



**NEXTECH**  
AR SOLUTIONS

LISTING STATEMENT  
CSE FORM 2A

**NEXTECH AR SOLUTIONS CORP.**

**October 24, 2018**

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## GLOSSARY

In this Listing Statement, unless otherwise defined herein or unless there is something in the subject matter inconsistent therewith, the following terms have the respective meanings set out below, words importing the singular number include the plural and vice versa and words importing any gender include all genders.

“**2D**” means two dimensional.

“**3D**” means three dimensional.

“**adMob**” is Google’s advertising platform for promoting and monetizing mobile apps. adMob allows app developers to promote their apps through in-app ads, monetize their apps by enabling in-app advertising, and provide intelligent insights through Google Analytics.

“**Android**” means an open-source operating system used for smartphones and tablet computers.

“**app**” means an application, especially as downloaded by a user to a mobile device.

“**Apple TV**” means a digital media player and microconsole developed and sold by Apple Inc. It is a small network appliance and entertainment device that can receive digital data from a number of sources and stream it to a capable television.

“**Applovin**” is a comprehensive platform that gives app developers of all sizes the ability to market, and grow, and even finance their businesses.

“**App Portfolio**” has the meaning set out under the heading “*General Development of the Business – General*” below.

“**AR**” means augmented reality.

“**AR 3D Ads**” means advertising banners developed for AR display devices, geo positioned and rendered in 3D spaces.

“**AR Audio**” means sound developed for AR display devices.

“**AR Containers**” mean special purpose software routines and computer generated graphics used to compartmentalize functionality unique to AR display devices.

“**AR First**” means content to be originally created for AR, as opposed to content created for mobile, computer and other 2D display devices.

“**AR Functions Widgets**” means routines and functions created specifically to operate in an AR-First environment.

“**AR Humans**” means virtual hosts who are pre-recorded or streamed live and appear on the AR display device to provide information to, and interact with, the user.

“**AR Icons**” means graphical icons built specifically for AR display devices.

“**ARitize™**” means turning 2D objects into 3D objects.

“**ARitize™ App**” has the meaning set out under the heading “*The Native AR Platform and ARitize™ App-ARitize™ App*” below.

“**AR Models**” means 3D computer models modified for AR display devices.

“**AR Native**” means content and experiences to be originally created for and displayed through native 3D volumetric space such as a room.

“**AR Objects**” means any one of a AR Human, AR Audio, AR Video Wall, AR Presentation Charts and Graphics, AR Models, AR Text, AR Functions Widgets, AR Icons, AR 3D Ads.

“**Arrangement**” means the plan of arrangement under Part 9, Division 5 of the BCBCA involving Future Farm and NexTech pursuant to which Future Farm effectively spun-out 11,000,000 of its NexTech Shares on a pro rata basis to shareholders of Future Farm.

“**AR Scenes**” means virtual rooms or volumetric spaces (with a length, width and height) populated with one of more AR Objects types in varying combinations.

“**AR Text**” means text and copy developed for AR display devices.

“**AR Video Wall**” means 2D and stereoscopic video developed for AR display devices.

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto.

“**Chartboost**” is a San Francisco-based mobile game discovery and monetization platform. The company, which acts as a business engine for mobile games, allows video game developers to create customized interstitial and video ads, promote new games, and swap traffic with one another.

“**CSE**” means the Canadian Securities Exchange.

“**diode**” mean an electrical component designed to conduct electric current in only one direction.

“**Facebook**” is a an American online social media and social networking service company.

“**Future Farm**” means Future Farm Technologies Inc., a corporation existing under the laws of British Columbia.

“**Google Analytics**” is a freemium web analytics service offered by Google that tracks and reports website traffic.

“**Google Play**” is a digital distribution service operated and developed by Google.

“**hologram**” means a special type of photograph or image made with a laser in which the objects shown look solid, as if they are real, rather than flat.

“**ICE**” means Immersive Consumer Engagement.

“**IFRS**” means International Financial Reporting Standards as developed and adopted by the International Accounting Standards Board from time to time.

“**iOS**” means the operating system used for mobile devices manufactured by Apple Inc.

“**iTunes Store**” software-based online digital media store operated by Apple Inc.

“**LED**” light-emitting diode.

“**Listing**” means the listing of the NexTech Shares for trading on the CSE.

“**Listing Date**” means the date on which the Listing occurs.

“**Listing Statement**” means this listing statement of NexTech dated October 24, 2018.

“**MD&A**” means the management discussion and analysis.

“**Native AR Experience**” has the meaning ascribed to it under the heading “*Description of the Business - Native AR Experiences Overview*”.

“**Native AR Network**” has the meaning set out under the heading “*The Native AR Platform and ARitize™ App – Native AR Network*”.

“**Native AR Platform**” has the meaning set out under the heading “*Description of the Business*” below.

“**NexTech**” or the “**Company**” means NexTech AR Solutions Corp.

“**NexTech Articles**” means the Articles of NexTech.

“**NexTech Board**” means the board of directors of NexTech as the same is constituted from time to time.

“**NexTech Shareholders**” means the holders of NexTech Shares.

“**NexTech Shares**” means the common shares in the capital of NexTech.

“**NexTech Business**” means the business of NexTech which includes: (i) expanding the App Portfolio and leveraging NexTech’s mobile development and monetization experience into the rapidly expanding AR marketplace and (ii) providing AR enhanced marketing services and solutions to the cannabis, automotive, retail, live events and other industries.

“**NP 46-201**” means National Policy 46-201 – *Escrow for Initial Public Offerings*.

“**OLED**” means organic light-emitting diode.

“**VR**” means virtual reality.

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

NexTech was incorporated on January 12, 2018 under the BCBCA as a wholly owned subsidiary of Future Farm under incorporation number BC1148972. NexTech completed additional share issuances post-incorporation and the Arrangement with Future Farm. As a result of the Arrangement, Future Farm no longer holds NexTech Shares as at the date of this Listing Statement. NexTech’s head office is located at Suite 501, 543 Granville Street Vancouver, British Columbia, V6C 1X8 and NexTech’s registered and records office is located at 1200, 750 West Pender Street, Vancouver British Columbia V6C 2T8.

The authorized capital of NexTech consists of an unlimited number of common shares without par value.

### **Intercorporate Relationships**

NexTech has one wholly-owned subsidiary, NexTech AR Solutions USA LLC. (“**NexTech USA**”), a company recently incorporated under the laws of the State of Delaware on October 3, 2018.

## GENERAL DEVELOPMENT OF THE BUSINESS

### General

NexTech operates a portfolio of gaming and all-in-one applications known as the “All-In-One-App Portfolio” (the “**App Portfolio**”). The App Portfolio is comprised of over 200 apps published in both the Apple’s iTunes app store and the Google Play store, which have been consistently generating revenues since 2016. NexTech also provides AR services including AR app development and AR marketing solutions service. NexTech has an exclusive license to a portfolio of patents and patent pending applications, related to interactive gaming, interactive advertising, and AR technology. NexTech is currently using its portfolio of patents under exclusive license to develop a new 3D fully immersive advertising platform (the “**Native AR Platform**”). NexTech initially plans to target and market the Native AR Platform to companies operating in the cannabis industry. However NexTech believes the technology can be adapted to most products in any industry. NexTech aims to leverage its existing relationships with Apple and Google to generate additional advertising revenues using its newly acquired patented technology focusing on AR advertising technology. NexTech is well-financed, having raised over \$3 million in financing proceeds and is managed by an experienced technology and operations management team operating from three North American offices. Additionally, NexTech management is continually identifying and evaluating businesses and/or assets in the AR industry and other related industries in order to grow NexTech’s business and operations by way of strategic acquisitions.

### History

On February 15, 2018, NexTech completed a private placement of convertible debentures in the principal amount of \$250,000. Each convertible debenture is convertible into NexTech Shares at a price of \$0.05 per share until February 15, 2019 or will otherwise convert automatically, and without further action of the holder, into NexTech Shares immediately prior to the Listing Date. In connection with the issuance of the foregoing convertible debentures, NexTech issued 5,000,000 common share purchase warrants. Each warrant entitles the holder to acquire an additional NexTech Share at a price of \$0.05 per share for a period of 12 months after the date of issuance, with the expiry date being subject to acceleration in certain circumstances. Notwithstanding the foregoing, each convertible debenture will otherwise convert automatically, and without further action of the holder, into NexTech Shares immediately prior to NexTech completing a going public transaction or listing of its common shares on the CSE.

On March 14, 2018, NexTech entered into a license agreement (the “**ARHT Media Agreement**”) with ARHT Media Inc. (“**ARHT Media**”) pursuant to which ARHT Media granted NexTech an exclusive license to use patents and patents pending related to holograms and AR as further described in Exhibit A to the ARHT Media Agreement only for the cannabis industry. Pursuant to the ARHT Media Agreement, ARHT Media agreed to contribute its IP for the development of the ARHT Media engine, screens, software and hardware to create a holographic display (the “**Product**”) and NexTech received the exclusive worldwide license to use the Product in the legal cannabis market. Additionally, NexTech agreed to: (i) purchase a minimum number of Product from ARHT Media on an annual basis; (ii) pay royalties to ARHT Media for all advertising and other revenues earned by NexTech related to the Product ranging from 5% to 10% based on the number of Product units deployed; and (iii) deploy and fund the marketing, development and deployment the Products into the legal and cannabis market. The term of the ARHT Media Agreement is for a period of five years, and will be automatically renewed for additional one year periods thereafter unless either party gives a three-month written notice of cancellation prior to the expiration of the ARHT Media Agreement, or the annual extension thereof.

On March 20, 2018, NexTech entered into an assignment and purchase agreement (the “**Assignment & Purchase Agreement**”) with Future Farm and AR E1, LLC (“**AR E1**”), pursuant to which Future Farm agreed to (i) sell, assign and transfer to NexTech all rights, title and interest in and to the intellectual property and assets and profits of the App Portfolio; and (ii) assign and transfer to NexTech all of Future Farm’s right, title and interest in and to the license agreement executed on September 27, 2017 between Future Farm and AR E1 (the “**License Agreement**”). Pursuant to the Assignment and Purchase Agreement, NexTech received the exclusive worldwide license to use: (i) patents and pending patents relating to the advertising technology, direct response advertising, branded entertainment, gaming and AR as set out in Exhibit B to the License Agreement to be utilized for the cannabis industry, and (ii) an augmented reality “*CannaCube Live*” platform for the cannabis industry as well as AR enhanced packaging for cannabis related products along with the “*CannaCube Live*” application, and certain other rights related thereto as set out in the License Agreement. Pursuant to the Assignment and Purchase Agreement, NexTech issued 13,000,000 NexTech Shares to Future Farm at a price of \$0.25 per share in consideration for the foregoing assignment and purchase and sale of the App Portfolio.

On March 20, 2018, NexTech also entered into an amendment to license agreement dated effective March 20, 2018 (the “**Amendment to License Agreement**”) with AR E1 pursuant to which NexTech agreed to issue to AR E1 (or to such other person(s) as directed by AR E1 in writing) 3,775,000 NexTech Shares at a price of \$0.25 per share in consideration for certain amendments to the License Agreement.

On March 29, 2018, NexTech completed a private placement of 11,213,600 units at a price of \$0.25 per unit for gross proceeds of \$2,803,400. Each unit was comprised of one NexTech Share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional NexTech Share at a price of \$0.50 per share for a period of 24 months from the date of issuance, with the expiry date being subject to acceleration in certain circumstances.

On April 2, 2018, NexTech hired three software developers (i.e. Justin Pierce, Eric Lorentz and Peyton Duncan) to assist with the development of the ARitize™ App and the build out of the Native AR Platform.

On May 8, 2018, NexTech entered into an agency agreement (“**Kush Agency Agreement**”) with Kush Co Holdings (“**Kush**”). Kush is a provider of compliant related packaging solutions principally to the Cannabis market in the United States. Pursuant to the Kush Agency Agreement, Kush agreed to provide NexTech access to its customers to allow NexTech to market and sell its AR and related services to Kush customers in consideration for a 10% referral fee.

On May 17, 2018, NexTech entered into an exclusive license agreement (the “**edCetra Agreement**”) with edCetra Training Inc. (“**edCetra**”). edCetra is a company owned by Reuben Tozman, a director of NexTech, and a custom content developer specializing in eLearning and XML based development for use in single sourcing strategies. edCetra uses structured content authoring to not only produce engaging learning materials, but to provide advanced reuse capabilities. edCetra’s solutions include moving content from eLearning to mobile to print while maintaining content in a single file. Pursuant to the edCetra Agreement, edCetra agreed to grant NexTech the exclusive license to use a copy of source code, XML schema designs, XSL scripts and a copy of the supporting database (SQL) related to the eLearning platform owned by edCetra in consideration for 100,000 NexTech Shares. In addition, edCetra granted NexTech the option to purchase the entire edCetra business and its intellectual property (by way of either asset or share sale as determined by NexTech based on advice from its tax and legal advisors) for a period of 12 months after signing the edCetra Agreement in consideration for an additional 100,000 NexTech Shares provided that the value of the NexTech Shares is at least \$0.25 per share, otherwise NexTech and edCetra agree to negotiate the foregoing purchase price of the entire edCetra business and IP in good faith. In addition if NexTech exercises its option Mr. Tozman will be given a five year consulting contract for \$3,000/month.

On May 23, 2018, NexTech entered into its first AR virtual showroom agreement with, Team One Motorcars, LLC (“**Team One**”), a U.S. based pre-owned luxury car dealer. Pursuant to the agreement, NexTech agreed to work with the car dealer to create an AR virtual showroom to sell its cars, with customers using their smartphone screens to view lifelike 3D models superimposed on their view of the real world.

On May 28, 2018, NexTech signed a memorandum of understanding (“**CFN MOU**”) with CFN Media (“**CFN**”). CFN is an agency and financial media network dedicated to legal cannabis. CFN Media helps cannabis companies attract investors, capital, B2B and media visibility and go-to market . Pursuant to the CFN MOU, NexTech has agreed to create AR programming for CFN Media who intends to sell this programming as an additional service to existing and new customers. In consideration for a \$60,000 payment, CFN Media will receive one year of exclusivity.

On June 1, 2018, NexTech signed a lease for new office space in Toronto located at Suite 304, 349 Carlaw Avenue, Toronto.

On June 21, 2018, NexTech entered into an arrangement agreement with Future Farm pursuant to which the parties agreed to proceed with the Arrangement.

On August 10, 2018, NexTech showcased its Holographic Teleportation equipment at the New Balance “Rewind to the 90’s Experience” themed museum installation in Los Angeles. The New Balance event celebrated the global launch of the New Balance X-90 Knit sneaker that combines the best of the 90s with 2018 street style.

On August 29, 2018, the 1.1 version of NexTech’s ARitize™ App went live and became available for download in the Apple iTunes Store. The application featured a gallery of rich and exciting AR objects which could be used in a variety of creative ways to create a new and imaginative world. The ARitize™ App also became available for cannabis brands and others to white label and create AR marketing campaigns, a first for the Cannabis industry.

On August 31, 2018, NexTech and Future Farm completed the Arrangement.

On September 8, 2018, NexTech completed its design of a virtual AR showroom for Team One. NexTech was previously engaged by Team One to create an AR virtual showroom allowing customers to view available cars in 3D superimposed on their view of the real world. The car model stays firmly rooted in place, allowing a user to virtually walk around it and check out all angles with the ability to swap out different paint color options.

On September 10, 2018, NexTech signed a joint venture agreement (the “**JV Agreement**”) with Fish out of Water Design Inc. (“**Fish out of Water**”), a fully integrated design and communication firm. Pursuant to the JV Agreement, NexTech agreed to bring its AR, holographic teleportation and AI technology stack to the joint venture, while Fish out of Water will contribute its many years of industry expertise in brand building as well as access to its stable of traditional clients and emerging list of clients in the cannabis industry. See NexTech’s news release dated September 11, 2018 for additional information.

On September 17, 2018 NexTech hired Dawsyn Borland as Transmedia Producer. Ms. Dawsyn is an award-winning media professional with a diverse history in production, project coordination, and interactive content development.

On September 18, 2018, NexTech licensed its ARitize™ App to GWN Events (“**GWN**”). With international reach, GWN is an expert in developing and managing innovative event experiences, from grassroots to the global stage. GWN owns, produces, and executes events across North America.

On September 24, 2018, NexTech appointed Mr. Reuben Tozman as Chief Operating Officer of NexTech.

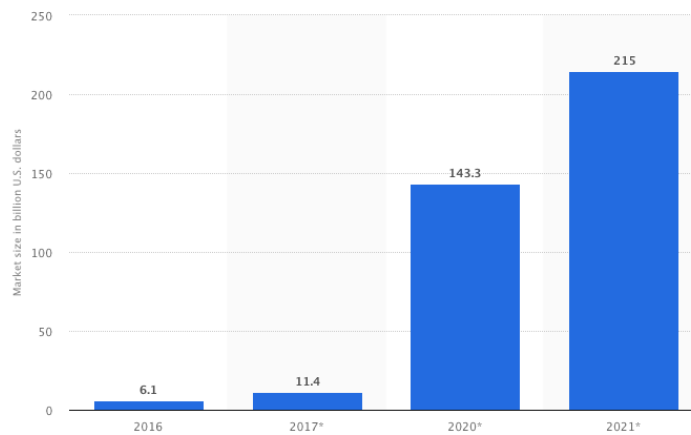
On October 3, 2018, NexTech AR Solutions USA LLC was incorporated as a wholly owned subsidiary of NexTech under the laws of the State of Delaware.



## AR Background

AR (augmented reality) is when you have a live direct or indirect view of a physical, real-world environment whose elements are 'augmented' by computer-generated perceptual information, ideally across multiple sensory modalities, including visual and auditory. AR differs from VR (virtual reality) in that when you have a VR headset on, your visual and audio senses are fully engaged in the experience and you are basically cut off from the real world. AR experiences allow you to be present in the physical world, while having digital images overlaid in your environment that may even be manipulated with hand gestures. AR Experiences can be delivered through a variety of devices such as the Microsoft Hololens, Google Glass, and iPhone or Samsung smartphone.

One of the earliest examples of AR is the real time, yellow first down line seen in football games. This innovation was released in 1998, as the players seemingly walk crossed the line as it appeared to be a part of the actual field. Pokemon Go (which is not a part of the App Portfolio) was one of the first examples of a widespread consumer AR Experience. In the game, Pokemons were placed all over the world via global position systems (gps) by the games programmers to be seen in real time through your smartphone. The goal of the game was to track the Pokemons with your smartphone, get close and catch them..



(Photo courtesy of Statista.com)

According to [Statista.com](https://www.statista.com), 2017 saw the AR market value around US\$11.4 billion dollars, up from US\$6.1 billion in 2016. They estimate the market will be valued upwards of US\$143 billion by 2020.

The range of uses and applications for AR in everyday life is immense, and has the potential to positively affect almost every aspect of your day to day routine. Look at furniture shopping as an example. Instead of measuring your room and then going to the furniture store, you now have to option to use your smartphone or tablet to select a piece of furniture you may be interested in from the online stores lineup and place it in your room to see if the colour and size is a good fit. Retail giant Ikea has adopted this technology and is one of the first to implement it.

Advertising may offer one of the largest markets for AR start-ups and ventures, because advertising is everywhere. You see ads while surfing the internet, while scrolling Facebook and soon enough, holographic ads may begin popping up in the virtual world in front of stores that you can see through your smartphone or future lens after you've received an alert of a nearby AR experience.

## App Portfolio

The App Portfolio was created by Mind Cures, LLC between 2014 and 2016. On October 4, 2016, Mind Cures LLC agreed to sell, assign and transfer to Future Farm all rights, title and interest in and to the intellectual property and assets and profits from the App Portfolio.

On March 20, 2018, NexTech acquired from Future Farm the large and diversified revenue generating published App Portfolio. The App Portfolio has a consistent history of generating a gross profit, as well as established relationships with Apple and Google, which has the potential to accelerate the scaling of the NexTech Business as well as to help fund ongoing development work for NexTech's AR 3D-based advertising.

The App Portfolio consists of a diverse group of gaming, self-help education and learning apps. The gaming apps are primarily generating revenue through in app advertising from Google's AdMob while the meditation and learning apps are paid for apps ranging in price from \$2.99-\$19.99. The target market for the gaming apps are primarily 18-25 year olds while the target market for the education and learning apps are 25 to 65 year olds.

The App Portfolio has already published over 500 apps on both iOS and Android platforms with advertising integrated into the Facebook, Chartboost, Applovin and Google's AdMob mobile advertising networks which serve up over 10 million ad impressions per year across the App Portfolio. This diverse portfolio of apps has a broad audience and has accumulated a large volume of downloads over the years and now is ripe for being upgraded with new graphics and technology. With the success of the AR app 'Pokemon Go'(which is not included in the App Portfolio) NexTech is confident that upgrading the App Portfolio with new 3D AR features and functionality will generate an increase in user engagement thereby increasing the advertising revenue as well as the in app purchase revenue from the App Portfolio.

In September 2016, Apple notified developers that it would be updating its operating system for the Apple iTunes Store and began removing apps that did not receive compatibility updates and comply with its current review guidelines. Since NexTech's preference was to focus its resources on using its AR technology and expertise to enhance, expand and update the App Portfolio, NexTech decided not to invest in updating certain apps to meet Apple's new standards. As a result, approximately 300 apps from the App Portfolio were removed from the Apple iTunes Store over a period of time and these apps no longer generated revenues for the App Portfolio. Consequently, the App Portfolio experienced a decrease in revenue for the financial year ended February 28, 2018 (i.e. \$234,080 in revenue for the financial year ended February 28, 2017 v. \$146,055 in revenue during the financial year ended February 28, 2018). As at the date of this Listing Statement, the App Portfolio currently has approximately 215 revenue generating apps.

### **The Native AR Platform and ARitize™ App**

NexTech is developing a proprietary Native AR platform where it can ARitize™ (i.e. turn 2D objects into 3D objects) at scale. Leveraging its ARitize™ abilities and Native AR Platform NexTech is creating a new and disruptive advertising, training and learning environments by using AR Objects and live streaming 3D video.

As part of its technology stack NexTech is launching a white label app which uses its patented technology to create volumetric rooms to be filled with AR Objects, i.e. cannabis, food, automotive, apparel etc. To summarize, NexTech has licensed a broad array of patented technology and developed proprietary technology, taking a 2D object and ARitizing (turns into 3D) it then publishing it on its proprietary Native AR Platform where people can learn, shop and purchase goods and services in a fully immersive 3D world.

The NexTech's AR technology stack is best described as having four (4) distinct parts:

#### 1. ARitize™ App

The "**ARitize™ App**" is mobile or headset app that enables a user to view and experience AR content by running immersive, Native AR Experiences built and published on the NativeAR.com platform and hosted on the Native AR Network.

## 2. NativeAR.com

*www.NativeAR.com* is a self-publishing platform for immersive Native AR Experiences of any kind. (“**NativeAR.com**”). Designed from the ground up to deliver immersive Native AR Experiences wherever you are. Each Native AR Experience has a length, width and height that conforms around you. Immersed inside the Native AR Experience, you don’t just watch the content, you experience the content by becoming part of the story as it unfolds around you. This is a critical distinction between current 2D content and AR Native content.

The NexTech AR Platform will have several unique AR offerings for the design and publishing of Native AR Experiences.

- Single Native AR Experience will enable a user to load and experience immersive Native AR Experiences through the ARitize™ App.
- Social Native AR Experience will enable two or more people to load and experience an immersive Native AR Experience through the ARitize™ App while immersed in the same Native AR Experience. They can be in same location or different locations and each user can participate in the experience through a suite of AR Containers that host live streamed content, consisting of people, products, events, etc., through NexTech’s live streaming services as part of the Native AR Network (described below).
- Live! Native AR Experience will provide professional-level live events streamed directly to you as an Native AR Experience. These purpose-built Native AR Experiences will enable “talent” to be live in a room with you as part of a live event. Through our AR Containers, talent is able to design and publish unique Native AR Experiences for live delivery.
- AR University. Collectively the three tiered offers above provide an unparalleled modality for the delivery of learning to any market - Enterprise, corporate, academic and personal learning opportunities abound. NexTech will offer the AR University as a turn-key solution. Additional information regarding the proposed AR University service offering is set out below.

## 3. Native AR Network

The “**Native AR Network**” is an AR Content Distribution Network (CDN) for hosting Native AR Experiences published on NativeAR.com and viewed via the ARitize™ App. NexTech plans to manage and monetize Native AR Experiences from NexTech’s Native AR Platform through the tiered service offerings for the Single Native AR Experience, Social Native AR Experience, Live! Native AR Experience, and AR University services as described above.

The Native AR Network is component of NativeAR.com and resides alongside the Native AR Platform.

## 4. Native AR Experience Kits

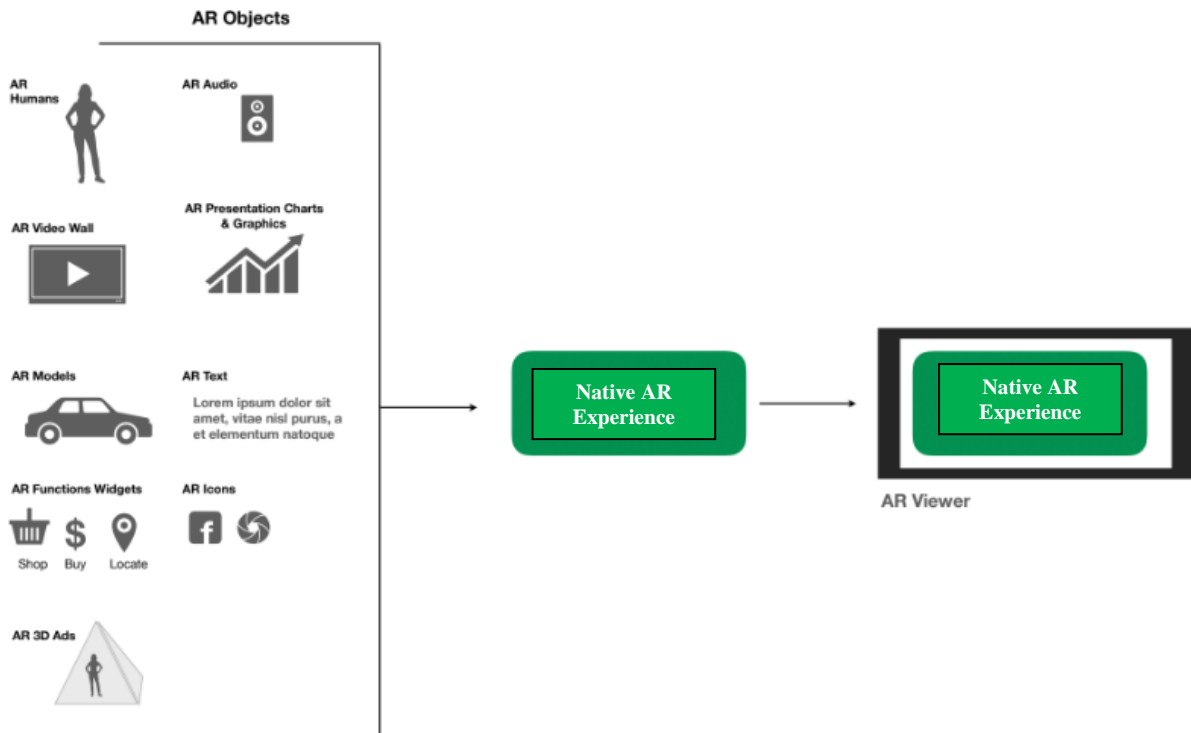
Native AR Experience Kits enable users to experience their volumetric Native AR Experience in a large format viewing device. Each Native AR Experience Kit consist of an iPhone with the ARitize™ App, an Apple TV and a phone stand. Placing the iPhone on the phone stand and the ARitize™ App will outdent the Apple TV and display the Native AR Experience on a large format screen such as a TV or projection screen. As our Native AR Experiences fills rooms, the Native AR Experience Kit allows users to see and experience all the volumetric content while watching a large format display device which will be ideal for meetings, classrooms and events with multiple attendees.

## Native AR Experiences Overview

Native AR Experiences serve multiple purposes. Examples of Native AR Experiences include novel forms of user engagement, advertising, education/learning, community/social building, gamification, brand awareness and other forms of immersive, measurable interaction. NexTech’s “**Native AR Experiences**” are defined as virtual rooms or volumetric spaces (with a length, width and height) populated with one of more of the following AR Objects types in varying combinations (to be determined by client objectives):

AR Object	Examples
AR Humans	virtual bud-tenders, virtual tutors, and virtual car salesmen
AR Audio	streaming
AR Video Wall	YouTube video playing in a floating 3D frame.
AR Models	cannabis buds, exotic cars, product packaging formats, detailed auto engines
AR Presentation Charts & Graphics	financial, consumer or corporate data represented in charts and graphs
AR 3D Ad’s	texture mapped to a pyramid and other volume surfaces
AR Text	copy that needs to appear in the Native AR Experience
AR Icons	social channels
AR Function Widgets	shop, buy, locate (e.g. stores near me now)

The following diagram lays out the simplified approach to constructing a Native AR Experience using AR Objects and delivering that content to users through the associated ARitize™ App.



## Immersive Consumer Engagement™ (ICE™)

NexTech will overlay proprietary ICE™ technology and processes on top of the Native AR Platform. ICE™ is a patented and disruptive new digital ad tech solution which is designed to educate consumers about the virtues, features, and functionality of dispensary products (including strains) in the cannabis market. ICE™ is made possible through a seamless and proprietary combination of branded entertainment, gaming, search, direct response, and AR technology.

In addition, ICE™ includes an ongoing reward system which the consumer can participate in (e.g. through points, coupons, credit, etc.). The formula for the ICE™ platform and interactive advertising method is as follows:














By combining these six elements, the ICE™ process creates a new and unique user experience, immersive, product-driven, interactive advertising that rewards consumers for their engagement, driving them to sales conversion.

### The Application of Native AR in The Cannabis Market

Through the Native AR Platform a client (i.e. cannabis brand and/or cannabis dispensary) can assemble a series of Native AR Experiences and arrange them as if they were the walls of a room. This way, when the consumer is “inside” the virtual cannabis dispensary environment, they can move around the 3D models and virtually interact with the AR content, as if it were right there in front of them.

The following are the AR assets that a cannabis dispensary client can use when constructing their volumetric virtual dispensary setting (i.e. a 3D virtual space with 4 walls, ceiling, and floor on which the client can place digital AR assets). When fully rendered, the end customer (i.e. the consumer) can move within the 3D virtual space and interact with all the ARitized content around them.

 <p>Bud-Tender</p>	<p><b>Bud-Tender:</b> a virtual spokesperson, educating consumers on the various features of the product and driving the consumer to purchase</p>	 <p>Product Recommendations</p>	<p><b>Product Recommendations:</b> sponsored products; products elected by algorithms; and/or products identified by the dispensary as featured</p>
 <p>3D Product Model</p>	<p><b>3D Product Model:</b> a digital facsimile of the selected product / product packaging, that the consumer can manipulate virtually through onscreen gesture</p>	 <p>Add to Cart</p>	<p><b>Add to Cart:</b> the ability to add selected items to a temporary cache to be sent to a dispensary clerk who prepares the order on behalf of the consumer</p>
 <p>Product Info</p>	<p><b>Product Info:</b> photo gallery, video, animation, infographics, text, etc. that describes the product, and its features, functionality, benefits, uses, etc.</p>	 <p>Facts / Tips / Techniques</p>	<p><b>Facts/Tips/Techniques:</b> streaming pop-up tidbits containing information about cannabis cultivation, consumption, and culture</p>
 <p>POP Display</p>	<p><b>POP Display:</b> an AR product display that is fully customizable by the client/brand - i.e. number of shelves, number of products, types of products, etc.</p>	 <p>Newsfeed / Ticker</p>	<p><b>Newsfeed/Ticker:</b> a news channel (similar to CNN) with reports regarding cannabis cultivation, consumption, and culture, or a channel that simply displays news and current events in blurb form</p>
 <p>AR Menu</p>	<p><b>AR Menu:</b> all the featured inventory, either available at that specific dispensary, available at any of that dispensary chain's locations, and/or available through the channel for that product/brand on the NexTech AR Network</p>	 <p>Cart / Checkout</p>	<p><b>Cart/Checkout:</b> enabling the consumer to transact through the app when/where applicable; otherwise, the cart contents are transferred to a dispensary clerk who prepares the order</p>

<p>User Profile / Preferred Products / Purchase History</p> 	<p><b>User Profile/Preferred Products /Purchase History:</b> the archived profile (i.e. account) containing user’s name, contact info, preferences, products viewed, products purchased, frequency, etc.</p>
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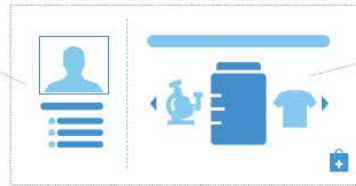
The following lays out the sitemap or work flow sequence through which a client can customize their virtual dispensary settings by selecting the specific assets and composition per 3D surface: height (top to bottom), width (side to side), and depth (front to back).

When fully rendered, the end user (i.e. the consumer) will be able to move within this ARitized 3D virtual space and interact with all the augmented content all around them in 360°, or they can move the content around them by “swiping” through the surfaces (i.e. the individual Native AR Experience).

The diagram on the next page presents one potential configured layout. Begin viewing the diagram in the center of the image (i.e. the empty room), but feel free to move around the diagram in any order, to simulate the fact the user can rotate any direction to see the content.

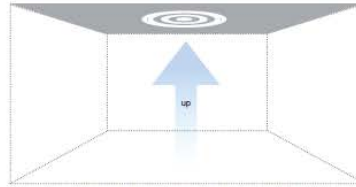


User Profile /  
Preferred Products /  
Purchase History



AR Menu

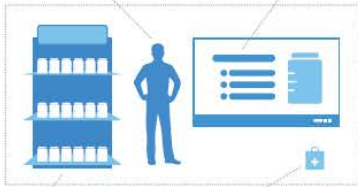
Add to Cart



The client taps on the ceiling to access that screen / frame /  
surface so they can place the AR Object(s) on that plane

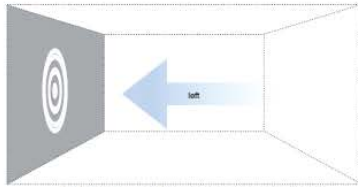
Bud-Tender

Product Info

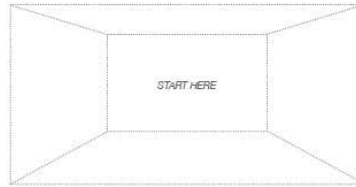


POP Display

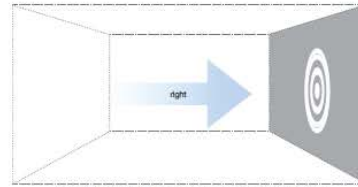
Add to Cart



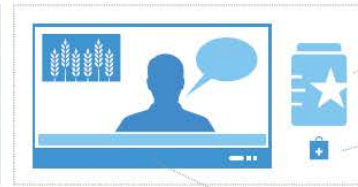
The client taps on the left wall to access that screen / frame /  
surface so they can place the AR Object(s) on that plane



The client taps on the floor to access that screen / frame /  
surface so they can place the AR Object(s) on that plane



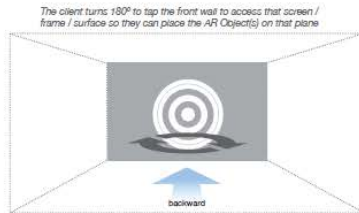
The client taps on the right wall to access that screen / frame /  
surface so they can place the AR Object(s) on that plane



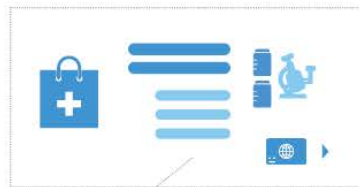
Product  
Recommendations

Add to Cart

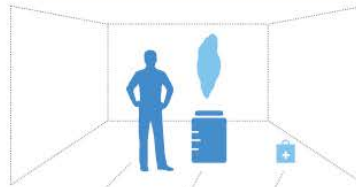
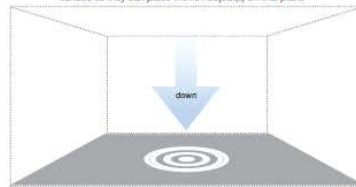
Newsfeed / Ticker



The client turns 180° to tap the front wall to access that screen / frame /  
surface so they can place the AR Object(s) on that plane



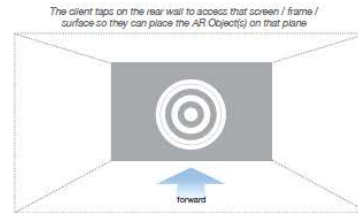
Cart / Checkout



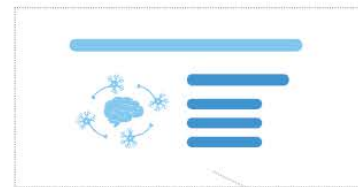
Bud-Tender

Add to Cart

3D Product  
Model



The client taps on the rear wall to access that screen / frame /  
surface so they can place the AR Object(s) on that plane



Facts / Tips / Techniques



## **AR University**

The Native AR Platform allows users to design, build and publish Native AR Experiences for delivery through a learning platform. These unique learning experiences provide students the opportunity to learn live or through pre-recorded AR learning objects on their smart phones, tablets and AR headsets.

Due to the unique 3D volumetric learning experience made available through NexTech's Native AR Experiences, learners are quick to engage and adopt this learning style as the courseware is built to be delivered "around" them. Learners become key participants to the learning experience which is in steep contrast to exiting learning solutions and modalities.

The University AR model will offer customers a modular 3D education & training platform with on-demand product knowledge available anytime, anywhere, on any device. The steps are as follows:

### Phase I: Enterprise focused

- Creating an adaptive portal for education and training using AR 3D learning objects and programs.

### Phase II: Open Up the University to the consumer

- The AR University will offer a modular on demand learning environment using 3D AR Objects where the user can interact and explore the subject matter in the privacy of their own home but as if the object is there with them.
- If a brand is the focus of the AR University then a learn and earn model would be implemented around the brand.
- The brand would contract with our agency and be able to regularly update the content and charge for premium content.
- NexTech would also be able to create relevant content and charge for premium content.
- NexTech will charge a fee for all paid for content created by the brand and NexTech will charge a higher fee for all original content it creates.

## **Principal markets**

The initial market segment for early deployment and mass user adoption will be the cannabis market, retail, consumer brands beginning regionally then expanding nationally and internationally. As NexTech's technology is adopted by brands, dispensaries and consumers, several enduring use cases will materialize that will be pointed to further market segments including consumer packaged goods, education and training, professional speakers & authors, political candidates, medical, health & wellness.

## **Distribution methods**

NexTech's intent in each segment is to strategically partner with key entrants in each segment such that NexTech's technology platform provides a unique and highly differentiating value proposition to their current state. NexTech aims to partner with a key packager, enhance their physical product offer with the Native AR Platform and provide a unique educational platform to further ensconce ourselves deeper into the segment.

To promote NexTech's technology stack, NexTech, had a booth at the New England Cannabis Network (NECANN) trade show in Boston, MA on March 23 to 26, 2018. At the trade show, NexTech displayed its Native AR Platform, ARitize™ App and holographic display stage for cannabis dispensaries.

## **Production and Services**

Customers of NexTech will design, build and publish Native AR Experience on the NativeAR.com platform which will be viewed through the ARitize™ App on mobile phones, tablets and AR headsets.

## Specialized Skill and Knowledge

Designing and building Native AR Experiences requires very specialized knowledge. NexTech’s engineers are also developing the tools and technologies to enable this specialized knowledge to be automated. NexTech has retained the following software engineers possessing the following skill-sets on either a full-time or part-time basis:

Name	Skills
<b>Scott Jenkins</b> <i>Native AR Experience Developer (Full Time)</i>	<u>Education:</u> BS Biomedical Engineering  <u>Skills:</u> HTML, CSS, JavaScript, PHP, SQL, Xcode, PHP, Drupal, WordPress, Apache Linux, MongoDB, MySQL, PostgreSQL, 3d Modeling; Cinema 4D, 3DS Max Animation; After Effects, Video / Editing; Final Cut, Premiere, Graphics; Adobe Creative Suite, Unity
<b>Justin Pierce</b> <i>Native AR Experience Developer (Full Time)</i>	<u>Skills:</u> Unity - Desktop and Mobile games/apps, Unity Shaders, Augmented Reality Realtime networking with websockets, Photoshop, Zapier/IFTTT, Docker, Arduino, C#, Python, Javascript, PHP, MySQL
<b>Eric Lorentz</b> <i>Native AR Experience Developer (Full Time)</i>	<u>Education:</u> Bachelor of Science in Computer Science (Cum Laude)  <u>Skills:</u> HTML, CSS/Sass, JavaScript, PHP, Python, SQL, Swift Angular, CakePHP, Drupal, hapi, Laravel, Shopify, WordPress, Apache, Linux, MongoDB, MySQL, Node.js, PostgreSQL, Redis
<b>Peyton Duncan</b> <i>Native AR Experience Developer (Part Time)</i>	<u>Experience:</u> 25 years 30 titles 4 generations of Sony, Microsoft & Nintendo consoles, PC & Mobile development  <u>Skills:</u> Art Direction Studio / Project / Team Management, Out Source Resource, Management & Documentation, Art Pipeline Development 3D Modeling, Texturing 3D Laser Scanning & Photogrammetry for environment & characters, Digital Illustration Digital & Traditional Painting, Digital & Traditional Sculpting, Editing and Compositing Macro Photography, Videography Design for 3D Printing & Rapid Prototyping  <u>Technology:</u> 3dsMax 2017, Maya 2017, Photoshop CC, Unity, Illustrator CC, Painter, After Effects CC, Combustion 2.0, Premiere CC, World Builder, Agisoft, 3DF Zephyr, Substance Designer, Substance Painter, 3D Coat, XNormal, TopoGun, MS Office & Project, Shotgun, Hansoft
<b>Aamir Wassim</b> <i>Native AR Experience Developer (Part Time)</i>	<u>Technology:</u> 3dsMax 2017, Maya 2017, Photoshop CC, Unity, Illustrator CC, Painter, After Effects CC, Combustion 2.0, Premiere CC

## Competitive Conditions

NexTech’s business plan includes leveraging an early, first mover advantage in the AR market to target various market segments, including training and development, branding and marketing and the cannabis segment. NexTech’s partnership with Kush, a strong strategic entrant in the market, by way of the Kush Agency Agreement enables NexTech to quickly scale throughout the segment. NexTech is competitively positioned to use this early success to enter adjacent markets with a proven track record of success. This is critical in an early-stage technology such as AR.

NexTech has identified the following entities as the key competitors in the AR market targeting the cannabis segment. All information below is estimated and based on NexTech's knowledge, information and belief unless otherwise stated.

- Blippar provides AR for brands using a self-serve as well as agency model.
- PLNAR is an AR based software development kit (SDK) and cloud solution that can generate detailed accurate 3D visualization of interior spaces with line length & surface area measurements for any facet in the home.
- ZAPWorks provides AR tools to build digital experiences for business and educational purposes.

NexTech has a complete technology stack for the publishing and distribution of Native AR Experiences. To NexTech's knowledge, no company currently has a complete product offer of this scale for fully immersive AR First, AR Native offerings.

NexTech's ability to provide scale for (i) a Single Native AR Experience, (ii) Social Native AR Experiences, (iii) Live! Native AR Experiences and (iv) a complete AR University offer positions NexTech well to achieve early traction and adoption in its focused market segment of cannabis for education and marketing.

As adoption increases we will point our considerable technology and business development teams to adjacent market segments and continue to scale.

### **Intangible Properties**

NexTech is actively developing a formidable stack of technology intellectual property (IP), much of which NexTech is pursuing IP protecting through patents, trademarks and confidentiality.

As pioneers in Native AR, it is important NexTech continue to build its brand as a leader in the Native AR market. NexTech's [NativeAR.com](http://NativeAR.com) website URL will be the doorstep to which NexTech's customers will design, publish, distribute and monetize their Native AR Experiences. As the term Native AR becomes synonymous with immersive 3D Native AR Experiences we will be positioned to capture additional brand equity.

NexTech aims to continue to progress its growing portfolio of patents as NexTech iterates and innovates its technology while working to establish a strong product/market fit for all its offers.

### **Employees**

As at September 30, 2018, NexTech had 15 employees/ full-time consultants.

NexTech employs individuals with a wide range of professional skills and expertise in the course of pursuing and executing its business strategy. In addition, NexTech has available to it various specialized consultants to assist in various areas where full time employees are not required. These professional skills include, but are not limited to, AR development, mobile app development, web services development, environmental/social, financial and business skills, which are widely available in the industry. Drawing on significant experience in the technology business, NexTech believes management has a demonstrated track record of bringing together all of the key components for a successful technology company, such as strong technical skills, expertise in planning and financial controls, ability to execute on business development opportunities, capital markets expertise, and significant entrepreneurial experience which will allow NexTech to effectively identify, evaluate and execute on value added initiatives.

### **Foreign Operations**

NexTech has an office in Dallas Texas. Scott Jenkins and two additional software engineers are based out of this location.

## USE OF AVAILABLE FUNDS

### Funds Available

As at September 30, 2018, NexTech had an estimated consolidated working capital of approximately \$1,743,000.

### Principal Purposes

Based upon management's current intentions, NexTech expects to use the available funds as follows:

<b>PRINCIPAL PURPOSES<sup>(1)</sup></b>	
<b>Uses of Available Funds</b>	<b>(\$)</b>
To pay for software development and maintenance	\$739,000
To pay for marketing, advertising and customer acquisition	\$632,000
To pay the balance of the estimated remaining costs of the listing (including legal, accounting, transfer agency, audit and regulatory filing fees)	\$63,000
To provide for administrative costs and expenses (including financing activities)	\$256,000
Unallocated working capital	\$53,000
<b>TOTAL USE OF FUNDS</b>	<b>\$1,743,000</b>

**Note:**

(1) The convertible debentures which are a current liability have been excluded from the above Use of Funds estimate because they will be settled in shares at the time of the Listing.

Upon completion of the Listing NexTech's working capital available to fund ongoing operations will be sufficient to carry out its business objectives and to meet its administrative costs for a period of 12 months from the date of this Listing Statement. Administrative costs and expenses for the 12-month period are expected to be as follows:

<b>Costs</b>	<b>(\$)</b>
Accounting/CFO services	\$84,000
Annual audit	\$15,000
Corporate Secretary	\$6,000
Rent – 3 offices	\$131,000
Office supplies, misc.	\$20,000
<b>TOTAL</b>	<b>\$256,000</b>

**NexTech intends to spend the funds available to it as stated in this Listing Statement. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary.**

## Business Objectives and Milestones

In the next 12 months NexTech plans to launch a stack of patented AR technologies to generate revenue from advertising, training and education. NexTech is currently working on the development and deployment of its Native AR Platform with its first application, the ARitize™ App. This application will provide a first mover advantage in the marketplace. NexTech is also providing AR related services (e.g. AR app development and AR marketing solutions) in order to build pipeline of sales which spans across the automotive, cannabis, traditional retail, sporting goods, education and training industries.

In parallel to our buildout of NexTech's technology stack which includes the ARitize™ App, the Native AR Platform and the licensed AR learning & education portal, NexTech is building its pipeline of sales. Once NexTech's technology stack is complete, NexTech expects to populate it with paid-for programs including content for Team One Motorsports and Cannabis FN. In addition, for the first quarter of 2019 NexTech will begin working on ARitizing its existing portfolio of revenue generating apps with an estimated cost of \$500,000 over a 12 month period.

The following table describes the 12 month business objectives and milestones for NexTech:

Business Objective	Estimated Time Period	Cost
1. Publish the ARitize™ App	Q3 2018	\$ 250,000
2. Launch the Native AR Platform	Q4 2018	\$ 275,000
3. Launch the AR University	Q4 2018	\$ 300,000
4. Launch an AR University for Kush	Q4 2018	\$ 50,000
5. ARitize™ existing App Portfolio	Q1 2019	\$ 500,000
6. Build sales pipeline for AR marketing services	Q2/Q3 2019	\$ 270,000

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

### Summary of Financial Information

The following table contains certain financial information of NexTech for the period from incorporation on January 12, 2018 to May 31, 2018. Such information has been derived from NexTech's audited financial statements, which have been prepared in accordance with IFRS and are attached as Schedule A-1, and should be read in conjunction with such financial statements.

	Period from Incorporation on January 12, 2018 to May. 31, 2018
Revenue	\$24,947
Net Loss and Comprehensive Loss	\$826,066
Loss per Share – Basic and Diluted	\$0.04
Current Assets	\$2,600,486
Total Assets	\$4,971,711
Total Liabilities	\$378,055
Shareholders' Equity	\$4,593,656

## DIVIDENDS

NexTech has not paid dividends on NexTech Shares since incorporation. Any decision to pay dividends on the NexTech Shares will be made by the NexTech Board on the basis of earnings, financial requirements and other conditions existing at such future time.

NexTech currently intends to retain all available funds, if any, for use in its business. As a result, the return on an investment in the NexTech Shares will depend on any future appreciation in value of the NexTech Shares. There can be no assurance that the NexTech Shares will appreciate or even maintain the price at which shareholders purchased their NexTech Shares.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Management's Discussion and Analysis

The MD&A of NexTech for the period from incorporation on January 12, 2018 to May 31, 2018 is attached as Schedule B. The attached MD&A should be read in conjunction with NexTech's audited financial statements for the period from incorporation on January 12, 2018 to May 31, 2018, together with the notes thereto, which are attached as Schedule A-1.

### Disclosure of Outstanding Security Data

NexTech's authorized share capital consists of an unlimited number of voting NexTech Shares. As of the date of this Listing Statement, NexTech had 37,537,872 NexTech Shares outstanding, 16,213,600 warrants outstanding, no stock options outstanding and \$250,000 worth of convertible debentures outstanding. Upon the exercise of the warrants and conversion of the debentures, NexTech will have a total 58,751,472 NexTech Shares outstanding on a fully diluted basis.

### Additional Disclosure for IPO Venture Issuers Without Significant Revenue

	<b>Period from incorporation on January 12, 2018 to May 31, 2018</b>
Exploration and evaluation assets or expenditures	nil
Expensed research and development costs	nil
Intangible assets arising from development	nil
General and administrative expenses	\$865,928

## MARKET FOR SECURITIES

There is no public market for any securities of NexTech. No stock prices are available as NexTech does not currently trade on and has never had any of its securities listed on a stock exchange, quotation system or other securities market.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of NexTech as at the dates indicated. The table should be read in conjunction with the financial statements of NexTech, and the notes thereto, attached as Schedule A-1 as well as the other disclosure contained in this Listing Statement

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of May 31, 2018	Outstanding as at date of this Listing Statement
Common Shares	Unlimited	37,537,872	37,537,872
Share Purchase Warrants <sup>(1)</sup>	N/A	16,213,600	16,213,600
Debentures <sup>(2)</sup>	N/A	\$250,000	\$250,000

**Notes:**

- (1) 11,213,600 of these warrants are exercisable at \$0.50 per NexTech Share and expire on March 29, 2020, and 5,000,000 of these warrants are exercisable at \$0.05 per NexTech Share and expire on February 16, 2019.
- (2) Each convertible debenture is convertible into NexTech Shares at a price of \$0.05 per NexTech Share or will otherwise convert automatically, and without further action of the holder, into NexTech Shares immediately prior to NexTech completing a going public transaction or listing of its common shares on the CSE.

## OPTIONS TO PURCHASE SECURITIES

### Stock Options

NexTech has no stock options issued and outstanding but has adopted a stock option plan which is summarized below.

#### *Stock Option Plan*

The following summary of the 2018 NexTech stock option plan (the “**NexTech Stock Option Plan**”) does not purport to be complete and is qualified in its entirety by reference to NexTech Stock Option Plan.

The NexTech Stock Option Plan was adopted by the NexTech Board on May 16, 2018. The purpose of the NexTech Stock Option Plan is to provide an incentive to directors, senior officers, employees or consultants of NexTech or its subsidiary, to acquire a proprietary interest in NexTech, to continue their participation in the affairs of NexTech and to increase their efforts on behalf of NexTech. The NexTech Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of NexTech Shares reserved for issuance under the NexTech Stock Option Plan may not exceed 10% of the issued and outstanding NexTech Shares at the time of granting of options (including all options granted by NexTech to date).

The NexTech Stock Option Plan will be administered by the NexTech Board, which will have full and final authority with respect to the granting of all options thereunder. Options may be granted under the NexTech Stock Option Plan to such directors, officers, employees or consultants of NexTech or its subsidiary, as the NexTech Board may from time to time designate. Options may also be granted to employees of management companies providing management services to NexTech. The exercise price of any options granted under the NexTech Stock Option Plan will be determined by the NexTech Board, but may not be lower than the greater of the last closing price for the NexTech Shares as quoted on the CSE on (i) the trading day prior to the date of grant of the option; and (B) the date of grant of the option. The term of any options granted under the NexTech Stock Option Plan will be determined by the NexTech Board at the time of grant but will be subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death. The term of any options granted under the NexTech Stock Option Plan may not exceed 10 years. Options granted under the NexTech Stock Option Plan may be subject to vesting. Subject to certain exceptions, options will expire on a date fixed by the NexTech Board which date will be no more than one year after such Director or officer ceases to hold office or after an employee, consultant or management company employee ceases to act in that capacity in relation to NexTech. In the event of death or disability of an option holder, options granted under the NexTech Stock Option Plan will expire one year from the date of the death or disability of the option holder.

## Warrants

The following table summarizes the common share purchase warrants of NexTech outstanding as at the date of this Listing Statement

Date of Issuance	Number of Warrants	Exercise Price	Expiry Date
February 16, 2018	5,000,000	\$0.05	February 16, 2019 <sup>(1)</sup>
March 29, 2018	11,213,600	\$0.50	March 29, 2020 <sup>(1)</sup>

**Note:**

- (1) These warrants are subject to accelerated expiry upon the occurrence of the closing price of NexTech's Shares being \$0.75 or more for ten consecutive trading days at any time following completion of a going public transaction.

## DESCRIPTION OF SECURITIES

### Common Shares

The authorized capital of NexTech consists of an unlimited number of NexTech Shares. As at the date of this Listing Statement, there are 37,537,872 NexTech Shares outstanding. If NexTech completes a going public transaction or listing of its common shares on the CSE, NexTech will have 42,537,872 NexTech Shares outstanding as a result of the conversion of \$250,000 worth of convertible debentures into an additional 5,000,000 NexTech Shares at \$0.05 per share.

The holders of NexTech Shares are entitled to receive notice of and to attend all meetings of the shareholders of NexTech and to one vote per share at meetings of the NexTech Shareholders. The holders of NexTech Shares are also entitled to receive dividends on the NexTech Shares as and when declared by the NexTech Board. The holders of NexTech Shares are also entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among NexTech's shareholders for the purpose of winding up its affairs, and to share rateably in such assets of NexTech as are available for distribution.

### Warrants

NexTech has 16,213,600 warrants outstanding. See "*Prior Sales*" for additional information below.

### Debentures

NexTech has \$250,000 worth of convertible debentures outstanding. See "*Prior Sales*" for additional information below. If NexTech becomes listed on the CSE, NexTech will have no convertible debentures outstanding.



## PRIOR SALES

In the twelve month period preceding the date of this Listing Statement, the following securities of NexTech have been issued:

Date of Issue	Type of Security	Number of Securities or Value	Issue Price of Security
January 15, 2018	Common Shares	1,150,000 <sup>(1)</sup>	\$0.005 <sup>(1)</sup>
January 15, 2018	Common Shares	7,075,000 <sup>(2)</sup>	\$0.05 <sup>(2)</sup>
February 15, 2018	Convertible Debentures <sup>(3)</sup>	\$250,000	N/A
February 16, 2018	Warrants <sup>(4)</sup>	5,000,000	N/A
March 20, 2018	Common Shares	3,775,000	\$0.25
March 20, 2018	Common Shares	13,000,000	\$0.25
March 29, 2018	Common Shares	11,213,600	\$0.25
March 29, 2018	Warrants <sup>(5)</sup>	11,213,600	N/A
March 29, 2018	Common Shares	224,272	\$0.25
May 1, 2018	Common Shares <sup>(6)</sup>	1,000,000	\$0.25
May 23, 2018	Common Shares <sup>(7)</sup>	100,000	\$0.25

**Notes:**

- (1) These NexTech Shares are subject to escrow pursuant to which these NexTech Shares cannot be sold or otherwise transferred for a period of three years from the Listing Date.
- (2) These NexTech Shares were initially issued at a price of \$0.005, but holders of these NexTech Shares made an additional capital contribution in October 2018 such that these NexTech Shares now have an effective issue price of \$0.05 per NexTech Share.
- (3) Each convertible debenture is convertible into NexTech Shares at a price of \$0.05 per share until maturity on February 15, 2019 or will otherwise convert automatically, and without further action of the holder, into NexTech Shares immediately prior to NexTech completing a going public transaction or listing of its common shares on the CSE.
- (4) These warrants were issued in connection with the foregoing convertible debentures. Each warrant entitles the holder to purchase one additional NexTech Share at a price of \$0.05 per share for a period of 12 months from the date of issuance, subject to accelerated expiry upon the occurrence of the closing price of NexTech's Shares being \$0.75 or more for ten consecutive trading days at any time following completion of a going public transaction.
- (5) Each warrant entitles the holder to purchase one additional NexTech Share at a price of \$0.50 per share for a period of 24 months from the date of issuance, subject to accelerated expiry upon the occurrence of the closing price of NexTech's Shares being \$0.75 or more for ten consecutive trading days at any time following completion of a going public transaction.
- (6) These NexTech Shares were issued to a third party and are currently held in escrow by NexTech and, to be released to the third party against monthly invoices evidencing its advisory services rendered.
- (7) These NexTech Shares were issued as consideration pursuant to the edCetra Agreement.

## ESCROWED SECURITIES

On Listing, the following NexTech Shares and warrants are subject to the terms of an escrow agreement between the Company, certain securityholders and Computershare Investor Services Inc. of 510 Burrard Street, 3<sup>rd</sup> Floor, Vancouver, British Columbia V6C 3B9.

Designation of class held in escrow	Number of Securities held in escrow	Percentage of Class (%)
Common Shares	21,227,137 <sup>(1)</sup>	49.90%
Warrants	5,500,000	33.92%

**Note:**

- (1) 1,150,000 of these NexTech Shares are additionally subject escrow pursuant to which these NexTech Shares cannot be sold or otherwise transferred for a period of three years from the Listing Date.

NexTech is classified as an emerging issuer pursuant to NP 46-201, and as such the securities listed above will be released from escrow in stages over a 36 month period from the date of Listing, with 10% having been released and an additional 15% of such escrowed securities to be released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the Listing.

Additionally, 1,000,000 NexTech Shares issued to a third party are currently being held in escrow by NexTech and will be released to the third party against monthly invoices evidencing advisory services rendered by the third party.

### PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and executive officers of NexTech, no one Shareholder beneficially owns or exercises control or direction over NexTech Shares carrying more than 10% of the votes attached to the NexTech Shares upon completion of the Listing, except for the following:

Name	Number of Shares	Approximate % of Total Issued
Evan Gappelberg <sup>(1)(2)</sup>	4,043,073	9.50%

**Notes:**

- (1) Upon completion of the Listing, Mr. Gappelberg will beneficially own or exercise control or direction over 5,543,073 NexTech Shares representing approximately 9.43% of the issued and outstanding NexTech Shares on a fully-diluted basis.
- (2) 3,543,073 of these NexTech Shares are registered to Mr. Gappelberg and 500,000 of these NexTech Shares are registered to a company controlled by Mr. Gappelberg.

### DIRECTORS AND OFFICERS

#### Name, Occupation and Security Holding

The following table provides the names, municipalities of residence, position in NexTech, principal occupations and the number of voting securities of NexTech that each of the directors and executive officers beneficially owns, directly or indirectly, or exercises control over, as of the date of this Listing Statement:

Name, Residence and Present Position within the Company	Director/Officer Since	Principal Occupation for Past Five Years <sup>(1)</sup>	Number of Shares and % Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)(2)</sup>
<b>Evan Gappelberg</b> NY, USA <i>CEO and Director</i>	January 12, 2018	Entrepreneur. CEO of NexTech. Managing director at Atlas Advisors, LLC, an independent investment advisory and money management firm that offers small-cap companies consulting services.	4,043,073 (9.50%)
<b>Paul Duffy<sup>(3)</sup></b> Ontario, Canada <i>President and Director</i>	February 8, 2018	Co-Founder, Chief Architect & UX Officer of ARHT Media Inc.	3,650,000 (8.58%)
<b>David Miles</b> British Columbia, Canada <i>CFO</i>	March 26, 2018	Chartered Professional Accountant.	Nil
<b>Belinda Tyldesley</b> British Columbia, Canada <i>Corporate Secretary &amp; Director</i>	March 26, 2018	President of Closing Bell Services, a consulting company provided corporate secretarial services.	399,272 (<1%)

Name, Residence and Present Position within the Company	Director/Officer Since	Principal Occupation for Past Five Years <sup>(1)</sup>	Number of Shares and % Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)(2)</sup>
<b>William Gildea</b> <sup>(3)</sup> MA, USA <i>Director</i>	January 12, 2018	Entrepreneur. Founder and President of ECAP, LLC, a boutique investment firm.	859,792 (2.02%)
<b>Reuben Tozman</b> <sup>(3)</sup> Ontario, Canada <i>Chief Operating Officer and Director</i>	February 8, 2018	President and founder of edCetra Training, a learning services company focused on the design and development of customized e-learning programs, and specializes in single sourcing of content.	100,000 (<1%)

**Notes:**

- (1) The information as to principal occupation, business or employment and NexTech Shares beneficially owned or controlled is not within the knowledge of management of NexTech and The above information was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available at [www.sedi.com](http://www.sedi.com) and [www.sedar.com](http://www.sedar.com)
- (2) These percentage figures represent the anticipated NexTech share ownership upon completion of the Listing.
- (3) Member of the audit committee of NexTech.

Upon completion of the Listing, it is anticipated that the directors and officers of NexTech as a group will own beneficially, directly or indirectly or exercise control or discretion over an aggregate of 9,052,137 NexTech Shares, which is equal to approximately 21.28% of the NexTech Shares anticipated to be issued and outstanding on a non-diluted basis on Listing.

**Board and Management**

**Evan Gappelberg – CEO and Director.** Mr. Gappelberg is an accomplished entrepreneur with an expertise in creating, funding and running start-ups, and he has extensive experience both as a hands-on operating executive and well as a public markets professional. From 2000 to 2005, Mr. Gappelberg was the co-founder and CEO of EG Products, where he funded, patented, imported and distributed the market's first LED light-up toy. He secured license deals from Disney, Universal Studios, Clear Channel Communication and built a national sales channel, landing contracts with Walgreen's, Macy's, and live event shows like Ringling Bros. He was also was co-founder and CEO of an app development company which created and published over 200 successful apps for both Apples iTunes store and the Google Play store. Prior to being a successful entrepreneur, Mr. Gappelberg worked on Wall Street and has more than 20 years of extensive experience as both a hedge fund manager and Senior Vice President of Finance. Recently, Mr. Gappelberg was responsible for bringing in the seed investors to Future Farm and was instrumental in helping expand its market capitalization from approximately \$2 million in 2016 to approximately over \$40 million today. He has extensive capital markets relationships, know-how and experience in all operational facets of managing a public company.

**Paul Duffy – President and Director.** Creator of the HumaGram and inventor of the patent for Holographic Telepresence over the Internet (TOIP), Mr. Duffy is a serial entrepreneur with over 25 years of experience in successfully starting, expanding, diversifying and selling global technology companies. Mr. Duffy co-founded Corporate Communications Interactive (CCI) in 1992 and grew it to one of the largest online learning and communication companies in North America. With clients such as AT&T, GE, IBM, Microsoft, Pearson Education and Manulife Financial, CCI was sold to SkillPath Seminars in 2003. Mr. Duffy is also a former member of the Board of Governors for the Michener Institute for Applied Health Sciences, and holds a Bachelor of Science in Applied Computer Science from Ryerson University.

**David Miles – CFO.** Mr. Miles is a Chartered Professional Accountant who has been the CFO for 13 companies listed on the TSX Venture Exchange (“TSXV”) over the past 14 years. He has also been a director and the audit committee chairman for 3 TSXV listed companies. Since 2009 he has been the CFO of Seabord Services Corp., a company which provides corporate secretarial, accounting and CFO services for companies which are primarily listed on the TSXV. Currently Mr. Miles is the CFO for Lara Exploration Ltd. and Altus Strategies, plc. which are both listed on the TSXV. From 2002 to 2004, Mr. Miles was the corporate controller for Quest Capital Corp. (formerly Viceroy Resource Corporation). Prior to that he had over 20 years’ experience in a large multinational corporate environment, primarily with Cominco Ltd. (now Teck Resources Corp.). While there, he held various positions in corporate finance including Exploration Controller, responsible for the financial reporting of the corporation’s eight international exploration subsidiaries as well as reporting for Canadian based exploration.

**Belinda Tyldesley – Corporate Secretary and Director.** Ms. Tyldesley has more than 15 years’ experience as a paralegal with law firms in Melbourne, London and Vancouver, which has helped her to gain an in-depth understanding of the dynamics of dealing with various regulatory and legal bodies. She has worked with numerous public companies trading on the TSX, TSX-V and CSE in the resource and technology sectors. Her services include corporate secretarial, governance and regulatory compliance services, overseeing capital pool companies’ qualifying transactions, IPO’s and diverse transactions in corporate environments.

**William Gildea – Director.** Mr. Gildea was the founder and President of ECAP, LLC, a boutique investment firm committed to transforming environmental concerns into environmental and business opportunities. With over 20 years of experience, he is recognized as a pioneer in the field of environmental insurance and has a strong track record of successfully advancing environmental businesses and projects through effective finance and investment strategies. Mr. Gildea was also a founder of Converted Organics Inc., a publicly traded company utilizing clean technology to manufacture organic fertilizer. Before founding ECAP, Mr. Gildea held senior positions at Connecticut Bank & Trust and Phoenix Investment Counsel. Mr. Gildea holds an MBA from Rensselaer Polytechnic Institute.

**Reuben Tozman – COO and Director.** Mr. Tozman is the Vice President of Product for Shutterstock Custom (previously Flashstock) where he is responsible for structuring the product organization to better meet stakeholder demands and market conditions, along with oversight on engineering performance. Previously he was the Vice President, Customer Success at Flashstock where he helped to increase the production of the CSM team by a considerable amount. Prior to Flashstock, Mr. Tozman was the Vice President of Client Services and Customer Success at ScribbleLive. Mr. Tozman’s areas of expertise include innovating products around adaptive learning systems, participating in open standards committees for technology, working in the digital content marketing space and bringing original ideas to market.

#### **Corporate Cease Trade Orders or Bankruptcies**

To the best of NexTech’s knowledge, and other than disclosed herein, no existing or proposed director, officer or other member of management of NexTech is, or within the 10 years prior to the date of this Listing Statement has been, a director, officer, promoter or other member of management of any other corporation that, while that person was acting in the capacity of a director, officer, promoter or other member of management of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any statutory exemptions for a period of more than 30 consecutive days, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or appointed to hold the assets of that director, officer or other member of management of NexTech.

## **Penalties or Sanctions**

To the best of NexTech's knowledge, and other than disclosed herein, no director or officer of NexTech, nor any shareholder holding sufficient securities of NexTech to materially affect control of NexTech has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

## **Personal Bankruptcies**

To the best of NexTech's knowledge, no director or officer of NexTech, nor any shareholder holding sufficient securities of NexTech to affect materially the control of NexTech, nor any personal holding company of any such person has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

## **Conflicts of Interest**

The directors of NexTech are required by law to act honestly and in good faith with a view to the best interests of NexTech and to disclose any interests, which they may have in any project or opportunity of NexTech. If a conflict of interest arises at a meeting of NexTech, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of NexTech's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among NexTech, its directors and officers or other members of management of NexTech as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to NexTech and their duties as a director and officer of such other companies. To the extent that such other companies may provide services to NexTech, may participate with NexTech in various ventures, or may compete against NexTech in one or more aspects of its business, the directors and officers of NexTech may have a conflict of interest respecting such. Any conflicts will be subject to the procedures and remedies under applicable corporate law. See also "*Interests of Management and Others in Material Transactions.*"

## CAPITALIZATION

### Issued Capital

<b>Anticipated on Listing</b>	<b><u>Number of Securities</u> (non-diluted)</b>	<b><u>Number of Securities</u> (fully-diluted)</b>	<b><u>% of Issued</u> (non-diluted)</b>	<b><u>% of Issued</u> (fully diluted)</b>
<b><u>Public Float</u></b>				
Total outstanding (A)	42,537,872	58,751,472	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	15,052,137	20,552,137	35.39%	34.98%
Total Public Float (A-B)	27,485,735	38,199,335	64.61%	65.02%
<b><u>Freely-Tradeable Float</u></b>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	21,227,137	26,727,137	49.90%	45.49%
Total Tradeable Float (A-C)	21,310,735	32,024,335	50.10%	54.51%

### Public Securityholders (Registered)

For the purposes of this report, “public Securityholders” are persons other than persons enumerated in section (B) of the previous chart. The table below is as current as of the date hereof, and only registered holders are listed.

<b>Class of Security Size of Holding</b>	<b>Number of holders<sup>(1)</sup></b>	<b>Total number of securities<sup>(1)</sup></b>
1 – 99 securities	25	414
100 – 499 securities	7	1,604
500 – 999 securities	2	1,830
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	3	12,921
5,000 or more securities	60	27,468,966
<b>TOTAL<sup>(1)</sup></b>	<b>97</b>	<b>27,485,735</b>

**Note:**

(1) This table assumes the full conversion of the \$250,000 worth of convertible debentures into 5,000,000 NexTech Shares on Listing.

### Public Securityholders (Beneficial)

For the purposes of this report, “public securityholders (beneficial)” include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary. The table below does not include “non-public securityholders” being those persons enumerated in section (B) of the issued capital chart and is current as of the date hereof.

<b>Class of Security Size of Holding</b>	<b>Number of holders<sup>(1)</sup></b>	<b>Total number of securities<sup>(1)</sup></b>
1 – 99 securities	4,176	200,079
100 – 499 securities	3,437	849,198
500 – 999 securities	1003	733,964
1,000 – 1,999 securities	496	694,052
2,000 – 2,999 securities	156	376,925
3,000 – 3,999 securities	69	234,679
4,000 – 4,999 securities	45	195,939
5,000 or more securities	110	2,258,146
Unable to confirm	Unable to confirm <sup>(2)</sup>	5,037,689 <sup>(2)</sup>

**Notes:**

- (1) These NexTech Shares are held by intermediaries through CDS & Co. (the Canadian depository for securities) and Cede & Co. and this information is derived from NexTech’s registered shareholders’ list as at September 28, 2018 and share range reports using a record date of September 28, 2018.
- (2) These NexTech Shares are held by an unknown number of participants (intermediaries).



### Non-Public Securityholders (Registered)

For the purposes of this table, “non-public securityholders” are persons enumerated in Section (B) of the Issued Capital table above.

<b>Class of Security Size of Holding</b>	<b>Number of holders</b>	<b>Total number of securities</b>
<b><u>Size of Holding</u></b>	<b><u>Number of holders</u></b>	<b><u>Total number of securities</u></b>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	8	15,052,137
<b>TOTAL<sup>(1)</sup></b>	<b>8</b>	<b>15,052,137</b>

**Note:**

(1) This table assumes the full conversion of the \$250,000 worth of convertible debentures into 5,000,000 NexTech Shares on Listing.

### Convertible / Exchangeable Securities

The following table details any securities convertible or exchangeable into NexTech Shares.

<b>Description of Security (include conversion/exercise terms, including conversion/exercise price)</b>	<b>Number of convertible/exchangeable securities outstanding</b>	<b>Number of listed securities issuable upon conversion/exercise</b>
Warrants exercisable at a price of \$0.05 per NexTech Share until February 16 2019 <sup>(1)</sup>	5,000,000	5,000,000
Warrants exercisable at a price of \$0.50 per NexTech Share until March 29, 2020 <sup>(1)</sup>	11,213,600	11,213,600

**Notes:**

- (1) These warrants are subject to accelerated expiry upon the occurrence of the closing price of NexTech’s Shares being \$0.75 or more for ten consecutive trading days at any time following completion of a going public transaction.
- (2) As at the date of this Listing Statement, the Company also has \$250,000 worth of convertible debenture outstanding. The debentures are convertible into NexTech Shares at a price of \$0.05 per NexTech Share. However the debentures will convert automatically, and without further action of the holder, into NexTech Shares immediately prior to NexTech completing a going public transaction or listing of its common shares on the CSE.

## Other Listed Securities

The Company has no other listed securities reserved for issuance that are not included in section.

## EXECUTIVE COMPENSATION

NexTech is not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6 has been omitted pursuant to Section 1.3(8) of Form 51- 102F6.

### Compensation Discussion and Analysis

The NexTech Board is responsible for ensuring that NexTech's compensation strategy is aligned with the performance of NexTech.

### Share-based and option-based awards

Other than the NexTech Stock Option Plan, NexTech does not have in place any share-based or option-based compensation plans.

### Compensation governance

NexTech has not adopted any policies or practices to determine the compensation for NexTech's directors and NEOs.

### Summary Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all direct and indirect compensation to NEOs for, or in connection with, services provided to NexTech for the period from incorporation on January 12, 2018 to May 31, 2018.

Name and principal position	Period	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
<b>Evan Gappelberg</b> <i>CEO and Director</i>	Jan. 12 to May 31, 2018	\$50,931 <sup>(1)</sup>	nil	nil	nil	nil	nil	nil	50,931 <sup>(1)</sup>
<b>David Miles</b> <sup>(1)</sup> <i>CFO</i>	Jan. 12 to May 31, 2018	nil	nil	nil	nil	nil	nil	nil	nil

**Notes:**

(1) This amount relates to Mr. Gappelberg's compensation for his role as CEO.

(2) David Miles was appointed CFO of NexTech on March 26, 2018.

### Outstanding Share-Based Awards and Option-Based Awards

NexTech has not granted any share-based awards or option-based awards to its NEOs during the period from incorporation on January 12, 2018 to May 31, 2018.

### *Incentive Plan Awards– Value Vested or Earned During the Year*

NexTech does not have an incentive plan in place and therefore no compensation was awarded, earned, paid or payable to any NEOs under any incentive plan during the period from incorporation on January 12, 2018 to May 31, 2018.

### *Pension Plan Benefits*

NexTech does not provide a defined benefit plan or a defined contribution plan for any of its directors, NEOs or employees, nor does it have a deferred compensation plan for any of its NEOs.

### *Termination and Change of Control Benefits*

None of the NEOs have entered into an agreement with NexTech that provides for payments at, following or in connection with a termination (whether voluntary or involuntary), resignation, retirement, a change of control of NexTech or a change in such NEO's responsibilities.

## **Director Compensation**

### *Director Compensation Table*

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation earned by the non-executive directors of NexTech for the period from incorporation on January 12, 2018 to May 31, 2018.

<b>Name and principal position</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)<sup>(5)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
<b>Paul Duffy<sup>(1)</sup></b> <i>President and Director</i>	20,000	nil	nil	nil	nil	nil	20,000
<b>Belinda Tyldesley<sup>(2)</sup></b> <i>Corporate Secretary and Director</i>	4,042	nil	nil	nil	nil	nil	4,042
<b>William Gildea</b> <i>Director</i>	nil	nil	nil	nil	nil	nil	nil
<b>Reuben Tozman<sup>(3)</sup></b> <i>COO and Director</i>	nil	nil	nil	nil	nil	nil	nil
<b>Harvey Goldman<sup>(4)</sup></b> <i>Director</i>	nil	nil	nil	nil	nil	nil	nil

#### **Notes:**

- (1) Paul Duffy was appointed as a director of NexTech on February 8, 2018 and as President on June 14, 2018.
- (2) Belinda Tyldesley was appointed a director of NexTech and as Corporate Secretary on March 26, 2018.
- (3) Reuben Tozman was appointed as a director of NexTech on February 8, 2018.
- (4) Harvey Goldman was appointed as a director of NexTech on January 26, 2018 and resigned as a director of NexTech on March 26, 2018.

### *Outstanding Share-Based Awards and Option-Based Awards*

NexTech did not grant any share-based awards or option-based awards to its directors during the period from incorporation on January 12, 2018 to May 31, 2018.

### *Incentive Plan Awards*

There was no compensation awarded, earned, paid or payable to the directors under any incentive plan during the period from incorporation on January 12, 2018 to May 31, 2018.

### **Management Contracts**

NexTech is not a party to any management contracts.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No existing or proposed director or executive officer of NexTech or any associate of any of them was indebted to NexTech as at the date of this Listing Statement.

## **RISK FACTORS**

Purchasing securities of NexTech must be considered highly speculative due to the nature of NexTech's business and its present stage of development. A purchase of such securities involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to assume such risk and can afford a total loss of their investment and have no need for immediate liquidity in their investment. Prospective purchasers should carefully consider the information presented in this Listing Statement before purchasing the securities of NexTech, which includes the following risks:

### **General**

The principal risks and uncertainties are summarized below. These do not necessarily comprise all of those that are potentially faced by NexTech and are not intended to be presented in any assumed order of priority. The Directors believe that, in particular, readers of this report should be aware of these risks and uncertainties, and that the Directors take reasonable steps to mitigate and minimize the impact of the risks. However, these risks cannot be eliminated entirely.

### **Risks Relating to NexTech**

#### *Management*

NexTech is dependent upon the personal efforts and commitment of its management, which is responsible for the development of future business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of NexTech could result, and other persons would be required to manage and operate NexTech. NexTech is dependent on a relatively small number of key officers, consultants and employees, the loss of any of whom could have an adverse effect on NexTech. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon NexTech's success.

#### *Limited operating history*

NexTech, was incorporated in 2018. NexTech is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of significant revenues. There is no assurance that NexTech will be successful in achieving a return on shareholders' investment and likelihood of success must be considered in light of the early stage of operations.

### *Additional financing*

In order to execute the anticipated growth strategy, NexTech will require some additional equity and/or debt financing to support on-going operations, to undertake capital expenditures, and/or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to NexTech when needed or on terms which are acceptable. NexTech's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit NexTech's growth and may have a material adverse effect upon future profitability. NexTech may require additional financing to fund its operations to the point where it is generating positive cash flows.

### *Competition*

There is potential that NexTech will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than NexTech. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of NexTech.

Because of the early stage of the industry in which NexTech operates, NexTech expects to face additional competition from new entrants. NexTech expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, NexTech will require a continued high level of investment in research and development, marketing, sales, and client support. Upon completion of the listing, NexTech may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of NexTech.

### *Management of Growth*

NexTech's management anticipates rapid growth and plans to capitalize on this growth. Future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in the growth rate of expenses could have a material adverse effect on NexTech's business, results of operations, cash flows and financial condition.

### *Effectiveness and Efficiency of Advertising and Promotional Expenditures*

The future growth and profitability of NexTech will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the ability of NexTech to (i) create greater awareness of its technology and services; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of NexTech's technologies or services. In addition, no assurance can be given that NexTech will be able to manage its advertising and promotional expenditures on a cost-effective basis.

### *Risks Related to Potential Inability to Protect Technology*

NexTech's success is heavily dependent upon technology. There can be no assurance that the steps taken by NexTech to protect its technology will be adequate to prevent misappropriation or independent third-party development of NexTech's technology. It is likely the other companies can duplicate a platform similar to that of NexTech.

### *Risks Related to Potential Intellectual Property Claims*

Companies in the Internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. NexTech may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent NexTech from offering its products and services to others and may require that it procure substitute products or services for these members. With respect to any intellectual property rights claim, NexTech may have to pay damages or stop using technology found to be in violation of a third party's rights. NexTech may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase its operating expenses. The technology also may not be available for license to NexTech at all. As a result, NexTech may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If NexTech cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these results could harm NexTech's brand and prevent NexTech from generating sufficient revenue or achieving profitability.

### *Uninsured or Uninsurable Risk*

NexTech may become subject to liability for risks against which are uninsurable or against which NexTech may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on NexTech's financial position and operations.

### *Conflicts of Interest*

Certain directors and officers of NexTech also serve as directors and/or officers of other technology based companies. Consequently, there is the possibility for such directors and/or officers to be in a position of conflict. Any decision made by any of such directors and officers involving NexTech will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of NexTech and its shareholders. Each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with applicable corporate and securities laws in Canada and United States.

### *Use of Available Funds*

NexTech currently intends to allocate its working capital described under "Use of Available Funds" in this Listing Statement. However, management will have discretion (subject to approval by the NexTech Board) in the actual application of the funds, and may elect to allocate proceeds differently from that described in "Use of Available Funds" if it is believed it would be in the best interests of NexTech to do so as circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of NexTech and, consequently, could adversely affect the price of the NexTech Shares on the open market.

### *No Market for Securities*

There is currently no market through which any of the NexTech Shares may be sold and there is no assurance that the NexTech Shares will be listed for trading on a Canadian stock exchange, or if listed, will provide a liquid market for such securities. Until the NexTech Shares are listed on a Canadian stock exchange, holders of the NexTech Shares may not be able to sell their NexTech Shares. Even if a listing is obtained, there can be no assurance that an active public market for the NexTech Shares will develop or be sustained after completion of the listing. The holding of NexTech Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The NexTech Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

### *Dividend Policy*

NexTech does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from NexTech will remain subject to the discretion of its board of directors and

### *Risk of Investment*

An investment in the NexTech Shares, as well as NexTech's prospects, is speculative due to the risky nature of its business and the present stage of its development. Investors may lose their entire investment. Investors should carefully consider the risk factors described in this Listing Statement and under the heading "*Risk Factors*" in this Listing Statement. The risks described in this Listing Statement are not the only ones facing NexTech. Additional risks not currently known to NexTech, or that NexTech currently deems immaterial, may also impair NexTech's operations. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. If any of the risks described in this Listing Statement actually occur, NexTech's business, financial condition and operating results could be adversely affected. Investors should carefully consider the risks in this Listing Statement and the other information elsewhere in this Listing Statement and consult with their professional advisors to assess any investment in NexTech.

### *Share Price Volatility Risk*

If NexTech Shares become listed on a Canadian stock exchange, then external factors outside of NexTech's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the NexTech Shares. Global stock markets, including the CSE, have, from time-to-time, experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the NexTech Shares.

### *No Guarantee of a Positive Return in an Investment*

There is no guarantee that an investment in the NexTech Shares will earn any positive return in the short term or long term. An investment in the NexTech Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the NexTech Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

### *Increased Costs of Being a Publicly Traded Company*

If NexTech has publicly-traded securities, significant legal, accounting and filing fees will be incurred that at present, are not. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information all of which will significantly increase legal and financial compliance costs.

### *Forward Looking Information*

Certain information set out in this Listing Statement includes or is based upon expectations, estimates, projections or other "forward looking information". Such forward looking information includes projections or estimates made by NexTech about NexTech's future business operations. While such forward looking statements and the assumptions underlying them are made in good faith and reflect NexTech's current judgment regarding the direction of business, actual results will almost certainly vary (sometimes materially) from any estimates, predictions, projections, assumptions or other type of performance suggested here.

## **Risk Factors Relating to Software**

### *Lack of experience and commitment of project manager*

The project manager is the leader and the most responsible person. An inexperienced manager can jeopardize the completion of a project.

### *Unrealistic deadlines*

Software projects may fail when deadlines are not properly set. Project initialization, completion date and time must be realistic.

### *Improper budget*

Cost estimation of a project is very crucial in terms of project success and failure. Low cost with high expectations of large projects may cause project failure. An organization cannot bear the expenses of a project.

### *Lack of resources*

Software and hardware resources may not be adequate. Lack of resources in terms of manpower is also a critical risk factor of software failure.

### *Personnel hiring*

Extensive hiring and firing in a software team may lead a software project to a critical stage. Staff may not be properly assigned to specific tasks.

### *Understanding problems of customers*

Many customers are not technical in terms of software terminologies and may not understand the developer's point of view. Developers may interpret information differently from what is provided by the clients.

### *Inappropriate design*

Software designers have a major role in the success or failure of the project if a design is inappropriate for the project.

### *Market demand obsolete*

Market demand may become obsolete while a project is still in progress.

## **PROMOTERS**

NexTech is not a party to any written or oral agreement or understanding to provide any promotional or investor relations services to the Company as at the date of this Listing Statement, or the two years immediately preceding the date of this Listing Statement.

## **LEGAL PROCEEDINGS**

NexTech is not currently and has not been a party to, nor has any of its property been the subject of, any legal proceedings material to it since the beginning of the most recently completed financial year, and no such proceedings are, to the best of NexTech's knowledge, contemplated.



## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein, no insider, executive officer or director of NexTech, or associate or affiliate of them, has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement that has materially affected or is reasonably expected to materially affect NexTech.

## **AUDITORS, TRANSFER AGENT AND REGISTRAR**

### **Auditors**

The auditors of NexTech are Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants (“DMCL”), of #1500 – 1140 West Pender Street, Vancouver, British Columbia V6E 4G.

### **Transfer Agent and Registrar**

Computershare Trust Company of Canada of Vancouver, British Columbia is the Branch Registrar and Transfer Agent of NexTech for the NexTech Shares.

## **MATERIAL CONTRACTS**

Other than set out below, NexTech has not entered into any material contracts, outside of the ordinary course of business, prior to the date hereof:

1. Arrangement Agreement;
2. Assignment and Purchase Agreement;
3. ARHT Media Agreement;
4. Amendment to License Agreement;
5. edCetra Agreement;
6. CF MOU;
7. Kush Agency Agreement; and
8. JV Agreement.

## **INTERESTS OF EXPERTS**

### **Names**

Dale Matheson Carr-Hilton LaBonte LLP, Chartered Accountants, of #1500 – 1140 West Pender Street, Vancouver, British Columbia V6E 4G1 (“DMCL”) audited the financial statements for the period from incorporation on January 12, 2018 to May 31, 2018 and the carve out financial statements for the App Portfolio. DMCL has confirmed that they are independent with respect to NexTech within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### **Interest of Experts**

As of the date of this Listing Statement, DMCL is “independent” of NexTech in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

As at the date of this Listing Statement, the partners and associates of DMCL do not own, directly or indirectly, any NexTech Shares.

### **OTHER MATERIAL FACTS**

Other than as set out in this Listing Statement, there are no other material facts about NexTech and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its respective securities.

### **FINANCIAL STATEMENTS**

Schedule A-1 attached contains the audited financial statements of NexTech for the period from incorporation on January 12, 2018 to May 31, 2018 and Schedule A-2 attached contains the audited carve out financial statements for the App Portfolio.

**Schedule A-1**

**Audited financial statements of NexTech for the period from  
incorporation on January 12, 2018 to May 31, 2018**

*[Attached]*

**NexTech AR Solutions Corp.**

**FINANCIAL STATEMENTS**

**MAY 31, 2018**

**(EXPRESSED IN CANADIAN DOLLARS)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

### To the Directors of NexTech AR Solutions Corp.

We have audited the accompanying financial statement of NexTech AR Solutions Corp., which comprise the statement of financial position as at May 31, 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on January 12, 2018 to May 31, 2018, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NexTech AR Solutions Corp. as at May 31, 2018, and its financial performance and its cash flows for the period from incorporation on January 12, 2018 to May 31, 2018 in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about NexTech AR Solutions Corp.'s ability to continue as a going concern.

A handwritten signature in black ink that reads "DMCL".

DALE MATHESON CARR-HILTON LABONTE, LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
June 25, 2018

# NexTech AR Solutions Corp.

Statement of Financial Position  
(Expressed in Canadian dollars)

	<b>May 31, 2018</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash	\$ 2,523,717
Receivables	14,325
Prepaid	62,444
<b>Total current assets</b>	<b>2,600,486</b>
<b>Non-current assets</b>	
Equipment (Note 3)	41,364
Intangible assets (Note 4)	2,329,861
<b>Total non-current assets</b>	<b>2,371,225</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,971,711</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities (Note 5)	\$ 160,031
Convertible debenture (Note 6)	218,024
<b>TOTAL LIABILITIES</b>	<b>378,055</b>
<b>EQUITY</b>	
Share capital (Note 7)	5,375,398
Equity portion of convertible debenture (Note 6)	44,324
Deficit	(826,066)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>4,593,656</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,971,711</b>

**Nature of operations and going concern** (Note 1)

**Subsequent event** (Note 13)

These financial statements are authorized for issuance by the Board of Directors on June 25, 2018

**Approved by the Board of Directors**

"Evan Gappelberg " , Director

"Paul Duffy" , Director

The accompanying notes are an integral part of these financial statements.

## NexTech AR Solutions Corp.

Statement of Comprehensive Loss  
(Expressed in Canadian dollars)

	<b>For the period from incorporation on January 12, 2018 to May 31, 2018</b>
<b>REVENUES</b>	\$ 24,947
<b>COST OF GOODS SOLD</b>	10,621
Gross profit	14,326
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
Accretion expense (Note 6)	12,348
Administrative fees and office costs (Note 8)	51,273
Amortization (Notes 3 and 4)	14,437
Business development	43,695
Consulting fees (Note 8)	220,055
Investor relations	8,398
Management fees (Note 8)	50,930
Professional fees	54,392
Share-based payment (Note 7)	370,125
Travel	40,275
Total general and administrative expenses	865,928
<b>OTHER INCOME</b>	
Foreign exchange gain	(25,536)
<b>LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (826,066)</b>
<b>Loss per common share</b>	
Basic and diluted loss per common share	\$ (0.04)
Weighted average number of common shares outstanding	22,081,328

The accompanying notes are an integral part of these financial statements.

## NexTech AR Solutions Corp.

Statement of Changes in Shareholders' Equity  
(Expressed in Canadian dollars)

	Number of shares	Share capital	Equity portion of convertible debenture	Deficit	Total
<b>Balance as at January 12, 2018 (incorporation)</b>	-	\$ -	\$ -	\$ -	\$ -
Founders' financing (Note 7)	8,225,000	411,250	-	-	411,250
Acquisition of intangible assets (Note 4)	16,775,000	2,343,750	-	-	2,343,750
Private placement (Note 7)	11,213,600	2,803,400	-	-	2,803,400
Share issuance costs (Note 7)	224,272	(238,002)	-	-	(238,002)
Shares issued for services (Note 7)	1,100,000	55,000	-	-	55,000
Equity portion of convertible debenture (Note 6)	-	-	44,324	-	44,324
Loss for the period	-	-	-	(826,066)	(826,066)
<b>Balance as at May 31, 2018</b>	<b>37,537,872</b>	<b>\$ 5,375,398</b>	<b>\$ 44,324</b>	<b>\$ (826,066)</b>	<b>\$ 4,593,656</b>

The accompanying notes are an integral part of these financial statements.



# NexTech AR Solutions Corp.

## Statement of Cash Flows

(Expressed in Canadian dollars)

	<b>For the period from incorporation on January 12, 2018 to May 31, 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Loss for the period	\$ (826,066)
Items not affecting cash:	
Amortization	14,437
Accretion expense	12,348
Share-based payment	370,125
<b>Changes in non-cash working capital items:</b>	
Receivables	(14,325)
Prepaid	(62,444)
Accounts payable and accrued liabilities	221,281
<b>Net cash used in operating activities</b>	<b>(284,644)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of equipment	(41,912)
<b>Net cash used in investing activities</b>	<b>(41,912)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Convertible debentures	250,000
Proceeds from issuance of shares, net of share issuance costs	2,600,273
<b>Net cash provided by financing activities</b>	<b>2,850,273</b>
Net change in cash during the period	2,523,717
Cash, beginning of the period	-
<b>Cash, end of the period</b>	<b>\$ 2,523,717</b>

Supplemental disclosure with respect to cash flows (Note 11)

The accompanying notes are an integral part of these financial statements.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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## 1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

NexTech AR Solutions Corp. (the “Company” or “NexTech”) was incorporated in the province of British Columbia on January 12, 2018. The Company’s principal business activities are the acquisition and development of augmented reality technology for purpose of generating advertising revenue and sale of its Applications (“Apps”). The Company’s registered office is located at 501 – 543 Granville Street, Vancouver, British Columbia, Canada V6C 1X8.

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to generate advertising revenue to establish profitable operations and to obtain the necessary equity or debt financing to fund operations as required. These factors indicate the existence of uncertainty on the ability of the Company to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

### Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### Basis of Measurement

These financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in Canadian dollars (“CAD”), which is also the Company’s functional currency.

### Functional Currency

These financial statements are presented in Canadian dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar.

### Impairment of Long-lived Assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION(continued)

### Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value in other comprehensive income (“FVOCI”) – debt investment; or fair value in profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial liabilities, are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. In cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A single expected credit loss model is used for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition.

### Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

### Convertible Debentures

The components of the compound financial instrument (convertible debenture) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument. At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar nonconvertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the convertible debentures will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

### **Convertible Debentures** (continued)

Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs related to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and amortized over the estimated useful life of the debentures using the effective interest rate method.

### **Equipment**

Equipment is recorded at cost and amortized over its estimated useful life. Equipment is amortized on a straight-line basis over five years.

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset. When parts of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. The cost of major overhauls of parts of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

### **Intangible Assets**

Intangible assets are recognized and measured at cost. Intangible assets with finite useful lives are amortized using the straight-line method over the useful life of the asset. The Company conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the Company prospectively. The Company has determined that the intangible assets related to the license outlined in Note 4 have indefinite lives. Intangibles with finite lives consist of mobile applications and are amortized over three years.

### **Share Capital**

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined the date at which the counterparty's services are rendered or the Company obtains the goods.

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in private placements was determined to be the more easily measurable component and the shares were valued at the full unit value. No value was attributed to the warrants because the Company is newly incorporated and its shares are not trading on any exchange. Transaction costs on the issuance of equity instruments for cash are recognized as a deduction from equity.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

### Share-Based Payment Transactions

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the number of the options that are expected to vest. If the options are forfeited subsequent to vesting or expire, the amount recorded to the reserves is transferred to deficit.

### Revenue Recognition

The Company follows IFRS 15 – Revenue from Contracts with Customers. Revenue is generated through the sale of applications (“apps”) and advertising on its IOS and Android platforms. Revenue generated from the sale of apps is recognized when control is transferred to the customer based on the real-time purchase of the application on an IOS or Android platform. Revenues from advertising are recognized as earned where the amount is determined based on the number of user clicks.

### Costs of Sales

Cost of sales includes the expenses incurred to manage the App portfolio and the advertisements in place on the online databases.

### Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

### Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

### **Foreign Currency Translation**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

### **Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### *Critical Accounting Estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

#### Carrying value and recoverability of equipment and intangible assets

The Company has determined that equipment and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

#### Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

#### Share-based payments

Management is required to make a number of estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

## NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

#### Critical Accounting Estimates and Judgments (continued)

##### *Critical Accounting Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

##### Going concern

The Company may need to raise additional capital to continue as a going concern. Management believes that it can generate revenue from its technology assets and raise additional capital to fund its ongoing operations and accordingly these statements have been prepared on a going concern basis.

##### **Accounting pronouncements not yet effective**

IFRS 16 Leases was issued in January 2016 and is effective for periods beginning on or after January 1, 2019. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not expect IFRS 16 to have a significant impact on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. EQUIPMENT

	Trade Show Boot Equipment & Hardware	Dallas Studio Equipment	TOTAL
<b>COSTS</b>			
As at January 12, 2018 (inception)	\$ -	\$ -	\$ -
Additions	16,440	25,472	41,912
As at May 31, 2018	16,440	25,472	41,912
<b>ACCUMULATED AMORTIZATION</b>			
As at January 12, 2018 (inception)	-	-	-
Charge for the period	548	-	548
As at May 31, 2018	548	-	548
<b>NET BOOK VALUE</b>			
As at May 31, 2018	\$ 15,892	\$ 25,472	\$ 41,364

Office equipment was purchased in May and no amortization was recorded on these assets because they were not ready for use as at May 31, 2018.

## NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

### 4. INTANGIBLE ASSETS

- (a) On March 20, 2018, the Company issued 12,000,000 shares valued at \$1,150,000 to acquire a license for augmented reality technology (Note 7). The Company purchased the license to use it as a platform for generating advertising revenue. The license was acquired from Future Farm Technologies Inc. ("Future Farm"). Future Farm is a related party as it has directors in common and as a consequence of this transaction became a major shareholder. Future Farm had originally acquired the license for \$1,150,000. As no considerable work had been performed or events had occurred since the acquisition by Future Farm, the fair value was determined to approximate the original price paid. Additionally, in relation to the license, the Company issued 3,775,000 shares valued at \$943,750 to satisfy an existing commitment between Future Farm and the original vendor (Note 7).
- (b) On March 20, 2018, the Company issued 1,000,000 common shares valued at \$250,000 to acquire an application ("App") portfolio from Future Farm (Note 7). The App portfolio generates revenue from sales and advertising.

The following table summarizes the continuity of the Company's intangible assets:

As at January 12, 2018 (inception)	\$	-
Additions:		
License		2,093,750
App Portfolio		250,000
Amortization:		
App Portfolio		(13,889)
As at May 31, 2018	\$	2,329,861

### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2018	
Accounts payable	\$	110,551
Accrued liabilities		49,480
	\$	160,031

### 6. CONVERTIBLE DEBENTURES

On February 12, 2018, the Company issued convertible debentures (the "Debentures") for proceeds of \$250,000. The debentures are unsecured, non-interest bearing and mature twelve months from the date of issue. The debenture holders are entitled at their sole discretion to convert the unpaid principal balance into common shares at a conversion rate of \$0.05 per share and will convert automatically and without further action of the holders immediately prior to the Company completing a going public transaction or the listing of its shares on the Canadian Securities Exchange. The debenture holders were also issued a total of 5,000,000 warrants, which have an exercise price of \$0.05 per share and which expire on February 11, 2019. These convertible debentures are accounted for according to the substance and include both a liability component and an equity component. The initial liability component of \$205,676 was calculated at the present value of interest payments and expected return of capital at a rate of 20% representing the interest rate that would have been charged for a nonconvertible debenture. The equity component of \$44,324 was measured based on the residual value of the instrument taken as a whole after deducting the amount determined separately for the liability component.



## NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

### 6. CONVERTIBLE DEBENTURES (continued)

The following table summarizes the continuity of the liability components of the Company's convertible debentures:

As at January 12, 2018 (inception)	\$	-
Proceeds from issuance of convertible debentures		250,000
Amount allocated to conversion options – equity		(44,324)
Accretion expenses		12,348
As at May 31, 2018	\$	218,024

### 7. SHARE CAPITAL

#### Authorized

As at May 31, 2018 the authorized share capital of the Company was an unlimited number of common shares.

#### Share Capital

During the period ended May 31, 2018, the Company completed the following share issuances:

- a founders' round of financing of 8,225,000 common shares for proceeds of \$41,125. The fair value of the shares was determined to be \$411,250, based on the conversion price of the subsequent convertible debenture financing (Note 6), and the difference of \$370,125 was recorded as a share-based payment;
- issued 15,775,000 common shares at a total value of \$2,093,750 to acquire license for augmented reality technology (Note 4(a));
- issued 1,000,000 common shares at a value of \$250,000 for an App portfolio (Note 4(b));
- a private placement of 11,213,600 units at a price of \$0.25 per unit for proceeds of \$2,803,400. The units were comprised of one common share and one common share purchase warrant. The Company incurred finder's fees of \$238,002 in cash and this amount was charged to share issue costs;
- issued 224,272 common shares valued at \$56,068 for assistance with the private placement and this amount was charged to share issue costs;
- issued 1,000,000 common shares at a value of \$250,000 for consulting services to be performed over a period of 12 months. The shares will be held in escrow and will be released on a monthly basis. As at May 31, 2018, 120,000 common shares have been released from escrow and \$30,000 of the consulting fees have been expensed; and
- issued 100,000 common shares at a value of \$25,000 for the development and license of an eLearning platform which was expensed as business development fees.

#### Share Purchase Warrants

The following table summarizes the share purchase warrants outstanding and exercisable at May 31, 2018:

Date Issued	Expiry Date		Exercise Price	Number Outstanding
March 29, 2018	March 29, 2020	Private placement warrants	\$ 0.50	11,213,600
February 16, 2018	February 16, 2019	Convertible debenture warrants	\$ 0.05	5,000,000

The weighted average outstanding life of the outstanding warrants at May 31, 2018 was 1.49 years.

## NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with key management personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company are as follows:

	<b>Period ended May 31, 2018</b>
Consulting fees	\$ 96,956
Management fees	50,930
Accounting fees	32,000
	<b>\$ 179,886</b>

Amounts due to related parties as of May 31, 2018 are as follows:

<b>Related party liabilities</b>	<b>May 31, 2018</b>
CEO - Fees and expenses	\$ 89,966
CFO – Accounting fees	7,350
Corporate Secretary – Consulting fees	542
Directors – Fees and expenses	7,762
	<b>\$ 105,620</b>

The Company issued a convertible debenture of \$125,000 to the wife of the Chief Executive Officer. There were also 5,000,000 warrants with an exercise price of \$0.05 issued with respect to the debenture (Note 6).

### 9. FINANCIAL AND CAPITAL RISK MANAGEMENT

#### Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, currency risk, and interest rate risk.

#### Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian chartered bank and receivables are due from the distributor of the Company's Apps.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financings and from convertible debentures. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year. The Company manages liquidity risk as part of its overall "Management of Capital" as described below.

## **NexTech AR Solutions Corp.**

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

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### **9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

#### **Financial Risk Management (continued)**

##### **Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of the Company's expenses are incurred in U.S. dollars ("USD"). A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at May 31, 2018 the Company is exposed to currency risk through cash, accounts receivable and accounts payable denominated in U.S. dollars with a net asset amount of \$1,274,000.

##### **Interest Rate Risk**

When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at May 31, 2018 the Company did not have any interest-bearing loans or interest-bearing investments. Accordingly, the Company does not have significant interest rate risk.

##### **Management of Capital**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its technologies. The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of equity. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty. The Company is not subject to any externally imposed capital requirements.

### **10. FINANCIAL INSTRUMENTS BY CATEGORY**

#### **Fair Values**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and notes payable. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

As May 31, 2018, all of the Company's financial instruments were classified at amortized cost.

The carrying values of cash, receivables, and accounts payable and accrued liabilities and convertible debentures approximate their fair value because of the short-term nature of these instruments.

# NexTech AR Solutions Corp.

Notes to the Financial Statements

For the Period From Incorporation on January 12, 2018 to May 31, 2018

(Expressed in Canadian dollars)

## 11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period from January 12, 2018 to May 31, 2018, the Company issued:

- 1,250,000 of the shares issued to one of the Company's founders to settle a balance owing of \$6,250;
- 15,775,000 common shares valued at \$2,093,750 to acquire a technology license;
- 1,000,000 common shares to acquire an App portfolio with a value of \$250,000;
- 1,000,000 common shares for consulting services to be performed. The shares will be held in escrow and will be released on a monthly basis. As at May 31, 2018, 120,000 common shares have been released from escrow and \$30,000 of the consulting have been expensed; and
- 100,000 common shares to acquire a license for an internet based training platform for business development fees.

During the period ended May 31, 2018, no cash was paid for income taxes or interest.

## 12. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	<b>May 31, 2018</b>
Loss for the year before income taxes	\$ (826,066)
Expected income tax expense (recovery)	(223,038)
Share issuance costs	(63,681)
Items not deductible for tax purposes	475
Income tax benefit not recognized	286,244
	\$ -

As at May 31, 2018, the Company has an estimated non-capital loss for Canadian income tax purposes of approximately \$856,000 that may be carried forward to reduce taxable income derived from future years. These losses expire in 2038.

## 13. SUBSEQUENT EVENT

On June 22, 2018, the Company and Future Farm entered into a plan of arrangement in order to proceed with a corporate restructuring by the way of a statutory plan of arrangement (the "Arrangement"), whereby a series of share exchanges will take place with the result that the shareholders of the Future Farm will also become shareholders of the Company. Pursuant to the Arrangement, Future Farm will, effectively spin-out 11,000,000 of its common shares of the Company to the Future Farm shareholders on a pro rate basis, and as a result Future Farm shareholders will own approximately 25.86% of the issued and outstanding common shares of the Company. The Company would concurrently seeks to list its shares on the Canadian Securities Exchange ("CSE").

The Plan of Arrangement is subject to approval from the Supreme Court of British Columbia, the Company's shareholders, Future Farm's shareholders and approval from the CSE.

**Schedule A-2**

**Carve Out Financial Statements**

*[Attached]*

**CARVE-OUT FINANCIAL STATEMENTS**

**THE APP PORTFOLIO  
OF FUTURE FARM TECHNOLOGIES INC.**

**For the Years Ended February 28, 2018 and 2017**

**(Expressed in CAD dollars)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Directors of NexTech AR Solutions Corp.

We have audited the accompanying carve-out financial statements of the App Portfolio of Future Farm Technologies Inc., which comprise the carve-out statements of financial position as at February 28, 2018 and 2017 and the carve-out statements of comprehensive income (loss), changes in owner's net investment and cash flows each for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence that we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the App Portfolio of Future Farm Technologies Inc. as at February 28, 2018 and 2017, and its financial performance and its cash flows for the years ended then ended, in accordance with International Financial Reporting Standards.

### Emphasis of matter

Without modifying our opinion, we draw attention the fact that, as described in note 1 to the carve-out financial statements, the App Portfolio of Future Farm Technologies Inc. did not operate as a separate entity during the periods presented. The carve-out financial statements are, therefore, not necessarily indicative of results that would have occurred if the App Portfolio of Future Farm Technologies Inc. had been a separate stand-alone entity during the years presented or of future results of the App Portfolio of Future Farm Technologies Inc.

/s/ DMCL

DALE MATHESON CARR-HILTON LABONTE, LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
June 27, 2018

**THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Carve-out statements of financial position

(Expressed in Canadian dollars)

As at	February 28, 2018	February 28, 2017
	\$	\$
<b>Assets</b>		
Current assets		
Accounts receivable	67,670	165,771
	67,670	165,771
App Portfolio (Note 3)	250,000	333,334
	317,670	499,105
<b>TOTAL ASSETS</b>	317,670	499,105
<b>Owner's Net Investment</b>		
Owner's net investment	317,670	499,105
	317,670	499,105
<b>TOTAL OWNER'S NET INVESTMENTS</b>	317,670	499,105

Approved by the board and authorized for issue on June 27, 2018:

The accompanying notes form an integral part of these carve-out financial statements.



**THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Carve-out statements of changes in owner's net investment

(Expressed in Canadian dollars)

	<b>FOR THE YEARS ENDED</b>	
	<b>FEBRUARY 28,</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>REVENUES</b>	146,055	234,080
<b>COST OF GOODS SOLD</b>	78,010	70,035
Gross profit	68,045	164,045
Amortization (Note 3)	83,334	83,334
<b>OTHER INCOME</b>		
Foreign exchange gain (loss)	374	(1,727)
	374	(1,727)
<b>INCOME (LOSS) AND COMPREHENSIVE INCOME</b>		
<b>(LOSS) FOR THE PERIOD</b>	(15,663)	82,438

The accompanying notes form an integral part of these carve-out financial statements.

**THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Carve-out statements of changes in owner's net investment

(Expressed in Canadian dollars)

	<b>FOR THE YEARS ENDED</b>	
	<b>FEBRUARY 28,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Owner's net investment, beginning	499,105	416,667
Net and comprehensive income (loss)	(15,663)	82,438
Net contributions from owner	(165,772)	-
Owner's net investment, ending	317,670	499,105

The accompanying notes form an integral part of these carve-out financial statements.

**THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Carve-out statements of cash flows

(Expressed in Canadian dollars)

	<b>FOR THE YEARS ENDED</b>	
	<b>FEBRUARY 28,</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities:</b>		
Net income (loss)	(15,663)	82,439
Items not affecting cash:		
Amortization	83,334	83334
Changes in working capital:		
Accounts receivable	(67,671)	(165,771)
<b>Net cash used in operating activities</b>	<b>-</b>	<b>-</b>
Change in cash	-	-
Cash, beginning	-	-
<b>Cash, ending</b>	<b>-</b>	<b>-</b>

The accompanying notes form an integral part of these carve-out financial statements.

## **THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Notes to the carve-out financial statements

For the Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

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### **1. NATURE OF OPERATIONS**

The All-In-One App Portfolio (the “App Portfolio”) of Future Farm Technologies Inc. (“Future Farm”) is sells applications it developed.

These carve-out financial statements have been prepared on a going concern basis, which implies the App Portfolio will continue to realize its assets and discharge its liabilities in the normal course of business. The App Portfolio’s ability to continue as a going concern is dependent upon the continued financial support from its shareholders, the ability of the App Portfolio to generate sales revenue to establish profitable operations and to obtain the necessary equity or debt financing to fund operations as required. These factors indicate the existence of uncertainty on the ability of the App Portfolio to continue as a going concern. These financial statements do not reflect any adjustments that may be necessary if the App Portfolio is unable to continue as a going concern.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of Compliance**

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (IFRICs”) and the former Standing Interpretations Committee (“SICs”).

#### **Basis of Presentation**

These carve-out financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. They are presented in Canadian dollars (“CAD”), unless otherwise noted.

#### **Impairment of Long-lived Assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.

Notes to the carve-out financial statements

For the Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Financial Instruments**

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value in other comprehensive income (“FVOCI”) – debt investment; or fair value in profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial liabilities, are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. In cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A single expected credit loss model is used for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition.

#### *Impairment of financial assets at amortized cost*

The App Portfolio recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the App Portfolio measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the App Portfolio measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The App Portfolio shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### **Intangible Assets**

Intangible assets are recognized and measured at cost. Intangible assets with finite useful lives are amortized using the straight-line method over the useful life of the asset. The App Portfolio conducts an annual assessment of the residual balances, useful lives and amortization methods being used for intangible assets and any changes arising from the assessment are applied by the App Portfolio prospectively. Intangibles with finite lives consist of mobile applications and are amortized over three years

## **THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Notes to the carve-out financial statements

For the Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Revenue Recognition**

The App Portfolio follows IFRS 15 – Revenue from Contracts with Customers. Revenue is generated through the sale of applications (“apps”) on its IOS and Android platforms. Revenue generated from the sale of apps is recognized when control is transferred to the customer based on the real-time purchase of the application on an IOS or Android platform.

#### **Costs of Sales**

Cost of sales includes the expenses incurred to manage the App portfolio and the advertisements in place on the online databases.

#### **Income Taxes**

The App Portfolio is not expected to realize any future tax benefits from its operations.

#### **Foreign Currency Translation**

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the App Portfolio is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the App Portfolio that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

#### **Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### *Critical Accounting Estimates and Judgements*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

## THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.

Notes to the carve-out financial statements

For the Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Critical Accounting Estimates and Judgments (continued)

##### Carrying value and recoverability of intangible assets

The App Portfolio has determined that equipment and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

### 3. APP PORTFOLIO

The following table summarizes the continuity of the App Portfolio's intangible assets:

	<b>App Portfolio</b>
<b>Cost</b>	<b>\$</b>
As at February 28, 2016, 2017 and 2018	416,668
<b>Accumulated Amortization</b>	
As at February 28, 2016	-
Amortization	83,334
As at February 28, 2017	83,334
Amortization	83,334
As at February 28, 2018	166,668
<b>Net Book Value</b>	
As at February 28, 2017	333,334
As at February 28, 2018	250,000

### 4. OWNER'S NET INVESTMENT

Future Farm's investment in the operations of the App Portfolio is presented as Owner's Net Investment represents the accumulated net loss of the operations offset by the accumulated net contributions from owners.

Net financing transactions with Future Farm as presented on the carve-out statement of cash flows represent the net contributions related to the funding of operations between the App Portfolio and Future Farm

## **THE APP PORTFOLIO OF FUTURE FARM TECHNOLOGIES INC.**

Notes to the carve-out financial statements

For the Years Ended February 28, 2018 and 2017

(Expressed in Canadian dollars)

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### **5. FINANCIAL AND CAPITAL RISK MANAGEMENT**

#### **Financial Risk Management**

The App Portfolio's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and currency risk.

#### **Credit Risk**

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and receivables. The App Portfolio's cash deposits are primarily held with a Canadian chartered bank and receivables are due from the company that manages the App Portfolio's Apps.

#### **Currency Risk**

The App Portfolio is exposed to the financial risk related to the fluctuation of foreign exchange rates. The App Portfolio operates in Canada and a portion of the App Portfolio's expenses are incurred in U.S. dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar could have an effect on the App Portfolio's results of operations, financial position or cash flows. The App Portfolio has not hedged its exposure to currency fluctuations.

### **6. FINANCIAL INSTRUMENTS**

The App Portfolio's financial instruments consist of receivables. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the App Portfolio's designation of such instruments.

As at February 28, 2018, all of the App Portfolio's financial instruments were classified at amortized cost. The carrying values of receivables approximate their fair value because of the short-term nature of these instruments.

### **7. INCOME TAXES**

The App Portfolio does not expect to realize any future tax benefits in the foreseeable future and the company hasn't being taxable.



**Schedule B**

**MD&A**

*[Attached]*



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE PERIOD FROM JANUARY 12, 2018 TO MAY 31, 2018**

**NEXTECH AR SOLUTIONS CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE PERIOD FROM JANUARY 12, 2018 TO MAY 31, 2018**

**GENERAL**

This discussion and analysis ("MD&A") of financial position and results of operations is prepared as at June 15, 2018 and should be read in conjunction with audited financial statements of NexTech AR Solutions Corp. (the "Company" or "NexTech") for the period ended May 31, 2018 and the related notes thereto. Those financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except where otherwise noted, all dollar figures included herein are quoted in Canadian dollars.

**DESCRIPTION OF BUSINESS**

The Company was incorporated on January 12, 2018. NexTech has acquired an exclusive license to a portfolio of patents # 7,054,831, #7,266,509 and patent pending applications # 15351508, # 62457136, # 62559487, related to interactive gaming, interactive advertising, and augmented reality ("AR") technology. It has also acquired a portfolio of 400 published applications both in Apples app store as well as Google Play store which have been consistently generating revenue since 2016 ("App Portfolio"). The App Portfolio was acquired in March 2018 and has a history of earning advertising revenue dating back to 2016. The Company is using its portfolio of patents under exclusive license to develop a new 3D fully immersive advertising platform targeting the cannabis industry first, but the technology can be adapted to any product in any industry. The Company expects that it will be able to leverage its existing relationships with Apple and Google to generate additional advertising revenues using its newly acquired patented technology focusing on augmented reality advertising technology.

**FORWARD LOOKING INFORMATION**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause NexTech's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to obtain advertising contracts by using its AR technology and business competition which could reduce or limit its market share in technology-based advertising.

The operating plan is also dependent on being able to raise new equity or debt financing as required to ensure there are sufficient capital resources to develop advertising platforms to attract clientele and that will generate advertising revenue to sustain cash flow for operations. Other factors which affect NexTech's operating plan are gaining access to the tech-based advertising market and being able to demonstrate the effectiveness of its advertising platform and retaining quality staff who can produce advertising best suited to this medium. If any of these factors are affected negatively, there could be a significant impact on the Company's operating plan and on any forward-looking statements contained herein.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise except as required by securities law.

## HIGHLIGHTS FOR THE PERIOD

During the period ended May 31, 2018 the Company:

- raised \$2,600,000 in a private placement and an additional \$250,000 through convertible debentures to provide working capital for the build out of its platform and operations;
- purchased an exclusive license to patents and patent pending technology by issuing 15,775,000 common shares. The exclusive license will provide NexTech with the necessary technology to create a 3D advertising network which will give the company the ability to scale up quickly and generate significant advertising revenues;
- acquired a large and diversified revenue generating published App Portfolio by issuing 1 million common shares. The App Portfolio has a consistent history of generating a gross profit, as well as established relationships with Apple and Google which will dramatically accelerate the scaling of its business as well as help fund ongoing develop work for its Augmented reality 3D-based advertising;
- opened offices in Vancouver, Toronto and Dallas to staff up for the develop and marketing of its technology;
- Signed an exclusive license with a Canadian Public company traded on the TSX-V exchange ARHT Media. The license enhances the company's technology stack and positions it to generate immediate revenue by giving it the exclusive rights to a proven holographic display screen to be deployed in the Cannabis industry.
- The company occupied three booths and successfully demonstrated its augmented reality and licensed holographic screens at the NECANN Trade show, the largest trade show in the Northeast, introducing itself to potential clients;

Evan at **NECANN**

<https://vimeo.com/267352774/9769c7cb4e>

Paul at **NECANN**

<https://vimeo.com/268297845/26bd0c4a97>

- Landed its first advertising contract with Team One MotorCars, LLC.
- Signed a MOU with [Cannabis FN](#) (link) to use its newly developed patented 3D augmented reality advertising for their websites audience which is over 1,000,000 people per month. CFN launched in June of 2013 to initially serve the growing universe of publicly traded marijuana companies across North America. Today, CFN Media is also the digital media choice for the emerging brands in the space. Nextech has secured a \$60,000 payment in return for an exclusive one-year deal.
- The company signed a Nextech/KUSH Bottles Agency Partnership Agreement with KUSH Bottles (\$400mill publicly traded on the OTC US exchange SYMBOL: KUSH) the largest supplier of packaging to the cannabis industry serving over 5,000 dispensaries. Nextech is bringing forward

its patented 3D augmented reality advertising platform while Kush Bottles is bringing forward its customers and relationships in the Cannabis industry.

- Nextech entered into a worldwide license agreement for the exclusive use of edCetra eLearning platform with an option to purchase the platform in the next 12 months. edCetra Training is a custom content developer specializing in eLearning and XML based development for use in single sourcing strategies. The edCetra eLearning platform is being used by: Imperial Oil, Bombardier and Staples, as well as the Library of Congress and others to educate and train employees. By licensing the technology, Nextech can accelerate its business plan and will spend the next few months using its patented technology, customizing it to create an augmented reality (“AR”) 3D training and education platform for the Cannabis industry, with a plan to expand into other industries in the future.

## **OPERATIONS REVIEW**

Nextech is developing a proprietary Native AR platform where it can ARitize™ or turn 2D objects into 3D objects at scale. Leveraging its ARitize™ abilities and Native AR platform Nextech is creating a new and disruptive advertising, training and learning environments by using augmented reality objects and live streaming 3D video. As part of its tech stack the company is launching a white label app which uses its patented technology to create volumetric rooms to be filled with augmented reality objects, i.e. cannabis, food, automotive, apparel etc. In summary the company has licensed a broad array of patented technology and developed proprietary technology, taking a 2D object and ARitizing (turns into 3D) it then publishing it on its proprietary Native AR platform where people can learn, shop and purchase goods and services in a fully immersive 3D world.

## **OUTLOOK**

In the next twelve months NexTech plans to launch an impressive stack of patented augmented reality technologies that will generate significant revenue from advertising, training and education. The company is moving rapidly in the development and deployment of its platform with its first application the ARitize™ app expected to hit the market in the next 30 days. This application will secure it with the first mover advantage in the marketplace. The company is also actively building a growing pipeline of sales which include automotive, cannabis, traditional retail, sporting goods, education and training. With the current KUSH agency alone 50 sales reps are currently being trained to sell augmented reality advertising based on the Nextech Native AR platform to the Cannabis industry. With the expected rapid growth, the company has engaged the services of Fish Out of Water a well-respected advertising agency in Toronto to help manage accounts. Also, to stay in lock step with Apple and Google the company will be rolling out new upgrades to its technology stack every 60-90 days for the foreseeable future. As Apple has just released a new ARKit2.0 allowing for shared AR experiences. In addition to persistent and shared experiences, ARKit 2.0 will bring improved face tracking, more realistic rendering, and 3D object detection. Shared experiences will enable multiplayer support for games and group collaboration for productivity apps. In addition, a spectator mode so that others can watch along from another iOS device. Nextech is now working to be able to offer the same to its customers and future customers.

## **RESULTS OF OPERATIONS**

### **Period Ended May 31, 2018**

For the period ended May 31, 2018, the Company generated a gross profit of \$14,326 from its App Portfolio, from just over two months of operations. NexTech incurred total general and administrative costs of \$865,928 to lease office space, pay its management team, retain legal counsel to assist with its process of becoming listed on the Canadian Securities Exchange (“CSE”) and to hire an accounting service group to prepare its financial statements and manage its day to day operations. The Company recorded a foreign exchange gain of \$25,536 during the period, mainly due to holding US dollars while the exchange rate for the US dollar to Canadian dollar strengthened. The Company incurred a loss of \$826,066 for the period ended May 31, 2018 or \$0.04 per common share.

## **LIQUIDITY AND CAPITAL RESOURCES**

NexTech had cash at May 31, 2018 of \$2,523,717 and working capital of \$2,222,431. The Company anticipates that it will land more advertising contracts in the next year and that these will generate revenue which will provide a source of operating funds. The App portfolio should also generate a modest cash flow and provide an additional source of capital. The Chief Executive Officer has agreed to have his fees and expenses accrued but not paid in the near term and will accept payment in common shares. This will reduce cash consumption and preserve working capital. The Company believes that it has enough capital resources to sustain its operations for the next twelve months. The Company expects that the convertible debentures will be converted into common shares and this will help preserve working capital for operating activities.

## **OUTSTANDING SHARE DATA**

As of the date of this MD&A, the Company had 37,537,872 common shares issued and outstanding. In addition, there were 16,213,600 share purchase warrants outstanding with an exercise prices of \$0.05 per warrant and \$0.50 per warrant and expiry dates of February 16, 2019, and March 29, 2020. The Company has issued \$250,000 of convertible debentures which have a one-year term and can be converted into common shares at \$0.05 per share.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

The Company entered into several transactions with key management personnel. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company are as follows:

<b>Period Ended May 31, 2018</b>	<b>Fees</b>
Consulting fees	\$ 96,956
Management fees	50,930
Accounting fees	32,000
	<hr/>
	\$ 179,886

All balances due to related parties are included in accounts payable and accrued liabilities. The consulting contracts with senior management are ongoing monthly commitments which can be terminated by either party with sufficient notice. The following are the related party liabilities at May 31, 2018:

<b>Related party liabilities</b>	<b>May 31, 2018</b>
CEO – Fees and expenses	\$ 89,966
CFO – Accounting fees	7,350
Corporate Secretary	542
Directors – Fees and expenses	7,762
	<hr/>
	\$ 105,620

The Company issued a convertible debenture of \$125,000 to the wife of the Chief Executive Officer. There were also 5,000,000 warrants with an exercise price of \$0.05 issued with respect to the debenture.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### *Critical Accounting Estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

#### Carrying value and recoverability of equipment and intangible assets

The Company has determined that equipment and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market condition and useful lives of assets.

#### Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

#### Share-based payments

Management is required to make a number of estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

#### *Critical Accounting Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

#### Going concern

The Company may need to raise additional capital to continue as a going concern. Management believes that it can generate revenue from its technology assets and raise additional capital to fund its ongoing operations and accordingly these statements have been prepared on a going concern basis.

### **FINANCIAL RISK MANAGEMENT**

NexTech's strategy with respect to cash is to safeguard this asset by investing any excess cash in very low risk financial instruments such as term deposits or by holding funds in the highest yielding savings accounts with major Canadian banks. By using this strategy, the Company preserves its cash resources and can marginally increase these resources through the yields on these investments. The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk.

#### **Currency Risk**

The Company's functional currency is the Canadian dollar, and major purchases and expenses are transacted in Canadian and US dollars ("USD"). Management does not hedge its foreign exchange risk. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could have an effect on the Company's results of operations, financial position or cash flows. The Company is exposed to currency risk through the following assets and liabilities denominated in USD as at May 31, 2018:

	USD
Cash	\$ 998,503
Accounts payable and accrued liabilities	(11,000)
Net exposure	987,503
Canadian dollar equivalent	\$ 1,274,402



Based on the above net exposures and if all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase or decrease of approximately \$127,400 in the Company's pre-tax earnings or loss.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. When the Company has sufficient cash, it is invested in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at May 31, 2018, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

### Credit Risk

Credit risk is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company's credit risk is primarily attributable to receivables and committed transactions. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in receivables consist of miscellaneous receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is reasonable, and the amounts are not significant.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital resources as outlined in Note 9 of the audited financial statements. The Company's objective is to ensure that there are sufficient committed financial resources to meet its current obligations and its future business requirements for a minimum of twelve months. Management believes that there are sufficient capital resources to sustain operations for the next twelve months.

## FINANCIAL INSTRUMENTS

### Fair Values

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and convertible debentures. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments. The Company has classified its financial instruments as follows:

<b>As at May 31, 2018</b>	<b>Loans and receivables</b>	<b>Other financial liabilities</b>	<b>Total</b>
Cash	\$ 2,523,717	\$ -	\$ 2,523,717
Accounts payable and accrued liabilities	-	(160,031)	(160,031)
Convertible debenture	-	(218,024)	(218,024)
	\$ 2,523,717	\$ (378,055)	\$ 2,145,662

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **RISKS AND UNCERTAINTIES**

### **Financing and Share Price Fluctuation Risks**

NexTech has limited financial resources, has modest cash flow from its App Portfolio and has no assurance that additional funding will be available to it for further development of its technology-based assets. Further development of the Company's projects may be dependent upon the Company's ability to obtain financing through equity issues, debt financing or revenue from future advertising contracts and its App Portfolio. Failure to obtain this financing or cash flow could result in delay or indefinite postponement of further development of its advertising projects which could reduce revenue and cash flow.

Securities markets often experience a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies such as NexTech, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. As a result, there can be no assurance that the Company will be able to attract additional capital or whether share prices will be strong enough to make private placements advisable.

### **Political and Currency Risks**

The Company is operating in Canada and the United States ("USA"). The current relationship between the USA and Canada is going through a period of uncertainty regarding cross-border commerce, which could affect operations in the future. Changing political situations may affect the manner the Company operates. The Company's equity financings are sourced in Canadian dollars but it incurs a significant portion of its expenditures in US dollars. There are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar could have an adverse impact on the amount of project development conducted.

### **Insured and Uninsured Risks**

NexTech is subject to risks and hazards, including operational accidents, changes in the regulatory environment and natural phenomena such as inclement weather, floods, and earthquakes. Such occurrences could result in damage to the Company's property or facilities, equipment and personal injury.

The Company is in the process of obtaining insurance to protect against various risks. Should such liabilities arise from these operational risks, they could reduce or eliminate future development of its projects and could result in increased costs that would have to be borne by the Company. Consequently, these potential liabilities could have a material adverse effect on the Company's results and cause a decline in the value of its securities.

**Conflicts of Interest**

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and to the extent that such other companies may participate in ventures in which the Company may participate, some directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. If such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether the Company will participate in a program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Key Personnel Risk**

The Company's success is dependent upon the performance of key personnel working in management and administrative capacities. The loss of the services of any senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations.

**Competition**

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified consultants and employees.

**CERTIFICATE OF NEXTECH AR SOLUTIONS CORP.**

Pursuant to a resolution duly passed by its Board of Directors, NexTech AR Solutions Corp., hereby applies for the listing of the above mentioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to NexTech AR Solutions Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia on this 24<sup>th</sup> day of October, 2018.

*“Evan Gappelberg”*

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EVAN GAPPELBERG  
Chief Executive Officer and Director

*“David Miles”*

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DAVID MILES  
Chief Financial Officer

*“Belinda Tyldesley”*

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BELINDA TYLDESLEY  
Director

*“Paul Duffy”*

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PAUL DUFFY  
Director