



nextech AR
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NEXTECH3D.AI CORPORATION
(formerly NexTech AR Solutions Corp.)

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended June 30, 2024 and 2023

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of NexTech3D.AI Corporation for the interim periods ended June 30, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

August 28, 2024

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except per share amounts and number of shares)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenue	17(a)	1,108,941	1,405,003	2,133,633	2,706,197
Cost of sales	16, 18(a)	288,468	875,033	786,948	1,642,341
Gross profit		820,473	529,970	1,346,685	1,063,856
Operating expenses					
Sales and marketing	18(b)	392,022	1,358,985	974,605	3,009,293
General and administrative	16, 18(c)	1,589,086	2,673,998	2,976,330	5,265,627
Research and development	18(d)	345,151	877,262	1,083,054	1,757,166
Share-based compensation	14(e), 16	146,030	1,084,471	595,439	2,255,142
Amortization of intangible assets	11	-	500,094	-	1,030,753
Amortization of right-of-use asset	10	-	(118)	-	55,728
Depreciation	9	35,203	15,546	59,726	44,877
Operating loss		(1,687,019)	(5,980,268)	(4,342,469)	(12,354,730)
Other expenses					
Equipment write-off		-	-	-	(85,679)
Foreign exchange loss		(32,022)	(743,127)	(44,149)	(563,486)
Loss before taxes from continuing operations		(1,719,041)	(6,723,395)	(4,386,618)	(13,003,895)
Current income tax expense		-	(9,019)	-	(18,039)
Deferred income tax recovery		-	98,639	-	203,306
Net loss from continuing operations		(1,719,041)	(6,633,775)	(4,386,618)	(12,818,628)
Net income (loss) from discontinued operations	7	-	34,830	-	(344,246)
Net loss		(1,719,041)	(6,598,945)	(4,386,618)	(13,162,874)
Other comprehensive income (loss)					
Exchange loss on translation of foreign operations		(9,152)	454,321	(25,197)	357,873
Comprehensive loss		(1,728,193)	(6,144,624)	(4,411,815)	(12,805,001)
Net income (loss) from continuing operations:					
Attributed to shareholders of the Company		(2,041,290)	(6,139,058)	(3,405,399)	(11,624,412)
Attributed to non-controlling interest		322,249	(494,717)	(981,219)	(1,194,216)
Net loss from discontinued operations:					
Attributed to shareholders of the Company		-	34,830	-	(344,246)
Comprehensive income (loss):					
Attributed to shareholders of the Company		(2,050,442)	(5,649,907)	(3,430,596)	(11,610,785)
Attributed to non-controlling interest		322,249	(494,717)	(981,219)	(1,194,216)
Loss per share from continuing operations					
Basic and diluted		(0.01)	(0.06)	(0.03)	(0.11)
Loss per share from discontinued operations					
Basic and diluted		-	-	-	-
Weighted average number of common shares					
Basic and diluted		139,985,334	106,925,657	132,680,709	108,353,964

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Six months ended	
	2024	June 30, 2023
	\$	\$
Operating activities:		
Net loss for the period	(4,386,618)	(13,162,874)
Adjustments for:		
Interest income from sublease	(24,692)	41,567
Interest expense from lease	18,934	(13,945)
Share-based compensation	595,439	2,255,142
Amortization of intangible assets	-	1,030,753
Amortization of right-of-use asset	-	55,728
Depreciation	59,726	44,877
Deferred income tax recovery	-	(203,306)
Equipment write-off	-	85,679
Impairment of intangible assets and goodwill	-	184,097
Expenses paid with common shares of the Company	-	(201,717)
Employee pay program	-	225,087
Gain on write off of right of use assets	-	(120,626)
Loss on disposal of PET	-	(199,320)
Changes in non-cash working capital:		
Receivables	302,641	706,634
Contract asset	51,320	177,828
Prepaid expenses and deposits	130,420	(35,827)
Factoring liability	-	2,297,143
Inventory	-	434,765
Accounts payable and accrued liabilities	643,851	(1,131,989)
Deferred revenue	(121,319)	(156,702)
Cash used in operating activities	(2,730,298)	(7,687,006)
Investing activities:		
Purchase of equipment	(77,822)	(36,603)
Proceeds from deferred consideration	45,104	-
Payments received from sublease	102,636	-
Cash provided by (used in) investing activities	69,918	(36,603)
Financing activities:		
Net proceeds from private placements	-	2,645,380
Proceeds from employee pay program	1,572,490	2,281,014
Proceeds from securities issued to non-controlling interest	497,244	2,364,037
Repayment of lease liability	(93,273)	(111,698)
Cash provided by financing activities	1,976,461	7,178,733
Effect of foreign exchange on cash and cash equivalents	(41,456)	568,706
Change in cash and cash equivalents	(683,919)	(544,876)
Cash and cash equivalents, beginning of period	907,847	3,786,493
Cash and cash equivalents, end of period	182,472	3,810,323
Income taxes paid	-	22,407
Interest expense paid	18,934	16,688
Interest income received	16,385	51,555

Supplemental cash flow disclosures (Note 20)

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Number of shares	Share capital	Reserves	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	103,437,469	83,271,707	12,754,706	827,101	(85,898,862)	2,174,048	13,128,700
Shares issued for employee pay program	3,136,944	2,281,014	225,087	-	-	-	2,506,101
Treasury shares	-	(201,717)	-	-	-	-	(201,717)
Shares issued from short form prospectus	3,614,457	2,783,132	216,867	-	-	-	2,999,999
Share issuance costs	-	(456,406)	101,787	-	-	-	(354,619)
Share-based compensation	-	-	1,853,580	-	-	401,562	2,255,142
Other net changes in capitalization	-	-	1,086,602	-	-	1,277,436	2,364,038
Exchange loss on translation of foreign operations	-	-	-	357,873	-	-	357,873
Net loss for the period	-	-	-	-	(11,968,658)	(1,194,216)	(13,162,874)
Balance, June 30, 2023	110,188,870	87,677,730	16,238,629	1,184,974	(97,867,520)	2,658,830	9,892,643
Shares for services	1,030,237	641,391	7,500	-	-	-	648,891
Shares issued for employee pay program	1,308,994	528,934	(534,812)	-	-	(230,519)	(236,397)
Treasury shares	-	201,717	-	-	-	-	201,717
Shares issued from short form prospectus	14,970,112	3,365,759	174,373	-	-	-	3,540,132
Share issuance costs	-	(506,036)	47,178	-	-	-	(458,858)
Share-based compensation	-	-	(982,541)	-	-	503,094	(479,447)
Distribution to shareholders	-	-	(1,000,000)	-	(750,000)	1,750,000	-
Other net changes in capitalization	-	-	216,645	-	-	232,424	449,069
Exchange loss on translation of foreign operations	-	-	-	(506,831)	-	-	(506,831)
Net loss for the period	-	-	-	-	(13,593,703)	(957,779)	(14,551,482)
Balance, December 31, 2023	127,498,213	91,909,495	14,166,972	678,143	(112,211,223)	3,956,050	(1,500,563)
Shares issued for employee pay program	12,287,121	1,787,769	(215,279)	-	-	-	1,572,490
Share-based compensation	200,000	41,000	361,915	-	-	192,524	595,439
Other net changes in capitalization	-	-	229,620	-	-	267,624	497,244
Exchange loss on translation of foreign operations	-	-	-	(25,197)	-	-	(25,197)
Net loss for the period	-	-	-	-	(3,405,399)	(981,219)	(4,386,618)
Balance, June 30, 2024	139,985,334	93,738,264	14,543,228	652,946	(115,616,622)	3,434,979	(3,247,205)

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

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

1. NATURE OF OPERATIONS AND GOING CONCERN

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) (“NexTech” or the “Company”) is a metaverse company that provides augmented reality experience technologies, wayfinding technologies, and 3D model services. The Company was incorporated in the province of British Columbia, Canada on January 12, 2018. The Company’s registered office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the trading symbol “NTAR”, on the Frankfurt Stock Exchange under the trading symbol “1SS”, and in the United States of America on the OTCQX under the trading symbol “NEXCF”.

On September 28, 2023, the Company changed its name from NexTech AR Solutions Corp. to NexTech3D.AI Corporation.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2024 and 2023 (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at June 30, 2024, the Company had a working capital deficiency of \$3,911,658 (December 31, 2023 - 2,206,405) and an accumulated deficit of \$115,616,622 (December 31, 2023 - \$112,211,223). For the three and six months ended June 30, 2024, the Company incurred a net loss of \$1,719,041 and \$4,386,618 (2023 - \$6,598,945 and \$13,162,874), respectively. During the six months ended June 30, 2024, the Company used total cash in operations of \$2,730,298 (2023 - \$7,687,006). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. As a result, the Company may be unable 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 its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on August 28, 2024.

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2023 and 2022 (the “Annual Financial Statements”).

b) Basis of presentation

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards. These financial statements have been prepared on an accrual basis, except for information presented in the condensed interim consolidated statements of cash flows.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars (“CAD”) which is the functional currency of the Company. An entity’s functional currency is the currency of the primary economic environment in which an entity operates and is listed in Note 2(d) for each of the Company’s subsidiaries. References to “\$” are to Canadian dollars, references to “US\$” or “USD” are to United States dollars.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

2. BASIS OF PREPARATION (continued)

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

A summary of the Company's subsidiaries as at June 30, 2024 is as follows:

Name of subsidiaries	Country of incorporation	Percentage ownership	Functional currency	Principal activity
NexTech AR Solutions USA LLC	United States	100%	USD	Holding company
NexTech AR Solutions Inc. (formerly Jolokia Corporation)	United States	100%	USD	Technology services
AR Ecommerce LLC ("VCM")	United States	100%	USD	E-Commerce platforms
Threedy.ai Inc	United States	100%	USD	Technology services
ARway Ltd.	England	100%	USD	Holding company
ARway Corporation ("ARway")	Canada	48%	CAD	Technology services
Toggle3D.ai Inc. ("Toggle")	Canada	43%	CAD	Technology services
Toggle 3D AR Solution India Private Limited	India	100%	CAD	India operations

The Company obtained control over ARway and Toggle through its majority presentation on the board of directors in addition to its percentage of common share ownership.

e) Reclassification and change in presentation of comparative figures

Certain amounts on the statements of loss and comprehensive loss and statements of cash flows of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

5. SPINOUT TRANSACTION

On June 13, 2023, the Company completed its spinout of Toggle, an AI-powered 3D design studio, which began trading on the CSE under the symbol "TGGL".

As part of the spinout of Toggle, Toggle issued a total of 28,632,473 common shares ("Toggle shares"). Of the Toggle shares issued, 19,999,900 were issued to the Company in exchange for intangible assets of the Company and 8,632,473 were issued to the non-controlling interest for cash proceeds of \$2,158,356. The Company transferred 4,000,000 Toggle shares to its shareholders with a fair value of \$1,000,000 as a distribution to shareholders, and 3,000,000 Toggle shares with a fair value of \$750,000 as compensation for services.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

6. CASH AND CASH EQUIVALENTS

a) Cash held in guaranteed investment certificates

As at June 30, 2024, cash and cash equivalents included \$nil held in guaranteed investment certificates (“GICs”) (December 31, 2023 - \$700,000 at 4.95%). During the three and six months ended June 30, 2024, interest income from GICs was \$475 and \$3,561 (2023 - \$41,757 and \$74,028), respectively, and is included in revenue (Note 17(a)).

b) Cash held in relation to employee pay program

As at June 30, 2024, in connection with the employee pay program, the Company had cash held in a trust account of \$315 (December 31, 2023 - \$847). The cash does not earn interest and is used to pay salaries and wages.

7. DISCONTINUED OPERATIONS

On March 9, 2023, the Company completed the sale of Infinite Pet (“PET”) to a third party for total purchase consideration of \$206,850 (US\$150,000) which is presented as deferred consideration on the consolidated statements of financial position. The purchase consideration is to be paid to the Company in cash each month from 50% profits generated by PET after closing of the sale until the purchase price is fully paid. As at June 30, 2024, deferred consideration of \$161,746 (December 31, 2023 - \$206,850) remained outstanding. Prior to the transaction, PET carried goodwill valued at \$184,097 which was fully impaired.

A summary of the results of discontinued operations is as follows:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue	-	-	-	29,053
Cost of sales	-	-	-	50,557
Gross loss	-	-	-	(21,504)
Sales and marketing	-	12,093	-	12,093
General and administrative	-	51,813	-	51,813
Operating loss	-	(63,906)	-	(85,410)
Other income (expenses)				
Foreign exchange gain	-	98,736	-	98,795
Impairment of intangible assets and goodwill	-	-	-	(184,097)
Loss on disposal of PET	-	-	-	(173,534)
Net loss from discontinued operations	-	34,830	-	(344,246)

During the three and six months ended June 30, 2024 and 2023, no cash was used in or provided by operating, investing, or financing activities from discontinued operations.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

7. DISCONTINUED OPERATIONS (continued)

A summary of the Company's loss on disposal of PET as at March 9, 2023 is as follows:

	\$
Assets:	
Cash	39,519
Receivables	31,425
Inventory	408,010
Liabilities:	
Accounts payable and accrued liabilities	98,570
Net assets	380,384
Deferred consideration	206,850
Loss on disposal of PET	(173,534)

8. RECEIVABLES

A summary of the Company's receivables is as follows:

	June 30, 2024	December 31, 2023
	\$	\$
GST receivables	26,662	66,118
Trade receivables	28,095	291,280
	54,757	357,398

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

9. EQUIPMENT

A summary of the Company's equipment is as follows:

	Computer equipment	Trade show equipment	Office furniture and equipment	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2022	461,264	16,440	200,549	678,253
Additions	219,208	-	8,042	227,250
Write-off	(156,352)	(16,440)	(122,908)	(295,700)
Currency translation effects	(13,963)	-	(1,744)	(15,707)
Balance, December 31, 2023	510,157	-	83,939	594,096
Additions	74,870	-	2,952	77,822
Currency translation effects	19,862	-	2,561	22,423
Balance, June 30, 2024	604,889	-	89,452	694,341
Accumulated depreciation				
Balance, December 31, 2022	233,893	15,619	150,278	399,790
Depreciation	74,758	821	12,245	87,824
Write-off	(81,109)	(16,440)	(112,472)	(210,021)
Currency translation effects	(7,701)	-	(1,429)	(9,130)
Balance, December 31, 2023	219,841	-	48,622	268,463
Depreciation	57,162	-	2,564	59,726
Currency translation effects	12,065	-	2,098	14,163
Balance, June 30, 2024	289,068	-	53,284	342,352
Carrying value				
Balance, December 31, 2023	290,316	-	35,317	325,633
Balance, June 30, 2024	315,821	-	36,168	351,989

10. LEASES

The Company entered lease agreements for an office space and a warehouse space. The present value of future lease payments was measured using an incremental borrowing rate of 6% per annum. During the six months ended June 30, 2024, the office lease expired and was not renewed. As at June 30, 2024 and December 31, 2023, the lease liability solely pertains to the warehouse lease.

In March 2023, the Company entered into a sublease agreement to re-lease the warehouse which is leased by the Company to a third party. The sublease commenced on April 1, 2023 and expires on June 20, 2028. The Company classified this sublease as a finance lease, leading to the derecognition of the right-of-use asset with a carrying value of \$778,350. Accordingly, the Company recognized a net investment in the sublease of \$898,976, calculated as the present value of future lease payments at a 6% discount rate, corresponding to the Company's incremental borrowing rate applied to the head lease. The Company reported a gain of \$120,626 in profit or loss upon recognizing the sublease.

A summary of the Company's right-of-use asset is as follows:

	\$
Balance, December 31, 2022	829,278
Amortization	(55,728)
Derecognition	(778,350)
Currency translation effects	4,800
Balance, June 30, 2024 and December 31, 2023	-

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

10. LEASES (continued)

A summary of the Company's lease liability is as follows:

	\$
Balance, December 31, 2022	804,836
Interest expense	30,217
Lease payments	(203,762)
Currency translation effects	(17,945)
Balance, December 31, 2023	613,346
Interest expense	18,934
Lease payments	(93,273)
Currency translation effects	21,338
Balance, June 30, 2024	560,345
Current portion	146,513
Non-current portion	413,832

A summary of the Company's future lease payments is as follows:

	\$
2024	192,248
2025	198,013
2026	203,958
2027	210,085
Total undiscounted lease liability	804,304
Effects of discounting	(243,959)
Balance, June 30, 2024	560,345

Interest expense from leases for the three and six months ended June 30, 2024 was \$9,875 and \$18,934 (2023 - \$nil and \$6,802), respectively.

A summary of the Company's net investment in sublease is as follows:

	\$
Balance, December 31, 2022	-
Additions	898,976
Interest income	39,903
Payments received	(66,554)
Currency translation effects	(29,409)
Balance, December 31, 2023	842,916
Interest income	24,692
Payments received	(102,636)
Effects of movement in exchange rates	29,337
Balance, June 30, 2024	794,309
Current portion	229,759
Non-current portion	564,550

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

10. LEASES (continued)

A summary of the Company's future minimum sublease receipts is as follows:

	\$
2024	209,982
2025	216,282
2026	222,770
2027	229,453
Total undiscounted lease receivables	878,487
Effects of discounting	(84,178)
Balance, June 30, 2024	794,309

Interest income from the sublease for the three and six months ended June 30, 2024 was \$12,235 and \$24,692 (2023 - \$nil and \$nil) and was recorded within revenue in profit or loss.

11. INTANGIBLE ASSETS AND GOODWILL

a) Intangible assets

A summary of the Company's intangible assets is as follows:

	Customer relationship	Brand	Technology	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2022	1,280,367	122,206	5,486,433	6,889,006
Currency translation effects	(30,062)	2,559	(134,245)	(161,748)
Balance, June 30, 2024 and December 31, 2023	1,250,305	124,765	5,352,188	6,727,258
Accumulated amortization and impairment				
Balance, December 31, 2022	615,629	93,563	2,866,073	3,575,265
Amortization	265,737	34,103	1,805,849	2,105,689
Impairment	388,887	-	768,989	1,157,876
Currency translation effects	(19,948)	(2,901)	(88,723)	(111,572)
Balance, June 30, 2024 and December 31, 2023	1,250,305	124,765	5,352,188	6,727,258
Carrying value				
Balance, December 31, 2022	664,738	28,643	2,620,360	3,313,741
Balance, June 30, 2024 and December 31, 2023	-	-	-	-

During the year ended December 31, 2023, it was determined that intangible assets had a recoverable amount of \$nil, resulting in full impairment. Accordingly, the Company recognized an impairment of \$1,157,876.

b) Goodwill

A summary of the Company's goodwill is as follows:

	\$
Balance, December 31, 2022	6,746,378
Impairment	(6,601,484)
Currency translation effects	(144,894)
Balance, June 30, 2024 and December 31, 2023	-

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

11. INTANGIBLE ASSETS AND GOODWILL (continued)

On an annual basis, the Company estimates the recoverable amount of goodwill based on value-in-use method of the cash-generating units that the goodwill is attributed to. On March 9, 2023, the Company completed the sale of PET which resulted in a goodwill impairment of \$184,097. Additionally, during the year ended December 31, 2023, the Company recognized goodwill impairment of \$6,417,387 after the estimation of the recoverable amount.

The key assumptions used in the calculations of the recoverable amounts include sales growth per year, changes in cost of sales and capital expenditures based on internal forecasts. Cash flows were projected out five years and a terminal value was calculated using a long-term steady growth of 3%-5%. A discount rate of 25% was used.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	June 30, 2024	December 31, 2023
	\$	\$
Accounts payables	3,102,348	2,380,792
Accrued liabilities	1,072,963	1,150,668
	4,175,311	3,531,460

13. FACTORING LIABILITY

In March 2023, the Company entered into a trade receivable factoring agreement ("Factoring Agreement") with a third-party factoring company. The Factoring Agreement allows the Company to receive in advance \$2,429,789 (US\$1,805,766), which is repaid with the sale of future trade receivables from a regular customer of the Company.

The trade receivables from the customer are transferred to the third-party factoring company upon invoicing to the customer of the performance obligations rendered for a determined period.

A summary of the Company's factoring liability is as follows:

	\$
Balance, December 31, 2022	-
Addition	2,429,789
Interest expense	285,433
Settlements	(2,708,436)
Currency translation effects	(6,786)
Balance, June 30, 2024 and December 31, 2023	-

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

14. SHARE CAPITAL

a) Authorized

The Company is authorized to issue unlimited number of common shares with no par value.

b) Share capital

During the six months ended June 30, 2024, the Company had the following share transactions:

- From February 13, 2024 to June 18, 2024, the Company issued 12,287,121 common shares upon the exercise of warrants related to the employee pay program, with share prices between \$0.10 and \$0.18, for cash proceeds of \$1,787,769.
- On March 12, 2024, the Company issued 200,000 common shares to two officers as compensation for their employment services, resulting in the recognition of \$41,000 as share-based compensation.

During the year ended December 31, 2023, the Company had the following share transactions:

- In January 2023, the Company closed a private placement in which the Company issued 3,614,457 units for gross proceeds of \$3,000,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$1.03 until January 31, 2025. Applying the residual method, fair value of \$2,783,134 was allocated to share capital and \$216,867 was allocated to reserves.
- In connection with the private placement in January 2023, the Company paid a broker transaction fee of \$354,617 in cash and granted 253,011 warrants with a fair value of \$101,787. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.83 until January 31, 2025.
- On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of \$2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$2,266,830 was allocated to share capital and \$174,373 was allocated to reserves.
- In connection with the private placement in July 2023, the Company paid brokers transaction fees of \$308,526 in cash, granted 178,571 units and granted 467,133 warrants with a fair value of \$19,371. The warrants issued to the brokers are exercisable at \$0.52 until July 25, 2026.
- On July 25, 2023, the Company issued 250,000 units to the Chief Executive Officer (the "CEO") of the Company as remuneration for past services provided by the CEO, pursuant to a contractor agreement (Note 16). Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.52 until July 25, 2026. Applying the residual method, fair value of \$97,500 was allocated to share capital and \$7,500 to reserves.
- On November 29, 2023, the Company closed three tranches of a private placement in which the Company issued 9,157,722 units for gross proceeds of \$1,098,927. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.17 for 36 months after the issuance date.
- In connection with the private placement on November 29, 2023, the Company paid brokers transaction fees of \$40,521 in cash and granted 337,680 warrants with a fair value of \$27,806. The warrants issued to the brokers are exercisable at \$0.12 for 36 months after the issuance date and had the fair value of \$27,806 at grant date.
- The Company issued 601,666 common shares as payment for investor relations expense of \$474,250. The fair value of the common shares was determined by reference to the fair value of the services provided.
- The Company issued 4,445,938 common shares upon the exercise of 4,445,938 warrants related to the employee pay program. Of the common shares issued, 4,688,304 shares, with share price between \$0.55 and \$0.80, were sold for cash proceeds of \$2,269,704.

c) Employee pay program

On August 25, 2023, the Company granted 6,275,062 warrants to its employees. Each warrant has exercise price of \$0.55 and matures on August 25, 2024. As at June 30, 2024, all of these warrants have been converted into common shares, all of which occurred during the six months ended June 30, 2024.

On March 4, 2024, the Company granted 6,275,062 warrants to its employees. Each warrant has exercise price of \$0.26 and matures on March 4, 2025. As at June 30, 2024, 6,012,059 have been converted into common shares, all of which occurred during the period starting from March 4, 2024 until June 30, 2024.

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

14. SHARE CAPITAL (continued)

d) Warrants

During the six months ended June 30, 2024, the Company has issued 12,287,121 common shares upon the exercise of warrants related to the employee pay program.

A summary of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2022	16,687,859	1.69
Granted	26,346,026	0.47
Exercised	(4,445,938)	0.83
Expired	(1,703,856)	5.84
Balance, December 31, 2023	36,884,091	0.80
Granted	6,275,062	0.26
Exercised	(12,287,121)	0.41
Balance, June 30, 2024	30,872,032	0.84

The weighted average share price on the date of exercise for warrants exercised during the six months ended June 30, 2024 was \$0.05 (2023 - \$0.64).

A summary of the Company's outstanding warrants is as follows:

Expiry date	Number	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
November 3, 2024	1,757,576	1.94	0.35
January 25, 2025	8,780,489	1.54	0.57
January 31, 2025	3,867,468	1.02	0.59
March 5, 2025	263,003	0.26	0.68
July 25, 2026	6,708,094	0.52	2.07
November 10, 2026	5,300,360	0.17	2.36
November 24, 2026	3,815,722	0.17	2.40
November 29, 2026	379,320	0.17	2.42
	30,872,032	0.84	1.44

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

14. SHARE CAPITAL (continued)

e) Stock options

A summary of the Company's outstanding and exercisable options is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2022	15,953,497	0.76
Granted	850,000	0.58
Forfeited	(221,200)	0.60
Expired	(1,006,345)	1.50
Balance, December 31, 2023	15,575,952	0.56
Granted	40,000	0.23
Forfeited	(970,000)	0.56
Cancelled	(500,000)	0.74
Expired	(346,800)	0.56
Balance outstanding, June 30, 2024	13,799,152	0.55
Balance exercisable, June 30, 2024	1,338,600	0.56

On January 30, 2024, the Company granted 40,000 stock options to an officer. These stock options vest in five equal tranches every six months from the grant date. Each stock option has an exercise price of \$0.23 and matures on January 30, 2027. The fair value of these stock options was \$4,896.

A summary of the Company's outstanding options is as follows:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
July 29, 2024	210,000	210,000	0.55	0.08
August 20, 2024	15,000	15,000	0.55	0.14
August 29, 2024	268,000	268,000	0.55	0.16
September 3, 2024	75,000	75,000	0.55	0.18
September 17, 2024	3,000	3,000	0.55	0.22
June 20, 2025	812,000	649,600	0.55	0.97
November 1, 2025	50,000	30,000	1.23	1.34
March 31, 2026	70,000	28,000	0.73	1.75
September 28, 2026	300,000	60,000	0.26	2.25
June 20, 2027	11,956,152	-	0.55	2.97
January 30, 2027	40,000	-	0.23	2.59
	13,799,152	1,338,600	0.55	2.71

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the six months ended June 30, 2024 and 2023 is as follows:

	2024	2023
Share price	\$0.21	\$0.76
Exercise price	\$0.23	\$0.79
Expected life	3.00 years	3.00 years
Risk-free interest rate	3.94%	1.62%
Expected volatility	112.00%	81.00%
Expected annual dividend yield	0.00%	0.00%

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

14. SHARE CAPITAL (continued)

During the three and six months ended June 30, 2024, \$146,030 and \$595,439, respectively, (2023 - \$1,084,471 and \$2,255,142, respectively) were recognized as share-based compensation from vested options. Included in the share-based compensation expense is the amount from stock options granted to the non-controlling interest of ARway and Toggle as part of their option plans.

A summary of the Company's share-based compensation expense by function is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Cost of sales	64,998	2,333	177,128	3,945
Sales and marketing	6,198	45,325	96,379	108,423
General and administrative	125,180	955,786	249,387	1,996,651
Research and development	(50,346)	81,027	72,545	146,123
	146,030	1,084,471	595,439	2,255,142

15. NON-CONTROLLING INTEREST

A summary of the Company's non-controlling interest is as follows:

	ARway	Toggle	Total
	\$	\$	\$
Balance, December 31, 2022	2,174,048	-	2,174,048
Shares issued for employee pay program	(121,890)	(108,629)	(230,519)
Distribution to shareholders	-	1,750,000	1,750,000
Share-based compensation	652,471	252,185	904,656
Other net changes in capitalization	239,068	1,270,792	1,509,860
Net loss attributed to non-controlling interest	(1,654,245)	(497,750)	(2,151,995)
Balance, December 31, 2023	1,289,452	2,666,598	3,956,050
Share-based compensation	86,623	105,901	192,524
Other net changes in capitalization	170,337	97,287	267,624
Net loss attributed to non-controlling interest	(326,758)	(654,461)	(981,219)
Balance, June 30, 2024	1,219,654	2,215,325	3,434,979

16. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into a number of transactions with key management personnel that have the authority and responsibility for the planning, directing and controlling of the activities of the Company. The Company considers the executive officers and directors as the key management of the Company.

A summary of the transactions with key management personnel is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Compliance fees included in general and administrative	538,383	11,862	546,231	19,215
Management fees included in general and administrative	343,198	226,956	545,133	459,726
Salaries of the Chief Financial Officer included in general and administrative	39,167	62,500	92,417	125,000
Share-based compensation	-	253,396	93,823	403,396
	920,748	554,714	1,277,604	1,007,337

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

16. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The Company has an agreement with the Chief Executive Officer (“CEO”) in which the Company compensates the CEO for management services monthly, combining cash and share issuance over a five-year term until April 1, 2027. As at June 30, 2024, accounts payable and accrued liabilities included \$1,558,920 owed to the CEO (December 31, 2023 - \$939,532). The amounts are non-secured, non-interest bearing, payable on demand and represent the value of shares to be issued to the CEO.

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

a) Revenue disaggregation

A summary of the Company’s revenue disaggregation by service for the three and six months ended June 30, 2024 and 2023 is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Technology services	-	44,986	-	125,236
Renewable software licenses	1,096,231	1,318,260	2,105,380	2,506,933
Other revenue	12,710	41,757	28,253	74,028
	1,108,941	1,405,003	2,133,633	2,706,197

For the three and six months ended June 30, 2024, other revenue is comprised of interest income of \$475 and \$3,561 earned from the GICs (2023 - \$41,757 and \$74,028), respectively, and interest income of \$12,235 and \$24,692 earned from the sublease (2023 - \$nil and \$nil), respectively.

For the three and six months ended June 30, 2024, the renewable software licenses revenue stream has one customer who contributed 47.53% and 51.25% (2023 - 48.02% and 49.00%), respectively, of total revenue.

b) Deferred revenue

A summary of the Company’s deferred revenue is as follows:

	\$
Balance, December 31, 2022	437,746
Revenue recognized	(1,195,058)
Revenue deferred	1,108,588
Currency translation effects	(9,084)
Balance, December 31, 2023	342,192
Revenue recognized	(581,599)
Revenue deferred	448,586
Currency translation effects	11,694
Balance, June 30, 2024	220,873

c) Contract asset

A summary of the Company’s contract asset is as follows:

	\$
Balance, December 31, 2022	589,015
Contract asset billed	(534,778)
Currency translation effects	(2,917)
Balance, December 31, 2023	51,320
Contract asset billed	(51,521)
Contract assets unbilled	201
Balance, June 30, 2024	-

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

18. EXPENSES BY NATURE

The Company presents operating expenses by function with the exception of amortization, depreciation, and share-based compensation. A summary of the Company's operating expenses by nature is as follows:

a) Cost of sales

A summary of the Company's cost of sales is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Cost of products/services	-	5,678	-	-
Consulting fees	250,252	148,403	434,364	316,997
Computer software & maintenance	-	-	-	-
Employee benefits	-	1,475	-	1,721
Salaries, wages, and commissions	38,216	719,477	352,584	1,323,623
	288,468	875,033	786,948	1,642,341

b) Sales and marketing

A summary of the Company's sales and marketing expense is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Advertising	37,275	167,261	101,003	372,389
Consulting fees	64,140	54,026	114,928	146,309
Employee benefits	14,572	24,305	32,752	40,423
Investor relations	95,434	490,648	281,731	1,194,347
Salaries, wages, and commissions	123,921	573,770	336,073	1,150,882
Software and other expenses	56,680	48,975	108,118	104,943
	392,022	1,358,985	974,605	3,009,293

c) General and administrative

A summary of the Company's general and administrative expense is as follows:

	Three months ended		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	\$	\$	\$	\$
Compliance fees	46,469	121,791	116,815	191,666
Computer, software and maintenance	215,121	149,625	391,546	459,534
Consultant fees	78,814	128,783	153,124	165,065
Employee benefits	81,001	101,206	154,640	326,670
Interest expense	21,335	39,440	30,394	46,263
Management fees	204,806	314,238	406,741	707,781
Professional fees	303,659	719,905	451,929	1,141,093
Shipping and warehouse costs	318	-	318	-
Salaries and wages	524,724	573,508	962,036	1,445,955
Office, general and other expenses	112,839	525,502	308,787	781,600
	1,589,086	2,673,998	2,976,330	5,265,627

NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.)
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars, except where noted)

18. EXPENSES BY NATURE (continued)

d) Research and development

A summary of the Company's research and development expense is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consulting fees	14,929	251,329	343,392	490,519
Employee benefits	7,057	13,741	16,345	31,884
Salaries and wages	176,190	395,082	414,888	756,144
Platform, maintenance and other expenses	146,975	217,110	308,429	478,619
	345,151	877,262	1,083,054	1,757,166

19. SEGMENT INFORMATION

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Financial Officer, who makes strategic decisions and allocates resources based on the information available by operating segment. The CODM determines the reportable segments of the Company based on the availability of discrete financial results and the nature of operations relating to each operating segment. The CODM identified three reportable segments being 1) the eCommerce platforms, 2) the technology services provided for eCommerce, virtual events, higher education and advertising, and 3) general corporate activities.

During the year ended December 31, 2022, the Company decided to discontinue the eCommerce platforms, resulting in this segment being reported as discontinued operations (Note 7). As at June 30, 2024, the Company's sole continuing operation that generates revenue is technology services.

20. SUPPLEMENTAL CASH FLOW DISCLOSURES

A summary of the Company's supplemental cash flow disclosures is as follows:

	Six months ended June 30,	
	2024	2023
	\$	\$
Non-cash share issuance costs	-	101,787
Proceeds from securities issued to non-controlling interest:		
Proceeds from employee pay program in ARway	319,560	150,681
Proceeds from employee pay program in Toggle	177,684	-
Proceeds from spin-out share issuance in Toggle	-	2,158,356
Proceeds from warrants exercised in ARway	-	55,000
	497,244	2,364,037

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2024, the Company's financial assets and liabilities include cash and cash equivalents, trade receivables, deferred consideration, and accounts payable and accrued liabilities. These instruments were classified as amortized cost.

The carrying values of cash and cash equivalents, receivables and accounts payable and accrued liabilities approximate their fair values because of their short-term nature. For deferred consideration, the carrying value is determined by discounting future cashflows at the effective interest rate. Any difference between the nominal value and present value is recognized in interest income.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The Company is exposed to certain financial risks through its financial instruments. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents, trade receivables, deferred consideration and contract asset. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For sales contracts and trade receivables, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable. The deferred consideration is subject to credit risk, reliant on PET's future profitability and the purchaser's financial stability, with potential impacts on the timing and amount of cash flows received. The Company assesses this risk by monitoring the financial performance of PET and evaluating the purchaser's ability to meet its payment obligations.

b) 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 financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year and lease liabilities that have a fixed schedule of payment.

As at June 30, 2024, the Company had cash and cash equivalents of \$182,472 (December 31, 2023 - \$907,847) and working capital deficit of \$3,911,658 (December 31, 2023 - \$2,206,405).

c) 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 USD. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could affect the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at June 30, 2024, the Company is exposed to currency risk through cash and cash equivalents, receivables, deferred consideration and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by \$93,241.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk as there is no financial asset or liability that has a variable interest rate.

22. CAPITAL MANAGEMENT

The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, deficit and non-controlling interest. The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As at June 30, 2024, the Company had shareholders' deficiency of \$3,247,205 (December 31, 2023 - \$1,500,563).

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the six months ended June 30, 2024.

The Company is not subject to any externally imposed capital requirements.

23. CONTINGENT LIABILITY

During the year ended December 31, 2020, the Company has received a legal claim against the Company in respect of the acceleration term on the right to exercise certain warrants. As at June 30, 2024, the claim remains at the preliminary stage. It is premature to determine the outcome of this claim.

24. SUBSEQUENT EVENTS

From July 8, 2024 to August 15, 2024, the Company has issued 3,267,284 common shares upon the exercise of warrants related to the employee pay program.

From July 12, 2024 to July 30, 2024, the 225,000 stock options with exercise price \$0.55 expired unexercised.

On July 15, 2024, the Company granted 3,600,000 options to its employees as share-based compensation with exercise price of \$0.70.