

## Nextech3D.ai

(OTCQX: NEXCF)

### NEXCF: Q3 Suffers a Hiccup as Production is Moved to India But the Company is Back on Track

Based on an EV to estimated EV/2024 sales multiple of 4.7xs, plus the value of ARway and Toggle3D we believe Nextech stock could be worth US\$0.35 per share.

Current Price (11/29/2023)

US\$0.08

Valuation

US\$0.35

### 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 (CSE: ARWY.CN, OTC: ARWYF.) The company owns 13 million shares in ARway and distributed four million shares to Nextech AR shareholders. The company's second spinout-- Toggle3D.ai (CSE: TGGL.CN, PINK: TGGLF) began trading in June. It is an AI-powered 3D design studio to compete with Adobe. 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\$0.81
52-Week Low	US\$0.08
One-Year Return (%)	-88.9
Beta	1.8
Average Daily Volume (sh)	302,402

Shares Outstanding (mil)	127.1
Market Capitalization (\$mil)	US\$10.2
Short Interest Ratio (days)	0.6
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	High
Type of Stock	Small Value
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	\$1.4 A	\$1.2 A	\$1.3 E	\$5.0 E
2024					\$10.0 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	-\$0.06 A	-\$0.03 A	-\$0.05 E	-\$0.20 E
2024					-\$0.11 E

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

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## WHAT'S NEW

### The Move to Model Building in India Causes a Q3 Hiccup

After consecutive quarters of sequentially ramping revenues, Nextech3d.ai hit a speed bump as it re-homed its model development from Canada to India to reduce costs. It established Nextech3D Solutions India Private Limited, which is anticipated to increase profitability and reduce labor costs starting in Q4, 2023. During Q3 it had to hire, set up an office, and take on redundant costs as it made the transition. Currently, models can rely on about 20% of the effort to come from automation while humans complete the rest. The company is avidly working to improve its algorithm and use of AI to increase that percentage and reduce the cost of goods. It now has access to all of Amazon's models to use to teach its system and speed up model generation. In addition, the company took steps to prioritize large enterprise clients who demand thousands of models and high-scale production and transition away from small e-commerce clients that require a limited number of 3D models.

Nextech3D.ai is now back on track and management expects sequentially higher Q4 revenues and lower expenses. After the quarter closed it raised cash to keep it funded for the next year based on its current expectations. It expects the move to India will save it as much as \$4 million per year in operating expenses. Much of its growth is predicated on the timing of Amazon opening 3D model makers to its customers on Seller Central and how well it fares against competitors on that platform. It plans to differentiate its offering with flat fee pricing rather than the tiered pricing it expects from other competitors on the platform.

The company also announced that it is currently considering the spinout of an interest in its 3D modeling platform. There are various options possible ranging from licensing, to a strategic investment, to a joint venture partnership carving out different geographic territories. No definitive agreement has been reached about any such matter and the company continues to consider various alternatives to maximize shareholder value. Given its current valuation, there are several possibilities attractive to both investors and other technology companies. We believe Nextech's IP alone should be worth more than the entire enterprise value of the company. It currently trades at an enterprise value of US\$9.1 million or 2.4xs projected 2023 sales.

### Q3 2023 Results

Nextech reported Q3 2023 revenues of \$1.2 million versus a restated \$908,227 last year (up 30%) with eCommerce revenues removed. Renewable software license revenue was almost all of that number contributing \$1.1 million of that number. The rest of the revenues was \$32,762 which was from interest income and rental income from a sublease. For the nine months, Amazon was over 50% of revenues.

The gross margin for the quarter declined to 12.1% compared to a restated 61.6% last year removing eCommerce. This was down sequentially from 37.7% in Q2 2023. The decline was mainly due to the company's move of model building to India which had start-up costs and redundant expenses during the move. Due to this, Nextech expects gross margins to improve next quarter and beyond.

Operating expenses were \$5.8 million compared to \$5.6 million in Q3 2022. Stock-based compensation this year was \$1.3 million compared to \$880,000 last year as the company worked to preserve cash. Included in the quarter were one-time expenses for the move of production to India including start-up costs, redundant operations, and severance costs.

The company had an operating loss of \$5.7 million, down from \$7.5 million in Q3 2022 and from \$6.0 million in Q2 2023.

The net loss for the quarter was \$5.3 million for continuing operations compared to \$4.3 million in 2022, which now excludes eCommerce. Taking out the portion of losses from ARway and Toggle3D that NexTech shareholders do not own the loss was \$4.0 million compared to \$4.6 last year.

This resulted in a loss per share of \$0.05 flat with last year.

Nextech now has 127.1 million shares outstanding and trades at a market value of US\$10.2 million or an enterprise value of about US\$9.0 million. It owns 13 million shares of ARWY valued at US\$3.0 million and 13 million shares of Toggle3D valued at US\$1.6 million. We estimate revenues of CN\$5.0 million this year making EV to sales 2.4 times. We expect revenues to more than double next year.

## Balance Sheet

Nextech ended the September quarter with \$3.0 million in cash, negative working capital of \$629,423, and no debt. In addition, the company owns 13 million shares of ARway worth \$2.9 million (US\$2.1 million) and 13 million shares of Toggle3D worth \$1.4 million (US\$1.1 million.)

On July 25, 2023, the company raised \$2,500,000 in total gross proceeds (net proceeds of \$2,153,777) and issued 6,062,390 common shares and warrants to purchase 6,062,390 common shares at \$0.45 per share and an associated warrant exercisable at \$0.52.

## After the Quarter Ended

On November 2nd, Nextech3D.AI announced plans for a private placement issuing up to 30,000,000 units at \$0.12 to raise aggregate gross proceeds of up to \$3.6 million. Each unit is comprised of one common share and one warrant at an exercise price of \$0.17. It has already sold three tranches. Its first tranche was for 3,631,722 units raising gross proceeds of \$435,806 and the second was for 5,167,000 units raising gross proceeds of \$620,040 and the third was for 359,000 units raising gross proceeds of \$43,080. In total, Nextech issued 9,157,722 units raising gross proceeds of \$1,098,926.

As of November 30th, Nextech had 127,139,213 common shares issued and outstanding. It also has 15,598,952 options and 36,504,771 warrants outstanding all of which are out of the money making the fully diluted share count the same as the primary.

## During the Quarter

On July 11<sup>th</sup> Nextech announced it has filed to change its name to "Nextech3D.ai" and intends to list its common shares on the [NASDAQ Capital Market](#). It will keep its Canadian CSE listing and its listing in Frankfurt.

On July 27<sup>th</sup> Nextech announced a significant increase in demand from its largest customer - Amazon. These new 3D model orders amount to \$2.2 million in additional revenue.

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## KEY POINTS

- Nextech3D.ai (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 was Toggle3D, an AI-powered 3D design studio to compete with Adobe.

- Nextech3D.ai 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 two sources of revenue:
  - 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, Nextech3D.ai is a unique public pure play that could deserve a higher valuation. It currently trades at an enterprise value of US\$9.1 million or 2.4xs projected 2023 sales.

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## 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 4.7 times EV/2024 Sales.

So, using US\$7.4 million for 2024 estimated sales, and a 4.7 multiple, Nextech could be worth an enterprise value as high as US\$35 million or a market value of US\$41 million. Dividing by the current shares of 127 million, this would be approximately US\$.32 per share. Nextech's ownership of ARway of 13 million shares (US\$2.1 million) and 13 million shares of Toggle3D (US\$1.1 million) adds US\$3.2 million to the valuation as an asset. Adding in those two, Nextech stock could be worth US\$0.35 per share.

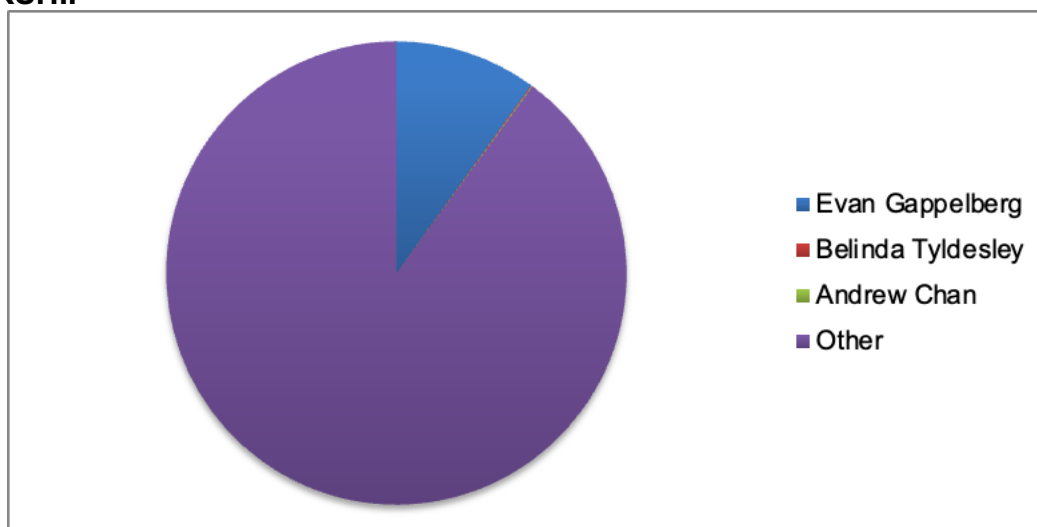
We believe that the company's IP alone should be worth more than that.

Company	Ticker	Calendar	Calendar	LTM	EBIDTA Margin	Enterprise Value / Sales			Enterprise Value
		Revenue 2024E	Revenue 2023E			2024E	2023E	LTM	
Roblox	RBLX	4,040	3,430	2,630	-38%	5.9	6.9	9.0	23,660
Salesforce	CRM	38,560	34,790	33,070	23%	5.7	6.3	6.6	219,500
Snap	SNAP	5,190	4,610	4,540	-27%	4.1	4.7	4.7	21,500
Zoom	ZM	4,510	4,510	4,500	10%	3.1	3.1	3.1	13,820
<b>Average</b>						4.7	5.2	5.9	63,744

## RISKS

- Nextech3D.ai is a start-up with a 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.
- For the three and nine months that ended September 30, 2023, sales to Amazon were 62.85% (\$720,000) and 53.48% (\$2.0 million) of the renewable software licenses revenue respectively. 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 spin-outs of other parts of its business. These spin-outs may not reach the valuations investors might expect.

## OWNERSHIP



## INCOME STATEMENT

Canadian Dollars	Mar 31, 2022R	June 30, 2022R	Sept 30, 2022R	Dec 31, 2022	Mar 31, 2023	June 30, 2023	Sept 30, 2023	Dec 31, 2023E	2021R	2022	2023E	2024E
Technology services	36,763	34,056	33,211	\$62,287	80,250	44,986	-	-	5,255,451	180,296	125,236	-
Yr-to-Yr Growth	-97%	-98%	-96%	-96%	118%	32%	-100%	-100%	53.8%	-96.6%	NA	-100.0%
Renewable Software licenses	459,469	490,390	858,822	\$850,769	1,188,673	1,318,260	1,145,615	1,267,000	1,394,070	2,849,171	4,919,548	10,000,000
Yr-to-Yr Growth	25%	69%	279%	67%	159%	169%	33%	49%	315.8%	104.4%	72.7%	103.3%
Interest and investment income	13,979	27,499	16,194	139,802	32,271	41,757	32,762	33,000	40,328	195,324	139,790	130,000
<b>Net Revenue</b>	<b>\$510,211</b>	<b>\$551,945</b>	<b>\$908,227</b>	<b>\$1,052,858</b>	<b>\$1,301,194</b>	<b>\$1,405,003</b>	<b>\$1,178,377</b>	<b>\$1,300,000</b>	<b>\$6,689,849</b>	<b>\$3,224,791</b>	<b>\$5,044,784</b>	<b>\$10,000,000</b>
Yr-to-Yr Growth	-70%	-67%	-22%	-51%	155%	155%	30%	23%	78.3%	-51.8%	56.4%	98.2%
Cost of goods	254,483	347,303	348,447		767,308	875,033	1,035,692	780,000	4,821,321	1,593,076	3,318,243	3,500,000
Gross margin	255,728	204,642	559,780		533,886	529,970	142,685	520,000	1,868,528	1,631,715	1,726,541	6,500,000
Percent of revenues	50.1%	37.1%	61.6%		41.0%	37.7%	12.1%	40.0%	27.9%	50.6%	34.2%	45.0%
<b>Operating expenses</b>												
Sales and marketing	1,652,708	1,249,004	1,177,539		1,650,308	1,358,985	867,586	700,000	10,437,523	5,013,367	4,576,879	3,200,000
General and administrative	3,021,987	3,941,315	2,112,681		2,591,629	2,673,998	1,992,096	1,500,000	9,683,311	13,377,575	8,757,723	6,200,000
R&D	1,027,194	880,272	1,157,408		879,904	877,262	1,063,667	800,000	6,609,471	3,892,208	3,620,833	3,200,000
Stock-based compensation	578,805	878,286	311,301		1,170,671	1,084,471	1,305,299	1,200,000	5,030,449	1,715,690	4,760,441	5,000,000
Amortization	373,594	750,429	597,354		530,659	500,094	565,064	565,064	2,050,147	2,655,652	2,160,881	2,300,000
Depreciation	31,659	31,580	47,943		29,331	15,546	19,580	19,580	114,733	122,930	84,037	80,000
Right of use amortization	19,226	19,227	166,023		55,846	(118)	-	-	44,861	76,905	55,728	20,000
Total operating expenses	6,705,173	7,750,113	5,570,249		6,908,348	6,510,238	5,813,292	4,784,644	33,970,495	26,854,327	24,016,522	20,000,000
Operating Income	(6,449,445)	(7,545,471)	(5,010,469)		(6,374,462)	(5,980,268)	(5,670,607)	(4,264,644)	(32,101,967)	(25,222,612)	(22,289,981)	(13,500,000)
<b>Other income</b>												
Gain on liability	-	-	-	-	-	-	-	-	(219,321)	(381,019)	-	-
Gain on short-term investments	-	-	(90,744)	(290,275)	-	-	-	-	-	-	-	-
Gain on contingent consideration	-	-	-	-	-	-	-	-	(1,573,308)	-	-	-
Impairment of intangibles	-	2,702,313	-	476,113	-	-	-	-	-	3,178,426	-	-
Impairment of goodwill	-	-	-	-	184,097	-	-	-	-	-	184,097	-
Loss on sale of assets	-	-	-	-	194,979	(34,830)	-	-	-	-	160,149	-
Foreign exchange loss (gain)	441,880	(843,903)	(529,564)	(414,006)	(93,962)	743,127	(519,944)	-	(267,725)	(1,345,593)	129,221	-
Total other expense	441,880	1,858,410	(620,308)	(228,168)	285,114	708,297	(519,944)	-	(2,060,354)	1,451,814	473,467	-
Income before income taxes	(6,891,325)	(9,403,881)	(4,390,161)	(6,810,387)	(6,659,576)	(6,688,565)	(5,150,663)	(4,264,644)	(30,041,613)	(26,674,426)	(22,763,448)	(13,500,000)
Income taxes	30,334	114,724	119,649	271,033	95,647	89,620	(203,306)	(203,306)	177,386	637,222	(221,345)	(221,345)
Tax rate	-0.4%	-1.2%	-2.7%	-4.0%	-1.4%	-1.3%	3.9%	4.8%	-0.6%	-2.4%	1.0%	1.6%
Net income	(6,860,991)	(9,289,157)	(4,270,512)	(6,539,354)	(6,563,929)	(6,598,945)	(5,353,969)	(4,467,950)	(29,864,227)	(26,037,204)	(22,984,793)	(13,721,345)
Income from discontinued ops.	(589,241)	295,605	(133,252)	(1,207,859)	-	-	(108,451)	-	(2,787,826)	(1,341,111)	-	-
Non-IFRS net income	(5,632,186)	(4,712,558)	(3,959,211)	(5,681,218)	(5,393,258)	(5,514,474)	(4,157,121)	(3,267,950)	(26,407,086)	(19,774,107)	(18,224,352)	(8,721,345)
Exchange differences on translating foreign	(24,687)	11,126	(183,470)	75,091	(96,448)	454,321	(301,569)	0	226,852	(121,940)	56,304	0
Exchange differences on discontinued	NA	(1,571)	10,286	NA	0	0	0	0	43,715	(310,905)	0	0
Total comprehensive loss	(6,885,678)	(8,983,997)	(4,576,948)	(6,464,263)	(6,660,377)	(6,144,624)	(5,763,989)	(4,467,950)	(32,425,201)	(27,811,160)	(22,928,489)	(13,721,345)
Non-controlling interests	0	0	0	(438,201)	(699,499)	(494,717)	(1,744,958)	(1,744,958)	0	(438,201)	(4,684,132)	(1,000,000)
Total comp. to Nextech shareholders	(7,474,919)	(8,983,997)	(4,576,948)	(6,026,062)	(5,960,878)	(5,649,907)	(4,019,031)	(2,722,992)	(32,425,201)	(27,372,959)	(18,244,357)	(12,721,345)
<b>Earnings per share</b>	<b>\$ (0.07)</b>	<b>\$ (0.09)</b>	<b>\$ (0.05)</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>	<b>\$ (0.02)</b>	<b>\$ (0.35)</b>	<b>\$ (0.26)</b>	<b>\$ (0.20)</b>	<b>\$ (0.11)</b>
Shares outstanding	97,550,931	99,725,256	98,641,286	101,000,000	106,925,652	109,766,574	116,483,966	127,139,213	83,888,487	100,201,691	115,078,851	128,000,000
Yr-to-Yr Growth	26%	21%	15%	12%	10%	10%	18%	26%	22.2%	19.4%	14.8%	11.2%
All in shares	115,451,931	117,626,256	133,202,993	133,642,000	139,113,652	152,974,741	153,349,745	179,242,936	92,224,652	124,980,795	156,170,269	179,242,936

## BALANCE SHEET

Canadian Dollars	Sept 30, 2023	June 30, 2023	Qtr-Qtr % Change	Sept 30, 2022	Yr-Yr % Change
<b>Assets:</b>					
Cash and cash equivalents	2,988,700	3,810,323	-22%	5,278,516	-43%
Accounts receivable	102,749	104,657	-2%	624,694	-84%
Deferred asset	91,168	211,641	-57%	260,639	-65%
Prepaid expenses	407,591	376,558	8%	472,442	-14%
Contract assets	218,100	199,546	9%	261,692	-17%
Inventory	0	0	0%	640,852	-100%
Total current assets	3,808,308	4,702,725	-19%	8,073,499	-53%
Equipment	291,637	193,336	51%	354,527	-18%
Deferred consideration for PET	206,850	199,320	4%	0	NM
Deferred tax asset	0	191,306	-100%	0	NM
Right of use assets	0	0	0%	919,096	-100%
Finance lease receivable on sublease	898,578	914,665	-2%	0	NM
Intangible assets	1,688,111	2,128,558	-21%	4,200,687	-60%
Goodwill	6,560,040	6,434,004	2%	7,061,970	-7%
Total Assets	13,453,524	14,763,914	-9%	20,609,779	-35%
<b>Current Liabilities:</b>					
AP & accrued liabilities	3,484,625	3,899,601	-11%	2,309,942	51%
Factoring liability	505,847	0	NM	0	NM
Deferred revenue	299,222	281,044	6%	471,835	-37%
Lease liabilities	148,037	176,328	-16%	259,348	-43%
Total current liabilities	4,437,731	4,356,973	2%	3,041,125	46%
Lease liabilities	516,511	514,297	0%	644,420	-20%
Deferred income tax liability	12,000	0	0%	399,962	-97%
Total Liabilities	4,966,242	4,871,270	2%	4,085,507	22%
<b>Stockholders' Equity</b>					
Share capital	90,530,169	87,677,731	3%	82,185,705	10%
Reserves	16,234,630	16,238,629	0%	12,608,012	29%
Accum. other comprehensive inc	883,405	1,184,974	-25%	1,790,153	-51%
Shareholder's Equity NexTech	(102,334,982)	(97,867,520)	5%	(80,059,598)	28%
Non-controlling interest	3,174,060	2,658,830	19%	0	NM
Total Stockholders' Equity	8,487,282	9,892,644	-14%	16,524,272	-49%
Total Liabilities & Stockholders' Equity	13,453,524	14,763,914	-9%	20,609,779	-35%
Current ratios	0.9	1.1	-20%	2.7	-68%
Quick ratio	0.9	1.1	-20%	2.4	-65%
Cash	2,988,700	3,810,323	-22%	5,278,516	-43%
Cash as % of assets	22%	26%	-14%	26%	-13%
Working Capital	(629,423)	345,752	-282%	5,032,374	-113%
Debt	0	0	0%	0	0%

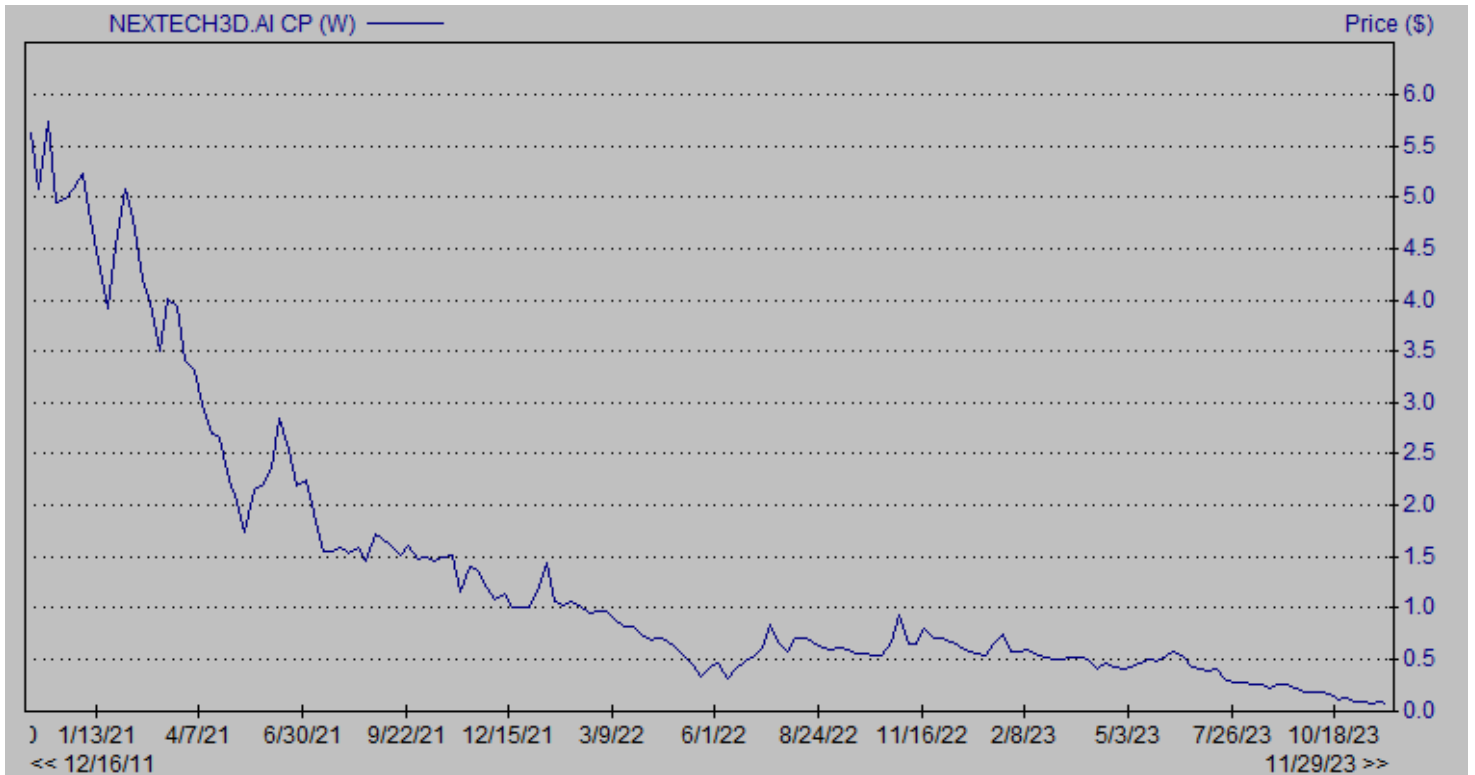


## CASH FLOW

	3 Months Ending Mar 31, 2022R	3 Months Ending June 30, 2022R	3 Months Ending Sept 30, 2022R	3 Months Ending Dec 31, 2022	Year 2022	3 Months Ending Mar 31, 2023	3 Months Ending June 30, 2023	3 Months Ending Sept 30, 2023
<b>Net Income</b>	\$ (6,860,991)	\$ (9,289,157)	\$ (4,354,675)	\$ (4,936,354)	\$ (26,037,215)	\$ (6,563,929)	\$ (6,598,945)	\$ (5,462,420)
Discontinued operations	\$ (589,241)	\$ 295,605	\$ (49,090)	\$ (1,341,111)	\$ (1,341,111)	\$ 0	\$ 0	\$ 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	500,094	564,265
Amortization of right of use assets	63,082	19,227	77,624	56,625	261,101	55,846	(118)	0
Interest expense from lease					0	0	0	21,623
Interest income on sublease	0	0	0	0	0	0	41,576	(68,350)
Income tax recovery					0	0	0	18,039
Deferred income tax recovery	(138,933)	(121,852)	(126,777)	387,562	0	0	(98,639)	98,639
Depreciation	37,117	31,580	36,941	32,385	143,567	29,331	15,546	19,580
Gain on liability	0	0	(90,744)	(290,275)	(381,019)	0	0	0
Employee pay program	0	148,500	0	0	0	309,593	(84,506)	(225,087)
Treasury shares for employee pay program	0	0	0	0	0	(252,366)	0	252,366
Gain on sublease recognition					0	0	0	(120,626)
Loss on asset disposal					0	0	0	85,679
Loss on PET disposal					0	0	0	173,534
Stock-based compensation	578,805	878,286	311,301	(52,702)	1,715,690	1,170,671	0	2,389,770
Write off of equipment	0	0	0	0	0	85,679	0	(85,679)
Deferred consideration receiv on sale of PET	0	0	0	0	0	(205,230)	5,910	199,320
Share-based payments	0	0	0	625,000	625,000	0	1,084,471	(610,221)
Gain on write off of right of use assets	0	0	0	0	0	0	(120,626)	120,626
Shares for services	717,066	0	581,286	(154,015)	1,292,837	0	0	0
Impairment of intangible asset & goodwill	0	2,702,313	0	476,113	3,178,426	184,097	0	0
<b>Changes in assets and liabilities:</b>								
Receivables	62,150	600,222	(223,510)	(168,989)	269,873	(129,780)	836,414	(65,052)
Deferred asset	0	(153,185)	(107,454)	3,821	(256,818)	(11,104)	56,281	120,473
Contract asset	261,220	(68,653)	(68,057)	(70,505)	54,005	78,723	53,928	(18,554)
Prepaid expenses	(145,331)	362,636	59,727	131,711	408,743	(52,663)	16,836	(60,858)
Inventory	861,905	160,434	1,228,785	703,218	2,954,342	434,756	0	(389,467)
Accounts payable and accrued liabilities	(848,858)	739,778	(342,533)	427,043	(24,570)	16,219	(1,148,207)	2,046,830
Factor liability					0	0	0	505,847
Deferred tax liabilities	0	0	0	(673,290)	(673,290)	(99,347)	0	99,347
Deferred revenue	13,897	(200,758)	49,695	(34,089)	(171,255)	101,566	(258,268)	18,178
Net Cash Used In cont operating activities	(5,841,560)	(2,605,203)	(2,716,519)	(5,609,949)	(16,615,587)	(4,316,479)	(5,698,253)	(372,198)
Net cash from discontinued	581,826	(792,705)	296,392	1,289,545	1,289,545	0	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Purchase of equipment	(46,553)	(37,485)	(15,951)	(18,178)	(101,784)	(29,000)	(7,603)	(126,210)
Interest on lease liability	(6,712)	(6,890)	(8,441)	(28,668)	(28,668)	(6,823)	(7,122)	13,945
Payments from sublease					0	0	0	16,577
Net Cash Used In Cont Investing Activities	(48,071)	(38,685)	(24,392)	(22,330)	(105,936)	(35,823)	(14,725)	(95,688)
Net used discontinued	(5,194)	(5,690)	0	(24,516)	(24,516)	0	0	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	(6,350)	2,132,680
Repayment of loan	0	0	(90,896)	0	(90,896)	0	0	0
Proceeds from employee pay program	0	0	1,488,526	1,008,102	2,496,628	1,579,220	701,794	107,684
Lease payments	(73,398)	(74,369)	(90,934)	(48,681)	(331,468)	(131,499)	19,801	(45,526)
Receivables financing, net	0	0	0	0	0	0	2,297,143	(2,297,143)
Subsidiary shares:								
Issuance to non-cont. interest, net	0	0	0	1,657,354	1,657,354	86,748	2,277,289	318,223
Net Cash Provided By Fin Activities, cont	8,936,496	(43,090)	1,306,696	2,814,338	12,867,587	4,186,199	5,289,677	215,918
Net Cash Provided By Discont.	(73,398)	(29,369)	NA	(245,620)	(245,620)	0	0	0
Foreign exchange	(5,620)	(203,765)	(634,979)	294,563	(616,272)	(118,171)	731,407	(560,280)
Net Increase in Cash	3,550,099	(3,514,742)	(1,137,823)	(1,798,532)	(2,834,527)	(166,105)	(423,301)	(251,968)
Cash - Beginning of Period	7,237,296	10,781,775	7,063,268	5,290,466	7,237,296	3,777,117	3,492,841	3,800,947
Cash - End of Period, continuing	10,610,765	6,048,083	5,278,516	3,789,071	3,777,120	3,492,841	3,800,947	2,988,700
Cash - End of Period, discontinued	171,010	1,015,185	11,950	(2,574)	9,376	0	0	0
Cash, end of period	10,781,775	7,063,268	5,290,466	3,786,497	3,786,496	3,492,841	3,800,947	2,988,700
<b>Operating cash flow</b>	(5,464,717)	(4,585,069)	(3,016,780)	(3,276,170)	(16,545,961)	(4,654,850)	(5,255,237)	(2,628,942)
<b>Free cash flow</b>	(5,511,270)	(4,622,554)	(3,032,731)	(3,294,348)	(16,647,745)	(4,683,850)	(5,262,840)	(2,755,152)



# HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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