

Zacks Small-Cap Research

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POET Technologies Inc. (OTCQX: POETF)

Chaos in the Semiconductor Market Pushes Progress Out a Quarter But Long Term Estimates Still Intact

Given its unique product offering and large TAM we believe POET shares are worth \$1.97 based on peer multiples given no further equity dilution than forecast.

OUTLOOK

POET Technologies is a startup seeking to disrupt the photonics industry with a new design that eliminates parts of an optical transceiver and replaces them with a single integrated device which is smaller, cheaper and faster than the current solutions. It has a \$50M joint venture with Sanan IC to make and sell optical engines to data centers and telecom. Its solution can be produced in a fab, eliminating costly manual steps, and allowing it to be easily produced in large quantities. We believe POET's platform can be applied to many other large photonics markets including high speed computing, co-packaged optics, augmented reality, LIDAR, and the Internet of Things.

Current Price (03/31/21) US\$0.94
Valuation US\$1.97

SUMMARY DATA

52-Week High \$1.14
52-Week Low \$0.26
One-Year Return (%) 260
Beta 0.8
Average Daily Volume (sh) 225,907

Shares Outstanding (mil) 320
Market Capitalization (\$mil) \$299
Short Interest Ratio (days) 0.1
Institutional Ownership (%) 0
Insider Ownership (%) 0

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

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

P/E using TTM EPS N/M
P/E using 2020 Estimate N/M
P/E using 2021 Estimate N/M

Risk Level Above Average
Type of Stock Small-Growth
Industry Elec Comp-Semis

ZACKS ESTIMATES

Revenue

(in millions of US\$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	\$0.0 A				
2020	\$0.0 A				
2021	\$0.0 E	\$0.0 E	\$0.5 E	\$1.5 E	\$2.0 E
2022					\$15.0 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-\$0.01 A	-\$0.01 A	-\$0.01 A	\$0.01 A	\$0.00 A
2020	-\$0.01 A	-\$0.02 A	-\$0.01 A	-\$0.02 A	-\$0.06 A
2021	-\$0.02 E	-\$0.01 E	-\$0.01 E	-\$0.01 E	-\$0.05 E
2022					-\$0.04 E

WHAT'S NEW

The only new news in POET's earnings report was the effect the global foundry capacity shortage is having on the company. First it was a pandemic to deal with and now, chip factories are finding it impossible to keep up with demand. While POET is not yet producing product in volume its suppliers have delayed even its samples. A turnaround that had typically taken two weeks, now takes six weeks. As a result we have pushed our revenue projections out one quarter and that has pushed \$3 million in revenues out of 2021 into 2022. This results in a 2021 revenue forecast of \$2 million compared to our previous \$5 million. It does not impact estimates in the out years. We are also now projecting 2022 revenues of \$15 million.

The company is in the process of applying to NASDAQ and has already received comments. It has not made a decision about moving to the Toronto or NEO or even if that is necessary if it is on NASDAQ. The plan for listing on NASDAQ, is that it should happen when the company is closer to volume production and it would coincide with a small capital raise of between \$10 and \$20 million dollars, as the company really does not need much more cash.

During the fourth quarter the company signed its joint venture with Sanan IC called *Super Photonics Xiamen*. Since then, it created a temporary 5,000 sq. ft. clean room and office facility, co-located with Sanan IC in Xiamen, with plans for a permanent 15,000 sq. ft. facility in high-tech industrial park outside of Xiamen by year end. The JV has also ordered key capital equipment for delivery, installation, and qualification in April through May. Sanan IC funded this with an approximately US\$5 million cash infusion. POET also made technical progress this quarter. It announced it had designed and produced the industry's first flip-chip Directly Modulated Laser (DML) for use on its optical interposer platform and it introduced its new LightBar™ line of high-performance remote laser light source products for 400G FR4, 800G and co-packaged Optics (CPO) applications in cloud data centers.

Q4 2020 Earnings Report

POET once again reported no revenues in Q4, despite many proposals in the works. In Q4 2020, POET spending increased as the company staffed and equipped its joint venture. Spending increased \$1.3 million sequentially to \$4.5 million versus Q3 2021 with all of it being in R&D. Spending in Q4 2019 was \$2.8 million. In Q4 2020, the company paid \$248,000 in interest expense, similar to last quarter.

The net loss was \$4.5 million up from a profit of \$5.0 million from continuing operations in Q4 2019. The profit was from the sale of DenseLight in last year's quarter. This resulted in an IFRS loss per share of \$0.02 per share and a non-IFRS loss of \$0.01 per share, compared to a profit of \$0.02 and non-IFRS breakeven quarter last year. Shares outstanding increased 1.9% to 293.9 million. As of March 25, 2021 there were 339.8 million shares outstanding, or 404 million shares fully diluted.

Balance Sheet

POET Technologies ended the December quarter with \$6.9 million in cash and \$3.3 million in convertible debentures. Working capital was \$2.1 million.

On February 11, 2021 POET sold 17.6 million units at CN\$0.85 per unit, to raise gross proceeds of up to \$15 million. Marc Lustig, founder and former Chairman of Origin House was a lead participant in the placement. Each unit consists of one common share and one warrant to buy common at \$1.15. In payment POET paid a cash commission of \$900,007 and 1,058,832 warrants. Since the quarter ended POET has also received CN\$8,441,240 from the exercise of warrants and options. Additionally, \$1,709,526 of its convertible debentures has been converted to stock.

The company reported that on March 30, 2021 it had \$23.7 million in cash. If the company burns \$3.5 million per quarter, that should get it six or seven quarters of runway even without any revenues. Any revenue from NREs will get it even further. There are now 340 million primary shares outstanding and 404 million fully diluted, as well as 92.9 million warrants and options outstanding that are in the money, which could raise an additional \$41.3 million dollars. The company expects that at the least the \$0.52 warrants will bring in an additional \$6.5 million by November 2nd. It believes that it needs \$30 million in cash to get through the next two years.

Since the Quarter Ended

On Jan. 06, 2021 POET announced that it has entered into development and supply agreements with a technology leader in photonic neural network systems for Artificial Intelligence (AI) applications.

On February 23, POET announced that it has extended its optical interposer into new applications and markets with a fully integrated, multiplexed light-source for optical computing chipsets and sensing applications, named "LightBar-C."

In January it opened a product design and development center in Shenzhen, China.

KEY POINTS

- The Holy Grail in photonics is cost reduction (through efficiencies in process and materials) combined with lower power consumption. Throw in a smaller size, and higher performance, and customers should beat a path to your door. POET believes it can provide all four with its proprietary "optical interposer" based on a novel low-loss material that can allow multiple components to be integrated into a single package entirely at wafer-scale. What this means is that it can eliminate steps in the labor-intensive assembly process currently used when manufacturing optical transceivers. Manual assembly results in higher scrap rates, longer production times, and higher equipment costs. Also, its base material is far better suited to use in the management of light than silicon due to its lower loss and planar architecture, thus allowing lower powered lasers, resulting in lower power consumption and the ability to use less expensive lasers. POET hopes to disrupt the current market for photonics devices and have its Optical Engine platform become the standard in the industry.
- On October 22nd, POET established a \$50 million joint venture with Xiamen Sanan Integrated Circuit Co. Ltd. of Xiamen, China. POET is contributing know how and a license to some of its technology, and Xiamen is contributing intellectual property, capital and production facilities. It will ultimately be 53% owned by Sanan IC and 47% by POET. Its first products will be optical engines to be sold to manufacturers of 100G, 200G, and 400G devices for use in data centers and telecommunications. This joint venture could generate as much as \$200-\$300 million in revenues per year by 2025 by taking modest market share.
- In 2021 will start booking revenues again with the first being from NRE contracts, followed by volume production of product starting at the end of 2021 or the beginning of 2022.
- The stock currently trades at a fully diluted enterprise value of US\$358 million. The global market for optical transceivers is estimated to be \$5.7 billion in 2020 and projected to reach a value of \$9.2 billion by 2025, representing a CAGR of 10.0%, according to MarketsandMarkets Research Private Ltd. POET's product is a component of an optical transceiver and market is about a third of the transceiver market. If POET can secure even a small portion of that market with its unique offering, its valuation should far exceed its current price. We believe the stock could be worth US\$1.97 based on \$200 million in revenues in 2025 at 11.3xs EV to Sales, discounted at 30% back to present value.

VALUATION

POET's business model would make it similar to fabless semiconductor companies. Third parties would provide the production of its devices and we expect it would have margins similar to those companies below. They trade at an average of 11.3xs enterprise value to estimated 2021 revenues. We have added SCPE to our comps. It is a SPAC that just bought Rockley Photonics, which is POET's closest competitor. That company is valued at an enterprise value of 30 times 2021 sales.

Currently POET trades at an enterprise value of \$358 million using a fully diluted share count. We need to look further out to where we think revenues would be by 2025. If we say the joint venture is able to reach \$200 million in revenues by then and the rest of the business can ramp to \$100 million that would be \$200 million in revenues for POET in 2025. Using 11.3xs gives us an enterprise valuation of \$2.26 billion, a market value of \$2.28 billion or \$5.64 per share by 2024 using today's fully diluted share count of 404 million shares. This would be a present value of \$1.97 per share discounted by 30% per year.

Company	Ticker	Cal. Revenue			LTM	EBITDA	EBIDTA Margin	Enterprise Value / Sales			EV/EBITDA	Included in Average?	Ent. Value
		2022E	2021E	2020				2022E	2021E	2020			
AMD	AMD	\$15,640	\$13,510	\$9,760	\$9,760	1,680	17%	5.9x	6.8x	9.4x	54.6x	y	91,700
Broadcom	AVGO	\$28,160	\$26,840	\$24,690	\$24,690	12,100	49%	8.0x	8.4x	9.1x	18.6x	y	225,400
Cirrus Logic	CRUS	NA	\$1,457	\$1,350	\$1,350	293	22%	NA	3.2x	3.4x	15.8x	y	4,640
Inphi	IPHI	\$922	\$804	\$683	\$683	98	14%	10.4x	11.9x	14.0x	97.8x	y	9,560
Lightwave Logic	LWLG	NA	NA	NA	\$0	(6)	NM	NA	NA	NA	-23.0x	n	140
Marvell	MRVL	\$3,990	\$3,490	\$2,970	\$2,970	617	21%	8.0x	9.2x	10.8x	51.9x	y	32,000
MediaTek	2454.TW	NA	NA	NA	\$290,449	48,164	17%	NA	NA	NA	26.6x	y	1,280,000
Monolithic Power Sys	MPWR	\$1,160	\$1,020	\$844	\$844	186	22%	12.8x	14.6x	17.6x	80.2x	y	14,900
Novatek	3034.TW	NA	NA	\$79,960	\$79,960	15,670	20%	NA	NA	3.8x	19.6x	y	307,210
NVIDIA	NVDA	\$24,550	\$22,100	\$16,680	\$16,680	5,820	35%	12.8x	14.2x	18.9x	54.0x	y	314,570
Rockley Photonics	SCPE	\$79	\$40	\$21	\$21	(55)	-261%	15.2x	30.0x	57.1x	-21.9x	y	1,200
Qualcomm	QCOM	NA	\$31,600	\$26,690	\$26,690	9,130.0	34%	NA	4.9x	5.8x	16.9x	y	154,510
Realtek	2379.TW	NA	NA	NA	\$72,360	8,940.0	12%	NA	NA	NA	24.6x	y	220,000
Xilinx	XLNX	NA	\$3,387	\$3,050	\$3,050	955.6	31%	NA	9.4x	9.4x	30.0x	y	28,700
Average							3%	10.4x	9.2x	10.2x	37.1x		223,711

For the valuation we calculated the company's fully diluted share count using the treasury stock method at **404 million fully diluted shares** outstanding.

Warrant and Option Stack 23-Mar-21

Expiration	Type	Holder	Ave. Strike Price		Number	Value	
			CAD	USD		CAD	USD
2021	Options	Employee	\$ 0.51	\$ 0.38	25,000	\$ 12,750	\$ 9,563
2022	Options	Employee	\$ 0.23	\$ 0.17	25,000	\$ 5,750	\$ 4,313
2024	Options	Employee	\$ 0.32	\$ 0.24	300,000	\$ 96,000	\$ 72,000
2026	Options	Employee	\$ 0.76	\$ 0.57	2,225,000	\$ 1,691,000	\$ 1,268,250
2027	Options	Employee	\$ 0.32	\$ 0.24	7,251,125	\$ 2,320,360	\$ 1,740,270
2028	Options	Employee	\$ 0.44	\$ 0.33	8,996,271	\$ 3,958,359	\$ 2,968,769
2029	Options	Employee	\$ 0.36	\$ 0.27	16,435,439	\$ 5,916,758	\$ 4,437,569
2030	Options	Employee	\$ 0.47	\$ 0.35	9,123,164	\$ 4,287,887	\$ 3,215,915
2031	Options	Employee	\$ 0.81	\$ 0.61	1,200,000	\$ 972,000	\$ 729,000
2021	Warrants	Debenture	\$ 0.50	\$ 0.38	12,082,500	\$ 6,041,250	\$ 4,530,938
11/2/21	Warrants	Public Offering	\$ 0.52	\$ 0.39	16,578,816	\$ 8,620,984	\$ 6,465,738
2/11/23	Warrants	Private placement	\$ 1.15	\$ 0.86	17,647,200	\$ 20,294,280	\$ 15,220,710
2/11/23	Broker warrants	Private placement	\$ 0.85	\$ 0.64	1,058,832	\$ 900,007	\$ 675,005
					92,948,347	\$ 55,117,386	\$ 41,338,039

Fully Diluted Shares Using Treasury Stock Method

Share Outstanding	339,826,930
Warrants	47,367,348
Options	45,580,999
Debentures	5,472,500
All in shares	438,247,777
Fully diluted shares	438,247,777
Cash raised by warrants and options	41,338,039
Share purchased by cash raised	34,737,848
Current share price CN\$	\$1.19
Fully diluted shares, TS Method	403,509,929

Since POET already qualifies (other than stock price) to uplist to NASDAQ, we believe it may uplist and reverse split sometime in the future when it has hit more milestones and certainly should it need to raise any capital. We do not believe this would happen before products are ready to go into large-scale production.

RISKS

- POET is a startup and has no revenues. It may not be able to close customers if its technology does not work or work within needed parameters. If it were it to use up its current cash without generating revenues and reaching cash breakeven, it would need to raise new capital from investors, which could dilute current shareholders. We expect it may have to do a small capital raise to reach profitability.
- Many potential customers may be hesitant to do business with a small, money losing start up, making market penetration even more difficult.
- Many of the employees work in states that have shut down businesses and travel and have had to work from home. They have been unable to go to its lab to continue to research and much of marketing efforts have been hindered by the inability to travel. It is not known when California, Pennsylvania, or New Jersey will lift their restrictions.
- The joint venture may take longer to book sales, ramp slower or produce less than expected sales and profits. The current foundry capacity shortage has caused the timetable for the company producing and shipping samples to customers and we believe industry conditions beyond its control could lead to further delays.

INCOME STATEMENT

	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21E	Q2 21E	Q3 21E	Q4 21E	2019	2020	2021E	2022E
Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000	\$ 1,500,000	\$ 0	\$ 0	\$ 2,000,000	\$ 15,000,000
Cost of revenue	0	0	0	0	0	0	0	0	0	0	250,000	750,000	0	0	1,000,000	7,500,000
Gross margin	0	0	0	0	0	0	0	0	0	0	250,000	750,000	0	0	1,000,000	7,500,000
Gross margin %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	50.0%	50.0%	50.0%	0.0%	0.0%	50.0%	50.0%
Operating expenses																
Selling, marketing and administration	1,524,873	1,484,440	1,738,310	1,947,190	2,049,383	2,248,009	1,950,926	1,889,680	2,200,000	2,300,000	2,600,000	2,900,000	6,697,387	8,137,998	10,000,000	12,000,000
Research and development	302,254	497,023	450,297	836,815	1,419,744	1,250,475	1,303,632	2,660,466	2,700,000	2,700,000	2,000,000	1,500,000	2,083,815	6,634,317	8,900,000	6,000,000
Operating expenses	1,827,127	1,981,463	2,188,607	2,784,005	3,467,765	3,479,941	3,254,558	4,550,146	4,550,146	4,550,146	4,550,146	4,550,146	8,781,202	14,772,315	18,900,000	18,000,000
Operating income	(1,827,127)	(1,981,463)	(2,188,607)	(2,784,005)	(3,467,765)	(3,479,941)	(3,254,558)	(4,550,146)	(4,550,146)	(4,550,146)	(4,300,146)	(3,800,146)	(8,781,202)	(14,772,315)	(17,900,000)	(10,500,000)
Interest expense	(3,244)	197,540	320,794	301,577	216,684	228,591	243,805	248,823	200,000	100,000	50,000	50,000	819,911	937,903	400,000	400,000
Other income, including interest	0	(1,579)	(40)	(5,677)	(1,362)	(18,543)	(13,910)	(7,333)	(8,000)	(8,000)	(8,000)	(8,000)	(10,540)	(41,148)	(32,000)	(32,000)
Amortization of debt issuance cost	0	101,901	124,522	145,917	0	0	0	0	0	0	0	0	372,340	0	0	0
Impairment and other loss	0	0	0	1,764,459	0	2,500,000	0	0	0	0	0	0	1,764,459	2,500,000	0	0
Loss from continuing operations	(1,823,883)	(2,279,325)	(2,633,883)	4,990,281	(3,683,087)	(6,208,532)	(3,484,453)	(4,550,146)	(4,742,146)	(4,642,146)	(4,592,146)	(4,592,146)	(11,727,372)	(18,169,070)	(19,300,000)	(18,400,000)
Loss from discontinued operations	(858,659)	(1,500,553)	(310,332)	(8,151,301)	0	0	0	0	0	0	0	0	5,481,757	0	0	0
Pretax loss from operations	(2,682,542)	(3,779,878)	(2,944,215)	3,746,500	(3,683,087)	(6,208,532)	(3,484,453)	(4,550,146)	(4,742,146)	(4,642,146)	(4,592,146)	(4,592,146)	(6,245,615)	(18,169,070)	(19,300,000)	(18,400,000)
Income tax recovery	0	0	0	(292,740)	0	0	0	0	0	0	0	0	(292,740)	0	0	0
Profit before joint venture	(2,682,542)	(3,779,878)	(2,944,215)	3,453,760	(3,683,087)	(6,208,532)	(3,484,453)	(4,550,146)	(4,742,146)	(4,642,146)	(4,592,146)	(4,592,146)	(5,952,875)	(18,169,070)	(19,300,000)	(18,400,000)
Income from joint venture	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,500,000
Net loss	(2,682,542)	(3,779,878)	(2,944,215)	(3,453,760)	(3,683,087)	(6,208,532)	(3,484,453)	(4,550,146)	(4,742,146)	(4,642,146)	(4,592,146)	(4,592,146)	(5,952,875)	(18,169,070)	(19,300,000)	(16,900,000)
Non-GAAP net loss	(1,960,215)	(3,095,017)	(2,106,577)	(1,045,986)	(2,906,304)	(2,534,047)	(2,388,440)	(3,656,482)	(3,848,482)	(701,201)	(4,592,146)	(3,792,146)	(4,188,416)	(11,476,831)	(16,900,000)	(16,000,000)
Basic and diluted net loss per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.06)	\$(0.06)	\$(0.06)
Loss per share from cont. operations	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.01)	\$(0.02)	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.04)	\$(0.06)	\$(0.06)	\$(0.04)
Yr-to-yr growth					101.0%	169.5%	30.4%	-189.4%	17.9%	-36.0%	12.8%	-14.0%	36.3%	53.1%	-7.7%	-26.5%
Non-GAAP loss per share	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.04)	(0.05)	(0.04)
Share outstanding (millions)	288.1	288.1	288.3	288.3	289.4	291.2	292.6	294.0	316.0	340.0	342.0	345.0	288.2	291.7	335.8	400.0
Yr-to-yr growth					0.5%	1.1%	1.5%	2.0%	9.2%	16.8%	16.9%	17.3%	2.2%	1.2%	15.1%	19.1%

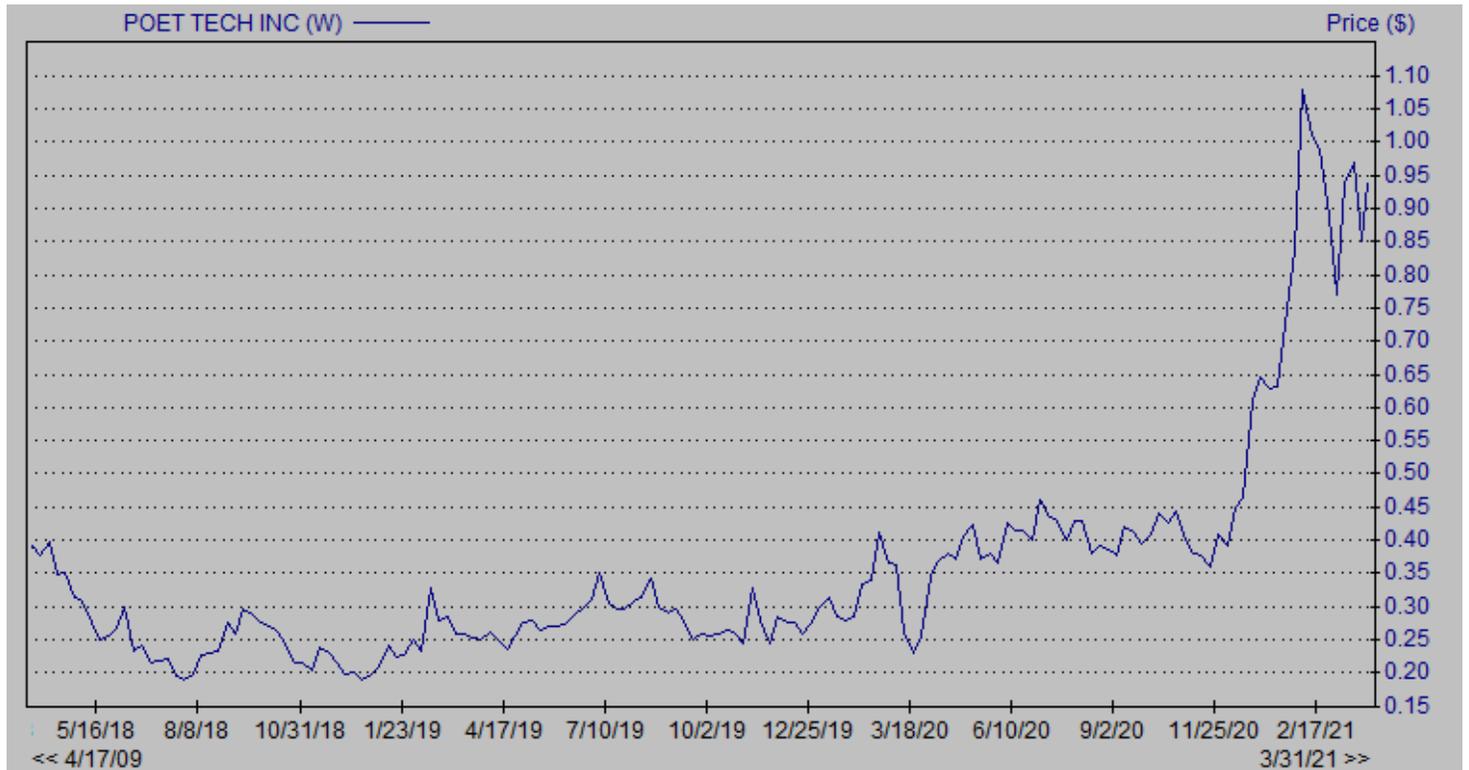
BALANCE SHEET

	Dec. 31, 2020	Sept 30, 2020	Qtr-Qtr % Growth	Dec. 31, 2019	Yr-Yr % Growth
Current					
Cash and cash equivalents	\$ 6,872,894	\$ 9,445,015	-27%	\$ 1,428,129	381%
Accounts receivable	0	0	0%	18,000,000	-100%
Prepays and other current assets	618,717	128,406	382%	831,265	-26%
Current Assets	7,491,611	9,573,421	-22%	20,259,394	-63%
Property and equipment	3,185,754	4,120,639	-23%	3,143,060	1%
Patents and licenses	438,677	426,073	3%	452,384	-3%
Right of use asset	520,686	355,564	46%	222,517	134%
Total Assets	11,636,728	14,475,697	-20%	24,077,355	-52%
Liabilities					
Accounts payable and accrued liabilities	1,730,361	1,418,074	22%	1,725,708	0%
Covid-19 government support loans	147,841	46,687	217%	0	NM
Lease liability	172,949	107,348	61%	90,504	91%
Convertible debentures	3,341,246	3,107,055	8%	3,089,033	8%
Current Liabilities	5,392,397	4,679,164	15%	4,905,245	10%
Non-current covid-19 govt support loans	70,310	170,092	-59%	0	NM
Lease liability	359,048	254,451	41%	133,254	169%
	5,821,755	5,103,707	14%	5,038,499	16%
Shareholders' Equity					
Share capital	114,586,260	113,647,622	1%	112,144,172	2%
Equity component of loan payable	565,121	571,185	-1%	627,511	-10%
Warrants & comp options	5,557,002	7,916,623	-30%	8,525,358	-35%
Contributed surplus	44,407,679	41,508,443	7%	38,799,337	14%
Accumulated other comprehensive loss	(1,983,212)	(1,962,326)	1%	(1,908,715)	4%
Deficit	(157,317,877)	(152,309,557)	3%	(139,148,807)	13%
Shareholder's Equity	5,814,973	9,371,990	-38%	19,038,856	-69%
Tot Liabilities and Share. Equity	\$ 11,636,728	\$ 14,475,697	-20%	\$ 24,077,355	-52%
Cash	\$ 6,872,894	\$ 9,445,015	-27%	\$ 1,428,129	381%
Cash per share	0.02	0.03	-28%	0.00	372%
Current ratio	1.4	2.0	-32%	4.1	-66%
Working capital	2,099,214	4,894,257	-57%	15,354,149	-86%
Debt	3,341,246	3,107,055	8%	3,089,033	8%
Debt/total assets	28.7%	21.5%	34%	12.8%	124%

CASH FLOWS

US Dollars	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019	2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020	Dec. 31, 2020	2020
OPERATING ACTIVITIES										
Net loss	\$ (2,682,542)	\$ (3,779,878)	\$ (2,944,215)	\$ 3,453,760	\$ (5,952,875)	\$ (3,467,765)	\$ (6,208,532)	\$ (3,484,453)	\$ (5,008,320)	\$ (18,169,070)
Discontinued operations, net	858,659	1,500,553	310,332	(8,151,301)	(5,481,757)	0	0	0	0	0
Net loss, continuing operations	(1,823,883)	(2,279,325)	(2,633,883)	(4,697,541)	(11,434,632)	(3,467,765)	(6,208,532)	(3,484,453)	(5,008,320)	(18,169,070)
Adjustments for:										
Depreciation of property and equipment	33,513	19,358	18,309	95,162	166,342	134,088	141,677	158,230	197,268	631,263
Amortization of patents and licenses	14,705	15,438	23,439	8,089	61,671	17,049	17,447	17,585	13,701	65,782
Amortization of debt issuance costs	0	101,901	124,522	145,917	372,340	0	0	0	0	0
Amortization of right of use assets	0	0	0	15,683	15,683	23,180	30,456	31,006	31,415	116,057
Accretion of debt discount on converts & int.	0	0	0	0	0	108,831	129,378	141,332	0	524,095
Amortization of debt discount	0	62,483	109,977	108,369	280,829	0	0	0	0	0
Loss on disposal of property and equipment	0	0	0	0	0	0	0	0	0	0
Impairment loss	0	0	0	1,764,459	1,764,459	0	0	0	0	0
Stock-based compensation	722,327	684,861	837,638	643,315	2,888,141	776,783	846,485	1,096,013	893,664	3,612,945
Non-cash settled operating costs										910,738
Change in fair value of contingent consideration	0	0	0	0	0	0	0	0	0	0
Income tax recovery	0	0	0	(292,740)	(292,740)	0	0	0	0	0
Deferred rent	0	0	0	0	0	0	0	0	0	0
Expected credit loss allowance	0	0	0	0	0	0	2,500,000	0	0	2,500,000
Gain on lease modification										(786)
Non-cash foreign exchange									161,000	161,000
Net change in non-cash working capital accounts:										
Prepaid and other current assets	28,730	23,881	6,273	(744,551)	(685,667)	586,983	(47,690)	147,664	(454,435)	232,522
Accounts payable and accrued liabilities	108,814	192,972	559,544	(440,873)	420,457	(194,610)	916,570	(997,963)	253,493	(22,510)
Cash flows from continuing operating activities	(915,794)	(1,178,431)	(954,181)	(3,394,711)	(6,443,117)	(2,015,461)	(1,674,209)	(2,890,586)	(2,856,922)	(9,437,964)
Cash flows from discontinued operating activities	(553,920)	(1,721,069)	(387,340)	(288,775)	(2,951,104)	0	0	0	0	0
INVESTING ACTIVITIES										
Proceeds from sale of discont. operations	0	0	0	0	0	13,000,000	1,500,000	1,000,000	0	15,500,000
Purchase of property and equipment	0	0	0	(445,678)	(445,678)	(188,082)	(618,093)	(638,367)	(77,246)	(1,521,788)
Purchase of patents and licenses	0	(40,035)	(7,899)	(17,872)	(65,806)	0	(25,770)	0	(26,305)	(52,075)
Cash flows from investing activities, continuing	0	(40,035)	(7,899)	(463,550)	(511,484)	12,811,918	856,137	361,633	(103,551)	13,926,137
Cash flows from investing activities, discontinued	(153,192)	(1,280,085)	(225,160)	7,567,060	5,908,623	0	0	0	0	0
FINANCING ACTIVITIES										
Proceed from convertible debentures, net	0	2,979,779	376,639	(3,569)	3,352,849	0	0	0	0	0
Proceeds from loan payable, net	0	2,462,923	990,000	547,077	4,000,000	0	0	0	0	0
Proceeds from COVID-19 loans	0	0	0	0	0	0	216,207	0	1,944	218,151
Repayment of loan payable	0	0	0	(4,000,000)	(4,000,000)	0	0	0	0	0
Issue of common shares for cash, net	0	0	60,028	0	60,028	0	361,612	(361,612)	1,088,450	1,088,450
Exercise of warrants and options	0	0	0	0	0	162,258	(162,258)	566,492	(566,492)	0
Payment of lease liability	0	0	0	(19,162)	(19,162)	(28,325)	(37,993)	(38,673)	(39,151)	(144,142)
Cash flows from financing, continuing activities	0	5,442,702	1,426,667	(3,475,654)	3,393,715	133,933	377,568	166,207	484,751	1,162,459
Cash flows from financing, discontinued activities	(46,439)	(98,568)	(83,046)	(30,407)	(258,460)	0	0	0	0	0
EFFECT OF EXCHANGE RATE CHANGES ON CASH, Continuing	56,076	8,406	(182,919)	(145,465)	(263,902)	(30,964)	9,642	(88,146)	(96,399)	(205,867)
EFFECT OF EXCHANGE RATE CHANGES ON CASH, Discontinued	651	535	(27,608)	12,412	(14,010)	0	0	0	0	0
NET CHANGE IN CASH, Continuing	(859,718)	4,232,642	281,668	(7,479,380)	(3,824,788)	10,899,426	(431,648)	(2,450,892)	(2,572,121)	5,444,765
NET CHANGE IN CASH, Discontinued	(752,900)	(3,099,187)	(675,220)	7,212,356	2,685,049	0	0	0	0	0
CASH AND CASH EQUIVALENTS, beginning	2,567,868	955,250	2,088,705	1,695,153	2,567,868	1,428,129	12,327,555	11,895,907	9,445,015	1,428,129
CASH AND CASH EQUIVALENTS, end	955,250	2,088,705	1,695,153	1,428,129	1,428,129	12,327,555	11,895,907	9,445,015	6,872,894	6,872,894
Cash flow continuing	(1,053,338)	(1,395,284)	(1,519,998)	(2,209,287)	(6,177,907)	(2,407,834)	(2,543,089)	(2,040,287)	(3,711,272)	(9,647,976)
Free cash flow continuing	(1,053,338)	(1,435,319)	(1,527,897)	(2,672,837)	(6,689,391)	10,404,084	(1,686,952)	(1,678,654)	(3,814,823)	4,278,161

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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