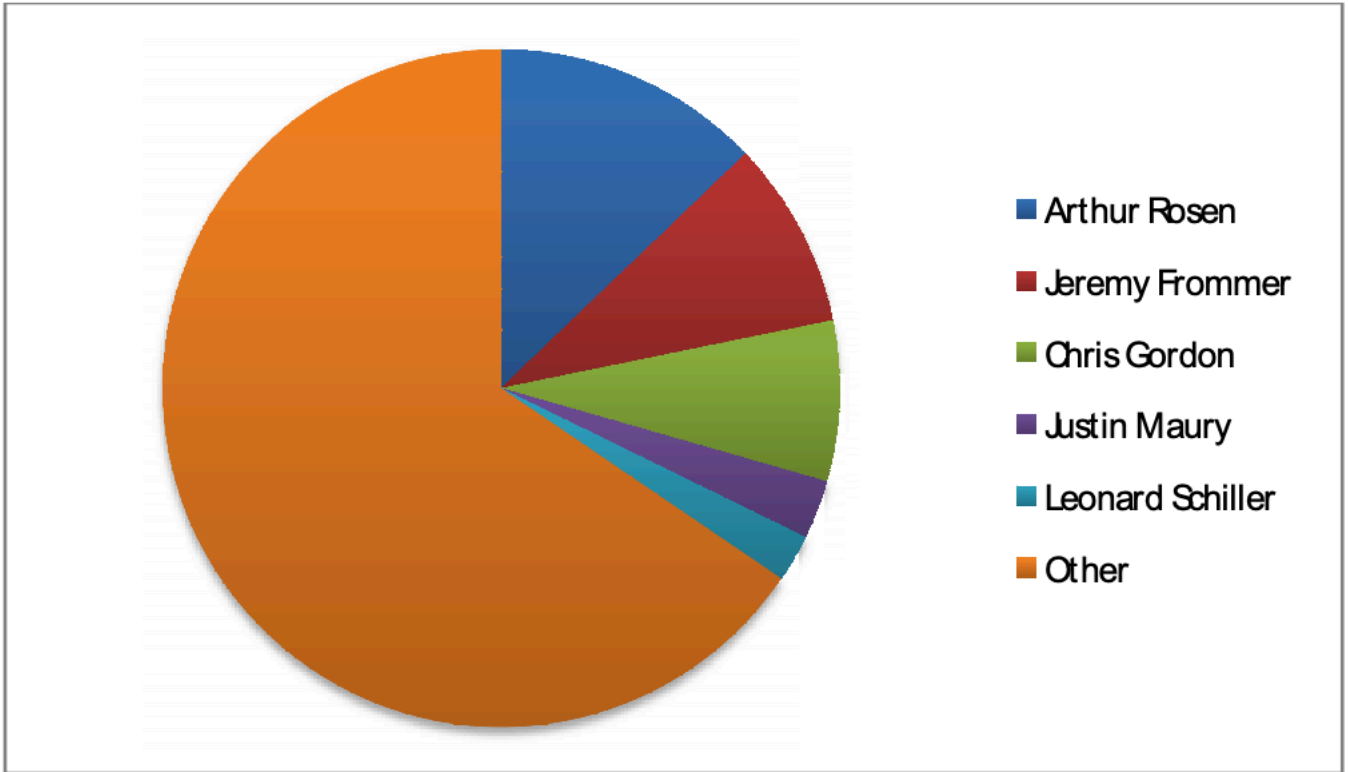
Taking a **combination of both valuation metrics, and using the average we get to \$10.20 per share**. This is assuming the company meets or exceeds our forecasts and does not do any unforecasted capital raises that dilute current shareholders.

RISKS

- While the company is just beginning to generate meaningful revenues and it is still experiencing an operational loss. It is difficult to predict when, or if, it will cross into profitability given its limited track record.

- Given its current losses the company may need to raise more cash than expected to reach profitability and this could cause dilution to current shareholders.
- Jerrick is planning to raise capital and attempting to uplist the stock to NASDAQ. Despite management's optimism it is challenging to predict if it will be successful, or at what price a raise can be done.
- Due to COVID curtailing operations very few companies have been granted permission to uplist to NASDAQ in the past six months and we believe many other companies are in the queue possibly delaying progress on Jerrick's plans to uplist.
- The company has many competitors, many of which are much larger and better funded than it.
- Jerrick has limited senior management. There are only two members on the board, though three additional board members were approved for election at the company's recent shareholder meeting and are slated to join the board imminently. The new board members are [Mark Standish](#), who will replace Leonard Schiller as the Chairman of the Board, as well as [Laurie Weisberg](#) and [Mark Patterson](#).

OWNERSHIP



Source: Zacks Investment Research

PROJECTED INCOME STATEMENT

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Year	Year	Year
	Mar. 31, 2019	June 30, 2019	Sep. 30, 2019	Dec 31, 2019	Mar. 31, 2020	June 30, 2020E	Sep 30, 2020E	Dec 31, 2020E	2019	2020E	2021E
Branded Content	20,071	2,350	35,464	49,450	56,000	65,000	70,000	80,000	107,335	271,000	1,386,000
Creator Subscriptions	0	0	0	31,997	35,962	44,000	100,000	175,000	31,997	354,962	4,200,000
Managed Services	0	0	60,937	222,395	192,251	210,000	250,000	340,000	283,332	992,251	1,400,000
Affiliate Sales	3,122	2,539	1,155	8,484	8,149	15,000	12,000	12,000	15,300	47,149	50,000
Other Revenue	11,141	2,292	(6,170)	7,779	780	16,000	2,500	2,500	15,042	21,780	10,000
Net revenue	\$ 34,334	\$ 7,181	\$ 91,386	\$ 320,105	\$ 293,142	\$ 350,000	\$ 434,500	\$ 609,500	\$ 453,006	\$ 1,687,142	\$ 7,046,000
Gross margin	34,334	7,181	91,386	320,105	293,142	350,000	434,500	609,500	453,006	1,687,142	7,046,000
Operating expenses											
Compensation	726,574	545,037	531,502	401,152	373,520	350,000	350,000	400,000	2,204,265	1,473,520	2,700,000
Consulting fees	206,377	191,254	412,394	814,761	650,007	258,007	250,000	400,000	1,624,786	1,558,014	900,000
Research and development	341,339	13,559	11,349	764,933	135,570	140,000	140,000	140,000	1,131,180	555,570	100,000
General and administrative	465,038	659,452	792,664	792,599	959,994	900,000	900,000	1,200,000	2,709,753	3,959,994	5,200,000
Total operating expenses	1,739,328	1,409,302	1,747,909	2,773,445	2,119,091	1,648,007	1,640,000	2,140,000	7,669,984	7,547,098	8,900,000
Loss from operations	(1,704,994)	(1,402,121)	(1,656,523)	(2,453,340)	(1,825,949)	(1,298,007)	(1,656,523)	(1,530,500)	(7,216,978)	(5,859,956)	(1,854,000)
Other expenses											
Other income	0	0	0	292,387	63,556	0	0	350,000	292,387	413,556	0
Interest expense	(54,569)	(110,032)	(164,439)	(283,790)	(375,530)	(390,000)	(20,000)	(20,000)	(612,830)	(805,530)	(80,000)
Accretion of debt discount and issuance cost	(47,364)	(69,626)	(111,027)	(120,648)	(186,947)	0	0	0	(348,665)	(186,947)	0
Settlement of vendor liabilities	0	0	0	13,574	(126,087)	0	0	0	13,574	(126,087)	0
Loss on extinguishment of debt	(77,514)	(3,635)	(2,022)	(79,689)	(535,040)	0	0	0	(162,860)	(535,040)	0
Gain (loss) on settlement of debt	0	0	0	0	0	0	0	0	0	0	0
Total other expenses, net	(179,447)	(183,293)	(277,488)	(178,166)	(1,160,048)	(390,000)	(20,000)	330,000	(818,394)	(1,240,048)	(80,000)
Loss before income tax provision	(1,884,441)	(1,585,414)	(1,934,011)	(2,631,506)	(2,985,997)	(1,688,007)	(1,676,523)	(1,200,500)	(8,035,372)	(7,100,004)	(1,934,000)
Income taxes	0	0	0	0	0	0	0	0	0	0	0
Net loss	(1,884,441)	(1,585,414)	(1,934,011)	(2,631,506)	(2,985,997)	(1,688,007)	(1,934,011)	(1,200,500)	(8,035,372)	(7,100,004)	(1,934,000)
Deemed dividend	0	0	0	0	0	0	0	0	0	0	0
Inducement expense	0	(7,628)	0	0	0	0	0	0	0	0	0
Net loss attributable to common shareholders	\$ (1,884,441)	\$ (1,577,786)	\$ (1,934,011)	\$ (2,631,506)	\$ (2,995,236)	\$ (1,688,007)	\$ (1,934,011)	\$ (1,200,500)	\$ (8,035,372)	\$ (7,100,004)	\$ (1,934,000)
EPS	\$ (0.28)	\$ (0.20)	\$ (0.22)	\$ (0.28)	\$ (0.32)	\$ (0.17)	\$ (0.22)	\$ (0.10)	\$ (0.98)	\$ (0.69)	\$ (0.17)
Non-GAAP EPS					\$ (0.28)	\$ (0.17)	\$ (0.22)	\$ (0.10)	\$ (0.94)	\$ (0.51)	\$ (0.17)
Shares outstanding	6,691,530	8,072,257	8,899,320	9,240,000	9,304,162	10,111,156	10,127,420	11,549,367	8,223,410	10,273,026	11,600,000
	235%	298%	167%	44%	39%	25%	14%	25%	141%	25%	13%

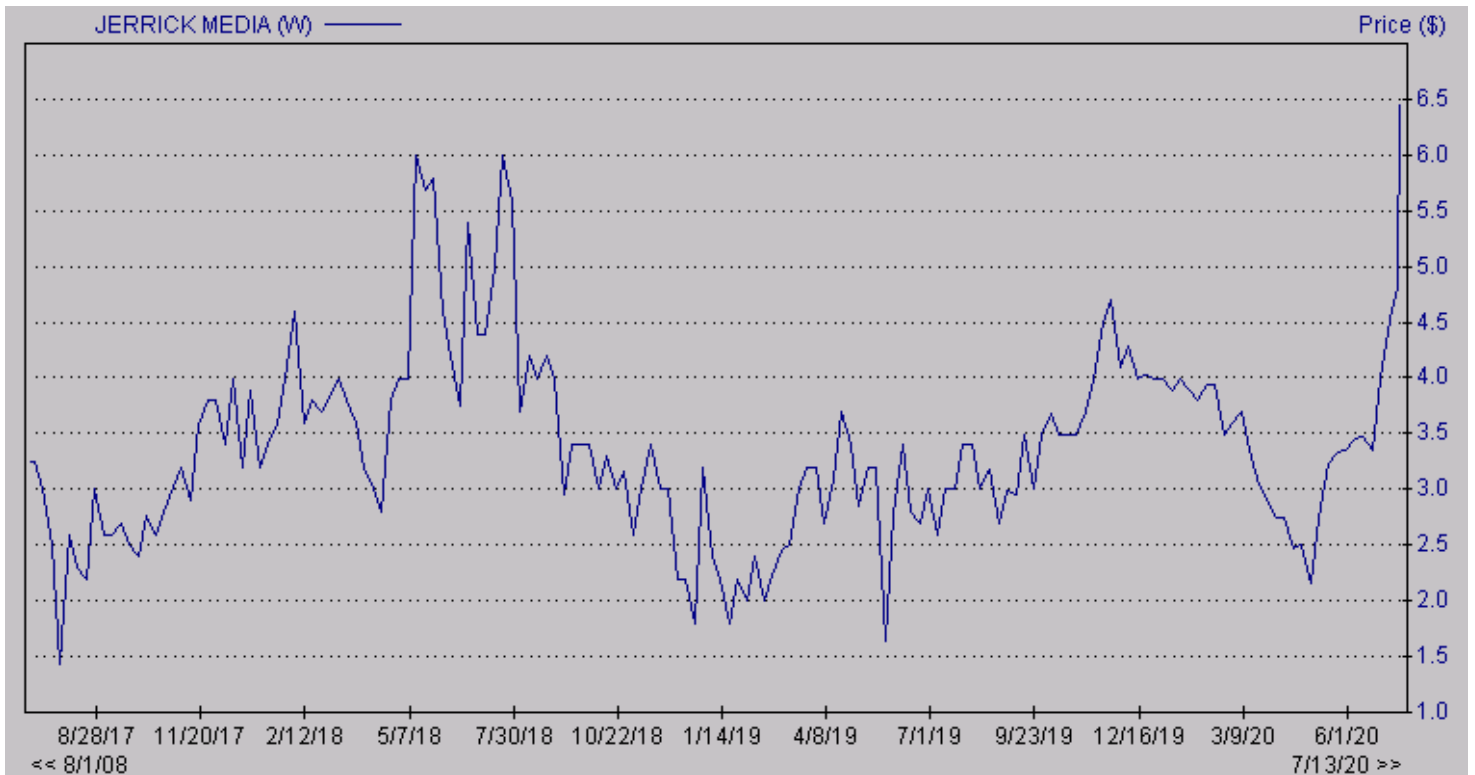
BALANCE SHEET

	Mar. 31, 2020	Dec. 31, 2019	Qtr-Qtr % Change	Mar. 31, 2019	Yr-Yr % Change
Current Assets					
Cash	\$ 118,361	\$ 11,637	917%	\$ 262,707	-55%
Prepaid expenses	\$ 196,984	\$ 4,127	4673%	\$ 0	NM
Accounts receivable	71,122	50,849	40%	7,566	840%
Note receivable	11,450	11,450	0%	0	NM
Current portion of operating lease right of use asset	0	105,763	-100%	0	0%
Total Current Assets	397,917	183,826	116%	270,273	47%
Property and equipment, net	35,598	42,363	-16%	19,633	81%
Goodwill	1,035,795	1,035,795	0%	0	NM
Intangible assets	1,055,798	1,087,278	-3%	0	NM
Security deposit	16,836	16,836	0%	16,836	0%
Operating lease right of use asset	294,326	205,948	43%	277,232	6%
Total Assets	2,836,270	2,572,046	10%	583,974	386%
Current Liabilities					
Accounts payable and accrued liabilities	2,056,343	1,763,222	17%	1,240,004	66%
Demand loan	175,000	225,000	-22%	300,000	-42%
Convertible Notes - related party, net of debt discount	20,398	20,387	0%	0	NM
Convertible Notes, net of debt discount and issuance costs	4,537,996	2,896,425	57%	761,480	496%
Current portion of operating lease payable	73,392	105,763	-31%	77,928	-6%
Note payable - related party, net of debt discount	5,138,479	5,129,342	0%	1,489,716	245%
Note payable, net of debt discount and issuance costs	688,000	660,000	4%	0	NM
Unrecognized tax benefit	68,000	68,000	0%	0	NM
Deferred revenue	44,010	50,691	-13%	0	NM
Warrant liability	7,500	10,000	-25%	0	NM
Total Current Liabilities	12,809,118	10,928,830	17%	3,869,128	231%
Non-current Liabilities:					
Operating lease payable	218,215	201,944	8%	191,120	14%
Convertible Notes - related party, net of debt discount	0	0	0%	355	-100%
Convertible Notes, net of debt discount and issuance costs	0	0	0%	75,000	-100%
Total Non-current Liabilities	218,215	201,944	8%	266,475	-18%
Total Liabilities	13,027,333	11,130,774	17%	4,135,603	215%
Stockholders' Deficit					
Common stock	9,423	9,179	3%	134,606	-93%
Additional paid in capital	37,748,356	36,385,699	4%	34,964,052	8%
Accumulated deficit	(47,566,434)	(44,580,437)	7%	(38,429,506)	24%
Accumulated other comprehensive income	(15,234)	(5,995)	154%	0	NM
Less: Treasury stock	(367,174)	(367,174)	0%	(220,782)	66%
Total Stockholders' Deficit	(10,191,063)	(8,558,728)	19%	(3,551,630)	187%
Total Liabilities and Stockholders' Deficit	\$ 2,836,270	\$ 2,572,046	10%	\$ 583,973	386%
Current ratio	0.0	0.0	85%	0.1	-56%
Net cash	\$ 118,361	\$ 11,637	917%	\$ 262,707	-55%
Working capital	(12,411,201)	(10,745,004)	16%	(3,598,855)	245%
Debt	10,559,873	8,931,154	18%	2,626,196	302%
Debt as a % of Assets	372%	347%	7%	450%	-17%

CASH FLOWS

	2018 Year	March 31, 2019	June 30, 2019	Sep. 30, 2019	Dec. 31, 2019	2019 Year	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net loss	\$ (12,013,542)	\$ (1,884,441)	\$ (1,585,414)	\$ (1,934,011)	\$ (2,631,506)	\$ (8,035,372)	\$ (2,985,997)
Adjustments to reconcile net loss to net cash used in operating activities:							
Depreciation and amortization	42,218	3,133	2,527	6,262	45,570	57,492	38,246
Accretion of debt discount and issuance cost	2,090,286	47,364	69,627	111,026	120,648	348,665	186,947
Inducement expense	0	0	7,626	0	(7,626)	0	0
Share-based compensation	346,954	318,636	129,655	(6,879)	(4,306)	437,106	392,143
Bad debt expense	0	0	0	0	0	(13,574)	0
Gain (loss) on settlement of vendor liabilities	(122,886)	0	0	0	33,503	33,503	126,087
Gain on settlement of debt	(16,257)	0	0	0	0	0	0
Amortization of ROU	0	11,935	(11,935)	0	60,764	60,764	17,385
Loss on extinguishment of debt	3,610,049	77,514	3,635	2,022	79,689	162,860	535,040
Repayments of operating lease liability	0	0	0	0	0	0	(16,100)
Changes in operating assets and liabilities:							
Prepaid expenses	40,680	0	0	669	(4,127)	(3,458)	0
Accounts receivable	(5,175)	(1,066)	5,066	(53,532)	(4,642)	(54,174)	(20,273)
Security deposit	164	0	0	0	0	0	0
Deferred revenue	9,005	(9,005)	17,833	48,175	(15,317)	41,686	(6,681)
Accounts payable and accrued expenses	1,039,690	(6,687)	(244,612)	243,387	993,628	985,716	418,340
Unrecognized tax benefit	0	0	0	0	0	68,000	0
Warrant liability	0	0	0	0	0	10,000	0
Deferred rent	6,000	0	0	0	0	0	0
Operating lease payable	0	(18,436)	18,436	0	(56,240)	(56,240)	0
Net Cash Used In Operating Activities	(4,972,814)	(1,461,053)	(1,587,556)	(1,582,881)	(1,325,536)	(5,957,026)	(1,314,863)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Issuance of note receivable	0	0	0	(11,450)	0	(11,450)	0
Cash paid for property and equipment	(27,605)	(2,801)	(24,050)	(1,036)	0	(27,887)	0
Cash consideration for acquisition	0	0	0	(368,004)	28,004	(340,000)	0
Net cash received in business combination	0	0	0	16,049	0	16,049	0
Net Cash Used In Investing Activities	(27,605)	(2,801)	(24,050)	(364,441)	28,004	(363,288)	0
CASH FLOWS FROM FINANCING ACTIVITIES:							
Cash overdraft	33,573	(33,573)	0	0	0	(33,573)	0
Net proceeds from issuance of notes	791,833	0	0	0	0	0	303,000.00
Repayment of notes	(264,939)	(50,000)	0	0	0	(50,000)	(40,000)
Proceeds from issuance of demand loan	50,000	300,000	(200,000)	0	150,000	250,000	100,000
Repayment of demand loan	0	0	0	0	0	(25,000)	0
Proceeds from issuance of convertible note	1,525,154	787,813	1,205,212	0	479,500	2,472,525	1,172,610
Repayment of convertible notes	(226,250)	(12,508)	0	12,508	0	0	(75,000)
Proceeds from issuance of convert notes - related party	299,852	0	0	0	0	0	152,989
Proceeds from issuance of note payable - related party	465,000	380,000	1,210,000	1,816,500	780,000	4,186,500	0
Repayment of note payable - related party	(205,000)	(125,000)	(150,000)	(54,000)	(172,500)	(501,500)	(180,273)
Investor Deposit	0	0	0	0	0	0	0
Proceeds from issuance of common stock and warrants	2,787,462	649,829	0	0	35,000	684,829	0
Repayment of line of credit	(44,996)	0	0	0	0	0	0
Cash paid to preferred holder	(87,111)	0	0	0	0	0	0
Cash paid for debt issuance costs	(166,761)	0	0	0	0	0	0
Cash paid for stock issuance costs	(35,115)	0	(35,000)	0	0	(35,000)	0
Purchase of treasury stock and warrants	(33,334)	(170,000)	(237,307)	(28,121)	(140,406)	(575,834)	(2,500)
Net Cash Provided By Financing Activities	4,889,368	1,726,561	1,792,905	1,746,887	1,071,594	6,337,947	1,430,826
Effect of exchange rate changes on cash						(5,995)	(9,239)
Net Change in Cash	(111,051)	262,707	181,299	167,254	167,254	11,637	106,724
Cash - Beginning	(111,051)	0	262,707	444,006	611,260	0	11,637
Cash - End	0	262,707	444,006	611,260	778,514	11,637	118,361
Cash Paid During the Year for:							
Income taxes	0	0	0	0	0	0	0
Interest	0	0	18,273	23,989	13,725	55,987	38086
Cash Flow	(6,063,178)	(1,425,859)	(1,384,279)	(1,821,580)	(2,303,264)	(6,948,556)	(1,690,149)
Free cash flow	(6,090,783)	(1,428,660)	(1,408,329)	(2,174,571)	(2,275,260)	(7,300,394)	(1,690,149)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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