Zacks Small-Cap Research

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Nextech3D.ai (OTCQX: NEXCF)

NEXCF: Reports Q2 Revenues of $1.7 Million, up 153%; Spins Off Toggle3D

Based on an EV to estimated EV/2024 sales multiple of 3.8xs, plus the value of ARway and Toggle3D we believe Nextech stock could be worth US$0.65 per share.

Current Price (8/23/2023)	US$0.26
Valuation	**US$0.65**

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$0.95**
52-Week Low	**US$0.26**
One-Year Return (%)	**-58.1**
Beta	**1.6**
Average Daily Volume (sh)	**194,170**
Shares Outstanding (mil)	**118.3**
Market Capitalization ($mil)	**US$31**
Short Interest Ratio (days)	**0.4**
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	**Above Average**
Type of Stock	**Small Blend**
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 A	$1.4 A	$1.7 E	$2.1 E	$6.4 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	-$0.07 R	-$0.09 R	-$0.05 A	-$0.06 A	-$0.26 A
2023	-$0.06 A	-$0.06 A	-$0.05 E	-$0.05 E	-$0.22 E
2024					-$0.09 E

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

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WHAT'S NEW

Nextech3D.ai Q2 Highlights are: Revenue Growth of 153%, The Spin off of Toggle3D, and a $2.2 Million Add on Order From Amazon

Nextech reported Q2 revenues of $1.4 million, up $100,000 sequentially from Q1 and 153% from Q2 2022. The company had preannounced this number on August 1st. Investors are still awaiting news that Nextech's 3D modeling services will be available to merchants in Amazon's Seller Central which is expected to boost demand dramatically. This could happen as soon as Q3 and as late as Q1 2024. It is unknown when this might be as the launch is controlled by Amazon.

Nextech spun out its Toggle3D (CSE: TGGL) design studio SaaS Software platform as a separate public company on June 5th and its first trade date was June 14, 2023. It trades on the CSE, on the OTC, and soon on the Frankfurt Stock Exchange. Nextech kept 16 million shares and 4 million shares were distributed directly to the shareholders of Nextech on a pro-rata basis. Nextech transferred three million of the 16 million shares it received to certain service providers in consideration of past services and other indebtedness. Toggle3D has already raised $2 million. Management believes 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.

On July 27th, Nextech announced an add-on order from Amazon of $2.2 million and we expect that borrowing against this contract could be another source of cash.

Q2 2023 Report

Nextech reported Q2 2023 revenues from continuing operations of $1.4 million versus $552,000 last year with eCommerce revenues removed. Renewable software license revenue was the major part contributing $1.3 million of that number. For the six months, Amazon was 49% of revenues.

The gross margin for the quarter was reported as 37.7% compared to a restated 37.1% last year removing eCommerce. This was down sequentially from 41.0% in Q1 2023. Nextech expects gross margins to improve sequentially as the year progresses.

Operating expenses were $6.5 million compared to $7.8 million in Q2 2022 and $6.9 million in Q1 where there was a one-time non-cash expense of $450,000 for investor relations. General and administrative expenses were $2.7 million, down $1.3 million from $3.9 million a year ago. Of the $6.5 million in revenues, $1.5 million were attributable to ARway and Toggle3D.

The company had an operating loss of $6.0 million, down from $$7.5 million in Q2 2022 and from $6.4 million in Q1 2023.

The net loss for the quarter was $6.6 million for continuing operations compared to $9.3 million in 2022, which now excludes eCommerce. This resulted in a loss per share of $0.06 compared to a loss of $0.09 in Q2 2022.

The company continues to reduce quarterly operating expenses. Next quarter it will no longer have Toggle3D expenses on its income statement.

Nextech now has 118.3 million shares outstanding and trades at a market value of US$32 million or an enterprise value of about US$28 million. It owns 13 million shares of ARWY valued at US$6.1 million and

13 million shares of Toggle3D valued at US$8.0 million. We estimate revenues of CN$6.4 million this year making EV to sales 5.9 times. We expect revenues to more than double next year.

Balance Sheet

Nextech ended the June quarter with $3.8 million in cash, working capital of $345,752, and no debt. In addition, the company owns 13 million shares of ARway worth $6.1 million under a three-year lockup. Twenty-five percent of the shares are free trading today and another 15% get unlocked every six months. It also owns 13 million shares of Toggle3D under the same lockup terms worth $ million.

On May 18th Nextech3D.AI received an initial $2 million cash infusion from FinTech Ratio Tech by borrowing against money owed by contract but not yet billed or earned. This financing is non-dilutive and the interest rate is prime plus 3.5%. Amounts are repayable in equal monthly US$187,500 starting July 30th, 2023, until it has been repaid.

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 CAD$0.45 per share and associated warrant. Each warrant entitles the holder to purchase one common share at an exercise price of CAD$0.52 for a period of 36 months.

As of August 22nd, Nextech had 118,340,491 common shares issued and outstanding. It also has 15,433,152 share purchase options outstanding at exercise prices ranging from $0.50 to $6.51 per option and expiry dates ranging from August 29, 2023, to June 20, 2027. The company has 27,775,015 share purchase warrants outstanding at exercise prices ranging from $0.52 to $2.06 per warrant and expiry dates ranging from August 21, 2024, to January 31, 2027.

After the Quarter Ended

On July 11th 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 the same day, the company announced that a large enterprise customer that is part of the Wesfarmers, Stock symbol: WFAFY (OTCMKTS) one of Australia's largest listed companies whose businesses include Bunnings, Kmart Group, Officeworks, and others, has renewed and expanded its contract for over 1,000+ 3D models.

On July 27th 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.

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 aug-

mented 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.

- 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 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 US$28 million or 5.9xs projected 2023 sales.

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 3.8 times EV/2024 Sales.

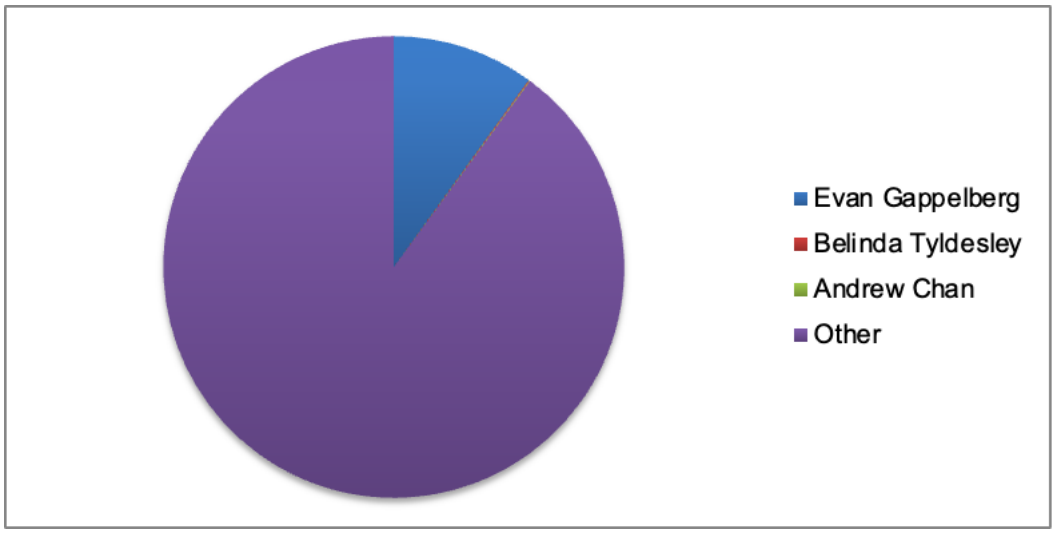
So, using US$15.8 million for 2024 estimated sales, and a 3.8 multiple, Nextech could be worth an enterprise value as high as US$60 million or a market value of US$63 million. Dividing by the current shares of 118 million, this would be approximately US$.53 per share. Nextech’s ownership of ARway of 13 million shares ($6.1 million) and 13 million shares of Toggle3D ($8.0 million) adds US$14.1 million to the valuation as an asset. Adding in those two, Nextech stock is worth at least US$0.65 per share.

Company	Ticker	Calendar Revenue 2024E	Calendar Revenue 2023E	LTM	EBIDTA Margin	Enterprise Value / Sales 2024E	Enterprise Value / Sales 2023E	Enterprise Value / Sales LTM	Enterprise Value
Roblox	RBLX	3,970	3,440	2,430	-42%	4.1	4.7	6.7	16,280
Salesforce	CRM	38,400	34,650	32,190	21%	5.2	5.8	6.2	200,200
Snap	SNAP	5,130	4,510	4,480	-25%	3.0	3.5	3.5	15,560
Zoom	ZM	4,700	4,480	4,420	4%	2.9	3.1	3.1	13,700
Average						3.8	4.3	4.9	57,404

RISKS

- Nextech3D.ai 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.
- In the first six months of 2023, Amazon was 49% of total sales. 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 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, 2022R	June 30, 2022R	Sept 30, 2022R	Dec 31, 2022	Mar 31, 2023	June 30, 2023	Sept 30, 2023E	Dec 31, 2023E	2021R	2022	2023E	2024E
Technology services	36,763	34,056	45,768	$62,287	80,250	44,986	44,986	44,986	5,255,451	180,296	215,208	215,208
Yr-to-Yr Growth	-97%	-98%	-95%	-96%	118%	32%	-2%	-28%	53.8%	-96.6%	NA	NA
Renewable Software licenses	459,469	490,390	875,016	$850,769	1,188,673	1,318,260	1,645,014	2,000,000	1,394,070	2,849,171	6,151,947	21,000,000
Yr-to-Yr Growth	25%	69%	286%	67%	159%	169%	88%	135%	315.8%	104.4%	115.9%	241.4%
Interest and investment income	13,979	27,499	NA	139,802	32,271	41,757	10,000	-	40,328	195,324		
Net Revenue	**$510,211**	**$551,945**	**$920,784**	**$1,052,858**	**$1,301,194**	**$1,405,003**	**$1,700,000**	**$2,044,986**	**$6,689,849**	**$3,224,791**	**$6,367,155**	**$21,215,208**
Yr-to-Yr Growth	-70%	-67%	-20%	-51%	155%	155%	85%	94%	78.3%	-51.8%	97.4%	233.2%
Cost of goods	254,483	347,303		$642,843	767,308	875,033	1,003,000	1,124,742	4,821,321	1,593,076	3,686,055	7,425,323
Gross margin	255,728	204,642		410,015	533,886	529,970	697,000	920,244	1,868,528	1,631,715	2,681,100	13,789,885
Percent of revenues	50.1%	37.1%		38.9%	41.0%	37.7%	41.0%	45.0%	27.9%	50.6%	42.1%	65.0%
Operating expenses												
Sales and marketing	1,652,708	1,249,004		934,116	1,650,308	1,358,985	1,300,000	1,300,000	10,437,523	5,013,367	5,609,293	7,500,000
General and administrative	3,021,987	3,941,315		4,301,592	2,591,629	2,673,998	2,700,000	2,700,000	9,683,311	13,377,575	10,665,627	10,800,000
R&D	1,027,194	880,272		827,334	879,904	877,262	875,000	875,000	6,609,471	3,892,208	3,507,166	3,507,166
Stock-based compensation	578,805	878,286		(52,702)	1,170,671	1,084,471	1,100,000	1,100,000	5,030,449	1,715,690	4,455,142	4,455,142
Amortization	373,594	750,429		934,275	530,659	500,094	500,000	500,000	2,050,147	2,655,652	2,030,753	1,500,000
Depreciation	31,659	31,580		28,393	29,331	15,546	15,546	15,546	114,733	122,930	75,969	50,000
Right of use amortization	19,226	19,227		19,226	55,846	(118)	-	-	44,861	76,905	55,728	55,728
Total operating expenses	6,705,173	7,750,113		6,992,234	6,908,348	6,510,238	6,490,546	6,490,546	33,970,495	26,854,327	26,399,678	27,868,036
Operating Income	(6,449,445)	(7,545,471)		(6,582,219)	(6,374,462)	(5,980,268)	(5,793,546)	(5,570,302)	(32,101,967)	(25,222,612)	(23,718,578)	(14,078,151)
Other income												
Interest expense	-	-		-	-	-	44,000	66,000			110,000	66,000
Gain on liability	-	-		-	-	-	-	-	(219,321)	(381,019)	-	-
Gain on short-term investments				(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)		(376,922)	(93,962)	743,127	-	-	(267,725)	(1,345,593)	649,165	-
Total other expense	441,880	1,858,410		(191,084)	285,114	708,297	-	-	(2,060,354)	1,451,814	1,103,411	66,000
Income before income taxes	(6,891,325)	(9,403,881)		(6,773,303)	(6,659,576)	(6,688,565)	(5,793,546)	(5,570,302)	(30,041,613)	(26,674,426)	(24,821,989)	(14,144,151)
Income taxes	30,334	114,724		271,033	95,647	89,620	89,620	89,620	177,386	637,222	364,507	364,507
Tax rate	-0.4%	-1.2%		-4.0%	-1.4%	-1.3%	-1.5%	-1.6%	-0.6%	-2.4%	-1.5%	-2.6%
Net income	(6,860,991)	(9,289,157)		(6,502,270)	(6,563,929)	(6,598,945)	(5,703,926)	(5,480,682)	(29,864,227)	(26,037,204)	(24,457,482)	(13,779,644)
Income from discontinued ops.	(589,241)	295,605		(1,292,021)	-	-	-	-	(2,787,826)	(1,341,111)	-	-
Non-IFRS net income	(5,632,186)	(4,712,558)		(5,644,134)	(5,393,258)	(5,514,474)	(4,603,926)	(4,380,682)	(26,407,086)	(19,774,107)	(20,002,340)	(9,324,502)
Exchange differences on translating	(24,687)	11,126		75,091	(96,448)	454,321	0	0	226,852	(121,940)	357,873	0
Exchange differences on discontinued	NA	(1,571)		NA	0	0	0	0	43,715	(310,905)	0	0
Total comprehensive loss	(6,885,678)	(8,983,997)		(6,427,179)	(6,660,377)	(6,144,624)	(5,703,926)	(5,480,682)	(32,425,201)	(27,811,160)	(24,099,609)	(13,779,644)
Non-controlling interests	0	0		(438,201)	(699,499)	(494,717)	(494,717)	(494,717)	0	(438,201)	(2,183,650)	(1,000,000)
Total comp. to Nextech shareholders	(7,474,919)	(8,983,997)		(5,988,978)	(5,960,878)	(5,649,907)	(5,209,209)	(4,985,965)	(32,425,201)	(27,372,959)	(21,915,959)	(12,779,644)
Earnings per share	**$ (0.07)**	**$ (0.09)**		**$ (0.06)**	**$ (0.06)**	**$ (0.06)**	**$ (0.05)**	**$ (0.05)**	**$ (0.35)**	**$ (0.26)**	**$ (0.22)**	**$ (0.12)**
Non-IFRS earnings per share	$ (0.06)	$ (0.05)		$ (0.06)	$ (0.05)	$ (0.05)	$ (0.05)	$ (0.04)	$ (0.31)	$ (0.20)	$ (0.18)	$ (0.08)
Shares outstanding	97,550,931	99,725,256		101,000,000	106,925,652	109,766,574	118,340,491	118,500,000	83,888,487	100,201,691	113,383,179	118,500,000
Yr-to-Yr Growth	26%	21%		12%	10%	10%	20%	17%	22.2%	19.4%	13.2%	4.5%
All in shares	115,451,931	117,626,256	133,202,993	133,642,000	139,113,652	152,974,741	161,548,658	161,708,167	92,224,652	124,980,795	153,836,305	161,708,167
Adjusted EBITDA	(6,449,445)	(7,545,471)	(5,920,402)		(4,587,955)	(4,380,275)	(4,178,000)	(3,954,756)	(32,101,967)	(25,222,612)	(23,718,578)	(14,078,151)

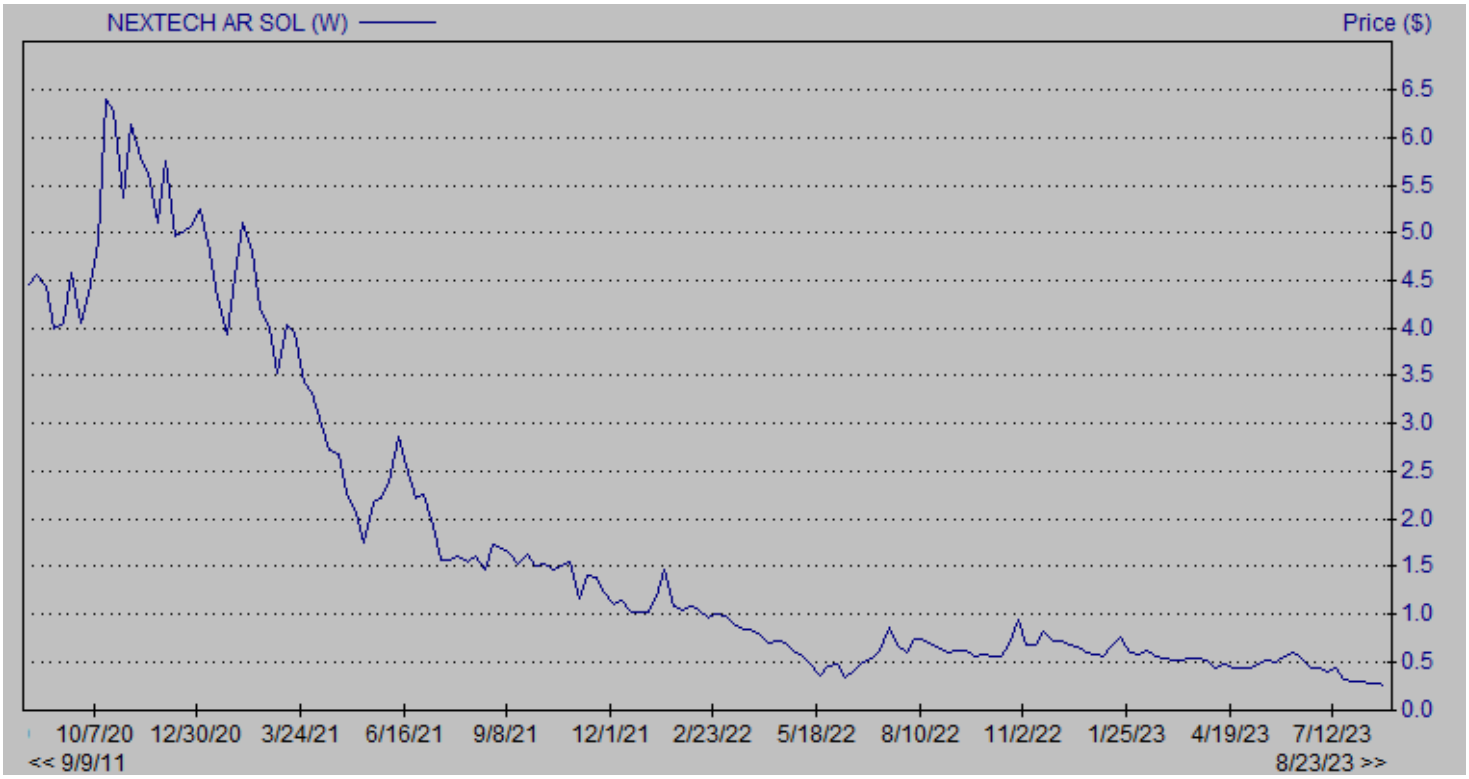
BALANCE SHEET

Canadian Dollars	June 30, 2023	Mar 31, 2023	Qtr-Qtr % Change	Mar 31, 2022	Yr-Yr % Change
Assets:					
Cash and cash equivalents	**3,810,323**	**3,502,217**	9%	**10,781,775**	-65%
Accounts receivable	104,657	941,071	-89%	1,019,014	-90%
Deferred asset	211,641	267,922	-21%	0	NM
Prepaid expenses	376,558	393,394	-4%	894,805	-58%
Contract assets	199,546	253,474	-21%	124,982	60%
Inventory	0	0	0%	2,527,193	-100%
Total current assets	4,702,725	5,358,078	-12%	15,347,769	-69%
Equipment	193,336	200,754	-4%	376,473	-49%
Deferred consideration for PET	199,320	205,230	-3%	0	NM
Deferred tax asset	191,306	0	NM	0	NM
Right of use assets	0	778,351	-100%	1,002,598	-100%
Finance lease receivable on sublease	914,665	0	NM	0	NM
Intangible assets	2,128,558	2,816,471	-24%	5,575,700	-62%
Goodwill	6,434,004	6,624,776	-3%	8,670,827	-26%
Total Assets	14,763,914	15,983,660	-8%	30,973,367	-52%
Current Liabilities:					
AP & accrued liabilities	3,899,601	2,750,665	42%	1,910,159	104%
Deferred revenue	281,044	539,312	-48%	622,898	-55%
Lease liabilities	176,328	157,994	12%	290,357	-39%
Liab. assoc w/assets held for sale	0	0	0%	0	0%
Total current liabilities	4,356,973	3,447,971	26%	2,823,414	54%
Lease liabilities	514,297	591,142	-13%	706,654	-27%
Deferred income tax liability	0	(69,373)	-100%	590,391	-100%
Loan payable	0	0	0%	86,756	-100%
Total Liabilities	4,871,270	3,969,740	23%	4,207,215	16%
Stockholders' Equity					
Share capital	87,677,731	86,931,638	1%	80,202,550	9%
Reserves	16,238,629	14,380,369	13%	11,272,102	44%
Accum. other comprehensive inc	1,184,974	730,653	62%	1,953,782	-39%
Shareholder's Equity NexTech	(97,867,520)	(91,763,291)	7%	(66,662,282)	47%
Non-controlling interest	2,658,830	1,734,551	53%	0	NM
Total Stockholders' Equity	9,892,644	12,013,920	-18%	26,766,152	-63%
Total Liabilities & Stockholders' Equity	14,763,914	15,983,660	-8%	30,973,367	-52%
Current ratios	1.1	1.6	-31%	5.4	-80%
Quick ratio	1.1	1.6	-31%	4.5	-76%
Cash	3,810,323	3,502,217	9%	10,781,775	-65%
Cash as % of assets	26%	22%	18%	35%	-26%
Working Capital	345,752	1,910,107	-82%	12,524,355	-97%
Debt	0	0	0%	86,756	-100%
Debt/Total Assets	0.0%	0.0%	0%	0.3%	-100%

CASH FLOW

	3 Months Ending Mar 31, 2022R	3 Months Ending June 30, 2022R	3 Months Ending Sept 30, 2022	3 Months Ending Dec 31, 2022	Year 2022	3 Months Ending Mar 31, 2023	3 Months Ending June 30, 2023
Net Income	$ (6,860,991)	$ (9,289,157)	$ (4,354,675)	$ (4,203,201)	$ (26,037,215)	$ (6,563,929)	$ (6,598,945)
Discontinued operations	$ (589,241)	$ 295,605	$ (49,090)	$ (2,074,264)	$ (1,341,111)	$ 0	$ 0
Adjustments to reconcile net loss to net cash used in operating activities:							
Amortization	728,378	750,429	597,354	579,491	2,655,652	531,458	500,094
Right of use assets	63,082	19,227	77,624	56,625	261,101	55,846	(118)
Finance income on sublease	0	0	0	0	0	0	41,576
Deferred income tax recovery	(138,933)	(121,852)	(126,777)	126,777	0	0	(98,639)
Depreciation	37,117	31,580	36,941	32,385	143,567	29,331	15,546
Gain on liability	0	0	(90,744)	(290,275)	(381,019)	0	0
Employee pay program	0	148,500	0	0	0	309,593	(84,506)
Treasury shares for employee pay program	0	0	0	0	0	(252,366)	0
Stock-based compensation	578,805	878,286	311,301	(52,702)	1,715,690	1,170,671	0
Write off of equipment	0	0	0	0	0	85,679	0
Deferred consideration receiv on sale of PET	0	0	0	0	0	(205,230)	5,910
Share-based payments	0	0	0	625,000	625,000	0	1,084,471
Gain on write off of right of use assets	0	0	0	0	0	0	(120,626)
Shares for services	717,066	0	581,286	(154,015)	1,292,837	0	0
Impairment of intangible asset & goodwill	0	2,702,313	0	476,113	3,178,426	184,097	0
Changes in assets and liabilities:							
Receivables	62,150	600,222	(223,510)	(168,989)	269,873	(129,780)	836,414
Deferred asset	0	(153,185)	(107,454)	3,821	(256,818)	(11,104)	56,281
Contract asset	261,220	(68,653)	(68,057)	(70,505)	54,005	78,723	53,928
Prepaid expenses	(145,331)	362,636	59,727	131,711	408,743	(52,663)	16,836
Inventory	861,905	160,434	1,228,785	703,218	2,954,342	434,756	0
Accounts payable and accrued liabilities	(848,858)	739,778	(342,533)	427,043	(24,570)	16,219	(1,148,207)
Deferred tax liabilities	0	0	0	(673,290)	(673,290)	(99,347)	0
Deferred revenue	13,897	(200,758)	49,695	(34,089)	(171,255)	101,566	(258,268)
Net Cash Used In cont operating activities	(5,841,560)	(2,605,203)	(2,716,519)	(5,366,944)	(16,615,587)	(4,316,479)	(5,698,253)
Net cash from discontinued	581,826	(792,705)	296,392	1,068,583	1,289,545	0	0
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of equipment	(46,553)	(37,485)	(15,951)	(18,178)	(101,784)	(29,000)	(7,603)
Interest on lease liability	(6,712)	(6,890)	(8,441)	(6,625)	(28,668)	(6,823)	(7,122)
Net Cash Used In Cont Investing Activities	(48,071)	(38,685)	(24,392)	(287)	(105,936)	(35,823)	(14,725)
Net used discontinued	(5,194)	(5,690)	0	(24,516)	(24,516)	0	0
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from private placement, net	8,936,496	1,910	0	(48,057)	8,890,349	2,651,730	(6,350)
Repayment of loan	0	0	(90,896)	0	(90,896)	0	0
Proceeds from employee pay program	0	0	1,488,526	1,008,102	2,496,628	1,579,220	701,794
Lease payments	(73,398)	(74,369)	(90,934)	(92,767)	(331,468)	(131,499)	19,801
Receivables financing, net							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
Net Cash Provided By Fin Activities, cont	8,936,496	(43,090)	1,306,696	2,770,252	12,867,587	4,186,199	5,289,677
Net Cash Provided By Discont.	(73,398)	(29,369)	NA	(245,620)	(245,620)	0	0
Foreign exchange	(5,620)	(203,765)	(634,979)	294,563	(616,272)	(118,171)	731,407
Net Increase in Cash	3,550,099	(3,514,742)	(1,137,823)	(1,798,532)	(2,834,527)	(166,105)	(423,301)
Cash - Beginning of Period	7,237,296	10,781,775	7,063,268	5,290,466	7,237,296	3,786,493	3,502,217
Cash - End of Period, continuing	10,610,765	6,048,083	5,278,516	3,789,071	3,777,120	3,502,217	3,810,323
Cash - End of Period, discontinued	171,010	1,015,185	11,950	(2,574)	9,376	0	0
Cash, end of period	10,781,775	7,063,268	5,290,466	3,786,497	3,786,496	3,502,217	3,810,323
Operating cash flow	(5,464,717)	(4,585,069)	(3,016,780)	(2,803,802)	(16,545,961)	(4,654,850)	(5,255,237)
Free cash flow	(5,511,270)	(4,622,554)	(3,032,731)	(2,821,980)	(16,647,745)	(4,683,850)	(5,262,840)
Supplemental information							
Taxes paid	0	(224)	220	27,009	27,005	800	21,607
Interest paid	9,550	9,022	5,600	6,738	30,910	5,467	11,221
Interest received	11,830	11,956	34,392	50,212	108,390	33,789	17,766

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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