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**Subject:** Facedrive: A \$1.4b ESG Stock Promotion with a Hollow Core Business, and Multi-Million Dollar Payments to an Opaque BVI Entity; 95% Downside  
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# Facedrive: A \$1.4b ESG Stock Promotion with a Hollow Core Business, Flailing Business Pivots and Multi-Million Dollar Payments to an Opaque BVI Entity; 95% Downside

- Facedrive recently went public with the core premise of being an “eco-friendly” ride hailing app that allows users to select electric or hybrid vehicle options. EV excitement has fueled the stock to a \$1.4 billion market cap and an absurd 908x revenue multiple, making it the most expensive >\$1 billion tech company in the world.
- Facedrive’s Canada-based ridesharing business appears to be dramatically impaired by COVID. While the company claims 13,000 *registered* drivers on the platform, **we estimate current active drivers at ~500-600 total**, suggesting an overstatement of ~95%.
- Rather than focusing on tackling just one resource-intensive highly competitive market like ridesharing, Facedrive recently entered a second —food delivery. We found Facedrive’s platform has a total of 17 restaurants compared to UberEats’ 400,000 and GrubHub’s 300,000.

- We called several of the “most popular” restaurants on the Facedrive Foods page. One didn't seem to have a working phone number, and two said they don't use Facedrive anymore.
- Facedrive even joined the COVID-hype train, launching a COVID contact tracing app. We reached out to their partner on the project who confirmed what appears to be overstatements of the projects' publicly stated progress.
- Despite all of this, Facedrive has propelled itself to a \$1.4 billion market cap on a slew of buzzword-laden press releases. This has been helped by stock promoters who received payment through an opaque newly-renamed BVI-registered entity. The deal was inappropriately disclosed as being related to marketing the company's rideshare platform (not the stock). The site admits in its disclaimers that stocks often plunge after their promotion cycle ends.
- **In June 2020, Facedrive paid \$8.2 million to promoters for 1 month of services.** This is the largest promotion payment we have ever seen and was greater than Facedrive's entire operating expenses over the last year.
- Additionally, the company has engaged in multiple related party transactions. Its 2019 filing statement detailed paying 4 entities controlled by its CEO, representing approximately 24% of its 2019 operating expenses.
- **We do not think Facedrive's core ride hailing business is viable and we find its “marketing” and related party spends to be extraordinary and alarming. We have doubts about the veracity of the company's claims relating to its ill-conceived side projects that appear hastily thrown together for PR value.**
- Facedrive's CEO has a history that bodes poorly. He was Chairman/CEO of another a public company, Creative Vistas, which saw its shares precipitously plummet 99%.
- We believe this “story” stock is heading toward a hard repricing, as we see *de minimis* overall value in the company's operations. Our 1-year price target is CAD \$0.70, representing 95% downside.

*Initial Disclosure: After extensive research, we have taken a short position in shares of Facedrive. This report represents our opinion, and we encourage every reader to do their own due diligence. All figures in CAD unless otherwise specified. Please see our full disclaimer at the bottom of the report.*

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