Zacks Small-Cap Research

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May 4, 2023
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Nextech AR Solutions (OTCQX: NEXCF)

NEXCF: Nextech AR Reports 2022 Revenues and Nears Spinoff of Toggle3D

Based on an EV to estimated EV/2024 sales multiple of 6.3xs, plus the value of ARway we believe Nextech stock could be worth $1.12 per share.

Current Price (5/3/2023)	US$0.45
Valuation	**US$1.12**

OUTLOOK

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

SUMMARY DATA

52-Week High	**US$0.96**
52-Week Low	**US$0.29**
One-Year Return (%)	**-21.4**
Beta	**1.8**
Average Daily Volume (sh)	**102,668**
Shares Outstanding (mil)	**109.5**
Market Capitalization ($mil)	**US$49**
Short Interest Ratio (days)	**0.4**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**11.0**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2023 Estimate	**N/M**
P/E using 2024 Estimate	**N/M**

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

ZACKS ESTIMATES

Revenue

(In millions of CAN$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (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 E	$1.9 E	$3.1 E	$4.0 E	$10.6 E
2024					$21.2 E

Earnings per Share

(IFRS)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	NA	NA	NA	NA	-$0.35 R
2022	-$0.08 R	-$0.09 R	-$0.05 A	-$0.06 A	-$0.26 A
2023	-$0.05 E	-$0.04 E	-$0.03 E	-$0.02 E	-$0.14 E
2024					-$0.09 E

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

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WHAT'S NEW

Nextech Removes eCommerce Numbers as that Business is Discontinued and it Becomes a Pure Play

Nextech is now a pure play in 3D modeling, augmented reality, and wayfinding having discontinued its eCommerce business entirely in 2022. We expect with its increasing business with Amazon and a new contract with Target it should be able to ramp revenues rapidly at ever-increasing margins and deserves a much higher multiple. While revenues are ramping slightly slower than initially expected they should begin to more than double in Q1 and going forward. The company is trying to rapidly get to cash flow breakeven and the spin-offs of ARway and Toggle3D should aid that mission. Normally a company like this—a startup in a high-growth market--would still be private and its true peers are those in the venture realm where valuations are no doubt much higher. Public investors have what we believe is a unique opportunity to invest in a small-cap company dedicated to this space. In Q1 2023 which is expected to be reported on May 18th, we will see revenues ramp as it reports its first quarter without eCommerce as well as the effects of ARway as a public company. We will update our model further after the report.

2022 Results Without eCommerce

Nextech reported 2022 revenues from continuing operations of $3.2 million for the year or $1.1 million for Q4 2022. This number does not include its former eCommerce business which was discontinued in Q4. Excluding eCommerce, this compares to $6.7 million in revenues in 2021 and $2.2 million in Q4 2021. All of this revenue decline was from the virtual conferencing business which saw a surge during covid shutdowns. Our income statement and forecasts subtract the discontinued operations so investors can better understand the progress of the continuing business. When the company reports Q1 2023 (on May 18th) and Q2 2023, we will have accurate historical income statements and cash flows. Investors are focusing on progress in 3D modeling sales and future revenues now that the company is a pure play in 3D and wayfinding.

Excluding eCommerce, the gross margin for the year was reported as 50.6% compared to only 27.9% last year. The Q4 gross margin was approximately 38.9% no doubt due to the lower margin, high volume order from Amazon that has just started to ramp. The company was expected to ship $700,000 worth of models in Q4 but fell short as Amazon closed down for the last two weeks of the year and models were not able to be delivered.

Operating expenses were $26.9 million compared to $34.0 million in 2021. General and administrative expenses for the three and twelve months that ended December 31, 2022, were $4.3 million and $13.4 million respectively. In Q3 and Q4 2022, compliance fees increased in relation to the ARway spinout in Q4 2022, including the one-time distribution of ARway shares to employees and contractors for past services of $725,000. Past acquisition bonus payments also contributed to one-time expenditures of $1.1 million during 2022.

The company had an operating loss of $25.2 million in 2022 compared to a loss of $32.1 million in 2021.

In 2022 there was an impairment charge of $3.2 million from discontinuing eCommerce. The net loss for the year was $26 million for continuing operations compared to $29.9 million in 2021, which now excludes eCommerce. This resulted in a loss per share of $0.26 compared to a loss of $0.35 in 2021.

We believe the company now has about $5 to $6 million in quarterly operating expenses. Its goal is to reach cash flow breakeven this year even if it has to heavily rely on stock-based payments for wages and services.

Nextech now has 109.5 million shares outstanding and trades at a market value of US$48.2 million or an enterprise value of about US$45 million if we include the capital raise and take off cash burn of $1 million per month. It owns 13 million shares of ARWY valued at US$7.6 million. Compared to the 2022 quarter excluding eCommerce, we expect Nextech to return to year-over-year growth in Q1 2023 with revenues more than doubling.

We estimate revenues of CN$10.6 million this year making EV to sales 5.8 times or 4.8 times if we subtract out the value of the ARway holding. We expect revenues to double next year.

Balance Sheet

Nextech ended the December quarter with $3.8 million in cash, working capital of $2.6 million, and no debt. The company is working to reduce its cash burn of $1,000,000 a month funding about half through its stock purchase plan for employees and believes it may have enough cash for the next twelve months. In addition, the company owns 13 million shares of ARway worth $10.5 million under a three-year lockup. Twenty-five percent of the shares are free trading today and another 15% get unlocked every six months. The primary share count as of April 28, 2023, was 109,509,293. The company also has 15,462,152 options outstanding at exercise prices ranging from $0.50 to $6.51 and 16,995,771 warrants outstanding at exercise prices ranging from $0.83 to $2.06.

On January 31, 2023, Nextech raised cash by selling **3,614,457 units** for $0.83 for gross proceeds of approximately $3,000,000 yielding net proceeds of $2,696,009. Each unit is comprised of one common share and one warrant with an exercise price of $1.03 for a period of 48 months. NexTech also issued 253,011 compensation options to the selling agent, each exercisable to acquire one unit at $0.83 for a period of 48 months.

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

During the Quarter

On October 18, 2022, Nextech announced a $6.7 million 3D model purchase order from Amazon for delivery over the next 12 months of which $700,000 is expected to be filled in Q4 2022.

On October 25, 2022, Nextech signed a deal with the Kid Cudi-backed XR Music App “Encore” for ARway.

On October 26, 2022, ARway began trading on the Canadian Securities Exchange (CSE)

On December 14, 2022, the company announced it would spin out Toggle3D with the intention to seek a direct listing of the subsidiary on the Canadian Securities Exchange.

On December 16, 2022, Nextech’s shares began trading on the OTCQX market.

Toggle3D Spin-Out In Planned for Q2 2023

Nextech plans to spin out its Toggle3D (CSE: TGGL) design studio SaaS Software platform as a separate public company. It will trade on the CSE and Nextech is working on getting dual-listed in the United States on the OTC, and Internationally on the Frankfurt Stock Exchange. Nextech will keep 16 million shares and 4 million shares are being distributed directly to the shareholders of Nextech on a pro-

rata basis. Nextech currently intends to transfer 3 million of the 16 million shares it receives to certain service providers in consideration of past services and other indebtedness. **In addition, t**he deal involves a private placement of a minimum of 6,000,000 subscription receipts at a price of CN$0.25 to raise gross proceeds of a minimum of CN$1.5 million. The unit is comprised of one common share and one warrant exercisable at CN$0.50 for three years.

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

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

KEY POINTS

- Nextech AR Solutions (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2) is a diversified augmented reality, AI technology company that leverages proprietary artificial intelligence (AI) to create 3D experiences for the metaverse. Its main businesses are creating 3D WebAR photorealistic models for the Prime Ecommerce Marketplace as well as many other online retailers. The company develops or acquires what it believes is a disruptive technology and once commercialized, spins them out as stand-alone public companies issuing a stock dividend to shareholders while retaining a significant ownership stake in the public spin-out. On October 26, 2022, Nextech completed its first spin-out of an augmented reality wayfinding solution company called ARway, (OTC: ARWYF/CSE: ARWY). The company owns 13 million shares in ARway and distributed four million shares to Nextech AR shareholders. The company's second spinout is Toggle3D, an AI-powered 3D design studio to compete with Adobe.

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

- Augmented Reality (AR) and 3D Models are just beginning to make their way into mainstream use and the market is exploding. Nextech AR is the only public pure-play we know of that is providing services to allow companies to use AR and 3D in marketing and advertising their goods. At a small

price to vendors per month per SKU, the adoption of just a tiny percent of the trillions of products sold worldwide will create a massive revenue stream for Nextech AR.

- The company currently has three sources of revenue:
  - Its largest revenue generator had been an eCommerce business used as a test lab and driven by AR, 3D Models, and holograms in its marketing. It is being discontinued but so far only its pet business has been accounted for as a discontinued operation. Investors should not expect any revenue from this business in 2023.
  - Its main revenue generator going forward is its SaaS offerings for businesses that provide AR, 3D models, holograms, and metaverses created by Nextech AR, or by the customer themselves, for use on their shopping websites and mobile apps, or in ad campaigns. ECommerce customers are charged a monthly fee based on the number of SKUs or per model.
  - The company also owns an events business that provides both virtual and in-person events and incorporates all its AR and Metaverse technologies

- With a nascent market projected to increase by 289% per year over the next five years, Nextech is a unique public pure play that could deserve a higher valuation. It currently trades at an enterprise value of approximately US$45 million or 5.8xs projected 2023 sales of US$7.8 million.

VALUATION

We have taken a group of companies involved in augmented reality, companies that provide conferencing plus Roblox the metaverse company. At current valuations, we get an average of 4.4 times EV/2024 Sales. However, given Nextech's rapid growth versus the comps, we believe it deserves at least the high end of the range or 6.3 times revenues which is Roblox.

So, using US$15.7 million for 2024 estimated sales, and a 7.2 multiple, Nextech could be worth an enterprise value as high as US$113 million or a market value of US$115 million. Dividing by the current shares of 109.5 million, this would be approximately US$1.05 per share. Nextech's ownership of ARway of 13 million shares adds $7.6 million to the valuation as an asset. Adding in ARway the stock is worth US$1.12.

Company	Ticker	Calendar Revenue 2024E	Calendar Revenue 2023E	LTM	EBIDTA Margin	Enterprise Value / Sales 2024E	2023E	LTM	Enterprise Value
Roblox	RBLX	3,780	3,310	2,230	-36%	6.3	7.2	10.7	23,919
Salesforce	CRM	38,550	34,640	31,350	17%	5.2	5.8	6.4	200,640
Snap	SNAP	5,500	4,710	4,600	-22%	3.0	3.5	3.6	16,700
Zoom	ZM	4,670	4,450	4,390	7%	3.1	3.2	3.2	14,255
Average						4.4	4.9	6.0	57,938

RISKS

- Nextech is a start-up with limited operating history in its current businesses. There is no assurance it will evolve into a sustainable, profitable going concern. As such forecasts are subject to a wide range of outcomes.

- The company is operating at a loss, and though it is not expected, it may need to raise capital until it reaches cash flow break-even which could result in the dilution of current shareholders.

- AR usage is beginning to be used by early adopters and it is hard to predict how fast AR will be put into use by mainstream eCommerce sites. The company's business with AR customers is still very small although it seems to be beginning to garner meaningful traction.

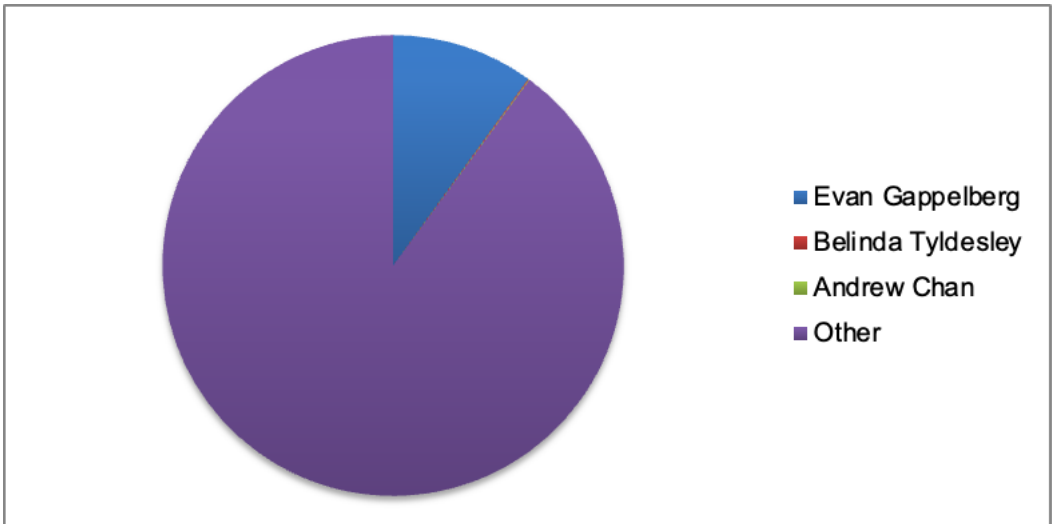
- This industry will attract many larger companies with much greater resources who could compete with Nextech in the future.

- The company is constantly launching new products and features that may or may not be commercially successful.

- With the return to normal business operations, the need for virtual conferencing capabilities has waned further and has reduced revenues.

- Some of the value of Nextech is based on its ability to successfully spin out other parts of its business at high valuations. These spin-outs may not occur or reach the valuations investor might expect.

OWNERSHIP



INCOME STATEMENT

	Mar. 31, 2021R	June 30, 2021R	Sept 30, 2021R	Dec. 31, 2021R	Mar 31, 2022R	June 30, 2022R	Sept 30, 2022R	Dec 31, 2022	Mar 31, 2023E	June 30, 2023E	Sept 30, 2023E	Dec 31, 2023E	2021R	2022	2023E	2024E
Technology services	1,350,066	1,371,056	931,494	1,633,078	36,763	35,478	45,768	$62,287	46,000	50,000	50,000	50,000	5,255,451	180,296	196,000	196,000
Yr-to-Yr Growth	2831%	632%	22%	-27%	-97%	-97%	-95%	-96%	25%	41%	9%	-20%	53.8%	-96.6%	NA	NA
Renewable Software licenses	367,378	289,977	226,405	510,313	459,469	517,889	875,016	$850,769	1,191,077	2,200,000	3,000,000	4,000,000	1,394,070	2,849,171	10,391,077	21,000,000
Yr-to-Yr Growth	NA	19%	153%	173%	25%	79%	286%	67%	159%	325%	243%	370%	315.8%	104.4%	264.7%	102.1%
Interest and investment income	NA	NA	NA	10,082	NA	NA	NA	139,802	50,000	50,000	10,000	-	40,328	195,324		
Net Revenue	**$1,717,444**	**$1,661,033**	**$1,157,899**	**$2,153,473**	**$496,232**	**$553,367**	**$920,784**	**$1,052,858**	**$1,287,077**	**$1,900,000**	**$3,060,000**	**$4,050,000**	**$6,689,849**	**$3,224,791**	**$10,587,077**	**$21,196,000**
Yr-to-Yr Growth					-71%	-67%	-20%	-51%	159%	243%	232%	285%	78.3%	-51.8%	228.3%	100.2%
Cost of goods	1,043,810	1,214,677	1,338,461	1,224,373	254,483	347,283	365,520	$642,843	788,535	955,000	1,230,000	1,417,500	4,821,321	1,593,076	4,681,035	7,418,600
Gross margin	673,634	446,356	(180,562)	929,100	241,749	206,084	555,264	410,015	498,542	945,000	1,830,000	2,632,500	1,868,528	1,631,715	5,906,042	13,777,400
Percent of revenues	39.2%	26.9%	-15.6%	43.1%	48.7%	37.2%	60.3%	38.9%	38.7%	49.7%	59.8%	65.0%	27.9%	50.6%	55.8%	65.0%
Operating expenses																
Sales and marketing				1,988,351				934,116	1,000,000	1,000,000	1,000,000	1,000,000	10,437,523	5,013,367	4,000,000	7,500,000
General and administrative				2,999,402				4,301,592	3,176,592	3,200,000	2,700,000	2,700,000	9,683,311	13,377,575	11,776,592	10,800,000
R&D				1,222,998				827,334	800,000	800,000	800,000	800,000	6,609,471	3,892,208	3,200,000	3,200,000
Stock-based compensation				2,645,537				(52,702)	300,000	300,000	300,000	300,000	5,030,449	1,715,690	1,200,000	1,200,000
Amortization				807,660				579,491	550,000	530,000	530,000	530,000	2,050,147	2,655,652	2,140,000	1,500,000
Depreciation				17,412				28,393	20,000	20,000	20,000	20,000	114,733	122,930	80,000	50,000
Right of use amortization				(64,885)				19,226	19,226	19,226	19,226	19,226	44,861	76,905	76,905	76,905
Total operating expenses				6,210,751				6,637,450	5,865,818	5,869,226	5,369,226	5,369,226	33,970,495	26,854,327	22,473,497	24,326,905
Operating Income								(6,227,435)	(5,367,276)	(4,924,226)	(3,539,226)	(2,736,726)	(32,101,967)	(25,222,612)	(16,567,455)	(10,549,505)
Other income																
Gain on liability				-				-	-	-	-	-	(219,321)	(381,019)	-	-
Gain on short-term investments								(290,275)	-	-	-	-	-	-	-	
Gain on contingent consideration				(159,660)				-	-	-	-	-	(1,573,308)	-	-	-
Impairment of intangibles				-				476,113	-	-	-	-	-	3,178,426	-	-
Loss on sale of assets									(351,188)				-	-	(351,188)	-
Minority income				-				-	-	-	-	-		-	-	
Foreign exchange loss (gain)				206,954				(379,605)	-	-	-	-	(267,725)	(1,345,593)	-	-
Total other expense				47,294				(193,767)	(351,188)	-	-	-	(2,060,354)	1,451,814	(351,188)	-
Income before income taxes				(5,328,945)				(6,421,202)	(5,016,088)	(4,924,226)	(3,539,226)	(2,736,726)	(30,041,613)	(26,674,426)	(16,216,267)	(10,549,505)
Income taxes				177,386				271,033	100,000	100,000	100,000	100,000	177,386	637,222	400,000	400,000
Tax rate				-3.3%				-4.2%	-2.0%	-2.0%	-2.8%	-3.7%	-0.6%	-2.4%	-2.5%	-3.8%
Net income				(5,151,559)				(6,150,169)	(4,916,088)	(4,824,226)	(3,439,226)	(2,636,726)	(29,864,227)	(26,037,204)	(15,816,267)	(10,149,505)
Income from discontinued ops.								(1,292,021)			-		(2,787,826)	(1,341,111)		
Non-IFRS net income				(2,665,682)				(5,292,033)	(4,616,088)	(4,524,226)	(3,139,226)	(2,336,726)	(26,407,086)	(19,774,107)	(14,616,267)	(8,949,505)
Exchange differences on translating				(66,386)				76,662	0	0	0	0	226,852	(121,940)	0	0
Exchange differences on discontinued				NA				NA	0	0	0	0	43,715	(310,905)	0	0
Total comprehensive loss				(5,217,945)				(6,073,507)	(4,916,088)	(4,824,226)	(3,439,226)	(2,636,726)	(32,425,201)	(27,811,160)	(15,816,267)	(10,149,505)
Non-controlling interests				0				(438,201)	(700,000)	(700,000)	(700,000)	(700,000)	0	(438,201)	(2,800,000)	(1,000,000)
Total comp. to Nextech shareholders				(5,217,945)				(5,635,306)	(4,216,088)	(4,124,226)	(2,739,226)	(1,936,726)	(32,425,201)	(27,372,959)	(13,016,267)	(9,149,505)
Earnings per share				**$ (0.06)**				**$ (0.06)**	**$ (0.05)**	**$ (0.04)**	**$ (0.03)**	**$ (0.02)**	**$ (0.35)**	**$ (0.26)**	**$ (0.14)**	**$ (0.09)**
Non-IFRS earnings per share				$ (0.03)				$ (0.05)	$ (0.04)	$ (0.04)	$ (0.03)	$ (0.02)	$ (0.31)	$ (0.20)	$ (0.13)	$ (0.08)
Shares outstanding				90,077,002				101,000,000	108,000,000	109,509,293	109,509,293	109,509,293	83,888,487	100,201,691	109,131,970	110,000,000
Yr-to-Yr Growth				21%				12%	11%	10%	11%	8%	22.2%	19.4%	8.9%	0.8%
All in shares				99,116,767				133,642,000	140,642,000	142,151,293	142,151,293	142,151,293	92,224,652	124,980,795	141,773,970	141,773,970

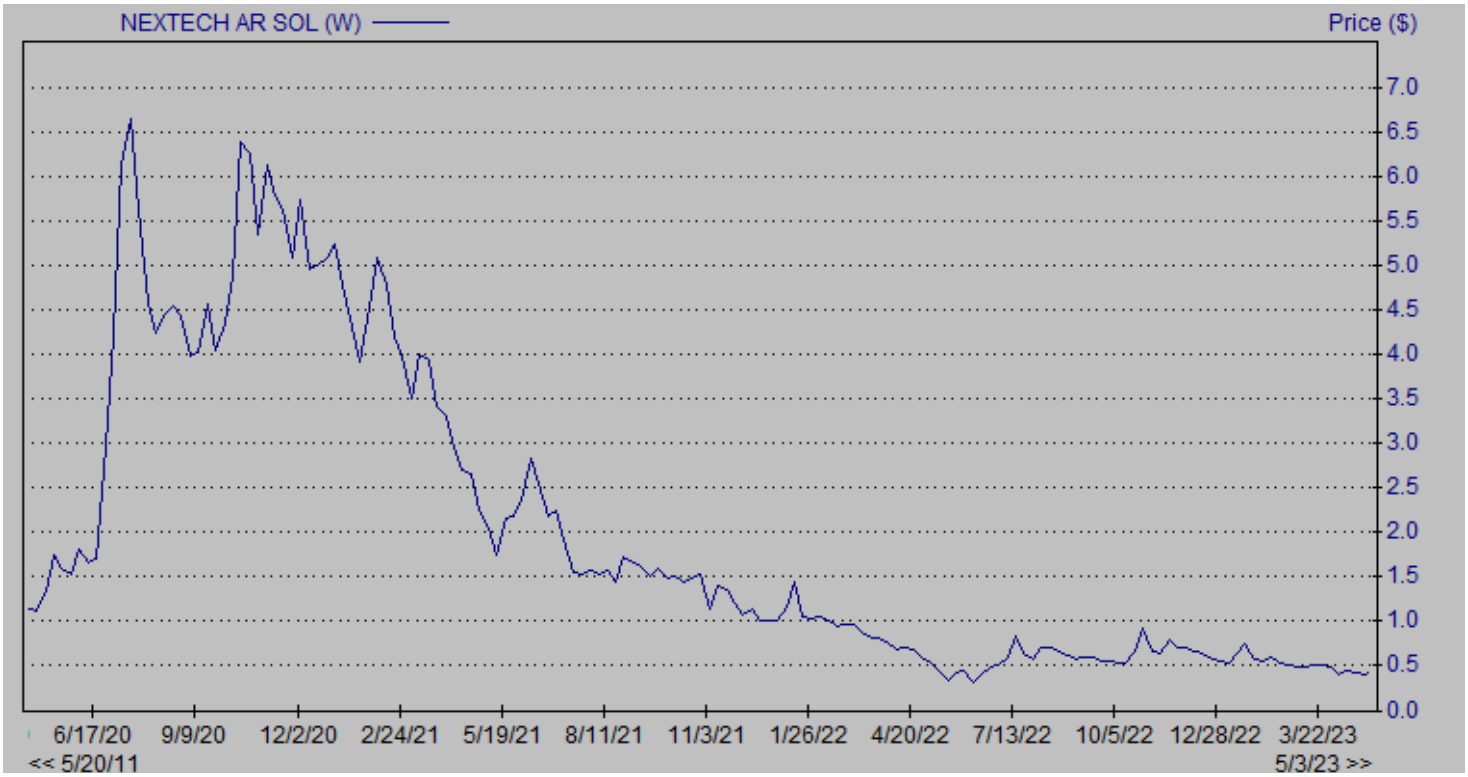
BALANCE SHEET

Canadian Dollars	Dec 31, 2022	Sept 30, 2022	Qtr-Qtr % Change	Dec 31, 2021R	Yr-Yr % Change
Assets:					
Cash and cash equivalents	**3,777,117**	**5,278,516**	-28%	**7,237,296**	-48%
Accounts receivable	744,331	624,694	19%	1,081,164	-31%
Deferred asset	256,818	260,639	-1%	0	NM
Prepaid expenses	310,906	472,442	-34%	749,474	-59%
Contract assets	332,197	261,692	27%	386,202	-14%
Inventory	45,289	640,852	-93%	3,389,098	-99%
Non-current assets held for sale	501,188	534,664	-6%	0	NM
Total current assets	5,967,846	8,073,499	-26%	12,843,234	-54%
Equipment	278,463	354,527	-21%	377,242	-26%
Right of use assets	829,278	919,096	-10%	1,079,319	-23%
Intangible assets	3,313,741	4,200,687	-21%	6,419,934	-48%
Goodwill	6,746,378	7,061,970	-4%	8,790,529	-23%
Total Assets	17,135,706	20,609,779	-17%	29,510,258	-42%
Current Liabilities:					
AP & accrued liabilities	2,641,918	2,309,942	14%	2,759,017	-4%
Deferred revenue	437,746	471,835	-7%	609,001	-28%
Lease liabilities	222,250	259,348	-14%	290,357	-23%
Liab. assoc w/assets held for sale	92,532	0	NM	0	NM
Total current liabilities	3,394,446	3,041,125	12%	3,658,375	-7%
Lease liabilities	582,586	644,420	-10%	786,755	-26%
Deferred income tax liability	29,974	399,962	-93%	712,215	-96%
Loan payable	0	0	0%	90,896	-100%
Total Liabilities	4,007,006	4,085,507	-2%	5,248,241	-24%
Stockholders' Equity					
Share capital	83,271,706	82,185,705	1%	70,570,760	18%
Reserves	12,754,708	12,608,012	1%	12,649,994	1%
Accum. other comprehensive inc	827,101	1,790,153	-54%	1,259,946	-34%
Shareholder's Equity NexTech	(85,898,862)	(80,059,598)	7%	(60,218,683)	43%
Non-controlling interest	2,174,048	0	NM	0	NM
Total Stockholders' Equity	13,128,701	16,524,272	-21%	24,262,017	-46%
Total Liabilities & Stockholders' Equity	17,135,707	20,609,779	-17%	29,510,258	-42%
Current ratios	1.8	2.7	-34%	3.5	-50%
Quick ratio	1.7	2.4	-29%	2.6	-32%
Cash	3,777,117	5,278,516	-28%	7,237,296	-48%
Cash as % of assets	22%	26%	-14%	25%	-10%
Working Capital	2,573,400	5,032,374	-49%	9,184,859	-72%
Debt	0	0	0%	90,896	-100%
Debt/Total Assets	0.0%	0.0%	0%	0.3%	-100%

CASH FLOW

	3 Months Ending Mar 31, 2021	3 Months Ending June 30, 2021	3 Months Ending Sept 30, 2021R	3 Months Ending Dec 31, 2021R	Year 2021R	3 Months Ending Mar 31, 2022	3 Months Ending June 30, 2022	3 Months Ending Sept 30, 2022	3 Months Ending Dec 31, 2022	Year 2022
Net Income	$ (9,183,777)	$ (6,886,998)	$ (8,186,256)	$ (6,919,037)	$ (29,864,227)	$ (8,945,196)	$ (10,475,723)	$ (4,354,675)	$ (4,203,201)	$ (26,037,215)
Discontinued operations	NA	NA	$ (30,418)	$ (2,444,576)	$ (2,787,826)	NA	NA	$ (49,090)	$ (2,074,264)	$ (1,341,111)
Adjustments to reconcile net loss to net cash used in operating activities:										
Amortization	380,220	179,378	682,889	773,349	2,050,147	728,378	750,429	597,354	579,491	2,655,652
Right of use assets	34,311	45,011	13,466	113,391	206,179	63,082	63,770	77,624	56,625	261,101
Gain on sale of bitcoin	(219,321)	0	0	0	(219,321)	0	0	0	0	0
Deferred income tax recovery	0	0	0	0	0	(138,933)	(121,852)	(126,777)	126,777	0
Depreciation	27,950	32,085	37,286	35,824	133,145	37,117	37,124	36,941	32,385	143,567
Gain on liability	0	0	0	0	0	0	0	(90,744)	(290,275)	(381,019)
Gain on contingent consideration	0	(1,516,048)	102,400	(159,660)	(1,573,308)	0	0	0	0	0
Shares issues to settle related party liabilities	0	0	0	0	0	0	0	0	0	0
Stock-based compensation	2,402,628	556,415	0	5,030,449	5,030,449	578,805	878,286	311,301	(52,702)	1,715,690
Options and warrants exercised shares out	6,300	0	0	0	0	0	0	0	0	0
Share-based payments	22,156	(22,156)	(574,131)	(2,384,912)	0	0	0	0	625,000	625,000
Shares for services	1,299,845	0	78,535	211,512	1,589,894	717,066	148,500	581,286	(154,015)	1,292,837
Impairment of intangible asset & goodwill	0	0	0	0	0	0	2,702,313	0	476,113	3,178,426
Changes in assets and liabilities:										
Receivables	(783,405)	997,883	(797,207)	814,113	231,384	62,150	600,222	(223,510)	(168,989)	269,873
Deferred asset	0	0	0	0	0	0	(153,185)	(107,454)	3,821	(256,818)
Contract asset	(115,582)	22,853	69,342	(118,327)	(141,724)	261,220	(68,653)	(68,057)	(70,505)	54,005
Prepaid expenses	(390,207)	437,732	411,727	145,643	604,895	(145,331)	362,636	59,727	131,711	408,743
Inventory	(1,462,220)	606,386	(514,123)	1,192,534	(177,423)	861,905	160,434	1,228,785	703,218	2,954,342
Accounts payable and accrued liabilities	1,448,960	(1,543,259)	1,399,775	(1,073,896)	231,580	(848,858)	739,778	(342,533)	427,043	(24,570)
Other payables	0	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	(205,898)	(205,898)	0	0	0	(673,290)	(673,290)
Deferred revenue	810,047	246,841	133,360	(964,269)	225,979	13,897	(200,758)	49,695	(34,089)	(171,255)
Net Cash Used In cont operating activities	(5,722,095)	(6,843,877)	(6,804,199)	(7,119,921)	(25,408,200)	(6,754,698)	(4,576,679)	(2,716,519)	(5,366,944)	(16,615,587)
Net cash from discontinued	NA	NA	(369,156)	1,166,161	742,125	NA	NA	296,392	1,068,583	1,289,545
CASH FLOWS FROM INVESTING ACTIVITIES:										
Purchase of Bitcoin	2,765,356	0	0	0	0	0	0	0	0	0
Sale of bitcoin	0	0	0	0	2,765,356	0	0	0	0	0
Purchase of equipment	(50,414)	(60,505)	(27,653)	(40,199)	(178,772)	(46,553)	(37,485)	(15,951)	(18,178)	(101,784)
Purchase of intangibles	0	0	0	0	0	0	0	0	0	0
Interest on lease liability	0	0	0	(18,288)	(18,288)	(6,712)	(6,890)	(8,441)	(6,625)	(28,668)
Acquisiton of Map Dynamics	0	0	0	0	0	0	0	0	0	0
Net Cash Used In Cont Investing Activities	2,714,942	(60,505)	(27,653)	(44,831)	2,581,952	(53,265)	(44,375)	(24,392)	(287)	(105,936)
Net used discontinued				(13,656)	(13,656)	0	0	0	(24,516)	(24,516)
CASH FLOWS FROM FINANCING ACTIVITIES:										
Convertible debenture	0	0	0	0	0	0	0	0	0	0
Capital contribution	0	0	0	0	0	0	0	0	0	0
Proceeds from private placement, net	0	12,632,937	0	5,038,898	5,038,898	8,936,496	1,910	0	(48,057)	8,890,349
Proceeds from pubilc offering, net	0	0	0	11,866,001	11,866,001				0	0
Repayment of loan	0	0	0	(12,632,937)	0	0	0	(90,896)	0	(90,896)
Proceeds from options and warrants	486,464	800,184	123,986	794,397	2,211,331	0	0	0	0	0
Proceeds from employee pay program	0	0	0	0	0	0	0	1,488,526	1,008,102	2,496,628
Lease payments	(44,567)	(91,212)	(13,145)	(54,017)	(202,940)	(73,398)	(74,369)	(90,934)	(92,767)	(331,468)
Payment of contingent consideration	0	0	(18,902)	99	(18,803)	0	0	0	0	0
Subsidiary shares:				0					0	
Issuance to non-cont. interest, net				0	0	0	0	0	1,657,354	1,657,354
Net Cash Provided By Fin Activities, cont	441,897	13,341,909	91,939	5,181,808	19,063,854	8,863,098	(72,459)	1,306,696	2,770,252	12,867,587
Net Cash Provided By Discont.				(169,368)	(169,368)				(245,620)	(245,620)
Foreign exchange	(219,680)	24,142	(27,373)	(21,449)	(244,363)	247,693	(507,166)	(634,979)	294,563	(616,272)
Net Increase in Cash	(2,565,256)	6,437,527	(7,109,069)	(999,807)	(3,762,394)	2,055,135	(4,693,513)	(1,137,823)	(1,798,532)	(2,834,527)
Cash - Beginning of Period	10,684,953	7,900,017	15,395,005	8,258,563	10,684,953	7,001,580	9,304,408	7,063,268	5,290,466	7,237,296
Cash - End of Period, continuing	7,900,017	14,361,686	8,258,563	7,001,580	7,001,580	9,304,408	4,103,729	5,278,516	3,789,071	3,777,120
Cash - End of Period, discontinued	0	0	0	235,715	235,715	NA	NA	11,950	(2,574)	9,376
Cash, end of period	7,900,017	14,361,686	8,258,563	7,237,295	7,237,295	9,304,408	4,103,729	5,290,466	3,786,497	3,786,496
Operating cash flow	(5,229,688)	(7,612,313)	(7,876,229)	(3,299,084)	(22,647,042)	(6,959,681)	(6,017,153)	(3,016,780)	(2,803,802)	(16,545,961)
Free cash flow	(5,280,102)	(7,672,818)	(7,903,882)	(3,339,283)	(22,825,814)	(7,006,234)	(6,054,638)	(3,032,731)	(2,821,980)	(16,647,745)
Supplemental information										
Taxes paid	0	8,967	(224)	(6,584)	2,159	0	21,571	220	5,214	27,005
Interest paid	1,261	6,014	9,022	8,548	24,846	9,550	8,308	5,600	7,452	30,910
Interest received	9,298	12,171	(54,895)	6,910	40,336	11,830	27,498	34,392	34,670	108,390

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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