



June 30, 2021

GLOBAL INTERNET OF PEOPLE, INC. (NASDAQ – SDH)

Industry: Enterprise Services

Price Target: \$10.80

GLOBAL INTERNET OF PEOPLE, INC.

Undervalued, Profitable Tech Leader Set to Reach New Highs

Rob Goldman
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COMPANY SNAPSHOT

Global Internet of People, Inc. operates an online knowledge sharing and enterprise service platform, both online, via a mobile application “Shidonghui App” (the “APP”), and offline, through local offices in Beijing, Shanghai and Hangzhou, as well as 51 local centers operated by some of the Company’s members in 35 cities throughout the PRC. The main services SDH offers to App users are (1) Questions and Answers Sessions and (2) streaming of audio and video courses and programs. The offline services SDH offers to its members are study tours and forums.

KEY STATISTICS

Price as of 6/29/21	\$3.20
52 Week High – Low	\$9.98- \$2.31
Est. Shares Outstanding	11.2M
Market Capitalization	\$78.5M
Average Volume	79,664
Exchange	NASDAQ

COMPANY INFORMATION

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 Beijing China

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INVESTMENT HIGHLIGHTS

Fast-growing Global Internet of People is set to broadly expand and transform the multi-billion-dollar peer-to-peer knowledge sharing and consulting industry. SDH is a highly regarded early mover that has been profitable every year since 2018.

The SDH model directly solves issues a key issue plaguing entrepreneurs and early-stage firms---management mentorship, expertise and consulting. Knowledge is shared and services are requested and provided via SDH’s online peer-to-peer knowledge sharing and enterprise service platform, mobile app, and in-person forums and other events.

The Company boasts 5.5 million users and over 1500 paying users, corporations, and organizations. Its current stable of nearly 2,000 mentors and experts provide expertise in finance, technology, health care, manufacturing, etc.

SDH’s financial performance is impressive with by any measure. For 2020, SDH recorded \$23.2M in revenue and EPS of \$0.72. Our forecasts suggest a 48.7% leap in revenue to \$34.5M and EPS of \$1.08 in 2021 and revenue of \$48.8M with EPS of \$1.40 in 2022.

Our 6-month price target of \$10.80 could prove to be too conservative. While it is customary for foreign stocks to trade at a discount to US peers, our target reflects a 10x P/E on projected 2021 EPS, a paltry metric compared to the 50% EPS growth rate we believe will be achieved this year.

COMPANY OVERVIEW

The View from 30,000 Feet

Tracing its roots to 2014, **Global Internet of People, Inc. (NASDAQ – SDH)** is set to broadly expand and transform the peer-to-peer knowledge sharing and consulting industry, a multi-billion-dollar global industry. Incorporated in the Cayman Islands, and with its business largely executed in China, the Company is a highly regarded early mover that has been profitable every year since 2018. Knowledge is shared and services are requested and provided via SDH's online peer-to-peer knowledge sharing and enterprise service platform and the mobile app "Shidonghui App" (the "App"). Since inception in 2016, many of the Company's services are executed through local offices directly operated in Beijing, Shanghai and Hangzhou, as well as 51 local centers operating large-scale member forums in 35 cities and 21 provinces throughout the PRC, with more cities and sites to be added, going forward.

SDH solves a critical gap in the PRC's business environment. The PRC is enjoying substantial growth rate which has spawned the launch of many entrepreneurial and early stage, high-growth enterprises, many of which need corporate services such as financial consulting and management training. Enter SDH. In addition to providing high value enterprise services to PRC's growing business communities, the Company has created an elite marketplace where qualified entities (individuals and enterprises) have opportunities to serve as providers and receive rewards by sharing their knowledge with others on the platform.

As of the end of March 2021, our knowledge sharing and enterprise service ecosystem had 632 Mentors, 1,161 Experts, 1,492 Members, and 5.5 million Users. In addition to serving its Users and Members, the bulk of SDH's revenue is generated via the provision of the Comprehensive Tailored Enterprise Service Program geared to small and medium-sized enterprises in China through a dedicated team and leading Mentors, Experts, and consultants. These providers are successful entrepreneurs, scientists, investors, and professionals with qualifications and achievements in major industries such as finance, energy, health care, technology, manufacturing and academia. Providers leverage their core knowledge bases which drawn upon their experiences, industry know-how, and social connections. The Company also launched GMB Regional Economic Accelerator, a business initiative designed to help with economic growth of less developed areas in China, by entering into cooperating programs with regional government entities for the purpose of providing services to local businesses—a key channel for SDH. Management is also seeking to expand its reach outside of China and has already achieved initial success via partnerships and additions of key experts and mentors.

Enviably Model, Tremendous Financial Performance

The SDH model is diverse and highly efficient which is due in part to leverage of revenue opportunities across platforms, services, clients, and geographies. The Company enjoyed a 29% jump in revenue from 2019 to 2020 with revenue reaching \$23.2M in 2020, up from \$17.9M the year before. This performance is impressive considering it occurred during the COVID-19 pandemic. Moreover, SDH generated over 132% in revenue growth in its largest segment, Comprehensive Tailored Services, which produced \$13.4M in top-line performance last year. For the full year, SDH recorded \$0.72 in EPS.

Our financial model assumes revenue will grow by 48.7% to \$34.5M and EPS of \$1.08 in 2021 and 41.4% growth in revenue next year with EPS of \$1.40. Top-line is expected to be led by its core driver along with advertising and merchandise sales, to a lesser degree.

SDH Grossly Undervalued; Offers Major Upside

At current levels, SDH trades at an inexplicable 4.5x 2020 EPS and 3x our 2021E EPS forecast, despite its history of top-line and bottom-line growth. It is common for shares of foreign-domiciled companies, particularly those with a heavy concentration of business in China to trade at a discount to US stocks. However, the aforementioned price/earnings multiples border on the ludicrous---and presents a rare opportunity for savvy investors, in our view. The Company has traded on NASDAQ since February 2021 and is below its \$4.00 offering price, further demonstrating inherent value.

Thus, our \$10.80 six-month price target reflects a 10x EPS on multiple on forecasted 2021 EPS, a reasonable discount to its 50% projected growth rate, and a substantial discount to typical small cap US tech stocks that tend to trade 25-30x current year EPS projections.

SDH: ONE OF A KIND

In our view, Global Internet of People, Inc. is poised to potentially generate industry-leading growth rates.



According to Markets and Markets, the global management consulting services market is slated to grow from \$819B in 2020 to 1.2T in 2025, a roughly 8% CAGR, as compared with a CAGR of 39.7% from 2020 – 2022 for SDH.

The Company has evolved from a peer-to-peer knowledge sharing platform that focused on in-person forums, study tours, 1-1 mentorship, etc. to a blended model that includes this foundational approach to one that embraces online and mobile applications to quickly broaden its reach. Moreover, management has identified multiple revenue streams both offline and online that leverage its core expertise and service offering, thereby enabling the Company to enjoy outsized growth in several categories.

Finally, in an effort to emerge as a global leader, SDH has brought onboard leaders and users from North America and recently entered into an alliance with leaders of the Eurasian Cooperation and Integration Club (“LECIIC”), a non-governmental organization dedicated to promoting business development along the Eurasian economic and trade corridor, which runs through the Eurasian Economic Union (EAEU). This union is an international economic union and free trade zone comprising countries located in central and northern Asia and Eastern Europe. We believe that cross-geographic revenue could be garnered by both parties, which could enhance growth and potentially SDH’s valuation.

The Who

Members & Users: The current 1,492 paid members choose from three annual membership plans: Platinum, Diamond, and Protégé. Members enjoy services included in their respective membership plans with fees ranging from \$2400 for Platinum, \$14,200 for Diamond, and \$72,400 for Protégé. More than half of all members retain platinum status. The 5.5M App users enjoy the use of this freemium service, with some premium streaming videos and audio have costs associated with them.

Mentors are leaders in their respective professional fields, all of whom enjoy strong social influence due to their professional achievements and social status in China. Plus, each was hand-picked and invited by SDH management to join the platform. The majority of our Mentors are successful well-known entrepreneurs, executive officers of public companies, PE/VC partners, doctors, and artists, in a wide range of industries including academia, health care, financial service, energy, technology, manufacturing, etc.

Experts are skilled and qualified in their specialized fields to provide advice and guidance to SDH Users. Experts garner this status through a certification process either on the APP or in-person at a local SDH office or center. If the applicant meets the requirements, SDH enters into a service agreement with the approved applicant for future revenue/reward fee. The split between SDH and the contracted party usually at is a 30/70 split, with 30% earned by SDH.

Local Centers: In order to better assist and service our Members as well as promote our business, SDH established a number of local centers in major cities in China, predominant in the provinces in the Southern and Eastern China, where there are more economic activities. These local centers are used for business development and communications where our local Members gather to share information, promote businesses, and organize events such as product promotions and lectures. Local centers are operated by Diamond and Protégé Members.

Enterprise Service Consultants includes a professional consulting team with seven full-time employees, who have at least five years of experience in their respective fields of professions, including finance, capital markets, marketing, public relations, sales, etc.

Enterprise Service Clients are typically small and medium-sized enterprises located in the following provinces: Zhejiang, Shanxi, Guangdong, Shandong and Liaoning, as well as Shanghai City.

The What

Forums: SDH organizes large-scale forums (with more than 1,000 attendees) that last two to three days. The purpose of the forums is to share business intelligence with small and medium-sized enterprises and help them develop business plans and strategies. The themes of our forums are usually related to interpretation of newly published governmental policies, sharing of industry opportunities and perspectives on corporate transformation and growth. Members gain access to these events as well as study tours as part of their membership. In addition to providing services to our Users and Members, SDH has been providing customized enterprise service to small and medium-sized enterprises in the PRC since our inception in 2014. Enterprise

service is an integral part of our platform, and a number of Enterprise Service Clients remain Members and Users.

Comprehensive Tailored Services are geared towards small and medium-sized businesses, to provide tailored packaged services including conference and salon organizations, booth exhibition services, guidance by Mentors and Experts, and other value-added services, for the purpose of promoting and growing their businesses. For 2020, comprehensive enterprise service generated revenue in the amount of US\$13,345,880 from 80 clients.



Consulting: The SDH team of professional consultants provides enterprise consulting services and develops strategies and solutions for corporate reorganization, product promotion and marketing, industry supply chain integration, corporate governance, financing and capital structure, etc. Fees and payment structures are based on the specifics of the services provided, such as the time and efforts required, the duration of the service, and are usually in the range of \$3000 - \$11,000.

Sponsorship advertising is a special form of advertising offered by SDH that relates to a specific publicity strategy engaged in SDH forums and study tours. Features include displaying sponsor name and logo throughout the event and in promotional materials, etc. Fees can be as high as nearly \$300,000 depending upon size and popularity of the event.

Merchandising involves the procurement and offer of key products through the platform to clients and the general public. Merchandise include Chinese tea, red wine, wellness products, gift cards, and others. Most of the merchandise for sale are obtained from SDH Members and enterprise service clients through an exchange of membership fees and consulting fees.

App Features: SDH provides Users two services on the APP: (1) Question and Answer (Q&A) Sessions and (2) Online Streaming of Courses and Programs. In addition, the APP has a community building function that facilitates relationship building on our platform including share “moments,” such as pictures and videos of their life experiences, via instant messaging, with other Users on the APP. Users must purchase top-up credits to pay for Q&A sessions. Providers set their own fees for Q&A sessions but the average fee for a Q&A session is around \$4.00. Video and audio courses and programs are available on the APP for on-demand and live streaming. At present, the APP has approximately 5,279 audio and 4,748 video courses and programs available for streaming. The majority of the courses and programs are business-oriented, which cover subjects such as entrepreneurship development, financial service, corporate governance, team management, marketing strategy, etc. SDH also provides some focused courses and programs that target special audience groups, such as parent-child education for new parents, and business school selection programs for graduate students. The majority of online courses are sourced from third party content providers including professional content production companies and individuals. At present, SDH release an average of 20 to 60 online courses and programs each month and have 5,000 to 15,000 online streaming sessions every week.

SDH produces in-house video and audio courses and programs for streaming on the APP and several other internet content providers in China, such as Tencent, iQiyi, Youku, and Himalaya FM. For example, SDH produces “Haiping’s Meeting Room”, a video program debuted in June 2017, hosted by SDH’s CEO, Mr. Haiping Hu, which focuses on sharing practical business knowledge through one-on-one or roundtable interviews with well-known entrepreneurs and executives. Each episode of “Haiping’s Meeting Room” receives 7 to 14 million visits.

As evidenced by Table I in the *Financial Snapshot* section below, Comprehensive Tailored Services are primed to continue to be the engine that drives business. Still, the more online features and services are incorporated, we believe that the addition of new members, users, and clients could markedly exceed our expectations, especially in 2022.

GLOBAL INTERNET OF PEOPLE LEADERSHIP TEAM

Mr. Haiping Hu, Chairman, Chief Executive Officer

Mr. Haiping Hu has been our CEO and Chairman since February 2019, and he has served as CEO and Chairman of SDH since December 2014. From August 2004 to January 2018, he was CEO and Vice Chairman of Shanshan Holdings Co., Ltd, which is mainly engaged in the production of lithium-ion battery parts, such as lithium-ion capacitors, battery pack, and charging pile, and providing new energy services such as new energy vehicle operation and energy management services, etc. From January 1996 to July 2004, he served as Vice President of Shanshan Group Co., Ltd. Since 2002, Shanshan Holdings Co., Ltd. has ranked among the top 500 Chinese companies in successive years. Mr. Hu holds a bachelor’s degree in Chemical Automation and a master’s degree in Chemical Engineering from Zhejiang University. Nicknamed “General Hu Haiping on Horseback,” Mr. Hu has more than 20 years of experience as founder and executive and is a well-known entrepreneur in China.

Mr. Chenming Qi, Chief Operating Officer

Mr. Chenming Qi has served as our COO since February 2019, and as the COO and director of SDH since July 2017. From May 2014 to June 2017, Mr. Qi served as the Vice President of the sales division of 360 Enterprise Security Group, which specializes in providing enterprise-level network security technologies, products and services to government, enterprises, education, finance and other institutions and organizations. He co-founded Netgod Information Technology (Beijing) Co., Ltd, which is engaged in enterprise-level network security technologies, products and services in 2006, and served as a vice president of operations from June 2006 to May 2017. He served as the deputy general manager of Lenovo Information Security Division from April 2004 to June 2006. From March 2002 to March 2004, he was the sales director of Hampoo (China) Management Consulting Company, which is engaged in management consulting, IT planning, information implementation, etc. Mr. Qi graduated from Tianjin University with a master’s degree in Precision Instrument Engineering in March 1996. We believe that Mr. Qi, with over twenty years of experience in team building and enterprise management, is qualified to serve as our COO.

Ms. Chao Liu, Chief Financial Officer

Ms. Chao Liu has served as our CFO since February 2019, and as the CFO of SDH since January 2016. From June 2012 to June 2015, she was the head of the accounting department of Beijing Meanfang Institute of Physics and Technology, which is engaged in manufacturing gas instruments that are widely used in petrochemical, cement, chemical fertilizer, agriculture, military, medical, environmental protection, scientific research and other fields, Beijing Meanfang Spectrum Technology Co., Ltd., which is engaged in manufacturing and selling spectrum instruments, and Beijing Zhongchuang Technology Co., Ltd., which is engaged in providing interactive marketing technology solutions for brand customers and advertising agents. From May 2008 to December 2015, she was the comptroller of Beijing Hongri Dongsheng Decoration Co., Ltd., which provides decoration services to customers and Beijing Sunshine Season Network Technology Company, which provides network maintenance services to its customers. From November 2003 to November 2014, she served as supervisor of the accounting department of Beijing Haixinyuan Food Co., Ltd. which is engaged in the manufacture and sale of cold candies, pastries and cold drinks and Beijing Haixinyuan Guest House Co., Ltd., which provides hoteling services to its customers. Ms. Liu studied finance at Beijing Language and Culture University and graduated in January 2016. She has a strong understanding of international accounting and tax policies.

Mr. Haiwei Zuo, Vice Chairman, Director

Mr. Haiwei Zuo has served as our director since February 2019, and as Vice Chairman of SDH since December 2014. From September 2013 to December 2014, he served as the Dean of Beijing Huatai Weiye Management Science and Technology Research Institute. From March 2009 to September 2013, he served as the CEO of Beijing Naked in Frontier Cultural Exchange Co., Ltd., which is engaged in producing TV program content that is in category of business and financial management. He studied business administration at the China Agricultural University and graduated in July 2019.

Mr. John G. Nossiff, Director

Mr. John G. Nossiff was appointed as our director upon the closing of our IPO. Mr. John G. Nossiff is a corporate attorney with more than 25 years of experience advising leadership teams of small to middle market, growth-stage organizations. His specialties include general counsel, mergers& acquisitions, corporate development, restructuring and turnaround advisory, corporate governance, private and public financing, Nasdaq listings & compliance, complex dispute resolution, and SEC enforcement, compliance and reporting. Mr. Nossiff founded the Nossiff Law Firm LLP and has served as the firm's managing partner since March 2007. Prior to that, Mr. Nossiff was an equity partner at Brown Rudnick LLP's Corporate and Securities Practice Group from January 1993 to February 2007, and an associate at Rich May's Corporate and Securities Practice Group from March 1990 to December 1992. Mr. Nossiff graduated Magna Cum Laude from Boston University School of Law, where he earned the highest academic honors awarded by the school: Tauro Distinguished Scholar, Hennessey Distinguished Scholar, and Liacos Distinguished Scholar. Mr. Nossiff earned his undergraduate degree from the University of New Hampshire, Summa Cum Laude with a bachelor's degree in Economics, with concentrations in government, accounting and finance.

Dr. Allen J. Morrison, Director

Dr. Allen J. Morrison was appointed as our director upon the closing of our IPO. Dr. Morrison has served as a professor of global management at the Thunderbird School at Arizona State University, in Phoenix, AZ, since January 1, 2015. While at Thunderbird, Dr. Morrison served as the school's CEO and Director General until June 30, 2018. Prior to his position at Thunderbird, Dr. Morrison was a professor at the International Institute for Management Development (IMD) in Lausanne, Switzerland from July 2012 to December 2014. While at IMD, he served as the Kristian Gerhard Jebsen Chair of Responsible Leadership and Director of the IMD Global CEO Center. In addition, Dr. Morrison served as professor at a number of business schools, including INSEAD in Singapore and the U.S.A. from July 2008 to July 2012, IMD in Lausanne, Switzerland from July 2004 to June 2008, the Richard Ivey School of Business in London, Ontario from July 1998 to June 2004, and as a visiting professor at the University of California, Los Angeles (UCLA) in 1998 and the China European International Business School in Shanghai, China in 1998. Dr. Morrison has held additional administrative positions including Director of Executive Development at INSEAD (North America), and Associate Dean at the Ivey Business School. Dr. Morrison graduated with a Doctor of Philosophy degree from the University of South Carolina, in 1989, a Master of Business Administration (MBA) degree from the Richard Ivey Business School, University of Western Ontario, London, Ontario in 1985, and a Bachelor of Arts, Cum Laude (International Relations), from Brigham Young University, Utah in 1983. Dr. Morrison is the author/co-author of 12 business management and corporate governance books published from 1990 to 2020. He is also a frequent contributor of business management articles to journals such as Harvard Business Review, Strategic Management Journal, Asia Pacific Business Review, and Sloan Management Review.

Mr. Ligang Lu, Director

Mr. Ligang Lu was appointed as our director upon the closing of our IPO. Since January 2011, Mr. Lu has been the auditor director and group supervisor of Shanshan Holdings Co. Ltd. which is mainly engaged in the production of lithium-ion battery parts, such as lithium-ion capacitors, battery pack, and charging pile, and providing new energy services such as new energy vehicle operation and energy management services, etc. From January 2003 to January 2011, he held several positions at Hebei Hualong Riqing Noodle Industry Group Co., Ltd., which is mainly engaged in noodle manufacturing, including audit manage and chief financial officer. From September 1990 to January 2003, he was the audit office director of Sinosteel Xingji Group, which is engaged in steel productions, sales, distributions related services. Mr. Lu holds a bachelor's degree in Financial Auditing and Accounting from Hebei University of Economics and Business (formerly Hebei University of Finance and Economics). In May 2001, Mr. Lu was certified as senior auditor and accountant by China Human Resources Bureau of Hebei Province, and became a Certified Internal Auditor ("CIA") by International Registered Institute of Internal Auditors (USA).

FINANCIALS SNAPSHOT

A Strong 2020 Leads to...

The Company enjoyed a 29% jump in revenue from 2019 to 2020 with revenue reaching \$23.2M in 2020, up from \$17.9M the year before. For the full year, SDH recorded \$0.72 in EPS. The increase in total revenue was primarily attributable to the increase in the revenues generated from comprehensive tailored services, sales of

merchandises, and online services and partially offset by the decrease of revenue in sponsorship advertising services, member services and consulting services. Specifically, SDH generated over 132% in revenue growth in its largest segment, Comprehensive Tailored Services, which produced \$13.4M in top-line growth last year. This performance is impressive considering it occurred during the COVID-19 pandemic. Revenues from sponsorship advertising services decreased by \$1.69M, or 20%, from \$8.29M for the year ended December 31, 2019, to \$6.6M for the year ended December 31, 2020, primarily due to COVID-19, which prevented SDH from offering offline events from late January 2020 until the second quarter of 2020. However, with the COVID-19 pandemic in abeyance, we forecast a resurgence in this line item in 2021 and 2022.

...a potentially stronger 2021

	<u>FY20A</u>	<u>FY21E</u>	<u>FY22E</u>
Comp Tailored Services	\$13,350	\$21,360	\$32,040
Sponsorship Adv Services	\$6,600	\$8,250	\$9,900
Consulting Services	\$420	\$546	\$710
Total Revenue	\$20,370	\$30,156	\$42,650

Sources: SDH and Goldman Small Cap Research

Looking ahead, we forecast revenue will grow by 48.7% to \$34.5M and EPS of \$1.08 in 2021 As illustrated in Table I, we project the Enterprise Services Division's Comprehensive Tailored Services will grow by 81% from \$13.4M in 2020 to \$21.4M in 2021. Growth will be led by current and future geographies as the Company's offerings are clearly in high demand. This performance should drive a major increase in operating margin to 70%, up from 63.5% in 2020.

	<u>FY20A</u>	<u>FY21E</u>	<u>FY22E</u>
Member Services	\$870	\$1,131	\$1,414
Enterprise Services	\$20,370	\$30,156	\$42,650
Online, Merch, Other Services	\$1,870	\$3,179	\$4,769
Total Revenue	\$23,110	\$34,466	\$48,832

Sources: SDH and Goldman Small Cap Research

It should be noted that our individual categorical forecasts could prove to be low as it is difficult to extrapolate and project revenue from multiple sources using the pandemic year as a baseline. This is especially the case given the impressive top-line growth during this period. Moreover, we may see contribution from business abroad in 2H21 as well. For 2022, investors can expect much of the same type of growth, with revenue reaching \$48.8M and EPS reaching the \$1.40 mark. Profitability could be even higher depending upon operational efficiency and leverage as well as the tax rate.

RISK FACTORS

In our view, the Company's biggest risk is related to the expansion of its current model into new markets and maintaining the high growth rates associated with key service offerings. It is possible that current and prospective corporate and individual clients/members may not see the value in the SDH lineup of services/products/experts, or may view them as too expensive. A swift return to normalcy or close to it following the COVID-19 pandemic may not foster a return to revenue growth in certain segments such as sponsorship advertising or limit the number of offline events or the number of participants. Another protracted lockdown could hamper disposable income for SDH services for individuals or stymie entrepreneurial growth. Competitive risks include lower pricing, more effective sales/marketing, greater business efficiency, or a deeper and more impactful library. Another risk could be the loss of leading experts and mentors to competitors.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of SDH's size and standing. Moreover, we believe that SDH's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and operating profit.

Volatility and liquidity are typical concerns for small cap stocks, especially those with a foreign domicile and whose primary revenue generation is focused on business outside of the U.S. Lower valuations, especially for China-centric companies are common as well due to financial controls concerns, thereby potentially limiting upside, despite the inherent upside potential.

VALUATION AND CONCLUSION

Fast-growing Global Internet of People is set to broadly expand and transform the multi-billion-dollar peer-to-peer knowledge sharing and consulting industry. SDH is a highly regarded early mover that has been profitable every year since 2018. The SDH model directly solves issues a key issue plaguing entrepreneurs and early-stage firms---management mentorship, expertise and consulting. Knowledge is shared and services are requested and provided via SDH's online peer-to-peer knowledge sharing and enterprise service platform, mobile app, and in-person forums and other events. The Company boasts 5.5 million users and over 1500 paying users, corporations, and organizations. Its current stable of nearly 2,000 mentors and experts provide expertise in finance, technology, health care, manufacturing, etc.

SDH's financial performance is impressive with by any measure. For 2020, SDH recorded \$23.2M in revenue and EPS of \$0.72. Our forecasts suggest a 48.7% leap in revenue to \$34.5M and EPS of \$1.08 in 2021 and



revenue of \$48.8M with EPS of \$1.40 in 2022. Our 6-month price target of \$10.80 could prove to be too conservative. While it is customary for foreign stocks to trade at a discount to US peers, our target reflects a 10x P/E on projected 2021 EPS, a paltry metric compared to the 50% EPS growth rate we believe will be achieved this year.

Table III. GLOBAL INTERNET OF PEOPLE, INC.

Pro Forma Income Statement

(\$,000)

	<u>FY20A</u>	<u>FY21E</u>	<u>FY22E</u>
REVENUE, NET	\$23,181	\$34,466	\$48,832
Service Costs	\$2,087	\$2,826	\$3,907
Cost of Goods Sold	\$893	\$1,551	\$2,197
Gross Profit	\$20,201	\$30,089	\$42,728
<i>Gross Margin</i>	87.1%	87.3%	87.5%
Selling Expenses	\$906	\$2,757	\$4,004
General & Administrative	\$3,897	\$6,376	\$8,448
Research & Development	\$671	\$1,206	\$1,709
Total Operating Expenses	\$5,474	\$10,340	\$14,161
Operating Income	\$14,727	\$24,126	\$34,671
<i>Operating Income Margin</i>	63.5%	70.0%	71.0%
Investment Gains (Loss)	(\$1)	(\$25)	\$10
Interest Income (Loss)	\$214	\$200	\$250
Other Income (Expense) net	\$73	\$50	\$75
Total Other Income (Expense)	\$286	\$225	\$335
Pre-Tax Income (Loss)	\$15,013	\$24,151	\$35,006
Income Taxes	\$3,055	\$6,038	\$9,802
<i>Tax Rate</i>	20.3%	25.0%	28.0%
Less profit attri to non-controlling interest	(\$130)	(\$250)	(\$200)
Net Income	\$12,088	\$18,363	\$25,204
Diluted Earnings Per Share	\$0.72	\$1.08	\$1.40
Wtd. Est. Shares Outstanding	16,788	17,000	18,000

Sources: SDH, NASDAQ, and Goldman Small Cap Research

Table IV. Global Internet of People, Inc.

Balance Sheet: 12/31/20

(\$ USD, 000)

Current Assets	
Cash and equivalents	\$10,966
Accts Rec, net	\$12,218
Inventories	\$2,707
Due from related parties	\$173
Prepaid expenses and other current assets	\$2,194
Total Current Assets	\$28,258
Non-Current Assets	
Property and Equipment, net	\$3,397
Prepayments for property acq	\$0
Intangible assets, net	\$4,294
Long-term investments	\$3,085
Operating lease right-of-use	\$100
Deferred tax assets	\$603
TOTAL ASSETS	\$39,737
Current Liabilities	
Accounts payable	\$34
Deferred revenue	\$250
Income taxes payable	\$4,707
Operating lease liabilities, current	\$63
Accrued expenses and other liab	\$529
Total Current Liabilities	\$5,583
Non-Current Liabilities	
Operating lease liab, non-current	\$3,196
TOTAL LIABILITIES	\$5,587
SHAREHOLDER'S EQUITY	
Ordinary shares, 500,000,000 shares authorized; \$0.0001 par value; 16,800,000 shares issued and outstanding as of December 31, 2020 and 2019	\$1,680
Additional paid-in capital	\$4,462
Statutory reserves	\$2,474
Retained earnings	\$25,663
Accum other comp income (loss)	
Total share equity attributable to contr share	\$34,039
Non-controlling interests	\$111
Total stockholders' equity	\$34,150
TOTAL LIAB & SHAREHOLDER'S EQUITY	\$39,737

Sources: SDH, Yahoo Finance, and Goldman Small Cap Research

RECENT TRADING HISTORY FOR SDH

(Source: www.StockCharts.com)





SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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