

## Nextech AR Solutions

(OTCQX: NEXCF)

### NEXCF: Nextech AR Reports Q1 Growth of 155% and Nears Spinoff of Toggle3D

Based on an EV to estimated EV/2024 sales multiple of 6.2xs, plus the value of ARway we believe Nextech stock could be worth \$1.00 per share.

Current Price (5/19/2023) US\$0.51  
Valuation US\$1.00

### OUTLOOK

Nextech AR Solutions is a diversified augmented reality, AI technology company that leverages proprietary artificial intelligence (AI) to create 3D experiences for the metaverse. Its main businesses are creating 3D WebAR photorealistic models for the Prime Ecommerce Marketplace as well as many other online retailers. The company develops or acquires what it believes is a disruptive technology and once commercialized, spins them out as stand-alone public companies issuing a stock dividend to shareholders while retaining a significant ownership stake in the public spin-out. In October, Nextech completed its first spin-out—an augmented reality wayfinding solution company called ARway (OTC: ARWYF.) The company owns 13 million shares in ARway and distributed four million shares to Nextech AR shareholders. The company expects its second spinout-- Toggle3D, an AI-powered 3D design studio to compete with Adobe. Toggle3D to be public this quarter. As one of the first movers in a multi-billion-dollar market growing at almost 300% per year, Nextech should be able to grow rapidly as this nascent market explodes.

### SUMMARY DATA

52-Week High US\$0.96  
52-Week Low US\$0.29  
One-Year Return (%) 46.1  
Beta 1.8  
Average Daily Volume (sh) 96,208

Shares Outstanding (mil) 109.9  
Market Capitalization (\$mil) US\$56  
Short Interest Ratio (days) 0.4  
Institutional Ownership (%) 0  
Insider Ownership (%) 14

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 2023 Estimate N/M  
P/E using 2024 Estimate N/M

Risk Level Above Average  
Type of Stock Small Growth  
Industry IT Services

### ZACKS ESTIMATES

#### Revenue

(In millions of CAN\$)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	\$1.7 R	\$1.7 R	\$1.2 A	\$2.2 A	\$6.7 R
2022	\$0.5 R	\$0.6 R	\$0.9 R	\$1.4 A	\$3.2 A
2023	\$1.3 A	\$1.9 E	\$3.1 E	\$4.0 E	\$10.6 E
2024					\$21.2 E

#### Earnings per Share

(IFRS)

	Q1	Q2	Q3	Q4	Year
	(Mar)	(Jun)	(Sep)	(Dec)	(Dec)
2021	NA	NA	NA	NA	-\$0.35 R
2022	-\$0.07 R	-\$0.09 R	-\$0.05 A	-\$0.06 A	-\$0.26 A
2023	-\$0.06 A	-\$0.05 E	-\$0.03 E	-\$0.03 E	-\$0.17 E
2024					-\$0.09 E

R= restated Quarters may not sum to years due to restatements

## WHAT'S NEW

### Nextech Reports First Quarter as a Pure Play and Shows Revenue Growth of 155%

Nextech reported its first full quarter without eCommerce and with ARway spun off. Revenues are now shown to be more than doubling year over year and we expect that growth rate to accelerate. The spin-off of Toggle3D is expected to be in June with a record date to be around June 1<sup>st</sup>. Amazon was 47% of total revenues in Q1 and its decisions will be an important driver near term. At present, Nextech is selling directly to Amazon but hopes its technology will be available in Amazon's Seller Central for third-party sellers to use soon. It awaits Amazon finishing its testing before rollout. We expect gross margins to increase going forward due in part to the learning curve as well as the automation of more and more of the model-building process aided by a build-up of the library, machine learning, and AI. There is also room for further cost-cutting lowering operating expenses as it works to reach cash breakeven.

#### Q1 2023 Report

Nextech reported Q1 2023 revenues from continuing operations of \$1.3 million versus \$510,000 last year with eCommerce revenues removed. Renewable software license revenue was the major part contributing \$1.2 million of that number. Amazon was 51% or \$606,223 of that.

The gross margin for the quarter was reported as 41.0% compared to 50.1% last year removing eCommerce. Nextech expects gross margins to improve sequentially as the year progresses.

Operating expenses were \$6.9 million compared to \$6.7 million in Q1 2022. General and administrative expenses were \$2.6 million, down \$430,000 million from \$3.0 million. The major increase in expense was from stock-based compensation which went from \$579,000 to \$1.2 million this year as the company instituted an employee plan for employees to be paid in stock rather than cash. Included in the quarter was a one-time non-cash expense of \$450,000 for investor relations.

The company had an operating loss of \$6.4 million flat with Q1 2022.

The net loss for the quarter was \$6.0 million for continuing operations compared to \$7.5 million in 2021, which now excludes eCommerce. This resulted in a loss per share of \$0.06 compared to a loss of \$0.07 in Q1 2022.

The company continues to reduce quarterly operating expenses. Its goal is to reach cash flow breakeven this year even if it has to heavily rely on stock-based payments for wages and services.

Nextech now has 109.9 million shares outstanding and trades at a market value of US\$55 million or an enterprise value of about US\$54 million. It owns 13 million shares of ARWY valued at US\$6.2 million.

We estimate revenues of CN\$10.2 million this year making EV to sales 7.2 times or 6.3 times if we subtract out the value of the ARway holding. We expect revenues to double next year.

#### Balance Sheet

Nextech ended the March quarter with \$3.5 million in cash, working capital of \$1.9 million, and no debt. In addition, the company owns 13 million shares of ARway worth \$9.2 million under a three-year lockup. Twenty-five percent of the shares are free trading today and another 15% get unlocked every six months.

On January 31, 2023, Nextech raised cash by selling 3,614,457 units for \$0.83 for gross proceeds of \$2,999,999 yielding net proceeds of \$2,651,732. Each unit is comprised of one common share and one warrant with an exercise price of \$1.03 for a period of 48 months. Nextech also issued 253,011 compensation options to the selling agent, each exercisable to acquire one unit at \$0.83 for a period of 48 months.

During the period ended March 31, 2023, 2,091,998 shares were issued worth \$1,579.220 for shares for services.

On March 9, 2023, the company sold the assets of Infinite Pet, LLC for \$150,000.

As of May 18<sup>th</sup>, Nextech had 109,874,662 shares outstanding. It also had 15.5 million options outstanding at prices ranging from \$0.50 to \$6.51 and 16.6 million warrants at prices ranging from \$0.83 to \$2.06.

### **After the Quarter Ended**

On May 18<sup>th</sup> [Nextech3D.AI](#) announced that it received an initial \$2 million cash infusion from FinTech Ratio Tech by borrowing against money owed by contract but not yet billed or earned. This financing is non-dilutive and the interest rate is prime plus 3.5%. Amounts are repayable in equal monthly US\$187,500 starting July 30<sup>th</sup>, 2023, until it has been repaid.

### **Toggle3D Spin-Out In Planned for Q2 2023**

Nextech plans to spin out its [Toggle3D](#) (CSE: TGGL) design studio SaaS Software platform as a separate public company. It is expected this will happen in June. It will trade on the CSE and Nextech is working on getting dual-listed in the United States on the OTC, and Internationally on the Frankfurt Stock Exchange. Nextech will keep 16 million shares and 4 million shares are being distributed directly to the shareholders of Nextech on a pro-rata basis. Nextech currently intends to transfer 3 million of the 16 million shares it receives to certain service providers in consideration of past services and other indebtedness. Toggle3d has already raised \$2 million which is currently in escrow.

Toggle3D was launched in September 2022 and already has over 1300 users on its AI-Powered 3D design studio. It is an AR-enhanced standalone web application that enables product designers, 3D artists, marketing professionals, and eCommerce site owners to create, customize and publish high-quality 3D models and experiences without any technical or 3D design knowledge. Nextech believe that [Toggle3D](#) is the first platform of its kind, and is a potential game changer for the manufacturing and design industry, as it provides the ability to convert large CAD files into lightweight 3D models at affordable prices and at scale. Most importantly it is simple to use and needs no training as opposed to competitive products such as AutoCAD, Adobe's Substance 3D Painter (\$59.99 per month), and KeyShot. It will even be priced lower than the competition. It currently is in beta with 120 testers, but when it launches in the next few weeks there will be a free version and a paid version at \$29.99 per month per seat. Further down the road, the company plans a more expensive team version that can be used collaboratively. So far the company has attracted primarily users that have never made 3D models rather than taking market share. These neophytes are happy to find a product that requires no training and can be tried for free. Toggle does yet not have revenue but it should start after the paid version launches

Management also said a third spin-out is possible in the next 18 months of its Technology Event Solution business that provides in-person, virtual, and hybrid events. While the spinout strategy continues to work, unlocking value for investors, we expect management to continue this practice.

## KEY POINTS

- Nextech AR Solutions (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2) is a diversified augmented reality, AI technology company that leverages proprietary artificial intelligence (AI) to create 3D experiences for the metaverse. Its main businesses are creating 3D WebAR photorealistic models for the Prime Ecommerce Marketplace as well as many other online retailers. The company develops or acquires what it believes is a disruptive technology and once commercialized, spins them out as stand-alone public companies issuing a stock dividend to shareholders while retaining a significant ownership stake in the public spin-out. On October 26, 2022, Nextech completed its first spin-out of an augmented reality wayfinding solution company called ARway, (OTC: ARWYF/CSE: ARWY). The company owns 13 million shares in ARway and distributed four million shares to Nextech AR shareholders. The company's second spinout is Toggle3D, an AI-powered 3D design studio to compete with Adobe.
- Nextech AR is a startup based in Toronto that was formed to provide services for and invest in, businesses using Augmented Reality (AR), holograms, and other technologies in the Metaverse. These technologies are used to improve sales and profits for eCommerce sites, and other verticals such as entertainment and education. The technology converts two-dimensional images of real objects and people into three dimensions. Using AR is a proven way to boost sales and reduce returns in eCommerce, and provides an engaging, economical way to provide information in the education and training space.
- Augmented Reality (AR) and 3D Models are just beginning to make their way into mainstream use and the market is exploding. Nextech AR is the only public pure-play we know of that is providing services to allow companies to use AR and 3D in marketing and advertising their goods. At a small price to vendors per month per SKU, the adoption of just a tiny percent of the trillions of products sold worldwide will create a massive revenue stream for Nextech AR.
- The company currently has three sources of revenue:
  - Its largest revenue generator had been an eCommerce business used as a test lab and driven by AR, 3D Models, and holograms in its marketing. It is being discontinued but so far only its pet business has been accounted for as a discontinued operation. Investors should not expect any revenue from this business in 2023.
  - Its main revenue generator going forward is its SaaS offerings for businesses that provide AR, 3D models, holograms, and metaverses created by Nextech AR, or by the customer themselves, for use on their shopping websites and mobile apps, or in ad campaigns. ECommerce customers are charged a monthly fee based on the number of SKUs or per model.
  - The company also owns an events business that provides both virtual and in-person events and incorporates all its AR and Metaverse technologies
- With a nascent market projected to increase by 289% per year over the next five years, Nextech is a unique public pure play that could deserve a higher valuation. It currently trades at an enterprise value of US\$54 million or 7.2xs projected 2023 sales.

## VALUATION

We have taken a group of companies involved in augmented reality, companies that provide conferencing plus Roblox the metaverse company. At current valuations, we get an average of 4.4 times EV/2024 Sales. However, given Nextech's rapid growth versus the comps, we believe it deserves at least the high end of the range or 6.2 times revenues which is Roblox.

So, using US\$15.8 million for 2024 estimated sales, and a 6.2 multiple, Nextech could be worth an enterprise value as high as US\$98 million or a market value of US\$100.6 million. Dividing by the current shares of 110 million, this would be approximately US\$.90 per share. Nextech's ownership of ARWay of 13 million shares adds US\$6.8 million to the valuation as an asset. Adding in ARWay the stock is worth at least US\$1.00 per share.

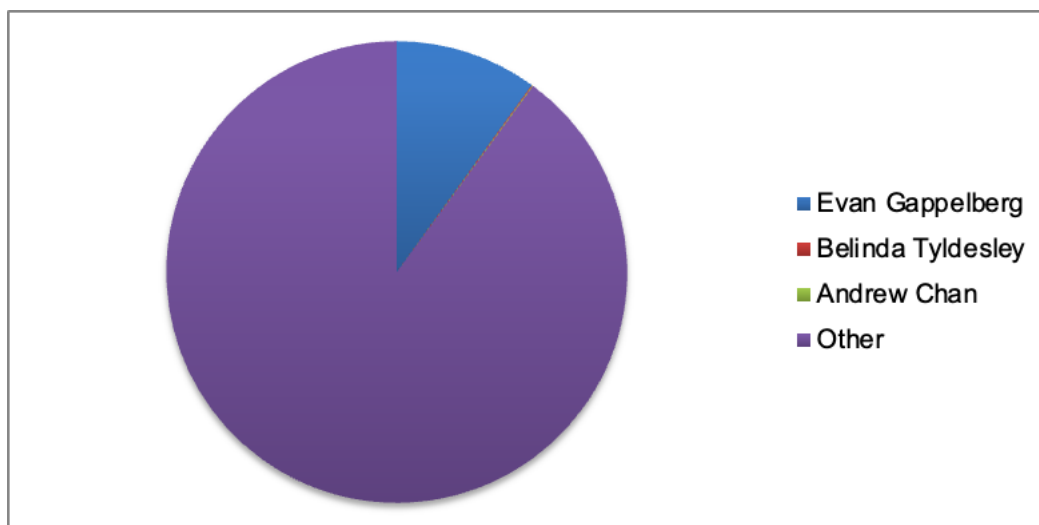
Company	Ticker	Calendar	Calendar	LTM	EBIDTA Margin	Enterprise Value / Sales			Enterprise Value
		Revenue 2024E	Revenue 2023E			2024E	2023E	LTM	
Roblox	RBLX	3,930	3,400	2,340	-39%	6.2	7.2	10.5	24,500
Salesforce	CRM	38,560	34,640	31,350	17%	5.4	6.0	6.7	208,580
Snap	SNAP	5,210	4,530	4,530	-24%	2.9	3.4	3.4	15,200
Zoom	ZM	4,670	4,450	4,390	7%	3.1	3.3	3.3	14,700
<b>Average</b>						4.4	5.0	6.0	59,659

## RISKS

- Nextech is a start-up with limited operating history in its current businesses. There is no assurance it will evolve into a sustainable, profitable going concern. As such forecasts are subject to a wide range of outcomes.
- The company is operating at a loss, and though it is not expected, it may need to raise capital until it reaches cash flow break-even which could result in the dilution of current shareholders.
- AR usage is beginning to be used by early adopters and it is hard to predict how fast AR will be put into use by mainstream eCommerce sites. The company's business with AR customers is still very small although it seems to be beginning to garner meaningful traction.
- This industry will attract many larger companies with much greater resources who could compete with Nextech in the future.
- The company is constantly launching new products and features that may or may not be commercially successful.
- In Q1 Amazon was 47% of total sales. The loss of Amazon as a customer would be significant. The company does have a long-term contract with Amazon negating most of the risk.

- With the return to normal business operations, the need for virtual conferencing capabilities has waned further and has reduced revenues.
- Some of the value of Nextech is based on its ability to successfully spin out other parts of its business at high valuations. These spin-outs may not occur or reach the valuations investor might expect.

## OWNERSHIP



# INCOME STATEMENT

	Mar 31, 2022R	June 30, 2022R	Sept 30, 2022R	Dec 31, 2022	Mar 31, 2023	June 30, 2023E	Sept 30, 2023E	Dec 31, 2023E	2021R	2022	2023E	2024E
Technology services	36,763	35,478	45,768	\$62,287	80,250	80,000	80,000	80,000	5,255,451	180,296	320,250	320,250
Yr-to-Yr Growth	-97%	-97%	-95%	-96%	118%	125%	75%	28%	53.8%	-96.6%	NA	NA
Renewable Software licenses	459,469	517,889	875,016	\$850,769	1,188,673	1,800,000	3,000,000	3,920,000	1,394,070	2,849,171	9,908,673	21,000,000
Yr-to-Yr Growth	25%	79%	286%	67%	159%	248%	243%	361%	315.8%	104.4%	247.8%	111.9%
Interest and investment income	13,979	NA	NA	139,802	32,271	20,000	10,000	-	40,328	195,324	-	-
<b>Net Revenue</b>	<b>\$510,211</b>	<b>\$553,367</b>	<b>\$920,784</b>	<b>\$1,052,858</b>	<b>\$1,301,194</b>	<b>\$1,900,000</b>	<b>\$3,090,000</b>	<b>\$4,000,000</b>	<b>\$6,689,849</b>	<b>\$3,224,791</b>	<b>\$10,228,923</b>	<b>\$21,320,250</b>
Yr-to-Yr Growth	-70%	-67%	-20%	-51%	155%	243%	236%	280%	78.3%	-51.8%	217.2%	108.4%
Cost of goods	254,483			\$642,843	767,308	1,110,400	1,242,000	1,400,000	4,821,321	1,593,076	4,457,437	7,462,088
Gross margin	255,728			410,015	533,886	789,600	1,848,000	2,600,000	1,868,528	1,631,715	5,771,486	13,858,163
Percent of revenues	50.1%			38.9%	41.0%	41.6%	59.8%	65.0%	27.9%	50.6%	56.4%	65.0%
<b>Operating expenses</b>												
Sales and marketing	1,652,708			934,116	1,650,308	1,200,308	1,200,000	1,200,000	10,437,523	5,013,367	5,250,616	7,500,000
General and administrative	3,021,987			4,301,592	2,591,629	2,500,000	2,000,000	2,000,000	9,683,311	13,377,575	9,091,629	8,000,000
R&D	1,027,194			827,334	879,904	880,000	880,000	880,000	6,609,471	3,892,208	3,519,904	3,519,904
Stock-based compensation	578,805			(52,702)	1,170,671	800,000	800,000	800,000	5,030,449	1,715,690	3,570,671	3,570,671
Amortization	373,594			934,275	530,659	530,000	530,000	530,000	2,050,147	2,655,652	2,120,659	1,500,000
Depreciation	31,659			28,393	29,331	29,000	29,000	29,000	114,733	122,930	116,331	50,000
Right of use amortization	19,226			19,226	55,846	55,800	55,800	55,800	44,861	76,905	223,246	223,246
Total operating expenses	6,705,173			6,992,234	6,908,348	5,995,108	5,494,800	5,494,800	33,970,495	26,854,327	23,893,056	24,363,821
Operating Income	(6,449,445)			(6,582,219)	(6,374,462)	(5,205,508)	(3,646,800)	(2,894,800)	(32,101,967)	(25,222,612)	(18,121,570)	(10,505,659)
<b>Other income</b>												
Interest expense	-			-	-	-	44,000	66,000	-	-	110,000	66,000
Gain on liability	-			-	-	-	-	-	(219,321)	(381,019)	-	-
Gain on short-term investments	-			(290,275)	-	-	-	-	-	-	-	-
Gain on contingent consideration	-			-	-	-	-	-	(1,573,308)	-	-	-
Impairment of intangibles	-			476,113	-	-	-	-	-	3,178,426	-	-
Impairment of goodwill	-			-	184,097	-	-	-	-	-	184,097	-
Loss on sale of assets	-			-	194,979	-	-	-	-	-	194,979	-
Foreign exchange loss (gain)	441,880			(374,859)	(93,962)	-	-	-	(267,725)	(1,345,593)	(93,962)	-
Total other expense	441,880			(189,021)	285,114	-	-	-	(2,060,354)	1,451,814	395,114	66,000
Income before income taxes	(6,891,325)			(6,771,240)	(6,659,576)	(5,205,508)	(3,646,800)	(2,894,800)	(30,041,613)	(26,674,426)	(18,516,684)	(10,571,659)
Income taxes	30,334			271,033	95,647	95,647	95,647	95,647	177,386	637,222	382,588	382,588
Tax rate	-0.4%			-4.0%	-1.4%	-1.8%	-2.6%	-3.3%	-0.6%	-2.4%	-2.1%	-3.6%
Net income	(6,860,991)			(6,500,207)	(6,563,929)	(5,109,861)	(3,551,153)	(2,799,153)	(29,864,227)	(26,037,204)	(18,134,096)	(10,189,071)
Income from discontinued ops.	(589,241)			(1,292,021)	-	-	-	-	(2,787,826)	(1,341,111)	-	-
Non-IFRS net income	(5,632,186)			(5,642,071)	(5,393,258)	(4,309,861)	(2,751,153)	(1,999,153)	(26,407,086)	(19,774,107)	(14,563,425)	(6,618,400)
Exchange differences on translating	(24,687)			76,662	(96,448)	0	0	0	226,852	(121,940)	(96,448)	0
Exchange differences on discontinued	NA			NA	0	0	0	0	43,715	(310,905)	0	0
Total comprehensive loss	(6,885,678)			(6,423,545)	(6,660,377)	(5,109,861)	(3,551,153)	(2,799,153)	(32,425,201)	(27,811,160)	(18,230,544)	(10,189,071)
Non-controlling interests	0			(438,201)	(699,499)	(700,000)	(700,000)	(700,000)	0	(438,201)	(2,799,499)	(1,000,000)
Total comp. to Nextech shareholders	(7,474,919)			(5,985,344)	(5,960,878)	(4,409,861)	(2,851,153)	(2,099,153)	(32,425,201)	(27,372,959)	(15,431,045)	(9,189,071)
<b>Earnings per share</b>	<b>\$ (0.07)</b>			<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.35)</b>	<b>\$ (0.26)</b>	<b>\$ (0.17)</b>	<b>\$ (0.09)</b>
Non-IFRS earnings per share	\$ (0.06)			\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.31)	\$ (0.20)	\$ (0.13)	\$ (0.06)
Shares outstanding	97,550,931	99,725,256	98,641,286	101,000,000	106,925,652	109,874,662	110,000,000	110,200,000	83,888,487	100,201,691	109,250,079	110,500,000
Yr-to-Yr Growth	26%	21%	15%	12%	10%	10%	12%	9%	22.2%	19.4%	9.0%	1.1%
All in shares	115,451,931	117,626,256	133,202,993	133,642,000	139,113,652	142,062,662	142,188,000	142,388,000	92,224,652	124,980,795	141,438,079	141,438,079
Adjusted EBITDA	(6,449,445)	(8,734,100)	(5,920,402)		(4,587,955)	(3,790,708)	(2,232,000)	(1,480,000)	(32,101,967)	(25,222,612)	(18,121,570)	(10,505,659)

## BALANCE SHEET

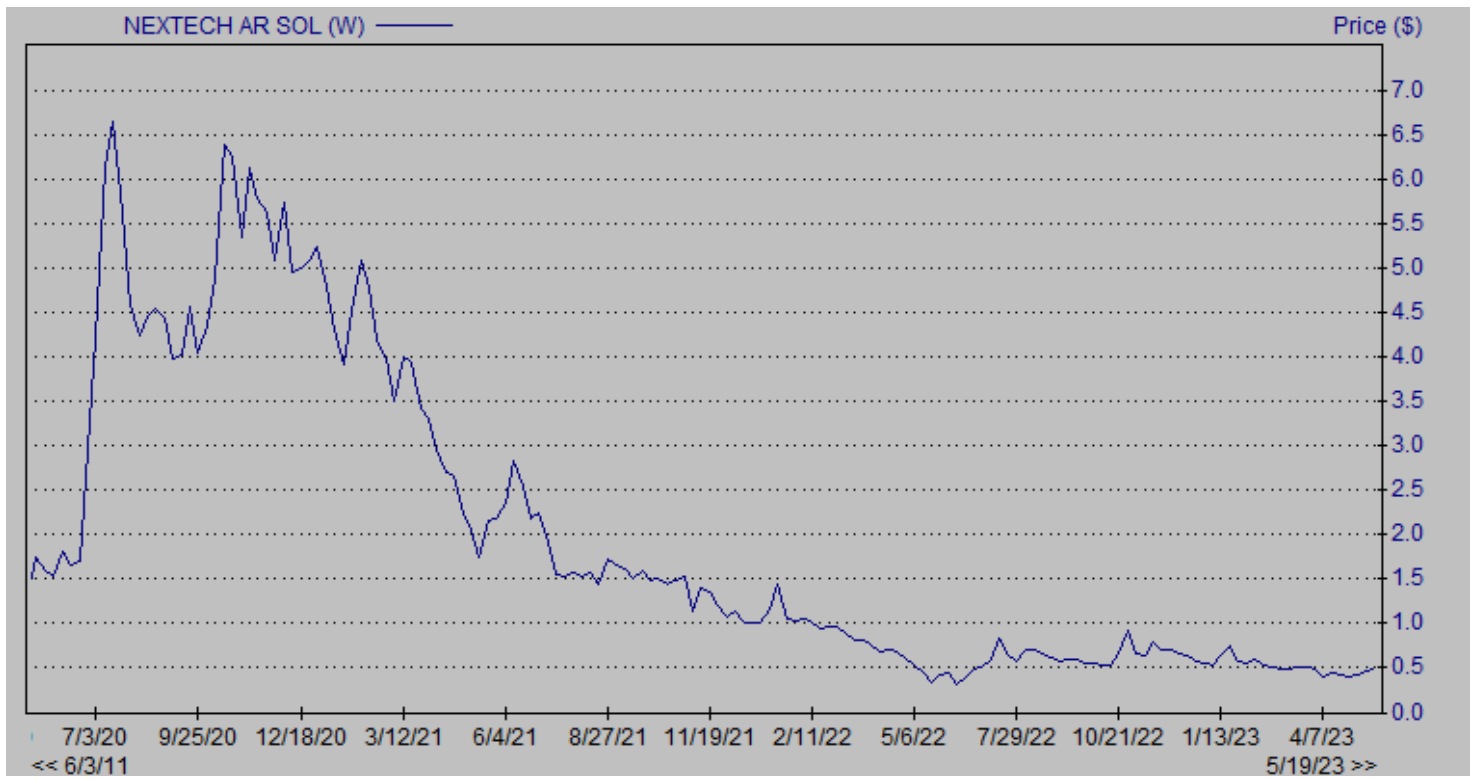
Canadian Dollars	Mar 31, 2022	Dec 31, 2022	Qtr-Qtr % Change	Mar 31, 2022	Yr-Yr % Change
<b>Assets:</b>					
Cash and cash equivalents	3,502,217	3,777,117	-7%	10,781,775	-68%
Accounts receivable	941,071	744,331	26%	1,019,014	-8%
Deferred asset	267,922	256,818	4%	0	NM
Prepaid expenses	393,394	310,906	27%	894,805	-56%
Contract assets	253,474	332,197	-24%	124,982	103%
Inventory	0	45,289	-100%	2,527,193	-100%
Non-current assets held for sale	0	501,188	-100%	0	0%
Total current assets	5,358,078	5,967,846	-10%	15,347,769	-65%
Equipment	200,754	278,463	-28%	376,473	-47%
Deferred consideration for PET	205,230	0	NM	0	NM
Right of use assets	778,351	829,278	-6%	1,002,598	-22%
Intangible assets	2,816,471	3,313,741	-15%	5,575,700	-49%
Goodwill	6,624,776	6,746,378	-2%	8,670,827	-24%
Total Assets	15,983,660	17,135,706	-7%	30,973,367	-48%
<b>Current Liabilities:</b>					
AP & accrued liabilities	2,750,665	2,641,918	4%	1,910,159	44%
Deferred revenue	539,312	437,746	23%	622,898	-13%
Lease liabilities	157,994	222,250	-29%	290,357	-46%
Liab. assoc w/assets held for sale	0	92,532	-100%	0	NM
Total current liabilities	3,447,971	3,394,446	2%	2,823,414	22%
Lease liabilities	591,142	582,586	1%	706,654	-16%
Deferred income tax liability	(69,373)	29,974	-331%	590,391	-112%
Loan payable	0	0	0%	86,756	-100%
Total Liabilities	3,969,740	4,007,006	-1%	4,207,215	-6%
<b>Stockholders' Equity</b>					
Share capital	86,931,638	83,271,706	4%	80,202,550	8%
Reserves	14,380,369	12,754,708	13%	11,272,102	28%
Accum. other comprehensive inc	730,653	827,101	-12%	1,953,782	-63%
Shareholder's Equity NexTech	(91,763,291)	(85,898,862)	7%	(66,662,282)	38%
Non-controlling interest	1,734,551	2,174,048	-20%	0	NM
Total Stockholders' Equity	12,013,920	13,128,701	-8%	26,766,152	-55%
Total Liabilities & Stockholders' Equity	15,983,660	17,135,707	-7%	30,973,367	-48%
Current ratios	1.6	1.8	-12%	5.4	-71%
Quick ratio	1.6	1.7	-11%	4.5	-66%
Cash	3,502,217	3,777,117	-7%	10,781,775	-68%
Cash as % of assets	22%	22%	-1%	35%	-37%
Working Capital	1,910,107	2,573,400	-26%	12,524,355	-85%
Debt	0	0	0%	86,756	-100%
Debt/Total Assets	0.0%	0.0%	0%	0.3%	-100%



## CASH FLOW

	3 Months Ending Mar 31, 2022R	3 Months Ending June 30, 2022	3 Months Ending Sept 30, 2022	3 Months Ending Dec 31, 2022	Year 2022	3 Months Ending Mar 31, 2023
<b>Net Income</b>	\$ (6,860,991)	\$ (10,475,723)	\$ (4,354,675)	\$ (4,203,201)	\$ (26,037,215)	\$ (6,563,929)
Discontinued operations	\$ (589,241)	NA	\$ (49,090)	\$ (2,074,264)	\$ (1,341,111)	\$ 0
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>						
Amortization	728,378	750,429	597,354	579,491	2,655,652	531,458
Right of use assets	63,082	63,770	77,624	56,625	261,101	55,846
Deferred income tax recovery	(138,933)	(121,852)	(126,777)	126,777	0	0
Depreciation	37,117	37,124	36,941	32,385	143,567	29,331
Gain on liability	0	0	(90,744)	(290,275)	(381,019)	0
Employee pay program	0	0	0	0	0	309,593
Treasury shares for employee pay program	0	0	0	0	0	(252,366)
Stock-based compensation	578,805	878,286	311,301	(52,702)	1,715,690	1,170,671
Write off of equipment	0	0	0	0	0	85,679
Deferred consideration receiv on sale of PET	0	0	0	0	0	(205,230)
Share-based payments	0	0	0	625,000	625,000	0
Shares for services	717,066	148,500	581,286	(154,015)	1,292,837	0
Impairment of intangible asset & goodwill	0	2,702,313	0	476,113	3,178,426	184,097
<b>Changes in assets and liabilities:</b>						
Receivables	62,150	600,222	(223,510)	(168,989)	269,873	(129,780)
Deferred asset	0	(153,185)	(107,454)	3,821	(256,818)	(11,104)
Contract asset	261,220	(68,653)	(68,057)	(70,505)	54,005	78,723
Prepaid expenses	(145,331)	362,636	59,727	131,711	408,743	(52,663)
Inventory	861,905	160,434	1,228,785	703,218	2,954,342	434,756
Accounts payable and accrued liabilities	(848,858)	739,778	(342,533)	427,043	(24,570)	16,219
Deferred tax liabilities	0	0	0	(673,290)	(673,290)	(99,347)
Deferred revenue	13,897	(200,758)	49,695	(34,089)	(171,255)	101,566
Net Cash Used In cont operating activities	(5,841,560)	(4,576,679)	(2,716,519)	(5,366,944)	(16,615,587)	(4,316,479)
Net cash from discontinued	581,826	NA	296,392	1,068,583	1,289,545	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Purchase of equipment	(46,553)	(37,485)	(15,951)	(18,178)	(101,784)	(29,000)
Interest on lease liability	(6,712)	(6,890)	(8,441)	(6,625)	(28,668)	(6,823)
Net Cash Used In Cont Investing Activities	(48,071)	(44,375)	(24,392)	(287)	(105,936)	(35,823)
Net used discontinued	(5,194)	0	0	(24,516)	(24,516)	0
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Proceeds from private placement, net	8,936,496	1,910	0	(48,057)	8,890,349	2,651,730
Repayment of loan	0	0	(90,896)	0	(90,896)	0
Proceeds from employee pay program	0	0	1,488,526	1,008,102	2,496,628	1,579,220
Lease payments	(73,398)	(74,369)	(90,934)	(92,767)	(331,468)	(131,499)
Subsidiary shares:						
Issuance to non-cont. interest, net	0	0	0	1,657,354	1,657,354	86,748
Net Cash Provided By Fin Activities, cont	8,936,496	(72,459)	1,306,696	2,770,252	12,867,587	4,186,199
Net Cash Provided By Discont.	(73,398)	NA	NA	(245,620)	(245,620)	0
Foreign exchange	(5,620)	(507,166)	(634,979)	294,563	(616,272)	(118,171)
Net Increase in Cash	3,550,099	(4,693,513)	(1,137,823)	(1,798,532)	(2,834,527)	(166,105)
Cash - Beginning of Period	7,237,296	10,610,765	7,063,268	5,290,466	7,237,296	3,786,493
Cash - End of Period, continuing	10,610,765	5,410,086	5,278,516	3,789,071	3,777,120	3,502,217
Cash - End of Period, discontinued	171,010	NA	11,950	(2,574)	9,376	0
Cash, end of period	10,781,775	5,410,086	5,290,466	3,786,497	3,786,496	3,502,217
<b>Operating cash flow</b>	(5,464,717)	(6,017,153)	(3,016,780)	(2,803,802)	(16,545,961)	(4,654,850)
<b>Free cash flow</b>	(5,511,270)	(6,054,638)	(3,032,731)	(2,821,980)	(16,647,745)	(4,683,850)
<b>Supplemental information</b>						
Taxes paid	0	21,571	220	5,214	27,005	800
Interest paid	9,550	8,308	5,600	7,452	30,910	5,467
Interest received	11,830	27,498	34,392	34,670	108,390	33,789

## HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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