Interim Financial Statements of

Toggle3D.ai Inc.

As At And For The Period Ended From Incorporation On February 14, 2023 to April 30, 2023

(Expressed in Canadian Dollars)

Toggle3D.ai Inc.
Interim Statement of Financial Position
(Expressed in Canadian dollars)

As at		
		April 30, 2023
Assets		
Current assets		
Cash	$	1
Total assets	$	1
Liabilities and Shareholders' Equity		
Shareholders' Equity		
Share capital (Note 3)		1
Total liabilities and shareholders' equity	$	1

Nature of Operations (Note 1)

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors

"Evan Gappelberg " , Director *"Belinda Tyldesley"* , Director

Toggle3D.ai Inc.

Interim Statement of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

		Period ended April 30, 2023
Revenue	$	-
Operating expenses:		
Sales and marketing		-
General and administrative		-
Research and development		-
		-
Loss before income taxes		
Current income tax expense		-
Deferred income tax expense		-
Net loss and total comprehensive loss	$	-
Loss per common share		
Basic and diluted loss per common share	$	-
Weighted average number of common shares outstanding basic and diluted		100

See accompanying notes to the consolidated financial statements.

Toggle3D.ai Inc.

Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Deficit	Total
Balance as at February 14, 2023	**-**	**$ -**	**$ -**	**$ -**
Shares issued on incorporation	100	1	-	**1**
Total net loss	-	-	-	**-**
Balance as at April 30, 2023	**100**	**$ 1**	**$ -**	**$ 1**

See accompanying notes to the consolidated financial statements.

Toggle3D.ai Inc.

Interim Statements of Cash Flows
(Expressed in Canadian dollars)

		Period ended April 30, 2023
Cashflows from operating activities		
Net loss	$	-
Cashflows from financing activities		
Proceeds from share issuance on incorporation		1
Net cash provided by financing activities	$	1
Change in cash during the period		1
Cash, beginning of period		-
Cash, end of period	$	1

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

Toggle3D.ai Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 14, 2023. The Company was incorporated as the target company for certain assets that are to be spun out from Nextech AR Solutions Corp. ("Nextech"). The Company is a wholly owned subsidiary of Nextech. The Company's registered and head office is located at 121 Richmond Street W, Suite 501, Toronto, Canada M5H 2K1.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of Presentation

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were authorized for issue by the Board of Directors on June 9, 2023.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis and have been prepared using the accrual basis of accounting except for cash flow information. The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Prior periods classification of expenses may have changed to conform with the current periods presentation.

Foreign Currency Translation

The consolidated financial statements are presented in Canadian dollars, except when otherwise indicated. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of comprehensive loss.

Financial Instruments

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value in other comprehensive income ("FVOCI"); or fair value in profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial liabilities, are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired. In cases where the fair value option is chosen for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A single expected credit loss model is used for calculating impairment for financial assets, which is based on changes in credit quality since initial recognition.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Leases
At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys this right the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Share-Based Payment Transactions
The Company grants stock options to purchase common shares of the Company as well as equity instruments representing common shares to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee, including directors of the Company. The fair value of the stock options granted is measured at grant date and each tranche is recognized on a graded basis over the vesting period. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms

and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense for unvested options is adjusted to reflect the number of the options that are expected to vest. If the options are forfeited subsequent to vesting or expire, the amount recorded to the reserves is transferred to deficit.

Revenue Recognition
The Company recognizes revenue in accordance with IFRS 15 *Revenue from Contracts with Customers*. Revenue represents the fair value on consideration received or receivable from customers for goods and services provided by the Company, net of discounts and sales taxes. The Company generates revenue from the sale of renewable software licenses, technology services, and eCommerce products.

Renewable software licenses
The Company sells software licenses on a specified term basis, with customer held options for renewal where the proceeds are considered to relate to the right to use the asset over the license period therefore revenue is recognized over that period. If it is determined that the license is not distinct from other performance obligations, revenue is recognized over time as the customer simultaneously receives and consumes the benefit.

Technology Services
For virtual events and technology services, the Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the service is distinct from some or all of the other services in the arrangement. A service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct services are combined with other services until they are distinct as a bundle and therefore form a single performance obligation. Recognition of revenue from contracts for virtual events and technology services is recognized over time based on the progress towards satisfying performance obligations.

Contract Assets
Contract asset represents the revenue which has not been billed but are expected to be billed and collected from customers for provision of services to date, and is valued at estimated net realizable value. Billings in excess of time value incurred on work in progress, for which future services will be provided, are recognized as contract liabilities.

Deferred and unbilled revenue
The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled revenue within accounts receivable and other. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

3. SHARE CAPITAL

Authorized

As at April 30, 2023 the authorized share capital of the Company was an unlimited number of common shares.

Issued and Outstanding

On February 14, 2023, the date of incorporation, the Company issued 100 common shares at a price of $1.

4. SUBSEQUENT EVENT

Subsequent to the period end Nextech will complete a Plan of Arrangement under the Business Corporations Act (British Columbia) with the Company, whereby the Company and a special purpose finance company, 1400330 B.C. Ltd. (“FinanceCo”) will complete a spinout from Nextech.

In connection with the Arrangement, FinanceCo shall complete a private placement of a minimum of 6,000,000 subscription receipts (“Subscription Receipts”) at a price of C$0.25 per Subscription Receipt to raise aggregate gross proceeds of a minimum of C$1,500,000 (the “Private Placement”). Each Subscription Receipt will automatically convert upon the satisfaction or waiver of all conditions precedent to the Arrangement and certain other ancillary conditions (the “Release Conditions”) into units (“Units”) at no additional cost to, and without further action by, the holder of such Subscription Receipt, with each Unit ultimately being comprised of one (1) common share of FinanceCo (a “FinanceCo Share”) and one share purchase warrant (each such share purchase warrant, a “FinanceCo Warrant”), with each FinanceCo Warrant being exercisable to acquire one (1) additional FinanceCo Share at an exercise price of C$0.50 for a period of three years from the date of issuance, provided that in the event that the closing price of the Spinco shares is equal to or exceeds Cdn$1.00 for a period of at least 10 trading days on the principal stock exchange on which such shares trade. The gross proceeds from the Private Placement will be held in escrow pending the satisfaction of the Release Conditions, whereupon the Units underlying the Subscription Receipts will be issued to the purchasers and the gross proceeds of the Private Placement will be paid to FinanceCo. Immediately following the conversion of the Subscription Receipts, FinanceCo will amalgamate with a wholly-owned subsidiary of the Company pursuant to the Arrangement (the “Amalgamation”) and all FinanceCo Shares and FinanceCo Warrants shall be exchanged for equivalent securities of the Company on a 1:1 basis.

Pursuant to the Arrangement: (i) the certain assets will be transferred to the Company in consideration of the issuance of an aggregate of 16,000,000 Company shares to Nextech; (ii) an aggregate of 4,000,000 Company shares will be distributed to the shareholders of Nextech on a pro rata basis; (iii) the Amalgamation shall be effected pursuant to which FinanceCo will amalgamate with a wholly-owned subsidiary of the Company, and the Company will acquire all of the issued and outstanding securities of FinanceCo from the holders thereof in exchange for the issuance of securities of the Company bearing equivalent terms and conditions to such holders. The securities of the Company issuable pursuant to the Arrangement to Nextech, shareholders of Nextech and securityholders of FinanceCo will be issued in reliance upon the prospectus exemption contained in Section 2.11 of National Instrument 45-106.

The completion of the transaction is subject to the satisfaction of various conditions including but not limited to: i) the completion of the concurrent financing of up to $1.5 million through the issuance of 6 million common shares at a price of $0.25 per common share; and ii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.