

## **Nextech3D.ai Reports Q1 2024 Revenue of \$1,024,000 with Gross Profit Margin of 51% or \$522,240 A 166% Jump Over 2023**

### **Q1 Highlights**

- ***Multiple Breakthrough Generative AI Patents Issued***
  - ***Year Over Year Margin Improved by + 166%***
- ***Cost cutting measures reduced operating loss by 130%***
- ***Company is Exclusively focusing on large enterprise contracts which is anticipated to have a major impact on the business future quarters***

TORONTO, ON, Canada – May 24, 2024 - Nextech3D.AI (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2), a frontrunner in generative AI-powered 3D modeling technology for major e-commerce entities such as Amazon, Miele, P&G, Kohls, and Wesfarmers Group's "Bunnings," other major e-commerce retailers reports its unaudited financial and operating results for its first quarter ended March 31, 2024.

CEO Evan Gappelberg comments " I am pleased to present our financial and operational performance for the first quarter of 2024. Despite a slight year-over-year decline in revenue to \$1.05 million, we have made significant strides in improving our profitability and operational efficiency through strategic cost-cutting measures and investments in technology. He continues " in Q1 2023 we had operational expenses of \$2.1 mill per month while in Q1 our operational expenses showed a dramatic improvement as it



dropped to about \$850,000. We are seeing additional operational improvements in Q2 which again will increase our profitability as we drive towards bringing in additional deals and becoming cash flow positive in 2024”.

## Financial Performance

**Revenue:** Our revenue for Q1 2024 stood at \$1,024,00 million. While this represents a decrease compared to the same period last year, it is important to note the transformative steps we have taken to enhance our business model which will have a material impact on profitability the rest of the year 2024 and beyond.

**Profit Margins:** The most notable achievement this quarter has been the remarkable improvement in our profit margins. Through a combination of rigorous cost-cutting initiatives and strategic investments, particularly in AI technology and our operational move to India, we have seen our margins increase from 30% in 2023 to 51% in Q1 2024. This represents a 66% improvement.

This positive trend continues into Q2 2024, where we are projecting margins to reach 70-80%, a 166% improvement compared to 2023. This significant increase in profitability underscores the effectiveness of our strategies and our commitment to operational excellence.

## Operational Highlights

**3D Modeling Business:** We continue to excel in our core 3D modeling business, delivering thousands of high-quality 3D models to our largest customer, Amazon, on a monthly basis. While Amazon remains our biggest client, we have diversified our customer base and are not solely reliant on them.

**New Customer Acquisitions:** In Q1, we had anticipated closing deals with several large enterprise S&P 500 companies. Although these deals have been deferred to Q2, we have successfully closed one major contract in Q2, which is expected to contribute an additional 10% to our Q2 revenue compared to Q1. Moreover, we are in advanced discussions with five enterprise customers, and we expect to finalize these agreements in Q2 and Q3 2024. We are now exclusively focused on large enterprise contracts which we anticipate will have a major impact on our business in the near future.



## Strategic Initiatives

Our strategic move to India in late 2023 has been instrumental in enhancing our cost structure and scalability. The investment in AI technology has not only streamlined our operations but also positioned us at the forefront of innovation in the 3D modeling industry. These initiatives are critical to our long-term growth and competitive edge.

## Notable News from Q1 2024

**New AI-Powered 3D Model Search Tool:** Earlier this month, the Company announced it had gone live with its proprietary AI-powered 3D model search engine. This advanced search engine integrates AI and computer vision technologies to refine and expedite the process of 3D modeling. Through the application of this unique technology, the Company is poised to enhance and quicken its internal 3D model creation workflow significantly. Furthermore, there are plans to market this search engine externally, potentially leading to substantial increases in revenue and profits.

**Expansion of AI Tech Team and Office Space:** Nextech3D.ai has expanded its AI tech team and doubled its office space in Hyderabad, India, in response to increasing demand for our GPT AI platform and 3D model production. This expansion is a testament to the growing recognition of our technological capabilities and our commitment to meeting the rising market demand.

**Establishment of New Business Unit Targeting Jewelry Industry:** On March 5, 2024, Nextech3D.ai established a new business unit led by a former META executive. This unit targets the jewelry industry with advanced GPT AI CAD-3D models, blockchain technology, and NFTs. This strategic move is expected to open new revenue streams and further diversify our business portfolio.

**Formation of AI Incubator and AI Acquisition & Development Division:** On March 12, 2024, Nextech3D.ai announced the formation of an AI incubator and AI Acquisition & Development Division. This division has the potential for a 2024 IPO spin-out, reflecting our commitment to fostering innovation and growth within the AI sector.

**New Patent Issuance:** We were granted a patent for our technology that generates three-dimensional (3D) models from two-dimensional (2D) images. This patent is pivotal to Nextech3D.ai's artificial intelligence technology, strengthening our intellectual property portfolio and reinforcing our competitive edge in the 3D model-making industry for eCommerce. This achievement validates our commitment to increasing shareholder value through investment in 3D-AI GPT patents and solutions.



In conclusion, while Q1 presented challenges in terms of revenue, our proactive measures have substantially strengthened our profitability and market position. We are optimistic about the future and are confident that the steps we have taken will yield significant benefits in the coming quarters.

### **LINK TO CEO VIDEO INTERVIEW**

**Title:** Nextech3D.ai Announces 2024 First Quarter Earnings

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#### **About Nextech3D.ai**

Nextech3D.ai or the "Company," (OTCQX: NEXCF) (CSE: NTAR) (FSE: 1SS), is a versatile augmented reality and AI technology company that utilizes its proprietary artificial intelligence (AI) to craft immersive 3D experiences at scale for E-COMMERCE. The Company's primary focus lies in creating high-quality 3D WebAR photorealistic models for Amazon and various other online retailers with patented 2D-3D technology. Nextech3D.ai has adopted a unique approach to creating shareholder value beyond its operating business of creating 3D models.



The Company also develops or acquires disruptive AI-technologies, which are subsequently spun out to shareholders as standalone public companies. This spin-out strategy allows Nextech3D.ai to issue stock dividends to its shareholders while maintaining significant ownership in the public spin-out, without dilution to the parent company Nextech3D.ai.

Notably, Nextech3D.ai successfully spun out "ARway," (OTCQB: ARWYF | CSE: ARWY | FSE:E65 ) its spatial computing platform, as a standalone public company on October 26, 2022. The Company retains a 49% stake with 13 million shares in ARway Corp. while distributing 4 million shares to Nextech shareholders.

Similarly, Nextech3D.ai accomplished its second spin-out launching Toggle3D.ai, (OTCQB: TGGLF | CSE: TGGL | FSE: Q0C ) an AI-powered 3D design studio aimed at competing with Adobe. The Company retains a 44% stake with 13 million shares in Toggle3D.ai Corp.

## **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.*



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