



Nextech AR Solutions Corp. Reports Q2 Results Showing Continued Record Growth in 3D Modelling for Ecommerce and Web3.0 Business

- ***Q2 delivered 30% Sequential growth in Annual Recurring Revenue to almost \$1 million***
- ***Q2 showed a record 40% growth in Web3.0 3D modeling revenue***
- **Record Q2 Annual Recurring Revenue And Repeat Revenue at \$1,566,000**
- ***Q2 cash burn decreased to \$1 million per month, the Company expects an expense reduction of \$500K/month in the 2nd half of 2022***

TORONTO, ON Canada – August 18, 2022 – [Nextech AR Solutions Corp.](#) (“Nextech” or the “Company”) (OTCQB: NEXCF) (CSE: NTAR) (FSE: N29) reports its financial and operating results for the second quarter 2022 ending June 30, 2022.

Subsequently, Nextech will host a conference call to discuss the results today, August 18, 2022 at 5:00 P.M. Eastern Time. Please join Evan Gappelberg, Chief Executive Officer and Andrew Chan, Chief Financial Officer to discuss these financial and operating results.

2022 Q2 Financial Highlights:

- **30% Q2 sequential growth** in ARR to almost \$1,000,000
- **Record Q2 Annual Recurring Revenue And Repeat Revenue** at \$1,566,000
- **Decreased cash burn** to \$1 million/month in Q2 2022, in Q3/Q4 expecting the burn to be \$500K/month due to shares for services program.
- **40% Q2 Sequential growth** in Web3.0 3D modeling revenue
- **Two six figure deals** in the first half of 2022

Q3 Outlook:

- With the newly implemented shares for services plan in place, the Company will be reducing its monthly burn from about \$1mill per month to approximately \$500,000/ month extending the cash runway for **at least 12 months.**
- The wind-down of eCommerce business is expected to **add \$1-2 million in cash** to the Company's cash balance and is expected to be completed in Q3/Q4 2022



- Onboarding of major new customers in Q3 is expected to show a **meaningful ramp-up in Q3/Q4 Web 3.0 3D modeling revenue**
- ARway spinout and listing on the Canadian Securities Exchange (CSE) is expected to happen in Q3, 2022 and will provide a **stock dividend of 4,000,000 shares for all Nextech AR shareholders** on a pro-rata basis.

Management changes effective as of 8/19/2022:

Paul Duffy will be stepping down from the board of directors of Nextech AR and transitioning from President to the *Chief Metaverse Officer* for ARway. We sincerely thank Paul for all his dedication and hard work as both a board member and President at Nextech AR and look forward to his new and exciting role at ARway, where we are confident that he will be adding tremendous shareholder value.

[Evan Gappelberg](#) will remain CEO and will be taking on the additional role of Chairman of the Board for Nextech AR.

Ori Inbar is leaving his role as a director of Nextech to pursue other activities in the Metaverse and we thank him for his contributions and wish him all the best. The Company currently has no plans to replace him on the board.



NexTech AR Solutions Corp.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

As at	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash & cash equivalents	\$ 7,063,268	\$ 7,237,296
Receivables (Note 4)	418,792	1,081,164
Deferred asset (Note 7)	153,185	-
Contract asset (Note 13)	193,635	386,202
Prepaid expenses (Note 5)	532,169	749,474
Inventory (Note 6)	2,366,759	3,389,098
	<u>10,727,808</u>	<u>12,843,234</u>
Non-current assets		
Equipment (Note 8)	371,603	377,242
Right-of-use asset (Note 9)	967,529	1,079,319
Intangible assets (Note 10)	4,560,991	6,419,934
Goodwill (Note 10)	6,783,493	8,790,529
Total assets	<u>\$ 23,411,424</u>	<u>\$ 29,510,258</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 2,649,937	\$ 2,759,017
Deferred revenue (Note 14)	422,140	609,001
Lease liability (Note 9)	273,974	290,357
	<u>3,346,051</u>	<u>3,658,375</u>
Non-current liabilities		
Lease liability (Note 9)	683,759	786,755
Deferred income tax liability	492,242	712,215
Loan payable	78,521	90,896
Total liabilities	<u>4,600,573</u>	<u>5,248,241</u>
Shareholders' Equity		
Share capital (Note 12)	80,352,960	70,570,760
Reserves	12,150,387	10,671,525
Accumulated other comprehensive income	1,963,337	1,978,469
Deficit	(75,655,833)	(58,958,737)
	<u>18,810,851</u>	<u>24,262,017</u>
Total liabilities and shareholders' equity	<u>\$ 23,411,424</u>	<u>\$ 29,510,258</u>



NexTech AR Solutions Corp.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Revenue (Note 14)	\$ 3,234,735	\$ 6,091,552	\$ 6,719,072	\$ 13,818,255
Cost of sales (Note 15)	(1,546,479)	(3,798,987)	(3,547,416)	(8,211,265)
Gross profit	1,688,256	2,292,565	3,171,656	5,606,990
Operating expenses:				
Sales and marketing (Note 15)	1,827,030	4,047,840	4,443,978	9,135,329
General and administrative (Note 15)	4,503,273	3,418,151	8,323,873	6,179,373
Research and development (Note 15)	880,272	1,330,534	1,907,466	3,525,491
	7,210,575	8,796,525	14,675,317	18,840,193
Other expense (income)				
Stock-based compensation (Note 12)	878,286	556,415	1,457,091	2,959,043
Amortization (Note 10)	750,429	179,378	1,478,807	593,909
Right of use amortization (Note 9)	63,770	45,011	126,852	79,322
Gain on short-term investments	-	-	-	(219,321)
Gain on contingent consideration	-	(1,516,048)	-	(1,516,048)
Depreciation (Note 8)	37,124	32,085	74,241	60,035
Impairment of intangible assets (Note 10)	2,702,313	-	2,702,313	-
Foreign exchange gain (loss)	(845,966)	52,877	(399,340)	(118,377)
	3,585,956	(650,282)	5,439,964	1,838,563
Loss before income taxes	(9,108,275)	(5,853,678)	(16,943,625)	(15,071,766)
Current income tax expense	(7,128)	-	(14,256)	-
Deferred income tax recovery	121,852	-	260,785	-
Net loss from operations	\$ (8,993,551)	\$ (5,853,678)	\$ (16,697,096)	\$ (15,071,766)
Other comprehensive income (loss)				
Exchange differences on translating foreign operations	9,555	(65,056)	(15,132)	(117,458)
Total comprehensive loss	\$ (8,983,996)	\$ (5,918,734)	\$ (16,712,228)	\$ (15,189,224)
Loss per common share				
Basic and diluted loss per common share	(0.09)	(0.07)	(0.17)	(0.19)
Weighted average number of common shares outstanding	99,725,256	81,276,585	98,334,837	79,346,880



NexTech AR Solutions Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months June 30, 2022	Three months June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Cashflows from operating activities				
Net loss	\$ (8,993,551)	\$ (5,853,678)	\$ (16,697,096)	\$ (15,071,766)
Items not affecting cash				
Amortization of intangible assets	750,429	179,378	1,478,807	593,909
Impairment of intangible assets and goodwill	2,702,313	-	2,702,313	-
Deferred income tax recovery	(121,852)	-	(260,785)	-
Amortization of right to use asset	63,770	45,011	126,852	79,322
Depreciation of property and equipment	37,124	32,085	74,241	60,035
Gain on digital assets	-	-	-	(219,321)
Gain on contingent consideration	-	(1,516,048)	-	(1,516,048)
Shares for services	148,500	(22,156)	865,566	1,299,846
Stock-based compensation	878,286	556,415	1,457,091	2,959,043
Changes in non-cash working capital balances				
Receivables	600,222	997,883	662,372	214,478
Deferred asset	(153,185)	-	(153,185)	-
Contract asset	(68,653)	22,853	192,567	(92,729)
Prepaid expenses	362,636	437,732	217,305	47,525
Inventory	160,434	606,386	1,022,339	(855,834)
Accounts payable and accrued liabilities	739,778	(1,543,259)	(109,080)	(94,299)
Deferred revenue	(200,758)	246,841	(186,861)	1,056,888
Net cash used in operating activities	\$ (3,094,507)	\$ (5,810,557)	\$ (8,607,554)	\$ (11,538,951)
Cashflows from investing activities				
Purchase of equipment	(37,485)	(60,505)	(84,038)	(110,919)
Proceeds from sale of digital assets	-	-	-	2,765,356
Interest on lease liability	(6,890)	-	(13,602)	-
Net cash provided by (used in) investing activities	\$ (44,375)	\$ (60,505)	\$ (97,640)	\$ 2,654,437
Cashflows from financing activities				
Proceeds from exercise of options and warrants	-	800,184	-	1,292,948
Proceeds from private placement, net of issuance costs	1,910	12,632,937	8,938,406	12,632,937
Payment of lease obligations	(74,369)	(91,212)	(147,767)	(135,779)
Net cash provided by (used in) financing activities	\$ (72,459)	\$ 13,341,909	\$ 8,790,639	\$ 13,790,106
Change in cash during the period	(3,211,341)	7,470,847	85,445	4,905,592
Cash, beginning of period	10,781,775	7,900,016	7,237,296	10,684,952
Effects of foreign exchange on cash	(507,166)	24,142	(259,473)	(195,539)
Cash, end of period	\$ 7,063,268	\$ 15,395,005	\$ 7,063,268	\$ 15,395,005
Supplemental cash flow information				
Taxes paid	21,571	8,967	21,571	8,967
Interest paid	8,308	6,014	17,857	7,275
Interest received	27,498	12,171	39,329	21,470



Conference Call Details:

Please join Evan Gappelberg, Chief Executive Officer and Andrew Chan, Chief Financial Officer to discuss these financial and operating results, followed by a question and answer period.

Title: Nextech AR Solutions Corp. Announces Second Quarter 2022 Earnings & Conference

Call Date: Thursday August 18, 2022

Time: 05:00 PM (GMT-04:00) Eastern Time (US and Canada)

Toll Free Dial-In Number: 1 (888) 330-2024

International Dial-In Number: 1 (646) 960-0187

Conference ID: 7778367

Webcast Link: <https://events.q4inc.com/attendee/572595313>

For those unable to join the live event, a recording of the presentation will be posted on the Company's [investor relations website](#).

To learn more, please follow us on [Twitter](#), [YouTube](#), [Instagram](#), [LinkedIn](#), and [Facebook](#), or visit our website: <https://www.Nextechar.com>.

On behalf of the Board of Nextech AR Solutions Corp.

Evan Gappelberg
CEO and Director

For further information, please contact:

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About Nextech AR

Nextech AR Solutions is the engine accelerating the growth of the metaverse. Using breakthrough AI, Nextech AR is able to quickly, easily and affordably ARitize (transform) vast quantities and varieties of existing assets at scale making products, people and places ready for interactive 3D use, giving creators at every level all the essential tools they need to build out their digital AR vision in the metaverse. Our platform-agnostic tools allow brands, educators, students, manufacturers, creators, and technologists to create immersive, interactive and the most photo-realistic 3D assets and digital environments, compose AR experiences, and publish them



omnichannel. With a full suite of end-to-end AR solutions in 3D Commerce, Education, Events, and Industrial Manufacturing, Nextech AR is in a unique position to meet the needs of the world's biggest brands and all metaverse contributors.

Nextech funds the development of its AR and metaverse growth initiatives through its e-Commerce platforms, which currently generate most of its revenue. Nextech's e-commerce platforms include vacuumcleanermarket.com ("VCM"), infinitepetlife.com ("IPL") and Trulyfesupplements.com ("TruLyfe"). VCM and product sales of residential vacuums, supplies and parts, and small home appliances sold on Amazon. These e-commerce platforms serve as an incubator for developing and testing Nextech's leading-edge AR, AI and machine learning applications for powering next-generation e-commerce technology.

Forward-looking Statements

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as, "will be" or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements regarding the completion of the transaction are subject to known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, as future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Nextech will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.