



Nextech AR Solutions Corp. Reports Record Q3 Sequential Growth As 3D Modeling Revenue Surges +192% and Gross Profit Margin Improves To +60%

- *Q3 technology services revenue up +66% from Q2 2022 hitting approximately \$920K*
- *Q3 3D modeling revenue surges over +192% versus Q2 2022*
- *Q3 3D model production increased +110% versus Q2 2022*
- *Q3 technology services gross profit margin improves to +60% versus 37% reported in Q2 2022*
- *Q3 gross profit was approximately \$555K on 920K in Q3 technology revenue with a gross profit margin of 60%*

TORONTO, ON Canada – November 17, 2022 – [Nextech AR Solutions Corp.](#) (“Nextech” or the “Company”) (OTCQB: NEXCF) (CSE: NTAR) (FSE: EP2), a Metaverse Company and leading provider of augmented reality (“AR”) wayfinding technologies, and 3D model services for the largest prime ecommerce platform, reports its financial and operating results for the third quarter 2022 ended September 30, 2022. Please join Evan Gappelberg, Chief Executive Officer and Andrew Chan, Chief Financial Officer today after the close November 17, 2022 at 5:00 P.M where [Nextech will host a conference call](#) to discuss Q3 results.

CEO Commentary:

“Q3 was a transformational quarter for Nextech AR, as demand, production and our revenue from 3D modeling has significantly ramped up. This is evident with our sequential **production** of 3D models up by over **+110%** and our sequential **revenue** of 3D models up by over **+192%** over Q2. Our Q3 figures are showing that our 3D modeling revenue is now growing exponentially. He continued, “With the announcement of a \$700,000 3D model order to be delivered in Q4, we are confident that Q4 will be another record quarter for Nextech. As it is still quite early in Q4, we do expect to announce additional significant orders in the coming weeks as demand and our production capabilities will only continue to increase into Q4, 2023 and beyond.”

2022 Q3: 3D Model and Technology Services Financial Highlights

- Q3 technology services revenue up **+66%** from Q2 2022 hitting approximately \$920K



- Q3 3D modeling revenue surges over **+192%** versus Q2 2022
- Q3 3D model production increased **+110%** versus Q2 2022
- Q3 technology services gross profit margin improves to **+60%** versus 37% in Q2 2022
- Q3 gross profit was approximately \$555K on 920K in Q3 technology revenue with a gross profit margin of 60%

2022 Q3: Legacy E-commerce Business Results

- E-commerce generated over \$2 million of revenue during the wind-down this quarter, bringing in over \$800K of cash in Q3, and in Q4 to date has brought in additional cash achieving the Company's set goal of bringing in \$1 million to \$2 million in cash
- The Company expects to be fully out of the legacy e-commerce business in Q4, 2022

2022 Q3 Totals

- Total revenue for the quarter was \$3 million
- Total gross profit for the quarter was approximately \$1.34 million

2022 Q4 Outlook

- \$700,000 3D model order to be delivered in Q4, 2022
- Several quotes have been issued for large RFPs, which could close in Q4 2022
- Ramp up of 3D model production to meet the growing demand from the largest Prime ecommerce marketplace as well as re-orders, sets the stage for a substantial increase in 3D model production in Q4, 2022 and continuing in 2023

ARway

- Trading in ARway began on October 26, 2022. With a current market price of approximately \$2 per share, Nextech's 13 million share ownership is valued at about **\$26 million dollars.**



Condensed Consolidated Statements of Financial Position

NexTech AR Solutions Corp.

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

As at	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash & cash equivalents	\$ 5,278,516	\$ 7,237,296
Receivables (Note 4)	624,694	1,081,164
Deferred asset (Note 7)	260,639	-
Contract asset (Note 14)	261,692	386,202
Prepaid expenses (Note 5)	472,442	749,474
Inventory (Note 6)	640,852	3,389,098
Non-current assets held for sale (Note 17)	534,664	-
	8,073,499	12,843,234
Non-current assets		
Equipment (Note 8)	354,527	377,242
Right-of-use asset (Note 9)	919,096	1,079,319
Intangible assets (Note 10)	4,200,687	6,419,934
Goodwill (Note 10)	7,061,970	8,790,529
Total assets	\$ 20,609,779	\$ 29,510,258
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 2,309,942	\$ 2,759,017
Deferred revenue (Note 14)	471,835	609,001
Lease liability (Note 9)	259,348	290,357
	3,041,125	3,658,375
Non-current liabilities		
Lease liability (Note 9)	644,420	786,755
Deferred income tax liability	399,962	712,215
Loan payable	-	90,896
Total liabilities	4,085,507	5,248,241
Shareholders' Equity		
Share capital (Note 12)	82,185,705	70,570,760
Reserves	12,608,012	10,671,525
Accumulated other comprehensive income	1,790,153	1,978,469
Deficit	(80,059,598)	(58,958,737)
	16,524,272	24,262,017
Total liabilities and shareholders' equity	\$ 20,609,779	\$ 29,510,258



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Condensed Consolidated Statements of Comprehensive Loss

NexTech AR Solutions Corp.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue (Note 14)	\$ 3,012,440	\$ 5,524,902	\$ 8,755,637	\$ 18,885,741
Cost of sales (Note 15)	(1,668,490)	(3,895,320)	(5,159,245)	(11,961,736)
Gross profit	1,343,950	1,629,582	3,596,392	6,924,005
Operating expenses:				
Sales and marketing (Note 15)	1,702,695	4,187,583	6,022,831	12,837,426
General and administrative (Note 15)	2,592,343	3,704,359	10,903,087	9,746,546
Research and development (Note 15)	1,157,408	1,863,709	3,064,874	5,386,473
	5,452,446	9,755,651	19,990,792	27,970,445
Other expense (income)				
Stock-based compensation (Note 12)	311,301	(574,131)	1,768,392	2,384,912
Amortization (Note 10)	597,354	682,889	2,076,161	1,276,798
Right of use amortization (Note 9)	77,624	64,735	204,476	144,057
Gain on short-term investments	(90,744)	-	(90,744)	(219,321)
Gain on contingent consideration	-	102,400	-	(1,413,648)
Depreciation (Note 8)	36,941	37,286	111,182	97,321
Impairment of intangible assets (Note 10)	-	-	2,702,313	-
Foreign exchange gain	(566,648)	(252,992)	(965,988)	(371,369)
	365,828	60,187	5,805,792	1,898,750
Loss before income taxes	(4,474,324)	(8,186,256)	(22,200,192)	(22,945,190)
Current income tax expense	(7,128)	-	(21,384)	-
Deferred income tax recovery	126,777	-	387,562	-
Net loss from operations	\$ (4,354,675)	\$ (8,186,256)	\$ (21,834,014)	\$ (22,945,190)
Income (loss) from discontinued operations (Note 17)	\$ (49,090)	\$ (30,418)	\$ 733,153	\$ (343,250)
Other comprehensive loss				
Exchange differences on translating foreign operations, continuing operations	(183,470)	410,785	(205,569)	293,753
Exchange differences on translating foreign operations, discontinued operations (Note 17)	10,286	2,769	17,253	2,343
Total comprehensive loss	\$ (4,576,949)	\$ (7,803,120)	\$ (21,289,177)	\$ (22,992,344)
Income (loss) per common share				
Basic and diluted loss per common share, continuing operations	(0.05)	(0.09)	(0.22)	(0.28)
Basic and diluted loss per common share, discontinued operations	-	-	0.01	-
Weighted average number of common shares outstanding				
Basic and diluted	98,641,286	86,125,077	99,201,669	82,002,671



Condensed Consolidated Statements of Cash Flows

NexTech AR Solutions Corp.

Condensed Consolidated Interim Statements of Cash flows
(Expressed in Canadian dollars)
(Unaudited)

	Three months September 30, 2022	Three months September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Cashflows from operating activities				
Net loss	\$ (4,354,675)	\$ (8,186,256)	\$ (21,834,014)	\$ (22,945,190)
Discontinued operations	(49,090)	(30,418)	733,153	(343,250)
Items not affecting cash				
Amortization of intangible assets	597,354	682,889	2,076,161	1,276,798
Impairment of intangible assets and goodwill	-	-	2,702,313	-
Deferred income tax recovery	(126,777)	-	(387,562)	-
Amortization of right to use asset	77,624	13,466	204,476	92,788
Depreciation of property and equipment	36,941	37,286	111,182	97,321
Gain on digital assets	-	-	-	(219,321)
Gain on short-term investment	(90,744)	-	(90,744)	-
Gain on contingent consideration	-	102,400	-	(1,413,648)
Shares for services	581,286	78,535	1,446,852	1,378,382
Stock-based compensation	311,301	(574,131)	1,768,392	2,384,912
Changes in non-cash working capital balances				
Receivables	(223,510)	(797,207)	438,862	(582,729)
Deferred asset	(107,454)	-	(260,639)	-
Contract asset	(68,057)	69,342	124,510	(23,387)
Prepaid expenses	59,727	411,727	277,032	459,252
Inventory	1,228,785	(514,123)	2,251,124	(1,369,957)
Accounts payable and accrued liabilities	(342,533)	1,399,775	(451,613)	1,305,476
Deferred revenue	49,695	133,360	(137,166)	1,190,248
Cashflows from operating activities, continuing operations	\$ (2,716,519)	\$ (6,804,199)	\$ (11,248,643)	\$ (18,288,269)
Cashflows from operating activities, discontinued operations	296,392	(369,156)	220,962	(424,036)
Cashflows from investing activities				
Purchase of equipment	(15,951)	(27,653)	(83,606)	(138,572)
Proceeds from sale of digital assets	-	-	-	2,765,356
Interest on lease liability	(8,441)	-	(22,043)	-
Net cash provided by (used in) investing activities, continuing operations	\$ (24,392)	\$ (27,653)	\$ (105,649)	\$ 2,626,784
Cashflows from financing activities				
Repayment of loan	(90,896)	-	(90,896)	-
Proceeds from exercise of options and warrants	-	123,986	-	1,416,934
Proceeds from Employee Pay Program	1,488,526	-	1,488,526	-
Proceeds from private placement, net of issuance costs	-	-	8,938,406	-
Proceeds from public offering, net of issuance costs	-	-	-	12,632,937
Payment of lease obligations	(90,934)	(13,145)	(238,701)	(148,923)
Payment of contingent consideration	-	(18,902)	-	(18,902)
Net cash provided by (used in) financing activities, continuing operations	\$ 1,306,696	\$ 91,939	\$ 10,097,335	\$ 13,882,047
Change in cash during the period	(1,137,823)	(7,109,069)	(1,035,995)	(2,203,474)
Cash, beginning of period	7,063,268	15,395,005	7,237,296	10,684,952
Effects of foreign exchange on cash	(634,979)	(27,373)	(910,835)	(222,914)
Cash, end of period, continuing operations	5,278,516	8,258,563	5,278,516	8,258,563
Cash, end of period, discontinued operations	11,950	-	11,950	-
Cash, end of period	\$ 5,290,466	\$ 8,258,563	\$ 5,290,466	\$ 8,258,563
Supplemental cash flow information				
Taxes paid	220	(224)	21,790	8,743
Interest paid	5,600	9,022	23,457	16,298
Interest received	34,392	11,956	73,721	33,426



Conference Call Details:

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

Call Date: Thursday November 17, 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/348498012>

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

866-ARITIZE (274-8493)

For further information, please contact:

Investor Relations Contact

Lindsay Betts

investor.relations@Nextechar.com

866-ARITIZE (274-8493) Ext 7201

About

Nextech

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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.

On October 26, 2022 Nextech AR spun out its spatial computing platform, "ARway" as a stand alone public Company. Nextech AR retained a control ownership in ARway Corp. with 13 million shares, or a 50% stake. ARway is currently listed on the Canadian Securities Exchange (CSNX:ARWY), in USA on the (OTC: ARWYF) and Internationally on the Frankfurt Stock Exchange (FSE: E65). ARway Corp. is disrupting the augmented reality wayfinding market with a no-code, no beacon spatial computing platform enabled by visual marker tracking.

To learn more about ARway, visit <https://www.arway.ai/>

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.