

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Lisa R. Thompson
312-265-9154
lthompson@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

NexTech AR Solutions (OTCQB: NEXCF)

Company Raises Bookings Guidance Fueled By Key Hires

Based on an average EV to estimated 2021 EV/sales multiple of 24.8xs, we believe NexTech stock could be worth \$8.60 per share.

Current Price (02/05/21) US\$5.10
Valuation US\$8.60

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. Its newly acquired Inferno platform allows remote learning, virtual trade shows, and high-end conferencing features integrated with augmented reality and is garnering traction. 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 \$7.14
52-Week Low \$0.58
One-Year Return (%) 209
Beta 2.5
Average Daily Volume (sh) 389,458

Shares Outstanding (mil) 77
Market Capitalization (\$mil) 390
Short Interest Ratio (days) 1.2
Institutional Ownership (%) 0.0
Insider Ownership (%) 10.3

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 2021 Estimate N/M
P/E using 2022 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 (June)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2019	0.9 A	0.9 A	1.6 A	2.0 A	5.3 A
2020	2.5 A	3.5 A	4.7 A	5.9 E	16.6 E
2021	N/A E	N/A E	N/A E	N/A E	35.0 E
2022					N/A E

EPS (GAAP)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sept)	Q4 (Dec)	Year (Dec)
2019	-\$0.03 A	-\$0.02 A	-\$0.03 A	-\$0.06 A	-\$0.14 A
2020	-\$0.02 A	-\$0.04 A	-\$0.07 A	-\$0.08 E	-\$0.22 E
2021	N/A E	N/A E	N/A E	N/A E	-\$0.33 E
2022					N/A E

NexTech AR Preannounced Q4 Bookings

NexTech preannounced bookings for Q4 of \$7.3 million below our estimate of \$8 million and making the total bookings for the year \$20 million. We are not sure what this will equate to as far as revenues, but we expect Q4 revenues to be below our previous estimate of \$7.1 million. We do not expect the company to report the quarter until the end of March as required.

The company also gave bookings guidance of \$50 to \$60 million in 2021. If we were to take the ratio of bookings to revenues of Q3 2020 at 72.5%, which is our only data point so far, that would equate to revenues between \$36 million and \$44 million in revenues for 2021. As a result we have increased our 2021 revenue estimate to a conservative \$35 million until we have more clarity on how bookings will translate into revenues.

During Q4

Since our last update, the company has continued to hire and expand both geographically and its product line. On Nov. 23, 2020, NexTech AR acquired event management platform, Map Dynamics of Athens, Georgia for was \$780,000 in cash with a 12-month potential earn out of another \$525,000. For the past 18 months Map Dynamics generated approximately \$1,500,000 in revenue and was about breakeven. The company's self-serve virtual events platform supports live video, chat, networking, and analytics, reporting for associations, conferences, trade shows, webinars, summits, forums, workshops, and hybrid events. It helps organizers create, host, and manage live events for 100,000+ attendees both online and in its branded native event app. The Map Dynamics platform has hosted over 1,700 events with over 60% being live events that took place in 2019, prior to its switch to virtual hybrid events starting in March 2020. NexTech intends to sell its AR solutions to these customers.

So Far in In Q1 2021

So far in Q1, NexTech listed on the NEO exchange on January 5, 2021. It also had bought 130.2 bitcoins for US\$4 million and sold them on January 21, 2021 for a profit of \$200,000.

NexTech also launched *Genie in the Bottle*. The Genie in the Bottle is being used on NexTech new proprietary line of supplements called *TruLyfe*. *TruLyfe* is a new NexTech brand of organic gummy bear human supplements that are for immune health and called. *Genie in the Bottle* for *TruLyfe* is a hologram dietician that shares nutritional insights and information with customers who scan the *TruLyfe* supplements QR code through the NexTech AR app. This platform is a new way for brands to directly reach their customers through an immersive episodic storytelling experience. A demo video can be seen at: <https://vimeo.com/463141459>.

The company has made substantial progress in rolling out its AR ad network since the hiring of Hareesh Achi as President of their Advertising Network. Hareesh was Global Operational lead for Microsoft's advertising business operations, leading Microsoft's Search Ads & News business and was President of Microsoft Online Inc. This ad network should contribute significantly to revenues next year and beyond. Right now it is in the testing phase and is heavily labor intensive as the company creative to create ads and then have them placed on ads. We so not expect it to take off until the process is self-serve where ad agencies and brands can place the ads themselves without NexTech's help. This should happen later this year.

KEY POINTS

- 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 and education. 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.
- 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 small price to vendors 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.
- The company is currently has four sources of revenue:
 - Its newest and most popular offering comes from its April acquisition of Jolokia. It provided the Inferno AR platform that allows remote meetings integrated with augmented reality with more security and features than available from mainstream video conferencing platforms, but will work with them seamlessly. It has garnered huge interest and by increased sales and marketing efforts is growing rapidly.
 - A SaaS offering to businesses that places 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 new AR ad network to allow customers to place their AR content in advertisements with one stop shopping.
 - An eCommerce business that is driven by the use of AR and holograms in its marketing. This business still generates most of the revenues for the company and its main web site sells vacuum cleaners and accessories. It recently has started to expand the number of brands it carries. It uses these web sites primarily for in house testing, and cash flow generation but we could see the company ultimately reselling them or spinning them off later at higher valuations.
- With a nascent market projected to increase by 289% per year over the next five years, NexTech as a unique public pure play that could deserve a higher valuation. It currently trades at an enterprise value of US \$321 million or 11.7xs projected 2021 calendar sales of US\$27.4 million. Management's objective is to grow to between CN\$50 million and CN\$60 million in bookings in 2021 internally and through acquisition.

OVERVIEW

The NexTechAR Platform for eCommerce

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. 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. Its solution includes the ARitize360 app for 3D product capture, 3D/AR ads, its ARitize white label app, its 'Try it On' technology for online apparel, 3D and 360-degree product views, and 'one click buy'.

The Virtual Experience Platform (VXP)

This platform, acquired in the April purchase of Jolokia, is used to integrate augmented reality capabilities into video conferencing and trade shows. The platform works with almost all the major conferencing services and with 3D capabilities is ideally suited to replace in person meetings that require visuals such as product introductions, trade shows, and certain learning environments. This SaaS video platform integrates interactive video, artificial intelligence, and augmented reality in one secure platform to allow enterprises the ability to create the world's most advanced virtual event management and learning experiences. It has automated closed captions and translations to over 64 languages. Today NexTech launched a new standardized chat features within the platform and its recently launched ARoom collaborative streaming solution. NexTech will also offer this chat platform, as a stand-alone SaaS service.

The ARitize 3D/AR Advertising Platform

This ad network concept was launched in Q1 of 2020, and is now in beta testing. It is the industry's first end-to-end solution and leverages NexTech 3D asset creation into 3D/AR ads. Currently it is a manual process to create and place 3D ads on publisher's web sites via NexTech ad platform, but the company is working to have the process automated by year-end at which time we expect revenues to ramp with scale.

ARitize Hollywood Studios

The studio is in development producing immersive content using 360 video, and augmented reality as the primary display platform.

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. The eCommerce business is profitable and cash flow positive and helps NexTech keep down the need to raise cash. NexTech is also valuable as an acquisition candidate given its first mover position. Third, we expect that given its business model, it should be profitable in the next few quarters and could be highly profitable next year versus the other companies we are using as comps.

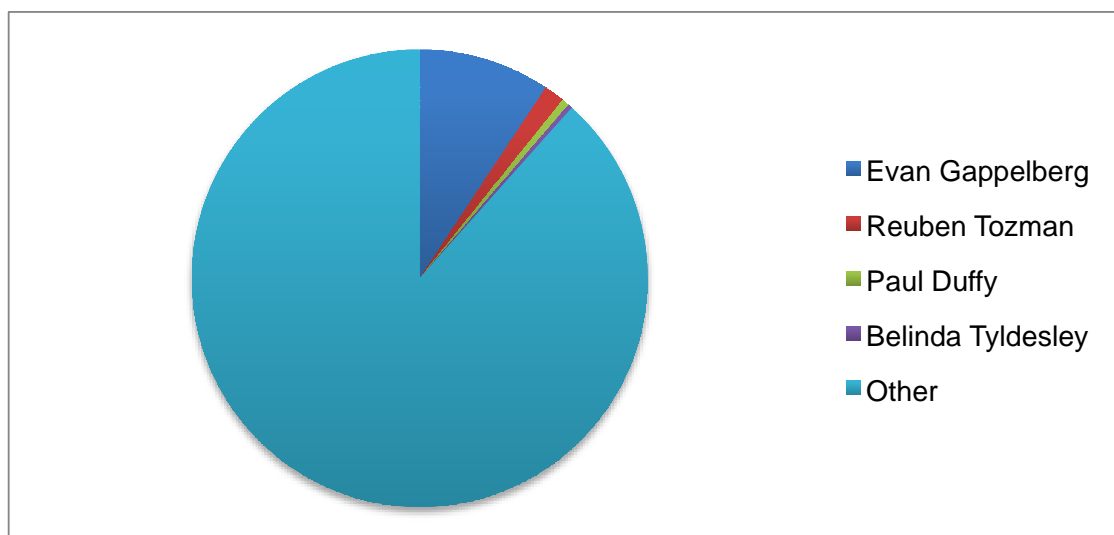
We have taken a group of companies involved in augmented reality as well as companies that provide conferencing like Jolokia. At current valuations we get an average of 24.8 times EV/2021 Sales. So using US\$27.4 million for 2021 estimated sales, and a 24.8 multiple, NexTech could be worth an enterprise value as high as US\$680 million or a market value of \$696 million. Dividing by the current fully diluted share count of 80.8 million, this would be a market value of US\$8.60 per share or CN\$11.00 per share.

Company	Ticker	Calendar	Calendar	LTM	EBIDTA Margin	Enterprise Value / Sales			Included in Average?	Enterprise Value
		Revenue 2022E	Revenue 2021E			2022E	2021E	LTM		
Slack	WORK	1,140	887	834	-29%	21.4	27.5	29.3	y	24,410
Snap	SNAP	4,860	3,540	2,510	-31%	19.6	26.9	37.9	y	95,200
WiMi Hologram Cloud	WIMI	83	61	51	39%	8.1	11.0	13.0	y	668
Zoom	ZM	4,300	3,568	1,960	23%	28.1	33.8	61.6	y	120,700
Average						19.3	24.8	35.5		48,227

RISKS

- NexTech is a start-up with limited operating history. There is no assurance its will evolve into a sustainable, profitable going concern.
- The company is operating at a loss and may continue to need to raise capital until it reaches cash flow break even which could result in dilution of current shareholders.
- To date, NexTech has depended 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 new product lines, which make take more resources and time than expected and may not be successful.
- With the return to normal business operations, the need for InfernoAR's remote capabilities may wane.

OWNERSHIP



PROJECTED CALENDAR YEAR INCOME STATEMENT

In Canadian Dollars	Q1 Mar 31, 2019	Q2 June 30, 2019	Q3 Sept 30, 2019	Q4 Dec 31, 2019	Q1 Mar 31, 2020	Q2 June 30, 2020	Q3 Sept 30, 2020	Q4 Dec 31, 2020E	2019E	2020E	2021E
Bookings	901,111	905,915	1,561,425	1,970,003	2,494,119	3,750,642	6,430,627	7,410,369	5,338,454	20,085,757	50,000,000
Yr-to-Yr Growth	NA	NA	NA	NA	177%	314%	312%	276%	NM	276.2%	148.9%
Backlog	-	-	-	-	-	-	1,997,311	-	-	-	-
Net Revenue	\$901,111	\$905,915	\$1,561,425	\$1,970,003	\$2,491,985	\$3,529,029	\$4,662,928	\$5,900,000	\$5,338,454	\$16,583,942	\$35,000,000
Yr-to-Yr Growth	NA	NA	NA	NA	177%	290%	199%	199%	NM	210.7%	111.0%
Cost of goods	534,094	534,094	895,859	NA	1,144,136	1,359,294	1,705,571	2,104,501	NA	6,313,502	9,470,252
Gross margin	367,017	371,821	665,566	NA	1,347,849	2,169,735	2,957,357	3,795,500	NA	10,270,441	23,800,000
Percent of revenues	40.7%	41.0%	42.6%	NA	54.1%	61.5%	63.4%	64.3%	NA	61.9%	68.0%
Sales and marketing	696,952	558,743	1,048,699	NA	1,499,315	1,547,995	3,882,636	6,000,000	NA	12,929,946	30,000,000
General and administrative	382,054	462,116	900,272	NA	763,082	1,927,105	975,876	2,000,000	NA	5,666,063	8,000,000
R&D	583,909	164,867	315,931	NA	373,331	563,671	2,675,954	2,700,000	NA	6,312,956	10,800,000
Amortization	31,476	31,476	52,047	NA	88,253	132,458	149,962	150,000	NA	520,673	600,000
Depreciation	16,093	8,249	-	NA	9,849	17,434	25,440	27,000	NA	79,723	108,000
Impairment	-	-	-	2,207,750	-	-	-	-	2,207,750	-	-
Impairment of cryptocurrencies	-	-	-	-	-	-	-	(229,394)	-	(229,394)	-
Foreign exchange loss (gain)	(42,981)	70,334	8,478	NA	1,694	6,283	(15,284)	-	NA	(7,307)	-
Total operating expenses	1,667,503	1,295,785	2,325,427	NA	2,735,524	4,194,946	7,694,584	10,647,606	NA	25,272,660	49,508,000
Operating income	(1,300,486)	(923,964)	(1,659,861)	NA	(1,387,675)	(2,025,211)	(4,737,227)	(6,852,107)	NA	(15,002,220)	(25,708,000)
Operating margin	-144.3%	-102.0%	-106.3%	NA	-55.7%	-57.4%	-101.6%	-116.1%	NA	-90.5%	-73.5%
Financing expense	9,993	-	-	NA	-	-	-	-	NA	-	-
Realized gain on cryptocurrencies	-	-	-	-	-	-	-	-	-	-	200,000
Income before income taxes	(1,290,493)	(923,964)	(1,659,861)	NA	(1,387,675)	(2,025,211)	(4,737,227)	(6,852,107)	NA	(15,002,220)	(25,508,000)
Income taxes	(1)	-	-	NA	24,239	24,239	24,139	24,000	NA	96,617	(765,240)
Tax rate	0.0%	0%	0%	NA	-1.7%	-1.2%	-0.5%	-0.4%	NA	-0.6%	3.0%
Net income	(1,290,494)	(923,964)	(1,659,861)	(3,154,208)	(1,363,436)	(2,000,972)	(4,713,088)	(6,828,107)	(7,028,527)	(14,905,603)	(26,273,240)
Non-GAAP net income	(928,643)	(762,113)	(1,352,831)	(946,458)	(1,387,675)	(1,066,981)	(1,844,054)	(6,852,107)	(3,990,045)	(11,150,817)	(22,273,240)
Exchange differences on translating foreign operations	(3,625)	-	NA	NA	488,316	(308,552)	(167,617)	-	-	-	-
Total comprehensive loss	(1,294,118)	(923,964)	NA	NA	(875,120)	(2,309,524)	(4,880,705)	(6,828,107)	NA	(14,905,603)	(26,273,240)
Earnings per share	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ (0.06)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.08)	NA	\$ (0.22)	\$ (0.33)
Non-GAAP earnings per share	\$ (0.02)	(0.01)	(0.02)	(0.02)	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.09)	NA	\$ (0.16)	\$ (0.29)
Shares outstanding	51,030,728	53,790,361	55,216,009	53,790,361	61,378,508	65,713,035	71,979,018	74,376,499	NA	68,361,765	76,876,499
Yr-to-Yr Growth	NA	NA	NA	NA	20%	22%	30%	38%	NA	NA	12.5%
All in shares	67,230,728	NA	NA	NA	65,108,000	75,353,656	77,561,018	85,727,446	NA	75,937,530	85,727,446

BALANCE SHEET

Canadian Dollars	Sept 30, 2020	June 30, 2020	Qtr-Qtr % Change	Dec 31, 2019	Nine Month % Change
Assets:					
Cash and cash equivalents	\$ 16,388,012	\$ 6,282,197	161%	\$ 2,849,344	475%
Accounts receivable	1,132,033	264,104	329%	403,651	180%
Prepaid expenses	320,024	195,990	63%	200,650	59%
Contract assets	96,642	0	NM	0	NM
Inventory	2,745,299	1,681,465	63%	1,353,584	103%
Total current assets	20,682,010	8,423,756	146%	4,807,229	330%
Equipment	277,258	242,303	14%	146,555	89%
Right of use assets	1,116,201	0	NM	0	NM
Intangible assets	2,442,199	2,250,734	9%	1,420,552	72%
Goodwill	4,211,566	3,997,440	5%	2,262,527	NM
Total Assets	28,729,234	14,914,233	93%	8,636,863	233%
Current Liabilities:					
AP & accrued liabilities	2,052,016	1,748,473	17%	1,243,528	65%
Other payables	0	0	0%	230,174	-100%
Deferred revenue	526,005	0	NM	0	NA
Lease liabilities	116,447	0	NA	NA	NA
Contingent consideration	1,067,181	1,067,181	0%	0	NM
Total current liabilities	3,761,649	2,815,654	34%	1,473,702	155%
Long term portion of lease liabilities	996,286	NA	NA	NA	NA
Deferred income tax liability	24,339	48,478	-50%	96,956	-75%
Total Liabilities	4,782,274	2,864,132	67%	1,570,658	204%
Stockholders' Equity					
Common Stock	37,001,572	23,562,376	57%	15,210,041	143%
Convertible debentures	0	0	0%	1,025,595	-100%
Reserves	5,735,985	2,565,234	124%	1,407,330	308%
Deficit	(18,790,597)	(14,077,509)	33%	(10,576,761)	78%
Total Stockholders' Equity	23,946,960	12,050,101	99%	7,066,205	239%
Total Liabilities and Stockholders' Equity	28,729,234	14,914,233	93%	8,636,863	233%
Equity					
Current ratios	5.5	3.0	84%	3.3	69%
Quick ratio	4.8	2.4	99%	2.3	103%
Cash	16,388,012	6,282,197		2,849,344	
Cash as % of assets	57%	42%	35%	33%	73%
Working Capital	16,920,361	5,608,102	202%	3,333,527	408%
Convertible Debt	0	0	0%	1,025,595	-100%
Debt/Total Assets	0%	0%	0%	12%	-100%

CASH FLOW

	3 Months Ending Mar 31, 2019	3 Months Ending June 30, 2019	3 Months Ending Sept 30, 2019	3 Months Ending Aug 31, 2019	7 Months Ending Dec 31, 2019	3 Months Ending Mar 31, 2020	3 Months Ending June 30, 2020	3 Months Ending Sept 30, 2020
Net Income	\$ (1,300,486)	\$ (923,964)	\$ (1,659,860)	\$ (1,319,228)	\$ (5,297,134)	\$ (1,363,436)	\$ (2,000,972)	\$ (4,713,088)
Adjustments to reconcile net loss to net cash used in operating activities:								
Amortization	31,476	31,476	52,047	102,247	190,018	88,253	132,458	149,962
Accretion expense	0	0	0	27,232	7,194	0	0	(79)
Consulting fees	0	0	0	0	0	0	0	0
Deferred income tax recovery	0	0	0	(9,993)	(96,479)	(24,239)	(24,239)	(24,139)
Depreciation	16,093	8,249	0	0	21,720	9,849	17,434	25,440
Interest expense	0	0	0	10,449	0	0	0	0
Shares issues to settle related party liabilities	0	0	0	0	0	38,239	0	0
Share based payments	361,851	161,851	307,030	184,938	391,148	650,946	861,958	2,893,173
Options and warrants exercised shares out	0	0	0	0	0	0	(183,737)	183,737
Shares for services	60,000	0	0	0	62,999	0	0	0
Write-off of intangible asset	0	0	0	0	2,207,750	0	0	0
Currency translation adjustment	0	0	0	(6,890)	0	0	0	0
Changes in assets and liabilities:								
Receivables	(213,475)	(262,168)	324,915	99,288	17,623	(217,245)	356,792	(867,929)
Prepaid expenses	(409,887)	(237,958)	60,877	(61,837)	(22,798)	(19,075)	23,735	(124,034)
Inventory	(267,849)	(399,609)	(817,608)	(180,059)	(773,727)	(244,810)	(83,071)	(1,160,476)
Accounts payable and accrued liabilities	(169,480)	(709,979)	891,524	(33,100)	496,912	(325,523)	673,907	119,806
Other payables	0	0	183,770	0	0	0	(97,771)	0
Deferred revenue	0	0	0	0	0	0	0	526,005
Net Cash Used In Operating Activities	(1,891,757)	(2,332,102)	(657,305)	(1,186,953)	(2,794,774)	(1,407,041)	(323,506)	(2,991,622)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Cash acquired on a business combination	128,670	0	0	0	0	0	0	0
Purchase of equipment	(12,125)	0	0	0	(18,639)	0	0	(68,022)
Purchase of intangibles	0	0	0	0	0	0	0	0
Acquisition of Infinite Pet Life	0	0	0	0	(434,005)	0	0	0
Acquisition of HootView	(85,664)	0	0	0	0	0	0	0
Acquisition of Next Level Ninjas	0	0	0	0	0	0	0	(719,895)
Net Cash Used In Investing Activities	30,881	0	0	0	(452,644)	0	0	(787,917)
CASH FLOWS FROM FINANCING ACTIVITIES:								
Convertible debenture	0	0	0	985,500	985,500	0	0	0
Capital contribution	0	0	0	0	0	0	0	0
Proceeds from the issue of shares	0	339,600	1,426,179	1,740,377	4,601,638	0	3,009,047	12,118,689
Proceeds from options and warrants	2,605,750	0	0	0	267,400	712,439	1,404,022	1,765,700
Lease payments	0	0	0	(13,292)	0	0	0	(39,475)
Business acquisition installment payments	0	0	0	(450,861)	0	0	0	0
Net Cash Provided By Financing Activities	2,605,750	339,600	1,426,179	2,261,724	5,854,538	712,439	4,413,069	13,844,914
Foreign exchange	95,739	(266,280)	0	0	(87,454)	154,914	(117,022)	40,438
Net Increase in Cash	840,613	(2,258,782)	768,874	1,074,771	2,519,666	(539,688)	3,972,541	10,105,813
Cash - Beginning of Period	1,646,858	2,487,471	228,689	329,678	329,678	2,849,344	2,309,656	6,282,197
Cash - End of Period	2,487,471	228,689	997,563	1,404,449	2,849,344	2,309,656	6,282,197	16,388,010
Operating cash flow	(831,066)	(722,388)	(1,300,783)	(1,011,245)	(2,512,784)	(600,388)	(1,197,098)	(1,484,994)
Free cash flow	(800,185)	(722,388)	(1,300,783)	(1,462,106)	(2,965,428)	(600,388)	(1,197,098)	(2,272,911)

HISTORICAL STOCK PRICE



Source: Zacks Investment Research

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research (Zacks SCR), a division of Zacks Investment Research (ZIR), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

Zacks SCR Analysts hereby certify that the view expressed in this research report or blog article accurately reflect the personal views of the analyst about the subject securities and issuers. Zacks SCR also certifies that no part of any analysts' compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report or blog article. Zacks SCR believes the information used for the creation of this report or blog article has been obtained from sources considered reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice. The Zacks SCR Twitter is covered herein by this disclosure.

INVESTMENT BANKING AND FEES FOR SERVICE

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer.

The non-investment banking services provided to the issuer include the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR.

Each issuer has entered into an agreement with Zacks to provide continuous independent research for a period of no less than one year in consideration of quarterly payments totaling a maximum fee of \$40,000 annually.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the Valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or Tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.