ArcStone Kingswood a Division of Kingswood Capital Partners, LLC

Company Update
Travel

Equity Research

NextTrip, Inc. (OTC: NTRP)

Rating: BUY

Price Target: $5.00
Share Price: $2.04

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Company Data

Average Daily Volume (M)	0.0544
52-Week Range	1.80-5.20
Shares Outstanding (M)	14.50
Market Cap (M)	29.23
Enterprise Value (M)	31.02
Total Cash (M), mrq	0.803
Total Debt (M)	3.48
Total Debt to Cap	0.37

Estimates

FYE: Feb		2027E	2028E
EPS	Q1	($0.22)A	N/A
	Q2	($0.05)	N/A
	Q3	($0.02)	N/A
	Q4	$0.00	N/A
	FY	($0.27)	$0.05
P/E		NMF	NMF
Rev	Q1	$1,451.74A	N/A
	Q2	$2,075.98	N/A
	Q3	$3,010.17	N/A
	Q4	$3,612.21	N/A
	FY	$10,150.10	$13,398.13
EV/Sales		3.2x	3.1x

One-Year Performance Chart

NTRP: Strong F'1Q Revenue Print; Maintain Buy Rating and $5 PT.

NextTrip, Inc. reported F'1Q results (FY'27) that beat our revenue estimate but showed higher than expected SG&A expense levels in the Q. However, given the company's aggressive push to implement a series of strategic initiatives to enhance travel advisor support by expanding booking infrastructure and direct supplier access, we are expecting OpEx levels to stay elevated for the next two Qs until a more meaningful revenue ramp occurs. Towards the end of FY'27, we expect OpEx levels to moderate and earnings leverage to begin increasing substantially. Given NextTrip's unique Content-to-Commerce travel platform and growing media channels, we are maintaining our bullish view of NTRP shares at current price levels.

KeyPoints:

Strong revenue growth. The company reported first quarter revenue of approximately $1.45 million, compared to $138,827 during the same period last year, representing year-over-year growth of over 940%. We were modeling F'1Q revenue of $1.3 million. OpEx in F'1Q was $3.1 million, significantly higher than we were modeling.

New strategic initiatives. The company's recently launched NextTrip Cruise platform generated approximately $400K in cruise bookings at the end of the Q further expanding one of the company's higher-margin travel product categories. NextTrip is entering a pivotal moment in its growth arc, as multiple strategic initiatives implemented over the past year are beginning to materialize. These initiatives are expected to drive incremental revenue growth, expand gross margins, and increase the contribution of higher-margin media, advertising, and technology businesses to the Company's overall revenue profile.

Multiple growth vectors. The company's NextTrip Cruise platform is starting to generate incremental revenue growth as the expanded advertising sales organization is entering the market with higher inventory. NextTrip's media infrastructure consolidation is nearly complete, and the recent acquisition of a controlling interest in YADA positions NextTrip to participate directly in the travel and entertainment creator economy.

Higher SG&A levels near-term. With four senior travel advertising executives joining the company in F'1Q, we can expect to see elevated SG&A levels over the next 2-3 Qs, as revenue from the new initiatives begins to ramp. Towards the end of FY'27, we expect earnings to turn positive, as the company's operating model continues to stabilize.

Content-to-Commerce Platform. The company positions its ecosystem as vertically integrated, designed to capture consumer engagement through travel content and media channels, then convert that engagement into bookings through proprietary and partner platforms. The integration of media and booking infrastructure differentiates NextTrip's positioning relative to pure-play online travel agencies by aligning travel inspiration directly with transaction capability.

Travel Advisor Enablement. NextTrip supports travel advisors by providing booking infrastructure and direct supplier access. With over 170 independent travel agents enrolled at launch during the beta phase of its proprietary Travel Agent Booking Platform, the company aims to monetize transactions across multiple travel verticals, including hotels, cruises, group travel, and experiential packages.

Our earnings estimates assume a base-case growth scenario. We have slightly increased our revenue estimates, and are modeling FY'27 and FY'28 revenue of $10.2M and $13.4M, respectively. Our revenue assumptions are conservative, and do not take into account the possibility of better-than-expected revenue contributions from the company's travel agency sales programs set to begin in July, 2026, which will likely produce higher margins and improved visibility on recurring revenues.

Our 12-month price target on NTRP is $5, based on a full valuation of NTRP shares trading at a multiple of just over 6x our FY'28 revenue estimate of $13.4M, which represents a slight premium to current peer group multiples. We note, however, that NTRP's peers lack a synergistic media complement to their largely transaction-based revenue models, making their growth prospects more linear and more limited. We believe that the company's ecosystem-based business model is innovative and differentiated, and thus deserves a valuation premium.

Company Overview

NextTrip, Inc. operates as a digital travel marketplace combining booking technology, advisor enablement tools, and owned travel-focused media assets. NextTrip's operating model is structured around four verticals: direct-to-consumer travel booking, B2B travel advisor platform services, luxury and experiential travel distribution, and media-driven travel discovery and content monetization.

The company operates in two segments, Travel and Media. The Travel segment offers NXT2.0, a travel booking engine that supports direct-to-consumer and advisor-assisted booking across leisure, luxury, cruise, group, and business travel verticals; NextTrip's Media segment includes JOURNY.tv, a travel media network, as well as TravelMagazine.com, an online travel publication that offers articles, guides, destination inspiration, and actionable travel content. The company was formerly known as Sigma Additive Solutions, Inc. and changed its name to NextTrip, Inc. in March 2024. NextTrip, Inc. is based in Santa Fe, New Mexico.

NextTrip, Inc.
NTRP (NASDAQ)

Fiscal Year Ends in February	FY2025 FEB'25	FQ1'26 MAY '25	FQ2'26 AUG '25	FQ3'26 NOV '25	FQ4'26 FEB '26	FY2026 FEB'26	FQ1'27 MAY '26	FQ2'27E AUG '26	FQ3'27E NOV '26	FQ4'27E FEB '27	FY2027E FEB'27	FQ2028E FEB '28
GAAP Income Statement												
Sales	501.42	138.83	757.65	1,200.13	1,618.92	3,715.53	1,451.74	2,075.98	3,010.17	3,612.21	10,150.10	13,398.13
Cost of Goods Sold (COGS) incl. D&A	3,909.89	1,141.81	1,504.24	1,924.41	2,587.64	7,158.09	1,243.64	1,741.09	2,002.25	2,302.59	7,289.57	8,091.43
COGS excluding D&A	3,196.66	935.16	1,287.61	1,651.78	2,185.73	6,060.29	906.97	1,540.46	1,801.62	2,101.96	6,351.02	7,228.73
D&A Expense	713.24	206.65	216.63	272.63	401.90	1,097.81	336.67	200.63	200.63	200.63	938.56	862.70
Depreciation	98.26	0.63	0.63	0.63	0.63	2.52	0.63	0.63	0.63	0.63	2.52	2.70
Amortization of Intangibles	614.98	206.02	216.00	272.00	401.27	1,095.29	200.00	200.00	200.00	200.00	800.00	860.00
Gross Profit	(3,408.47)	(1,002.98)	(746.59)	(724.28)	(968.71)	(3,442.57)	208.10	334.89	1,007.92	1,309.61	2,860.52	5,306.70
Gross Margin (%)	-679.8%	-722.5%	-98.5%	-60.4%	-59.8%	-92.7%	14.3%	16.1%	33.5%	36.3%	28.2%	39.6%
SG&A Expense	3,687.90	3,591.58	2,372.38	2,274.41	3,907.84	12,146.21	3,121.85	1,100.00	1,300.00	1,300.00	6,821.85	4,500.00
Pct. Of Sales (%)	735.5%	2587.1%	313.1%	189.5%	241.4%	326.9%	215.0%	53.0%	43.2%	36.0%	67.2%	33.6%
Other Operating Expense	317.06	45.17	83.91	86.09	97.37	312.55						
EBIT (Operating Income)	(7,413.43)	(4,639.74)	(3,202.88)	(3,084.78)	(4,973.92)	(15,901.32)	(2,913.75)	(765.11)	(292.08)	9.61	(3,961.33)	806.70
Operating Margin (%)	-1478.5%	-3342.1%	-422.7%	-257.0%	-307.2%	-428.0%	-200.7%	-36.9%	-9.7%	0.3%	-39.0%	6.0%
Other Income - Net	(983.99)	540.25	593.00	189.52	344.17	1,666.94	39.87	100.00	100.00	100.00	339.87	400.00
Interest Expense	589.04	276.33	288.28	354.80	187.38	1,106.79	251.58	100.00	100.00	100.00	551.58	400.00
Extraordinary Expense - Net	1,134.58	70.10	0.00	25.50	463.86	559.46	0.00	0.00	0.00	0.00	0.00	0.00
Impairments					463.86							
Other Intangibles	0.00	0.00	0.00	0.00	463.86	463.86	0.00	0.00	0.00	0.00	0.00	0.00
Excpl Chrgs - Others	1,134.58	70.10	0.00	25.50		95.60						
Restructuring of Debt	1,134.58	70.10	0.00	25.50		95.60	0.00	0.00	0.00	0.00	0.00	0.00
Pretax Income	(10,121.04)	(4,445.93)	(2,898.16)	(3,275.57)	(5,280.98)	(15,900.63)	(3,125.47)	(765.11)	(292.08)	9.61	(4,173.04)	806.70
Equity in Earnings of Affiliates	(7.39)	(11.31)	0.00	0.00	0.00	(11.31)	0.00	0.00	0.00	0.00	0.00	0.00
Net Income (GAAP)	(10,128.43)	(4,457.23)	(2,898.16)	(3,275.57)	(5,280.98)	(15,911.93)	(3,125.47)	(765.11)	(292.08)	9.61	(4,173.04)	806.70
Per Share:												
EPS (diluted)	(5.84)	(0.69)	(0.39)	(0.37)	(0.38)	(1.83)	(0.22)	(0.05)	(0.02)	0.00	(0.27)	0.05
Diluted Shares Outstanding (M)		7.69	8.12	12.55	13.98	10.59	14.32	15.00	15.50	16.00	15.20	16.50
EBITDA	(6,700.19)	(4,433.09)	(2,986.25)	(2,812.15)	(4,572.02)	(14,803.51)	(2,577.08)	(564.48)	(91.45)	210.24	(3,022.77)	1,669.40
EBIT	(7,413.43)	(4,639.74)	(3,202.88)	(3,084.78)	(4,973.92)	(15,901.32)	(2,913.75)	(765.11)	(292.08)	9.61	(3,961.33)	806.70
Depreciation & Amortization Expense	713.24	206.65	216.63	272.63	401.90	1,097.81	336.67	200.63	200.63	200.63	938.56	862.70

Source: FactSet Fundamentals, ArcStone-Kingswood US estimates.

Risks to Our Price Target

Our price target may be negatively impacted by the following risk factors, as wee as others common to early-stage growth companies:

Early stage commercial development. Because the company is at an early stage of commercial development and has only nominal revenues to date and remains sub-scaled at the present time, its ability to implement its business plan depends on management's ability to successfully expand the company's supplier relationships, attract customers, and secure adequate capital to fund marketing and future product development. There can be no assurance that NextTrip will be able to do so.
Recent history of losses. NextTrip expects to continue to incur net losses and negative cash flows from operations for the foreseeable future as the company invests in technology enhancements, supplier relationships, media content, and marketing initiatives.

Competition. The U.S. travel market is highly competitive and rapidly evolving. The markets are dominated by a few key distributors, which has caused suppliers to look for viable alternatives that would diversify their business mix. NextTrip's Travel segment competes with online and offline travel companies targeting leisure and corporate travelers, including travel agencies, tour operators, travel supplier direct websites and their call centers, consolidators and wholesalers of travel products and services, large online portals and search websites, certain travel metasearch websites, mobile travel applications, social media websites, as well as traditional consumer eCommerce and group buying websites. These companies include Expedia, Booking.com, TripAdvisor, Sabre Corp., TravelZoo, and Airbnb. The Media segment competes with other travel content providers and streaming platforms for travel programming audiences and advertising spend, including larger media companies with substantially greater resources.

Seasonality. The company experiences seasonal fluctuations in the demand for Travel segment products and services. Traditional leisure travel bookings are generally highest in the first three quarters as travelers plan and book their spring, summer, and winter holiday travel. The number of bookings typically decreases in the fourth quarter. Because revenue for most of its travel products is recognized when the travel takes place rather than when it is booked, revenue typically lags bookings by several weeks to several months. As a result, although travel bookings through NextTrip's platforms tend to be highest from January to June, moderate from July through September, and low from October through December, the majority of revenue is recognized in the summer months (June, July, and August) and during the winter holidays (November and December). The Media segment revenues are also subject to seasonal advertising market conditions, with advertising spend typically higher in the second half of the calendar year.

Regulatory risk. NextTrip's business is impacted by travel-related regulations such as local regulation of alternative accommodations. Some parts of the business are already subject to certain requirements of the U.S. Department of Transportation ("DOT"), and as the company's offerings continue to diversify and expand, it may become subject to additional requirements of regulatory agencies worldwide
Industry risk. The company's revenue is derived from the global travel industry and would be significantly impacted by declines in, or disruptions to, travel activity, particularly air travel. Global factors over which

NextTrip has no control, but which could impact its clients' ability or willingness to travel and, depending on the scope and duration, cause a significant decline in travel volumes.

Financing risk. NextTrip will likely need to raise additional capital to continue operations over the next several quarters, and to support and expand the marketing and development of its products, repay debt obligations, provide capital expenditures for additional equipment and development costs, payment obligations, office space and systems for managing the business, and cover other operating costs until our planned revenue streams from all products are fully implemented and begin to offset its operating costs. Risks associated with additional capital raising include dilution to existing shareholders and increased financing costs. In the event the Company is unable to raise adequate funding in the future for its operations and to pay its outstanding debt obligations, the Company may be forced to scale back its business plan and/or liquidate some or all of its assets or may be forced to seek bankruptcy protection

Cybersecurity risk. Because NextTrip collects and uses personally identifiable information (PII) of distributors and travelers in the operation of its business, the company's systems may be vulnerable to computer viruses or physical or electronic break-ins. Anyone that is able to circumvent the company's security measures could misappropriate confidential or proprietary information, cause an interruption in operations, or otherwise damage the company's reputation and business. The company may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches of its systems, or the systems of third parties relied upon, such as credit card processors, could damage the company's reputation and expose it to litigation and possible liability under various laws and regulations.

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