

November 11, 2022

Price (as of close on
November 10, 2022)**\$0.69**Rating
Buy-Venture12- Month Target Price
\$1.50**Staff**

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NexTech AR (NEXCF): Charting Its Own eCommerce 3D Dimension; Initiate with a Buy-Venture rating.

NexTech AR Solutions Corp. (CSE: NTAR; U.S. OTC: NEXCF) presents a unique Augmented Reality and Metaverse pure play investment opportunity. Largely based on its differentiated 3D modelling offerings, NexTech is building its own niche in the eCommerce market. **We initiate with a Buy-Venture rating and a \$1.50 price target.**

52-Week Range	\$0.25 – \$1.74	Total Debt	\$0.08 million
Shares Outstanding	101.25 million	Debt/Equity	0.4%
Insider/Institutional	13.7%/86.3%	ROE (LTM)	NM
Public Float	90.3 million	Book Value/Share	\$0.19
Market Capitalization	\$72.63 million	Daily Volume (90-day)	167,026

FYE Dec	FY 2021A	FY 2022E		FY 2023E	
EPS (\$)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$(0.09)A	\$(0.06)A		\$(0.04)E	
Q2 Jun	\$(0.08)A	\$(0.05)A		\$(0.04)E	
Q3 Sep	\$(0.09)A	\$(0.05)E		\$(0.03)E	
Q4 Dec	\$(0.07)A	\$(0.05)E		\$(0.02)E	
Year*	\$(0.33)A	\$(0.21)E		\$(0.13)E	
P/E Ratio	NM	NM		NM	
Change	NM	NM		NM	

FYE Dec	FY 2021A	FY 2022E		FY 2023E	
Revenue (\$ mil.)	ACTUAL	CURRENT	PREVIOUS	CURRENT	PREVIOUS
Q1 Mar	\$7.73A	\$3.48A	-	\$2.14E	
Q2 Jun	\$6.09A	\$3.23A	-	\$2.60E	
Q3 Sep	\$5.74A	\$2.91E	-	\$4.69E	
Q4 Dec	\$6.38A	\$2.10E	-	\$8.39E	
Year*	\$25.93A	\$11.73E	-	\$17.82E	
Change	46.6%	(54.8)%	-	51.9%	

* Numbers may not add up due to rounding and changes in diluted shares outstanding.

NexTech AR Solutions Corp. (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.

Investment Thesis

- NexTech is positioning itself as the first publicly traded company that is exclusively focused on the Augmented Reality (AR) niche of eCommerce.
- eCommerce, an over \$5 trillion/year market, needs new offerings to enhance customer experience, and AR & Metaverse offerings have become key for the next leg of growth. The Company enjoys a competitive advantage in this space, as its offerings are Artificial Intelligence based and hence are not only better priced than its competitors but also scalable and more versatile. We believe NexTech has the wherewithal to dominate the AR experience and 3D model services space.
- Q3:22 represented a fork in the road - NexTech acquired Amazon as a customer (for a suite of 3D technologies, including ARitize), arguably the holy grail of eCommerce.
- We project their Renewable Software segment to grow very strongly - almost 4x in 2023. Its long-term growth drivers, ARway, and Map D offerings, position the Company to extend its end-markets beyond eCommerce. Importantly, in a potentially value accretive move, NexTech has spun off ARWay as a separately publicly traded company.
- We initiate coverage with a Buy-Venture rating and a \$1.50 price target, 9.50 times EV/2023 Revenue (implying a capital appreciation potential of 146%).

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.

Investment Thesis

Toronto, Canada based NexTech AR Solutions Corp. (NEXCF) engages in the acquisition, development, and commercialization of augmented reality (AR) technology.

Although the Company started as an eCommerce franchise, it is now essentially focused on commercializing AR technology, thereby making it a quintessential augmented reality focused company. The Company offers several applications/platforms under the NexTech Metaverse Suite/AR umbrella:

- ARway, a Unity-based platform that uses AI to scan and recognize surroundings for 3D spatial mapping
- Map D, a virtual events platform that allows organizers to create, host, and manage live events
- ARitize Maps allows users to spatially map their location and populate it with interactive 3D objects, navigations, wayfinding, audio, etc.
- ARitize 3D for eCommerce, an end-to-end AR platform that enables users to embed a 3D model in a product page on an eCommerce website
- ARitize Swirl, a swirling (rotating) 3D item for the header page of an eCommerce website
- ARitize Social Swirl, a social media AR filter designed to promote and visualize eCommerce products
- ARitize Ads, an ad solution for captivating 3D ads
- Toggle-3D, an offering that enables the conversion of CAD files into 3D/AR models at scale
- ARitize Decorator, an offering that enables to virtually preview home furnishing and decor in a desired location
- ARitize Holograms, a human hologram creator mobile app
- ARitize CPG, an interactive AR hologram app
- ARitize Portals, an offering that transports users into new environments using AR
- ARitize Capture, an offering that allows users to create 3D AR photo realistic models from their smartphones
- ARitize Play, an offering to experience AR technology

Exhibit 1: NexTech's AR Offerings Come Together in a Complete Metaverse Suite

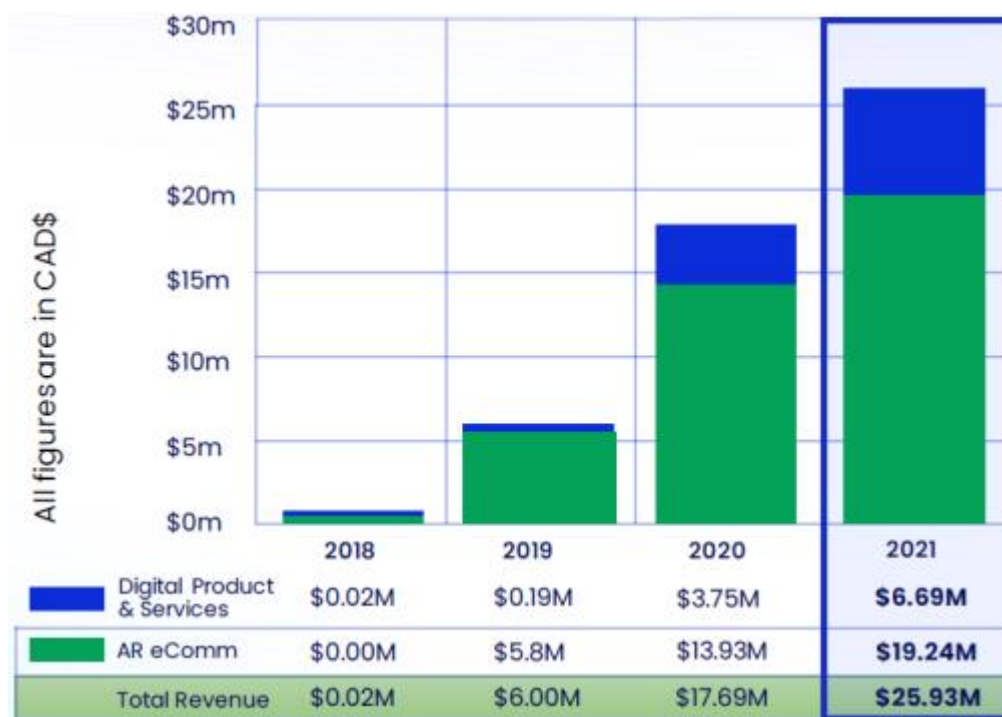


Source: NexTech AR Solutions Corp. & Singular Research

The Company's applications/platforms under the NexTech Metaverse Suite/AR umbrella are uniquely suited to cater the eCommerce market and thereby help its clients keep pace with the evolving needs of current retail end-consumers.

The Company's eCommerce platforms include vacuumcleanermarket.com (a vacuum cleaner retailer focused on residential vacuums, supplies, and parts, which is operated through a retail location and online sales channels), infinitepetlife.com (a health food supplement for animals, which is operated through online sales channels), Trulyfesupplements.com (a health supplement online store), and nextlevelninjas.com (a platform that provides services to eCommerce vendors). While the product revenues from the eCommerce segment contributed to the initial phase of the Company's growth, management plans to divest this business completely to exclusively focus on AR.

Exhibit 2: Product Sales from eCommerce Formed NexTech's Bulk of Revenues



Source: NexTech AR Solutions Corp. & Singular Research

The Company was incorporated in 2018, and its shares trade in Canada on the Canadian Securities Exchange under the trading symbol "NTAR" and in the U.S. on the OTCQB under the trading symbol "NEXCF."

We initiate coverage with a Buy-Venture rating and a \$1.50 price target.

A Recent Value Accretive Corporate Development: ARWay is Put On The Way

The Company has successfully spun off ARWay as a separately publicly traded company (under the ticker symbol ARWY on the CSE), hoping for a higher valuation for this niche technology. 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 will provide a stock dividend of four million shares for all NexTech shareholders on a pro-rata basis, while the Company will retain 13 million of the common shares.

We appreciate the logic of a spin-off in terms of unlocking valuation of an enterprise, even though, in our view, the capital markets remain tight at this time. If the Company can accomplish this value enhancing corporate development

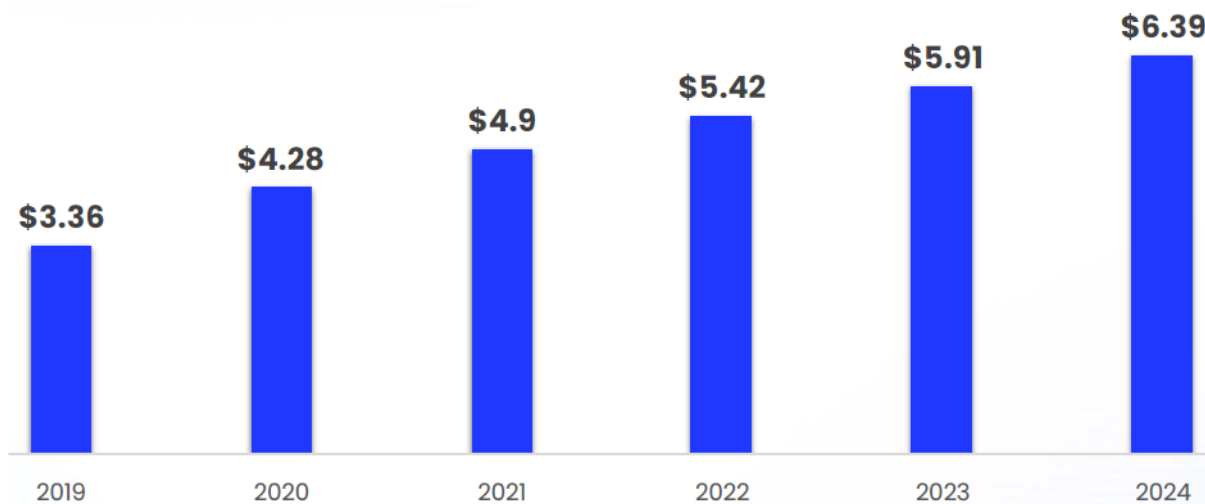
successfully, it will be able to unlock an additional long-term source of capital. Additionally, NexTech will be able to save about \$1.2 million per year in operating expenses by spinning off ARWay. Furthermore, we believe the spin-off will help ARWay's management to exclusively focus on the Indoor Positioning & Navigation (IPIN) segment of the AR market and thereby position itself to dominate this market. The Indoor Positioning and Navigation market is currently estimated to be around \$11 billion per year and is projected to grow at a compound annual growth rate of 42%.¹ As discussed in the following section, though the larger eCommerce market and NexTech's addressable markets are large and growing rapidly, IPIN's growth rate is a magnitude higher, and hence ARWay's exclusive IPIN focus will be a strategic advantage, in our view.

ARWay's Wayfinding applications lever visual marker tracking to offer a no-code, no hardware, no BLE beacon, spatial computing platform. For its customers, ARWay's offerings can create precise and robust navigation without any on-site hardware installation and ongoing maintenance. ARWay's offerings are user friendly and extremely easy to use. For example, its mobile app can help anyone quickly spatially map their location, populate it, interact with interactive 3D content, and experience augmented reality navigation. While ARWay provides pre-loaded 3D objects, the creators can also upload their OBJ/GLB files (a standardized file format used to share 3D data) to create their own 3D objects to enrich their Metaverse. Additionally, the users can publish and share their Metaverse with others to experience.

AR Technology is Key to the Rapidly Growing eCommerce Market

The eCommerce market has been growing rapidly and the pandemic has created even more demand by increasing market share gains from brick and mortar retail. With sales over \$5 trillion per year globally, the eCommerce market has grown rapidly to become one of the largest markets in our economy. Nevertheless, as shown below, after growing in high double digits (around 30%) until 2020, the growth has slowed down to the mid-teens recently and is projected to settle to high-single digit growth in next five years.

Exhibit 3: AR Caters to Large & Rapidly Growing eCommerce Market (Trillions, U.S.\$)



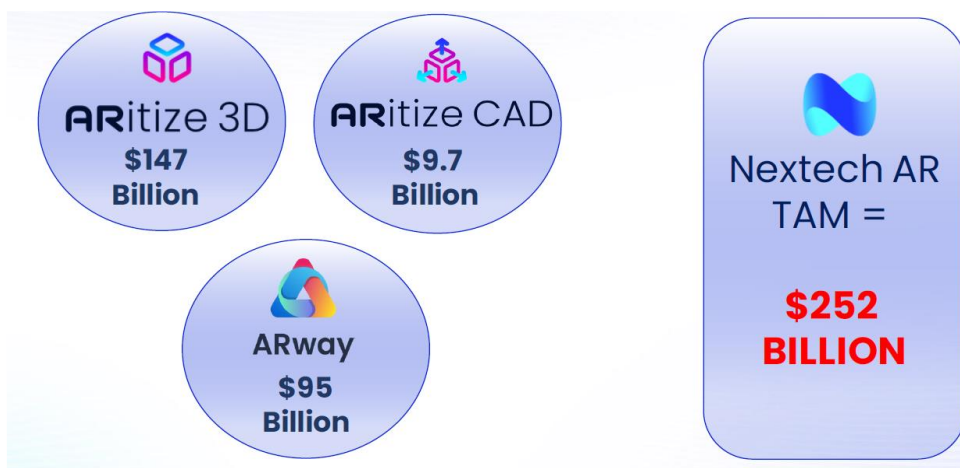
Source: NexTech AR Solutions Corp. & Singular Research

To sustain its current massive size and its continued market share gains from brick and mortar retail, eCommerce players have to rely on new technologies that enhance its offerings and support its current customers' demands. Among technologies that cater to eCommerce players, NexTech's AR offerings and Metaverse suite are one of the most prominent among its competitors like DesignHubz, 8th Wall, Seek, Sketchfab, Threekit, Turbosquid, Sayduct and Cylindo. AR and 3D models help customers experience "try-before-you-buy." The demand for this virtual experience has been

¹ "IPIN Market to be worth \$44 billion by 2025." *Allied Market Research*, Dec. 2018, www.alliedmarketresearch.com.

broad, from utility items like furniture to high-end retail luxury goods. NexTech's offerings deliver higher Click-Through Rates, thereby increasing Conversion Rates of online shopping transactions and substantially decreasing Return Rates. Similarly, the Company's offerings increase engagement of new customers, which is especially important for adoption and penetration of new products. Importantly, NexTech offers solutions for retailers (e.g., ARitize 3D) and manufacturers (e.g., ARitize CAD). With availability on major eCommerce platforms like Shopify, BigCommerce, and WooCommerce, the Company's AR and 3D offerings have gained significant adoption. As shown below, we believe NexTech is becoming an important component of the \$5 trillion per year eCommerce market and estimate its Total Addressable Market to be around \$250 billion per year.

Exhibit 4: NexTech Caters Large Addressable Markets



Source: NexTech AR Solutions Corp. & Singular Research

NexTech's Competitive Advantage: Lowest Cost & Highest Versatility

The Company is only one of the few publicly traded AR pure plays. NexTech's current pure-play competitors are small private companies. On the flip side, large, mega-cap conglomerates do not seem to be interested in committing to developing Augmented Reality as an eRetail offering. Therefore, we believe the Company has the wherewithal to dominate the AR and the larger Metaverse space in terms of the eCommerce end market. As shown below, most of its competitors are small private players that rely on "crowd-sourced modeling" for their offerings, whereas NexTech's offerings are Artificial Intelligence (AI) based. Reliance on AI, helps the Company provide offerings that are better priced than its competitors, thereby offering its eCommerce customers lower costs. Similarly, its offerings are scalable, which make them suitable for a wide range of eCommerce customers from the players that cater a niche market to the ones that offer one of the largest scales of eRetail.

Exhibit 5: NexTech's Competitive Advantage



Source: NexTech AR Solutions Corp. & Singular Research

As shown below, due to its advantages in scale, pricing, and versatility, NexTech's offerings have gained wide adoption. Currently, the Company has over 100 customers, with varying demands, differing complexity, divergent end-markets, and wide-ranging advertising budgets. With its AI enabled products, we believe NexTech is the only company that can cater to varying and evolving demands of a diverse, dynamic, and cost-conscious eCommerce clientele. Therefore, we believe, NexTech is the only company that can serve extremely divergent customer demands: as few as 100 models (which is the case for most of its customers), to about 500 models (a small minority of its customers), to over 5,000 models to its largest customers like Kohl's and Napa Auto Parts. Apart from the differing volume of models demanded by its customers, the Company is able to cater for a differing set of complexity demanded by the customers. Therefore, we believe NexTech is positioned to gain share in the rapidly growing Augmented Reality niche of the eCommerce market.

Exhibit 6: NexTech's Customers



Source: NexTech AR Solutions Corp. & Singular Research

As shown below, due to its ingenuity and versatility, NexTech’s offerings are compatible with a variety of eCommerce platforms. While the Company has proven that its apps can easily integrate with the following platforms, we believe the versatility of NexTech’s offerings are not limited to the following vendors.

Exhibit 7: NexTech’s Compatible Platforms



Source: NexTech AR Solutions Corp. & Singular Research

Amazing Amazon

Q3:22 has become a milestone in the Company’s corporate journey – by landing Amazon as a customer. After a long, intrusive, and comprehensive testing, which extensively drilled NexTech in both quantitative and qualitative aspects of its offering, NexTech landed arguably the holy grail of eCommerce. Beginning in Q3:22, Amazon is expected to start contributing to the Renewable Software Licenses revenue stream. In fact, with about \$200,000 in revenues as its first quarterly contribution (Q3:22), the Amazon revenue stream would add materially to the Company’s top-line and quite substantially to its bottom-line.

We believe the Amazon win has both practical and strategic value. While active contribution to the Renewable Software Licenses revenue stream helps the Company’s top-line, Amazon’s revenue also gives NexTech’s margins a much-needed boost, making its operations more profitable. Strategically, landing Amazon has provided the Company added visibility in the AR marketplace, giving its Research and Development team more experience in gainfully satisfying testing requirements of prospective customers. As shown in Exhibit 8, Amazon has 95 million subscribers in the U.S. alone, which is approximately 77% of all U.S. households, so exposure to Amazon’s customers would turbocharge NexTech’s development effort, widening the scope and complexity of its offerings. But even more importantly, Amazon has opened the Company’s offering to vendors and merchants that use Amazon’s platform. In the illustration below, Amazon has 1.5 million active sellers, several fold more registered sellers – all of which are potential NexTech future customers. Most importantly, we believe, the Company can ride this Amazon win to make its presence felt beyond Amazon’s ecosystem and into the broader eCommerce arena.

Partly from the Amazon revenue stream, we project the Renewable Software Licenses segment to grow very strongly – over four times in 2023, as shown in the Revenue & COGS Exhibit on page twelve.

Exhibit 8: NexTech's Most Significant Customer Acquisition: Amazon



Source: NexTech AR Solutions Corp. & Singular Research

Financials

As shown in Exhibit 2, the Company was built on eCommerce-based Product revenues, going from nothing (in 2018) to \$19.2 million in FY:21. However, as shown in the Revenue & COGS Exhibit on page twelve, this revenue stream has been declining precipitously since Q1:21, partly due to global supply-chain issues and partly due to the mellowing of Pandemic induced eCommerce tailwinds. After declining 50% in FY:22, we project that the Company will be practically out of this segment by the end of FY:23 (as management has decided to exit this segment).

Meanwhile, the Renewable Software Licenses segment will grow by leaps and bounds. Partly due to reclassification of revenues from the Technology Services segment but mostly due to new customer acquisitions – most prominently Amazon. After growing a robust 149% in FY:22, we project this revenue stream to accelerate to 393% growth in FY:23.

As a result of swapping eCommerce Product revenues for Renewable Software Licenses revenues, the Company's business model will exhibit a sea change. Its gross margins will swell, from 38% in FY:21 to 47% in FY:22, and by the end of FY:23 to 61%. With the spin-off of ARWay, as discussed in the next section, Research and Development expenses will decrease. Similarly, the Company will enjoy some leverage in SG&A, as the top-line starts to pick up in Q3:23. We model the Company's Sales and Marketing expense (as a % of Revenues) to decrease from 65% in 2021 to 57% in 2022 and 30% in 2023. Additionally, we expect the Company to enjoy some leverage on Research and Development costs.

Management and Shareholders

The Company is led by CEO and Co-Founder Evan Gappelberg. Mr. Gappelberg is a serial entrepreneur who has created, financed, and operated several start-ups. His entrepreneurial ventures include EG Products, a company that created the first LED light-up toy and commercialized this product broadly leading to adoption by prominent customers like Disney and Universal Studios and placement with major retail channels like Macy's and Walgreens. Additionally, he played an instrumental role in taking Take-Two Interactive Software, Inc. (a leader in the Electronic Gaming and Multimedia industry) public and making it a successful enterprise. He also has had a prominent Wall Street tenure that included investment banking experience (bringing several technology companies to market) and investment management tenure (managing a hedge fund).

A summary of key shareholdings follows.

Exhibit 9: Key Shareholdings

	Shares (in millions)	% Ownership
Evan Gappelberg	10.32	10.33%
John Paul Duffy	3.25	3.25%
Belinda Tyldesley	0.07	0.07%
Andrew Chan	0.05	0.05%
Total Insiders	13.69	13.72%
Over 5% Institutional Ownership	-	0.00%
Total Insider and 5%+ Institutional Owned	13.69	13.72%
Outstanding shares on 6/30/2022	99.73	

Source: NexTech AR Solutions Corp.

Investment Risks

- The Company's transition to a services-based business model (essentially based on the rapid growth of the Renewable Software Licenses segment) and away from its current eCommerce Products based business model could face operational hurdles.
- Though AR is gaining momentum, its usage is still with the early adopters, so it is hard to predict the rate of penetration of this technology among the broader eCommerce customer base.
- Some of the Company's customers are large mega-cap public companies with multi-million dollar budgets and Information Technology specialists who could internally develop and source NexTech's offerings.
- As pandemic-related social-distancing requirements have mellowed, businesses have returned to normal operations and customers are shopping at brick and mortar retail, thereby decelerating the demand for virtual products and capabilities. The disappearance of pandemic-related tailwinds has adversely affected eCommerce companies' top-line growth momentum, which is also reflected in their compressed valuation. We believe this phenomenon will adversely affect the eCommerce industry in the near-term.

Valuation

We value NexTech using a revenue multiple analysis method. As discussed earlier, 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 is exiting the eCommerce Product based business and entering the service-only and differentiated AR and Metaverse space. As shown in the Revenue and COGS Exhibit, we project the Company's Renewable Software Licenses segment to grow by almost 400% in 2023 and essentially account for almost 100% of NexTech's revenues. 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 9.50x (its 2023 revenues), almost a 300% premium to the 2.45x average for the group of companies, as shown below. Based on a 9.50x EV/Revenue multiple, we value NexTech at \$1.50 per share, which represents a 146% appreciation potential to the stock's current price.

Exhibit 10: NexTech Peer Group Valuation

Company Name	Ticker	Last Price	Market Cap (\$MM)	EV/Revenues
Roblox	RBLX	46.29	27,624.00	9.92
Wayfair	W	35.10	3,738.00	0.32
ContextLogic	WISH	0.77	517.65	0.52
Mercari	4385.T	15.65	2,406.85	2.17
Chegg	CHGG	22.31	2,820.00	3.44
DoorDash	DASH	47.94	18,250.00	2.73
Snap	SNAP	9.55	15,381.00	3.37
Chewy	CHWY	37.38	15,801.00	1.62
WiMi Hologram Cloud	WIMI	1.20	104.05	0.73
Zoom	ZM	83.75	24,928.00	5.64
Remark Holdings Inc	MARK	0.28	29.79	0.73
Digital Brands Group	DBGI	0.10	5.23	0.26
Kidpik	PIK	1.33	10.54	0.48
Average			8,585.85	2.45

Source: Singular Research

As an alternative valuation methodology, we attempted to value NexTech using a total addressable market analysis (TAM). According to Markets & Markets Research Pvt Ltd,² 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 0.05% of this market in 2023. However, we project NexTech to grow much faster than the market from 2023 onwards. If we assume the Company attains a modest 0.6% share of the TAM in 2026, its revenues will amount to \$531 million. Discounting this figure back to 2023 (3 years), with a 12% WACC, we project that the present value of NexTech's potential 2026 revenue to be \$378 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 \$284 million. Dividing this figure by our projected outstanding shares at the end of FY:26 yields a per share value today of \$1.46 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.

Exhibit 11: Valuation Using Discounted TAM Analysis (in millions)

2026 TAM (millions)	\$ 88,400
NexTech's Market Share	0.60%
NexTech's 2026 Revenue	\$ 531
PV @ 12% Discount Rate	\$ 378
Projected Value of NexTech at 10% Discount to 3 year PV	\$ 284
Projected Shares in 2026 (millions)	198
NexTech's Equity Value/Share	\$ 1.46

Source: Singular Research

² "Augmented Reality Market worth \$88.4 billion by 2026." *MarketsandMarkets*, 12 October 2022, www.marketsandmarkets.com.
10 | NexTech AR Solutions Corp. Staff

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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.

BUY-Venture, initial stages with little to no revenue and the potential for outsized returns with higher amounts of risk and volatility.

HOLD, perform in line with the market.

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

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NEXCF
NexTech AR Solutions Corp.
Revenue & COGS
\$ in Millions

	2021 Actual					2022 Estimated					2023 Estimated				
	1QA	2QA	3QA	4QA	Fiscal	1QA	2QA	3QE	4QE	Fiscal	1QE	2QE	3QE	4QE	Fiscal
	Mar-21	Jun-21	Sep-21	Dec-21	2021A	Mar-22	Jun-22	Sep-22	Dec-22	2022E	Mar-23	Jun-23	Sep-23	Dec-23	2023E
Revenue															
Legacy Revenues	\$ 7.36	\$ 5.80	\$ 5.51	\$ 5.87	\$ 24.54	\$ 3.02	\$ 2.72	\$ 2.00	\$ 0.51	\$ 8.25	\$ 0.30	\$ 0.27	\$ 0.10	\$ 0.01	\$ 0.69
<u>Renewable software licenses</u>	\$ 0.37	\$ 0.29	\$ 0.23	\$ 0.51	\$ 1.39	\$ 0.46	\$ 0.52	\$ 0.92	\$ 1.58	\$ 3.48	\$ 1.84	\$ 2.33	\$ 4.58	\$ 8.38	\$ 17.14
Total Revenue	\$ 7.73	\$ 6.09	\$ 5.74	\$ 6.38	\$ 25.93	\$ 3.48	\$ 3.23	\$ 2.91	\$ 2.10	\$ 11.73	\$ 2.14	\$ 2.60	\$ 4.69	\$ 8.39	\$ 17.82
Cost of Sales															
Legacy Revenues	\$ 4.41	\$ 3.80	\$ 3.94	\$ 3.95	\$ 16.10	\$ 2.00	\$ 1.55	\$ 1.25	\$ 0.35	\$ 5.15	\$ 0.21	\$ 0.19	\$ 0.08	\$ 0.01	\$ 0.49
<u>Renewable software licenses</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.40	\$ 0.68	\$ 1.08	\$ 0.74	\$ 0.91	\$ 1.74	\$ 3.02	\$ 6.40
Total COGS	\$ 4.41	\$ 3.80	\$ 3.94	\$ 3.95	\$ 16.10	\$ 2.00	\$ 1.55	\$ 1.65	\$ 1.03	\$ 6.23	\$ 0.95	\$ 1.10	\$ 1.82	\$ 3.03	\$ 6.90
Gross Profit															
Legacy Revenues	\$ 2.95	\$ 2.00	\$ 1.57	\$ 1.92	\$ 8.44	\$ 1.02	\$ 1.17	\$ 0.75	\$ 0.16	\$ 3.11	\$ 0.09	\$ 0.08	\$ 0.02	\$ 0.00	\$ 0.19
<u>Renewable software licenses</u>	\$ 0.37	\$ 0.29	\$ 0.23	\$ 0.51	\$ 1.39	\$ 0.46	\$ 0.52	\$ 0.51	\$ 0.90	\$ 2.39	\$ 1.10	\$ 1.42	\$ 2.84	\$ 5.37	\$ 10.73
Total Gross Profit	\$ 3.31	\$ 2.29	\$ 1.80	\$ 2.43	\$ 9.84	\$ 1.48	\$ 1.69	\$ 1.26	\$ 1.06	\$ 5.50	\$ 1.19	\$ 1.50	\$ 2.86	\$ 5.37	\$ 10.92
Revenue Growth															
Legacy Revenues						-59%	-53%	-64%	-91%	-66%	-90%	-90%	-95%	-98%	-92%
Renewable software licenses						25%	79%	305%	210%	149%	300%	350%	400%	430%	393%
Total Revenue						-55%	-47%	-49%	-67%	-55%	-39%	-20%	61%	300%	52%
Gross Margin															
Legacy Revenues	40%	35%	29%	33%	34%	34%	43%	37%	32%	38%	30%	30%	19%	7%	28%
Renewable software licenses								56%	57%	69%	60%	61%	62%	64%	63%
Total Gross Margin	43%	38%	31%	38%	38%	43%	52%	43%	51%	47%	56%	58%	61%	64%	61%

NEXCF
PE based on Proforma EPS
NexTech AR Solutions Corp.
Quarterly Results & Estimates
\$ in Millions

	2021 Actual					2022 Estimated					2023 Estimated				
	1QA	2QA	3QA	4QA	Fiscal	1QA	2QA	3QE	4QE	Fiscal	1QE	2QE	3QE	4QE	Fiscal
	Mar-21	Jun-21	Sep-21	Dec-21	2021A	Mar-22	Jun-22	Sep-22	Dec-22	2022E	Mar-23	Jun-23	Sep-23	Dec-23	2023E
Total Revenues	\$ 7.73	\$ 6.09	\$ 5.74	\$ 6.38	\$ 25.93	\$ 3.48	\$ 3.23	\$ 2.91	\$ 2.10	\$ 11.73	\$ 2.14	\$ 2.60	\$ 4.69	\$ 8.39	\$ 17.82
Revenue Growth						-54.9%	-46.9%	-49.2%	-67.1%	-54.8%	-38.6%	-19.6%	60.8%	300.5%	51.9%
Cost of Sales	\$ 4.41	\$ 3.80	\$ 3.94	\$ 3.95	\$ 16.10	\$ 2.00	\$ 1.55	\$ 1.65	\$ 1.03	\$ 6.23	\$ 0.95	\$ 1.10	\$ 1.82	\$ 3.03	\$ 6.90
Gross Profit	\$ 3.31	\$ 2.29	\$ 1.80	\$ 2.43	\$ 9.84	\$ 1.48	\$ 1.69	\$ 1.26	\$ 1.06	\$ 5.50	\$ 1.19	\$ 1.50	\$ 2.86	\$ 5.37	\$ 10.92
Gross margin	42.9%	37.6%	31.4%	38.1%	37.9%	42.6%	52.2%	43.3%	50.8%	46.9%	55.7%	57.7%	61.1%	63.9%	61.3%
Sales and marketing	\$ 4.64	\$ 4.05	\$ 4.36	\$ 3.77	\$ 16.82	\$ 2.62	\$ 1.83	\$ 1.23	\$ 1.03	\$ 6.70	\$ 0.64	\$ 0.78	\$ 1.41	\$ 2.52	\$ 5.35
% of sales	60.1%	66.5%	76.0%	59.1%	64.8%	75.1%	56.5%	42.1%	49.0%	57.1%	30.0%	30.0%	30.0%	30.0%	30.0%
General and administrative	\$ 3.75	\$ 3.42	\$ 3.74	\$ 2.98	\$ 13.88	\$ 3.82	\$ 4.50	\$ 4.30	\$ 4.30	\$ 16.93	\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30	\$ 17.21
% of sales	48.5%	56.1%	65.1%	46.7%	54%	109.7%	139.2%	147.7%	205.3%	144.3%	201.1%	165.4%	91.8%	51.3%	96.6%
Research and development	\$ 1.79	\$ 1.33	\$ 1.86	\$ 1.62	\$ 6.61	\$ 1.03	\$ 0.88	\$ 0.88	\$ 0.88	\$ 3.67	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 4.00
% of sales	23.2%	21.8%	32.5%	25.5%	25%	29.5%	27.2%	30.2%	42.0%	31%	46.7%	38.4%	21.3%	11.9%	22%
Total operating expenses	\$ 14.59	\$ 12.60	\$ 13.89	\$ 12.32	\$ 53.40	\$ 9.47	\$ 8.76	\$ 8.06	\$ 7.24	\$ 33.53	\$ 6.89	\$ 7.18	\$ 8.53	\$ 10.85	\$ 33.46
Operating Profit	\$ (6.87)	\$ (6.50)	\$ (8.16)	\$ (5.94)	\$ (27.47)	\$ (5.98)	\$ (5.52)	\$ (5.15)	\$ (5.15)	\$ (21.80)	\$ (4.75)	\$ (4.58)	\$ (3.85)	\$ (2.45)	\$ (15.64)
Operating margin	-88.9%	-106.8%	-142.2%	-93.2%	-105.9%	-171.7%	-170.7%	-176.7%	-245.5%	-185.8%	-222.1%	-176.1%	-82.1%	-29.2%	-87.7%
Depreciation & Amortization	\$ 0.41	\$ 0.21	\$ 0.72	\$ 0.71	\$ 2.05	\$ 0.77	\$ 0.79	\$ 0.74	\$ 0.74	\$ 3.03	\$ 0.74	\$ 0.74	\$ 0.74	\$ 0.74	\$ 2.96
EBITDA	\$ (6.46)	\$ (6.29)	\$ (7.44)	\$ (5.23)	\$ (25.42)	\$ (5.22)	\$ (4.73)	\$ (4.41)	\$ (4.41)	\$ (18.77)	\$ (4.01)	\$ (3.84)	\$ (3.11)	\$ (1.71)	\$ (12.68)
EBITDA margin	-83.6%	-103.3%	-129.6%	-82.0%	-98.0%	-149.7%	-146.4%	-151.3%	-210.2%	-160.0%	-187.5%	-147.6%	-66.3%	-20.4%	-71.1%
Other adjustments	\$ 2.32	\$ (0.65)	\$ 0.06	\$ 3.63	\$ 5.36	\$ 1.85	\$ 3.59	\$ 2.00	\$ 2.00	\$ 9.44	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 8.00
Adjusted income before income taxes	\$ (9.18)	\$ (5.85)	\$ (8.22)	\$ (9.58)	\$ (32.83)	\$ (7.84)	\$ (9.11)	\$ (7.15)	\$ (7.15)	\$ (31.24)	\$ (6.75)	\$ (6.58)	\$ (5.85)	\$ (4.45)	\$ (23.64)
Income Taxes	\$ -	\$ -	\$ -	\$ (0.18)	\$ (0.18)	\$ (0.13)	\$ (0.11)	\$ -	\$ -	\$ (0.25)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income From Continuing Operations	\$ (9.18)	\$ (5.85)	\$ (8.22)	\$ (9.40)	\$ (32.65)	\$ (7.70)	\$ (8.99)	\$ (7.15)	\$ (7.15)	\$ (30.99)	\$ (6.75)	\$ (6.58)	\$ (5.85)	\$ (4.45)	\$ (23.64)
Exchange diff./ translating foreign operations	\$ 0.05	\$ 0.07	\$ (0.41)	\$ 0.07	\$ (0.23)	\$ 0.02	\$ (0.01)	\$ -	\$ -	\$ 0.02	\$ -	\$ -	\$ -	\$ -	\$ -
Total Comprehensive Net Income	\$ (9.24)	\$ (5.92)	\$ (7.80)	\$ (9.47)	\$ (32.43)	\$ (7.73)	\$ (8.99)	\$ (7.15)	\$ (7.15)	\$ (31.01)	\$ (6.75)	\$ (6.58)	\$ (5.85)	\$ (4.45)	\$ (23.64)
Shares for Basic EPS	77.490	81.277	86.125	83.888	83.888	97.551	99.725	103.350	100.666	100.666	117.061	119.670	124.020	120.799	120.799
Shares for Diluted EPS	77.490	81.277	86.125	83.888	83.888	97.551	99.725	103.350	100.666	100.666	117.061	119.670	124.020	120.799	120.799
EPS Basic	\$ (0.12)	\$ (0.07)	\$ (0.09)	\$ (0.11)	\$ (0.39)	\$ (0.08)	\$ (0.09)	\$ (0.07)	\$ (0.07)	\$ (0.31)	\$ (0.06)	\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.20)
EPS Diluted	\$ (0.12)	\$ (0.07)	\$ (0.09)	\$ (0.11)	\$ (0.39)	\$ (0.08)	\$ (0.09)	\$ (0.07)	\$ (0.07)	\$ (0.31)	\$ (0.06)	\$ (0.06)	\$ (0.05)	\$ (0.04)	\$ (0.20)
Pro-forma EPS	\$ (0.09)	\$ (0.08)	\$ (0.09)	\$ (0.07)	\$ (0.33)	\$ (0.06)	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.21)	\$ (0.04)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.13)

NEXCF
NexTech AR Solutions Corp.
Balance Sheet
\$ in Millions

	2021 Actual	2022 Estimated				2023 Estimated	
	Fiscal 2021A	1QA Mar-22	2QA Jun-22	3QE Sep-22	4QE Dec-22	Fiscal 2022E	Fiscal 2023E
Cash & Equivalents	\$ 7.24	\$ 10.78	\$ 7.06	\$ 11.05	\$ 3.93	\$ 3.93	\$ 6.53
Trade Accounts Receivable	\$ 1.08	\$ 1.02	\$ 0.42	\$ 0.21	\$ 0.10	\$ 0.10	\$ 0.05
Deferred asset	\$ -	\$ -	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
Contract asset	\$ 0.39	\$ 0.12	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19
Prepaid expenses	\$ 0.75	\$ 0.89	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53	\$ 0.53
Inventories	\$ 3.39	\$ 2.53	\$ 2.37	\$ 1.18	\$ 0.59	\$ 0.59	\$ 0.30
Total Current Assets	\$ 12.84	\$ 15.35	\$ 10.73	\$ 13.32	\$ 5.51	\$ 5.51	\$ 7.76
Equipment	\$ 0.38	\$ 0.38	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37	\$ 0.37
Right-Of-Use Assets	\$ 1.08	\$ 1.00	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97
Intangibles	\$ 6.42	\$ 5.58	\$ 4.56	\$ 4.56	\$ 4.56	\$ 4.56	\$ 4.56
Goodwill	\$ 8.79	\$ 8.67	\$ 6.78	\$ 6.78	\$ 6.78	\$ 6.78	\$ 6.78
TOTAL ASSETS	\$ 29.51	\$ 30.97	\$ 23.41	\$ 26.00	\$ 18.18	\$ 18.18	\$ 20.44
Accounts payable and accrued liabilities	\$ 2.76	\$ 1.91	\$ 2.65	\$ 2.39	\$ 1.72	\$ 1.72	\$ 2.61
Lease Liability	\$ 0.61	\$ 0.29	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.27
Deferred Revenue	\$ 0.29	\$ 0.62	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42
Total Current Liabilities	\$ 3.66	\$ 2.82	\$ 3.35	\$ 3.08	\$ 2.41	\$ 2.41	\$ 3.31
Lease Liability	\$ 0.79	\$ 0.71	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68	\$ 0.68
Deferred Tax Liability	\$ 0.71	\$ 0.59	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.49
Long Term Debt	\$ 0.09	\$ 0.09	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
TOTAL LIABILITIES	\$ 5.25	\$ 4.21	\$ 4.60	\$ 4.34	\$ 3.67	\$ 3.67	\$ 4.56
Share capital	\$ 70.57	\$ 80.20	\$ 80.35	\$ 90.35	\$ 90.35	\$ 90.35	\$ 115.35
Reserves	\$ 10.67	\$ 11.27	\$ 12.15	\$ 12.15	\$ 12.15	\$ 12.15	\$ 12.15
Accumulated other comprehensive income	\$ 1.98	\$ 1.95	\$ 1.96	\$ 1.96	\$ 1.96	\$ 1.96	\$ 1.96
Retained Earnings	\$ (58.96)	\$ (66.66)	\$ (75.66)	\$ (82.80)	\$ (89.95)	\$ (89.95)	\$ (113.59)
TOTAL EQUITY	\$ 24.26	\$ 26.77	\$ 18.81	\$ 21.66	\$ 14.52	\$ 14.52	\$ 15.88
TOTAL LIABILITIES & EQUITY	\$ 29.51	\$ 30.97	\$ 23.41	\$ 26.00	\$ 18.18	\$ 18.18	\$ 20.44

NEXCF
NexTech AR Solutions Corp.
Cash Flow Statement
\$ in Millions

	2021 Actual	2022 Estimated				2023 Estimated	
	Fiscal 2021A	1QA Mar-22	2QA Jun-22	3QE Sep-22	4QE Dec-22	Fiscal 2022E	Fiscal 2023E
Net Income	\$ (32.65)	\$ (7.70)	\$ (8.99)	\$ (7.15)	\$ (7.15)	\$ (30.99)	\$ (23.64)
Amortization	\$ 2.05	\$ 0.73	\$ 0.75	\$ 0.70	\$ 0.70	\$ 2.88	\$ 2.88
Impairment of intangible assets and goodwill			\$ 2.70			\$ 2.70	
Deferred income tax recovery	\$ -	\$ (0.14)	\$ (0.12)			\$ (0.26)	
Amortization of right to use asset	\$ 0.21	\$ 0.06	\$ 0.06			\$ 0.13	
Depreciation	\$ 0.13	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.15	\$ 0.15
						\$ -	
Gain on digital assets	\$ (0.22)	\$ -	\$ -			\$ -	
Gain on contingent consideration	\$ (1.57)	\$ -	\$ -			\$ -	
Shares for services	\$ 1.59	\$ 0.72	\$ 0.15			\$ 0.87	
Stock-based compensation	\$ 5.03	\$ 0.58	\$ 0.88	\$ 0.88	\$ 0.88	\$ 3.21	\$ 3.21
Accounts Receivables	\$ 0.23	\$ 0.06	\$ 0.60	\$ 0.21	\$ 0.10	\$ 0.98	\$ 0.05
Deferred asset		\$ -	\$ (0.15)			\$ (0.15)	
Contract asset	\$ (0.14)	\$ 0.26	\$ (0.07)			\$ 0.19	
Prepaid expenses	\$ 0.60	\$ (0.15)	\$ 0.36			\$ 0.22	
Inventories	\$ (0.18)	\$ 0.86	\$ 0.16	\$ 1.18	\$ 0.59	\$ 2.80	\$ 0.30
Accounts payable and accrued liabilities	\$ 0.23	\$ (0.85)	\$ 0.74	\$ (0.26)	\$ (0.67)	\$ (1.04)	\$ 0.89
Deferred tax liability	\$ (0.21)	\$ -	\$ -			\$ -	
Deferred revenue	\$ 0.23	\$ 0.01	\$ (0.20)	\$ -	\$ -	\$ (0.19)	\$ -
Operating Activities - Net Cash Flow	\$ (24.67)	\$ (5.51)	\$ (3.09)	\$ (5.90)	\$ (7.00)	\$ (21.50)	\$ (21.92)
Purchase of equipment	\$ (0.18)	\$ (0.05)	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.16)	\$ (0.16)
Proceeds from sale of digital assets	\$ 2.77	\$ -	\$ -			\$ -	
Interest on lease liability	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
Investing Activities - Net Cash Flow	\$ 2.59	\$ (0.05)	\$ (0.04)	\$ (0.04)	\$ (0.04)	\$ (0.19)	\$ (0.19)
Proceeds from exercise of options and warrants	\$ 2.21	\$ -	\$ -	\$ 10.00		\$ 10.00	\$ 25.00
Proceeds from private placement, net of issuance costs	\$ 5.04	\$ 8.94	\$ 0.00			\$ 8.94	
Proceeds from public offering, net of issuance costs	\$ 11.87	\$ -	\$ -			\$ -	
Payment of contingent consideration	\$ (0.02)	\$ -	\$ -			\$ -	
Payment of lease obligations	\$ (0.22)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.07)	\$ (0.30)	\$ (0.30)
Financing Activities - Net Cash Flow	\$ 18.88	\$ 8.86	\$ (0.07)	\$ 9.93	\$ (0.07)	\$ 18.64	\$ 24.70
Cash and Equivalents - Change	\$ (3.45)	\$ 3.54	\$ (3.72)	\$ 3.98	\$ (7.12)	\$ (3.31)	\$ 2.60
Exchange Rate Effect	\$ (0.24)	\$ 0.25	\$ (0.51)	\$ -	\$ -	\$ (0.26)	\$ -
Cash Beginning	\$ 10.68	\$ 3.30	\$ 10.78	\$ 7.06	\$ 11.05	\$ 7.24	\$ 3.93
Cash End	\$ 7.24	\$ 6.84	\$ 7.06	\$ 11.05	\$ 3.93	\$ 3.93	\$ 6.53