



Toggle3D.ai

TOGGLE3D.AI INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED APRIL 30, 2023

DATED: JUNE 9, 2023

Toggle3D.ai Inc.

Management Discussion & Analysis

MD&A of Toggle3D.ai Inc. for the Period from Incorporation on February 14, 2023 to April 30, 2023

Introduction

The following MD&A of the financial condition and results of the operations of Toggle3D.ai Inc. constitutes management's review of the factors that affected Toggle3D.ai Inc.'s financial and operating performance for the period from the date of incorporation of Toggle3D.ai Inc. on February 14, 2023 to April 30, 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of Toggle3D.ai Inc. for the period from the date of incorporation of Toggle3D.ai Inc. on February 14, 2023 to March 31, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with IFRS issued by the IASB and interpretations of the IFRIC. Information contained herein is presented as of April 30, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Toggle3D.ai Inc. Shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about Toggle3D.ai Inc. and its operations can be obtained from the offices of Toggle3D.ai Inc., or from www.sedar.com.

Description of Business

Currently, Toggle3D.ai Inc. has no assets or operations. Prior to the Effective Date of the Arrangement, Toggle3D.ai Inc. will not carry on any business except as contemplated by the Arrangement Agreement. After the Effective Date, Toggle3D.ai Inc. will be engaged in the business of developing and operating the Toggle3D application. Toggle3D is an AR enhanced standalone web application which enables product designers, 3D artists, marketing professionals and eCommerce site owners to create, customize and publish high-quality 3D models and experiences without any technical or 3D design knowledge required. To date, Toggle3D.ai Inc. has not earned any revenue from operations.

The principal assets of Toggle3D.ai Inc. as of the Effective Date will consist of a 100% interest in the Spinout Assets. Toggle3D.ai Inc. is not currently a reporting issuer and the Toggle3D.ai Inc. Shares are not listed on any stock exchange. If the Arrangement is completed as proposed, Toggle3D.ai Inc. expects that it will be a reporting issuer in each of the Provinces of Canada other than Quebec.

Operational Highlights

Toggle3D.ai Inc. was incorporated under the OBCA on February 14, 2023. Effective April 5, 2023, Nextech, Toggle3D.ai Inc. and FinanceCo entered into the Arrangement Agreement pursuant to which they are proposing to effect the Arrangement whereby Nextech and the Shareholders will be issued Toggle3D.ai Inc. Shares in connection with the transfer to Toggle3D.ai Inc. of: (a) the Spinout Assets; and (b) the Spinout Liabilities. The provisions of the Arrangement Agreement are the result of negotiations between representatives of Nextech and Toggle3D.ai Inc.. Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Toggle3D.ai Inc. and Toggle3D.ai Inc. will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Toggle3D.ai Inc. Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000

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Toggle3D.ai Inc. Shares, inclusive of 100 Toggle3D.ai Inc. Shares held by Nextech as of the date of the Information Circular);

- an aggregate of 4,000,000 Toggle3D.ai Inc. Shares shall be distributed to the Shareholders of Nextech on a pro rata basis, as further detailed below;
- Nextech will undertake a reorganization of its share capital by:
 - renaming and redesignating all of the issued and unissued Common Shares as Class A Common Shares; and
 - creating a new class consisting of an unlimited number of New Shares;
- each Shareholder will exchange each Class A Common Share held immediately following the reorganization described above for (A) one New Share, and (B) such Shareholder's *pro rata* share of an aggregate of 4,000,000 Toggle3D.ai Inc. Shares to be distributed amongst all Shareholders pursuant to the Pro Rata Share Distribution;
- the authorized share capital of the Company shall be amended to delete the Class A Common Shares; and
- the Amalgamation will be completed pursuant to which FinanceCo and Subco shall continue as Amalco, and each FinanceCo Share (other than those FinanceCo Shares held by Dissenting FinanceCo Shareholders) and each FinanceCo Warrant will be exchanged for one Toggle3D.ai Inc. Share and one Toggle3D.ai Inc. Warrant, respectively.

Immediately following completion of the Arrangement, Nextech intends to transfer an aggregate of 3,000,000 of the 16,000,000 Toggle3D.ai Inc. Shares which it holds to certain service providers of the Company pursuant to the Shares for Services Distribution. As a condition of the completion of the Arrangement, FinanceCo intends to complete a non-brokered Private Placement of a minimum of 6,000,000 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. Each Subscription Receipt will automatically convert upon the satisfaction of the Release Conditions prior to the Release Deadline into Units at no additional cost to, and without further action by, the holder of such Subscription Receipt, with each Unit being comprised of one (1) FinanceCo Share and one 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 FinanceCo 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, FinanceCo may thereafter at any time disseminate a press release announcing the acceleration of such expiry date to a date that is 30 days following the date of such press release. 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 Subco pursuant to the Amalgamation and all FinanceCo Shares and FinanceCo Warrants shall be exchanged for equivalent securities of Toggle3D.ai Inc. on a 1:1 basis.

Alternatively, each Subscription Receipt will terminate in the event that the Release Conditions are not satisfied prior to the Release Deadline. On termination of the Subscription Receipts, the gross proceeds of the Private Placement shall be returned to the purchasers pro rata without any deduction or interest and the Subscription Receipts shall be automatically cancelled.

It is intended that the proceeds raised pursuant to the Private Placement will be used for further development and promotion of the Toggle3D and its related products, and for general corporate purposes.

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Current and Future Plans Related to the Spinout Assets

With the funds available to it upon completion of the Arrangement pursuant to the Private Placement, Toggle3D.ai Inc. intends to, during the 12 months following completion of the Arrangement:

- complete its application for listing of the Toggle3D.ai Inc. Shares on the CSE, which is anticipated to occur in early June 2023; and
- further develop and commercialize the Spinout Assets as detailed below under the heading "Milestones", across various industries including commercial real estate, entertainment venues, academic institutions, hospitality, events and exhibitions, and more.

Milestones

Set forth below are a series of milestones which Toggle3D.ai Inc. will target over the 12 month period following the completion of the Arrangement in order to achieve its above-noted objectives, together with anticipated timelines and estimated costs.

Milestones/Events	Estimated Timeline	Estimated Cost
Development of Collaboration Features	Q2 2023	\$410,000
<i>Allow users to add feedback to 3D models (i.e. add comments, resolve them, and respond)</i>	Q2 2023	
<i>Set up notifications page for any feedback left for the user on their designs</i>	Q2 2023	
<i>Allow users to keep version history of their work</i>	Q2 2023	
<i>Allow users to set design sharing permissions</i>	Q2 2023	
<i>Allow user to set up team workspaces</i>	Q3 2023	
<i>Allow users to collaborate in real time with users on their team</i>	Q3 2023	
<i>Allows users to collaborate with external users invited to temporarily share their license</i>	Q3 2023	
Development of Virtual Photography Template	Q2 2023	\$325,000
<i>Allow users to add environments to their 3D model</i>	Q2 2023	
<i>Allow users to load multiple 3D models in one scene</i>	Q2 2023	
<i>Allow for babylon scene interoperability to let users seamlessly bring one design scene into another</i>	Q2 2023	
<i>Build pre-set stock background library</i>	Q2 2023	
<i>Develop the ability to render 3D scenes into high-quality photorealistic photography</i>	Q2 2023	
Enhancements to Configurator, Modeling and Materials Templates	Q3 2023	\$225,000

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<i>Build preview templates to allow for 3D viewer configuration</i>	Q3 2023	
<i>Allow users to add custom branding to 3D viewer</i>	Q2 2023	
<i>Allow users to bake models and export in different formats</i>	Q1 2023	
<i>Allow users to add decals to models</i>	Q1 2023	
<i>Enhance texturing features to speed up modeling process</i>	Q3 2023	
<i>Allow to publish directly to different platforms and websites through plugins and extensions</i>	Q4 2023	
Develop Platform Analytics	Q4 2023 - Q1 2024	\$200,000
<i>Integrate user activity tracking inside the app to better understand user behavior</i>	Q4 2023	
<i>Build Admin Analytics Dashboard to Track User Behavior</i>	Q4 2023	
<i>Build Dashboard for users to track public design views and CTA</i>	Q1 2024	
<i>Expand Plugin Initiative to connect other platforms</i>	Q1 2024	
Total		\$1,160,000

Based on the development and commercialization milestones noted above, Toggle3D.ai Inc. intends to establish and enhance its customer base in the following industries over the 12-month period following the completion of the Arrangement:

Target Industry	Estimated Timeline
Product Manufacturing	Q1 2023
Advertising and Marketing	Q2 2023
Entertainment	Q3 2023
Architectural Applications	Q3 2023

Due to the nature of the technology business, budgets are regularly reviewed with respect to both the success of the commercialization of technology products and other opportunities which may become available to Toggle3D.ai Inc. on a going forward basis. Accordingly, as time progresses, Toggle3D.ai Inc. may alter its business objectives and/or may focus on other developments or opportunities that may arise from time to time, although Toggle3D.ai Inc. has no present plans in this respect. See also "Narrative Description of Toggle3D.ai Inc.'s Business - Total Available Funds" and "Narrative Description of Toggle3D.ai Inc.'s Business - Business Objectives and Milestones" above.

Trends

Management regularly monitors economic conditions and estimates their impact on Toggle3D.ai Inc.'s operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these and the risk factors noted under the heading "Risk Factors" in the management information circular dated April 18, 2023, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on Toggle3D.ai Inc.'s business, financial condition or results of operations.

Environmental Liabilities

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Toggle3D.ai Inc. is not aware of any environmental liabilities or obligations associated with its current or future assets.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, Toggle3D.ai Inc. does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of Toggle3D.ai Inc., including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions of a material nature being considered by Toggle3D.ai Inc., other than the Arrangement. See "Operational Highlights" above.

Selected Annual Financial Information

The following is selected financial data derived from the audited financial statements of Toggle3D.ai Inc. as at April 30, 2023 and for the period from the incorporation of Toggle3D.ai Inc. on February 14, 2023 to April 30, 2023.

Description	Period Ended April 30, 2023 \$
Total revenues	nil
Total loss ⁽¹⁾⁽²⁾	nil
Net loss per common share – basic and diluted ⁽³⁾⁽⁴⁾	nil

Description	As at April 30, 2023 \$
Total assets	1
Total non-current financial liabilities	nil
Distribution or cash dividends ⁽⁵⁾	nil

- (1) Loss from continuing operations attributable to owners of the parent, in total;
- (2) Loss attributable to owners of the parent, in total;
- (3) Loss from continuing operations attributable to owners of the parent, on a per-share and diluted per share basis;
- (4) Loss attributable to owners of the parent, on a per-share and diluted per-share basis; and
- (5) Declared per-share for each class of share.

Discussion of Operations

Period from Date of Incorporation (February 14, 2023) to April 30, 2023

There were no revenue or expenses during the period. Toggle3D.ai Inc.'s objective as a company is described above under the heading "Operational Highlights".

Liquidity and Capital Resources

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As at April 30, 2023, Toggle3D.ai Inc. had total assets of \$1, total liabilities of nil and a net equity position of \$1. The activities of Toggle3D.ai Inc., principally the proposed acquisition and development of the Spinout Assets, are expected to be financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants, as well as future revenue generated by the Spinout Assets. There is no assurance that future equity capital or revenue will be available to Toggle3D.ai Inc. in the amounts or at the times desired by Toggle3D.ai Inc. or on terms that are acceptable to it, if at all. See "Risk Factors" in the management information circular dated April 18, 2023.

Toggle3D.ai Inc. has no current operating revenues and therefore must utilize its cash reserves, funds obtained from the issuance of share capital, exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities until it commences revenue generating activities. As of April 30, 2023, Toggle3D.ai Inc. had 100 Toggle3D.ai Inc. Shares issued and outstanding, and no options or warrants outstanding.

As a condition of the completion of the Arrangement, the Private Placement must be completed to raise aggregate minimum gross proceeds of \$1,500,000, which funds will become available to Toggle3D.ai Inc. as of the Effective Date. These funds are expected to be sufficient to pay Toggle3D.ai Inc.'s liabilities and fund its operations as currently projected for at least the 12 months following completion of the Arrangement. See also "Milestones" above. However, there can be no assurance that adequate funding or revenue will be available in the future, or under terms favourable to Toggle3D.ai Inc.. See "Risk Factors" and "Forward Looking Statements" in the in the management information circular dated April 18, 2023. Toggle3D.ai Inc.'s discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly.

Transactions with Related Parties

Related parties include the Toggle3D.ai Inc. Board, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Other than the issuance of 100 Toggle3D.ai Inc. Shares to Nextech upon incorporation on February 14, 2023, Toggle3D.ai Inc. did not give effect to any transactions with related parties during the period from the date of its incorporation (February 14, 2023) to April 30, 2023. As at April 30, 2023, Nextech owns and controls 100 Toggle3D.ai Inc. Shares representing 100% of the total issued and outstanding Toggle3D.ai Inc. Shares as at such date.

Financial Instruments

Toggle3D.ai Inc. does not currently, and has not since its date of incorporation, utilized any financial instruments.

(a) Credit Risk

On a going forward basis, it is expected that the financial instruments that will potentially subject Toggle3D.ai Inc. to a significant concentration of credit risk will consist primarily of cash. Toggle3D.ai Inc. intends to mitigate its exposure to credit loss by placing its cash with major financial institutions and believes that its credit risk exposure will be limited.

(b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices and consists of two types of risk: interest rate risk and other price risk.

(i) Interest rate risk arises because of changes in market interest rates.

(ii) Other price risk is risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency

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risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Toggle3D.ai Inc.'s cash is expected to be subject to minimal risk of changes in value.

(c) Liquidity Risk

Liquidity risk is the risk that Toggle3D.ai Inc. will not be able to meet its obligations associated with financial liabilities as they come due. Toggle3D.ai Inc.'s investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Toggle3D.ai Inc. does not have any amounts payable or other liabilities as of the date of this MD&A. Toggle3D.ai Inc. will monitor its liquidity position and budget future expenditures in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

Share Capital

As at the date of this MD&A, Toggle3D.ai Inc. has 100 issued and outstanding Toggle3D.ai Inc. Shares, and no warrants or options outstanding.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited financial statements; and (ii) the audited financial statements fairly present in all material respects the financial condition, financial performance and cash flows of Toggle3D.ai Inc., as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by Toggle3D.ai Inc. does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of audited financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

Toggle3D.ai Inc.'s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Outlook

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Although there can be no assurance that additional funding will be available to Toggle3D.ai Inc., the completion of the Private Placement to raise aggregate minimum gross proceeds of \$1,500,000 is a condition to the completion of the Arrangement. Accordingly, assuming that the minimum Private Placement is completed in this regard, Toggle3D.ai Inc. anticipates being adequately funded to complete its plans for the near term as outlined under the heading "Milestones". See also "Risk Factors" in the management information circular dated April 18, 2023.

Additional Disclosure for Venture Issuers Without Significant Revenue

Office and general expenses

Toggle3D.ai Inc. did not incur any general and administrative expenses during the period from its incorporation on February 14, 2023 to April 30, 2023.