



# Nextech3D.ai Reports Sales Surging +550% YoY & Record 3D Modeling Revenue For First Quarter 2023

## Q1 Highlights

- *Multiple Breakthrough Generative AI Patents Filed*
  - *Delivered 20,000 3D Models to Amazon*
- *Year Over Year 3D Model Revenue Growth +550%*
  - *Sequential Technology Revenue Growth +40%*

**TORONTO, ON Canada** – May 18, 2023 – [Nextech3D.ai](https://www.nextech3d.ai) (formally “Nextech AR Solutions Corp” or the “Company”) (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2), a generative AI-powered 3D model supplier for Amazon, P&G, Kohl's, and other major e-commerce retailers reports its unaudited financial and operating results for its first quarter ended March 31, 2023.

Please join Evan Gappelberg, Chief Executive Officer and Andrew Chan, Chief Financial Officer after the close today May 18, 2023 at 5:00 P.M. ET where [Nextech will host a conference call](#) to discuss these financial results.

### **Evan Gappelberg - CEO Commentary:**

“Our first quarter 2023 results are quite impressive with 550% year over year growth and 40% sequential growth over Q4, 2022. However, it only represents the early days of the megatrend for 3D models in e-commerce and marks a new beginning of our growth curve. With our breakthrough generative AI we are perfectly positioned to ride the \$100 billion 3D modeling wave for the next



decade.” He continued, “2023 is going to be the year of AI for Nextech3D.ai...and the world. Most importantly we have been working towards this moment by investing in AI going all the way back to 2019. However, we really ramped up our investment in the summer of 2021 when we put \$10 million down to acquire AI startup Threedy.ai. Today, I’m happy to report that this investment is now starting to pay dividends for our shareholders and I expect to report additional growth in the coming quarters on the back of our continuing investment in our breakthrough generative AI”.

### **Unaudited 2023 Q1 Financial Highlights**

- Total technology revenue sequential quarterly growth of +40% on \$1.3 million of revenue
- 3D model revenue increased +550% compared to Q1 2022
- Gross profit increased to 41% from 39% in sequential quarters and is projected to increase in Q2

## Condensed Consolidated Interim Statements of Financial Position

	March 31, 2023	December 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash & cash equivalents (Note 3)	\$ 3,502,217	\$ 3,777,117
Receivables (Note 4)	941,071	744,331
Deferred asset (Note 6)	267,922	256,818
Contract asset (Note 13)	253,474	332,197
Prepaid expenses (Note 5)	393,394	310,906
Inventory	-	45,289
Non current assets held for sale		501,188
	5,358,078	5,967,846
<b>Non-current assets</b>		
Equipment (Note 7)	200,754	278,463
Deferred consideration (Note 15)	205,230	-
Right of use asset (Note 8)	778,351	829,278
Intangible assets (Note 9)	2,816,471	3,313,741
Goodwill (Note 9)	6,624,776	6,746,378
<b>Total assets</b>	<b>\$ 15,983,660</b>	<b>\$ 17,135,706</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 2,750,665	\$ 2,641,918
Deferred revenue (Note 13)	539,312	437,746
Lease liability (Note 8)	157,994	222,250
Liabilities associated with assets held for sale		92,532
	3,447,971	3,394,446
<b>Non-current liabilities</b>		
Lease liability (Note 8)	591,142	582,586
Deferred income tax liability	(69,373)	29,974
Loan payable	-	-
<b>Total liabilities</b>	<b>3,969,740</b>	<b>4,007,006</b>
<b>Shareholders' Equity</b>		
Share capital (Note 11)	86,931,638	83,271,707
Reserves	14,380,369	12,754,706
Accumulated Other Comprehensive Income	730,653	827,101
Shareholder's equity attributable to Nextech shareholders	(91,763,291)	(85,898,862)
<b>Total common shareholders' equity</b>	<b>10,279,369</b>	<b>10,954,652</b>
Non controlling interest	1,734,551	2,174,048
<b>Total equity</b>	<b>12,013,920</b>	<b>13,128,700</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 15,983,660</b>	<b>\$ 17,135,706</b>

## Condensed Consolidated Interim Statements of Comprehensive Loss

	Three months ended March 31, 2023		Three months ended March 31, 2022	
Revenue (Note 13)	\$	1,301,194	\$	510,211
Cost of sales (Note 14)		(767,308)		(254,483)
<b>Gross profit</b>		<b>533,886</b>		<b>255,728</b>
<b>Operating expenses:</b>				
Sales and marketing (Note 14)		1,650,308		1,652,708
General and administrative (Note 14)		2,591,629		3,021,987
Research and development (Note 14)		879,904		1,027,194
Stock based compensation (Note 11)		1,170,671		578,805
Amortization (Note 9)		530,659		373,594
Depreciation (Note 7)		29,331		31,659
Right of use amortization (Note 8)		55,846		19,226
		<b>6,908,348</b>		<b>6,705,173</b>
<b>Other expense (income)</b>				
Loss (gain) on disposition (Note 15)		194,979		-
Impairment of goodwill (Note 15)		184,097		-
Foreign exchange gain (loss)		(93,962)		441,880
		<b>285,114</b>		<b>441,880</b>
<b>Loss before income taxes</b>		<b>(6,659,576)</b>		<b>(6,891,325)</b>
Current income tax expense		(9,000)		(7,128)
Deferred income tax recovery		104,667		37,462
<b>Net loss from operations</b>	\$	<b>(6,563,929)</b>	\$	<b>(6,860,991)</b>
<b>Income (loss) from discontinued operations</b>	\$	<b>-</b>	\$	<b>(589,241)</b>
<b>Other comprehensive loss</b>				
Exchange differences on translating foreign operations, continuing operations		(96,448)		-
Exchange differences on translating foreign operations, discontinued operations				(24,687)
<b>Total comprehensive loss</b>	\$	<b>(6,660,377)</b>	\$	<b>(7,474,919)</b>
<b>Non controlling interests</b>		<b>(699,499)</b>		<b>-</b>
<b>Total comprehensive loss attributable to Nextech shareholders</b>	\$	<b>(5,960,878)</b>	\$	<b>(7,474,919)</b>
<b>Income (loss) per common share</b>				
Basic and diluted loss per common share, continuing operations		(0.06)		(0.07)
Basic and diluted loss per common share, discontinued operations				(0.05)
Weighted average number of common shares outstanding		106,925,657		97,550,931

## Condensed Consolidated Interim Statements of Cash Flows

	Three months ended March 31, 2023	Three months ended March 31, 2022
<b>Cashflows from operating activities</b>		
Net loss, continuing operations	\$ (6,563,929)	\$ (6,860,991)
Net loss, discontinuing operations	-	(589,241)
<b>Items not affecting cash</b>		
Amortization of intangible assets	531,458	728,378
Deferred income tax recovery	-	(138,933)
Impairment of intangible assets & goodwill	184,097	-
Amortization of right to use asset	55,846	63,082
Depreciation of property and equipment	29,331	37,117
Employee pay program	309,593	717,066
Treasury shares for employee pay program	(252,366)	-
Stock based compensation	1,170,671	578,805
Write off equipment	85,679	-
Deferred consideration receivable on sale of PET	(205,230)	-
<b>Changes in non-cash working capital balances</b>		
Receivables	(129,780)	62,150
Deferred asset	(11,104)	-
Contract asset	78,723	261,220
Prepaid expenses	(52,663)	(145,331)
Inventory	434,756	861,905
Accounts payable and accrued liabilities	16,218	(848,858)
Deferred revenue	101,566	13,897
Deferred tax liability	(99,347)	-
<b>Cashflows from operating activities, continuing operations</b>	<b>\$ (4,316,481)</b>	<b>\$ (5,841,560)</b>
<b>Cashflows from operating activities, discontinued operations</b>	<b>-</b>	<b>581,826</b>
<b>Cashflows from investing activities</b>		
Purchase of equipment	(29,000)	(46,553)
Interest on lease liability	(6,823)	(6,712)
<b>Net cash provided by (used in) investing activities, continuing operations</b>	<b>\$ (35,823)</b>	<b>\$ (48,071)</b>
<b>Net cash provided by (used in) investing activities, discontinued operations</b>	<b>-</b>	<b>(5,194)</b>
<b>Cashflows from financing activities</b>		
Proceeds from Employee Pay Program	1,579,220	-
Proceeds from private placement, net of issuance costs	2,651,730	8,936,496
Payment of lease obligations	(131,499)	(73,398)
Issuances to non controlling interest, net of issuance costs	86,748	-
<b>Net cash provided by (used in) financing activities, continuing operations</b>	<b>\$ 4,186,199</b>	<b>\$ 8,936,496</b>
<b>Net cash provided by (used in) financing activities, discontinued operations</b>	<b>-</b>	<b>(73,398)</b>
Change in cash during the period	(166,105)	3,550,099
Cash, beginning of period	3,786,493	7,237,296
Effects of foreign exchange on cash	(118,171)	(5,620)
<b>Cash, end of period, continuing operations</b>	<b>3,502,217</b>	<b>10,610,765</b>
<b>Cash, end of period, discontinued operations</b>	<b>-</b>	<b>171,010</b>
<b>Cash, end of period</b>	<b>\$ 3,502,217</b>	<b>\$ 10,781,775</b>
<b>Supplemental cash flow information</b>		
Taxes paid	800	-
Interest paid	5,467	9,550
Interest received	33,789	11,830

## Earnings Call Details



**Title:** Nextech3D.ai Announces 2023 First Quarter Earnings & Conference Call

**Call Date:** Thursday May 18, 2023

**Time:** 5:00PM (GMT-04:00) Eastern Time (US and Canada)

### **Participant Details**

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

**Participant Toll Dial-In Number:** 1 (646) 960-0187

**Conference ID:** 7778367

**Webcast Link:** <https://events.q4inc.com/attendee/768727107>

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

### **Recent News**

- [Nextech3D.ai Receives \\$2 Million in Cash From \\$400 Million FinTech Ratio Tech](#)
- [Nextech3D.ai Signs Enterprise Renewal Contract with S&P 400 Company For Over 5000 3D Models](#)
- [Nextech3D.ai Signs 3D Modeling Expansion Contract With Vornado Air LLC To Bring 3D Models Onto The Prime Marketplace](#)
- [Nextech3D.ai Signs Enterprise Renewal and Expansion Contract With Major Ecommerce Brand For 3000 3D Models](#)
- [Nextech3D.ai Achieves Major Generative AI Breakthrough In Text to 3D Material Generation](#)



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### **About Nextech3D.ai**

(formally “Nextech AR Solutions Corp” or the “Company”) (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2) is a diversified augmented reality, AI technology company that leverages proprietary artificial intelligence (AI) to create 3D experiences for the metaverse. Its main businesses are creating 3D WebAR photorealistic models for the Prime Ecommerce Marketplace as well as many other online retailers. The Company develops or acquires what it believes are disruptive technologies and once commercialized, spins them out as stand-alone public Companies issuing a stock dividend to shareholders while retaining a significant ownership stake in the public spin-out.

On October 26, 2022 Nextech3D.ai spun out its spatial computing platform, “ARway” as a stand alone public Company. Nextech3D.ai retained a control ownership in ARway Corp. with 13 million shares, or a 50% stake, and distributed 4 million shares to Nextech AR Shareholders. ARway is currently listed on the Canadian Securities Exchange (CSE:ARWY), in USA on the OTCQB (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.

On December 14, 2022 Nextech announced its second spinout of Toggle3D, an AI-powered 3D design studio to compete with Adobe. Toggle3D is expected to be public in the first half of 2023. To learn more about ARway, visit <https://www.arway.ai/>

For further information, please contact:

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### **Nextech3D.ai**

Evan Gappelberg



CEO and Director

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### **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.*