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Zacks Small-Cap Research

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NexTech AR Solutions (NEXCF-OTC)

NEXCF Reports Q4 2019 Earnings and Expects Continued Strong Growth in 2020

Based on EV to forecasted 2021 sales, we believe NexTech stock could be worth $1.80 per share if it can achieve our forecasted revenues and shares outstanding.

Current Price (03/27/20)	US$0.85
Valuation	**US$1.80**

OUTLOOK

NexTech AR is a technology start-up and a unique public company pure play investment in Augmented Reality. It does not produce hardware, but rather uses AR to improve eCommerce results for customers as well as its company-owned sites. In addition, it uses hologram technology and is starting to apply its technologies to the education, entertainment, and business communications. 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	**$2.31**
52-Week Low	**$0.43**
One-Year Return (%)	**N/A**
Beta	**N/A**
Average Daily Volume (sh)	**204,491**
Shares Outstanding (mil)	**61.6**
Market Capitalization ($mil)	**52.4**
Short Interest Ratio (days)	**0.9**
Institutional Ownership (%)	**0.0**
Insider Ownership (%)	**30.7**
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 2020 Estimate	**N/M**
P/E using 2021 Estimate	**N/M**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small Growth**
Industry	**IT Services**

ZACKS ESTIMATES

Revenue
(in millions of CAN$)

	Q1 (Mar)	Q2 (June)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2018	0.0 A	0.0 A	0.0 A	0.9 A	0.9 A
2019	N/A	N/A	N/A	2.6 A	6.0 A
2020	2.1 E	2.8 E	3.8 E	5.3 E	14.0 E
2021					24.0 E

EPS
(GAAP)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2018	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	-$0.01 E	N/A
2020	-$0.02 E	-$0.01 E	$0.00 E	$0.01 E	-$0.01 E
2021					$0.04 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW

Business Continues Strong at NexTech AR As it Hits Its Stride…

NexTech reported audited numbers ending December 31, 2019 as it transitions to a calendar year. These were in line with what had been announced previously but the top of investors' concern is HOW IS BUSINESS NOW. NexTech's business is currently still growing well on both the eCommerce side and the AR side and we believe it is accelerating due to the markets interest in focusing on improving online sales. In addition, while sales continue unaffected, with perhaps some hesitation on the signing of new business, the company is benefiting short term from lower travel expenses. Its imminent acquisition of Jolokia, a video conferencing live streaming SaaS business gives it a timely product sell while everyone is working remotely.

Today we are switching our model to a calendar year but since we have no historical information on that basis, we are also providing the historical income statement with fiscal quarters.

… And Reports its Seven-Month Stub of Calendar Year 2019…

On Friday NexTech reported its seven months income statement for the period ending December 31, 2019 along with the cash flow for that period and the balance sheet on that date. Revenues for that period were $4.0 million and EPS was a loss of $0.09 per share and a non-GAAP loss of $0.05. The company did not give a comparison to the year ago seven months, nor did it break revenues down by eCommerce and AR.

Gross margins were 58.6% and are climbing in Q1 as seen in the numbers already reported for January and February. This was expected as the company optimizes its product offerings to focus on higher margin parts and accessories in its eCommerce business. Also helping gross margin was that commission costs has been taken out of cost of goods and reallocated to sales and marketing and past periods were restated.

Operating expenses were $7.7 million including the $2.2 million impairment charge. The operating loss was $5.4 million. Without the impairment charge the loss would have been $3.2 million.

The net loss was $5.3 million.

Primary shares outstanding were 58.3 million for the period, but now stand at 62.8 million.

For Q4 2019, NexTech had revenues of $2.58 million and gross margin of $1.65 million or 58.6%. No other information was provided on the quarter. For the Christmas month of December, the company had revenues of $760,000. This compares with $700,000 for the month of November.

The company reached **$6.0 million for calendar year 2019** ($4.3 million US.) Gross margin for the calendar year was 53% or $3.2 million.

Balance Sheet

NexTech ended the December quarter with $2.8 million in cash and working capital of $3.3 million.
On November 22, NexTech closed on a non-brokered private placement of four million units priced at $0.75 per unit **for gross proceeds of $3 million**. Each unit comprised one common share and one share purchase warrant exercisable at $0.93 per share for a period of two years from issuance, subject to acceleration. All securities issued were subject to a four-month hold period from the date of issuance, expiring on March 23, 2020. Only existing investors and shareholders invested in this round.

For the stub period, the company had negative cash flow of $2.5 million and negative free cash flow of $3.0 million (including paying for acquisitions.) The company has been burning $150,000 per month, but that looks to be declining to about $100,000 per month.

Quarter Ending March 31, 2020

For January revenues were approximately $800,000 and gross margins were $528,000 (66.0%) For February revenues were $685,000 and gross margins were $450,000 (65.7%) Compared with the first two months of 2019, revenues increased 139% to $1.49 million versus $622,000 in 2019. Assuming March revenues of $750,000, Q1 revenues, (ending March 31, 2020) could be $2.1 million.

Gross margin also expanded in the first two months of 2020. Margin was $978,000 versus $315,000, up 210% to 66% from 51%. We have no insight into the current quarterly expense rates but have taken a stab at forecasts based off the seven-month results. Expect revisions as we get a more quarters reported.

Subsequent Events

Since the quarter ended, NexTech announced a letter of intent to acquire Jolokia, a remote video training live streaming software company. Jolokia has approximately eleven employees and is located in Santa Cruz, California. It generated $1 million in revenues in 2019 and has customers such as Merck (NYSE: MRK), Toyota (NYSE:TM) CBS, and Polycom. NexTech expects to pay 1 million shares in restricted stock priced at $1 per share ($1.38 CAD,) with a 12 month earn-out based on revenue milestones of an additional $4 million. This deal makes sense in that NexTech has developed a method to seamlessly integrate 3D photo realistic holograms to virtual events through its ARitize App. Jolokia has integrated NexTech's holograms into its Inferno video learning platform. As an example, users can watch a training video or go to a virtual conference or webinar, and be able to take what is on a screen and put it in the room with them as a 3D/AR experience. We expect this deal to close sometime next week.

On March 24th, 2020 NexTech announced that it has integrated Zoom (NYSE: ZM) into Jolokia's Inferno platform. This integration will allow users of Zoom to add AR to meetings using Inferno, seamlessly integrating 3D photo realistic holograms of people and products to these virtual events. With Inferno users can have Zoom meetings with up to **100,000 people concurrently with Q&A** on the Inferno Platform. Users can launch a Zoom meeting from within the Inferno platform, upload a recorded Zoom meeting, and make it keyword searchable with closed captioning in 64 languages. It also has added features like live moderated questions and simple registration. Inferno should mitigate the problems Zoom has with large groups.

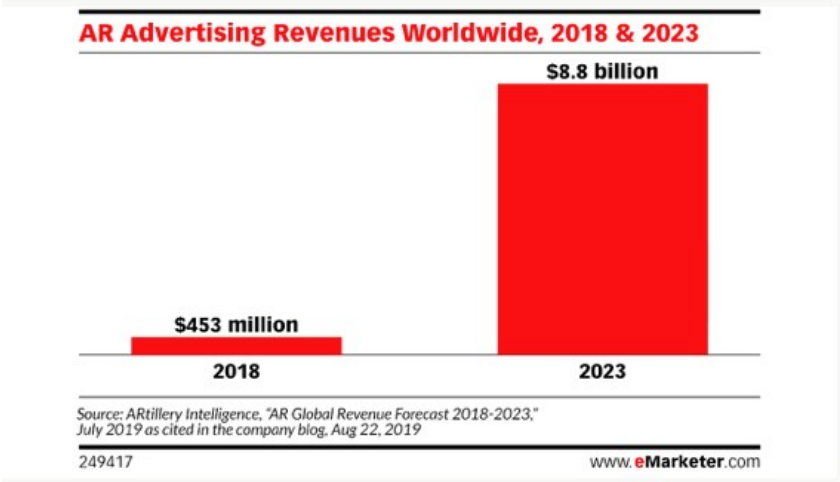
This month NexTech launched its 3D/AR ad network called *Nextech360.* It is an advertising platform for brands, which powers AR advertising across all browsers and devices, as well as on web and mobile. NexTech believes it is the only company that has an end-to-end solution—from creating the 3D assets, hosting them, and then serving up the ads. The company has found AR ads deliver consistently better click through rates than flat 2D ads, and works especially well on mobile phones. The click through rate for immersive ads has been 200-300% higher than the click through rate for standard 2D ads.

KEY POINTS

- Augmented Reality (AR) is just beginning to make its 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 in marketing and advertising their goods. At a price to vendors of $30 per month per SKU, adoption of just a tiny percent of the trillions of products sold worldwide will create a massive revenue stream for NexTech AR.

- NexTech AR is a small, B2B startup based in Toronto that was formed to provide services for, and invest in, businesses using Augmented Reality (AR) and hologram technologies. These technologies are used to improve sales and profits for eCommerce sites, and other verticals such as entertainment. This technology converts two-dimensional images of real objects and people into three dimensions using scanners and software. Using AR is a proven way to boost sales and reduce returns in eCommerce, and provides an engaging, economic way to provide information in the education and training space.

- AR technology is just starting to be introduced to online advertising. Google and Unity are both active in working on adding AR capability to their advertising platforms, and NexTech AR is working with both of them to make it easy for customers to create and place AR ads with them. This market is starting from virtually zero today and should be huge if even a small percentage of companies use AR to sell or advertise their products. Just as video ads grew and are sold at much higher prices that display ads, we expected AR ads to be even more expensive opportunity for ad networks.



Source: Artillery Intelligence

- The company is currently has three sources of revenue:

  - A SaaS offering to businesses that place AR renderings 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.

  - A newly introduced AR ad network to allow customers to place their AR content in advertisements with one stop shopping.

  - The sale of products via the web or mobile app enhanced by the use of AR and holograms in its marketing. This business currently generates most of the revenues for the company. While these company-owned web sites are primarily being used for in house testing, we could see the company growing them and ultimately reselling them or spinning them off later at higher valuations.

- The company is uniquely positioned versus its competition. Its platform works with both Apple and Android, while others work only on IOS. It can push 3D content to both the web, and an app, while others cannot do both. It allows customers to self publish which others do not. It provides a full range

of services—from image capture to hosting, and it has expertise in holograms and training allowing it to add more than just basic 3D AR capabilities.

- With a nascent market projected to increase by 289% per year over the next five years, NexTech as a unique public pure play could deserve a higher valuation. It currently trades at an enterprise value of US $48 million or 4.8xs projected 2020 calendar sales of US$10 million.

OVERVIEW

The NexTech AR Platform

NexTech offers a web-enabled augmented reality (AR) platform with Artificial Intelligence (AI) and analytics to a variety of vertical market industries via a SaaS model. It integrates with Shopify, Magento, and Wordpress, and offers eCommerce sites a universal 3D shopping solution. With just a few lines of embed code, the company's patent-pending platform offers the most technologically advanced 3D AR/AI technology anywhere. The company believes it has created the AR industry's first end-to-end affordable, intelligent, frictionless, scalable platform. NexTech provides the **only platform that works with both IOS and Android**. It also provides a complete solution which can include image capture to turn objects into 3D, customer self publishing, hosting, and provides the ability to add AR images through the addition of a single line of JavaScript.

VALUATION

As a start-up, NexTech is difficult to value given its unique position as a public company with no others doing what it does. If we look to value it as an eCommerce business, there are few companies out there with the growth NexTech AR is showing. We have taken a group of companies involved in augmented reality as well as companies that provide conferencing like Jolokai. This group has an average enterprise value to sales of 12.4 times 2020 estimated calendar sales. If we throw out the high and the low number, we get a more reasonable 7.0 times.

Using $10 million in US dollars for calendar year 2020 sales, its current fully diluted share count of 65.4 million, and a multiple of 7.0 times EV to sales we reach an enterprise value of $70 million or $71.3 market value or $1.10 per share in US dollars. By next year the stock price could grow to $1.80 using $17 million in sales in US dollars.

		Calendar	Calendar			Enterprise Value / Sales				
	Ticker	Revenue	Revenue		EBIDTA				Included	Enterprise
Company		2020E	2019	LTM	Margin	2020E	2019	LTM	in Average?	Value
Kopin	KOPN	30	30	30	-86%	0.4	0.4	0.4	y	11
Microvision	MVIS	16	9	9	-279%	1.2	2.1	2.1	y	19
Slack	WORK	852	630	630	-91%	18.0	24.3	24.3	y	15,320
Snap	SNAP	2,370	1,720	1,720	-53%	6.9	9.5	9.5	y	16,400
WiMi Hologram Cloud	WIMI	NA	45	45	-47%	NA	8.6	8.6	n	385
Vusix	VUZI	15	7	7	-362%	1.9	4.2	4.2	y	28
Zoom	ZOOM	925	623	623	5%	45.9	68.3	68.3	y	42,500
Average					-144.3%	12.4	18.1	18.1		4,005

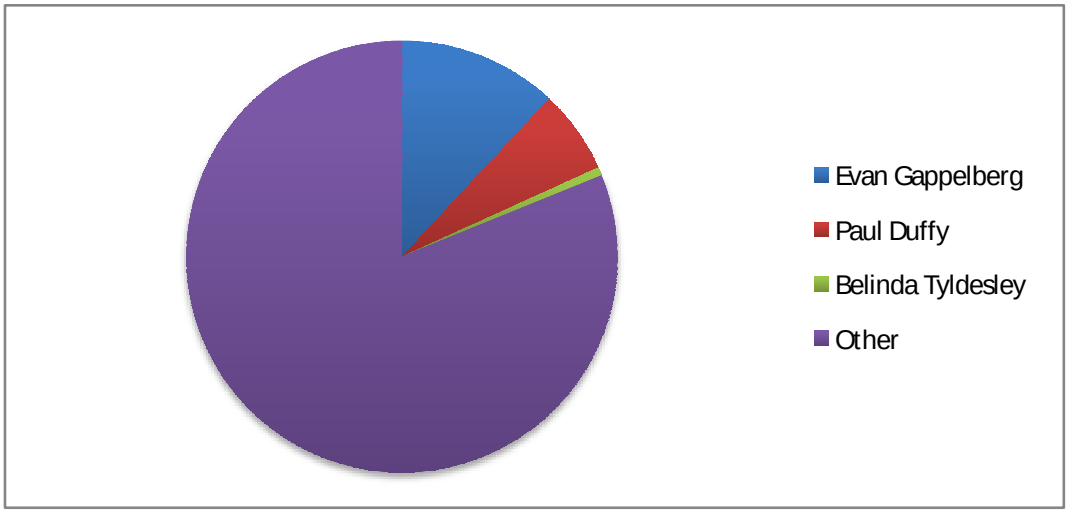
In the private market there are large valuations for some A/R V/R pure plays: **Magic Leap** (with a valuation well over $6 billion) is currently for sale. Niantic is valued at nearly $4 billion, Oculus at $3 billion from exit to Facebook, Beijing Moviebook Technology is over $1 billion, and Lightricks is at approximately $1 billion.

WiMi Hologram Cloud is a Beijing-based company that offers hologram and AR based advertising services and has filed for an IPO. In its latest presentation it is looking for a market cap valuation of between $326 and $443 million. This company is the closest comparable to NexTech and it will be interesting to see where it is priced. In 2019 the company generated $44.8 million in revenues and is highly profitable. The midpoint of the valuation range would put the company at 8.6 times 2019 revenues.

RISKS

- NexTech is a start-up with limited operating history. There is no assurance its will evolve into a sustainable going concern.
- The company is operating at a loss and may need to raise capital until it reached cash flow break even which could result in dilution of current shareholders.
- NexTech depends heavily on funding from senior management.
- AR usage is just beginning to be used by early adopters and it is hard to predict how fast or even if AR will be put into use by mainstream eCommerce sites. The company's business with AR customers is still very small and has yet 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 has just launched an ad network, which make take more resources and time than expected and may not be successful.

OWNERSHIP



PROJECTED CALENDAR YEAR INCOME STATEMENT

In Canadian Dollars	Q4 Dec 31, 2019	7 Months Dec 31, 2019	Q1 Mar 31, 2020E	Q2 June 30, 2020E	Q3 Sept 30, 2020E	Q4 Dec 31, 2020E	2019	2020E	2021E
Net Revenue	**$2,580,000**	**$4,003,660**	**$2,123,000**	**$2,800,000**	**$3,800,000**	**$5,300,000**	**$6,000,000**	**$14,023,000**	**$24,009,366**
Yr-to-Yr Growth	193%	NA	NA	NA	NA	NA	NM	133.7%	71.2%
Cost of goods	930,000	1,655,756	716,000	952,000	1,292,000	1,802,000	2,800,000	4,762,000	8,163,185
Gross margin	1,650,000	2,347,904	1,407,000	1,848,000	2,508,000	3,498,000	3,200,000	9,261,000	15,846,182
Percent of revenues	64.0%	58.6%	66.3%	66.0%	66.0%	66.0%	53.3%	66.0%	66.0%
Sales and marketing	NA	2,629,300	1,126,843	1,076,843	1,250,000	1,300,000	NA	4,753,686	7,000,000
General and administrative	NA	1,644,506	684,788	640,000	700,000	780,000	NA	2,804,788	3,500,000
R&D	NA	997,540	427,517	430,000	430,000	430,000	NA	1,717,517	2,100,000
Amortization	NA	190,018	81,436	90,000	90,000	90,000	NA	351,436	350,000
Depreciation	NA	21,720	9,309	10,000	10,000	10,000	NA	39,309	50,000
Impariment	NA	2,207,750	-	-	-	-	NA	-	-
Foreign exchange loss (gain)	NA	43,489	-	-	-	-	NA	-	-
Total operating expenses	NA	7,734,323	2,329,893	2,246,843	2,480,000	2,610,000	NA	9,666,736	13,000,000
Operating income	NA	(5,386,419)	(922,893)	(398,843)	28,000	888,000	NA	(405,736)	2,846,182
Operating margin	NA	-134.5%	-43.5%	-14.2%	0.7%	16.8%	NA	-2.9%	11.9%
Financing expense	NA	7,194	22,174	22,174	22,174	22,174	NA	88,695	88,695
Income before income taxes	NA	(5,393,613)	(945,067)	(421,017)	5,826	865,826	NA	(494,431)	2,757,487
Income taxes	NA	96,479	-	-	-	-	NA	-	82,725
Tax rate	NA	-1.8%	0.0%	0.0%	0.0%	0.0%	NA	0.0%	3.0%
Net income	NA	(5,297,134)	(945,067)	(421,017)	5,826	865,826	NA	(494,431)	2,840,211
Exchange differences on translating foreign operations	NA	(146,447)	-	-	-	-	-	-	-
Total comprehensive loss	NA	(5,443,581)	(945,067)	(421,017)	5,826	865,826	NA	(494,431)	2,757,487
Earnings per share	NA	**$ (0.09)**	**$ (0.02)**	**$ (0.01)**	**$ 0.00**	**$ 0.01**	NA	**$ (0.01)**	**$ 0.04**
Non-GAAP earnings per share	NA	$ (0.05)	$ (0.02)	$ (0.01)	$ 0.00	$ 0.01	NA	$ (0.01)	$ 0.04
Shares outstanding	60,000,000	58,290,845	61,645,487	62,791,487	62,791,487	62,791,487	NA	62,504,987	65,374,995
Yr-to-Yr Growth	NA	NA	NA	NA	NA	NA	NA	NA	5%
Fully diluted shares	61,500,000	62,020,353	65,374,995	65,374,995	65,374,995	65,374,995	NA	65,374,995	65,374,995

HISTORICAL FISCAL YEAR INCOME STATEMENT

In Canadian Dollars	Q1 Aug 31, 2018	Q2 Nov 30, 2018	Q3 Feb 28, 2019	Q4 May 31, 2019	Q1 Aug 31, 2019	Jan 12, 2018- May 31, 2018	FY 2019R
E-commerce	$0	$0	$508,000	$1,371,530	$1,510,191	-	$1,879,530
A/R and other	22,544	43,132	23,185	33,974	3,005	24,947	122,835
Net Revenue	**$22,544**	**$43,132**	**$531,185**	**$1,405,504**	**$1,513,196**	**$24,947**	**$2,002,365**
Yr-to-Yr Growth	NA	NA	NA	5534%	6612%	NM	NM
Cost of goods	12,738	-	322,435	690,605	818,338	10,621	1,025,778
Gross margin	9,806	43,132	208,750	714,899	694,858	14,326	976,587
Percent of revenues	43.5%	100.0%	39.3%	50.9%	45.9%	57.4%	48.8%
Accretion expense	10,991	7,655	-	2,405	27,232	12,348	21,051
Admin fees and office costs	86,950	113,121	144,283	345,998	323,046	51,273	690,352
Advertising and marketing	-	-	-	259,676	179,546	-	259,676
Amortization	24,377	28,382	23,069	48,511	102,247	13,889	124,339
Business development	2,398	21,120	-	-	-	-	23,518
Consulting fees	239,156	273,457	293,669	774,558	595,077	220,055	1,580,840
Depreciation	-	-	-	27,944	-	548	27,944
Foreign exchange (gain) loss	(3,545)	(32,332)	(44,436)	(29,101)	10,760	(25,536)	(109,414)
Impairment of intangible assets	-	-	194,444	-	-	-	194,444
Investor relations	17,097	59,140	306,971	164,651	118,537	52,093	547,859
Management fees	104,085	88,770	103,322	56,255	136,388	50,930	352,432
Payroll and benefits	-	-	-	160,236	186,374	-	160,236
Professional fees	81,700	36,835	65,512	141,498	60,692	54,392	325,545
Sales and marketing	-	-	-	452,443	30,094	-	452,443
Share-based payments	-	96,390	370,549	283,943	184,938	370,125	750,882
Transfer agent & regulatory fees	-	18,203	17,798	24,299	1,950	-	60,300
Travel	45,621	47,174	61,895	42,970	62,388	40,275	197,660
Other expense					4,810	-	21,051
Total operating expenses	608,830	757,915	1,537,076	2,756,286	2,024,079	840,392	5,660,107
Operating income	(599,024)	(714,783)	(1,328,326)	(2,041,387)	(1,329,221)	(826,066)	(4,683,520)
Operating margin	-2657.1%	-1657.2%	-250.1%	-145.2%	-87.8%	-3311%	-234%
Deferred income tax recovery	-	-	-	15,971	9,993	-	15,971
NET INCOME	(599,024)	(714,783)	(1,328,326)	(2,025,416)	(1,319,228)	(826,066)	(4,667,549)
Currency translation adjustment	0	573	33,467	(26,353)	(3,625)	-	7,687
Total other income	0	573	33,467	(26,353)	(3,625)	-	7,687
Comprehensive Income	(599,024)	(715,356)	(1,361,793)	(2,015,034)	(1,322,853)	(826,066)	(4,659,862)
Net loss per share	**$ (0.02)**	**$ (0.02)**	**$ (0.03)**	**$ (0.04)**	**$ (0.02)**	**$ (0.04)**	**$ (0.11)**
Non-GAAP loss per share	$ (0.02)	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.02)	$ (0.02)	$ (0.08)
Shares outstanding	37,537,872	39,139,213	47,336,099	53,750,000	55,581,781	22,081,328	44,443,149
Yr-to-Yr Growth	NA	NA	514%	199%	48%	NA	101%
Fully diluted shares	53,737,872	55,339,213	67,736,099	55,250,000	58,571,781	NA	45,943,149
Adjusted EBITDA	(574,647)	(590,011)	(740,264)	(1,680,989)	(1,042,036)	(441,504)	(3,642,330)

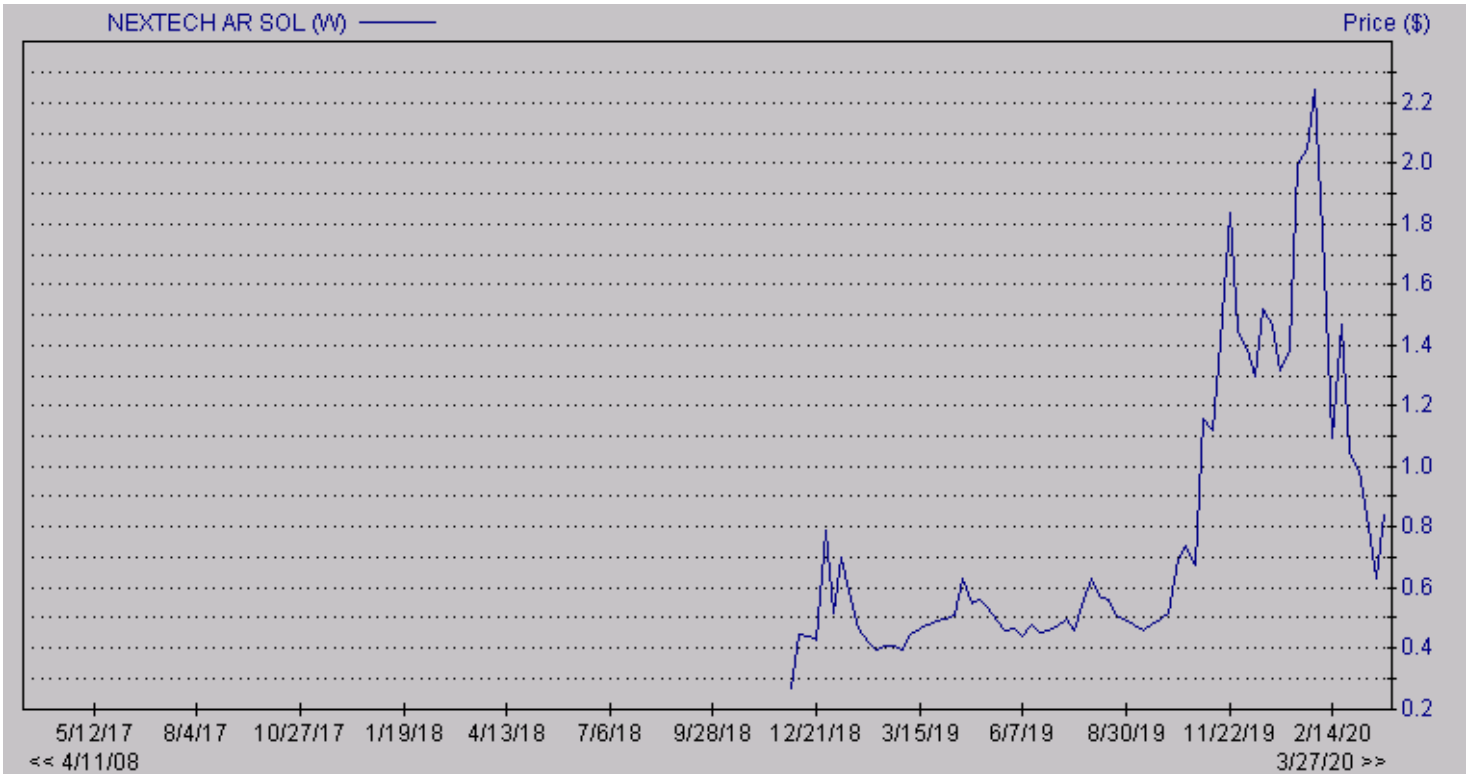
BALANCE SHEET

Canadian Dollars	Dec 31, 2019	August 31, 2019	Qtr-Qtr % Change	May 31, 2019	Dec-May % Change
Assets:					
Cash and cash equivalents	**$ 2,849,344**	**$ 1,404,449**	103%	**$ 329,678**	764%
Accounts receivable	403,651	321,986	25%	421,274	-4%
Prepaid expenses	200,650	240,552	-17%	178,715	12%
Inventory	1,353,584	759,916	78%	579,857	133%
Total current assets	4,807,229	2,726,903	76%	1,509,524	218%
Equipment	146,555	140,961	4%	149,879	-2%
Right of use assets	NA	29,418	NA	NA	0%
Intangible assets	3,683,079	6,104,537	-40%	6,188,060	-40%
Total Assets	8,636,863	9,001,819	-4%	7,847,463	10%
Current Liabilities:					
AP & accrued liabilities	1,243,528	714,379	74%	747,479	66%
Other payables	230,174	279,074	-18%	772,078	-70%
Lease liabilities	NA	28,677	NA	NA	0%
Total current liabilities	1,473,702	1,022,130	44%	1,519,557	-3%
Deferred income tax liability	96,956	180,177	-46%	193,435	-50%
Total Liabilities	1,570,658	1,202,307	31%	1,712,992	-8%
Stockholders' Equity					
Common Stock	15,210,041	12,358,149	23%	10,551,142	44%
Convertible debentures	1,025,595	995,949	3%	0	NM
Reserves	1,407,330	1,258,257	12%	1,076,944	31%
Deficit	(10,576,761)	(6,812,843)	55%	(5,493,615)	93%
Total Stockholders' Equity	7,066,205	7,799,512	-9%	6,134,471	15%
Total Liabilities and Stockholders' Equity	8,636,863	9,001,819	-4%	7,847,463	10%
Current ratios	3.3	2.7	22%	1.0	228%
Quick ratio	2.3	1.9	22%	0.6	283%
Cash as % of assets	33%	16%	111%	4%	685%
Working Capital	3,333,527	1,704,773	96%	(10,033)	-33326%
Convertible Debt	1,025,595	995,949	3%	0	NM
Debt/Total Assets	12%	11%	7%	0%	NM

CASH FLOW

	Beginning to May 29, 2018	3 Months Ending Aug 31, 2018	3 Months Ending Nov 30, 2018	3 Months Ending Feb 28, 2019	3 Months Ending May 29, 2019	Year Ending May 29, 2019	3 Months Ending Aug 31, 2019	7 Months Ending Dec 31, 2019
Net Income	$ (826,066)	$ (599,024)	$ (714,783)	$ (1,328,326)	$ (2,025,416)	$ (4,667,549)	$ (1,319,228)	$ (5,297,134)
Adjustments to reconcile net loss to net cash used in operating activities:								
Amortization	13,889	24,377	28,382	23,069	48,511	124,339	102,247	190,018
Accretion expense	12,348	10,991	7,655	0	2,405	21,051	27,232	7,194
Consulting fees	0	60,000	60,000	60,000	(180,000)	0	-	-
Deferred income tax recovery	0	0	0	0	(15,197)	(15,197)	(9,993)	(96,479)
Depreciation	548	0	0	0	27,944	27,944	0	21,720
Interest expense							10,449	0
Share based payments	370,125	0	96,390	370,549	283,943	750,882	184,938	391,148
Shares issued for services						80,000		62,999
Write-off of intangible asset	0	0	0	194,444	-	194,444	0	2,207,750
Currency translation adjustment	0	0	573	(26,691)	26,118	0	(6,890)	0
Changes in assets and liabilities:								
Receivables	(14,325)	(37,553)	(17,037)	(46,092)	(240,426)	(341,108)	99,288	17,623
Prepaid expenses	(62,444)	(14,394)	(35,379)	27,607	(93,242)	(115,408)	(61,837)	(22,798)
Inventory	0	0	0	(45,456)	(26,333)	(71,789)	(180,059)	(773,727)
Accounts payable and accrued liabilities	221,281	229,495	(170,690)	(72,444)	475,144	461,505	(33,100)	496,912
Net Cash Used In Operating Activities	(284,644)	(326,108)	(744,889)	(843,340)	(1,716,549)	(3,550,886)	(1,186,953)	(2,794,774)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Cash acquired on a business combination	0	0	0	125,532	3,138	128,670	0	0
Purchase of equipment	(41,912)	(89,582)	(37,221)	11,823	(12,144)	(127,124)	0	(18,639)
Purchase of intangibles	0	(80,586)	(101,796)	(316,690)	499,072	0	0	0
Acquisition of Infinite Pet Life	0	0	0	0	(1,760,294)	(1,760,294)	0	(434,005)
Acquisition of HootView	0	0	0	0	(85,664)	(85,664)	0	0
Net Cash Used In Investing Activities	(41,912)	(170,168)	(139,017)	(179,335)	(1,355,892)	(1,844,412)	0	(452,644)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Convertible debenture	250,000	0	0	0	0	0	985,500	985,500
Capital contribution	0	0	318,375	0	(212,037)	106,338	0	0
Proceeds from the issue of shares	2,600,273	0	0	1,916,150	1,164,600	3,080,750	1,740,377	4,601,638
Proceeds from options and warrants								267,400
Lease payments							(13,292)	0
Business acquisition installment payments							(450,861)	0
Net Cash Provided By Financing Activities	2,850,273	0	318,375	1,916,150	952,563	3,187,088	2,261,724	5,854,538
Foreign exchange	0	0	0	0	14,171	14,171	0	(87,454)
Net Increase in Cash	2,523,717	(496,276)	(565,531)	893,475	(2,105,707)	(2,194,039)	1,074,771	2,519,666
Cash - Beginning of Period	0	2,523,717	2,027,441	1,461,910	2,355,385	2,523,717	329,678	329,678
Cash - End of Period	2,523,717	2,027,441	1,461,910	2,355,385	249,678	329,678	1,404,449	2,849,344
Operating cash flow	(429,156)	(503,656)	(521,783)	(706,955)	(1,831,692)	(3,484,086)	(1,011,245)	(2,512,784)
Free cash flow	(471,068)	(673,824)	(660,800)	(1,011,822)	(1,344,764)	(3,611,210)	(1,462,106)	(2,531,423)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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