

May 22, 2023

Price (as of close  
on May 19, 2023)

**\$0.51**

Rating  
**Buy-Venture**

12- Month Target Price  
**\$1.50**

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**Company Description**

Nextech3D.ai (NEXCF) engages in the acquisition and development of augmented reality (AR) technology. The Company started as an eCommerce franchise, but it is now essentially focused on commercializing AR technology. NexTech was incorporated in 2018 and is based in Toronto, Canada.

## Nextech3D.ai (NEXCF) AR Top-Line Accelerator Meets AI Bottom-Line Accumulator; Maintain Buy-Venture.

3D model revenue increased over 500%, as NexTech delivers a strong 2023 start. We maintain our **Buy-Venture** rating and \$1.50 target price.

52-Week Range	\$0.25 – \$1.04	Total Debt	\$0.00 million
Shares Outstanding	100.20 million	Debt/Equity	NM
Insider/Institutional	13.7%/86.3%	ROE (LTM)	NM
Public Float	95.9 million	Book Value/Share	\$0.10
Market Capitalization	\$54.3 million	Daily Volume (90-day)	111,218

FYE DEC	FY 2022	FY 2023E		FY 2024E	
EPS* (\$)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$(0.06)A	\$(0.06)A	\$(0.04)E	\$(0.04)E	\$(0.03)E
Q2 Jun	\$(0.05)A	\$(0.04)E	\$(0.04)E	\$(0.03)E	\$(0.03)E
Q3 Sep	\$(0.04)A	\$(0.05)E	\$(0.04)E	\$(0.01)E	\$(0.01)E
Q4 Dec	\$(0.05)A	\$(0.04)E	\$(0.04)E	\$0.01E	\$0.01E
<b>Year*</b>	<b>\$(0.26)A</b>	<b>\$(0.18)E</b>	<b>\$(0.16)E</b>	<b>\$(0.06)E</b>	<b>\$(0.05)E</b>
P/E Ratio	NM	NM		NM	
Change	NM	NM		NM	

FYE DEC	FY 2022	FY 2023E		FY 2023E	
Revenue (\$ mil.)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$3.48A	\$1.30A	\$0.92E	\$3.90E	\$2.76E
Q2 Jun	\$3.23A	\$1.55E	\$1.55E	\$5.44E	\$5.44E
Q3 Sep	\$3.01A	\$3.22E	\$3.22E	\$12.89E	\$12.89E
Q4 Dec	\$1.05A	\$3.40E	\$3.40E	\$17.02E	\$17.02E
<b>Year*</b>	<b>\$3.22A</b>	<b>\$9.48E</b>	<b>\$9.10E</b>	<b>\$39.25E</b>	<b>\$38.10E</b>
Change	NA	194.0%		314.0%	

\* Non-GAAP revenue and EPS. Numbers may not add up due to rounding.

### Q1:23 Results

- Revenues surged, beating our Q1:23 by 41%. Now the main reporting segment of the Company, Renewable software licenses revenues grew 183% YOY to \$1.30 million, as 3D model revenue increased over 500%.
- Gross margin improved substantially to 41%. The increase (209 bps sequentially) was due to the Company's increased adoption of Artificial Intelligence (AI) in delivering 3D models. Going forward, with the further rapid adoption of AI, we expect NexTech's margins to further increase.
- NexTech strengthened its Balance Sheet by a non-dilutive financing of \$2 million from FinTech Ratio Tech. This financing is based on securitization of future unpaid invoices of the Company. Based on its future capital needs, NexTech has the option to raise additional capital with FinTech Ratio Tech on similar terms.
- We reiterate our Buy-Venture rating and a \$1.50 price target. Based on a 3.96x EV/Revenue multiple, we value NexTech at \$1.50 per share, which represents a 194% appreciation potential to the stock's current price.

### PRIMARY RISKS

- Though AR is gaining momentum, its usage is still with the early adopters, which represent only a small proportion of the total eCommerce accessible market.
- The disappearance of Pandemic-related tailwinds has adversely affected eCommerce companies' top-line momentum and compressed their valuations.

Please refer to the end of this report to obtain important disclosure information.

## **Q1:23 Financial Performance**

**Renewable software licenses revenues surged.** Now the main reporting segment of the Company, Renewable software licenses revenues grew 183% YOY to \$1.30 million, as 3D model revenue increased over 500%.

**Gross margin improved substantially to 41%.** The increase (209 bps sequentially) was due to the Company's increased adoption of Artificial Intelligence (AI) in delivering 3D models. Going forward, with the further rapid adoption of AI, we expect NexTech's margins to further increase.

**Total operating expenses were largely in line with our expectations** but were substantially lower than 2021 as the benefits of the legacy business divestment materialized. In 2023 and beyond, we expect the Company to benefit significantly from the sales and marketing expense reduction, primarily as a function of the legacy business divestment.

**\$2 million cash infusion.** NexTech strengthened its Balance Sheet by a non-dilutive financing of \$2 million from FinTech Ratio Tech, a FinTech Platform that specialized in financing technology companies. This financing is based on securitization of future invoices that the Company has contracts for but is yet to be paid for. Based on its future capital needs, NexTech has the option to raise additional capital with FinTech Ratio Tech on similar terms.

**ARWay is Put On The Way.** The Company has successfully spun off ARWay as a separately publicly traded company (under the ticker symbol ARWYF and ARWY, on the CSE). Management believes that ARWay's next generation spatial computing platform for the real-world metaverse can drive rapid revenue growth by acquiring new customers that need innovative AR experiences and mapping solutions. The spinout provided a stock dividend of four million shares for all NexTech shareholders on a pro-rata basis, while the Company has retained 13 million of the common shares.

**NEXCF plans to pursue a spinout of its Toggle3D design studio SaaS (Software as a Service) platform.** Nextech shareholders will be rewarded with a 4,000,000-share stock dividend issued pro rata to shareholders while Nextech3D.ai itself will retain 13 million shares or about 50% ownership of Toggle3D.ai. Meticulously nurtured by NEXCF, Toggle-3D platform enables the conversion of CAD (Computer Aided Design) files into 3D/AR models at scale. Modeled as SaaS, Toggle-3D's offerings will enjoy high operating margins. To be marketed as "A Web-Based 3D Design Studio for Anyone," Toggle-3D intends to disrupt the CGI (Computer-Generated Imagery) market, which NEXCF estimates to be \$160 billion per year (6% CAGR), by its easy, scalable, affordable, and accessible offerings.

## **VALUATION**

We value NexTech using a revenue multiple analysis method. All of NexTech's direct competitors in the AR space are private companies. Therefore, for the sake of valuation we have assembled a group of public companies that are either involved in AR or have exposure to Metaverse technology. Most of these companies utilize AR/metaverse technology to serve Internet Retail end markets, but some also serve Conferencing and Electronic Gaming industries. As shown below, the multiples of most of the peer group are depressed partly due to the current interest rate/macro-economic environment and partly due to revenue headwinds (and difficult comps) these companies are facing from the post-pandemic stimulated revenue surge. Nevertheless, NexTech's case is different as the Company has exited the eCommerce Product based business and entered the service-only and differentiated AR and Metaverse space. As shown in the Income Statement Exhibit, we project the Company's revenues to grow by over 300% in 2024. Most of the comparable companies are not experiencing such a surge in top and bottom-line growth. Moreover, the Company has spun off ARWay as a separately publicly traded company, which could be substantially value accretive for NexTech. Therefore, we ascribe NexTech an EV/Revenue multiple of 3.96x (its 2024 revenues), an almost 100% premium to the 2.08x average for the group of companies, as shown below. Based on a 3.96x EV/Revenue multiple, we value NexTech at \$1.50 per share, which represents a 209% appreciation potential to the stock's current price.

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**Exhibit 1: NEXCF Peer Group Multiples and Price Targets**

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Company Name	Ticker	Last Price	Market Cap (\$MM)	EV/Revenues
HealthWarehouse.com Inc	HEWA.PK	0.17	9.19	2.72
TRxADE Health Inc	MEDS.O	0.35	3.52	0.31
Kidpik Corp	PIK.OQ	0.67	5.15	0.31
Roblox Corp	RBLX.K	34.45	21,029.73	4.48
Wayfair Inc	W	31.64	3,497.36	0.60
ContextLogic Inc	WISH.O	6.49	150.37	0.24
Mercari Inc	4385.T	18.93	3,039.53	1.64
Chegg Inc	CHGG.K	9.08	1,086.22	4.87
DoorDash Inc	DASH.K	61.62	24,159.70	2.03
Snap Inc	SNAP.K	8.31	13,310.70	2.69
Chewy Inc	CHWY.K	31.10	13,278.00	1.29
Zoom Video Communications	ZM.O	61.19	17,979.85	3.82
Average			8,129.11	2.08
Nextech Ar Solutions Corp	NTAR.CD	0.49	54.28	1.10

Source: Singular Research and Thomson Reuters

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As an alternative valuation methodology, we attempted to value NexTech using a total addressable market analysis (TAM). According to Markets & Markets Research Pvt Ltd,<sup>1</sup> the Augmented Reality Market was valued at U.S. \$23 billion in 2021 and is expected to reach U.S.\$88 billion by 2026, witnessing a CAGR of 31%. We project NexTech to be just 0.1% of this market in 2024. However, we project NexTech to grow much faster than the market from 2023 onwards. If we assume the Company attains a modest 0.4% share of the TAM in 2026, its revenues will amount to \$377 million. Discounting this figure back to 2024 (2 years), with a 12% WACC, we project that the present value of NexTech's potential 2026 revenue to be \$301 million. Discounting this value at 10% to reflect NexTech's challenging odds of realizing this level of revenues provides a projected value for the Company of \$248 million. Dividing this figure by our projected outstanding shares at the end of FY:26 yields a per share value today of \$1.52 per share. We believe using FY:26 projected year-end shares outstanding is a conservative valuation approach that accounts for the expected growth in outstanding shares.

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**Exhibit 2: Valuation Using Discounted TAM Analysis (in millions)**

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2026 TAM (millions)	\$ 88,400
NexTech's Market Share	0.43%
NexTech's 2026 Revenue	\$ 377
PV @ 12% Discount Rate	\$ 301
Projected Value of NexTech at 10% Discount to 3 year PV	\$ 248
Projected Shares in 2026 (millions)	171
<b>NexTech's Equity Value/Share</b>	<b>\$ 1.52</b>

Source: Singular Research

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<sup>1</sup> "Augmented Reality Market worth \$88.4 billion by 2026." *MarketsandMarkets*, 12 October 2022, [www.marketsandmarkets.com](http://www.marketsandmarkets.com).

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### **Rating Definitions**

**BUY**, 30% or greater increase in the next 12 months.

**BUY- Long-Term**, near-term EPS horizon is challenging, attractive long-term appreciation potential.

**SELL**, 30% or more declines in the next 12 months.

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## Technical Analysis



**Nextech3D.ai**  
**Quarterly Results & Estimates**  
*\$ in Millions*

	2021 Actual	2022 Actual					2023 Estimated					2024 Estimated				
	Fiscal 2021A	1QA Mar-22	2QA Jun-22	3QA Sep-22	4QA Dec-22	Fiscal 2022A	1QA Mar-23	2QE Jun-23	3QE Sep-23	4QE Dec-23	Fiscal 2023E	1QE Mar-22	2QE Jun-22	3QE Sep-22	4QE Dec-22	Fiscal 2024E
Total Revenues	\$ 25.93	\$ 3.48	\$ 3.23	\$ 3.01	\$ 1.05	\$ 3.22	\$ 1.30	\$ 1.55	\$ 3.22	\$ 3.40	\$ 9.48	\$ 3.90	\$ 5.44	\$ 12.89	\$ 17.02	\$ 39.25
<b>Revenue Growth</b>		<b>-54.9%</b>	<b>-46.9%</b>	<b>-47.5%</b>	<b>-83.5%</b>	<b>104.4%</b>	<b>183.2%</b>	<b>200.0%</b>	<b>250.0%</b>	<b>300.0%</b>	<b>194.0%</b>	<b>200.0%</b>	<b>250.0%</b>	<b>300.0%</b>	<b>400.0%</b>	<b>314.0%</b>
Cost of Sales	\$ 16.10	\$ 2.00	\$ 1.55	\$ 1.67	\$ 0.64	\$ 1.59	\$ 0.77	\$ 0.78	\$ 1.29	\$ 1.19	\$ 4.02	\$ 1.56	\$ 1.90	\$ 4.51	\$ 5.10	\$ 13.08
Gross Profit	\$ 9.84	\$ 1.48	\$ 1.69	\$ 1.34	\$ 0.41	\$ 1.63	\$ 0.53	\$ 0.78	\$ 1.93	\$ 2.21	\$ 5.46	\$ 2.34	\$ 3.53	\$ 8.38	\$ 11.91	\$ 26.17
<b>Gross margin</b>	<b>37.9%</b>	<b>42.6%</b>	<b>52.2%</b>	<b>44.6%</b>	<b>38.9%</b>	<b>50.6%</b>	<b>41.0%</b>	<b>50.0%</b>	<b>60.0%</b>	<b>65.0%</b>	<b>57.6%</b>	<b>60.0%</b>	<b>65.0%</b>	<b>65.0%</b>	<b>70.0%</b>	<b>66.7%</b>
Sales and marketing	\$ 16.82	\$ 2.62	\$ 1.83	\$ 1.70	\$ 0.93	\$ 5.01	\$ 1.65	\$ 0.93	\$ 1.93	\$ 1.70	\$ 6.22	\$ 2.34	\$ 2.45	\$ 4.25	\$ 4.25	\$ 13.30
General and administrative	\$ 13.88	\$ 3.82	\$ 4.50	\$ 2.59	\$ 4.30	\$ 13.38	\$ 2.59	\$ 3.20	\$ 4.00	\$ 4.50	\$ 14.29	\$ 3.10	\$ 3.30	\$ 4.10	\$ 4.80	\$ 15.30
Research and development	\$ 6.61	\$ 1.03	\$ 0.88	\$ 1.16	\$ 0.83	\$ 3.89	\$ 0.88	\$ 0.88	\$ 0.88	\$ 0.88	\$ 3.52	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 4.40
Total operating expenses	\$ 53.40	\$ 9.47	\$ 8.76	\$ 7.12	\$ 6.71	\$ 23.88	\$ 5.89	\$ 5.79	\$ 8.10	\$ 8.27	\$ 28.05	\$ 8.10	\$ 8.75	\$ 13.97	\$ 15.26	\$ 46.08
Operating Profit	\$ (27.47)	\$ (5.98)	\$ (5.52)	\$ (4.11)	\$ (5.65)	\$ (20.65)	\$ (4.59)	\$ (4.24)	\$ (4.88)	\$ (4.87)	\$ (18.57)	\$ (4.20)	\$ (3.31)	\$ (1.07)	\$ 1.76	\$ (6.83)
<b>Operating margin</b>	<b>-105.9%</b>	<b>-171.7%</b>	<b>-170.7%</b>	<b>-136.4%</b>	<b>-536.9%</b>	<b>-640.4%</b>	<b>-352.6%</b>	<b>-272.6%</b>	<b>-151.4%</b>	<b>-143.1%</b>	<b>-195.9%</b>	<b>-107.6%</b>	<b>-60.9%</b>	<b>-8.3%</b>	<b>10.3%</b>	<b>-17.4%</b>
Depreciation & Amortization	\$ 2.05	\$ 0.77	\$ 0.79	\$ 0.63	\$ 0.61	\$ 5.39	\$ 0.62	\$ 0.56	\$ 0.56	\$ 0.56	\$ 2.30	\$ 0.56	\$ 0.56	\$ 0.56	\$ 0.56	\$ 2.24
EBITDA	\$ (25.42)	\$ (5.22)	\$ (4.73)	\$ (3.47)	\$ (5.04)	\$ (15.26)	\$ (3.97)	\$ (3.67)	\$ (4.32)	\$ (4.31)	\$ (16.27)	\$ (3.64)	\$ (2.75)	\$ (0.51)	\$ 2.32	\$ (4.59)
<b>EBITDA margin</b>	<b>-98.0%</b>	<b>-149.7%</b>	<b>-146.4%</b>	<b>-115.3%</b>	<b>-478.8%</b>	<b>-473.3%</b>	<b>-305.3%</b>	<b>-236.5%</b>	<b>-134.0%</b>	<b>-126.6%</b>	<b>-171.7%</b>	<b>-93.2%</b>	<b>-50.6%</b>	<b>-4.0%</b>	<b>13.6%</b>	<b>-11.7%</b>
Other adjustments	\$ 5.36	\$ 1.85	\$ 3.59	\$ 0.37	\$ (0.81)	\$ 6.02	\$ 1.46				\$ 1.46					\$ -
<b>Adjusted income before income taxes</b>	<b>\$ (32.83)</b>	<b>\$ (7.84)</b>	<b>\$ (9.11)</b>	<b>\$ (4.47)</b>	<b>\$ (4.84)</b>	<b>\$ (26.67)</b>	<b>\$ (6.66)</b>	<b>\$ (4.24)</b>	<b>\$ (4.88)</b>	<b>\$ (4.87)</b>	<b>\$ (20.03)</b>	<b>\$ (4.20)</b>	<b>\$ (3.31)</b>	<b>\$ (1.07)</b>	<b>\$ 1.76</b>	<b>\$ (6.83)</b>
Income Taxes	\$ (0.18)	\$ (0.13)	\$ (0.11)	\$ (0.12)	\$ -	\$ (0.64)	\$ (0.10)	\$ -	\$ -	\$ -	\$ (0.10)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Income From Continuing Operations</b>	<b>\$ (32.65)</b>	<b>\$ (7.70)</b>	<b>\$ (8.99)</b>	<b>\$ (4.35)</b>	<b>\$ (4.84)</b>	<b>\$ (26.04)</b>	<b>\$ (6.56)</b>	<b>\$ (4.24)</b>	<b>\$ (4.88)</b>	<b>\$ (4.87)</b>	<b>\$ (19.93)</b>	<b>\$ (4.20)</b>	<b>\$ (3.31)</b>	<b>\$ (1.07)</b>	<b>\$ 1.76</b>	<b>\$ (6.83)</b>
Exchange diff./ translating foreign operations	\$ (0.23)	\$ 0.02	\$ (0.01)	\$ 0.22	\$ -	\$ -	\$ (0.60)	\$ -	\$ -	\$ -	\$ (0.60)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Comprehensive Net Income</b>	<b>\$ (32.43)</b>	<b>\$ (7.73)</b>	<b>\$ (8.99)</b>	<b>\$ (4.58)</b>	<b>\$ (4.84)</b>	<b>\$ (26.04)</b>	<b>\$ (5.96)</b>	<b>\$ (4.24)</b>	<b>\$ (4.88)</b>	<b>\$ (4.87)</b>	<b>\$ (19.33)</b>	<b>\$ (4.20)</b>	<b>\$ (3.31)</b>	<b>\$ (1.07)</b>	<b>\$ 1.76</b>	<b>\$ (6.83)</b>
Shares for Basic EPS	83.888	97.551	99.725	98.641	100.202	100.202	106.926	109.309	108.121	109.831	109.831	119.757	122.426	121.095	123.011	123.011
		25.9%	22.7%	14.5%	19.4%	19.4%	9.6%	9.6%	9.6%	9.6%	9.6%	12.0%	12.0%	12.0%	12.0%	12.0%
Shares for Diluted EPS	83.888	97.551	99.725	98.641	100.202	100.202	106.926	109.309	108.121	109.831	109.831	119.757	122.426	121.095	123.011	123.011
EPS Basic	\$ (0.39)	\$ (0.08)	\$ (0.09)	\$ (0.05)	\$ (0.05)	\$ (0.26)	\$ (0.06)	\$ (0.04)	\$ (0.05)	\$ (0.04)	\$ (0.18)	\$ (0.04)	\$ (0.03)	\$ (0.01)	\$ 0.01	\$ (0.06)
<b>EPS Diluted</b>	<b>\$ (0.39)</b>	<b>\$ (0.08)</b>	<b>\$ (0.09)</b>	<b>\$ (0.05)</b>	<b>\$ (0.05)</b>	<b>\$ (0.26)</b>	<b>\$ (0.06)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>	<b>\$ (0.18)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>
<b>Pro-forma EPS</b>	<b>\$ (0.33)</b>	<b>\$ (0.06)</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>	<b>\$ (0.06)</b>	<b>\$ (0.20)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>	<b>\$ (0.17)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>

**Nextech3D.ai**  
**Balance Sheet**  
*\$ in Millions*

	2022 Actual	2023 Estimated					2024 Estimated				
	Fiscal	1QA	2QE	3QE	4QE	Fiscal	1QE	2QE	3QE	4QE	Fiscal
	2022A	Mar-23	Jun-23	Sep-23	Dec-23	2023E	Mar-23	Jun-23	Sep-23	Dec-23	2024E
Cash & Equivalents	\$ 3.78	\$ 3.50	\$ 8.46	\$ 4.30	\$ 11.04	\$ 11.04	\$ 7.20	\$ 4.00	\$ 3.79	\$ 11.94	\$ 11.94
Trade Accounts Receivable	\$ 0.74	\$ 0.94	\$ 0.05	\$ 0.17	\$ 0.60	\$ 0.60	\$ 0.71	\$ 0.18	\$ 0.67	\$ 3.01	\$ 3.01
Deferred asset	\$ 0.26	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27
Contract asset	\$ 0.83	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Prepaid expenses	\$ 0.31	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39	\$ 0.39
Inventories	\$ 0.05	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Current Assets</b>	<b>\$ 5.97</b>	<b>\$ 5.36</b>	<b>\$ 9.43</b>	<b>\$ 5.38</b>	<b>\$ 12.56</b>	<b>\$ 12.56</b>	<b>\$ 8.82</b>	<b>\$ 5.09</b>	<b>\$ 5.37</b>	<b>\$ 15.86</b>	<b>\$ 15.86</b>
Equipment	\$ 0.28	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20
Deferred consideration	\$ -	\$ 0.21									
Right-Of-Use Assets	\$ 0.83	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78	\$ 0.78
Intangibles	\$ 3.31	\$ 2.82	\$ 2.29	\$ 1.75	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22	\$ 1.22
Goodwill	\$ 6.75	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.62	\$ 6.09	\$ 5.56	\$ 5.56	\$ 5.03	\$ 5.03
<b>TOTAL ASSETS</b>	<b>\$ 17.14</b>	<b>\$ 15.98</b>	<b>\$ 19.32</b>	<b>\$ 14.74</b>	<b>\$ 21.38</b>	<b>\$ 21.38</b>	<b>\$ 17.11</b>	<b>\$ 12.85</b>	<b>\$ 13.13</b>	<b>\$ 23.09</b>	<b>\$ 23.09</b>
Accounts payable and accrued liabilities	\$ 2.64	\$ 2.75	\$ 0.32	\$ 0.62	\$ 2.13	\$ 2.13	\$ 2.06	\$ 1.11	\$ 2.47	\$ 10.67	\$ 10.67
Lease Liability	\$ 0.31	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
Deferred Revenue	\$ 0.44	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54	\$ 0.54
<b>Total Current Liabilities</b>	<b>\$ 3.39</b>	<b>\$ 3.45</b>	<b>\$ 1.02</b>	<b>\$ 1.32</b>	<b>\$ 2.83</b>	<b>\$ 2.83</b>	<b>\$ 2.76</b>	<b>\$ 1.81</b>	<b>\$ 3.17</b>	<b>\$ 11.37</b>	<b>\$ 11.37</b>
Lease Liability	\$ 0.58	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.59
Deferred Tax Liability	\$ 0.03	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)
Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 4.01</b>	<b>\$ 3.97</b>	<b>\$ 1.54</b>	<b>\$ 1.84</b>	<b>\$ 3.35</b>	<b>\$ 3.35</b>	<b>\$ 3.28</b>	<b>\$ 2.33</b>	<b>\$ 3.69</b>	<b>\$ 11.89</b>	<b>\$ 11.89</b>
Share capital	\$ 83.27	\$ 86.93	\$ 96.93	\$ 96.93	\$ 106.93	\$ 106.93	\$ 106.93	\$ 106.93	\$ 106.93	\$ 106.93	\$ 106.93
Reserves	\$ 12.75	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38	\$ 14.38
Accumulated other comprehensive income	\$ 0.83	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73	\$ 0.73
Retained Earnings	\$ (85.90)	\$ (91.76)	\$ (96.00)	\$ (100.88)	\$ (105.75)	\$ (105.75)	\$ (109.95)	\$ (113.26)	\$ (114.34)	\$ (112.58)	\$ (112.58)
<b>TOTAL EQUITY</b>	<b>\$ 10.95</b>	<b>\$ 10.28</b>	<b>\$ 16.04</b>	<b>\$ 11.16</b>	<b>\$ 16.29</b>	<b>\$ 16.29</b>	<b>\$ 12.09</b>	<b>\$ 8.78</b>	<b>\$ 7.71</b>	<b>\$ 9.46</b>	<b>\$ 9.46</b>
Non-controlling interest	\$ 2.17	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73	\$ 1.73
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 17.14</b>	<b>\$ 15.98</b>	<b>\$ 19.32</b>	<b>\$ 14.74</b>	<b>\$ 21.38</b>	<b>\$ 21.38</b>	<b>\$ 17.11</b>	<b>\$ 12.85</b>	<b>\$ 13.13</b>	<b>\$ 23.09</b>	<b>\$ 23.09</b>

**Nextech3D.ai**  
**Cash Flow Statement**  
*\$ in Millions*

	2022 Actual	2023 Estimated				2024 Estimated					
	Fiscal 2022A	1QA Mar-23	2QE Jun-23	3QE Sep-23	4QE Dec-23	Fiscal 2023E	1QE Mar-23	2QE Jun-23	3QE Sep-23	4QE Dec-23	Fiscal 2024E
Net Income	\$ (26.04)	\$ (6.56)	\$ (4.24)	\$ (4.88)	\$ (4.87)	\$ (20.55)	\$ (4.20)	\$ (3.31)	\$ (1.07)	\$ 1.76	\$ (6.83)
Discontinued operations	\$ (1.34)					\$ -					\$ -
Amortization	\$ 2.66	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 2.13	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 2.13
Impairment of intangible assets and goodwill	\$ 3.18	\$ 0.18				\$ 0.18					\$ -
Employee pay program	\$ -	\$ 0.06				\$ 0.06					\$ -
Deferred income tax recovery	\$ -					\$ -					\$ -
Amortization of right to use asset	\$ 0.26	\$ 0.06				\$ 0.06					\$ -
Depreciation	\$ 0.14	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.12	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.12
Other	\$ -	\$ (0.12)				\$ (0.12)					\$ -
Gain on digital assets/short term investments	\$ (0.38)					\$ -					\$ -
Gain on contingent consideration	\$ -					\$ -					\$ -
Shares for services	\$ 1.29					\$ -					\$ -
Stock-based compensation	\$ 2.34	\$ 1.17	\$ -	\$ -	\$ -	\$ 1.17	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivables	\$ 0.27	\$ (0.13)	\$ 0.89	\$ (0.12)	\$ (0.43)	\$ 0.21	\$ (0.10)	\$ 0.53	\$ (0.49)	\$ (2.34)	\$ (2.41)
Deferred asset	\$ (0.26)	\$ (0.01)				\$ (0.01)					\$ -
Contract asset	\$ 0.05	\$ 0.08				\$ 0.08					\$ -
Prepaid expenses	\$ 0.41	\$ (0.05)				\$ (0.05)					\$ -
Inventories	\$ 2.95	\$ 0.43	\$ -	\$ -	\$ -	\$ 0.43	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	\$ (0.02)	\$ 0.02	\$ (2.43)	\$ 0.30	\$ 1.52	\$ (0.60)	\$ (0.07)	\$ (0.95)	\$ 1.36	\$ 8.20	\$ 8.54
Deferred tax liability	\$ (0.67)	\$ (0.10)				\$ (0.10)					\$ -
Deferred revenue	\$ (0.17)	\$ 0.10	\$ -	\$ -	\$ -	\$ 0.10	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Operating Activities - Net Cash Flow</b>	<b>\$ (15.33)</b>	<b>\$ (4.32)</b>	<b>\$ (5.00)</b>	<b>\$ (4.14)</b>	<b>\$ (3.23)</b>	<b>\$ (16.68)</b>	<b>\$ (3.82)</b>	<b>\$ (3.17)</b>	<b>\$ (0.18)</b>	<b>\$ 8.18</b>	<b>\$ 1.01</b>
Purchase of equipment	\$ (0.10)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.12)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.12)
Proceeds from sale of digital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on lease liability	\$ (0.03)	\$ (0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Investing Activities - Net Cash Flow</b>	<b>\$ (0.13)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.12)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.12)</b>
Proceeds from exercise of options and warrants	\$ -		\$ 10.00	\$ -	\$ 10.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from private placement, net of issuance costs	\$ 8.89	\$ 2.65	\$ -	\$ -	\$ -	\$ 2.65	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from public offering, net of issuance costs	\$ -					\$ -					\$ -
Proceeds from Employee Pay Program	\$ 2.50	\$ 1.58				\$ 1.58					\$ -
Payment of loans	\$ (0.09)					\$ -					\$ -
Payment of contingent consideration, Issuances to non contr	\$ -	\$ 0.09				\$ 0.09					\$ -
Payment of lease obligations, Others	\$ 1.33	\$ (0.13)	\$ -	\$ -	\$ -	\$ (0.13)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Financing Activities - Net Cash Flow</b>	<b>\$ 12.62</b>	<b>\$ 4.19</b>	<b>\$ 10.00</b>	<b>\$ -</b>	<b>\$ 10.00</b>	<b>\$ 24.19</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Cash and Equivalents - Change	\$ (3.45)	\$ (0.28)	\$ 4.97	\$ (4.17)	\$ 6.74	\$ 7.26	\$ (3.84)	\$ (3.20)	\$ (0.21)	\$ 8.15	\$ 0.90
Exchange Rate Effect	\$ (0.62)	\$ (0.12)	\$ -	\$ -	\$ -	\$ (0.12)	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Beginning	\$ 7.24	\$ 3.78	\$ 3.49	\$ 8.46	\$ 4.30	\$ 3.78	\$ 11.04	\$ 7.20	\$ 4.00	\$ 3.79	\$ 11.04
Cash End	\$ 3.78	\$ 3.49	\$ 8.46	\$ 4.30	\$ 11.04	\$ 11.04	\$ 7.20	\$ 4.00	\$ 3.79	\$ 11.94	\$ 11.94