

**NEXTECH AR SOLUTIONS CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JUNE 5, 2023**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO A PROPOSED**

**PLAN OF ARRANGEMENT**

**APRIL 18, 2023**

**RECOMMENDATION TO SHAREHOLDERS:**

**THE BOARD OF DIRECTORS RECOMMENDS THAT NEXTECH  
SHAREHOLDERS VOTE FOR THE ARRANGEMENT RESOLUTION**

## NEXTECH AR SOLUTIONS CORP.

P.O. Box 64039  
RPO Royal Bank Plaza  
Toronto, ON M5J 2T6

### NOTICE OF MEETING

**NOTICE IS GIVEN** that an annual general and special meeting (the "**Meeting**") of the holders of common shares ("**Shareholders**") of Nextech AR Solutions Corp. ("**Nextech**") will be held virtually at [meetnow.global/MSJVAZY](https://meetnow.global/MSJVAZY) on Monday, June 5, 2023, at 10:00 a.m. (Pacific time) for the following purposes:

1. to receive Nextech's audited financial statements for the financial year ended December 31, 2022 and the auditor's report thereon, as further detailed in Item 1 of the management information circular of Nextech dated April 18, 2023 ("**Information Circular**");
2. to set the number of directors at four, as further detailed in Item 2 of the Information Circular;
3. to elect the directors of Nextech for the ensuing year, as further detailed in Item 3 of the Information Circular;
4. to appoint Davidson & Company LLP as Nextech's auditor for the ensuing fiscal year and to authorize the directors to set the auditor's remuneration, as further detailed in Item 4 of the Information Circular;
5. to consider, pursuant to an interim order of the Supreme Court of British Columbia dated April 25, 2023 and, if thought advisable, to pass, with or without amendment, a special resolution approving an arrangement (the "**Arrangement**") involving Nextech, Toggle 3D.ai Inc. ("**Spinco**") and 1400330 B.C. Ltd. under Section 288 of the *Business Corporations Act* (British Columbia) as further detailed in Item 5 of the Information Circular, substantially in the form of resolution appended at Schedule "C" of the Information Circular (with the plan of arrangement by which the Arrangement will be set out in Schedule "E" to the Information Circular);
6. to consider, and, if thought advisable, to pass, with or without amendment, an ordinary resolution approving a stock option plan for Spinco as further detailed in Item 5 of the Information Circular, substantially in the form of resolution appended at Schedule "G" of the Information Circular (with a copy of the stock option plan appended as Appendix "I" to Schedule "G" to the Information Circular); and
7. to transact such further business as may properly come before the Meeting or any adjournments thereof.

The Information Circular provides additional information relating to the matters to be addressed at the Meeting, including the Arrangement, and is deemed to form part of this notice. **You are encouraged and reminded to access and review the Information Circular, prior to voting.**

Nextech is using notice-and-access procedures to deliver the 2023 Meeting materials to beneficial Shareholders. You may be receiving this notice with information on how you can access the Information Circular electronically, along with a voting instruction form – by which to submit your voting instructions.

The Meeting materials can be accessed through Nextech's public filings on the SEDAR website ([www.sedar.com](http://www.sedar.com)) under Nextech's name, as well as at Nextech's website at the following link: <https://www.nextechar.com/investors/financial-information>.

Registered Shareholders are entitled to participate and vote at the virtual Meeting by proxy. Registered Shareholders who are unable to attend the virtual Meeting are encouraged to read, complete, sign, date and return the form of proxy in accordance with the instructions set out in the proxy and in the Information Circular.

In order to be valid and acted upon at the Meeting, forms of proxy must be returned to Computershare Investor Services Inc. ("**Computershare**") by June 1, 2023 (the "**Proxy Deadline**") in accordance with the instructions set forth on the form of proxy, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournments thereof.

Non-registered Shareholders should carefully follow the instructions on the voting instruction form in the Meeting materials in order to ensure that their common shares are voted at the Meeting. The voting instruction form will be similar to the proxy provided to the registered Shareholders by Nextech. However, its purpose is limited to instructing an intermediary on how to vote on a non-registered Shareholders' behalf.

The voting instruction form will name the same persons as Nextech's proxy to represent a non-registered Shareholder at the Meeting. **Although as a non-registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of your intermediary, you, or a person designated by you (who need not be a Shareholder), may virtually attend at the Meeting as proxyholder for your intermediary and vote your common shares in that capacity.** To exercise this right to virtually attend the Meeting or appoint a proxyholder of your own choosing,

you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative virtually attend the Meeting as proxyholder for your intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

For more information on how to vote as a non-registered Shareholder, please refer to the section in the Information Circular entitled "*General Proxy Information – Voting by Non-Registered Shareholders*" for information on how to vote your common shares of Nextech.

To register a proxyholder, Shareholders **MUST** visit <http://www.computershare.com/Nextech> by June 1, 2023, 10:00 a.m. (Pacific Standard Time) and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an invite code by email. **In order to participate at the virtual Meeting, Shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing an invite code.**

Shareholders who wish to appoint a third-party proxyholder to represent them at the virtual Meeting, and non-registered Shareholders who appoint themselves as a proxyholder, **must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder at <https://www.computershare.com/Nextech> is an additional step once a Shareholder has submitted their proxy or voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving an invite code to participate in the Meeting.**

Nextech will mail paper copies of the Meeting materials and/or financial statements and management's discussion and analysis to those Shareholders who had previously elected to receive paper copies. All other beneficial Shareholders will receive this notice along with a voting instruction form, as applicable.

If you are beneficial holder and would like to request a paper copy of the Information Circular before the Meeting, go to [www.proxyvote.com](http://www.proxyvote.com) or call Toll Free, within North America – 1-877-907-7643 or direct, from outside of North America – 303-562-9305 for English and 303-562-9306 for French and enter your control number as indicated on your voting instruction form. The Information Circular will be sent to you within three business days of receiving your request.

If you are beneficial holder and would like to obtain a paper copy of the Information Circular after the Meeting, please call Toll Free, within North America – 1-877-907-7643, or direct from Outside of North America – 303-562-9305 for English and 303-562-9306 for French. The Information Circular will be sent to you within 10 calendar days of receiving your request.

To receive the Information Circular in advance of the Proxy Deadline and Meeting date, requests for printed copies must be received at least five business days in advance of the Proxy Deadline date and time set out in the proxy or voting instruction form. For more information on notice-and-access, please contact Nextech at 1-866-ARITIZE (274-8493).

The Canadian Securities Exchange ("CSE") has neither reviewed nor approved the disclosure in the Information Circular. The application for listing of the common shares of Spinco on the CSE will be subject to Spinco meeting the initial listing requirements of the CSE.

**DATED** at Vancouver, British Columbia this 18<sup>th</sup> day of April, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS OF NEXTECH AR SOLUTIONS CORP.**

*"Evan Gappelberg"*

---

Evan Gappelberg  
Chief Executive Officer

## NEXTECH AR SOLUTIONS CORP.

P.O. Box 64039  
RPO Royal Bank Plaza  
Toronto, ON M5J 2T6

### MANAGEMENT INFORMATION CIRCULAR AS AT APRIL 18, 2023

**This Management Information Circular ("Information Circular") is furnished in connection with the solicitation of proxies by management of Nextech AR Solutions Corp. (the "Company" or "Nextech") for use at the annual and special meeting (the "Meeting") of the shareholders of Nextech ("Shareholders") to be held virtually at 10:00 a.m. (Pacific Standard Time) on June 5, 2023 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of April 18, 2023.**

In this Information Circular, references to the "Company", "Nextech" and "we" refer to Nextech AR Solutions Corp., "Registered Shareholders" means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares (as defined herein), "Non-Registered Shareholders" means Shareholders who do not hold Common Shares in their own name, and "Intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders. Unless otherwise indicated, all references to "\$" or "dollars" in this Information Circular means Canadian Dollars.

#### INTRODUCTION

Unless we advise otherwise by way of news release, **the Company is holding a virtual Meeting which will be conducted via virtual conference.**

To be admitted to the Meeting, please use the following link: <https://meetnow.global/MSJVAZY>

Shareholders are strongly encouraged to dial into the Meeting a few minutes early to allow for connection issues. The Company reserves the right to start the Meeting on time and may not permit late Shareholders to access the Meeting.

In order to satisfy the BCBCA (as defined herein) requirements for electronic meetings, the Company must permit and facilitate participation at the Meeting by Shareholders and duly appointed proxyholders. The BCBCA requires that all votes at an electronic meeting be taken by poll or any other manner that adequately discloses the intention of participants. As a result, voting at the Meeting will be conducted by poll.

If you are a Registered Shareholder and unable to virtually attend the Meeting, but wish to have your vote counted, you will be required to complete, date, sign and return, in the envelope provided for that purpose, the accompanying form of proxy ("**Proxy**") for use at the Meeting or any adjournment thereof (or vote in one of the other manners described below under the heading "Appointment and Revocation of Proxies").

If you are a Non-Registered Shareholder and have received this Notice of Meeting and accompanying materials through an Intermediary, please complete and return the voting instructions form provided to you in accordance with the instructions provided therein.

Guests will be able to virtually attend and listen at the Meeting but will not be able to vote or ask questions during the Meeting.

## FORWARD LOOKING STATEMENTS

### INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Information Circular, unless otherwise indicated, is given as of April 18, 2023. No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Information Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Information Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Information Circular. Information contained in this Information Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Information Circular. The Arrangement (as defined herein) has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Information Circular and any representation to the contrary is unlawful. The Canadian Securities Exchange (the "CSE") has neither reviewed nor approved the disclosure in this Information Circular. The application for listing of Spinco Shares (as defined herein) on the CSE will be subject to Spinco (as defined herein) meeting the initial listing requirements of the CSE.

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Information Circular and the documents incorporated into this Information Circular by reference, contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of the applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively herein after referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Information Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning the Arrangement; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; steps of the Arrangement; statements relating to the business and future activities of, and developments related to, the Company and Spinco after the date of this Information Circular and prior to the Effective Time (as defined herein) and to and of the Company and Spinco after the Effective Time; receipt of approval of the Shareholders and Court (as defined herein) approval of the Arrangement; regulatory approval of the Arrangement; listing of the Spinco Shares on the CSE; market position, and future financial or operating performance of Spinco; and other events or conditions that may occur in the future. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of the Company or Spinco to successfully compete in the market. These forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made.

However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement including the approval of the Arrangement and fairness by the Court, and the receipt of the required governmental, Shareholder and regulatory approvals and consents. By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or Spinco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the Arrangement Agreement (as defined herein) may be terminated in accordance with the terms thereof; general business, economic, competitive, political, regulatory and social uncertainties; risks related to instability in the global economic climate; dilutive effects to Shareholders; risks related to the ability to complete acquisitions; risks related to the ability of the Company and Spinco to successfully market their respective products and services; environmental risks; risks related to new technological developments and intellectual property rights; and regulatory risks. This list is not exhaustive of the factors that may affect any of forward-looking statements of the Company and Spinco.

Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Information Circular generally and certain economic and business factors, some of which may be beyond the control of the Company and Spinco. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*Risks Associated with the Arrangement*" and in Schedule "B" to this Information Circular under the heading "*Information Regarding Spinco — Risk Factors*". The Company and Spinco do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Shareholders should not place undue reliance on forward-looking statements.

#### NOTE TO UNITED STATES SECURITYHOLDERS

**THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Spinco Shares to be issued by Spinco to Shareholders in the United States, the Spinco Shares to be issued by Spinco to FinanceCo Shareholders (as defined herein) in the United States, and the Spinco Warrants (as defined herein) to be issued to holders of FinanceCo Warrants (as defined herein) in the United States, pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act (as defined herein) or the securities laws of any state of the United States, and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in the Section 3(a)(10) thereunder on the basis of the approval of the Court, and corresponding exemptions under the securities laws of each state of the United States in which Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants, as applicable, in the United States are domiciled. The exemption from registration under Section 3(a)(10) of the U.S. Securities Act exempts from registration the issuance of any securities issued in exchange for one or more bona fide outstanding securities where, among other things, the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing at which the fairness of the terms and conditions of such exchange are approved at which all persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely and adequate notice thereof. The Court issued the Interim Order (as defined herein) on April 25, 2023 and, subject to the approval of the Arrangement by the Shareholders, a hearing for the Final Order (as defined herein) approving the Arrangement will be held at 9:45 a.m. (Pacific Standard Time) on June 9, 2023 (or as soon thereafter as legal counsel can be heard) at 800 Smithe Street, Vancouver, British Columbia, Canada . All Shareholders, holders of FinanceCo Shares and holders of FinanceCo Warrants are entitled to appear and be heard at this hearing. Accordingly, the Final Order, if granted by the Court after the Court considers the substantive and procedural fairness of the Arrangement, will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereunder with respect to the Spinco Shares and Spinco Warrants to be issued in connection with the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See "*Court Approval of the Arrangement*".

The Spinco Shares to be issued to Shareholders in the United States, the Spinco Shares to be issued to FinanceCo Shareholders in the United States, and the Spinco Warrants to be issued to holders of FinanceCo Warrants in the United States, all under the Arrangement will be freely transferable under U.S. federal securities laws, except that the U.S. Securities Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who: (a) are, or within the 90 days immediately before such resale were, "affiliates" (as such term is understood under U.S. securities laws) of Spinco; or (b) were "affiliates" of Spinco within 90 days prior to the Effective Date (as defined herein). Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Spinco Shares or Spinco Warrants by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Holders of Spinco Shares or Spinco Warrants in the United States who are affiliates of Spinco solely by their status as an officer or director of Spinco may sell their Spinco Shares or Spinco Warrants outside of the United States in compliance with Regulation S under the U.S. Securities Act. See "*Regulatory Law Matters and Securities Law Matters – United States Securities Law Matters*".

The exemption from registration under Section 3(a)(10) of the U.S. Securities Act does not exempt the issuance of securities upon the exercise of securities that were previously issued pursuant to such exemption. Therefore, the Spinco Shares issuable upon exercise of the Spinco Warrants may not be issued in reliance upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act. The Spinco Warrants may only be exercised pursuant to an available exemption from the registration

requirements of the U.S. Securities Act and applicable state securities laws. Prior to the issuance of Spinco Shares pursuant to any such exercise after the Effective Time, Spinco may require evidence (which may include in an opinion of counsel) reasonably satisfactory to Spinco to the effect that the issuance of such securities do not require registration under the U.S. Securities Act or applicable state securities laws.

Shareholders should be aware that the acquisition by Shareholders of the Spinco Shares pursuant to the Arrangement described herein may have tax consequences both in Canada and the United States. Such consequences for Shareholders may not be described fully herein. Shareholders who are resident in Canada are advised to review the summary contained in this Information Circular under the heading "*Certain Canadian Federal Income Tax Considerations*", and all Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

The Company is a company existing under the laws of British Columbia, Canada. The solicitation of proxies by the Company is being made and the transactions contemplated herein is undertaken by a Canadian issuer in accordance with Canadian corporate and securities laws and is not subject to the requirements of Section 14(a) of the Exchange Act (as defined herein) by virtue of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 3b-4 under the Exchange Act). Accordingly, this Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, which are different from the requirements applicable to proxy solicitations under the Exchange Act. Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Information Circular has not been filed with or approved by the Securities and Exchange Commission or the securities regulatory authority of any state within the United States.

The enforcement by Shareholders in the United States of civil liabilities under United States federal securities laws may be affected adversely by the fact that each of the Company and Spinco are incorporated in jurisdictions outside the United States, certain of their directors and executive officers are residents of Canada and certain of their assets and the assets of such persons are located outside the United States. Shareholders in the United States may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court. As a result, it may be difficult or impossible for Shareholders in the United States to effect service of process within the United States upon the Company, Spinco, their respective officers or directors or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Shareholders resident in the United States should not assume that Canadian courts: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the securities laws of the United States or "blue sky" laws of any state within the United States.

The financial statements of the Company, Spinco, and FinanceCo (as defined herein) included herein have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and are subject to Canadian auditing and auditor independence standards. As a result, such financial statements and financial information of the Company, Spinco, and FinanceCo may not be comparable to and may differ in material ways to financial statements prepared in accordance with United States generally accepted accounting principles ("**U.S. GAAP**") and United States auditing and auditor independence standards. U.S. Holders of Common Shares should consult with their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and of how those differences might affect the financial information presented herein.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Information Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

#### CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to "\$", "Cdn\$" or "Canadian dollars" are to Canadian dollars, and references to "US\$" or "U.S. dollars" are to United States dollars.

#### REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial statements of the Company, Spinco, and FinanceCo in this Information Circular are reported in Canadian dollars and have been prepared in accordance with IFRS.



## GLOSSARY OF TERMS

In this Information Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

"**ACB**" means "adjusted cost base", as defined in the Tax Act.

"**affiliate**" has the meaning ascribed to that term in the National Instrument 45-106 – Prospectus Exemptions.

"**Amalco**" means the entity formed by the Amalgamation.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of FinanceCo and Subco on the terms and subject to the conditions set forth in the Arrangement Agreement and the Plan of Arrangement.

"**Arrangement**" means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 6.1 of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order, all subject to the terms and conditions of the Arrangement Agreement.

"**Arrangement Agreement**" means the the arrangement agreement dated effective April 5, 2023 between Nextech, FinanceCo, and Spinco, including all schedules thereto.

"**Arrangement Resolution**" means the special resolution of the Shareholders approving the Plan of Arrangement, which is to be considered at the Meeting, substantially in the form set forth in Schedule "C" hereto.

"**Arway Plan of Arrangement**" shall have the meaning ascribed thereto under the heading "*Interest of Informed Persons in Material Transactions*".

"**Asset Purchase Agreement**" means the agreement to be entered into between Nextech and Spinco pursuant to which Spinco acquires the Spinout Assets and assumes the Spinout Liabilities.

"**AR**" means augmented reality.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**Board**" means the board of directors of the Company as constituted from time to time.

"**Business Day**" means any day that is not a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia.

"**CAD files**" means digital files that house 3D & 2D designs as well as information regarding materials, processes, tolerances, and other data, which from design to production, everything begins with the CAD file.

"**CAD-Poly Model**" or "**CAD2POLY**" means an approach for modeling objects by representing or approximating their surfaces using polygon meshes.

"**Canadian Securities Administrators**" means the voluntary umbrella organization of Canada's provincial and territorial securities regulators.

"**Class A Common Shares**" the shares of the Company resulting from the alteration of the Company's authorized share capital and Articles by the renaming and redesignation of all the issued and unissued Common Shares.

"**Closing**" means the date the Arrangement becomes effective, which is currently anticipated to be on or about June 12, 2023.

"**Common Shares**" means the issued and outstanding common shares of the Company and, following the renaming and redesignation of such common shares as Class A Common Shares in accordance with the Plan of Arrangement, means the Class A Common Shares.

"**Company**" or "**Nextech**" means Nextech AR Solutions Corp., a corporation existing under the BCBCA.

"**Computershare**" means Computershare Investor Services Inc.

"**Court**" means the Supreme Court of British Columbia.

"**CRA**" means the Canada Revenue Agency.

"**DC&P**" means disclosure controls and procedures.

"**Dissent Rights**" means the rights of dissent granted in favour of registered FinanceCo Shareholders in the manner prescribed by Section 238 of the BCBCA with respect to such FinanceCo Shareholder's FinanceCo Shares in respect of the FinanceCo Amalgamation Resolution, all as described in the Plan of Arrangement and the Interim Order.

"**Dissenting FinanceCo Shareholder**" means a FinanceCo Shareholder which has exercised Dissent Rights.

"**Effective Date**" means the date on which the last of all necessary documents to effect the Plan of Arrangement have been filed with the Registrar.

"**Effective Time**" means 12:01 a.m. (Pacific Standard Time) on the Effective Date.

"**Exchange Act**" means the United States Exchange Securities Act of 1934, as amended and the rules and regulations promulgated thereunder.

"**Fairness Opinion**" means the opinion delivered by RWE Growth Partners, Inc to the Board, a copy of which is attached as Schedule "D".

"**FinanceCo**" means 1400330 B.C. Ltd., a special purpose finance company existing under the BCBCA for the purposes of completing the Private Placement.

"**FinanceCo Amalgamation Resolution**" means the special resolution required to be passed by the FinanceCo Shareholders approving the Plan of Arrangement in accordance with applicable Law.

"**FinanceCo Shareholder**" means a holder of FinanceCo Shares.

"**FinanceCo Shares**" means common shares of FinanceCo.

"**FinanceCo Warrants**" means share purchase warrants of FinanceCo, each of which shall entitle the holder to acquire one FinanceCo Share at an exercise price of Cdn\$0.50 for a period of three (3) years from the date of issuance of such FinanceCo Warrants, provided that in the event that the closing price of the FinanceCo Shares is equal to or exceeds \$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.

"**Final Order**" means the final order of the Court pursuant to Section 291(2) of the BCBCA, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder in connection with the issuance of the Spinco Shares to Shareholders in the United States, the issuance of Spinco Shares to FinanceCo Shareholders in the United States, and the issuance of Spinco Warrants to holders of FinanceCo Warrants in the United States, as such order may be amended by the Court (with the consent of the Company, FinanceCo and Spinco, acting reasonably) at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Company, FinanceCo and Spinco, acting reasonably) on appeal.

"**IASB**" means the International Accounting Standards Board.

"**ICFR**" means internal control over financial reporting.

"**IFRS**" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board.

"**IFRSIC**" means the IFRS Interpretations Committee.

"**Information Circular**" means this information circular to be sent to Shareholders in connection with the Meeting.

"**Interim Order**" means the interim order of the Court made pursuant to Section 291(2) of the BCBCA, after being informed of the intention to rely upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereunder in connection with the issuance of the Spinco Shares to Shareholders in the United States, the issuance of Spinco Shares to FinanceCo Shareholders in the United States, and the issuance of the Spinco Warrants to the holders of FinanceCo Warrants in the United States, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Company, Spinco and FinanceCo, acting reasonably).

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any governmental entity or self-regulatory authority (including the CSE), and the term "**applicable**" with respect to such Laws and in a context that refers to one or more parties, means such Laws as are applicable to such party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the party or parties or its or their business, undertaking, property or securities;

"**Meeting**" means the annual and special meeting of Shareholders to be held virtually on June 5, 2023 in accordance with applicable Law, for the purpose of considering and approving the Arrangement, amongst other matters, and any adjournment or postponement thereof.

"**MD&A**" means management's discussion and analysis of financial statements.

"**New Shares**" means the newly created common shares in the capital of the Company to be issued in connection with Arrangement.

"**NI 52-109**" means National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.

"**paid-up capital**" has the meaning ascribed to such term for the purposes of the Tax Act.

"**Person**" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative, government (including any governmental entity) or any other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement giving effect to the Arrangement in substantially the form appended as Schedule "E" hereto, including the appendices thereto, and any amendments, variations or supplements made thereto in accordance with the terms thereof or of the Arrangement Agreement or made at the direction of the Court in the Final Order.

"**Private Placement**" means the proposed private placement by FinanceCo of a minimum of 6,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt, to be conducted in connection with the Arrangement, to raise aggregate minimum gross proceeds of Cdn\$1,500,000.

"**Pro Rata Share Distribution**" shall have the meaning ascribed thereto under the heading "*Interest of Certain Persons or Companies in Matters to be Acted Upon*".

"**QUAD**" means a clean, quad-based model to create topology that is straightforward, provides edge flow that can easily be adjusted, and yields a predictable outcome for subdivision.

"**Registered Plan**" means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a tax-free savings account, a registered education savings plan, or a first home savings plan.

"**Registrar**" means the Registrar of Companies appointed under the BCBCA.

**"Regulatory Approvals"** means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of governmental entities.

**"Release Conditions"** means the satisfaction or waiver by the Company, FinanceCo and Spinco, as applicable, of all conditions precedent to the completion of the Arrangement.

**"Release Deadline"** means the earlier of (i) 5:00 p.m. (Toronto time) on July 15, 2023; and (ii) the date the Arrangement is terminated in accordance with its terms.

**"SEC"** means the United States Securities and Exchange Commission.

**"Securities Act"** means the *Securities Act* (Ontario) and the regulations made thereunder.

**"Securities Laws"** means the Securities Act and the U.S. Securities Act, together with all other applicable state, federal and provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time.

**"SEDAR"** means the System for Electronic Document Analysis and Retrieval as outlined in National Instrument 13-101 - *System for Electronic Document Analysis and Retrieval (SEDAR)*, which can be accessed online at [www.sedar.com](http://www.sedar.com).

**"Special Committee"** shall have the meaning ascribed thereto under the heading "*Particulars of Matters to be Acted Upon – Approval of Plan of Arrangement – Background of the Transaction*".

**"Spinco"** means Toggle3D.ai Inc., a wholly-owned subsidiary of the Company existing under the OBCA.

**"Spinco Option Plan"** means the stock option plan of Spinco.

**"Spinco Shares"** means the common shares in the capital of Spinco.

**"Spinco Warrants"** means share purchase warrants of Spinco, each of which shall entitle the holder to acquire one Spinco Share at an exercise price of Cdn\$0.50 for a period of three (3) years from the date of issuance of such Spinco Warrants, 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, Spinco 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.

**"Spinout Assets"** means all right, title and interest in and to all direct and indirect assets of Nextech utilized in connection with the creation of the AR enhanced standalone web application Toggle3D which enables the creation, customization and publishing of high-quality 3D models and experiences, and all business, corporate, legal and accounting books, records and documents used in connection with the foregoing and related undertakings.

**"Spinout Liabilities"** means all liabilities or obligations (contingent or otherwise) (other than any liability or obligation for Taxes) in respect (but only in respect) of the Spinout Assets (including the operations or activities in connection therewith).

**"Spinco Option Plan"** means the stock option plan of Spinco, as may be amended from time to time in accordance with the provisions hereof.

**"Stock Option Plan"** means the stock option plan of the Company most recently approved by Shareholders on October 12, 2022.

**"Subco"** means 1402354 B.C. Ltd, a company existing under the BCBCA and a wholly-owned subsidiary of Spinco.

**"Subco Shares"** means common shares of Subco.

**"Subscription Receipts"** means subscription receipts of FinanceCo, each of which shall automatically convert upon the satisfaction of the Release Conditions prior to the Release Deadline, into one unit of FinanceCo consisting of one FinanceCo Share and one FinanceCo Warrant.

**"Tax Act"** means the *Income Tax Act* (Canada), as amended from time to time, and the regulations made thereunder.

**"Taxes"** means any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any governmental entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any governmental entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, GST/HST, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada Pension Plan premiums or contributions imposed by any governmental entity, and any transferee liability in respect of any of the foregoing.

**"United States"** or **"U.S."** means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

**"U.S. Holder"** means a beneficial owner of a Common Share, FinanceCo Share, FinanceCo Warrant, Spinco Share or Spinco Warrant, as the case may be, who is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation or other entity classified as a corporation created or organized in or under the laws of the United States or any political subdivision thereof; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if: (i) a court within the United States can exercise primary supervision over it, and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

**"U.S. Securities Act"** means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

## SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Information Circular, including the Schedules which are attached to and form part of this Information Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms immediately preceding this summary.

### **The Meeting**

The Meeting will be held virtually at 10:00 a.m. (Pacific Standard Time) on June 5, 2023 subject to any necessary adjournment or postponement thereof. Unless we advise otherwise by way of news release, the Company is holding the Meeting via virtual conference. To be admitted to the Meeting, please use the following link: <https://meetnow.global/MSJVAZY>. Shareholders are strongly encouraged to dial into the Meeting a few minutes early to allow for connection issues. The Company reserves the right to start the Meeting on time and may not permit late Shareholders to access the Meeting. The Company strongly recommends that Shareholders vote by Proxy or voting instruction form in advance to ease the voting tabulation at the Meeting by Computershare.

### **Record Date**

Only Shareholders of record at the close of business on April 18, 2023 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

### **Purpose of the Meeting**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to (i) set the number of directors of the Company; (ii) elect directors; (iii) appoint the auditor of the Company; (iv) pass the Arrangement Resolution to approve the Arrangement; and (v) pass the Spinco Stock Option Plan Resolutions to approve the Spinco Option Plan.

The full text of the Arrangement Resolution and Spinco Stock Option Plan Resolutions are set forth in Schedules "C" and "G" to this Information Circular, respectively.

In order to be effective, the Spinco Stock Option Plan Resolutions must be approved by a majority of votes cast in favour thereof, in person or represented by proxy at the Meeting. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders, in person or represented by proxy at the Meeting, exclusive of votes attaching to any Common Shares held by Mr. Evan Gappelberg. See "Particulars of Matters to be Acted Upon".

### **The Arrangement**

The Arrangement will constitute a plan of arrangement of Nextech, FinanceCo, and Spinco. In order for the Arrangement to be effective, it must be approved by a special resolution passed by Shareholders holding a majority of not less than two-thirds of the Common Shares represented in person or by proxy at the Meeting that voted on the resolution, exclusive of votes attaching to any Common Shares held by Mr. Evan Gappelberg. The disclosure of the principal features of the Arrangement, as summarized below and as disclosed in more detail elsewhere in this Information Circular, is qualified in its entirety by reference to the full text of the Arrangement Agreement.

Nextech is a technology company with a full suite of end-to-end AR solutions in 3D commerce, education, events, and industrial manufacturing. Nextech will continue this business; however, the purpose of the Arrangement is to allow it to spin out its Spinout Assets, consisting principally of the standalone web application Toggle3D platform, to Spinco.

As a condition of the completion of the Arrangement, a special purpose finance company (FinanceCo) will complete the Private Placement pursuant to which it will issue a minimum of 6,000,000 Subscription Receipts at an issue price of Cdn\$0.25 per Subscription Receipt to raise aggregate minimum gross proceeds of Cdn\$1,500,000. Pursuant to the Plan of Arrangement, there will then be a reorganization of capital of the Company which includes (i) the exchange of Common Shares by Shareholders for New Shares and Spinco Shares; and (ii) the Amalgamation of FinanceCo and Subco pursuant to which the proceeds of the Private Placement will become available to Spinco.

Immediately following completion of the Plan of Arrangement, Shareholders who receive Spinco Shares will continue to hold an interest in each part of the current business of Nextech through the continued ownership of their New Shares and the ownership of Spinco Shares distributed to them. Shareholders should refer to Schedule "B" for detailed information about Spinco post-Arrangement and Schedule "H" for pro-forma financial statements reflecting the Arrangement.

## The Arrangement Agreement

Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Spinco Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000 Spinco Shares, inclusive of 100 Spinco Shares held by Nextech as of the date of this Information Circular);
- an aggregate of 4,000,000 Spinco Shares shall be distributed to the Shareholders 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 Spinco Shares to be distributed amongst all Shareholders pursuant to the Pro Rata Share Distribution, and such Shareholders shall cease to be the holders of the Class A Common Shares so exchanged;
- the authorized share capital of the Company shall be amended to delete the Class A Common Shares, none of which shall be issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to 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 Spinco Share and one Spinco Warrant, respectively.

Nextech, FinanceCo and Spinco have agreed to implement the Arrangement in accordance with the Arrangement Agreement and the Plan of Arrangement. As at the date of this Information Circular, the Company has obtained the Interim Order providing for, among other things, the calling and holding of the Meeting.

If the Arrangement Resolution is approved at the Meeting, the Company will apply to the Court for the Final Order on June 9, 2023. If the Final Order is obtained, subject to the satisfaction or waiver of any conditions contained in the Arrangement Agreement, the Arrangement will become effective in accordance with the Final Order.

### Reasons for the Arrangement and Recommendation of Board

After taking into consideration, among other things, the Court approval and the Fairness Opinion regarding the fairness, from a financial point of view, of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) to the Shareholders, the directors have concluded that the Arrangement is in the best interests of the Company and is fair to the Shareholders. Accordingly, the Board recommends that Shareholders vote FOR the Arrangement Resolution. All directors of the Company and the senior officers of the Company intend to vote all of their Common Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement.

The Board reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Company's senior management and its financial and legal advisors. The following is a summary of the overall purpose and benefits of the Arrangement, and the principal reasons for the recommendation of the Board that Shareholders vote FOR the Arrangement Resolution:

(a) Fairness Opinion. The Fairness Opinion to the effect that, as of February 28, 2023 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Shareholders.

(b) Continued Participation by Shareholders in the Spinout Assets. The Shareholders, through their ownership of Spinco Shares, will participate in the Spinout Assets to be held by Spinco following the completion of the Arrangement along with the funds raised from the Private Placement. Shareholders will directly hold approximately 15.4% of the issued Spinco Shares upon completion of the Arrangement as a result of the Pro Rata Share Distribution (assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000). In addition, Shareholders will continue to hold an indirect interest in Spinco through their shareholdings in the Company, as the Company will hold 13,000,000 Spinco Shares upon completion of the Arrangement. It is expected that certain of the current management of the Company will also participate as management of Spinco.

(c) Product Diversification. The creation of two separate companies dedicated to the pursuit of their respective products and services will provide Shareholders with diversification and increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different technological assets.

(d) Required Approvals of Shareholders and Court. The following required approvals protect the rights of Shareholders: (i) the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders voting as a single class, present in person or represented by proxy at the Meeting, including "majority of the minority approval" which provides that the votes attaching to all Common Shares held by Mr. Evan Gappelberg will be excluded in determining whether the Arrangement Resolution has been approved by the requisite threshold of votes; and (ii) the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Shareholders.

The foregoing discussion summarizes the material information and factors considered by the Board in their consideration of the Plan of Arrangement. The Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination. Individual members of the Board may have given different weight to different factors. For further information on the reasons for the Arrangement, see "Particulars of Matters to be Acted Upon – Approval of Plan of Arrangement – Reasons for the Plan of Arrangement" and "- Recommendation of the Board" in this Information Circular.

### **Fairness Opinion**

RwE Growth Partners, Inc. have provided the Fairness Opinion to the Board in respect of the fairness of the terms of the Arrangement, from a financial point of view, to the Shareholders. Based upon its review and such other matters as RwE Growth Partners, Inc. have considered relevant, and subject to the limitations stated in the Fairness Opinion, it is its opinion that, as of February 28, 2023, the Arrangement is fair, from a financial point of view, to the Shareholders. For further information, see the Fairness Opinion attached to this Information Circular as Schedule "D" and "Particulars of Matters to be Acted Upon – Approval of the Arrangement – Fairness Opinion" in this Information Circular.

### **Conditions to Arrangement Becoming Effective**

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived including the conditions summarized below.

- the Interim Order and Final Order will have been obtained from the Court on terms acceptable to each of the parties and will not have been set aside or modified in a manner unacceptable to any of the parties, on appeal or otherwise;
- Nextech, FinanceCo and Spinco will have received all required approvals, including (i) approval by Shareholders of the Arrangement Resolution at the Meeting (including requisite "majority of minority" approval); (ii) approval by Spinco of the Arrangement as the sole shareholder of Subco; (iii) approval by Nextech of the Arrangement as the sole shareholder of Spinco; (iv) approval by the FinanceCo Shareholders of the Arrangement; (v) approval by the holders of any outstanding FinanceCo Warrants of the Arrangement; (vi) approval by the respective boards of directors of each of Nextech, FinanceCo, Spinco and Subco, approval by the Special Committee, and approval of the CSE to the Arrangement, subject only to compliance with the usual conditions of that approval, if any;
- the Spinco Shares to be issued pursuant to the Arrangement to Shareholders in the United States, the Spinco Shares to be issued pursuant to the Arrangement to FinanceCo Shareholders in the United States, and the Spinco Warrants to be issued to holders of FinanceCo Warrants in the United States, shall either be: (i) exempt



from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof; (ii) be registered pursuant to an effective registration statement under the U.S. Securities Act; or (iii) issued pursuant to an exemption from the registration requirements of the U.S. Securities Act;

- Nextech will have received confirmation from counsel that the delivery of any Spinco Shares and Spinco Warrants to the Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants, as applicable, pursuant to the Arrangement will be exempt from the prospectus requirements in each of the provinces and territories of Canada in which Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants, as applicable, are resident in Canada;
- there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by the Arrangement Agreement or the Plan of Arrangement;
- the Private Placement shall have been completed to raise minimum aggregate gross proceeds of Cdn\$1,500,000;
- the Spinco Shares will have been conditionally approved for listing on the CSE; and
- the Arrangement Agreement will not have been previously terminated.

These conditions may be waived in accordance with the Arrangement Agreement. For further details of the conditions of the Arrangement, please see "Particulars of Matters to be Acted Upon – Approval of the Plan of Arrangement – Conditions to the Arrangement Becoming Effective".

### **Court Approval of the Arrangement**

Under the BCBCA, the Company is allowed to apply for the Interim Order and is required to apply for the Final Order to obtain the approval of the Court to the calling of the Meeting and to the Arrangement. On April 25, 2023, the Company obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Schedule "F" to the Information Circular. The Court hearing to obtain the Final Order approving the Arrangement is scheduled at 9:45 a.m. (Pacific Standard Time), on June 9, 2023, subject to the approval of the Arrangement Resolution at the Meeting. A copy of the Notice of Hearing of Petition for the Final Order approving the Arrangement is attached as Schedule "F" to the Information Circular. Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.

### **Stock Exchange Approval**

The issued and outstanding Common Shares are listed for trading on the CSE. The Company has not yet received conditional approval from the CSE for the Arrangement. There can be no guarantee that CSE conditional approval will be obtained. Spinco has applied to list the Spinco Shares on the CSE. The closing of the Arrangement is conditional upon the CSE approving the listing of the Spinco Shares on the CSE. The disclosure in this Information Circular has not been reviewed by the CSE. Listing will be subject to Spinco fulfilling all of the listing requirements of the CSE. Please see "Particulars of Matters to be Acted Upon – Approval of the Plan of Arrangement – Required Approvals of Shareholders and Court" in the Information Circular.

### **Dissent Rights**

Shareholders will not be given the right to dissent in respect of the special resolution to approve the Arrangement and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA do not apply to such special resolution or the Arrangement. The Company acknowledges that the shareholders are offered a right to dissent in most plan of arrangement transactions. Shareholders will not be provided with the right to dissent because the Company does not have the cash resources or assets that could be readily liquidated to finance such a right, and the terms and number of Common Shares held by Shareholders will not be modified or altered in any material respect.

### **Income Tax Considerations Summary of Certain Canadian Income Tax Considerations**

Shareholders will be considered to have disposed of their Common Shares on the exchange of their Common Shares for New Shares and Spinco Shares. Resident Shareholders will generally be deemed for purposes of the Tax Act to receive a dividend from the Company on the exchange of Common Shares for New Shares and Spinco Shares, to the extent that the

fair market value of the Spinco Shares received by the Resident Shareholder exceeds the paid-up capital (as determined for the purposes of the Tax Act) of the Common Shares attributable, on a pro rata basis, to the Common Shares exchanged. The cost of the New Shares will be deemed to be equal to the amount, if any, by which the ACB of the Common Shares exceeds the fair market value of the Spinco Shares received. On the exchange of Common Shares for New Shares and Spinco Shares, a capital gain (or capital loss) may also be realized by a Resident Shareholder equal to the amount by which (a) the aggregate of the cost of the Spinco Shares and of the New Shares received less the amount of any dividend deemed to be received on the exchange exceeds (or is less than) (b) the aggregate of the ACB of the Common Shares exchanged and any reasonable costs of disposition. Shareholders should consult with their own tax advisors regarding the ACB of their Common Shares since the ACB will depend on the circumstances in which their Common Shares were issued to them. As set out above, if the aggregate fair market value of the Spinco Shares, at the time they are distributed on the exchange of Common Shares for New Shares and Spinco Shares, exceeds the aggregate paid-up capital of the Common Shares, a dividend will be deemed to be paid by the Company to Shareholders to the extent of such excess. In the case of Non-Resident Shareholders, the deemed dividend will be subject to Canadian withholding tax under Part XIII of the Tax Act equal to 25% (subject to reduction under an applicable income tax treaty) of the deemed dividend. The Company will take such actions as may be reasonably necessary in order to meet the Company's withholding tax obligations arising as a result of any deemed dividend. Non-Resident Shareholders will generally not be taxable in Canada with respect to any capital gains realized on the disposition of Common Shares pursuant to the Arrangement provided such shares do not constitute "taxable Canadian property" as defined in the Tax Act. Non-Resident Shareholders should consult with their tax advisors. A summary of certain Canadian federal income tax considerations in respect of the proposed Arrangement is included under the heading "*Certain Canadian Federal Income Tax Considerations*" and the foregoing is qualified in full by the information in such section.

### **Court Approval**

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Shareholders. Prior to the mailing of this Information Circular, the Company submitted, along with other materials, a copy of the Information Circular to the Court and subsequently obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Following receipt of shareholder approval of the Arrangement Resolution, the Company intends to make application to the Court for the Final Order at 9:45 a.m. (Pacific Standard Time), or as soon thereafter as counsel may be heard, on June 9, 2023 at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. In deciding whether to grant the Final Order, the Court will consider, among other things, the fairness of the Arrangement to Shareholders. Any Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 12:00 p.m. (Pacific Standard Time) on June 7, 2023 along with any other documents required, all as set out in the Interim Order and Notice of Petition, the text of which are set out in Schedule "F" to this Information Circular and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit. The Court will be advised, prior to the hearing, that the Court's approval of the Arrangement (including the fairness thereof) will form a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Spinco Shares to be received by Shareholders pursuant to the Arrangement, the Spinco Shares to be received by FinanceCo Shareholders pursuant to the Arrangement and the Spinco Warrants to be received by holders of FinanceCo Warrants pursuant to the Arrangement. See "*Particulars of Matters to be Acted Upon – Approval of the Plan of Arrangement – Court Approval of the Arrangement*".

### **Regulatory Law Matters and Securities Law Matters**

The issuance pursuant to the Arrangement of the New Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made pursuant to exemptions from the prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Shareholders are resident. Nextech is currently a "reporting issuer" under the applicable securities legislation in each of the provinces of Canada other than Quebec. Under National Instrument 45-102 – Resale of Securities (and if required, orders and rulings from various securities regulatory authorities in the provinces and territories of Canada where Shareholders are resident), the New Shares and Spinco Shares received by Shareholders pursuant to the Arrangement may be resold through registered dealers in Canadian provinces or territories without any "hold period" restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of the sale and, if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of securities legislation).

Resales of New Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the

holdings of any person or combination of persons holding a sufficient number of New Shares or Spinco Shares, as the case may be, to affect materially the control of Nextech or Spinco, respectively. See "Particulars of Matters to be Acted Upon – Approval of the Plan of Arrangement – Regulatory Law Matters and Securities Law Matters".

Each United States holder of Common Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares and New Shares pursuant to the Arrangement and the ownership and disposition of the Spinco Shares and New Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

### **Risk Factors**

Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated in certain circumstances; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) the Company will incur costs even if the Arrangement is not completed; (iv) directors and executive officers of the Company have interests in the Arrangement that are similar to those of the Shareholders; (v) the market price for New Shares and Spinco Shares (if Spinco Shares are listed) may decline; (vi) the Company and any relevant intermediary may sell Spinco Shares on behalf of a Shareholder to meet the Company's withholding tax obligations (including any applicable interest and penalties) arising as a result of any deemed dividend and any such sales may negatively impact the trading price of the Spinco Shares (if listed); (vii) there is no guarantee that the Spinco Shares will be listed on the CSE or that a market for such shares will develop; (viii) Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan; and (ix) the issue of New Shares under the Arrangement and their subsequent sale may cause the market price of New Shares to decline from current or anticipated levels. For more information see "*Particulars of Matters to be Acted Upon – Approval of the Plan of Arrangement - Risks Associated with the Arrangement*". Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Common Shares, the Spinco Shares, and/or the businesses of Nextech and Spinco following the Arrangement. Shareholders should also carefully consider the risk factors associated with the businesses of Nextech and Spinco included in this Information Circular, including the documents incorporated by reference therein. See Schedule "B" – "Information Regarding Spinco - Risk Factors", for a description of these risks.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. The Company has arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). The Company has also arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). The Company will pay for Intermediaries to forward this Information Circular, the proxy form or a voting instruction form to objecting beneficial owners under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators. As a result, objecting beneficial owners will receive the Information Circular and associated meeting materials from their Intermediary.

### Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the "**Proxy**") are officers of the Company or solicitors for the Company. **If you are a Registered Shareholder, you have the right to virtually attend the Meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to virtually attend and participate on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy or otherwise in accordance with applicable law.**

Registered Shareholders or their respective duly appointed proxyholders are entitled to virtually attend and vote their Common Shares at the Meeting. Registered Shareholders who are unable to or do not wish to attend the Meeting virtually and who wish to ensure that their Common Shares will be voted at the Meeting are urged to complete, sign and deliver the enclosed form of Proxy to Computershare in accordance with the instructions and timing requirements set forth herein and on the form of Proxy. See "*Voting by Proxy Generally*" below for further information.

In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournments thereof. Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the Proxy is to be used, or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see "*Voting by Non-Registered Shareholders*" below for further information on how to vote your Common Shares.

### Exercise of Discretion by Proxyholder

If you have the right to vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that may come before the Meeting.

### **Voting by Registered Shareholders**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to virtually attend the Meeting. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to Computershare, in accordance with the instructions on the Proxy. In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used. If completed Proxies are received after said deadline, they shall not be accepted for the purpose of voting at the Meeting unless authorized by the Chair of the Meeting, in his or her sole discretion.

### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. as nominee for The Canadian Depository for Securities Limited (which acts as depository for many Canadian brokerage firms and custodian banks), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you will receive a request for voting instructions from your Intermediary. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent from Broadridge will name the same persons as the Company's Proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may virtually attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity.** To exercise this right to virtually attend the Meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative virtually attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

### **Attending the Meeting Online**

**Proxies will not be accepted at the Meeting.** All Proxies must be submitted to Computershare by 10:00 a.m. (Pacific Standard Time) on June 1, 2023 (the "**Proxy Deadline**"). Only Registered Shareholders and duly appointed Proxyholders may virtually attend the Meeting.

To register a proxyholder, Shareholders **MUST** visit <http://www.computershare.com/Nextech> by June 1, 2023, 10:00 a.m. (Pacific Standard Time) and provide Computershare with their proxyholder's contact information, so that Computershare may

provide the proxyholder with an Invite Code by email.

**Registered Shareholders** can participate in the meeting by clicking "**Shareholder**" and entering a Control Number, and **duly appointed proxyholders** can participate in the meeting by clicking "**Invitation**" and entering an Invite Code before the start of the Meeting.

- Registered Shareholders: the 15-digit control number is located on the form of Proxy.
- Duly appointed proxyholders: Computershare will provide the proxyholder with an Invite Code by email after the voting deadline has passed.

**Non-Registered Shareholders** who have not appointed themselves as proxyholders to participate and vote at the Meeting may login as a guest, by clicking on "**Guest**" and complete the online form; however, they will not be able to vote or submit questions.

Shareholders who wish to appoint a third-party proxyholder to represent them at the virtual Meeting, and non-Registered Shareholders who appoint themselves as a proxyholder, **must submit their Proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder at <https://www.computershare.com/Nextech> is an additional step once a Shareholder has submitted their Proxy or voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting.**

**In order to participate online, Shareholders must have a valid 15-digit control number and proxyholders must have received an email from Computershare containing an Invite Code.**

**United States Beneficial Shareholders:** To attend and vote at the virtual Meeting, you must first obtain a valid Legal Proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with the Proxy materials or contact your broker or bank to request a form of Legal Proxy. After first obtaining a valid Legal Proxy from your broker, bank or other agent, you must submit a copy of your Legal Proxy to Computershare in order to register to attend the Meeting. Requests for registration should be sent:

By mail to:                   Computershare  
100 University Avenue 8<sup>th</sup> Floor  
Toronto, ON M5J 2Y1

By email at:                 [USLegalProxy@computershare.com](mailto:USLegalProxy@computershare.com)

Requests for registration must be labeled as "Legal Proxy" and be received no later than June 1, 2023, 10:00 a.m. (Pacific Standard Time). You will receive a confirmation of your registration by email after Computershare receives your registration materials. You may attend the Meeting and vote your Common Shares at [meetnow.global/MSJVAZY](https://www.computershare.com/Nextech) during the Meeting. Please note that you are required to register your appointment at <https://www.computershare.com/Nextech>.

The virtual Meeting platform is fully supported across most commonly used web browsers (note: Internet Explorer is not a supported browser). We encourage you to access the Meeting prior to the start time. **It is important that you are connected to the internet at all times during the Meeting in order to ensure your ability to participate.**

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Other than as set forth below, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting. For the purpose of this paragraph, "person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's twelve month period ended December 31, 2022; or (b) who is an associate or affiliate of a person as listed in (a).

Pursuant to the Arrangement, the Company currently anticipates that upon closing of the Arrangement, (i) an aggregate of 4,000,000 Spinco Shares (representing approximately 15.4% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed) will be distributed to Shareholders on a pro rata basis (the "**Pro Rata Share Distribution**"); (ii) an aggregate of 3,000,000 Spinco Shares (representing approximately 11.5% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed) to be received by the Company pursuant to the Arrangement will be transferred by Nextech to certain service providers of the Company in consideration of past services and other indebtedness (the

"Shares for Services Distribution"); and (iii) an aggregate of 13,000,000 Spinco Shares (representing approximately 50% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed) will be held by the Company. It is presently anticipated that the Spinco Shares to be distributed pursuant to the Shares for Services Distribution will be allocated to persons including insiders of the Company. Further, it is anticipated that certain of the current directors and officers of the Company will receive Spinco Shares pursuant to the Pro Rata Share Distribution, and will be retained as directors and officers of Spinco upon completion of the Arrangement. See "Approval of Plan of Arrangement – Special Committee" and Schedule "B" – "Information Regarding Spinco" for further details.

### RECORD DATE AND QUORUM

The board of directors (the "Board") of the Company has fixed the record date for the Meeting as the close of business on April 18, 2023 (the "Record Date"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company's articles, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders, present in person or by proxy.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date, there were 109,509,293 Common Shares issued and outstanding, with each Common Share carrying the right to one vote.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Common Shares carrying 10% or more of the votes attached to Common Shares are:

Name	Number of Common Shares Owned, or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Approximate Percentage of Total Outstanding Common Shares
Evan Gappelberg	10,912,499	10%

**Note:**

(1) The above information was derived from the Shareholder directly or from insider reports available at [www.sedi.ca](http://www.sedi.ca).

The Common Shares are listed and posted for trading on the CSE. Set forth below is a summary of the total volume of trading and price range of the Common Shares on the CSE in the 12-month period preceding the date of this Information Circular, on a monthly basis. The closing price of the Common Shares on the CSE was \$0.62 on April 5, 2023, the date immediately prior to the date of announcement of the Arrangement Agreement.

Month	High	Low	Volume
April 2023 <sup>(1)</sup>	\$0.70	\$0.50	48,337
March 2023	\$0.78	\$0.63	1,774,961
February 2023	\$0.85	\$0.70	1,886,270
January 2023 <sup>(1)</sup>	\$1.03	\$0.72	47,693
December 2022	\$1.02	\$0.77	730,424
November 2022	\$1.21	\$0.78	2,058,824
October 2022	\$1.31	\$0.68	2,477,875
September 2022	\$0.93	\$0.74	1,066,291
August 2022	\$1.11	\$0.72	1,839,808
July 2022	\$1.34	\$0.65	4,027,031
June 2022	\$0.78	\$0.31	4,555,113
May 2022	\$0.80	\$0.39	2,899,878
April 2022	\$1.00	\$0.72	1,229,616

Month	High	Low	Volume
March 2022	\$1.40	\$0.97	950,270

(1) Represents the period from April 1, 2023 to April 17, 2023.

Nextech has not declared any dividends since its incorporation. While there are no restrictions precluding Nextech from paying dividends, it currently anticipates retaining all available cash resources towards its current business objectives.

The Company has not purchased or sold any Common Shares since the date of completion of its plan of arrangement with Future Farm Technologies Inc. effective August 31, 2018, other than as set forth below:

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
November 11, 2018	Common Shares	5,000,000	\$0.05	\$250,000
December 4, 2018	Common Shares	(300,000)	N/A (Repurchased)	N/A
December 19, 2018	Common Shares	850,000	\$0.50	\$425,000
January 2, 2019	Common Shares	710,000	\$0.50	\$355,000
January 4, 2019	Common Shares	100,000	\$0.50	\$50,000
January 7, 2019	Common Shares	850,000	\$0.50	\$425,000
January 10, 2019	Common Shares	250,000	\$0.05	\$12,500
January 11, 2019	Common Shares	72,300	\$0.50	\$36,150
	Common Shares	2,250,000	\$0.05	\$112,500
January 14, 2019	Common Shares	2,000,000	(7)	(7)
January 24, 2019	Common Shares	200,000	\$0.50	\$100,000
February 4, 2019	Common Shares	300,000	\$0.50	\$150,000
	Common Shares	1,000,000	\$0.05	\$50,000
February 19, 2019	Common Shares	400,000	\$0.50	\$200,000
March 4, 2019	Common Shares	451,500	\$0.50	\$225,750
March 6, 2019	Common Shares	1,877,700	\$0.50	\$938,850
June 21, 2019	Common Shares	100,000	(8)	(8)
June 25, 2019	Common Shares	566,000	\$0.60	\$339,600
July 19, 2019	Common Shares	440,666	\$0.60	\$264,399
August 16, 2019	Common Shares	1,936,299	\$0.60	\$1,161,779
August 21, 2019	Common Shares	76,913	(9)	(9)
November 22, 2019	Common Shares	4,000,000	\$0.75	\$3,000,000
	Common Shares	100,000	\$0.70	\$70,000
	Common Shares	80,000	\$0.25	\$20,000
December 4, 2019	Common Shares	10,000	\$0.29	\$2,900
December 6, 2019	Common Shares	35,000	\$0.70	\$26,250
December 18, 2019	Common Shares	200,000	\$0.75	\$150,000
January 10, 2020	Common Shares	77,000	\$0.70	\$53,900
	Common Shares	17,500	\$0.29	\$5,075
	Common Shares	50,000	\$0.56	\$28,000
January 16, 2020	Common Shares	347,663	(10)	(10)
January 21, 2020	Common Shares	191,203	(9)	(9)
January 24, 2020	Common Shares	20,000	\$0.70	\$14,000
February 5, 2020	Common Shares	113,498	(9)	(9)



Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
February 17, 2020	Common Shares	5,000	\$0.70	\$3,500
February 26, 2020	Common Shares	5,000	\$0.70	\$3,500
March 4, 2020	Common Shares	109,373	<sup>(9)</sup>	<sup>(9)</sup>
March 10, 2020	Common Shares	100,000	\$0.70	\$70,000
March 16, 2020	Common Shares	100,000	\$0.70	\$70,000
March 27, 2020	Common Shares	50,000	\$0.93	\$46,500
March 30, 2020	Common Shares	156,305	\$0.93	\$145,363
	Common Shares	112,066	\$0.80	\$89,652
	Common Shares	940,000	\$0.29	\$272,600
April 14, 2020	Common Shares	25,000	\$0.29	\$7,250
April 15, 2020	Common Shares	216,187	\$0.93	\$201,053
	Common Shares	31,250	\$0.70	\$21,875
April 20, 2020	Common Shares	33,333	\$0.93	\$30,000
	Common Shares	167,672	<sup>(10)</sup>	<sup>(10)</sup>
April 27, 2020	Common Shares	50,000	\$0.93	\$46,500
April 30, 2020	Common Shares	100,000	\$0.70	\$70,000
	Common Shares	99,267	<sup>(9)</sup>	<sup>(9)</sup>
	Common Shares	1,000,000	<sup>(11)</sup>	<sup>(11)</sup>
May 5, 2020	Common Shares	1,394,828	<sup>(10)</sup>	<sup>(10)</sup>
May 7, 2020	Common Shares	20,833	\$0.84	\$17,499
May 11, 2020	Common Shares	83,333	\$0.93	\$77,499
May 15, 2020	Common Shares	290,000	\$0.93	\$269,700
May 20, 2020	Common Shares	106,001	\$0.93	\$98,673
	Common Shares	29,000	\$0.25	\$7,250
May 25, 2020	Common Shares	32,500	\$0.29	\$9,425
	Common Shares	80,000	\$0.93	\$74,400
	Common Shares	25,000	\$0.75	\$18,750
May 28, 2020	Common Shares	20,833	\$0.84	\$17,499
June 1, 2020	Common Shares	100,000	\$0.70	\$70,000
	Common Shares	101,061	<sup>(9)</sup>	<sup>(9)</sup>
June 4, 2020	Common Shares	83,000	\$0.70	\$58,100
June 8, 2020	Common Shares	158,595	\$0.93	\$147,493.35
June 10, 2020	Common Shares	100,000	\$0.75	\$75,000
June 12, 2020	Common Shares	7,500	\$0.70	\$5,250
June 17, 2020	Common Shares	1,528,036	\$2.10	\$3,208,875
June 26, 2020	Common Shares	50,000	\$0.29	\$14,500
	Common Shares	5,000	\$0.25	\$1,250
June 29, 2020	Common Shares	30,000	\$0.93	\$27,900
	Common Shares	5,000	\$0.25	\$1,250
	Common Shares	131,337	\$0.80	\$105,069
July 2, 2020	Common Shares	35,000	\$0.93	\$32,550
	Common Shares	100,000	\$0.70	\$70,000
	Common Shares	10,000	\$0.75	\$7,500

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
	Common Shares	50,000	\$0.29	\$14,500
	Common Shares	3,000	\$0.25	\$750
July 9, 2020	Common Shares	5,000	\$0.70	\$3,500
	Common Shares	145,100	\$0.93	\$134,943
July 10, 2020	Common Shares	90,000	\$0.93	\$83,700
	Common Shares	150,000	\$2.00	\$300,000
July 13, 2020	Common Shares	227,541	\$0.75	\$170,655
July 14, 2020	Common Shares	25,000	\$0.84	\$21,000
July 15, 2020	Common Shares	12,000	\$0.93	\$11,160
July 22, 2020	Common Shares	10,000	\$0.70	\$7,000
July 27, 2020	Common Shares	250,000	\$0.70	\$175,000
July 29, 2020	Common Shares	40,000	\$0.93	\$37,200
July 30, 2020	Common Shares	10,000	\$0.29	\$2,900
July 31, 2020	Common Shares	183,333	\$0.93	\$170,499
	Common Shares	16,650	\$0.75	\$12,487
	Common Shares	132,909	(9)	(9)
August 4, 2020	Common Shares	150,000	\$0.75	\$112,500
August 17, 2020	Common Shares	225,000	\$0.29	\$62,250
August 20, 2020	Common Shares	2,035,000	\$6.50	\$13,227,500
August 25, 2020	Common Shares	90,000	\$0.60	\$54,000
	Common Shares	190,000	\$0.29	\$55,100
August 27, 2020	Common Shares	200,000	\$0.93	\$186,000
August 31, 2020	Common Shares	105,936	(9)	(9)
September 14, 2020	Common Shares	750,000	\$0.05	\$37,500
September 24, 2020	Common Shares	15,000	\$0.80	\$12,000
October 1, 2020	Common Shares	37,500	\$5.35	\$200,625
October 6, 2020	Common Shares	150,000	\$3.00	\$450,000
October 9, 2020	Common Shares	33,000	\$0.93	\$30,690
October 13, 2020	Common Shares	45,000	\$0.60	\$27,000
	Common Shares	18,800	\$0.93	\$17,484
October 14, 2020	Common Shares	86,433	\$2.19	\$189,288
	Common Shares	246,698	\$3.00	\$740,094
	Common Shares	151,231	\$0.70	\$105,861
	Common Shares	525,000	\$0.93	\$488,250
October 15, 2020	Common Shares	193,510	\$3.00	\$580,530
October 21, 2020	Common Shares	433,500	\$0.80	\$346,800
October 26, 2020	Common Shares	20,000	\$1.34	\$26,800
October 28, 2020	Common Shares	33,334	\$0.65	\$21,667
October 30, 2020	Common Shares	62,600	\$8.00	\$500,800
November 3, 2020	Common Shares	25,000	\$0.84	\$21,000
November 13, 2020	Common Shares	10,000	\$1.34	\$13,400
	Common Shares	4,555	(9)	(9)
November 27, 2020	Common Shares	23,810	\$3.00	\$71,430

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
	Common Shares	25,000	\$0.70	\$17,500
December 7, 2020	Common Shares	100,000	\$0.93	\$93,000
December 21, 2020	Common Shares	250,000	\$0.70	\$175,000
	Common Shares	250,000	\$0.84	\$210,000
	Common Shares	7,000	\$1.34	\$9,380
December 29, 2020	Common Shares	25,000	\$2.20	\$55,000
December 31, 2020	Common Shares	40,000	\$0.93	\$37,200
January 5, 2021	Common Shares	10,000	\$1.34	\$13,400
January 26, 2021	Common Shares	225,000	\$0.70	\$157,500
February 5, 2021	Common Shares	200,000	(9)	(9)
February 12, 2021	Common Shares	10,000	\$1.34	\$13,400
February 22, 2021	Common Shares	10,000	\$1.34	\$13,400
February 24, 2021	Common Shares	10,000	\$2.20	\$22,000
February 25, 2021	Common Shares	60,000	\$0.93	\$55,800
March 1, 2021	Common Shares	100,000	\$0.93	\$93,000
March 10, 2021	Common Shares	44,000	\$0.93	\$40,920
March 11, 2021	Common Shares	100,000	\$0.93	\$93,000
March 12, 2021	Common Shares	5,000	\$2.20	\$11,000
April 8, 2021	Units <sup>(1)</sup>	2,801,500	\$5.00	\$14,007,500
June 25, 2021	Common Shares	3,877,551	(2)	(2)
August 26, 2021	Common Shares	609,666	(3)	(3)
September 14, 2021	Common Shares <sup>(4)</sup>	37,941	\$2.07	(4)
September 16, 2021	Common Shares	18,000	\$0.25	\$4,500
September 17, 2021	Common Shares	250,000	\$0.29	\$72,500
September 30, 2021	Common Shares	30,000	\$0.93	\$27,900
September 30, 2021	Common Shares	60,000	\$0.25	\$15,000
November 3, 2021	Units <sup>(5)</sup>	3,030,304	\$1.65	\$5,006,601
January 25, 2022	Units <sup>(6)</sup>	8,130,082	\$1.23	\$10,000,000
February 23, 2022	Common Shares	580,713	(9)	(9)
May 31, 2022	Common Shares	275,000	(9)	(9)
July 12, 2022	Common Shares	259,109	(9)	(9)
July 13, 2022	Common Shares	360,415	(9)	(9)
July 20, 2022	Common Shares	200,000	(9)	(9)
January 10, 2023	Common Shares	26,666	\$0.75	\$19,999.50
January 31, 2023	Units <sup>(12)</sup>	3,614,457	\$0.83	\$2,999,999.31
February 1, 2023	Common Shares	575,000	\$0.79	(9)
February 2, 2023	Common Shares	414,940	\$0.84	(9)
February 13, 2023	Common Shares	344,654	\$0.84	(9)
March 14, 2023	Common Shares	332,989	\$0.84	(9)
March 24, 2023	Common Shares	397,749	\$0.84	(9)

<b>Date of Issue</b>	<b>Type of Securities</b>	<b>Number of Securities</b>	<b>Issue Price per Security</b>	<b>Gross Proceeds</b>
April 11, 2023	Common Shares	365,369	\$0.83	(13)

**Notes:**

1. Each unit consisted of one Common Share and one-half of one share purchase warrant, with each whole share purchase warrant entitling the holder to acquire one additional Common Share at an exercise price of \$6.00 until April 8, 2023, subject to acceleration in certain circumstances.
2. These Common Shares were issued in consideration of the acquisition by the Company of Threedy.ai, Inc.
3. These Common Shares were issued in consideration of the acquisition by the Company of ARWAY Ltd.
4. These Common Shares were issued as consideration for shares for services at a deemed value of Cdn\$2.07 per Common Share.
5. Each unit consisted of one Common Share and one-half of one share purchase warrant, with each whole share purchase warrant being exercisable for one additional Common Share at an exercise price of \$1.92 until November 3, 2024.
6. Each unit consisted of one Common Share and one share purchase warrant, with each whole share purchase warrant being exercisable for one additional Common Share at an exercise price of \$1.54 until January 25, 2025.
7. Issued in consideration of the acquisition of AR Ecommerce by Nextech.
8. Issued in partial consideration of the acquisition of Infinite Pet Life Inc. by Nextech.
9. These Common Shares were issued in consideration of past services.
10. Issued pursuant to terms of outstanding convertible debentures of Nextech.
11. Issued in consideration of the acquisition of Jolokia Inc. by Nextech.
12. Each unit consisted of one Common Share and one share purchase warrant exercisable for one additional Common Share at an exercise price of \$1.03 until January 31, 2027.
13. These Common Shares were issued upon the exercise of outstanding share purchase warrants of Nextech.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

The matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

**1. Presentation of Financial Statements**

The consolidated financial statements of the Company for the twelve months ended December 31, 2022 together with the auditor's report thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

**2. Setting Number of Directors**

At the Meeting, Shareholders will be asked to consider and, if deemed fit, pass an ordinary resolution to set the number of directors of the Company at four (4).

**3. Election of Directors**

The Company proposes to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director.

As part of its ongoing review of corporate governance policies, on December 14, 2020, the Board adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes "withheld" than votes "for" will tender his or her resignation to the Chairman of the Board promptly following the shareholders' meeting, conditional upon review by the Board. The Board will consider the offer of resignation and will make a decision whether or not to accept it. In considering whether or not to accept the resignation, the Board will consider all relevant factors. The Board will be expected to accept the resignation except in situations where the considerations would warrant the applicable director continuing to serve on the Board. The Board will make its final decision and announce it in a press release within 90 days following the shareholders' meeting. A director who tenders his or her resignation pursuant to this policy will not participate in any meeting of the Board at which the resignation is considered.

The following table sets out the names of the management nominees; their positions and offices in the Company; their principal occupations or employment; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised, directly or indirectly.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised (1)(2)	Principal Occupation (2)
Evan Gappelberg Florida, USA  Chief Executive Officer and Director	January 12, 2018	10,912,499	Chief Executive Officer of the Company  Chief Executive Officer of Arway Corporation, a technology company  Managing director at Atlas Advisors, LLC, an independent investment advisory and money management firm that offers small-cap companies consulting services.
Belinda Tyldesley (4) British Columbia, Canada  Corporate Secretary & Director	March 26, 2018	65,217	President of Closing Bell Services, a consulting company providing corporate secretarial services
David Cramb (3)(4) Alberta, Canada  Independent Director	October 2, 2020	Nil	Professor of Chemistry, Toronto Metropolitan University (formerly Ryerson University)
Jeff Dawley (3) Ontario, Canada  Independent Director, Audit Committee Chair	November 15, 2021	Nil	President and Co-Founder of Cybersecurity Compliance Corp., a cybersecurity company  Former Principal and Chief Financial Officer of BridgePoint Financial Group, a litigation finance group of companies

**Notes:**

1. In addition, Mr. Andrew Chan (the Chief Financial Officer of the Company) holds an aggregate of 52,714 Common Shares as of April 18, 2023 representing less than 1% of all issued and outstanding Common Shares as of such date. Other than the foregoing and as set forth in the above table, to the knowledge of Nextech, no Common Shares are held by (i) any director, officer or other insider of the Company; (ii) any associate or affiliate of the Company or any insider of the Company; or (iii) any person acting jointly or in concert with the Company. All information with respect to securities owned, controlled or directed by the directors and officers of the Issuer, or their respective associates, affiliates or joint actors, was derived from such directors or officers directly, or from insider reports available at [www.sedi.ca](http://www.sedi.ca).
2. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled have been provided by the respective directors and officers individually. As at April 18, 2023, as a group the directors and executive officers beneficially own or control a total of 11,030,430 Common Shares, or approximately 10.1% of the Common Shares of the Company.
3. Member of the Audit committee of the Company.
4. Member of the Compensation committee of the Company.

No proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to an order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer, or
  - (ii) was subject to an order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the that

- capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or executive officer;
  - (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

For the purposes of subsection (a) above, "order" means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for more than 30 consecutive days.

#### **4. Appointment of Auditor**

At the Meeting, Shareholders will be asked to consider and, if deemed fit, pass an ordinary resolution appointing Davidson & Company LLP ("**Davidson**") of 1200-609 Granville St #1200, Vancouver, British Columbia V7Y 1H4 as the Company's auditor and to authorize the directors to fix their remuneration (the "**Auditor Appointment Resolution**"). Davidson will replace Marcum LLP as auditor of the Company, which were first appointed auditors of the Company on September 29, 2021.

The Board of Directors recommends that each Shareholder vote FOR the Auditor Appointment Resolution. **Unless otherwise indicated, the persons named in the enclosed Proxy form intend to vote FOR the Auditor Appointment Resolution.**

#### **5. Approval of Plan of Arrangement and Related Matters**

At the Meeting, Shareholders will be asked to consider and, if deemed fit, pass a special resolution approving the Plan of Arrangement, all as further described below.

##### *Background to the Arrangement*

The provisions of the Arrangement Agreement are the result of negotiations between the Company and Spinco. Under the Arrangement, the Company will transfer the Spinout Assets and Spinout Liabilities to Spinco, and FinanceCo will conduct the Private Placement in connection the Arrangement to raise minimum aggregate gross proceeds of Cdn\$1,500,000.

RwE Growth Partners, Inc. was retained by the Company to provide the Fairness Opinion, regarding the fairness, from a financial point of view of the Arrangement to the Shareholders. After careful consideration, including a thorough review of the information and the Fairness Opinion, a thorough review of the terms of the Arrangement Agreement, and taking into account the best interests of the Company and the impact on the Company's stakeholders, and consultation with its professional advisors, the Board unanimously resolved: (i) that the Arrangement is fair, from a financial point of view, to the Shareholders and is in the best interests of the Company; and (ii) to approve the Arrangement and to recommend that Shareholders vote in favour of the Arrangement Resolution.

The Company issued a press release announcing the proposed Arrangement on February 2, 2023. The Company has chosen to deal with its outstanding holders of share purchase warrants and stock options outside of the Arrangement and/or under contractual adjustment provisions in the warrant certificates or pursuant to the applicable adjustment provisions of the Stock Option Plan, as applicable. Accordingly, the Arrangement only includes Shareholders.

##### *Fairness Opinion*

Based upon and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, RwE Growth Partners, Inc. is of the opinion that, as of February 28, 2023, the Arrangement is fair, from a financial point of view, to the Shareholders.

The Fairness Opinion is attached as Schedule "D" to this Information Circular. A copy of the Fairness Opinion is available for inspection at the offices of Nextech during regular business hours at P.O. Box 64039, RPO Royal Bank Plaza, Toronto, ON M5J 2T6 , and a copy of the Fairness Opinion will be sent to any security holder upon request for a nominal charge sufficient to cover printing and postage.

The summary of the Fairness Opinion described in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

### *The Arrangement*

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by the Company under its profile on SEDAR at [www.sedar.com](http://www.sedar.com), and the Plan of Arrangement, which is attached to this Information Circular as Schedule "E". In order to implement the Arrangement, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Shareholders, exclusive of votes attaching to any Common Shares held by Mr. Evan Gappelberg. A copy of the Arrangement Resolution is set out in Schedule "C" to this Information Circular.

If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time (which will be at 12:01 a.m. (Pacific Standard Time)) on the Effective Date (which is expected to be on or about June 12, 2023 or shortly thereafter).

### *Principal Steps of the Arrangement*

Under the Plan of Arrangement, commencing at the Effective Time, the following principal steps shall occur and shall be deemed to occur without any further act or formality, in the order and timing set out in the Plan of Arrangement:

(a) Pursuant to the Asset Purchase Agreement to be entered into, Nextech will transfer all of the Spinout Assets and Spinout Liabilities to Spinco in consideration for the issuance by Spinco of 15,999,900 fully-paid and non-assessable SpinCo Shares to Nextech such that immediately after the foregoing issuance Nextech shall hold an aggregate of 16,000,000 Spinco Shares (together with 100 Spinco Shares held immediately prior to the foregoing issuance);

(b) Nextech shall undertake a reorganization of capital within the meaning of Section 86 of the Tax Act as follows, with the following steps occurring in the following order:

- (i) Nextech's authorized share capital and its Articles will be altered by:
  - (A) renaming and redesignating all of the issued and unissued Common Shares as Class A Common Shares;
  - (B) providing that the rights, privileges, restrictions and conditions attached to the Class A Common Shares are as follows: (1) to vote at all meetings of Shareholders except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to two votes for each Class A Common Share held; (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and (3) to receive, *pari passu* with the New Shares, and subject to the rights of the holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary, in substantially the form set forth in Schedule "J" to this Information Circular;
  - (C) creating a new class consisting of an unlimited number of New Shares;
  - (D) providing that the rights, privileges, restrictions and conditions attached to the New Shares are as follows: (1) to vote at all meetings of Shareholders except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to one vote for each New Share held; (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and (3) to receive, *pari passu* with the Class A Common Shares, and subject to the rights of

the holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary;

- (ii) each Shareholder will exchange each Class A Common Share held immediately following step (b)(i) above for (A) one New Share, and (B) such Shareholder's pro rata share of an aggregate of 4,000,000 Spinco Shares to be distributed amongst all Shareholders pursuant to the Pro Rata Share Distribution, and such Shareholders shall cease to be the holders of the Class A Common Shares so exchanged;
- (iii) the authorized share capital of Nextech shall be amended to delete the Class A Common Shares, none of which will be issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the Class A Common Shares;

(c) each FinanceCo Share held by a Dissenting FinanceCo Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, to Spinco for cancellation; and

(d) the Amalgamation will be completed pursuant to which FinanceCo and Subco will continue as Amalco on the following terms: (i) the name of Amalco shall be such numbered name as may be assigned by the applicable regulatory authorities; (ii) the property, rights and interests of each FinanceCo and Subco shall continue to be the property, rights and interests of Amalco; (iii) Amalco shall continue to be liable for the obligations of each of FinanceCo and Subco; (iv) the Articles of Subco shall be the Articles of Amalco; (v) each FinanceCo Share held by a FinanceCo Shareholder other than a Dissenting FinanceCo Shareholder, and each FinanceCo Warrant, will be exchanged for one Spinco Share and one Spinco Warrant, respectively; (vi) the Subco Shares will be exchanged for Amalco Shares on the basis of one Amalco Share for each one Subco Share; (vii) any existing cause of action, claim or liability to prosecution with respect to either or both of Subco and FinanceCo shall be unaffected; (viii) any civil, criminal or administrative action or proceeding pending by or against any of Subco or FinanceCo may be continued to be prosecuted by or against Amalco; (ix) any conviction against, or ruling, order or judgment in favour of or against, any of Subco or FinanceCo may be enforced by or against Amalco; and (x) the board of directors of Amalco shall be comprised of a minimum of one and a maximum of 10 directors, and Mr. Evan Gappelberg shall be appointed as the first director of Amalco.

No fractional shares will be issued pursuant to the Plan of Arrangement.

#### *Recommendation of the Board*

After taking into consideration, among other things, the Court approval and the Fairness Opinion regarding the fairness, from a financial point of view, of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) to the Shareholders, the directors have concluded that the Arrangement is in the best interests of the Company and is fair to the Shareholders. Accordingly, the Board recommends that Shareholders vote FOR the Arrangement Resolution. All directors of the Company and the senior officers of the Company intend to vote all of their Common Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement.

#### *Reasons for the Arrangement*

The Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Company's senior management and its financial and legal advisors. The following is a summary of the overall purpose and benefits of the Arrangement, and the principal reasons for the recommendation of the Board that Shareholders vote FOR the Arrangement Resolution:

(a) Fairness Opinion. The Fairness Opinion to the effect that, as of February 28, 2023 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Shareholders.

(b) Continued Participation by Shareholders in the Spinout Assets. The Shareholders, through their ownership of Spinco Shares, will participate in the Spinout Assets to be held by Spinco following the completion of the Arrangement along with the funds raised from the Private Placement. Shareholders will directly hold approximately 15.4% of the issued Spinco Shares upon completion of the Arrangement as a result of the Pro Rata Share Distribution (assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000). In addition, Shareholders will continue to hold an indirect interest in Spinco through their shareholdings in the Company, as the Company will hold 13,000,000 Spinco Shares upon completion of the Arrangement. It is expected that certain of the current management of the Company will also participate as management of Spinco.



(c) Product Diversification. The creation of two separate companies dedicated to the pursuit of their respective products and services will provide Shareholders with diversification and increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different technological assets.

(d) Required Approvals of Shareholders and Court. The following required approvals protect the rights of Shareholders: (i) the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders voting as a single class, present in person or represented by proxy at the Meeting, including "majority of the minority approval" which provides that the votes attaching to all Common Shares held by Mr. Evan Gappelberg will be excluded in determining whether the Arrangement Resolution has been approved by the requisite threshold of votes; and (ii) the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Shareholders.

In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations. In addition, individual members of the Board may have given different weights to different factors or items of information.

#### *Multilateral Instrument 61-101*

The Arrangement constitutes a "business combination" of Nextech for the purposes of Multilateral Instrument 61-101 ("**MI 61-101**") as (i) it is an arrangement as a consequence of which the interest of a holder of an equity security of Nextech may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security; and (ii) Evan Gappelberg, who is a "related party" of Nextech, is entitled to receive a collateral benefit in connection with the Arrangement pursuant to the Shares for Services Distribution. See "Particulars of Matters to be Acted Upon – Approval of Plan of Arrangement - Special Committee". Part 5 of MI 61-101 concerning related party transactions does not apply to the Arrangement pursuant to subsection 5.1(e) thereof, as the Arrangement constitutes a "business combination" of Nextech.

The Arrangement is exempt from the formal valuation requirements of MI 61-101 pursuant to subsection 4.4(1)(a) thereof, on the basis that no securities of Nextech are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

At the Meeting, Nextech will be seeking minority shareholder approval of the Arrangement pursuant to Section 4.5 of MI 61-101 by excluding the votes attached to all Common Shares held by Evan Gappelberg in determining whether the Arrangement Resolution has been approved by the requisite percentage of votes. See "Particulars of Matters to be Acted Upon – Approval of Plan of Arrangement – Approval of Arrangement Resolution".

#### *Approval of Arrangement Resolution*

At the Meeting, the Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Schedule "C" to this Information Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCBCA, the Arrangement Resolution must be approved by at least two-thirds of the votes cast on the Arrangement Resolution by Shareholders voting as a single class, present in person or represented by proxy at the Meeting, excluding the votes attached to all Common Shares held by Evan Gappelberg. To the knowledge of the Company, Mr. Gappelberg holds an aggregate of 10,912,499 Common Shares as of the date of this Information Circular, representing approximately 10% of all issued and outstanding Common Shares as of such date.

Should Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed. The Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Shareholders vote FOR the Arrangement Resolution. See "*Recommendation of the Board*" above.

#### *The Arrangement Agreement*

The description of the Arrangement Agreement, both below and elsewhere in this Information Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein and may be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## Effective Date and Conditions of the Arrangement

If the Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions disclosed under the heading "*The Arrangement Agreement*" are met or waived, the Arrangement will become effective at 12:01 a.m. (Pacific Standard Time) on the Effective Date. It is currently expected that the effective date of the Arrangement will be on or about June 12, 2023 or shortly thereafter.

## Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived including the conditions summarized below.

### (i) **Mutual Conditions**

The obligations of the parties to complete the Arrangement are subject to the fulfillment or waiver of each of the following conditions precedent on or before the Effective Time, each of which may only be waived with the mutual consent of the Parties:

(a) the Interim Order and Final Order will have been obtained from the Court on terms acceptable to each of the parties and will not have been set aside or modified in a manner unacceptable to any of the parties, on appeal or otherwise;

(b) Nextech, FinanceCo and Spinco will have received all required approvals, including (i) approval by Shareholders of the Arrangement Resolution at the Meeting (including requisite "majority of minority" approval); (ii) approval by Spinco of the Arrangement as the sole shareholder of Subco; (iii) approval by Nexech of the Arrangement as the sole shareholder of Spinco; (iv) approval by the FinanceCo Shareholders of the Arrangement; (v) approval by the holders of any outstanding FinanceCo Warrants of the Arrangement; (vi) approval by the respective boards of directors of each of Nextech, FinanceCo, Spinco and Subco, approval by the Special Committee, and approval of the CSE to the Arrangement, subject only to compliance with the usual conditions of that approval, if any;

(c) the Spinco Shares to be issued pursuant to the Arrangement to Shareholders in the United States, the Spinco Shares to be issued pursuant to the Arrangement to FinanceCo Shareholders in the United States, and the Spinco Warrants to be issued to holders of FinanceCo Warrants in the United States, shall either be: (i) exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof; (ii) be registered pursuant to an effective registration statement under the U.S. Securities Act; or (iii) issued pursuant to an exemption from the registration requirements of the U.S. Securities Act;

(d) Nextech will have received confirmation from counsel that the delivery of any Spinco Shares and Spinco Warrants to the Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants, as applicable, pursuant to the Arrangement will be exempt from the prospectus requirements in each of the provinces and territories of Canada in which Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants, as applicable, are resident in Canada;

(e) there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by the Arrangement Agreement or the Plan of Arrangement;

(f) none of the consents, orders, regulations or approvals contemplated by the Arrangement Agreement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by any of the Company, Spinco or FinanceCo, acting reasonably;

(g) the Private Placement shall have been completed to raise minimum aggregate gross proceeds of Cdn\$1,500,000;

(h) the Spinco Shares will have been conditionally approved for listing on the CSE; and

(i) the Arrangement Agreement will not have been previously terminated.

(ii) **Conditions in favour of the Company**

The obligation of the Company to complete the Arrangement is subject to the fulfillment or waiver of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of the Company and may be waived by the Company):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Spinco or FinanceCo;
- (b) Nextech will have received a satisfactory Fairness Opinion in respect of the Arrangement and tax advice satisfactory to Nextech, in its sole discretion, respecting the tax consequences of the Arrangement to the Shareholders; and
- (c) the representations and warranties of Spinco and FinanceCo as set out in the Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Spinco or FinanceCo, respectively.

(iii) **Conditions in favour of Spinco**

The obligation of Spinco to complete the Arrangement is subject to the fulfillment or waiver of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Spinco and may be waived by Spinco):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Nextech or FinanceCo; and
- (b) the representations and warranties of Nextech and FinanceCo as set out in the Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Nextech or FinanceCo, respectively.

(iv) **Conditions in favour of FinanceCo**

The obligation of FinanceCo to complete the Arrangement is subject to the fulfillment or waiver of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of FinanceCo and may be waived by FinanceCo):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Nextech or Spinco; and
- (b) the representations and warranties of Nextech and Spinco as set out in the Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by the Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Nextech or Spinco, respectively.

Termination

Subject to the terms and conditions of the Arrangement Agreement, the Arrangement Agreement may at any time before or after the holding of the Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board without further action on the part of Shareholders, or the board of directors of Spinco or FinanceCo.

### Completion of the Arrangement

The Arrangement will become effective at 12:01 a.m. (Pacific Standard Time) on the date upon which all of the conditions to completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under the BCBCA have been filed with the Registrar. Completion of the Arrangement is expected to occur on or about June 12, 2023; however, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis.

### Procedure for Distribution of Certificates

Assuming completion of the Arrangement, if you hold your Common Shares through an Intermediary, then you are not required to take any action and Spinco Shares and New Shares will be delivered to your Intermediary through the procedures in place for such purposes between CDS & Co. or similar entities and such intermediaries. If you hold your Common Shares through an Intermediary, you should contact your Intermediary if you have questions regarding this process. In the case of Registered Shareholders, as soon as practicable following the Effective Date, such Registered Shareholder must submit his/her/its Common Shares to Computershare with a duly completed Letter of Transmittal, the form of which is included with this Information Circular. Thereafter, Computershare will cause to be delivered to Shareholders as of the Effective Date in accordance with the terms hereof and as described in the Letter of Transmittal, share certificates or DRS advices representing the aggregate New Shares and Spinco Shares to which such Shareholders are entitled following the Arrangement.

### Fractional Shares

No fractional shares will be issued and the Shareholders will not receive any compensation in lieu thereof.

### Effects of the Arrangement on Shareholders' Rights

Shareholders receiving New Shares and Spinco Shares under the Arrangement will remain shareholders of the Company and will also become shareholders of Spinco. Spinco is a company governed by the OBCA. A summary of the differences between the OBCA and BCBCA is attached to this Information Circular at Schedule "I".

### Court Approval of the Arrangement

An arrangement under the BCBCA requires Court approval. On April 25, 2023, the Company obtained the Interim Order providing for the calling and holding of the Meeting and certain other procedural matters. The text of the Interim Order is set out in Schedule "F" to this Information Circular.

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, the Company intends to make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is currently scheduled for June 9, 2023 at 9:45 a.m. (Pacific Standard Time), or as soon thereafter as counsel may be heard, at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. Any Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a response to petition no later than 12:00 p.m. (Pacific Standard Time) on June 7, 2023 along with any other documents required, all as set out in the Interim Order and the Notice of Hearing on Petition, the text of which are set out in Schedule "F" to this Information Circular, and satisfy any other requirements of the Court. Such Persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those Persons having previously filed and served a response to petition will be given notice of the adjournment.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, the Company, FinanceCo or Spinco may determine not to proceed with the Arrangement. The Spinco Shares to be issued to Shareholders pursuant to the Arrangement, the Spinco Shares to be issued to FinanceCo Shareholders in the United States, and the Spinco Warrants to be issued to holders of FinanceCo Warrants in the United States, have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the Securities Laws of each state of the United States in which Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants, as applicable, reside. Section 3(a)(10) of the

U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange to those to whom the securities will be issued, at which all Persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court will be advised prior to the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Spinco Shares to be received by Shareholders pursuant to the Arrangement, the Spinco Shares to be received by FinanceCo Shareholders pursuant to the Arrangement and the Spinco Warrants to be received by holders of FinanceCo Warrants pursuant to the Arrangement, will not require registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to, amongst other matters, the issuance of the Spinco Shares in exchange for the Common Shares pursuant to the Arrangement. See "*Regulatory Law Matters and Securities Law Matters*" below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Hearing on Petition attached at Schedule "F" this Information Circular. The Notice of Hearing on Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

### Regulatory Approvals

The Common Shares are listed and posted for trading on the CSE. It is a condition of the Arrangement that the CSE conditional approval is obtained for the Arrangement. Application will be made for the listing of the Spinco Shares on the CSE. Any listing will be subject to meeting initial listing requirements of the CSE. There can be no assurance as to if, or when, the Spinco Shares will be listed or traded on the CSE or any other stock exchange. It is a condition of the Arrangement that the CSE shall have conditionally approved the listing of the Spinco Shares on the CSE. As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares.

### Special Committee

As noted above, the Company currently anticipates that upon closing of the Arrangement, (i) an aggregate of 4,000,000 Spinco Shares (representing approximately 15.4% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed to raise aggregate gross proceeds of Cdn\$1,500,000) will be distributed to Shareholders on a pro rata basis pursuant to the Pro Rata Share Distribution; (ii) an aggregate of 3,000,000 Spinco Shares (representing approximately 11.5% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed to raise aggregate gross proceeds of Cdn\$1,500,000) to be received by the Company pursuant to the Arrangement will be transferred to certain service providers of the Company in consideration of past services and other indebtedness pursuant to the Shares for Services Distribution; and (iii) an aggregate of 13,000,000 Spinco Shares (representing approximately 50% of all issued and outstanding Spinco Shares, assuming the minimum Private Placement is completed to raise aggregate gross proceeds of Cdn\$1,500,000) will be held by the Company. It is presently anticipated that the Spinco Shares to be distributed pursuant to the Shares for Services Distribution will be allocated as follows (subject to amendment at the discretion of the Board):

<b>Name/Position with Nextech</b>	<b>Number of Spinco Shares to be Received</b>
Evan Gappelberg, Chief Executive Officer	1,300,000 <sup>(1)</sup>
Ronald Oginski, Consultant	25,000 <sup>(2)</sup>
Nima Sarshar, Employee	1,000,000 <sup>(2)</sup>
Dasha Vdovina, Employee	200,000 <sup>(2)</sup>
Carmine Milone, Employee	200,000 <sup>(2)</sup>
Omid Alemi, Employee	100,000 <sup>(2)</sup>
Reza Davariar, Employee	100,000 <sup>(2)</sup>
Andrew Chan, Chief Financial Officer	75,000 <sup>(2)</sup>

### Notes:

1. These Spinco Shares will be transferred to Mr. Gappelberg or as he may otherwise direct, in consideration of past services provided by Mr. Gappelberg in identifying, acquiring and developing the Spinout Assets.
2. These Spinco Shares will be transferred to the designated consultants/employees of Nextech in consideration of past services, pursuant to

agreements to be entered into amongst such parties prior to the Effective Date.

Mr. Gappelberg is currently a director, officer and a significant shareholder of the Company for the purposes of applicable securities legislation and is proposed to serve as a director and officer of Spinco upon completion of the Arrangement. Mr. Gappelberg beneficially owns or controls an aggregate of 10,912,499 Common Shares representing approximately 10% of the Common Shares issued and outstanding as of the date of this Information Circular. Pursuant to the Arrangement, it is anticipated that Mr. Gappelberg will acquire beneficial ownership and control over an aggregate of 1,698,596 Spinco Shares (inclusive of Spinco Shares issued pursuant to the Pro Rata Share Distribution and Shares for Services Distribution) which will result in Mr. Gappelberg having beneficial ownership or control and direction over approximately 6.5% of the issued and outstanding Spinco Shares, calculated assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000.

Mr. Chan is currently an officer of the Company for the purposes of applicable securities legislation and is proposed to serve as an officer of Spinco upon completion of the Arrangement. Mr. Chan beneficially owns or controls an aggregate of 52,714 Common Shares representing less than 1% of the Common Shares issued and outstanding as of the date of this Information Circular. Pursuant to the Arrangement, it is anticipated that Mr. Chan will acquire beneficial ownership and control over an aggregate of 76,925 Spinco Shares (inclusive of Spinco Shares issued pursuant to the Pro Rata Share Distribution and Shares for Services Distribution) which will result in Mr. Chan having beneficial ownership or control and direction over approximately 0.3% of the issued and outstanding Spinco Shares, calculated assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000.

### Background of the Transaction

The Company previously successfully completed a spin-out of its wholly-owned subsidiary Arway Corporation, in October 2022 pursuant to the Arway Plan of Arrangement. See "*Interest of Informed Persons in Material Transactions*". Prior to completion of the Arway Plan of Arrangement, the Company engaged in discussions with a third party reporting issuer to effect a reverse take-over, which would have resulted in the Company and its Shareholders collectively holding approximately 66% of the resulting issuer, and the shareholders of the third party retaining approximately 33% of the resulting issuer, upon closing of the transaction. Following further deliberations, the Company determined to terminate discussions with the third party and proceed with a direct spin-out of Arway Corporation pursuant to the Arway Plan of Arrangement, which it considered to be more efficient and less dilutive to Shareholders. Following the success of the Arway Plan of Arrangement, the Company has proposed the Arrangement on substantially the same terms in order to enhance shareholder value through the spinout of the Toggle3D standalone web application. In this regard, the Company has made the determination to proceed directly to a spinout and direct listing instead of engaging with third parties for a potential reverse-take over or other business combination, given the dilution factors and stock exchange shell valuations with which it became familiar through its prior deliberations concerning the Arway Plan of Arrangement.

Accordingly, the Board commenced discussions regarding a direct spinout of the Spinout Assets pursuant to the Plan of Arrangement. As it was anticipated that directors and officers of the Company would receive Spinco Shares pursuant to the Shares for Services Distribution in connection with the proposed Arrangement, the Board established an independent special committee (the "**Special Committee**") to review and provide recommendations to the Board regarding the Arrangement.

### Special Committee Composition and Mandate

The mandate of the Special Committee included reviewing and assessing the Arrangement, considering potential alternatives and advising the Board accordingly. In addition, the Special Committee was vested with control over its processes respecting the holding of meetings, the quorum therefor, the timing and location thereof, the individuals present thereat and such other matters as the Special Committee considered necessary or desirable to discharge its mandate. The Special Committee was comprised of Mr. Jeff Dawley and Mr. David Cramb, each of whom were independent. No chair of the Special Committee was appointed.

### Engagement of Advisors

After discussions with management, the members of the Special Committee were in agreement with the retention of RWE Growth Partners, Inc. (the "**Fairness Advisor**") to provide a fairness opinion in respect of the Arrangement. The Special Committee considered the qualifications, experience and independence of the Fairness Advisor and its expertise in advising special committees. The Special Committee held detailed discussions with Mr. Richard Evans of the Fairness Advisor, and reviewed an engagement letter with the Fairness Advisor pursuant to which it was engaged to advise the Special Committee in respect of the fairness of the Arrangement from a financial point of view, to the Shareholders. The Fairness Advisor was not engaged to prepare a formal valuation as that term is defined in Multilateral Instrument 61-101, as an applicable exemption from the formal valuation requirements of such instrument was available in connection with the Arrangement. The Fairness Advisor subsequently met

several times with management in order to gather information required for its review. The Fairness Advisor was compensated on the basis of a fixed fee, agreed upon in advance of its engagement and was not provided any form of contingent compensation tied to success or completion or approval of the Arrangement. The Fairness Advisor and the Special Committee believed that a fixed fee compensation arrangement without any amounts contingent on approval or completion of the Arrangement would ensure that the fee structure would not compromise the Fairness Advisor's independence in its evaluation of the fairness of the Arrangement. There existed no economic or personal relationship between the Fairness Advisor and the Special Committee or any of the parties to the Arrangement.

### Deliberations

The Special Committee considered the initial terms of the proposed Arrangement and met with members of the Company's management team and legal advisors on several occasions to better understand the rationale and benefits of the proposed Arrangement. The consideration to be received by the Company and Shareholders pursuant to the Arrangement was considered to be reasonable due to the continued interest that Shareholders will retain in the Spinout Assets through the approximate 50% interest to be retained by the Company in Spinco upon closing of the Arrangement (assuming completion of the minimum Private Placement), the benefit to be accrued to Shareholders pursuant to the Pro Rata Share Distribution, the cash savings to the Company as a result of the Shares for Services Distribution, and the conclusions of the Fairness Opinion, as well as the fact that the Arrangement remained subject to the approval of both Shareholders and the Court. The Special Committee also considered and reviewed with the Company's prior negotiations in 2022 with a third party concerning the Arway Plan of Arrangement, which were considered reflective of an arm's length alternative to the Arrangement, and the alternative of maintaining the status quo in lieu of proceeding with the Arrangement. After thoroughly reviewing these matters with management, on April 21, 2023, the Special Committee determined that the Arrangement would be beneficial as it would allow for the separate development of the Spinout Assets through a separate public vehicle, which had the potential to increase visibility and enhance future financing opportunities with respect to the Toggle3D platform and related products.

A press release announcing the terms of the proposed Arrangement was disseminated by the Company on February 2, 2023. On April 5, 2023, the Company, FinanceCo and Spinco entered into the Arrangement Agreement, which provided for a number of conditions to be satisfied prior to completion including the receipt of a Fairness Opinion and approval of the Special Committee.

Ove the course of their review, the members of the Special Committee met with the Fairness Advisor to discuss the Fairness Advisor's initial impressions of value, including with respect to the stage of development and risk factors associated with the proposed business of Spinco, valuation methodology and related party considerations. In connection with its deliberations, the Special Committee also reviewed the contents of draft and final versions of the management information circular and related disclosure documents concerning Spinco and the Spinout Assets. The Special Committee was provided with the opportunity to ask questions of the Fairness Advisor, including with respect to matters relating to the assumptions underlying the Fairness Opinion, and the other relevant industry and economic factors considered by the Fairness Advisor in connection with its review. Following discussion between the Special Committee and the Fairness Advisor, the Fairness Advisor delivered a written Fairness Opinion dated effective April 12, 2023 to the Special Committee that as of February 28, 2023, the Arrangement was fair, from a financial point of view, to the Shareholders. In preparing the Fairness Opinion for the proposed Arrangement, the Fairness Advisor considered the proposed terms of the transaction, relevant industry and economic factors, background information relating to both the Company and Spinco and the Spinout Assets, and conducted research into recent market transactions involving assets and companies somewhat comparable to the Spinout Assets. The foregoing summary of the Fairness Opinion is qualified in its entirety by the full text of the Fairness Opinion, and the assumptions and limitations set forth therein, a copy of which is appended to this Information Circular at Schedule "D".

The Special Committee was comfortable that the Fairness Advisor had conducted a thorough review of available valuation methodologies and had exercised its professional expertise in applying these valuation matters. The Special Committee considered various advantages of the proposed Arrangement including the prospective nature of the Spinout Assets, the continued interest that Shareholders will retain in the Spinout Assets through the approximate 50% interest to be retained by the Company in Spinco upon closing of the Arrangement (assuming completion of the minimum Private Placement), the benefit to be accrued to Shareholders pursuant to the Pro Rata Share Distribution, the cash savings to the Company as a result of the Shares for Services Distribution, and the conclusions of the Fairness Opinion, as well as the fact that the Arrangement remained subject to the approval of both Shareholders and the Court. The Special Committee also considered the following: (i) the regulatory requirement for Shareholder and Court approval of the proposed Arrangement; and (ii) certain potential disadvantages associated with the Arrangement, including dilution to the interest of Shareholders in the Spinout Assets, the risk factors associated with the transaction, and the increased percentage ownership of Mr. Gappelberg in the in the Company as a result of the Arrangement. The Special Committee ultimately determined that the benefits of the Arrangement outweighed the disadvantages, and effective April 21, 2023, the Special Committee recommended the approval of the Arrangement to the Board. The Special Committee relied upon its business judgement which was confirmed by the advice of the Fairness Advisor as set forth in the Fairness Opinion.

### Dissenting Views of the Special Committee

Throughout their review of the Arrangement, the members of the Special Committee retained the view that the Arrangement remained desirable and relying upon the Fairness Opinion, that the agreed upon final terms were fair, from a financial point of view, to Shareholders.

### Consideration of Alternatives

Given the unique nature of the Arrangement, the alternative considerations were either to maintain the status quo and undertake no transaction, or to engage in an arm's length transaction with a third party similar to one previously canvassed for the Arway Plan of Arrangement in 2022. After consideration, it was determined that it would be most advantageous to proceed with the Arrangement as it provided significant advantages to the Company over the long term as compared to maintaining the status quo or experiencing additional dilution as a result of engaging in a transaction with a third party.

### Regulatory Law Matters and Securities Law Matters

Other than the Final Order and the approvals of the CSE, the Company is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, the Company currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date. Subject to receipt of Shareholder approval of the Arrangement Resolution at the Meeting, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, the Effective Date is expected to be on or about June 12, 2023 or shortly thereafter.

### Canadian Securities Law Matters

Each Shareholder is urged to consult such Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the New Shares or Spinco Shares.

The Company is a reporting issuer in each of the provinces of Canada other than Quebec and its Common Shares currently trade on the CSE. Upon completion of the Arrangement, Spinco expects that it will be a reporting issuer in each of the provinces of Canada other than Quebec. Application has been made for the listing of the Spinco Shares on the CSE. Any listing will be subject to meeting the initial listing requirements of the CSE. There can be no assurance as to if, or when, the Spinco Shares will be listed or traded on the CSE or any other stock exchange. It is a condition of the Arrangement that the CSE shall have conditionally approved the listing of the Spinco Shares on the CSE. As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares.

The distribution of the New Shares and Spinco Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The New Shares and Spinco Shares (if listed) received pursuant to the Arrangement will not be legended and may generally be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined National Instrument 45-102 - *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the New Shares or the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a Person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of the Company or Spinco, as the case may be, the selling security holder has no reasonable grounds to believe that the Company or Spinco, as the case may be, is in default of applicable Canadian Securities Laws. Resales of New Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the holdings of any person or combination of persons holding a sufficient number of New Shares or Spinco Shares, as the case may be, to affect materially the control of the Company or Spinco, respectively. The issuance pursuant to the Arrangement of the New Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made pursuant to exemptions from the prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Shareholders are resident.

### United States Securities Law Matters



The resale rules under the U.S. Securities Act applicable to Shareholders in the United States are summarized below. The following summary is a general overview of certain requirements of U.S. federal securities laws that may be applicable to Shareholders in the United States with respect to securities of Spinco that they may receive pursuant to or following the Arrangement. All Shareholders in the United States are urged to consult with their own legal counsel to ensure that any proposed resale or exercise of such Spinco Shares complies with applicable Securities Laws.

Shareholders in the United States who are not "affiliates" of Spinco at the time of, or within 90 days before, their resale of Spinco Shares and who were not "affiliates" of Spinco within 90 days prior to the Effective Date, may generally resell Spinco Shares without restriction under the U.S. Securities Act. An "affiliate" of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. "Control" means the possession, direct or indirect, of the power to direct or cause direction of the management and policies of an issuer, whether through the ownership of voting securities, by contract or otherwise. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its "affiliates". Affiliates of Spinco shareholders in the United States who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares or who were affiliates of Spinco within 90 days prior to the Effective Date, will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the Spinco Shares. These shareholders may not resell their Spinco Shares unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Regulation S or Rule 144, if available, as follows:

- *Resale of Spinco Shares Pursuant to Regulation S.* In general, under Regulation S, persons who are affiliates of Spinco at the time of their resale of Spinco Shares solely by virtue of their status as an officer or director of Spinco may sell Spinco Shares outside of the United States in an "offshore transaction" (which would include a sale through the CSE, if applicable) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions are applicable to a holder of Spinco Shares who is an affiliate of Spinco at the time of their resale of Spinco Shares other than by virtue of his or her status as an officer or director of Spinco.
- *Resale of Spinco Shares Pursuant to Rule 144.* In general, under Rule 144 under the U.S. Securities Act, if available, persons who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares, or who were affiliates of Spinco within 90 days prior to the Effective Date, will be entitled to sell Spinco Shares in the United States, provided that during any three-month period, the number of such Spinco Shares sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Spinco. Each U.S. Holder of Common Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

#### Fees and Expenses

All expenses incurred in connection with the Arrangement shall be paid by the Company.

#### Interests of Certain Persons in the Arrangement

In considering the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that the Company's senior management and the Board will participate in the Arrangement, to the extent they are Shareholders, in the same manner as Shareholders. Additionally, certain current directors and officers of the Company are expected to serve as directors and officers of Spinco, and to receive Spinco Shares pursuant to the Shares for Services Distribution. See "*Approval of Plan of Arrangement – Special Committee*" and Schedule "B" – "*Information Regarding Spinco*" for further details.

Additionally, all outstanding stock options in the Company, the majority of which are held by directors and executive officers of the Company are being retained and will be adjusted in accordance with the anti-dilution provisions of the Stock Option Plan, as applicable.

The directors of the Company (other than directors who are also executive officers) hold, in the aggregate, 65,217 Common Shares, representing less than 1% of the Common Shares outstanding on the Record Date. All of the Common Shares held by the directors will be treated in the same fashion under the Arrangement as Common Shares held by every other Shareholder.

The current responsibility for the general management of the Company is held and discharged by a group of executive officers. The executive officers of the Company are currently as follows:

Name/Position	Number of Common Shares Held at April 18, 2023
Evan Gappelberg, CEO and Director	10,912,499
Andrew Chan, CFO	52,714

The executive officers of the Company hold, in the aggregate, 10,965,213 Common Shares representing approximately 10% of the Common Shares outstanding as of the Record Date. All of the Common Shares held by the executive officers of the Company will be treated in the same fashion under the Arrangement as Common Shares held by every other Shareholder.

### Risks Associated with the Arrangement

In evaluating the Arrangement, Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect trading price of the New Shares, the Spinco Shares and/or the businesses of the Company and Spinco following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Shareholders should also carefully consider the risk factors associated with the businesses of the Company and Spinco included in this Information Circular, the Schedules to this Information Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include the risk factors set out below.

**The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having an adverse material effect on the Company.** Each of the Company, FinanceCo and Spinco has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Arrangement Agreement will not be terminated by any of the Company, FinanceCo or Spinco before the completion of the Arrangement. For example, each of FinanceCo and Spinco has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have an adverse material effect on the Company. Although an adverse material effect excludes certain events that are beyond the control of the Company (such as general changes in the global economy generally and which do not have a materially disproportionate effect on the Company), there is no assurance that a change having an adverse material effect on the Company will not occur before the Effective Date, in which case Spinco or FinanceCo could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

**There can be no certainty that all conditions precedent to the Arrangement will be satisfied.** The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of the Company, including satisfaction of the conditions precedent to the Arrangement and receipt of the Final Order. There can be no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Common Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

**The Company will incur costs even if the Arrangement is not completed.** Certain costs related to the Arrangement, such as legal, accounting and Fairness Opinion fees, must be paid by the Company even if the Arrangement is not completed. The Company is liable for all costs incurred in connection with the Arrangement.

**The market price for the Common Shares may decline.** If the Arrangement is not approved by the Shareholders, the market price of the Common Shares may decline to the extent that the current market price of the Common Shares reflects a market assumption that the Arrangement will be completed. If the Arrangement Resolution is not approved and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

**The Company may sell Spinco Shares on behalf of Shareholders to meet the Company's withholding tax obligations (including any applicable interest and penalties) arising as a result of any deemed dividend under the Arrangement or otherwise.** If Nextech determines that a deemed dividend will arise as a consequence of the Arrangement Agreement, Nextech will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Shareholder that is not resident in Canada for Canadian tax purposes (including the Spinco Shares) such amounts as Nextech is required, entitled or permitted to deduct and withhold under the Tax Act. To the extent that Nextech is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, Nextech is entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations. Any such sales may negatively impact the trading price of the Spinco Shares where such shares are listed.

**Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan.** Although an application has been made to the CSE for listing of the Spinco Shares on the CSE, there is no assurance when, or if, the Spinco Shares will be listed on the CSE or on any other stock exchange. If the Spinco Shares are not listed on a "designated stock exchange", as defined in the Tax Act, or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation" before the due date for Spinco's first income tax return and/or does not make the election in its first income tax return to be deemed to be a public corporation from the beginning of such year, the Spinco Shares will not be considered to be a "qualified investment" under the Tax Act for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty Taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked. See "*Certain Canadian Federal Income Tax Considerations – Residents of Canada - Eligibility for Investment*".

**Dissent Rights.** Shareholders will not be given the right to dissent in respect of the special resolution to approve the Arrangement and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA do not apply to such special resolution or the Arrangement. The Company acknowledges that the shareholders are offered a right to dissent in most plan of arrangement transactions. Shareholders will not be provided with the right to dissent because the Company does not have the cash resources or assets that could be readily liquidated to finance such a right, and the terms and number of Common Shares held by Shareholders will not be modified or altered in any material respect.

#### *Certain Canadian Federal Income Tax Considerations*

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Shareholder who, for purposes of the Tax Act, holds Common Shares, and will hold New Shares and Spinco Shares acquired pursuant to the Arrangement, as capital property, deals at arm's length with each of the Company and Spinco and is not affiliated with the Company or Spinco. The Common Shares, New Shares and Spinco Shares generally will be considered capital property to a Shareholder for purposes of the Tax Act unless the Shareholder holds such Common Shares in the course of carrying on a business of buying and selling securities or the Shareholder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade. In circumstances where Common Shares, New Shares and Spinco Shares may not otherwise constitute capital property to a particular holder who is resident in Canada for purposes of the Tax Act, such holder may be entitled to elect that such securities be deemed to be capital property by making an irrevocable election under subsection 39(4) of the Tax Act to deem every "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in each subsequent taxation year to be capital property. Shareholders contemplating such an election should first consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Tax Regulations**") in force on the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the CRA. The summary takes into account all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may materially differ from Canadian federal income tax legislation or considerations. This summary does not apply to Shareholders which are "financial institutions" for the purposes of the market-to-market rules in the Tax Act, "specified financial institutions" or an interest in which would be a "tax shelter" or a "tax shelter investment" or has entered or will enter into a "derivative forward agreement", a "synthetic disposition arrangement", a "synthetic equity arrangement" or a "dividend rental arrangement", each as defined in the Tax Act. This summary also does not apply to a Shareholder that has made a functional currency reporting election pursuant to the Tax Act. In addition, this summary does not address the tax considerations relevant to Shareholders who acquired

their Common Shares on the exercise of an employee stock option. Such Shareholders should consult their own tax advisors. Further, this summary is not applicable to a person that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Common Shares, New Shares or Spinco Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. Any such shareholder should consult its own tax advisor.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Shareholder. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority. For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Common Shares, New Shares or Spinco Shares, including interest, dividends, ACB and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

### Residents of Canada

This part of the summary is applicable only to Shareholders, who, for the purposes of the Tax Act and at all relevant times, are resident, or deemed to be resident, in Canada ("**Resident Holders**").

### Exchange of Common Shares for New Shares and Spinco Shares

Resident Holders will be considered to have disposed of their Common Shares on the exchange of their Common Shares for New Shares and Spinco Shares. The cost to a Resident Holder of Spinco Shares acquired on the exchange of Common Shares for New Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Resident Holder of New Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Resident Holder's Common Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange. If the aggregate fair market value of the Spinco Shares received by a Resident Holder on the exchange exceeds the paid-up capital as determined for purposes of the Tax Act of the Common Shares exchanged then the excess will generally be deemed to be a dividend received by the Resident Holder from the Company. See "*Dividends on Shares*" below for a general description of the treatment of dividends under the Tax Act including amounts deemed under the Tax Act to be received as dividends. A determination of whether a Resident Holder will be deemed to receive a dividend and the amount of any such dividend cannot be made at this time because it will be dependent on the fair market value, on the Effective Date, of the Spinco Shares distributed by the Company pursuant to the Arrangement and the paid-up capital of the Common Shares on the Effective Date. On the exchange of Common Shares for New Shares and Spinco Shares, a capital gain (or capital loss) may be realized by a Resident Holder equal to the amount, if any, by which (a) the aggregate of the cost of the Spinco Shares and of the New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange, exceeds (or is less than) (b) the aggregate of the ACB of the Common Shares exchanged and any reasonable costs of disposition. Resident Holders should consult with their own tax advisors regarding the ACB of their Common Shares since the ACB will depend on the circumstances in which their Common Shares were issued to them. See "*Taxation of Capital Gains and Losses*" below.

### Dividends on Shares

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder's Common Shares, New Shares or Spinco Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by the Company or Spinco, as the case may be, as "eligible dividends", as defined in the Tax Act. A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Resident Holder's Common Shares, New Shares or Spinco Shares, but generally will be entitled to deduct an equivalent amount in computing its taxable income. In the event that a dividend is deemed to have been received on the exchange of Common Shares for New Shares and Spinco Shares under the Arrangement, Resident Holders that are corporations may wish to consult their tax advisors on the tax consequences of the deemed receipt of such a dividend, including the potential application of subsection 55(2) of the Tax Act that may result in a portion or all of such deemed dividend being treated as a capital gain, depending on the circumstances. A "private corporation" or a "subject corporation" (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 38½% on any dividend that it receives or is deemed to receive on Common Shares, New Shares or Spinco Shares to the extent that the dividend is deductible in computing the corporation's taxable income. If certain Tax Proposals are enacted, this refundable tax will also apply to a "substantive CCPC" (within the meaning of the Tax Proposals and for the purposes of the Tax Act). Taxable dividends received by a Resident Holder that is an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

### Disposition of New Shares and Spinco Shares

A Resident Holder that disposes or is deemed to dispose of a New Share or a Spinco Share in a taxation year generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the New Share or Spinco Share, as the case may be, exceed (or are less than) the sum of the Resident Holder's ACB of such New Share or Spinco Share, as the case may be, determined immediately before the disposition and any reasonable costs of disposition. See "*Taxation of Capital Gains and Losses*" below.

### Taxation of Capital Gains and Losses

Generally, a Resident Holder will be required to include in computing the Resident Holder's income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by the Resident Holder in that year. A Resident Holder will generally be entitled to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years to the extent and under the circumstances specified in the Tax Act. Where a Resident Holder is a corporation, the amount of any capital loss arising on a disposition or deemed disposition of any New Share or Spinco Share, as the case may be, may be reduced by the amount of dividends received or deemed to have been received by it on such New Share or Spinco Share, as the case may be, to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns New Shares or Spinco Shares, as the case may be, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns such securities. A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be required to pay an additional 10% refundable tax on certain investment income, which includes taxable capital gains. If certain Tax Proposals are enacted, this refundable tax will also apply to a "substantive CCPC" (within the meaning of the Tax Proposals and for the purposes of the Tax Act). Capital gains realized by a Resident Holder that is an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

### Minimum Tax

A Resident Holder who is an individual (including certain trusts) is subject to minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income of an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

### Eligibility for Investment

The New Shares and the Spinco Shares to be issued pursuant to the Arrangement would, if issued on the date of this Information Circular, be "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan ("**RESP**"), a registered disability savings plan ("**RDSP**"), a tax-free savings account ("**TFSA**") and a first home savings account ("**FHSA**") (collectively, "**Registered Plans**"), provided such New Shares and Spinco Shares are listed on a "designated stock exchange" as defined in the Tax Act, which includes the CSE, or the Company or Spinco, as the case may be, is a "public corporation" as defined in the Tax Act. If the Spinco Shares are not listed on a designated stock exchange at the time they are issued pursuant to the Arrangement, but such Spinco Shares become listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return and Spinco makes the appropriate election under the Tax Act in that return, such Spinco Shares will be considered qualified investments for Registered Plans from the date of issuance. If the Spinco Shares are not listed on a designated stock exchange before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under or the subscriber or holder of the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a RESP, such plan may have its tax exempt status revoked. Notwithstanding that the New Shares and the Spinco Shares may be a qualified investment for a Registered Plan, the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP, TFSA or FHSA, as the case may be, will be subject to a penalty tax if such securities are "prohibited investments" for purposes of the Tax Act for such Registered Plans. The New Shares and/or Spinco Shares, as the

case may be, will not generally be prohibited investments for a Registered Plan if the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP, TFSA, or FHSA as the case may be, deals at arm's length with the Company and/or Spinco, as the case may be, for the purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in the Company and/or Spinco, as the case may be. In addition, New Shares and/or Spinco Shares, as the case may be, will generally not be prohibited investments if such securities are "excluded property" as defined in the Tax Act. Shareholders should consult their own tax advisors as to whether New Shares and/or Spinco Shares will be prohibited investments in their particular circumstances, including with respect to whether the New Shares and/or the Spinco Shares, as the case may be, would be "excluded property", as defined in the Tax Act.

#### Non-Residents of Canada

This part of the summary is applicable to Shareholders, who, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held or will hold Common Shares, New Shares or Spinco Shares, and who do not use or hold, will not use or hold and are not and will not be, deemed to use or hold such Common Shares, New Shares or Spinco Shares, in carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act).

#### Exchange of Shares for New Shares and Spinco Shares

The cost to a Non-Resident Holder of Spinco Shares acquired on the exchange of Common Shares for New Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Non-Resident Holder of New Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Non-Resident Holder's Common Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange. If the aggregate fair market value of the Spinco Shares received by a Non-Resident Holder on the exchange exceeds the paid-up capital as determined for purposes of the Tax Act of the Common Shares exchanged, then the excess will generally be deemed to be a dividend received by the Non-Resident Holder from the Company and subject to withholding tax. See "*Dividends on Shares*" below for a general description of the treatment of dividends received by a Non-Resident Holder under the Tax Act including amounts deemed under the Tax Act to be received as dividends. A determination of whether a Non-Resident Holder will be deemed to receive a dividend and the amount of any such dividend cannot be made at this time because it will be dependent on the fair market value, on the Effective Date, of the Spinco Shares distributed by the Company pursuant to the Arrangement and the paid-up capital of the Common Shares on the Effective Date. If the Company determines that a deemed dividend arose as a consequence of the Arrangement, the Company will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Non-Resident Holder (including the Spinco Shares) such amounts as the Company is required or permitted to deduct and withhold under the Tax Act. To the extent that the Company is required to deduct and withhold an amount from the consideration, including the Spinco Shares, the Company will take such actions as may be reasonably necessary in order to meet the Company's withholding tax obligations arising as a result of any deemed dividend to Non-Resident Shareholders.

Non-Resident Holders may be subject to additional tax consequences in Canada as a result of any such actions taken by the Company to meet its withholding obligations under the Tax Act. On the exchange of Common Shares for New Shares and Spinco Shares, a capital gain (or capital loss) may be realized by a Non-Resident Holder equal to the amount by which (a) the aggregate of the cost of the Spinco Shares and of the New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange exceeds (or is less than) (b) the aggregate of the ACB of the Common Shares exchanged and any reasonable costs of disposition. A Non-Resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Common Shares for New Shares and Spinco Shares, provided that the Common Shares are not "taxable Canadian property" (as defined in the Tax Act), as discussed below, to the Non-Resident Holder at the time of the exchange or an applicable income tax treaty or convention exempts the capital gain from tax under the Tax Act. Common Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition, if the Common Shares are listed on a designated stock exchange, as defined in the Tax Act, which includes the CSE, at the time of disposition unless at any time during the 60-month period immediately preceding the disposition (i) (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, (c) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest, directly or indirectly, through one or more partnerships, or (d) any combination of the persons and partnerships described in (a) through (c), owned or was considered to own 25% or more of the issued Common Shares or of any class of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Common Shares may also be deemed to be "taxable Canadian property" pursuant to the

Tax Act. Even if the Common Shares are taxable Canadian property of a Non-Resident Holder, such Non-Resident Holder may be exempt from tax under the Tax Act on the disposition of such Common Shares by virtue of an applicable income tax treaty or convention. In cases where a Non-Resident Holder disposes, or is deemed to dispose, of a Common Share that is taxable Canadian property of that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption from tax under the Tax Act or pursuant to the terms of an applicable income tax treaty or convention, the consequences under the heading "*Residents of Canada – Taxation of Capital Gains and Capital Losses*" will generally be applicable to such disposition. Non-Resident Holders who may hold Common Shares as taxable Canadian property should consult their own tax advisors.

#### Dividends on Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's Common Shares, New Shares or Spinco Shares will be subject to withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a Non-Resident Holder who is the beneficial owner of dividends and is a resident of the United States for purposes of the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital (the "**Canada-US Treaty**") and who is entitled to the benefits of the Canada-US Treaty, the rate of withholding will generally be reduced to 15%. If the Company determines that a deemed dividend arose as a consequence of the Arrangement, the Company will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Non-Resident Holder (including the Spinco Shares) 25%, subject to reduction under the provisions of an applicable income tax treaty or convention, of the deemed dividend under Part XIII of the Tax Act. To the extent that the Company is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, the Company will take such actions as may be reasonably necessary in order to meet the Company's withholding tax obligations arising as a result of any deemed dividend to Non-Resident Shareholders. Non-Resident Holders may be subject to additional tax consequences in Canada as a result of any such actions taken by the Company to meet its withholding obligations under the Tax Act.

#### *United States Tax Considerations*

Each U.S. Holder of Common Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

#### *Information Concerning Spinco*

Spinco is currently a wholly-owned subsidiary of the Company that has been formed to acquire and hold the Spinout Assets. The registered office of Spinco is located at Suite 3000, 77 King Street West, Toronto, Ontario M5L 1G8. Upon completion of the Arrangement, Spinco expects that it will be a reporting issuer in each of the Provinces of Canada other than Quebec, and will hold the Spinout Assets and a minimum of Cdn\$1,500,000 in cash pursuant to the Private Placement. An application has been made for listing of the Spinco Shares on the CSE. Any listing will be subject to meeting CSE original listing requirements and there is no assurance such a listing will be obtained. Upon completion of the Arrangement, each Shareholder will become a shareholder of Spinco. Information relating to Spinco is contained in Schedules "B", "G" and "H" to this Information Circular.

#### *Particulars of Matters to be Acted Upon*

##### Approval of Arrangement

At the Meeting, the Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Schedule "C" to this Information Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCBCA, the Arrangement Resolution must be approved by at least two-thirds of the votes cast on the Arrangement Resolution by Shareholders, and at least two-thirds of the votes cast on the Arrangement Resolution by Shareholders excluding the votes attached to all Common Shares held by Evan Gappelberg. To the knowledge of the Company, Mr. Gappelberg holds an aggregate of 10,912,499 Common Shares as of April 18, 2023, representing approximately 10% of all issued and outstanding Common Shares as of such date.

The Board recommends that each Shareholder vote FOR the Arrangement Resolution. **Unless otherwise indicated, the persons named in the enclosed Proxy form intend to vote FOR the Arrangement Resolution.**

##### Approval of Spinco Option Plan

As the Stock Option Plan will not carry forward to Spinco, and in contemplation of the Arrangement becoming effective, the directors of Spinco have adopted the Spinco Option Plan. At the Meeting, Shareholders will be asked to approve and ratify the Spinco Option Plan. The Spinco Option Plan was approved by the board of directors of Spinco on April 5, 2023.

Spinco has adopted the Spinco Option Plan in order to provide incentive compensation to directors, officers, employees and other specified service providers of Spinco as well as to assist Spinco in attracting, motivating and retaining qualified personnel. The purpose of the Spinco Option Plan is to provide additional incentive for participants' efforts to promote the growth and success of the business of Spinco. The Spinco Option Plan will be administered by Spinco's directors, or committee thereof, which will designate, from time to time, the recipients of grants and the terms and conditions of each grant, in each case in accordance with applicable Securities Laws and stock exchange requirements. For a full description of the Spinco Option Plan, see Schedule "B" – "*Information Concerning Spinco*". The description is qualified in its entirety by reference to the full text of the Spinco Option Plan which is set forth in Appendix "I" to Schedule "G" hereto. Upon completion of the Arrangement, no Spinco stock options will have been granted under the Spinco Option Plan. If the Spinco Option Plan is approved by Shareholders, it is expected that approximately 5,200,000 Spinco stock options will be available for future grant, which will represent approximately 20% of the issued and outstanding Spinco Shares at the time of completion of the Arrangement, including Spinco Shares assumed to be issued under the Private Placement (assuming the minimum Private Placement is completed).

At the Meeting, Shareholders will be invited to consider, and if thought fit, approve a resolution substantially in the form attached hereto as Schedule "G" (the "**Spinco Stock Option Plan Resolutions**") approving the Spinco Option Plan.

In order to be effective, the Spinco Stock Option Plan Resolutions must be approved by a majority of the Common Shares represented by the Shareholders present at the Meeting in person or by proxy.

The Board recommends that each Shareholder vote FOR the Spinco Stock Option Plan Resolutions. **Unless otherwise indicated, the persons named in the enclosed Proxy form intend to vote FOR the Spinco Stock Option Plan Resolutions.**

#### **INTEREST OF EXPERTS**

To the best of the Company's knowledge, as at the date hereof, neither RWE Growth Partners, Inc., who have prepared the Fairness Opinion, of copy of which is appended to this Information Circular, nor any director, officer, employee or partner thereof, have received a direct or indirect interest in any property of the Company or Spinco or any associate or affiliate thereof except as disclosed herein. None of the aforementioned Persons nor any directors, officers, employees and partners, as applicable, of each of the aforementioned Persons, is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or Spinco or any associate or affiliate of the Company or Spinco. Both Marcum LLP and Saturna Group, Chartered Professional Accountants LLP have confirmed that they are independent with respect to the Company and Spinco, respectively, within the meaning of the Code of Professional Conduct of the American Institute of Certified Public Accountants and the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia, respectively.

#### **OTHER BUSINESS**

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular, a "**Named Executive Officer**" or "**NEO**" means each of the following individuals:

- (a) the chief executive officer of the Company ("**CEO**") during any part of the most recently completed financial year;
- (b) the chief financial officer of the Company ("**CFO**") during any part of the most recently completed financial year;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.



As at the end of the Company's twelve months ended December 31, 2022, the Company had two NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

### Director and Named Executive Officer Compensation

The following table is a summary of compensation (excluding compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and director for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company, for each of the Company's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year Ended	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Evan Gappelberg CEO & Director	Dec 31, 2021	752,100	Nil	Nil	Nil	Nil	752,100
	Dec 31, 2022	914,027	Nil	Nil	Nil	Nil	914,027
Andrew Chan <sup>(1)</sup> CFO	Dec 31, 2021	145,833	Nil	Nil	Nil	Nil	145,833
	Dec 31, 2022	250,000	Nil	Nil	Nil	Nil	250,000
Paul Duffy Former Chairman, President & Director <sup>(2)</sup>	Dec 31, 2021	400,000	Nil	Nil	Nil	Nil	400,000
	Dec 31, 2022	388,888	Nil	Nil	Nil	Nil	388,888
Belinda Tyldesley Director & Corporate Secretary	Dec 31, 2021	Nil	Nil	Nil	Nil	46,403 <sup>(3)</sup>	46,403
	Dec 31, 2022	Nil	Nil	Nil	Nil	34,991 <sup>(3)</sup>	34,991
Ori Inbar <sup>(4)</sup> Director	Dec 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil
David Cramb Director	Dec 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil
Jeff Dawley <sup>(5)</sup> Director	Dec 31, 2021	Nil	Nil	Nil	Nil	Nil	Nil
	Dec 31, 2022	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

1. Mr. Chan was appointed as CFO of the Company on June 1, 2021
2. Mr. Duffy resigned as a director and officer of the Company on August 19, 2022.
3. Ms. Tyldesley received \$34,991 in fiscal 2022 and \$46,403 in fiscal 2021 for her services rendered to the Company as Corporate Secretary.
4. Mr. Inbar resigned as a director of the Company on August 19, 2022.
5. Mr. Dawley was appointed as director of the Company on November 15, 2021.

### Stock options and other compensation securities

The following table provides information on all compensation securities granted or issued to each director and NEO by the Company or one of its subsidiaries in the twelve months ended December 31, 2022, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Evan Gappelberg <sup>(1)</sup> CEO & Director	Stock Options	625,000 <sup>(1)</sup>	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025
		11,956,152 <sup>(2)</sup>	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2027
Andrew Chan <sup>(3)</sup> CFO	Stock Options	350,000	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025
Belinda Tyldesley <sup>(4)</sup> Director & Corporate Secretary	Stock Options	60,000	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025
Ori Inbar <sup>(5)</sup> Former Director	Stock Options	175,000	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025
David Cramb <sup>(6)</sup> Director	Stock Options	75,000	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025
Jeff Dawley <sup>(7)</sup> Director	Stock Options	25,000	June 20, 2022	\$0.55	\$0.55	\$0.78	June 20, 2025

**Notes:**

- At December 31, 2022, Mr. Gappelberg held 625,000 stock options, each exercisable at \$0.55 until June 20, 2025.
- At December 31, 2022, Mr. Gappelberg held 11,956,152 stock options, each exercisable at \$0.55 until June 20, 2027. The stock options shall vest in twelve (12) equal tranches of 996,346 stock options per tranche, with such vesting contingent upon (i) Evan Gappelberg serving as Chief Executive Officer or Chairman of the Company at the applicable time of vesting; (ii) the Company securing all necessary shareholder and regulatory approvals to provide for sufficient availability under the Stock Option Plan for the issuance of the Common Shares upon exercise of the respective stock options, and/or shareholder approval of any stock options which exceed the number of Common Shares otherwise available for issuance under the Stock Option Plan; and (iii) the Company achieving the certain market capitalization milestones.
- At December 31, 2022, Mr. Chan held an aggregate of 350,000 stock options, each exercisable at \$0.55 until June 20, 2025.
- At December 31, 2022, Ms. Tyldesley held an aggregate of 60,000 stock options, each exercisable at \$0.55 until June 20, 2025.
- At December 31, 2022, Mr. Inbar held zero stock options as at August 19, 2022, the date of his resignation.
- At December 31, 2022, Mr. Cramb held an aggregate of 75,000 stock options, each exercisable at \$0.55 until June 20, 2025.
- At December 31, 2022, Mr. Dawley held an aggregate of 25,000 stock options, each exercisable at \$0.55 until June 20, 2025.

There were no exercises by a director or NEO of compensation securities during the Company's most recently completed financial year ended December 31, 2022.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Evan Gappelberg CEO & Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Belinda Tyldesley Director & Corporate Secretary	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
David Cramb Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Jeff Dawley Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Paul Duffy Former Chairmn, President and Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Ori Inbar Former Director	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Chan CFO	Stock Options	Nil	Nil	Nil	Nil	Nil	Nil

### Stock option plans and other incentive plans

#### Stock Option Plan

The Stock Option Plan was most recently approved by the Shareholders at the annual general and special meeting of the Nextech held on October 12, 2022.

The purpose of the Stock Option Plan is to advance the interests of the Company and its shareholders by (a) ensuring that the interests of officers and employees are aligned with the success of the Company; (b) encouraging stock ownership by such persons; and (c) providing compensation opportunities to attract, retain and motivate such persons. The Stock Option Plan provides optionees with the opportunity through the exercise of options to acquire an ownership interest in the Company.

The Stock Option Plan is administered by the Board, which determines, from time to time the eligibility of persons to participate in the Stock Option Plan, when options will be granted, the number of Common Shares subject to each option, the exercise price of each option, the expiration date of each option and the vesting period for each option, in each case in accordance with the Stock Option Plan, applicable securities laws and stock exchange requirements.

Grants of stock options will be considered as the circumstances of the Company and the contributions of the individual warrant. Previous grants of options are taken into account when considering new grants as part of the Company's plan to achieve its objective of retaining quality personnel.

Under the Stock Option Plan, the Company can grant options to acquire Common Shares to directors, officers, consultants and other specified service providers of the Company or affiliates of the Company. The number of Common Shares which may be issued pursuant to options granted under the Stock Option Plan may not currently exceed 20% of the issued and outstanding Common Shares from time to time at the date of the grant of options. The term of any options granted under the Stock Option Plan is fixed by the Board and may not exceed ten years from the date of grant.

The exercise price of options granted under the Stock Option Plan is determined by the Board, and may not currently be less than the highest closing price of the Common Shares on the trading day prior to the date of grant of the options.

Options granted under the Stock Option Plan may be subject to vesting provisions. Such vesting provisions are determined by the Board from time to time.

Options granted pursuant to the Stock Option Plan will terminate generally within 90 days of the option holder ceasing to act as a director, officer, employee or consultant of the Company, unless such cessation is on account of death or disability, subject to extension by the Board in accordance with the Stock Option Plan. If such cessation is on account of death or disability, the options terminate one year from the date of such cessation. Option holders who are terminated for failing to meet the qualification requirements of corporate legislation or for cause, or are removed by order of a securities commission or in other specified circumstances, have their options terminated immediately.

Options granted under the Stock Option Plan are non-assignable and non-transferable. Any substantive amendments to the Stock Option Plan shall be subject to the Company first obtaining the approvals, if required, of (a) the shareholders or disinterested shareholders, as the case may be, of the Company; and (b) any stock exchange on which the Common Shares may then be listed for trading.

### **Employment, consulting and management agreements**

Other than as disclosed below, the Company does not have any agreement under which compensation was provided during the twelve months ended December 31, 2022, or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by a director or a NEO, or performed by any other party but are services typically provided by a director or a NEO.

The Company entered into a services agreement with Evan Gappelberg effective as of April 1, 2022 pursuant to which Mr. Gappelberg agreed to provide CEO related duties to the Company. In consideration for his services the Company agreed to pay Mr. Gappelberg an amount of US\$10,000 per month payable in cash and US\$50,000 per month payable in Common Shares of the Company. This agreement has a five year term, but may be terminated subject to specific termination clauses explained in the agreement. Each subsequent year, Mr. Gappelberg shall receive a 5% increase in compensation of cash and Common Shares until the termination of the agreement. In addition, Mr. Gappelberg is entitled to receive up to 11,956,152 stock options to be granted as the Company achieves market capitalization milestones between CAD \$200 million to CAD \$1 billion. These stock options have a five year term and exercisable at a price per share to be determined at the date of issuance.

The Company entered into a services agreement with Moonshot Inc. ("**Moonshot**"), a company controlled by Paul Duffy, effective as of December 5, 2019 pursuant to which Moonshot agreed to provide the services of Mr. Duffy to the Company. In consideration for such services, the Company agreed to pay Moonshot an amount of \$20,000 per month payable in cash and/or Common Shares of the Company at Moonshot's option. This agreement had a two year term, but was terminable at any time with 7 days prior written notice. Effective November 2020, the compensation amount changed to \$33,333 per month payable in cash and/or Common Shares. This contract was renewed for another two year term after its expiry in 2021, and was subsequently terminated effective August 19, 2022.

The Company entered into a services agreement with Belinda Tyldesley, doing business as Closing Bell Services, effective as of December 5, 2019, pursuant to which Ms. Tyldesley agreed to provide services as Corporate Secretary of the Company. In consideration for her services, the Company agreed to pay Ms. Tyldesley an amount of \$125 per hour payable in cash and/or Common Shares of the Company at her option. This agreement may be terminated at any time with 7 days prior written notice.

The Company is not party to any contracts, and has not entered into any plans or arrangements which require compensation to be paid to any of the NEOs in the event of:

- (a) resignation, retirement or any other termination of employment (whether voluntary, involuntary or constructive) with the Company or one of its subsidiaries;
- (b) a change of control of the Company or one of its subsidiaries; or
- (c) a change in the director, officer or employee's responsibilities.

## **Oversight and description of director and named executive officer compensation.**

### *Compensation Discussion and Analysis*

The Company's compensation policies and programs are designed to be competitive with similar technology companies and to recognize and reward executive performance consistent with the success of the Company's business. These policies and programs are intended to attract and retain capable and experienced people while complying with regulatory requirements. The compensation committee's (the "**Compensation Committee**") role and philosophy is to ensure that the Company's compensation goals and objectives, as applied to the actual compensation paid to the Company's CEO and other executive officers, are aligned with the Company's overall business objectives and with shareholder interests.

In addition to industry comparables, the Compensation Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and Shareholders, the implications of the risks associated with the Company's compensation policies and practices in light of the financial performance of the Company, the overall financial and operating performance of the Company and the Compensation Committee's assessment of each executive's individual performance and contribution toward meeting corporate objectives. Since last year's annual and special shareholders' meeting, neither the Board nor the Compensation Committee of the Company has proceeded to a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation programme, and the Board does not believe that the Company's compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The current members of the Compensation Committee are David Cramb and Belinda Tyldesley. The function of the Compensation Committee is to assist the Board in fulfilling its responsibilities relating to the compensation practices of the executive officers of the Company. The Compensation Committee has been empowered to review the compensation levels of the executive officers of the Company and to report thereon to the Board; to review the strategic objectives of the stock option and other stock-based compensation plans of the Company and to set stock based compensation; and to consider any other matters which, in the Compensation Committee's judgment, should be taken into account in reaching the recommendation to the Board concerning the compensation levels of the Company's executive officers. The Board has adopted a charter for the Compensation Committee.

### *Report on Executive Compensation*

This report on executive compensation has been authorized by the Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company although the Compensation Committee guides it in this role. The Board determines the type and amount of compensation for the CEO. The Board also reviews the compensation of the Company's senior executives.

### *Philosophy and Objectives*

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning the interests of these executives with those of the Shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its stock option plan.

### *Elements of the Compensation Program*

The significant elements of compensation awarded to the NEOs (as defined above) are a cash salary and stock options. The Company does not presently have a long-term incentive plan for its NEOs. There is no policy or target regarding allocation between cash and non-cash elements of the Company's compensation program. The Compensation Committee reviews annually the total compensation package of each of the Company's executives on an individual basis, against the backdrop of the compensation goals and objectives described above and make recommendations to the Board concerning the individual components of their compensation.

### Cash Salary

The Compensation Committee and the Board approve the salary ranges for the NEOs. The base salary review for each NEO is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

### Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Stock Option Plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and the Company's goals. Options are generally granted to senior executives and vest on terms established by the Compensation Committee.

### Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, Management is not aware of any NEO or director purchasing such an instrument.

### Perquisites and Other Personal Benefits

The Company's NEOs are not generally entitled to significant perquisites or other personal benefits not offered to the Company's other employees.

See "Director and named executive officer compensation" above for a description of the compensation awarded to each NEO during the twelve months ended December 31, 2022. Compensation for the most recently completed financial period should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the twelve months ended December 31, 2022, with respect to compensation plans under which equity securities of the Company are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders (Stock Option Plan)	15,953,497	\$0.65	4,733,997 <sup>(1)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	15,953,497	\$0.65	4,733,997 <sup>(1)</sup>

### Notes:

1. Calculated based upon 20% of an aggregate of 103,437,469 Common Shares issued and outstanding as of December 31, 2022, less the number of Common Shares reserved for issuance pursuant to stock options granted and outstanding as of such date.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the twelve months ended December 31, 2022, indebted to the Company or any of its subsidiaries outside of normal course of business.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, since the commencement of the Company's twelve months ended December 31, 2022, no informed person (a director, officer or holder of 10% or more of the Common Shares) or any associate or affiliate of any informed person had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

Certain directors and/or officers of the Company have subscribed for Common Shares pursuant to the private placement financings of the Company. In addition, certain directors and/or officers of the Company have been granted stock options under the Company's Stock Option Plan and have been issued or became entitled to receive Common Shares in consideration for their services.

Effective October 25, 2022, the Company completed a plan of arrangement under the BCBCA (the "**Arway Plan of Arrangement**") pursuant to which it spun-out its wholly-owned subsidiary Arway Corporation ("**Arway**"). Pursuant to the Arway Plan of Arrangement, (i) an aggregate of 4,000,000 common shares of Arway ("**Arway Shares**") (representing approximately 15.4% of all issued and outstanding Arway Shares) were distributed to Shareholders on a pro rata basis (the "**Arway Pro Rata Share Distribution**"); (ii) an aggregate of 3,000,000 Arway Shares (representing approximately 11.5% of all issued and outstanding Arway Shares) were distributed to Evan Gappelberg (as to 2,475,000 Arway Shares) and certain consultants (as to an aggregate of 525,000 Arway Shares) in consideration of past services and other indebtedness; and (iii) an aggregate of 13,000,000 Arway Shares (representing approximately 50% of all issued and outstanding Arway Shares) were retained by the Company. Pursuant to the Arway Pro Rata Share Distribution, Evan Gappelberg received 2,882,795 Arway Shares, Belinda Tyldesley received 3,366 Arway Shares and Andrew Chan received 2,082 Arway Shares. In addition, each of Evan Gappelberg, Belinda Tyldesley, Andrew Chan and Jeff Dawley were appointed as officers and/or directors of Arway in connection with the Arway Plan of Arrangement.

Pursuant to the Arrangement, the Company currently anticipates that upon closing of the Arrangement, (i) an aggregate of 4,000,000 Spinco Shares (representing approximately 15.4% of all issued and outstanding Spinco Shares, assuming completion of the minimum Private Placement) will be distributed to Shareholders on a pro rata basis pursuant to the Pro Rata Share Distribution; (ii) an aggregate of 3,000,000 Spinco Shares (representing approximately 11.5% of all issued and outstanding Spinco Shares, assuming completion of the minimum Private Placement) will be distributed to certain service providers of the Company in consideration of past services and other indebtedness pursuant to the Shares for Services Distribution; and (iii) an aggregate of 13,000,000 Spinco Shares (representing approximately 50% of all issued and outstanding Spinco Shares, assuming completion of the minimum Private Placement) will be held by the Company. It is presently anticipated that certain Spinco Shares to be distributed pursuant to the Pro Rata Share Distribution and Shares for Services Distribution will be allocated to insiders of the Company. Further, it is anticipated that certain of the current directors and officers of the Company will be retained as directors and officers of Spinco upon completion of the Arrangement. See section titled "*Approval of Plan of Arrangement – Special Committee*" and Schedule "B" – "*Information Regarding Spinco*" for further details.

## MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company or subsidiary.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day-to-day management of the Company. The Canadian Securities Administrators ("**CSA**") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

## Board of Directors

The composition of the Board currently consists of four members: Evan Gappelberg, Belinda Tyldesley, David Cramb, and Jeff Dawley.

Of these individuals, two directors, Evan Gappelberg (CEO) and Belinda Tyldesley (Corporate Secretary), are not considered to be independent for purposes of membership on the Board. For this purpose, a director is independent if he has no direct or indirect "material relationship" with the Company. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment.

## Other Directorships

The following table sets forth the directors of the Company who are directors of other reporting issuers as of the date hereof:

Name	Name of other reporting issuer
Evan Gappelberg	Arway Corporation
Belinda Tyldesley	Arway Corporation
Jeff Dawley	Arway Corporation

## Orientation and Continuing Education

When new directors are appointed, they receive orientation on the Company's business, current projects, reports on operations and results, public disclosure filings by the Company, reports on and industry, and the responsibilities of directors. With respect to continuing education, Board meetings may include presentations by the Company's management and employees to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members on an ongoing basis.

## Ethical Business Conduct

The Board has adopted a written code of conduct applicable to directors, officers, employees, consultants and contractors of the Company, entitled "Code of Business Conduct and Ethics" (the "**Code**"). The Board monitors compliance with the Code through the Chair of the Audit Committee and the Chief Executive Officer. The Code provides that each person is personally responsible for and it is their duty to report violations or suspected violations of the Code, and that no person will be discriminated against for reporting what that person reasonably believes to be a breach of the Code or any law or regulation.

The Code also requires each director, officer, employee and consultant of the Company to fully disclose in writing his or her interest in respect of any transaction or agreement to be entered into by the Company. Once such an interest has been disclosed, the Chair of the Audit Committee or Board will determine what course of action should be taken.

A copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website.

The Company requires any director or officer who has a material interest in an entity which is a party to a proposed or actual material contract or transaction with the Company to disclose the nature and extent of such interest in writing to the Company, or at a meeting of directors. Directors are also required to comply with the Company's "Timely Disclosure, Confidentiality and Insider Trading Policy" and "Code of Business Ethics and Conduct".

## Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.



## **Compensation**

The members of the Compensation Committee are David Cramb and Belinda Tyldesley. For a description of the role of the Compensation Committee, please see "*Compensation Discussion and Analysis*" above.

## **Board Committees**

The Board has no standing committees other than the Audit Committee, the Compensation Committee and the Disclosure Committee. The role of the Disclosure Committee of Nextech is to oversee and assist in documenting and monitoring the integrity of, and evaluating the effectiveness of, the Company's disclosure controls and procedures.

## **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **AUDIT COMMITTEE**

National Instrument 52-110 of the Canadian Securities Administrators ("**NI 52-110**") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the "**Audit Committee**") and its relationship with its independent auditor, as set forth in the following.

### **Audit Committee Disclosure**

Pursuant to Section 224(1) of the BCBCA and NI 52-110 the Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (a) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (b) reviewing the systems for internal corporate controls which have been established by the Board and management; and (c) overseeing the Company's financial reporting processes generally. In meeting these responsibilities, the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

### **Composition of the Audit Committee**

The Company's current Audit Committee consists of David Cramb and Jeff Dawley.

Each member of the Audit Committee is considered to be independent. In addition, each member of the Audit Committee is considered to be financially literate as defined by NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

### **Relevant Education and Experience**

All members of the audit committee have:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and provisions;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

The relevant education and/or experience of each member of the Audit Committee is described below:

*David Cramb* – Dr. Cramb obtained his BSc and PhD degrees from UBC. He began his first faculty position at the University of Calgary in 1997 and rose through the ranks becoming a full Professor in 2005. He has published over 100 manuscripts and has been awarded over 4 million in research funds. He is formerly the Head of the Chemistry Department at the University of Calgary, where he also sat on the university's Board of Governors. He was also a member of the Board of Directors for the Sled Island music festival. He became Dean of Science at Ryerson University in the Fall of 2018 and continues his research in nanomedicine and in STEM pedagogy for postsecondary learning.

*Jeff Dawley* – Mr. Dawley worked in finance and technology across a broad spectrum of Canadian and international organizations for over 25 years in many industries including technology, financial services, mining, information processing, manufacturing and professional services. His career has seen him operate as a CFO for 10 years with both publicly listed and private companies, as well as 5 years as a CTO/CIO, responsible for all aspects of information management and technology. Mr. Dawley holds a Chartered Professional Accountant designation from Ontario, Canada, a Certified Public Accountant and Certified Information Technology Professional designation from Illinois, USA and a Chartered Global Management Accountant designation, recognized in the UK and USA.

### **The Audit Committee's Charter**

The Company has adopted a Charter of the Audit Committee of the Board, a copy of which is attached as Schedule "A".

### **Audit Committee Oversight**

Since the commencement of the Company's twelve months ended December 31, 2022, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's twelve months ended December 31, 2022, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), (5) or (6), or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject period. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal periods, by category, are as follows:

<b>Fiscal Year Ended</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2021	\$278,767	\$78,971	\$52,151	N/A
December 31, 2022	\$366,080	\$119,808	N/A	N/A

**Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the twelve months ended December 31, 2022, and available online at [www.sedar.com](http://www.sedar.com). Shareholders may request copies by mail to Nextech AR Solutions Corp., P.O. Box 64039, RPO Royal Bank Plaza, Toronto, ON M5J 2T6.

**DIRECTORS' APPROVAL**

The contents and the sending of the Notice of Meeting and this Information Circular to Shareholders has been approved by the Board. The most recent annual financial report of the Company for the fiscal year ended December 31, 2022 is available on SEDAR at [www.sedar.com](http://www.sedar.com), and a copy will be sent without charge to any security holder upon request.

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Evan Gappelberg"*

---

Evan Gappelberg  
Chief Executive Officer

## Schedule "A"

### NEXTECH AR SOLUTIONS CORP. Audit Committee Charter

#### *Mandate*

The primary function of the audit committee ("**Committee**") is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the following: (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting; and (c) financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to (i) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements; (ii) review and appraise the performance of the Company's external auditors; (iii) provide an open avenue of communication among the Company's auditors, financial and senior management and the board of directors; and (iv) to ensure the highest standards of business conduct and ethics.

#### *Composition*

The Committee shall be comprised of three directors as determined by the board of directors, all of whom shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee shall be financially literate, provided that those that are not financially literate at the time of appointment will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices prior to the first audit committee meeting to approval financial statements of the Company. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the board of directors at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full board of directors, the members of the Committee may designate a chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

##### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A, annual information form, any annual and interim earning statements and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion or review rendered by the external auditors.

##### External Auditors

- (a) Review annually the performance of the external auditors who shall be ultimately accountable to the board of directors and the Committee as representatives of the shareholders of the Company.

- (b) Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and the Company.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take or recommend that the full board of directors take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the board of directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review certification process for certificates required under Multilateral Instrument 52-109.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### Internal Controls and Procedures

Pursuant to the requirements of NI 52-109, the Committee will in connection with each certification required pursuant to such instrument:

- (a) Review the Company's design of disclosure control and procedures and internal controls over financial reporting internal control over financial reporting;
- (b) Review with management the results of their evaluation of internal control over financial reporting;
- (c) Review with management the scope and plans for addressing deficiencies in internal controls and procedures; and
- (d) Advise the Board of any material weaknesses in internal controls and procedures and the steps being taken to remediate such weaknesses.

#### Other

- (a) Review any related party transactions.
- (b) Review reports from persons regarding any questionable accounting, internal accounting controls or auditing matters ("Concerns") relating to the Company such that:
  - i. an individual may confidentially and anonymously submit their Concerns to the Chairman of the Committee in writing, by telephone, or by e-mail;
  - ii. the Committee reviews as soon as possible all Concerns and addresses same as they deem necessary; and
  - iii. the Committee retains all records relating to any Concerns reported by an individual for a period the Committee judges to be appropriate.

All of the foregoing in a manner that the individual submitting such Concerns shall have no fear of adverse consequences.

## Schedule "B" Information Regarding Spinco

### 1. INTRODUCTION

The following describes the proposed business of Spinco following the completion of the Arrangement and should be read together with the Spinco Financial Statements (as defined herein) and the Carve-Out Financial Statements (as defined herein) in respect of the Spinout Assets, each attached as Schedule "H" to the management information circular of the Company dated as of April 18, 2023 (the "**Information Circular**"). Except where the context otherwise requires, all of the information contained in this Schedule "B" is made on the basis that the Arrangement is completed as described in the Information Circular. Unless the context otherwise requires, all capitalized terms used in this Schedule that are not otherwise defined herein are defined in the Information Circular to which this Schedule is attached.

The disclosure in this Information Circular has not been reviewed by the CSE. Spinco will be applying to list Spinco Shares on the CSE. Listing will be subject to Spinco fulfilling all of the listing requirements of the CSE and obtaining the conditional approval of the CSE, which has not yet been granted. As a condition to listing, Spinco must file a standalone listing statement in the form of CSE Form 2A, which will be filed after completion of the Arrangement.

#### 1.1 *Structure of Transaction*

Effective April 5, 2023, Nextech, Spinco, 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 Spinco Shares in connection with the transfer to Spinco 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 Spinco. Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Spinco Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000 Spinco Shares, inclusive of 100 Spinco Shares held by Nextech as of the date of this Information Circular);
- an aggregate of 4,000,000 Spinco Shares shall be distributed to the Shareholders 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;
  - providing that the rights, privileges, restrictions and conditions attached to the Class A Common Shares are as follows:
    - (1) to vote at all meetings of shareholders of the Company except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to two votes for each Class A Common Share held;
    - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by the Company; and
    - (3) to receive, pari passu with the New Shares, and subject to the rights of the holders of another class of shares, the remaining property of the Company on the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary;
  - creating a new class consisting of an unlimited number of New Shares;
  - providing that the rights, privileges, restrictions and conditions attached to the New Shares are as follows:
    - (1) to vote at all meetings of shareholders of the Company except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to one vote for each New Share held;

(2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by the Company; and

(3) to receive, pari passu with the Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of the Company on the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary;

- 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 Spinco Shares to be distributed amongst all Shareholders (the "**Pro Rata Share Distribution**"), and such Shareholders shall cease to be the holders of the Class A Common Shares so exchanged;
- the authorized share capital of the Company shall be amended to delete the Class A Common Shares, none of which shall be issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to 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 Spinco Share and one Spinco Warrant, respectively.

Immediately following completion of the Arrangement, Nextech intends to transfer an aggregate of 3,000,000 of the 16,000,000 Spinco Shares which it holds to certain service providers of the Company in consideration of their past services to Nextech and other indebtedness (the "**Shares for Services Distribution**"), as follows:

Name/Position with Nextech	Number of Spinco Shares to be Received
Evan Gappelberg, Chief Executive Officer	1,300,000 <sup>(1)</sup>
Ronald Oginski, Consultant	25,000 <sup>(2)</sup>
Nima Sarshar, Employee	1,000,000 <sup>(2)</sup>
Dasha Vdovina, Employee	200,000 <sup>(2)</sup>
Carmine Milone, Employee	200,000 <sup>(2)</sup>
Omid Alemi, Employee	100,000 <sup>(2)</sup>
Reza Davariar, Employee	100,000 <sup>(2)</sup>
Andrew Chan, Chief Financial Officer	75,000 <sup>(2)</sup>

(1) These Spinco Shares will be transferred to Mr. Gappelberg or as he may otherwise direct, in consideration of past services provided by Mr. Gappelberg in identifying, acquiring and developing the Spinout Assets.

(2) These Spinco Shares will be transferred to the designated consultants/employees of Nextech in consideration of past services, pursuant to agreements to be entered into amongst such parties prior to the Effective Date.

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 Cdn\$0.25 per Subscription Receipt to raise aggregate gross proceeds of a minimum of Cdn\$1,500,000. Each Subscription Receipt will automatically convert upon the satisfaction of the Release Conditions prior to the Release Deadline into units ("**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 Cdn\$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 Spinco 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 platform and related products, and for general corporate purposes. The Private Placement is anticipated to close prior to May 31, 2023.

At the Meeting (and any adjournment or postponement thereof), the Shareholders will be asked to vote on the Arrangement pursuant to terms of the Arrangement Agreement and the Plan of Arrangement and to approve the Spinco Option Plan.

## 2. CORPORATE STRUCTURE

### 2.1 *Corporate Name and Office*

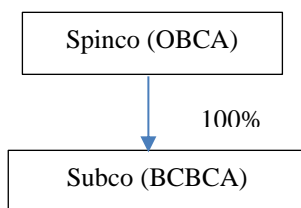
The full corporate name of Spinco is "Toggle3D.ai Inc." The registered and head office of Spinco is located at Suite 3000, 77 King Street West, Toronto, Ontario M5K 1G8.

### 2.2 *Jurisdiction of Incorporation*

Spinco was incorporated as "Toggle3D.ai Inc." under the *Business Corporations Act* (Ontario) on February 14, 2023.

### 2.3 *Intercorporate Relationships*

Spinco currently has no subsidiaries other than as follows:



Upon completion of the Arrangement, it is anticipated that (i) the Amalgamation will be completed pursuant to which Subco shall amalgamate with FinanceCo to continue as Amalco; and (ii) Nextech will be the legal and beneficial owner of approximately 50% of the issued and outstanding Spinco Shares (assuming completion of the Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000, and completion of the Shares for Services Distribution).

## 3. GENERAL DEVELOPMENT OF SPINCO'S BUSINESS

Currently, Spinco has no assets or operations. Prior to the Effective Date of the Arrangement, Spinco will not carry on any business except as contemplated by the Arrangement Agreement. After the Effective Date, Spinco will be engaged in the business of the AR enhanced standalone web application Toggle3D which enables product designers, 3D artists, marketing professionals and eCommerce site owners to convert, texture, customize and publish high-quality 3D models and experiences without any technical or 3D design knowledge required. The Company believes that Toggle3D is the first platform of its kind, and this breakthrough SaaS product is a potential game changer for the manufacturing and design industry, as it provides a viable solution to convert large CAD files into lightweight 3D models at affordable prices and at scale. Please also see "*Management's Discussion & Analysis*" below.

Spinco is not currently a reporting issuer and the Spinco Shares are not listed on any stock exchange. If the Arrangement is completed as proposed, Spinco expects that it will be a reporting issuer in each of the Provinces of Canada other than Quebec. As set forth above, Spinco will make an application for the listing of the Spinco Shares on the CSE after completion of the

Arrangement. Any listing of the Spinco Shares will be subject to meeting CSE listing requirements and there is no assurance such a listing will be obtained.

#### 4. **NARRATIVE DESCRIPTION OF SPINCO'S BUSINESS**

##### 4.1 *General*

###### (a) Toggle3D platform

The Spinout Assets to be acquired by Spinco pursuant to the Arrangement are comprised of Nextech's direct and indirect right, title and 100% interest in its generative AI powered Toggle3D platform. The Spinout Assets will be transferred from Nextech to Spinco pursuant to the Arrangement Agreement in exchange for Spinco Shares as further detailed above. Pursuant to the Arrangement Agreement and the Asset Purchase Agreement, Spinco will also be transferred all business, corporate, legal and accounting books, records and documents used in the conduct of and related to the undertakings of the Spinout Assets, and Spinco will also assume the Spinco Liabilities. The Spinout Assets have associated values and costs reflected in the Carve-Out Financial Statements attached as Schedule "H" to the Information Circular.

In September 2022, Nextech launched its AI Powered SaaS software platform "Toggle 3D" which is part of its CAD-Poly Model market. Toggle3D is an AR enhanced standalone web application which enables product designers, 3D artists, marketing professionals and eCommerce site owners to convert, texture, customize and publish high-quality 3D models and experiences without any technical or 3D design knowledge required. The Company believes that Toggle3D is the first platform of its kind, and this break-through SaaS product is a potential game changer for the manufacturing and design industry, as it provides a viable solution to convert large CAD files into lightweight 3D models at affordable prices and at scale.

###### *Three Year History*

The idea of a CAD converter that can bridge the world of engineering 3D computer-aided-design (CAD) and the art of 3D modeling was first examined at Threedy.ai in 2019, and first lines of code for a primitive CAD to 3D mesh converter were written at that time. Nextech subsequently acquired Threedy.ai in June 2021. Following such acquisition, the team at Threedy.ai began utilizing the resources of Nextech to commence development of the Toggle3D platform. This project commenced with an internal project known as CAD2POLY in December 2021 which continued for 5 months until April 2022. This project was a prototype for converting small CAD files to triangulated meshes, with some texturing capabilities in an internal web portal. The development was recommenced with proper staging in August 2021, and the first alpha version of the product was released in September 2022. Major upgrades to the UX/UI of the product, as well as integration of AI tools for texture expansion and material creation were integrated, and a beta product with payment options for a "pro tier" was launched to the public on January 19, 2023 which entails a higher monthly fee for access to additional features such as an unlimited number of designs and increased storage space. The release offered 1000+ pre-built materials accessible to users in all tiers. The ability of converting CAD models to QUAD meshes in a pro account was added in February 2023.

For the balance of the current year ending December 31, 2023, Spinco expects to complete its application for listing of the Spinco Shares on the CSE and advance the milestones set forth under the heading "*Business Objectives and Milestones – Milestones*" below.

###### *Valuation*

The Fairness Advisor delivered a written Fairness Opinion dated effective April 12, 2023 to the Special Committee. In preparing the Fairness Opinion for the proposed Arrangement, the Fairness Advisor considered the proposed terms of the transaction, relevant industry and economic factors, background information relating to both the Company and Spinco and the Spinout Assets and conducted research into recent market transactions involving assets and companies somewhat comparable to the Spinout Assets. The foregoing summary of the Fairness Opinion is qualified in its entirety by the full text of the Fairness Opinion, and the assumptions and limitations set forth therein, a copy of which is appended to this Information Circular at Schedule "D".

###### (b) Business Objectives and Milestones

With the funds available to it as described below under the sub-headings "*Total Available Funds*" and "*Principal Purposes of Funds Available*", Spinco intends to, during the 12 months following completion of the Arrangement:

- complete its application for listing of the Spinco Shares on the CSE, which is anticipated to occur in June, 2023; and
- further develop and commercialize the Spinout Assets as detailed below under the heading "Milestones".

### Milestones

Set forth below are a series of milestones which Spinco 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
<b>Development of Collaboration Features</b>	<b>Q2 to Q3 2023</b>	<b>\$410,000</b>
<i>Allow users to add feedback to 3D models (i.e add comments, resolve them, and respond)</i>	<i>Q2 2023</i>	
<i>Set up notifications page for any feedback left for the user on their designs</i>	<i>Q2 2023</i>	
<i>Allow users to retain version history of their work</i>	<i>Q2 2023</i>	
<i>Allow users to set design sharing permissions</i>	<i>Q2 2023</i>	
<i>Allow users to set up team workspaces</i>	<i>Q3 2023</i>	
<i>Allow users to collaborate in real time with users on their team</i>	<i>Q3 2023</i>	
<i>Allows users to collaborate with external users invited to temporarily share their license</i>	<i>Q3 2023</i>	
<b>Development of Virtual Photography Template</b>	<b>Q2 2023</b>	<b>\$325,000</b>
<i>Allow users to add environments to their 3D model</i>	<i>Q2 2023</i>	
<i>Allow users to load multiple 3D models in one scene</i>	<i>Q2 2023</i>	
<i>Allow for babylon scene interoperability to permit users to seamlessly bring one design scene into another</i>	<i>Q2 2023</i>	
<i>Build pre-set stock background library</i>	<i>Q2 2023</i>	
<i>Develop the ability to render 3D scenes into high-quality photorealistic photography</i>	<i>Q2 2023</i>	
<b>Enhancements to Configurator, Modeling and Materials Templates</b>	<b>Q2 2023 to Q1 2024</b>	<b>\$225,000</b>
<i>Build preview templates to allow for 3D viewer configuration</i>	<i>Q3 2023</i>	
<i>Allow users to add custom branding to 3D viewer</i>	<i>Q2 2023</i>	
<i>Allow users to bake models and export in different formats</i>	<i>Q1 2024</i>	
<i>Allow users to add decals to models</i>	<i>Q1 2024</i>	
<i>Enhance texturing features to speed up modeling process</i>	<i>Q3 2023</i>	
<i>Allow users to publish directly to different platforms and websites through plugins and extensions</i>	<i>Q4 2023</i>	
<b>Develop Platform Analytics</b>	<b>Q4 2023 to Q1 2024</b>	<b>\$200,000</b>
<i>Integrate user activity tracking within the app to better understand user behavior</i>	<i>Q4 2023</i>	
<i>Build administrative analytics dashboard to track user behavior</i>	<i>Q4 2023</i>	
<i>Build dashboard for users to track public design views and CTA</i>	<i>Q1 2024</i>	
<i>Expand plugin initiative to connect other platforms</i>	<i>Q1 2024</i>	
	<b>Total</b>	<b>\$1,160,000</b>

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

Target Industry	Estimated Timeline
Product Manufacturing	Q1-Q2 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 Spinco on a going forward basis. Accordingly, as time progresses, Spinco may alter its business objectives and/or may focus on other developments or opportunities that may arise from time to time, although Spinco has no present plans in this respect.

(c) Total Available Funds

Pursuant to the terms of the Arrangement Agreement, assuming completion of the Arrangement and minimum gross proceeds of Cdn\$1,500,000 from the Private Placement, and all anticipated expenses of the Arrangement to be funded by Nextech, it is anticipated that Spinco will have available cash of approximately Cdn\$1,500,000 upon completion of the Arrangement.

(d) Principal Purposes of Funds Available

The following table summarizes expenditures anticipated by Spinco required to achieve its business objectives during the 12 months following completion of the Arrangement and the proposed listing of the Spinco Shares on the CSE.

<b>Principal Purpose</b>	<b>Amount (Cdn\$)<sup>(1)</sup></b>
Development of Collaboration Features (see section titled "Business Objectives and Milestones – Milestones" above)	\$410,000
Development of Virtual Photography Template (see section titled "Business Objectives and Milestones – Milestones" above)	\$325,000
Enhancements to Configurator, Modeling and Materials Templates (see section titled "Business Objectives and Milestones – Milestones" above)	\$225,000
Develop Platform Analytics (see section titled "Business Objectives and Milestones – Milestones" above)	\$200,000
General and administrative expenses	\$340,000 <sup>(2)</sup>

(1) Assuming completion of the Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000; all amounts presented in Canadian dollars.

(2) Consists of transfer agent fees, legal fees, audit costs, estimated management and consulting fees, insurance expenses and office administration and other miscellaneous expenses.

Spinco intends to spend the funds available to it as stated in the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for Spinco to achieve its objectives or to pursue other exploration and development opportunities. See section titled "Risk Factors".

(e) Principal Products or Services

Toggle3D is an AR enhanced standalone web application which enables product designers, 3D artists, marketing professionals and eCommerce site owners to convert, texture, customize and publish high-quality 3D models and experiences without any technical or 3D design knowledge required. All these functionalities happen within one web application, making it an all-in-one platform solution for 3D design. The Toggle3D platform is made up of a few important technological components in this regard, as further described below.

*Component 1: Converter*

Toggle3D converts CAD files and other 3D formats into lightweight, web-friendly 3D models. Recently, the Toggle3D platform converter was upgraded to produce quad tessellations. This increases the overall quality of 3D models as they are converted from CAD files and offers more control over the model.

Before a user can use their CAD files for 3D CGI (computer generated imagery), the solids in their design have to be tessellated to turn into surfaces. Most CAD software today allow users to naively convert CAD files into a 3D model mesh for which the surfaces are made up of triangles. However, triangle meshes are considered lower quality by experienced 3D artists. Currently, to create quad meshes from CAD files, users first have to export the CAD files into triangulated meshes, and then use other software to re-mesh the triangulated meshes into quad meshes. Unfortunately, details of the model are usually lost in this 'CAD to triangles to quads' translation. Toggle3D, however, converts CAD surfaces into quad meshes directly. Part of the process is

described in the Company's patent applications titled "THREE-DIMENSIONAL (3D) MODEL GENERATION FROM COMPUTER-AIDED DESIGN (CAD) DATA", filed on March 29, 2022 and "MATERIAL ESTIMATION FOR THREE-DIMENSIONAL (3D) MODELLING", filed on March 29, 2022. These patent applications will form part of the Spinout Assets to be acquired by Spinco pursuant to the Asset Purchase Agreement, and are further described in the chart below:

<b>Title</b>	<b>Description</b>	<b>Date Filed</b>	<b>Status</b>	<b>Jurisdiction</b>
THREE-DIMENSIONAL (3D) MODEL GENERATION FROM COMPUTER-AIDED DESIGN (CAD) DATA	Covers core artificial intelligence algorithms for creating 3D models automatically from 2D photos	March 29, 2022	Non-provisional utility patent	United States
MATERIAL ESTIMATION FOR THREE-DIMENSIONAL (3D) MODELLING	Covers the artificial intelligence techniques for creating 3D textures and materials automatically from 2D reference photos	March 29, 2022	Non-provisional utility patent	United States

(1) There are two different types of utility patent applications in the United States: (i) provisional applications; and (ii) non-provisional applications. The provisional application is a patent application filed with the U.S. Patent and Trademark Office ("USPTO") which involves less formal documentation and is not subject to examination by the USPTO. The provisional application has a one year term and is not legally enforceable. In order for a provisional application date to be effective, a non-provisional patent application must be prepared and filed within one year of the provisional application. The non-provisional patent application is a more detailed filing and subject to examination by the USPTO. A patent granted on the basis of the non-provisional application is legally enforceable in the United States. The filing of a provisional application is not a pre-requisite to the filing of a non-provisional application.

CAD is a function of product engineering, and the use of CAD files is ubiquitous across manufacturing verticals including automotive, aerospace, industrial machinery, civil and construction, electrical & electronics, pharmaceutical, healthcare, consumer goods and others. Industrial designers, working for product manufacturers, use CAD software like AutoCAD, and SolidWorks to design many of the products in the modern world.

### *Component 2: Material Creation*

Toggle3D has launched an AI generated Physics Based Rendering (PBR) material creation tool within the app which now allows users to make high-quality 3D materials from a reference image at scale.

Reference images often contain small patches of patterns and textures, making it difficult for artists to recreate them in a high-quality manner. However, this generative AI-powered technology is a breakthrough in texture expansion, allowing for the first time for real-time, interactive texture expansion. The technology was able to expand a 250x191 pixel patch more than 160 times into a 4K image in just 40.5 seconds.

In comparison, state-of-the-art texture expansion solutions in the literature either do not create high-quality expanded textures or take hours to run for such high-resolution outputs. Toggle3D's technology shows over 720-fold improvement in speed, the state-of-the-art (in quality) texture expansion method took more than 29836 seconds (more than 8 hours) to run with no visible change in quality.

### *Component 3: Texturing and Building Configurators*

Toggle3D allows users to import and convert 3D geometries that can then be textured. The process of texturing is described as adding PBR materials to the surface of the 3D to make it look realistic. Toggle3D has optimized this workflow to be a simple point-and-click procedure that speeds up the industry texturing process and allows users with no previous 3D experience to complete the task. In addition to adding one texture to each part of the model, users can also assign multiple materials to the same part of the 3D model which builds a configurator. By assigning multiple materials, users can use one 3D model to showcase multiple 3D materials useful for prototyping or displaying to online customers for custom orders.

#### *Component 4: Sharing and WebAR*

Once the user builds their 3D model, they can send a share link for anyone to view their models and configurators on the web. Additionally, users are provided an embed code that they can take outside the app to add their 3D visualizations in other workspaces or on their e-commerce product pages. Each 3D experience comes with an augmented reality (AR) QR code to view the 3D asset digitally in the physical world.

The Toggle3D platform expected to be developed over the ensuing 12 months as set forth above under the heading "*Business Objectives and Milestones – Milestones*". No significant revenues have been generated by the Spinout Assets over the two most recently completed fiscal years.

The principal markets which the Company intends to target for commercialization of the Spinout Assets include direct-to-consumer brands, 3D service firms and marketing agencies, engineering product design firms, B2B manufacturers, academic institutions and others as further detailed under the heading, "*Business Objectives and Milestones – Milestones*". See also section titled "*Production and Sales*" below.

#### (f) Production and Sales

The Spinout Assets will form the primary business of Spinco following completion of the Arrangement.

#### *Toggle3D Industry Overview*

As a software web-application for manufacturing and design, Toggle3D applies to the Global Computer Graphics Imagery (CGI) Industry. Due to advancements in the digital technologies, computer programming and increased adoption of electronic devices, the Global Computer Graphics Market is projected to reach \$308 billion USD by 2030, with a compound annual growth rate (CAGR) of 6%, according to [Transparency Market Research, 2020](#). Alternatively, [Knowledge Sourcing Intelligence](#) in 2022 estimated the CGI market to reach \$340 billion USD by 2027, with a CAGR of 6.67%. Lastly, [ReportLinker](#) in March 2023 revised their market projection for CGI to reach \$321 billion by 2030, growing at CAGR 6.1%. Specifically, [ReportLinker](#) segmented the CGI Application Software to reach \$196 billion in the forecasted period, growing at a rate of 6.5% CAGR.

The Computer Graphics Imagery Market includes software applications in image processing, design, animation, and visualization in both 2D and 3D. Through conducting industry analysis, the Company believes the key drivers of the CGI market are the widening scope in computer graphics applications and the demand for more efficient and cost-effective solutions. As the industry continues to evolve, there has been a strong transition from 2D to 3D as the demand for interactive and more realistic designs propels the industry. A few notable market drivers are the effects of the entertainment industry that is seeing a demand for improved graphical representation of characters, objects, and scenes which is supported with the use of 3D computer graphics. Additionally, the importance of CAD as the fundamental method for the development of industrial machinery, product design, buildings, automotive and input to movement and image processing.

Simultaneously, as the growing use cases for 3D continue to expand, so do the users involved with these technologies. The Company believes Toggle3D is positioned well to absorb the industry revolution taking place with 3D computer graphics as it allows users to capitalize on this growth in an easy way that supports the need for efficient, productive, and cost-effective solutions.

#### **Spinco Positioning and Competitive Differentiators**

Upon completion of the Arrangement, Spinco will be seeking to enter the CGI market, as it provides a viable solution to convert and texture large CAD files into lightweight 3D models for the web at affordable prices and at scale, thus seeking to capture a larger market share and generate more revenue.

#### **Positioning and Competitive Differentiators:**

Toggle3D is uniquely positioned to disrupt the design software market by making 3D easy, scalable, and accessible for all teams of the organization. Its new approach to 3D design will improve the workflows for current users in the industry and welcome new customers that are missed by today's players due to the complexity of their platforms.

1. **No Learning Curve:** What makes Toggle3D different from the legacy 3D design software is its ease-of-use and democratization of 3D design. The goal is for anyone with no prior technical or 3D design experience to be able to hop into the platform and create a high-quality 3D visual within minutes. This is unlike legacy 3D modeling systems, which

require months to feel comfortable with. Users would first be required to learn and understand the industry lingo, learn what the tools do, and then learn how to use them in the legacy software. Meanwhile, the Company has streamlined this process in Toggle3D by "humanizing" 3D design terminology, creating templates to guide creation, and simplifying the tools using machine learning to transfer the complexity out of the user experience into the backend platform, allowing more room for creativity.

2. **Web-based:** Toggle3D is a web-based design studio which means the user can access everything on the browser and start designing instantly. No desktop downloads involved, no updates to keep track of, and no system requirements to worry about. All the templates are organized into project panels that a user can access anywhere and seamlessly navigate between. This is different from how legacy software were built back in the day with the software package being broken out into multiple desktop apps that would require the user to understand system compatibility, download, sync, and learn independently.
3. **Collaboration:** Toggle3D will allow advanced, in-app collaboration. These sets of features to be built in Q2 2023 that will allow multiple users to work at the same time and on the same project, resulting in quick feedback and decision making cross-department and team. These tools will allow businesses to adopt 3D organization-wide and unlock the power of group iteration. Users could set up workflows, permissions, and version history to keep up with real-time design changes. These advanced collaboration cycles are harder to set up in desktop apps and may sometimes slowdown or isolate the design workflow.
4. **AI-Powered Creation:** Toggle3D has built and will continuing developing advanced AI tools inside the app that will continue to make texturing, modeling, and creating easier and faster for advanced and new 3D artists. With streamlined and technologically empowered workflows, Toggle3D is changing the manual ways 3D is created today, while still providing enough creative flexibility and freedom for users to add their own twist to the finished product. For example, rather than building a material from scratch map by map as currently done in the legacy software platforms, Toggle3D uses advanced texture expansion to build the material for the user in just a few seconds with no manual work required from the user. These advances will allow new customers to enter the industry that would not have been able to learn 3D before and will speed up creation flows for experience 3D artists.

#### *Development and Production*

The initial version of the Toggle3D platform was advanced internally by the Company to its present stage of development. Following the completion of the Arrangement, Spinco intends to further develop the Spinco Assets as set forth above under the heading "*Business Objectives and Milestones – Milestones*". Upon completion of the Arrangement, Spinco will have no direct employees. Accordingly, Spinco expects to rely on and engage consultants with all requisite skill and knowledge on a contract basis, as well as administrative and technical support services to be provided by Nextech.

Spinco's intellectual property rights will be important to its business. In accordance with industry practice, Spinco plans to protect its proprietary products, technology and competitive advantage through a combination of contractual provisions and trade secrets, patents, copyright and trademark laws in Canada, and the United States and other jurisdictions in which it conducts its business, as applicable. Spinco will also utilize confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of its intellectual property, where appropriate.

#### (g) Competitive Conditions

Spinco's technology business plan will leverage the rapid adoption and widening demand for 3D in the computer graphics market to target various market segments, including product manufacturing, entertainment, advertising, marketing, and architectural applications. Spinco believes it will be competitively positioned and while it does not believe that any specific competitor offers the distinct value proposition and integrated capabilities that it will offer, the market that makes up the Computer Graphics Market industry is rapidly changing and highly competitive. Notably, Spinco will compete with legacy computer graphics players. Nextech has identified the following entities as the key competitors in the Computer Graphics Industry: Adobe Systems Ltd, Nvidia Corporation, Autodesk Inc, Siemens PLM Software and Dessoal Systemes SA. All information below is estimated and based on Nextech's knowledge, information, and belief unless otherwise stated.

See also "*Positioning and Competitive Differentiators*" above.

(h) Bankruptcy or Receivership Proceedings

There have been no results of any bankruptcy, or any receivership or similar proceedings against Spinco, FinanceCo, or Subco, or any voluntary bankruptcy, receivership or similar proceedings by Spinco, FinanceCo, or Subco.

5. **SELECTED CONSOLIDATED FINANCIAL INFORMATION**

5.1 *Annual Information*

The following table is a summary of selected consolidated annual financial information of Spinco for the period from incorporation of Spinco on February 14, 2023, to March 31, 2023, derived from the audited consolidated financial statements of Spinco for the period from incorporation of Spinco on February 14, 2023 to March 31, 2023 (the "**Spinco Financial Statements**") included as Schedule "H" to the Information Circular.

Revenue	Nil
Net Income (Loss)	Nil
Basic and diluted earnings from continuous operations (loss) per share	Nil
Total Assets	\$1
Total Liabilities	Nil

The following table is a summary of selected consolidated annual financial information of FinanceCo for the period from incorporation of FinanceCo on February 10, 2023 to March 31, 2023, derived from the audited consolidated financial statements of FinanceCo for the period from incorporation of FinanceCo on February 10, 2023 to March 31, 2023, included as Schedule "H" to the Information Circular.

Revenue	Nil
Net Income (Loss)	Nil
Basic and diluted earnings from continuous operations (loss) per share	Nil
Total Assets	\$1
Total Liabilities	Nil

Upon completion of the Arrangement, the Spinout Assets will form the primary business of Spinco. As a result, included as Schedule "H" to the Information Circular are the audited carve-out financial statements related to the Spinout Assets for the fiscal years ended December 31, 2021 and 2022 (the "**Carve-Out Financial Statements**"). The Spinco Financial Statements and the Carve-Out Financial Statements were prepared in accordance with International Financial Reporting Standards. The following tables set out selected financial information in respect of the Spinout Assets as at and for the for the fiscal years ended December 31, 2022, 2021, and 2020, all of which is qualified by the more detailed information contained in the Carve-Out Financial Statements included as Schedule "H" to the Information Circular.



	<b>Fiscal Year ended December 31, 2022</b>	<b>Fiscal Year ended December 31, 2021</b>	<b>Fiscal Year ended December 31, 2020</b>
Revenue	Nil	Nil	Nil
Net Loss	781,943	200,000	Nil
Basic and diluted net loss per share	N/A	N/A	N/A
Total Assets	Nil	Nil	Nil
Total Liabilities	Nil	Nil	Nil

## 5.2 Quarterly Information

Spinco was incorporated on February 14, 2023, FinanceCo was incorporated on February 10, 2023, and Subco was incorporated on February 24, 2023. None of Spinco, Subco, or FinanceCo has completed a financial year, and therefore no quarterly information is available.

## 5.3 Dividends

Spinco has not declared any dividends since its incorporation. While there are no restrictions precluding Spinco from paying dividends, it does not have a source of cash flow and anticipates using all available cash resources towards its stated business objectives as set forth above. The board of directors of Spinco (the "**Spinco Board**") will determine if and when dividends should be declared and paid in the future based on Spinco's financial position, financial requirements and other conditions existing at the relevant time.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

### *MD&A of Spinco for the Period from Incorporation on February 14, 2023 to March 31, 2023*

#### **Introduction**

The following MD&A of the financial condition and results of the operations of Spinco constitutes management's review of the factors that affected Spinco's financial and operating performance for the period from the date of incorporation of Spinco on February 14, 2023 to March 31, 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 Spinco for the period from the date of incorporation of Spinco 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 March 31, 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 Spinco 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 Spinco and its operations can be obtained from the offices of Spinco, or from [www.sedar.com](http://www.sedar.com).

## Description of Business

Currently, Spinco has no assets or operations. Prior to the Effective Date of the Arrangement, Spinco will not carry on any business except as contemplated by the Arrangement Agreement. After the Effective Date, Spinco 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, Spinco has not earned any revenue from operations.

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

## Operational Highlights

Spinco was incorporated as "Toggle3D.ai Inc." under the OBCA on February 14, 2023. Effective April 5, 2023, Nextech, Spinco 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 Spinco Shares in connection with the transfer to Spinco 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 Spinco. Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Spinco Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000 Spinco Shares, inclusive of 100 Spinco Shares held by Nextech as of the date of this Information Circular);
- an aggregate of 4,000,000 Spinco 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 Spinco 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 Spinco Share and one Spinco Warrant, respectively.

Immediately following completion of the Arrangement, Nextech intends to transfer an aggregate of 3,000,000 of the 16,000,000 Spinco 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 Spinco 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.

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, Spinco intends to, during the 12 months following completion of the Arrangement:

- complete its application for listing of the Spinco 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 Spinco 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.

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

<i>Build preview templates to allow for 3D viewer configuration</i>	<i>Q3 2023</i>
<i>Allow users to add custom branding to 3D viewer</i>	<i>Q2 2023</i>
<i>Allow users to bake models and export in different formats</i>	<i>Q1 2023</i>
<i>Allow users to add decals to models</i>	<i>Q1 2023</i>
<i>Enhance texturing features to speed up modeling process</i>	<i>Q3 2023</i>
<i>Allow to publish directly to different platforms and websites through plugins and extensions</i>	<i>Q4 2023</i>

<b>Develop Platform Analytics</b>	<b>Q4 2023 - Q1 2024</b>	<b>\$200,000</b>
<i>Integrate user activity tracking inside the app to better understand user behavior</i>	<i>Q4 2023</i>	
<i>Build Admin Analytics Dashboard to Track User Behavior</i>	<i>Q4 2023</i>	
<i>Build Dashboard for users to track public design views and CTA</i>	<i>Q1 2024</i>	
<i>Expand Plugin Initiative to connect other platforms</i>	<i>Q1 2024</i>	
<b>Total</b>		<b>\$1,160,000</b>

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

<b>Target Industry</b>	<b>Estimated Timeline</b>
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 Spinco on a going forward basis. Accordingly, as time progresses, Spinco may alter its business objectives and/or may focus on other developments or opportunities that may arise from time to time, although Spinco has no present plans in this respect. See also "Narrative Description of Spinco's Business - Total Available Funds" and "Narrative Description of Spinco's Business - Business Objectives and Milestones" above.

### **Trends**

Management regularly monitors economic conditions and estimates their impact on Spinco'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", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on Spinco's business, financial condition or results of operations.

### **Environmental Liabilities**

Spinco 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, Spinco 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 Spinco, 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 Spinco, 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 Spinco as at March 31, 2023 and for the period from the incorporation of Spinco on February 14, 2023 to March 31, 2023.

Description	Period Ended March 31, 2023 \$
Total revenues	nil
Total loss <sup>(1)(2)</sup>	nil
Net loss per common share – basic and diluted <sup>(3)(4)</sup>	nil

Description	As at March 31, 2023 \$
Total assets	1
Total non-current financial liabilities	nil
Distribution or cash dividends <sup>(5)</sup>	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 March 31, 2023

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

## Liquidity and Capital Resources

As at March 31, 2023, Spinco had total assets of \$1, total liabilities of nil and a net equity position of \$1. The activities of Spinco, 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 Spinco in the amounts or at the times desired by Spinco or on terms that are acceptable to it, if at all. See "Risk Factors" below.

Spinco 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 March 31, 2023, Spinco had 100 Spinco 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 Spinco as of the Effective Date. These funds are expected to be sufficient to pay Spinco'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 Spinco. See "Risk Factors" and "Forward Looking Statements" in the Information Circular. Spinco'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 Spinco 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 Spinco Shares to Nextech upon incorporation on February 14, 2023, Spinco did not give effect to any transactions with related parties during the period from the date of its incorporation (February 14, 2023) to March 31, 2023. As at March 31, 2023, Nextech owns and controls 100 Spinco Shares representing 100% of the total issued and outstanding Spinco Shares as at such date.

### **Financial Instruments**

Spinco 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 Spinco to a significant concentration of credit risk will consist primarily of cash. Spinco 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 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.

Spinco's cash is expected to be subject to minimal risk of changes in value.

#### **(c) Liquidity Risk**

Liquidity risk is the risk that Spinco will not be able to meet its obligations associated with financial liabilities as they come due. Spinco'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. Spinco does not have any amounts payable or other liabilities as of the date of this MD&A. Spinco 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, Spinco has 100 issued and outstanding Spinco 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 Spinco, 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 Spinco 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).

Spinco'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**

Although there can be no assurance that additional funding will be available to Spinco, 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, Spinco anticipates being adequately funded to complete its plans for the near term as outlined under the heading "Milestones". See also "Risk Factors".

## **Additional Disclosure for Venture Issuers Without Significant Revenue**

### **Office and general expenses**

Spinco did not incur any general and administrative expenses during the period from its incorporation on February 14, 2023 to March 31, 2023.

### ***MD&A of FinanceCo for the Period from Incorporation on February 10, 2023 to March 31, 2023***

#### **Introduction**

The following MD&A of the financial condition and results of the operations of FinanceCo constitutes management's review of the factors that affected FinanceCo's financial and operating performance for the period from the date of incorporation of FinanceCo on February 10, 2023 to March 31, 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 FinanceCo for the period from the date of incorporation of FinanceCo on February 10, 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 March 31, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors of FinanceCo (the "**FinanceCo 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 FinanceCo 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 FinanceCo Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about FinanceCo and its operations can be obtained from the offices of FinanceCo.

## Description of Business

Currently, FinanceCo has no assets or operations. FinanceCo was incorporated as a special purpose financing vehicle for the sole purpose of completing the Private Placement in connection with the Arrangement. Prior to the Effective Date of the Arrangement, FinanceCo will not carry on any business except as contemplated by the Arrangement Agreement, namely the completion of the Private Placement. To date, FinanceCo has not earned any revenue from operations.

FinanceCo is not currently a reporting issuer and the FinanceCo Shares are not listed on any stock exchange.

## Operational Highlights

FinanceCo was incorporated under the BCBCA on February 10, 2023. Effective April 5, 2023, Nextech, Spinco 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 Spinco Shares in connection with the transfer to Spinco 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 Spinco. Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Spinco Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000 Spinco Shares, inclusive of 100 Spinco Shares held by Nextech as of the date of this Information Circular);
- an aggregate of 4,000,000 Spinco 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 Spinco 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 Spinco Share and one Spinco Warrant, respectively.

Immediately following completion of the Arrangement, Nextech intends to transfer an aggregate of 3,000,000 of the 16,000,000 Spinco 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 Spinco 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 by Spinco for further development and promotion of Toggle3D and its products, and for general corporate purposes. Upon completion of the Amalgamation, FinanceCo will amalgamate with Subco and continue as a wholly-owned subsidiary of Spinco, and is not currently expected to conduct any further business.

### Trends

Management regularly monitors economic conditions and estimates their impact on FinanceCo'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", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on FinanceCo's business, financial condition or results of operations.

### Environmental Liabilities

FinanceCo 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, FinanceCo 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 FinanceCo, 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 FinanceCo, other than the Arrangement and Private Placement. See "Operational Highlights" above.

### Selected Annual Financial Information

The following is selected financial data derived from the audited financial statements of FinanceCo as at March 31, 2023 and for the period from the incorporation of FinanceCo on February 10, 2023 to March 31, 2023.

Description	Period Ended March 31, 2023 \$
Total revenues	nil
Total loss <sup>(1)(2)</sup>	nil
Net loss per common share – basic and diluted <sup>(3)(4)</sup>	nil

Description	As at March 31, 2023 \$
Total assets	1
Total non-current financial liabilities	nil
Distribution or cash dividends <sup>(5)</sup>	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 10, 2023) to March 31, 2023

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

## **Liquidity and Capital Resources**

As at March 31, 2023, FinanceCo had total assets of \$1, total liabilities of \$nil and a net equity position of \$1. The activities of FinanceCo consist solely of the proposed completion of the Private Placement and Arrangement. There is no assurance that future equity capital will be available to FinanceCo in the amounts or at the times desired by FinanceCo or on terms that are acceptable to it, if at all. See "Risk Factors" below.

FinanceCo has no current operating revenues and no liabilities. As of March 31, 2023, FinanceCo had 100 FinanceCo 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 FinanceCo as of the Effective Date, and after which Amalco is not expected to engage in any further business activities. However, there can be no assurance that the Private Placement will be completed as currently proposed or at all. See "Risk Factors" and "Forward Looking Statements" in the Information Circular.

## **Transactions with Related Parties**

Related parties include the FinanceCo 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 FinanceCo Shares to the sole shareholder of FinanceCo, FinanceCo did not give effect to any transactions with related parties during the period from the date of its incorporation (February 10, 2023) to March 31, 2023.

## **Financial Instruments**

FinanceCo 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 FinanceCo to a significant concentration of credit risk will consist primarily of cash. FinanceCo 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 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.

FinanceCo's cash is expected to be subject to minimal risk of changes in value.

### (c) Liquidity Risk

Liquidity risk is the risk that FinanceCo will not be able to meet its obligations associated with financial liabilities as they come due. FinanceCo'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. FinanceCo does not have any amounts payable or other liabilities as of the date of this MD&A. FinanceCo 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, FinanceCo has 100 issued and outstanding FinanceCo 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 FinanceCo, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under NI 52-109, the Venture Issuer Basic Certificate filed by FinanceCo does not include representations relating to the establishment and maintenance of DC&P and 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).

FinanceCo'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**

Although there can be no assurance that additional funding will be available to FinanceCo, 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, FinanceCo anticipates being able to complete the Arrangement as currently proposed. See also "Risk Factors".

### **Additional Disclosure for Venture Issuers Without Significant Revenue**

#### **Office and general expenses**

FinanceCo did not incur any general and administrative expenses during the period from its incorporation on February 10, 2023 to March 31, 2023.

#### ***MD&A for the Spinco Business for the Fiscal Years Ended December 31, 2021 and 2022***

#### **Introduction**

The following MD&A of the financial condition and results of the business to be conducted by Spinco upon completion of the Arrangement (the "**Business**") constitutes management's review of the factors that affected the financial and operating

performance of the Business for the fiscal years ended December 31, 2021 and 2022. 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 the Business for the fiscal years ended December 31, 2021 and 2022, 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 March 31, 2023, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Spinco 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 Spinco 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 Spinco Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about Spinco and the Business can be obtained from the offices of Spinco, or from [www.sedar.com](http://www.sedar.com).

### **Description of Business**

Currently, the Business operates within Nextech as an integrated division developing the Toggle3D application. After the Effective Date, Spinco will operate the Business which will consist of the development and operation of the Spinout Assets which include 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, Spinco has not earned any revenue from operations.

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

### **Trends**

Management regularly monitors economic conditions and estimates their impact on the business 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", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Business.

### **Environmental Liabilities**

Spinco is not aware of any environmental liabilities or obligations associated with the Business.

### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, there are no off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the Business, including, and without limitation, such considerations as liquidity and capital resources.

### **Proposed Transactions**

There are no proposed transactions of a material nature being considered with respect to the Business, other than the Arrangement and the proposed milestones set out above. See "Operational Highlights" and "Milestones" above.

### **Selected Annual Financial Information**

The following is selected financial data derived from the audited carve-out financial statements of Nextech with respect to the Business (the "**Carve-Out Financial Statements**") as at, and for the fiscal years ended, December 31, 2020, 2021 and 2022.

Description	Fiscal Year Ended December 31, 2022 \$	Fiscal Year Ended December 31, 2021 \$	Fiscal Year Ended December 31, 2020 \$
Total revenues	N/A	N/A	N/A
Total loss <sup>(1)(2)</sup>	780,192	173,061	N/A
Net loss per common share – basic and diluted <sup>(3)(4)</sup>	N/A	N/A	N/A

Description	As at December 31, 2022 \$	As at December 31, 2021 \$	As at December 31, 2020 \$
Total assets	nil	nil	nil
Total non-current financial liabilities	nil	nil	nil
Distribution or cash dividends <sup>(5)</sup>	nil	nil	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.

### 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 the Business, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under NI 52-109, the Venture Issuer Basic Certificate filed in respect of the Carve-Out Financial Statements does not include representations relating to the establishment and maintenance of DC&P and 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).

Spinco'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

Although there can be no assurance that additional funding will be available, 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, it is anticipated that the Business will be adequately funded to complete the plans for the near term as outlined under the heading "Milestones". See also "Risk Factors".

## **Fiscal Year Ended December 31, 2022**

### **Operational Highlights**

During the year, the Business achieved several milestones including as follows:

- CAD2POLY launched, a prototype for converting small CAD files to triangulated meshes, with some texturing capabilities in an internal web portal.
- Toggle3D Alpha version was released in September 2022.
- Major upgrades to the UX/UI, integration of AI tools for texture expansion and material creation, and Beta produce with payment options for Pro subscription tier was launched in January 2023.
- Ability to convert CAD models to QUAD meshes in Pro subscriptions was added in February 2023.

Effective April 5, 2023, Nextech, Spinco 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 Spinco Shares in connection with the transfer to Spinco 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 Spinco. Pursuant to the Arrangement Agreement, at the Effective Time:

- Nextech will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in exchange for the issuance of an aggregate of 15,999,900 Spinco Shares to Nextech (resulting in Nextech holding an aggregate of 16,000,000 Spinco Shares, inclusive of 100 Spinco Shares held by Nextech as of the date of this Information Circular);
- an aggregate of 4,000,000 Spinco 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 Spinco 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 Spinco Share and one Spinco Warrant, respectively.

Immediately following completion of the Arrangement, Nextech intends to transfer an aggregate of 3,000,000 of the 16,000,000 Spinco 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 Spinco 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 Spinout Assets, and for general corporate purposes.

Current and Future Plans Related to the Business

With the funds available upon completion of the Arrangement pursuant to the Private Placement, during the 12 months following completion of the Arrangement, the principal focus of the Business will be the further development and commercialization of 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 will be targeted with respect to the Business 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.

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

<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	
<b>Develop Platform Analytics</b>	<b>Q4 2023 - Q1 2024</b>	<b>\$200,000</b>
<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	
<b>Total</b>		<b>\$1,160,000</b>

Based on the development and commercialization milestones noted above, the customer base of the Business is expected to be developed in the following industries over the 12 month period following the completion of the Arrangement:

<b>Target Industry</b>	<b>Estimated Timeline</b>
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 on a going forward basis. Accordingly, as time progresses, the objectives and/or focus of the Business may shift to other developments or opportunities that may arise from time to time, although there are no present plans in this respect. See also "Narrative Description of Spinco's Business - Total Available Funds" and "Narrative Description of Spinco's Business - Business Objectives and Milestones" above.

## **Discussion of Operations**

During the fiscal year ended December 31, 2022, the Business was focused on the development of Toggle3D to the commercialization stage, in connection with which \$780,192 of expenses were incurred. These expenses principally related to salaries and wages for technology development staff. This amount is an increase over the expenses of \$173,061 for the fiscal year ended December 31, 2021, which increase was principally related to the acquisition of the Business by Nextech in connection with its acquisition of Threedy.ai in June 2021, and the subsequent commitment of additional resources by Nextech towards the development of the Toggle3D platform and associated technology during the fiscal year, with a view to achieving commercialization by early 2023. No other material expenditures were incurred, that could be reliably and accurately be attributed to the Business as those expenditures (such as hosting costs) were incurred by Nextech for the company as a whole with no reliable or accurate method of allocation to Business.

## **Liquidity and Capital Resources**

As at December 31, 2022, the Business had total assets of \$nil (December 31, 2021 - \$nil), total liabilities of \$nil (December 31, 2021 - \$nil) and a net equity position of \$nil (December 31, 2021 - \$nil). The activities of the Business, 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 Business. There is no assurance that future equity capital or revenue will be available in the amounts or at the times desired by Spinco or on terms that are acceptable to it, if at all. See "Risk Factors" below.



The Business has no significant 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 generation activities.

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 the Business as of the Effective Date. These funds are expected to be sufficient to pay the liabilities associated with the Business and fund the development and operation of the Business 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 the Business or at all. See "Risk Factors" and "Forward Looking Statements" in the Information Circular. The discretionary activities of the Business 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 Board, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Expenses incurred for the fiscal year ended December 31, 2022 were incurred by Nextech on behalf of the Business.

### **Financial Instruments**

#### (a) Credit Risk

The financial instruments that potentially subject the Business to a significant concentration of credit risk consist primarily of cash. The Business mitigates 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 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.

The cash of the Business is subject to minimal risk of changes in value.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Business will not be able to meet its obligations associated with financial liabilities as they come due. The investment policy of the Business 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. There are no amounts payable or other liabilities of the Business outstanding as of the date of this MD&A. The liquidity position of the Business is monitored and future expenditures are budgeted in order to ensure that sufficient capital exists to satisfy liabilities of the Business as they come due.

### **Fiscal Year Ended December 31, 2021**

#### **Operational Highlights**

During the fiscal year ended December 31, 2021, Nextech acquired Threedu.ai and began to build the Alpha version of the Toggle3D platform, a prototype for converting small CAD files to triangulated meshes, with some texturing capabilities in an internal web portal, the project was internally called CAD2POLY.

## **Discussion of Operations**

During the fiscal year ended December 31, 2021, the Business was focused upon the development of Toggle3D, spending the majority of funds on development of the platform.

## **Liquidity and Capital Resources**

As at December 31, 2021, the Business had total assets of \$nil (December 31, 2020 - \$nil) total liabilities of \$nil (December 31, 2020 - \$nil) and a net equity position of \$nil (December 31, 2020 - \$nil). The activities of the Business, 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 Business. There is no assurance that future equity capital or revenue will be available in the amounts or at the times desired by the Business or on terms that are acceptable to it, if at all. See "Risk Factors" below.

The Business 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 generation activities.

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 the Business as of the Effective Date. These funds are expected to be sufficient to pay the liabilities associated with the Business and fund the development and operation of the Business as currently projected for at least the 12 months following completion of the Arrangement. See "Milestones" above. However, there can be no assurance that adequate funding or revenue will be available in the future, or under terms favourable to the Business or at all. See "Risk Factors" and "Forward Looking Statements" in the Information Circular. The discretionary activities of the Business 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 Board, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Expenses incurred for the fiscal year ended December 31, 2021 were incurred by Nextech on behalf of the Business.

## **Financial Instruments**

### **(a) Credit Risk**

The financial instruments that potentially subject the Business to a significant concentration of credit risk consist primarily of cash. The Business mitigates 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 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.

The cash of the Business is subject to minimal risk of changes in value.

### **(c) Liquidity Risk**

Liquidity risk is the risk that the Business will not be able to meet its obligations associated with financial liabilities as they come due. The investment policy of the Business 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. There are no amounts payable or other liabilities of the Business outstanding as of the date of this MD&A. The liquidity position of the Business is monitored and future expenditures are budgeted in order to ensure that sufficient capital exists to satisfy liabilities of the Business as they come due.

## 7. MARKET FOR SECURITIES

Currently, there is no market for the Spinco Shares. Listing is subject to Spinco meeting the initial listing requirements of the CSE and meeting all conditions of listing imposed by the CSE, including filing a standalone listing statement. There can, however, be no assurance as to if, or when, the Spinco Shares will be listed for trading on the CSE.

## 8. CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of Spinco. The table should be read in conjunction with the audited financial statements attached as Schedule "H" to the Information Circular as well as with the other disclosure contained in this Schedule "B" and in the Information Circular. See also "*Description of Securities*".

Capital	Authorized	Amount Outstanding as of March 31, 2023	Amount Outstanding as of the date of the Information Circular	Amount Outstanding Assuming Completion of Arrangement and Minimum Private Placement
Spinco Shares	Unlimited	100	100	26,000,000 <sup>(1)</sup>
Spinco Warrants	6,000,000	Nil	Nil	6,000,000 <sup>(2)</sup>

(1) Represents 20,000,000 Spinco Shares issuable to Nextech and the Shareholders, in the aggregate, pursuant to the Arrangement and 6,000,000 Spinco Shares issuable upon conversion of the Subscription Receipts and completion of the Amalgamation (assuming the Private Placement is completed to raise aggregate gross proceeds of Cdn\$1,500,000).

(2) Represents 6,000,000 Spinco Warrants issuable upon conversion of the Subscription Receipts and completion of the Amalgamation (assuming the Private Placement is completed to raise aggregate gross proceeds of Cdn\$1,500,000).

## 9. OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES

### 9.1 *Spinco Stock Options*

#### 9.1.1 Spinco Option Plan

The Spinco Board, with the approval of Spinco's sole shareholder, have adopted the Spinco Option Plan that will be implemented upon acceptance by: (i) the Shareholders at the Meeting and (ii) the CSE in conjunction with the proposed listing of the Spinco Shares on the CSE. The Spinco Option Plan is a rolling stock option plan that sets the number of Spinco Shares issuable under the Spinco Option Plan at a maximum of 20% of the Spinco Shares issued and outstanding at the time of any grant under the Spinco Option Plan. As of the date of the Information Circular, Spinco has not granted any incentive stock options under the Spinco Option Plan, or otherwise, nor has it issued any other rights or securities to purchase Spinco Shares other than pursuant to the Arrangement. The Spinco Board does not intend to grant any incentive stock options until such time following listing of the Spinco Shares on the CSE that the trading price of the Spinco Shares on the CSE has stabilized, such that a fair market value exercise price for options can be determined.

#### 9.1.2 Summary of the Spinco Option Plan

The Spinco Option Plan provides for the issuance thereunder of a maximum of 20% of the Spinco Shares issued and outstanding from time to time. The Spinco Option Plan will be administered by the Spinco Board and provide for grants of non-transferable options under the Spinco Option Plan at the discretion of the Spinco Board, to directors, officers, employees, management company employees, consultants and other specified service providers of Spinco (each a "**Spinco Eligible Person**"). The exercise price of options granted under the Spinco Option Plan will be determined by the Spinco Board. Following listing of the Spinco

Shares on the CSE, the exercise price must not be lower than the greater of the last closing market price for the Spinco Shares as quoted on the CSE on (a) the market trading day immediately prior to the date of grant of the option, and (b) the date of grant of the option (subject to a minimum price of Cdn\$0.05). The term of any options granted under the Spinco Option Plan will be fixed by the Spinco Board and may not exceed ten years.

If a Spinco Eligible Person who is a service provider shall cease to be a Spinco Eligible Person for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the Spinco Board, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Spinco Shares trade where required), or thirty days if the Spinco Eligible Person is an "investor relations person" (unless such period is extended by the Spinco Board to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the Spinco Shares trade where required), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option. If such cessation as a Spinco Eligible Person is on account of death, the option granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death.

The Spinco Option Plan also provides for adjustments to outstanding options in the event of reorganization, recapitalization, plan of arrangement, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of Spinco. Moreover, upon an "acceleration event" (as defined in the Spinco Option Plan), the Spinco Board may permit the optionee to exercise the option granted under the Spinco Option Plan regardless of any vesting restrictions during a specified period (but in no event later than the expiry date of the option); and (ii) the Spinco Board may require the acceleration of the time for the exercise of the option and of the time for the fulfilment of any conditions or restrictions on such exercise.

The directors of Spinco may, at their discretion at the time of any grant, impose a schedule over which period of time options will vest and become exercisable by the optionee. Subject to any required approval of the CSE, the Spinco Board may terminate or amend the terms of the Spinco Option Plan, subject to requisite shareholder approval where required.

## 9.2 *Warrants*

As of the date of this Information Circular, Spinco has no warrants outstanding. Spinco does not intend to issue any warrants pursuant to the Arrangement other than a minimum of 6,000,000 Spinco Warrants to be issued in exchange for the FinanceCo Warrants issued in connection with the Private Placement, with each Spinco Warrant being exercisable to acquire one (1) Spinco Share at an exercise price of Cdn\$0.50 for a period of three years from the date of issuance thereof provided that in the event that the closing price of the Spinco Shares is equal to or exceeds \$1.00 for a period of at least 10 trading days on the principal stock exchange on which such shares trade, Spinco 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.

## 10. **DESCRIPTION OF SECURITIES**

### 10.1 *Authorized Capital*

Spinco's authorized share capital consists of an unlimited number of Spinco Shares without par value, of which 100 Spinco Shares (held by Nextech) are issued and outstanding as fully paid and non-assessable as of the date of the Information Circular. Assuming completion of the Arrangement pursuant to its terms, and the completion of the minimum Private Placement, approximately 26,000,000 Spinco Shares will be issued and outstanding as fully paid and non-assessable, 4,000,000 of which will be distributed to the Shareholders pursuant to the Pro Rata Share Distribution.

### 10.2 *Spinco Shares*

Spinco Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Spinco Shares, all of which rank equally as to all benefits which might accrue to the holders of the Spinco Shares. All holders of Spinco Shares are entitled to receive a notice of any general meeting to be convened by Spinco. At any general meeting of Spinco, subject to the restrictions on joint registered owners of Spinco Shares, every Shareholder has one vote for each Spinco Share of which he or she is the registered owner. Voting rights may be exercised in person or by proxy. The holders of Spinco Shares are entitled to share pro rata in any: (i) dividends if, as and when declared by the Spinco Board, and (ii) such assets of Spinco as are distributable to shareholders upon liquidation of Spinco. The aggregate Spinco Shares outstanding upon completion of the Arrangement will be fully paid and non-assessable.

### 10.3 *Spinco Warrants*

As of the date of this Information Circular, Spinco has no warrants outstanding. Spinco does not intend to issue any warrants pursuant to the Arrangement other than a minimum of 6,000,000 Spinco Warrants to be issued in exchange for the FinanceCo Warrants issued in connection with the Private Placement, with each Spinco Warrant being exercisable to acquire one (1) Spinco Share at an exercise price of Cdn\$0.50 for a period of three years from the date of issuance thereof provided that in the event that the closing price of the Spinco Shares is equal to or exceeds \$1.00 for a period of at least 10 trading days on the principal stock exchange on which such shares trade, Spinco 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.

### 10.4 *Spinco Stock Options*

As of the date of the Information Circular, Spinco does not have any stock options outstanding. At the Effective Time, it is anticipated that no options of Spinco will be outstanding. Spinco has adopted the Spinco Option Plan (see "*Spinco Stock Options*" above). The Spinco Board does not intend to grant any incentive stock options until such time following listing of the Spinco Shares on the CSE that the trading price of the Spinco Shares has stabilized such that a fair market value exercise price for options can be determined. At the Meeting, Shareholders will be asked to consider and if advisable approve the Spinco Option Plan.

### 10.5 *Prior Sales*

On February 14, 2023, Spinco issued 100 Spinco Shares to Nextech. Other than the foregoing, Spinco has not issued any other shares as of the date of this Information Circular. On the Effective Date, it is expected that 26,000,000 Spinco Shares will be issued and outstanding assuming completion of the Arrangement pursuant to its terms, and the conversion of all Subscription Receipts (assuming completion of the minimum Private Placement). Based on the foregoing assumptions, an aggregate of 26,000,000 Spinco Shares will be issued and outstanding as fully paid and non-assessable, of which 4,000,000 will be distributed to the Shareholders of Nextech, 6,000,000 will be held by subscribers in the Private Placement, 13,000,000 will be retained by Nextech and 3,000,000 will be transferred by Nextech to certain service providers pursuant to the Shares for Services Distribution.

### 10.6 *Listing of Spinco Shares*

An application will be made for the listing of the Spinco Shares on the CSE. Listing will be subject to Spinco fulfilling all the initial listing requirements of the CSE. There can be no assurances as to if, or when, the Spinco Shares will be listed or traded on the CSE, or any other stock exchange. As at the date of the Information Circular, there is no market through which the Spinco Shares to be distributed pursuant to the Arrangement may be sold and Shareholders may not be able to resell the Spinco Shares to be distributed to them pursuant to the Arrangement. This may affect the pricing of the Spinco Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Spinco Shares, and the extent of issuer regulation. As at the date of the Information Circular, Spinco does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the TSX, the CSE, a U.S. marketplace, or a marketplace outside Canada and the United States of America.

## 11. **ESCROWED SECURITIES**

Spinco does not have any of its securities subject to escrow or contractual restrictions on transfer. However, on completion of the Arrangement, the principals of Spinco are expected to be subject to escrow pursuant to National Policy 46-201 – Escrow for Initial Public Offerings ("**NP 46- 201**"). The CSE imposes NP 46-201 escrow requirements on completion of transactions such as the Arrangement.

In accordance with NP 46-201, all securities of an issuer that are owned or controlled by its principals (or spouses of its principals) will be escrowed at the time of the issuer's initial public offering, or in this case the completion of the Arrangement, unless the securities held by the principals, or issuable to the principals upon conversion of convertible securities held by the principals, collectively represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the offering or transaction.

Uniform terms of automatic timed-release escrow apply to principals of exchange-listed issuers, differing only according to the classification of the issuer. As it is expected that Spinco will be classified as an "emerging issuer" for the purposes of NP 46-201, it is anticipated that the following automatic timed releases will apply to the securities held by its principals:

Date	% of Escrowed Securities Released
On the Listing Date	1/10 of the escrowed securities
On the date which is 6 month following the Listing Date	1/6 of the remaining escrowed securities
On the date which is 12 month following the Listing Date	1/5 of the remaining escrowed securities
On the date which is 18 month following the Listing Date	1/4 of the remaining escrowed securities
On the date which is 24 month following the Listing Date	1/3 of the remaining escrowed securities
On the date which is 30 month following the Listing Date	1/2 of the remaining escrowed securities
On the date which is 36 month following the Listing Date	The remaining escrowed securities

To the knowledge of Spinco, assuming completion of the Arrangement, a total of 6,000,000 Spinco Shares will be deposited into escrow pursuant to the terms of an escrow agreement to be entered into by Spinco, the escrow shareholders and Spinco's transfer agent, as the escrow agent (the "**Escrow Agreement**"), assuming that none of the escrow holders listed below participate in the Private Placement.

Name and Position of Escrow Holder	Number of Escrowed Securities	Percentage of Class <sup>(1)</sup>
Nextech Significant Shareholder	13,000,000 Spinco Shares	50%
Evan Gappelberg Director and Chief Executive Officer	1,698,596 Spinco Shares <sup>(2)</sup>	6.5% <sup>(2)</sup>
Belinda Tyldesley Director and Corporate Secretary	2,382 Spinco Shares <sup>(3)</sup>	0.009% <sup>(3)</sup>
Andrew Chan Chief Financial Officer	76,925 Spinco Shares <sup>(4)</sup>	0.3% <sup>(4)</sup>

(1) Percentage calculated based upon 26,000,000 Spinco Shares issued and outstanding upon completion of the Arrangement, including the issuance of 6,000,000 Spinco Shares upon completion of the minimum Private Placement and conversion of the Subscription Receipts.

(2) Calculated based upon (i) 1,300,000 Spinco Shares to be issued to Mr. Gappelberg pursuant to the Shares for Services Distribution; and (ii) 398,596 Spinco Shares to be distributed to Mr. Gappelberg pursuant to the Pro Rata Share Distribution.

(3) Calculated based upon 2,382 Spinco Shares to be distributed to Ms. Tyldesley pursuant to the Pro Rata Share Distribution.

(4) Calculated based upon (i) 75,000 Spinco Shares to be issued to Mr. Chan pursuant to the Shares for Services Distribution; and (ii) 1,925 Spinco Shares to be distributed to Mr. Chan pursuant to the Pro Rata Share Distribution.

Pursuant to the terms of the Escrow Agreement, the Spinco Shares held in escrow may be transferred within escrow to an individual who is a director or senior officer of Spinco or of a material operating subsidiary of Spinco, subject to the approval of the Spinco Board, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to Spinco's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to Spinco's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of Spinco or of any of its material operating subsidiaries.

Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative. The Escrow Agreement also provides that escrowed securities can be transferred within escrow to a financial institution on the realization of escrowed securities pledged, mortgaged or charged by the holder of such escrowed securities to the financial institution as collateral for a loan. Pursuant to the terms of the Escrow Agreement, escrowed securities may also be transferred within escrow to or between registered retirement savings plans, registered retirement income funds or other similar

registered plans or funds with a trustee, where the annuitant of such plans or funds, or the beneficiaries of the other registered plan or funds are limited to the holder and his or her spouse, children and parents, or in the case of a trustee of such a registered plan or fund, to the annuitant of the registered plan or fund, or a beneficiary of the registered plan or fund, as applicable, or his or her spouse, children and parents.

Pursuant to the terms of the Escrow Agreement, 10% of each principal's escrowed securities (a total of 1,477,790 Spinco Shares) will be released from escrow on the date the Spinco Shares are listed on the CSE (the "**Listing Date**"). The remaining 13,300,113 Spinco Shares which will be held in escrow immediately following the Listing Date will represent 51.2% of the Spinco Shares anticipated to be issued and outstanding at the Listing Date assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000.

## 12. PRINCIPAL SHAREHOLDERS

As of the date of the Information Circular, Nextech holds 100% of the issued and outstanding Spinco Shares. Assuming completion of the Arrangement and to the knowledge of Spinco's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the then issued Spinco Shares, other than Nextech, which will hold approximately 50% of the outstanding Spinco Shares (assuming completion of the minimum Private Placement).

## 13. DIRECTORS AND OFFICERS

### 13.1 *Directors and Executive Officers of Spinco*

As at the date of the Information Circular, Spinco's sole director and officer is Andrew Chan, who is also the Chief Financial Officer of Nextech. Mr. Chan was elected as Spinco's director by Nextech, Spinco's sole shareholder. Upon completion of the Arrangement, certain directors and officers of Nextech will be the directors and officers of Spinco, the names, place of residence, positions and offices and principal occupations of which are as follows:

<b>Name, place of residence and proposed position with Spinco</b>	<b>Principal Occupation</b>	<b>Number and Percentage of Spinco Shares to be Owned upon Closing of Arrangement<sup>(2)(3)</sup></b>	<b>Date of appointment as a director or officer</b>
Evan Gappelberg <sup>(1)</sup> New York, USA Chief Executive Officer and Director	Chief Executive Officer of Nextech	1,698,596 (6.5%) <sup>(4)</sup>	Closing of the Arrangement
Belinda Tyldesley <sup>(1)</sup> British Columbia, Canada Corporate Secretary and Director	President of Closing Bell Services, a consulting company providing corporate secretarial services.	2,382 (0.009%) <sup>(5)</sup>	Closing of the Arrangement
Jeff Dawley <sup>(1)</sup> Ontario, Canada Director	Board of Directors member of Nextech, Chair of Audit Committee	Nil	Closing of the Arrangement
Andrew Chan Ontario, Canada Chief Financial Officer	Chief Financial Officer of Nextech	76,925 (0.3%) <sup>(6)</sup>	July 15, 2022

(1) Proposed Member of the Audit Committee.

(2) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Spinco and has been furnished by the respective individuals based on their current holdings in Nextech and anticipated receipt of Spinco Shares pursuant to the Arrangement, and assuming that none of the proposed directors or officers of Spinco participates in the Private Placement.

- (3) Figures calculated based upon 26,000,000 Spinco Shares issued and outstanding upon completion of the Arrangement, including the issuance of 6,000,000 Spinco Shares upon completion of the minimum Private Placement and conversion of the Subscription Receipts.
- (4) Calculated assuming (i) 398,596 Spinco Shares to be issued to Mr. Gappelberg pursuant to the Shares for Services Distribution; and (ii) 1,300,000 Spinco Shares to be distributed to Mr. Gappelberg pursuant to the Pro Rata Share Distribution.
- (5) Calculated assuming 2,382 Spinco Shares to be distributed to Ms. Tyldesley pursuant to the Pro Rata Share Distribution.
- (6) Calculated assuming (i) 75,000 Spinco Shares to be issued to Mr. Chan pursuant to the Shares for Services Distribution; and (ii) 1,925 Spinco Shares to be distributed to Mr. Chan pursuant to the Pro Rata Share Distribution.

### 13.2 *Period of Service of Directors*

The current and proposed directors of Spinco will be elected annually at each annual general meeting of the Spinco shareholders and will hold office until the next annual general meeting unless a director's office is earlier vacated in accordance with the constating documents of Spinco or he or she becomes disqualified to serve as a director.

### 13.3 *Directors' and Officers' Common Share Ownership*

As at the date of the Information Circular, there are no Spinco Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors or executive officers of Spinco. On the Effective Date, each of the directors and executive officers of Spinco will beneficially own, directly or indirectly, or control or direct the number of Spinco Shares set forth in Section 13.1 above. It is expected that, upon completion of the Arrangement, an aggregate of 1,777,903 Spinco Shares, or approximately 6.8% of the Spinco Shares then issued and outstanding on a non-diluted basis, will be beneficially owned, directly or indirectly, or control or direction will be exercised over those shares, by the directors and executive officers of Spinco as a group, assuming completion of the minimum Private Placement and that none of the directors and executive officers of Spinco participate in the Private Placement.

### 13.4 *Board Committees*

#### 13.4.1 Audit Committee

Upon completion of the Arrangement, Spinco will have an audit committee (the "**Audit Committee**") consisting of Belinda Tyldesley, Jeff Dawley and Evan Gappelberg, each of whom is a director and financially literate in accordance with National Instrument 52-110 Audit Committees ("**NI 52-110**"). Both Ms. Tyldesley and Mr. Dawley will be independent of Spinco, as defined under NI 52-110. Mr. Gappelberg will not be independent of Spinco as a result of his proposed role as an executive officer of Spinco. The Spinco Board may from time to time establish additional committees.

### 13.5 *Principal Occupation of Directors and Executive Officers*

Information on directors' and executive officers' principal occupation is set out in section 13.1 above.

### 13.6 *Cease Trade Orders and Bankruptcies*

No proposed director or officer of the Spinco or a shareholder holding a sufficient number of securities of the Spinco to affect materially the control of Spinco, is, or within 10 years before the date hereof has been, a director or officer of any other issuer that, while that person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under securities law, for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. The foregoing has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of Spinco to affect materially control of Spinco.

### 13.7 *Penalties or Sanctions*

No proposed director or executive officer of Spinco, or a shareholder holding a sufficient number of Spinco's securities to affect materially the control of Spinco, has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian



securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision. The foregoing has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of Spinco to affect materially control of Spinco.

### 13.8 *Personal Bankruptcies*

No director or officer of Spinco, or a shareholder holding sufficient securities of Spinco to affect materially the control of Spinco, or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### 13.9 *Potential Conflicts of Interest*

Certain directors and officers of Spinco are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and commercializing technological products, including Nextech. Such associations to other technology companies may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of Spinco may not be made available to Spinco, but rather may be offered to a company with competing interests. The directors and senior officers of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any personal interest which they may have in any project or opportunity of Spinco, and to abstain from voting on such matters. The directors and officers of Spinco are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interests and Spinco will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

### 13.10 *Management Details*

The following sets out details of the proposed directors and officers of Spinco on completion of the Arrangement:

**Evan Gappelberg – Director and Chief Executive Officer, Age 56.** Mr. Gappelberg is an accomplished entrepreneur with an expertise in creating, funding and running start-ups, and he has extensive experience both as a hands-on operating executive and well as a public markets professional. He is founder and currently serves as the Chief Executive Officer and a director of each of Nextech and of Arway. He was also co-founder and CEO of an app development company which created, published and owns over 500 apps for both Apple's iTunes store and the Google Play store. Prior to being an entrepreneur, Mr. Gappelberg worked on Wall Street and has more than 25 years of extensive experience as both a hedge fund manager and Senior Vice President of Finance. He has extensive capital markets relationships, know-how and experience in all operational facets of managing a public company. Mr. Gappelberg expects to dedicate approximately 25% of his time to Spinco. It is not currently anticipated that Mr. Gappelberg will enter into a confidentiality or non-competition agreement with Spinco.

**Belinda Tyldesley – Director and Corporate Secretary, Age 42.** Mrs. Tyldesley is the President of Closing Bell Services, a consulting company that provides corporate secretarial services. Mrs. Tyldesley has extensive experience across all sectors of the economy with regulatory compliance in all Canadian jurisdictions and reporting issuers listed on the Toronto Stock Exchange (TSX), the TSX Venture Exchange (TSX-V), Canadian Securities Exchange (CSE) and the NEO Exchange (NEO), as well as providing legal assistance and secretarial services. Mrs. Tyldesley holds an Associate Diploma in Business Legal Practice from Holmesglen College in Melbourne, Australia. She currently serves as the Corporate Secretary and a director of each of Nextech and Arway. Ms. Tyldesley expects to dedicate approximately 10% of her time to Spinco. It is not currently anticipated that Ms. Tyldesley will enter into a confidentiality or non-competition agreement with Spinco.

**Jeff Dawley – Director, Age 51.** Mr. Dawley is the co-founder of Cybersecurity Compliance Corp, which through its Cybersecurity Pulse solution, provides board members and non-IT executives with a complete view of their cybersecurity environment, while equipping IT professionals with a framework-based assessment and roadmap for future improvements. In addition, Mr. Dawley has over 25 years of financial services, mining, information processing, manufacturing and professional services experience. His career has seen him operate as a CFO for 10 years with both publicly listed and private companies, as well as 5 years as a CTO/CIO, responsible for all aspects of information management and technology. He holds a Chartered Professional Accountant designation from Ontario, Canada, a Certified Public Accountant and Certified Information Technology Professional designation from Illinois, USA and a Chartered Global Management Accountant designation, recognized in the UK

and USA. Mr. Dawley expects to dedicate approximately 10% of his time to Spinco. It is not currently anticipated that Mr. Dawley will enter into a confidentiality or non-competition agreement with Spinco.

**Andrew Chan – Chief Financial Officer, Age 46.** Mr. Chan has over 21 years of experience across finance, accounting, business analytics, and strategy, focusing on the technology and financial services sectors with half of his career serving high-growth, public technology companies. After over a decade in public accounting (including 9 years at Ernst & Young), Andrew moved into senior finance positions with Real Matters Inc. (TSX: REAL) and goeasy Ltd. (TSX: GSY) – both offering technology solutions for the financial services industry – where he was involved in several financings, transactions and acquisitions with an aggregate value of well over a billion dollars. Mr. Chan has integrated and led finance-related functional groups including treasury and banking, corporate reporting and budgeting and was instrumental in forging strong relationships with business unit leaders to enable revenue forecasting and delivery. He currently serves as the Chief Financial Officer of each of Nextech and Arway. Mr. Chan is a Chartered Public Accountant (CPA, CA) and also holds a Bachelor of Commerce degree specializing in accounting and finance from the University of Toronto. Mr. Chan expects to dedicate approximately 25% of his time to Spinco. It is not currently anticipated that Mr. Chan will enter into a confidentiality or non-competition agreement with Spinco.

#### 14. CAPITALIZATION

Spinco will provide a summary of its capitalization with the CSE, prior to listing. This will give effect to all relevant financings and transactions, including the Arrangement.

#### 15. EXECUTIVE COMPENSATION

##### 15.1 *Compensation of Executive Officers*

Spinco was incorporated on February 14, 2023 and, accordingly, has not yet completed a financial year or developed a compensation program. Upon completion of the Arrangement, it is anticipated that the Spinco Board will grant stock options to service providers of Spinco in such amounts and upon such terms as it may determine from time to time. The Spinco Board will also consider and determine the compensation of the executive officers of Spinco. It is anticipated that all executive officers of Spinco will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as Spinco.

##### 15.2 *Long-Term Incentive Plan*

Spinco does not have any long-term incentive plans other than the Spinco Option Plan. See "*Spinco Stock Options*" above.

##### 15.3 *Option-based Awards*

Following completion of the Arrangement, Spinco will not have any options outstanding.

##### 15.4 *Pension Plan Benefits*

Spinco does not have defined benefit or defined contribution plans.

##### 15.5 *Director Compensation*

Upon completion of the Arrangement, it is anticipated that directors of Spinco will be compensated by such means and in such amounts as compensation awarded to directors of comparable publicly traded Canadian companies for services rendered in their capacity as directors.

#### 16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of Spinco, a proposed nominee for election as a director of Spinco, and each associate of any such director, executive officer or proposed nominee: (a) is, or at any time since the beginning of the most recently completed financial year of Spinco has been indebted to Spinco; or (b) has indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spinco.

## 17. RISK FACTORS

An investment in Spinco Shares, as well as Spinco's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its development. Shareholders of Spinco may lose their entire investment. The risks described below are not the only ones facing Spinco. Additional risks not currently known to Spinco, or that Spinco currently deems immaterial, may also impair Spinco's operations. If any of the following risks actually occur, Spinco's business, financial condition and operating results could be adversely affected. Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Spinco. In evaluating Spinco and its business and whether to vote in favour of the Arrangement, Shareholders should carefully consider, in addition to the other information contained in the Information Circular and the risk factors which follow, as well as the risks associated with the Arrangement (see "*The Arrangement — Risks Associated with the Arrangement*" in the Information Circular). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Spinco or in connection with Spinco's business and operations.

### **Listing of Spinco Shares**

The Spinco Shares are not currently listed on any stock exchange. Although an application will be made to list the Spinco Shares on the CSE, there is no assurance when, or if, the Spinco Shares will be listed on the CSE or on any other stock exchange. Until the Spinco Shares are listed on a stock exchange, shareholders of Spinco may not be able to sell their Spinco Shares. Even if a listing is obtained, ownership of Spinco Shares will involve a high degree of risk.

### **Qualification under the Tax Act for a Registered Plan**

If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan (as defined in the Tax Act) from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

### **Limited Business History**

Spinco has a short history of operations and has no history of earnings. The likelihood of success of Spinco must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Spinco has limited financial resources and there is no assurance that funding over and above the minimum gross proceeds of Cdn\$1,500,000 to be raised pursuant to the Private Placement, will be available to it when needed. There is also no assurance that Spinco can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

### **Public Health Crisis**

Spinco's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, on March 12, 2020, the World Health Organization declared the outbreak a pandemic and on March 13, 2020, the U.S. declared that the COVID-19 outbreak in the United States constitutes a national emergency. Over the past two years, there were a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada, the United States, Europe and China. The outbreak has also caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary and a number of jurisdictions, including in Canada and the United States, have started to lift certain COVID-19 related restrictions, the duration of the various disruptions to businesses locally and internationally and related financial impact cannot be reasonably estimated at this time. Public health crises such as COVID-19 can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to Spinco of such public health crises also include the risk that there may be a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on Spinco's business operations cannot be reasonably

estimated at this time. However, it is not expected that the COVID-19 pandemic will have a material adverse impact on Spinco's business, results of operations, financial position and cash flows going forward.

### **Sale of Spinco Shares by Nextech as Funding for its Canadian withholding tax obligations, if required**

If Nextech determines that a deemed dividend will arise as a consequence of the Arrangement Agreement, Nextech will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Shareholder that is not resident in Canada for Canadian tax purposes (including the Spinco Shares) such amounts as Nextech is required, entitled or permitted to deduct and withhold under the Tax Act. To the extent that Nextech is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, Nextech is entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations. Any such sales may negatively impact the trading price of the Spinco Shares where such shares are listed.

### **Additional Financing and Dilution**

Spinco expects to require additional funds to further its proposed activities in commercializing and marketing its technology. To obtain such funds, Spinco may sell additional securities including, but not limited to, its common shares or some form of convertible security, the effect of which would result in a substantial dilution of the equity interests of Spinco's shareholders. Spinco has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. Spinco provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of its products and services. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of Spinco's technology and general market conditions for its products and services. Spinco provides no assurance that it can operate profitably or that it will successfully implement its plans for its further development and operations.

### **Spinco currently depends on a single product**

At the Effective Date, Spinco's only material asset will be its interest in the Toggle3D platform and related technology. Unless Spinco acquires or develops additional assets or projects, Spinco will be solely dependent upon the success of these assets for its revenue and profits, if any. There is no assurance that Spinco will be able to acquire any other assets or projects or that any such acquisition would be approved by the CSE.

### **Current Global Financial Condition**

Spinco will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of Spinco to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to Spinco. If these increased levels of volatility and market turmoil continue, Spinco may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of Spinco, shareholders may suffer dilution. Future borrowings by Spinco or its subsidiaries may increase the level of financial and interest rate risk to Spinco as Spinco will be required to service future indebtedness.

### **Revenue Growth**

If Spinco is unable to attract new customers or sell products to existing customers, its revenue growth and profitability will be adversely affected. To increase revenue and achieve and maintain profitability, it must regularly add new customers or sell additional solutions to existing customers. Numerous factors, however, may impede its ability to add new customers and sell additional solutions to existing customers, including its inability to convert referrals by its existing network into paying customers, failure to attract and effectively train and motivate sales and marketing personnel, failure to develop relationships with partners or resellers and/or failure to ensure the effectiveness of marketing programs. In addition, if prospective customers do not perceive Spinco's solutions to be of sufficiently high value and quality, it will not be able to attract the number and types of new customers that it will be seeking.

## **Sales Cycles**

Spinco may encounter long sales cycles, particularly with larger customers, which could have an adverse effect on the amount, timing and predictability of revenue. The length of sales cycles may also vary depending on the type of customer to which it is selling, the product being sold and customer requirements.

## **Sales and Marketing Expenses**

Spinco may incur substantial sales and marketing expenses and expend significant management effort during this time, regardless of whether it makes a sale. Many of the risks relating to sales processes will be beyond Spinco's control, including:

- customers' budgetary and scheduling constraints;
- the timing of customers' budget cycles and approval processes; and
- general economic conditions, including as a result of pandemics such as COVID-19.

Spinco's results from operations may vary and depending on the product when it can recognize revenue. Downturns or upturns in new sales will not be immediately reflected in operating results and may be difficult to discern. A significant majority of costs will be expensed as incurred, while revenues are recognized over the life of the customer agreement. As a result, increased growth in the number of customers could result in our recognition of more costs than revenues in the earlier periods of the terms of such agreements. Subscription products also make it difficult for Spinco to rapidly increase revenues through additional sales in any period, as revenues from these customers must be recognized over the applicable subscription term.

## **Quarterly Results May Fluctuate**

Spinco's quarterly results of operations may fluctuate. As a result, it may fail to meet or exceed the expectations of investors or securities analysts which could cause its share price to decline. Spinco's quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of its control. If its quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of the Spinco Shares could decline substantially. Fluctuations in our results of operations may be due to a number of factors, including, but not limited to, those listed below:

- demand for and market acceptance of products;
- the mix of products, and solutions sold during a period;
- Spinco's ability to retain and increase sales to customers and attract new customers;
- the timing of product deployment which determines when Spinco can recognize the associated revenue;
- the strength of the economy;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- the amount and timing of expenditures related to expanding operations, research and development or introducing new solutions; and
- changes in the payment terms for solutions.

In addition, in certain circumstances, Spinco will be creating and delivering novel and unique experiences for its customers while utilizing a coding structure format that can be reused by the company for future customers. Based on these factors, the margins for Spinco's products may fluctuate from time to time, depending on the customer and the mix of products and services being sold. Due to the foregoing factors, and the other risks discussed herein, investors should not rely on quarter-to-quarter comparisons of Spinco's results of operations as an indication of its future performance.

## **Security of Customer Information**

Spinco's operations will involve the storage and transmission of potentially confidential information of many of its customers and security breaches could expose it to a risk of loss of this information, litigation, indemnity obligations and other liability. If its security measures are breached as a result of third party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to its customers' data, including personally identifiable information regarding users, damage to Spinco's reputation is likely, its business may suffer and it could incur significant liability. Spinco will implement technical, organizational and physical security measures, including service provider training, back-up systems, monitoring and testing and maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access to confidential information of customers and to reduce the likelihood of disruptions to its systems. Because techniques used to obtain unauthorized access or to sabotage systems change frequently, it may be unable to prevent these techniques or implement adequate preventive measures in time prior to an actual attack. Despite these measures, all Spinco's information systems,

including back-up systems and any third party service provider systems that it will employ, will be vulnerable to damage, interruption, disability or failure due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events. Spinco or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach its security measures or those of our third party service providers' information systems.

### **Risks Relating to Revenue**

The software industry is subject to rapid technological change. Spinco's ability to attract new customers and increase revenue from existing customers will depend in large part on its ability to enhance and improve its solutions, to introduce new features and services in a timely manner, to sell into new markets and to further penetrate existing markets. The success of any enhancement or new feature or service depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or new feature or service. Any new feature or service it develops or acquires may not be introduced in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate significant revenue. Any new markets into which Spinco attempts to sell its solutions, including new vertical markets and new countries or regions, may not be receptive. If Spinco is unable to successfully develop or acquire new features, products or services, enhance existing product or services to meet customer requirements, sell products and services into new markets or sell products and services to additional customers in existing markets, its revenue will not grow as expected. Moreover, Spinco will frequently be required to enhance and update its product and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and will force Spinco to continually qualify new features with customers.

### **Rapid Technological Developments**

The industry in which Spinco will operate is evolving at a rapid pace. Its ability to attract new customers and increase revenue from customers will depend in significant part on its ability to anticipate industry changes and to continue to enhance offer solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments. The success of new solution depends on several factors, including the timely completion and market acceptance of the enhancement or new solution. Any new solution Spinco develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue.

### **General Economic Downturns**

Downturns in general economic and market conditions and reductions in spending may reduce demand for Spinco's solutions, which could negatively affect its revenue, results of operations and cash flows. Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to Spinco or to its industry may materially adversely affect Spinco over the course of time. Volatility in the market price of the Spinco Shares due to seemingly unrelated financial developments could hurt Spinco's ability to raise capital for the financing of development or other reasons. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on Spinco's business, operating results, and financial conditions.

### **Competition**

The markets in which Spinco will participate are competitive, and its failure to compete successfully would make it difficult for Spinco to add and retain customers and would reduce or impede the growth of its business. The AR industry is still awaiting mass adoption and as acceptance increases more competitors may emerge and offer solutions that may impede on Spinco's continued growth.

There is potential that Spinco will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than Spinco. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of Spinco. Because of the early stage of the industry in which Spinco operates, Spinco expects to face additional competition from new entrants.

Spinco expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Spinco will require a continued high level of investment in research and

development, marketing, sales, and client support. Upon completion of the listing, Spinco may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of Spinco.

### **Unfavourable Publicity or Consumer Perception**

Spinco believes its industry can be highly dependent upon consumer perception. Consumer perception of Spinco and its technology can be significantly influenced by research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to Soico or any of its technology, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Spinco's products and the business, results of operations, financial condition and cash flows of Spinco. Spinco's dependence upon consumer perceptions means that adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Spinco, the demand for products, and the business, results of operations, financial condition and cash flows of Spinco.

### **Development of Sales Force**

Spinco's growth will be dependent upon the development of its sales force and their ability to obtain new customers, particularly large enterprise customers, and to manage an existing customer base. Spinco's ability to achieve significant growth in revenue in the future will depend, in large part, on its success in recruiting, training and retaining a sufficient number of sales personnel. New sales personnel require significant training. If Spinco is unable to hire and develop sufficient numbers of productive direct sales personnel, sales of its products will suffer and its growth will be impeded.

### **Fluctuations in Anticipated Growth**

If Spinco experiences significant fluctuations in its rate of anticipated growth and fails to balance its expenses with its revenue forecasts, its results could be harmed. Spinco will operate in a fast-growing environment and will need to react to where it anticipates significant potential demand for its products to seize revenue opportunities. Such anticipation may require Spinco to incur expenses in advance of revenue opportunities resulting in lower than anticipated net income over any period of time.

### **Third Party Service Providers**

Interruptions or delays in the services provided by third party data centers and/or internet service providers could impair the delivery of Spinco's solutions and its business could suffer. In the current business environment of integrated technologies, Spinco will be dependant and/or rely heavily on third party services providers for critical functions such as data centres and internet services. Any delays or down-times from these providers can significantly impact Spinco's operations and ability to complete its deliverables to customers, which may adversely affect revenue.

### **Use of Open Source Software**

The use of open-source software in Spinco's products may expose it to additional risks and harm its intellectual property. Spinco's software will make use of and incorporate open source software components. These components are developed by third parties over which Spinco does not have control. Spinco can have no assurances that those components do not infringe on the intellectual property rights of others. Spinco could be exposed to infringement claims and liability regarding the use of those open source software components, and may be forced to replace those components with internally developed software or software obtained from another supplier, which may increase expenses.

### **Research and Development Investments**

Spinco may not receive significant revenue as a result of its current research and development efforts. As it invests time, money and efforts into emerging technologies such as AR and its application in the real world, there is no guarantee that it will receive significant revenue returns for such investment.

## **Change in Accounting Treatment**

Current and future accounting pronouncements and other financial reporting standards might negatively impact Spinco's financial results. Spinco will regularly monitor our compliance with financial reporting standards and review new pronouncements and drafts that are relevant to it. Any new standards, changes to existing standards, and changes in their interpretation, may require Spinco to change its accounting policies. This could lead to changes revenue recognition among other aspects and could have an adverse effect on Spinco's business, financial position and profit.

## **Future Sales of Common Shares by Existing Shareholders**

Sales of a large number of Spinco Shares in the public markets, or the potential for such sales, could decrease the trading price of the Spinco Shares and could impair Spinco's ability to raise capital through future sales of Spinco Shares. At the time of closing of the Arrangement, Spinco will have previously issued Spinco Shares at a price per share which will be lower than the market price at which the Spinco Shares may trade in the future. Accordingly, a significant number of shareholders of Spinco will immediately have an investment profit in the Spinco Shares that they may seek to liquidate.

## **Litigation Risk**

All industries, including the technology industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.

## **Dependence on Key Individuals**

Spinco is and will be dependent on a relatively small number of key personnel, particularly Evan Gappelberg, its Chief Executive Officer and Andrew Chan, its Chief Financial Officer, the loss of any one of whom could have an adverse effect on Spinco. At this time, Spinco does not maintain key-person insurance on the lives of any of its key personnel. In addition, Spinco will be highly dependent upon contractors and third parties in the performance of its activities. Spinco provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of Spinco or be available upon commercially acceptable terms.

## **Conflicts of Interest**

Some of the directors and officers of Spinco are directors and officers of other companies, some of which are in the same business as Spinco. Some of Spinco's directors and officers will continue to pursue the development of other technological products on their own behalf and on behalf of other companies, and situations may arise where they will be in direct competition with Spinco. Spinco's directors and officers are required by law to act in the best interests of Spinco. They may have the same obligations to the other companies in respect of which they act as directors and officers. Discharge of their obligations to Spinco may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose Spinco to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Spinco. Such conflicting legal obligations may expose Spinco to liability to others and impair its ability to achieve its business objectives.

## **Fluctuation in Market Value of Spinco Shares**

Assuming the Spinco Shares are listed on the CSE, the market price of the Spinco Shares, as a publicly traded stock, can be affected by many variables not directly related to the corporate performance of Spinco, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of Spinco Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of Spinco Shares.

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Spinco Shares is also likely to be significantly affected by short-term changes in the software and AR industries and Spinco's financial condition or results of operations. Other factors unrelated to Spinco's performance that may have an effect on the price of the Spinco Shares include the following: the extent of analytical coverage available to investors concerning Spinco's business may be limited if investment banks with research capabilities do not follow Spinco's securities; lessening in trading volume and general market interest in Spinco's securities may affect an investor's ability to trade significant numbers of Spinco Shares; the size of Spinco's



public float may limit the ability of some institutions to invest in Spinco's securities; and a substantial decline in the price of the Spinco Shares that persists for a significant period of time could cause Spinco's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Spinco Shares at any given point in time may not accurately reflect Spinco's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. Spinco may in the future be the target of similar litigation or other litigation concerning operational, employment, title, environmental or other matters of which Spinco is not presently aware. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### **Management of Growth**

Spinco's management anticipates and plans to capitalize on rapid growth. Future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in the growth rate of expenses could have a material adverse effect on Spinco's business, results of operations, cash flows and financial condition.

### **Effectiveness and Efficiency of Advertising and Promotional Expenditures**

The future growth and profitability of Spinco will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the ability of Spinco to (i) create greater awareness of its technology and services; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of Spinco's technologies or services. In addition, no assurance can be given that Spinco will be able to manage its advertising and promotional expenditures on a cost-effective basis.

### **Potential Inability to Protect Technology**

Spinco's success will be heavily dependent upon technology. There can be no assurance that the steps taken by Spinco to protect its technology will be adequate to prevent misappropriation or independent third party development of Spinco's technology. It is likely the other companies can duplicate a platform similar to that of Spinco.

### **Potential Intellectual Property Claims**

Companies in the Internet, technology and media industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Spinco may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent Spinco from offering its products and services to others and may require that it procure substitute products or services for these members. With respect to any intellectual property rights claim, Spinco may have to pay damages or stop using technology found to be in violation of a third party's rights. Spinco may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase its operating expenses. The technology also may not be available for license to Spinco at all. As a result, Spinco may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If Spinco cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these results could harm Spinco's brand and prevent Spinco from generating sufficient revenue or achieving profitability.

### **Uninsured or Uninsurable Risk**

Spinco may become subject to liability for risks against which are uninsurable or against which Spinco may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on Spinco's financial position and operations.

## **Dividend Policy**

Spinco does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Spinco will remain subject to the discretion of the Spinco Board.

## **Share Price Volatility Risk**

Spinco will apply to list the Spinco Shares on the CSE as a condition of completion of the Arrangement. External factors outside of Spinco's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward technology sector stocks may have a significant impact on the market price of the Spinco Shares. Global stock markets, including the CSE, have, from time-to-time, experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology sector. There can be no assurance that an active or liquid market will develop or be sustained for the Spinco Shares.

## **No Guarantee of a Positive Return in an Investment**

There is no guarantee that an investment in the Spinco Shares will earn any positive return in the short term or long term. An investment in the Spinco Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Spinco Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

## **Risk Factors Relating to Software Personnel Matters**

The project manager of a software development project is the leader responsible for development of the particular project in accordance with timelines and performance parameters set by management and customers from time to time. In addition, improper software design can undermine the success of a project. Furthermore, many customers are not technical in terms of software terminology and may not understand the developer's point of view, thereby leading to potential miscommunication between developers and Spinco's future customers. Accordingly, inexperienced or improper staffing of a project can jeopardize the completion of a project, which could have a material adverse impact on Spinco as a result of increased costs and potentially lower revenues due to customer attrition.

## **Cost and Timing Matters**

Budgets, initialization, completion target dates and overall timing of software development projects are set on a case-by-case basis by management based on customer needs and overall corporate objectives. Cost estimation of a project is particularly crucial in terms of project success and failure. The failure to properly establish appropriate budgets and realistic timelines, or the failure to provide adequate hardware and software resources for a particular project, can lead to project failure, which could have a material adverse effect on Spinco as a result of customer dissatisfaction, negative impacts on branding and increased costs associated with potential delays. Furthermore, market demand may become obsolete while a project is still in progress, thereby rendering timely completion of projects particularly important to Spinco.

## **Currency Risk**

Currency fluctuations may affect the cash flow which Spinco may realize from its operations, since it is expected to generate revenue in United States and Canadian dollars. Spinco's costs are incurred primarily in United States and Canadian dollars.

See also in the Information Circular, "*The Arrangement — Risks Associated with the Arrangement*".

## **18. PROMOTERS**

Nextech took the initiative of founding and organizing Spinco and its business and operations and, as such, may be considered to be the promoter of Spinco for the purposes of applicable securities legislation. As at the date of the Information Circular, Nextech is the sole (100%) shareholder of Spinco and will transfer Spinout Assets to Spinco to hold and operate as contemplated by the terms of the Arrangement. See "*General Development of Spinco's Business*" and "*Description of Securities — Prior Sales*" above. See also in the Information Circular, "*Approval of Plan of Arrangement*".

The Spinout Assets have associated costs as reflected in the Carve-Out Financial Statements attached as Schedule "H" to the Information Circular. During the 10 years prior to the date of the Information Circular, Nextech has not been subject to: (a) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or (b) an order similar to a cease trade order, or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; nor has Nextech been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; nor has Nextech become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold its assets.

## 19. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### 19.1 *Legal Proceedings*

Spinco is not aware of any material legal proceedings to which Spinco or a proposed subsidiary is a party or to which the Spinout Assets are subject, nor is Spinco aware that any such proceedings are contemplated.

### 19.2 *Regulatory Actions*

There are currently no: (a) penalties or sanctions imposed against Spinco by a court relating to securities legislation or by a securities regulatory authority; (b) other penalties or sanctions imposed by a court or regulatory body against Spinco that would likely be considered important to a reasonable investor in making an investment decision in Spinco; and (c) settlement agreements Spinco entered into before a court relating to securities legislation or with a securities regulatory authority since Spinco was incorporated.

## 20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since Spinco's incorporation, no director, executive officer, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Spinco Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Spinco other than Nextech in connection with Spinco's incorporation (see "*Corporate Structure*" and "*Promoters*" above), the entering into of the Arrangement Agreement (see in the Information Circular, "*Approval of Plan of Arrangement*"), and the transfer of assets to Spinco in connection with the Arrangement (see "*Introduction – Structure of the Transaction*" and "*General Development of Spinco's Business*" above). See also "*Material Contracts*" below. Certain directors and officers of Nextech are also the directors and officers of Spinco, may participate in the Private Placement and may receive Spinco Shares pursuant to the Shares for Services Distribution and Pro Rata Share Distribution. See in the Information Circular under the headings "*Background to the Arrangement*", "*Recommendation of the Board*", "*Special Committee*" and "*Reasons for the Arrangement*".

## 21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

### 21.1 *Auditor*

The auditor of Spinco is Saturna Group, Chartered Professional Accountants LLP of Vancouver, British Columbia who has been Spinco's auditor since incorporation.

### 21.2 *Transfer Agent and Registrar*

The registrar and transfer agent of Spinco and for the Spinco Shares is Computershare Investor Services Inc., at its principal offices at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, V6C 3B9.

## 22. MATERIAL CONTRACTS

Pursuant to the Arrangement, Spinco will enter into the Escrow Agreement and acquire Nextech's interest in the Spinout Assets by way of the Arrangement Agreement, each of which will be filed on Spinco's SEDAR profile at [www.sedar.com](http://www.sedar.com) in due course.

23. **INTEREST OF EXPERTS**

Saturna Group, Chartered Professional Accountants, the auditor of Spinco, has confirmed that it is independent with respect to Spinco within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Certain legal matters relating to the Arrangement and Spinco will be passed upon by Fogler Rubinoff LLP of Toronto, Ontario, legal counsel to Spinco.

The Fairness Opinion has been prepared by RWE Growth Partners, Inc.

None of the aforementioned persons nor any directors, officers, employees or partners, as applicable, of each of the aforementioned companies and partnerships, has received or will receive as a result of the Arrangement a direct or indirect interest in a property of Spinco or any associate or affiliate of Spinco, nor is currently expected to be elected, appointed or employed as a director, officer or employee of Spinco or any associate or affiliate of Spinco.

24. **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed in the preceding items and that are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to Spinco and its securities.

25. **FINANCIAL STATEMENTS**

25.1 *Financial Statements*

A copy of the Carve-Out Financial Statements and a copy of the Spinco Financial Statements are attached to the Information Circular as Schedule "H".

**Schedule "C"**  
**Arrangement Resolution**

**BE IT RESOLVED THAT:**

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Nextech AR Solutions Corp. ("**Nextech**"), Toggle3D.ai Inc. ("**Spinco**") and 1400330 B.C. Ltd. ("**FinanceCo**"), all as more particularly described and set forth in the Management Information Circular (the "**Circular**") of Nextech dated April 18, 2023 accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is authorized, approved and adopted.

2. The plan of arrangement (the "**Plan of Arrangement**"), involving Nextech, Spinco and FinanceCo implementing the Arrangement, the full text of which is set out in Schedule "E" to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.

3. The arrangement agreement (the "**Arrangement Agreement**") between Nextech, Spinco and FinanceCo dated April 5, 2023, and all the transactions contemplated therein, the actions of the directors of Nextech in approving the Arrangement and the actions of the directors and officers of Nextech in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Nextech or that the Arrangement has been approved by the Supreme Court of British Columbia (the "**Court**"), the directors of Nextech are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Nextech:

- (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
- (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

5. Any director or officer of Nextech is hereby authorized and directed for and on behalf of Nextech to make application to the Court for an order approving the Arrangement and to execute, whether under corporate seal of Nextech or otherwise, and to deliver such other documents as are necessary or desirable to the Registrar under the BCBCA in accordance with the Arrangement Agreement for filing.

6. Any one or more directors or officers of Nextech is hereby authorized, for and on behalf and in the name of Nextech, to execute and deliver, whether under corporate seal of Nextech or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including

- (a) all actions required to be taken by or on behalf of Nextech, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Nextech,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**Schedule "D"**  
**Fairness Opinion**

# **FAIRNESS OPINION**

**Proposed Transaction between**

---

**NEXTECH AR SOLUTIONS CORP.**

**&**

**NumberCo, Inc. & FinancingCo, Inc.**

**(whom are to be amalgamated into Amalco)**

---

**Prepared for:**

**Special Committee of the Independent Members of the Board  
of Nextech AR Solutions Corp.**

**121 Richmond Street West, Suite 501**

**Toronto, Ontario M5H 2K1**

**April 12, 2023**



**RwE GROWTH PARTNERS, INC.**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>1.0 ASSIGNMENT AND PROPOSED TRANSACTION.....</b>	<b>1</b>
<b>2.0 BACKGROUND .....</b>	<b>3</b>
<b>3.0 SCOPE OF THE REPORT .....</b>	<b>6</b>
<b>4.0 CONDITIONS AND RESTRICTIONS OF THE REPORT .....</b>	<b>10</b>
<b>5.0 ASSUMPTIONS OF THE REPORT .....</b>	<b>11</b>
<b>6.0 DEFINITION OF FAIR VALUE AND FAIR MARKET VALUE.....</b>	<b>13</b>
<b>7.0 VALUATION METHODOLOGIES .....</b>	<b>14</b>
<b>8.0 VALUATION METHOD USED .....</b>	<b>15</b>
<b>9.0 FAIRNESS CONSIDERATIONS .....</b>	<b>18</b>
<b>10.0 CONCLUSION AS TO FAIRNESS.....</b>	<b>18</b>
<b>11.0 QUALIFICATIONS AND CERTIFICATE.....</b>	<b>19</b>

**APPENDIX AND SCHEDULES**

- Appendix 1.0 – Arrangement Agreement**
  
- Schedule 1.1 – Depreciated Replacement Cost Method**
- Schedule 2.1 – SpinCo Adjusted Book Value**
- Schedule 3.1 – Management Projections**
- Schedule 4.1 – Relief from Royalty Method**
- Schedule 4.2 – Weighted Average Cost of Capital**
- Schedule 5.1 – Fairness Calculations**





## 1.0 ASSIGNMENT AND PROPOSED TRANSACTION

RwE Growth Partners, Inc. (“RwE” or the “authors of the Report”) was engaged by the Independent Members of the Board of Directors (the “Board”) of Nextech AR Solutions Corp. (“Nextech”, “NTAR” or the “Company”) to prepare this Fairness Opinion (the “Report”) regarding a proposed transaction (the “Proposed Transaction”) between NTAR, NumberCo, Inc. (“SpinCo”) and FinancingCo, Inc. (“FinanceCo”), (collectively, the “Parties”) whereby the overall items and terms are as follows:

- Nextech, SpinCo and FinanceCo wish to effect a share reorganization transaction by way of a statutory plan of arrangement under Section 288 of the Business Corporations Act (BC) on the terms and conditions set out in an Arrangement Agreement and Plan of Arrangement (the “POA”) - refer to Appendix 1.0.
- Nextech AR Solutions Corp. is a public company listing for trading on the Canadian Securities Exchange (“CSE” or the “Exchange”) that is organized under the existing under the laws of British Columbia.
- SpinCo is an Ontario incorporated company.
- SpinCo includes the “Spinout Assets” – which refers to all right, title and interest in and to all direct and indirect assets of Nextech utilized in connection with the creation of a streamlined 2D / 3D set of intangible assets (“IP”) – under the brand name “Toggle3D”. The Toggle3D workplace allows users to creatively build 3D models quickly and easily. It is a 3D Design Studio in the browser. There is no APP downloads, created directly in your browser. Start instantly by uploading a CAD file and let Toggle3D convert it into a web-friendly 3D model ready to be textured. The Spinout Assets include all elements to the IP, the brand, and all business, corporate, legal and accounting books, records and documents used in connection with the foregoing and related undertakings (referred to as the “Toggle3D Assets”).
- The Parties confirm that there are zero (C\$0.00) liabilities to be assumed or transferred to SpinCo at the closing of the Proposed Transaction.
- FinanceCo is a special purpose finance company established for the purposes of completing a so-called “Subscription Receipt Financing”. The Subscription Receipt Financing is a private placement of Subscription Receipts at a price of C\$0.25 each, to raise minimum aggregate gross proceeds of C\$1,500,000 – i.e., exchanged 6,000,000 shares (the funds raised are referred to as the “New Capital”). The Subscription Receipts of FinanceCo, each of which shall automatically convert upon the satisfaction of the release conditions, into one unit of FinanceCo consisting of one FinanceCo Share and one FinanceCo Warrant. This New Capital will be used to fund SpinCo’s business operations for the twelve (12) months following the closing of the Proposed Transaction.



- FinanceCo Warrants means share purchase warrants of FinanceCo, each of which shall entitle the holder to acquire one FinanceCo Share at an exercise price of C\$1.00 for a period of three (3) years from the date of issuance of the FinanceCo Warrants.
- The Parties agree that the POA will be carried out as part of a reorganization of the business of NTAR and with the intention that all SpinCo Shares and SpinCo Warrants issued on completion of the POA or exchanged with the Nextech Shareholders, FinanceCo Shareholders and/or holders of FinanceCo Warrants, as applicable, in the United States will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act.
- The authorized capital of NTAR consists of an unlimited number of Nextech Shares without par value of which, as at the date of the POA, 100,729,121 Nextech Shares are issued and outstanding as fully paid and nonassessable;
- The authorized capital of SpinCo consists of an unlimited number of SpinCo Shares without par value, of which, as at the date of this Arrangement Agreement.
- 100 SpinCo Shares are issued and outstanding as fully paid and non-assessable.
- The authorized capital of FinanceCo consists of an unlimited number of FinanceCo Shares without par value, of which, as at the date of the POA, one (1) FinanceCo Share is issued and outstanding as fully paid and non-assessable.
- Pursuant to an Asset Purchase Agreement (refer to Appendix 1.0 and from NTAR's Board), Nextech will transfer all of the Spinout Assets and all Spinout Liabilities to SpinCo in consideration for the issuance by SpinCo of such number of fully-paid and non-assessable SpinCo Shares to Nextech such that immediately after the foregoing issuance Nextech shall hold an aggregate of 12,000,100 SpinCo Shares.
- Through the POA process, obtain an aggregate number of SpinCo Shares to be distributed on a pro rata process amongst all Nextech Shareholders per the Report's Schedules.
- As part of closing the Proposed Transaction there will be an amalgamation completed between FinanceCo and Subco such that a new entity ("Amalco" or the "Resulting Issuer") will own all of the SpinCo Assets.
- Also, all of the New Capital raised will be placed in Amalco, which will be a highly focused, surviving entity that will be listed for trading on the CSE.
- The Resulting Issuer shall issue 3,000,000 shares to the founders of the Resulting Issuer; i.e., CEO + NTAR Mgt.



All of the above, as defined above, forms the “Proposed Transaction”.

The Report opines as to the fairness of the Proposed Transaction from a financial point of view of the NTAR shareholders.

Given this, and the related nature of the Parties, the Special Committee of the Board of the Company is interested in obtaining an independent opinion as to the fairness of the Proposed Transaction, from a financial point of view of the shareholders of record of NTAR near to the completion of the Proposed Transaction.

The Report, or a summary, will be submitted to the Supreme Court of British Columbia or Ontario as part of completing the Proposed Transaction.

NTAR paid RWE a fixed professional fee, plus GST taxes to prepare this Report.

RWE, its principals and partners, staff and associates, do not assume any type of responsibility and/or business/financial liability for losses incurred by NTAR, SpinCo, FinanceCo and Amalco and/or any related shareholders or securityholders, NTAR, SpinCo, FinanceCo and Amalco directors and/or its management, and/or any regulatory bodies and/or other parties as a result of the circulation, publication, reproduction, or use of the Report, as well as any as any use contrary to the provisions of the Report and our engagement letter.

The Report is based on the scope of work that has been undertaken, the data and information provided by NTAR, SpinCo, FinanceCo and Amalco (the “Companies”) and the assumptions made.

RWE has not audited the information and data provided by NTAR, SpinCo, FinanceCo and Amalco, nor has it performed any forensic review, nor can it be expected to catch or identify any fraud and/or misleading data or information from the Company.

Instead, RWE has relied on the fact that NTAR, SpinCo, FinanceCo and Amalco has provided accurate and reliable data.

RWE also reserves the right to review all calculations included or referred to in the Report and, if RWE considers it necessary, to revise the Report in light of any information existing at the Valuation Date (i.e., as at or near February 28, 2023) which becomes known to RWE after the date of the Report.

Unless otherwise indicated, all monetary amounts are stated in Canadian dollars (C\$).

## **2.0 BACKGROUND**

RWE has reviewed all of the materials provided from the Company.

Nextech acquired all of the issued and outstanding shares of:



**RWE GROWTH PARTNERS, INC.**

*Threedy.ai Inc*

On June 25, 2021, the Company acquired 100% of the shares of Threedy.ai Inc (“Threedy.ai”). Threedy.ai is an AI based end-to-end platform used to produce 3D augmented reality models in an efficient manner.

The purchase price consists of 3,877,551 common shares of the Company with an estimated fair value of \$6,805,102, including cash acquired of \$16,235. The Company incurred acquisition-related costs of \$45,769.

The following table presents the purchase price allocation at the acquisition date:

<b>Tangible assets &amp; liabilities</b>	
Cash	\$ 16,235
Trade receivables	13,277
Other current assets	3,762
Equipment, net (Note 9)	2,344
Accounts payable and accrued liabilities	(50,969)
Deferred tax liability	(726,835)
	<u>\$ (742,186)</u>
<b>Intangible assets</b>	
Technology (Note 10)	4,179,960
	<u>\$ 4,179,960</u>
Goodwill (Note 10)	3,367,328
Total Consideration	<u>\$ 6,805,102</u>

	<b>Technology</b>
<b>Costs</b>	
December 31, 2020	\$ 1,530,787
Acquisition of Threedy.ai (Note 3)	4,179,960
Acquisition of ARway (Note 3)	674,298
Effects of movement in exchange rates	125,766
December 31, 2021	<u>\$ 6,510,811</u>
Impairment of intangible assets & goodwill	(708,730)
Assets held for sale (Note 17)	-
Effects of movement in exchange rates	286,650
September 30, 2022	<u>\$ 6,088,731</u>
<b>Accumulated depreciation</b>	
December 31, 2020	<u>\$ 80,072</u>
Additions	1,539,712
December 31, 2021	<u>\$ 1,619,784</u>
Additions	1,687,226
Impairment of intangible assets	(642,538)
Effects of movement in exchange rates	(26,607)
September 30, 2022	<u>\$ 2,637,865</u>
<b>Net book value</b>	
December 31, 2021	<u>\$ 4,891,027</u>
September 30, 2022	<u>\$ 3,450,866</u>



Since the above noted acquisition, NTAR's Toggle3D technical and business team has further developed the "Toggle3D IP".

## A streamlined 3D workplace for your creativity to flow

### 3D Design Studio in the browser

No app downloads, create directly in your browser. Start instantly by uploading a CAD file and let Toggle3D convert it into a web-friendly 3D model ready to be textured.



### Templates to get you started fast

A workspace designed for your needs whether you are building a 3D model, a configurator, or a 3D material, let your creativity flow without the traditional complexity of 3D design with templates to get you started.

### Pro editing tools made easy

Browse through over 1000 high-quality PBR materials and edit them in real-time to make your model come to life as you recreate the physical in the digital.



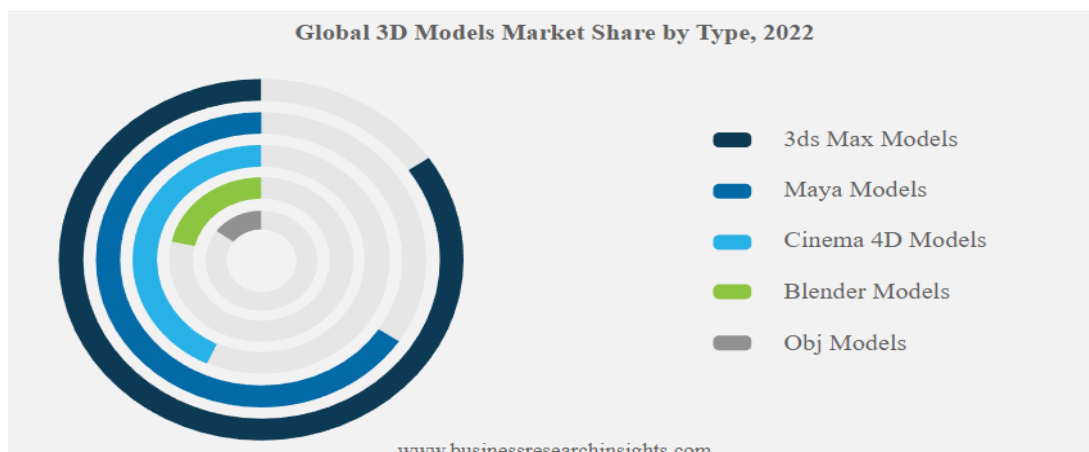
Given all of the above, the Board of NTAR has decided that it wants to separate the Toggle3D IP and the related business opportunities into a new CSE-listed public entity (the Resulting Issuer) that will be solely focused on the Toggle3D IP (versus the multi-faceted business of NTAR). The reorganization will enable the Resulting Issuer to have a business focus that will allow it to attract new investors and partners with a simple, straight forward message.

### **3.0 SCOPE OF THE REPORT**

Note: A 3D model is a mathematical representation of something three-dimensional. 3D models are used to portray real-world and conceptual visuals for art, 3D models are used by game developers, news agencies, architects, visual effects studios, advertisers and creative professionals around the world, 3D models for download, files in 3ds, max, c4d, maya, blend, obj, fbx with low poly, animated, rigged, game, and VR options.

RwE has relied on the following documents and information:

- Interviewed the NTAR Company’s CEO and CFO and Toggle3D management and collected data from technical personnel, and from certain members of the Company.
- Interviewed Dasha Vdovina and Nima Sarshar to gather and collect data regarding the past, present and planned development of the Toggle3D IP.
- Collected data on the Toggle 3D IP and functionality to-date and planned IP developments.
- Collected data on the 3D models creation marketplace.
- 3D Models market size was valued at USD1.1 billion in 2023 and is forecast to reach USD2.2 billion by 2029 with a CAGR of 10.3%.
- Global key players of 3D models include TurboSquid (Shutterstock), Unity Asset Store, Sketchfab (Epic Games), Unreal Engine Marketplace (Epic Games), Envato, etc.





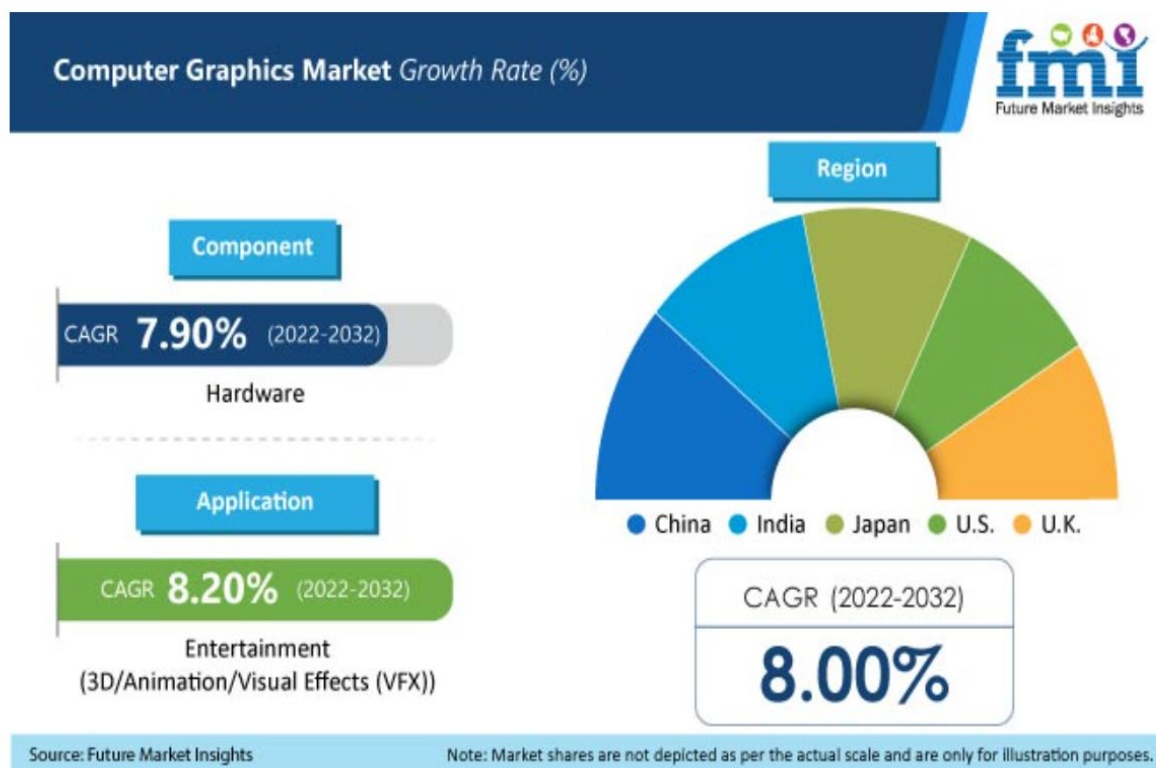
The top five players hold a share of about 62%. North America is the largest market, has a share about 37%, followed by Europe and China, with share 31% and 14%, separately.

- The Top Two-Three Companies that are Comparable to Toggle3D:
  1. Adobe Substance 3D:
    - i. Product Description: “Adobe Substance 3D brings you an ecosystem of apps and content that empower you to design 3D. Texture assets and render your scenes intuitively. Connect your workflow to Adobe Creative Cloud apps.” (Adobe, 2023)
    - ii. Most comparable legacy system
    - iii. Toggle3D is directly targeting Adobe’s ecosystem of 3D artists and graphic designers
  2. Blender:
    - i. Product Description: “Blender is the free and open-source 3D creation suite. It supports the entirety of the 3D pipeline—modeling, rigging, animation, simulation, rendering, compositing and motion tracking, even video editing and game creation” (Blender, 2023)
    - ii. Free and open-source platform. With our free plan we are hoping to attract Blender’s users and upgrade them with a low, affordable “pro” plan
    - iii. Since Blender is free, a lot of new artists sign up, we aim for these new 3D artists sign up for Toggle3D instead for its simplicity.
  3. Vectary:
    - i. Product Description: “Meet Vectary, an online platform for creating and managing interactive 3D designs that inspire, educate and solve problems. No downloads, no-code - all in the browser.” (Vectary, 2023)
    - ii. They are our closest start-up competitor
    - iii. They are similar to us as they are affordable and web-based too, but their technology is clunky, complicated and looks very much like an “Adobe” copycat product. We are different from them as we are not trying to copy the way Adobe already does 3D texturing, we are trying to disrupt/change the way 3D is done altogether.
- The computer graphics market is expected to witness market growth at a rate of 6.12% from 2023 to 2029. Data Bridge Market Research report on computer graphics market provides analysis and insights regarding the various factors expected to be prevalent throughout 2023 to 2029. The rise in the oil and gas industry globally is escalating the growth of the computer graphics market. The increasing demand for graphics software in various business processes and the use of technology in order to develop animated visual content in animated films, sci-fi movies, games, and others, further boost the growth of the market. Additionally, the rise in the adoption of the Internet of things,



the huge amounts of data generated, rapid digitization, smartphone penetration, and the widening application of computer graphics positively drive the Computer Graphics Market. Furthermore, advancements in computer programming and the advent of 3D computer graphics are extending profitable opportunities to the major market players during the forecasted period. Contrary to that, the constant requirement for hardware charges is expected to obstruct the market growth of computer graphics.

- Report Ocean published a research report on the Computer-Generated Imagery (CGI) Services Market in 2022. In the report they note that the CGI Services market is expected to reach US\$1.8 billion by 2030, with a CAGR of greater than 8%.
- The global multi-functional CGI market size reached US\$3.18 billion in 2022 and is expected to have a material CAGR to 2030 according to Emergen Research. Increasing demand for more cost-effective animation tools and the need to improve brand credibility are some key factors driving global computer-generated imagery market revenue growth. The increasing need for creating better options for film scene creation and presentation is also expected to boost revenue growth of the market to a significant extent. Computer-generated imagery solutions are used to transform many situations, including bringing scenes to life, changing a sunny day into a stormy day, morphing one component into another, and many other normally impossible to do actions or effects, allowing filmmakers to have a variety of alternatives when creating an attractive scene. This factor is expected to continue to drive market revenue growth going ahead.





- Reviewed the Toggle3D target markets and found the target numbers to be generally accurate as to market potential.

**Product/Industrial Designer**

For prototyping to accelerate product design iterations and stakeholder buy-in

**Market Size: 7.31 million CAD Users<sup>1</sup>**

**3D Artist**

For recreating physical objects in the digital world or for creating something new





**Market Size: ~ 3-5 million active Blender users<sup>2</sup>**

**Graphic Designer**

For creating digital media for product marketing, ads, sales and more

**Market Size: 30 million users of Adobe's Creative Cloud<sup>3</sup>**

- Collected more detailed data on Vectary. Inc. The firm's product is a design platform that allows the firm to specialize in the fields of augmented reality, computer vision, and 3D technology. In January of 2023 the firm raised US\$4,596,479 (some of which is from BlueYard Capital). In October of 2020 the firm raised US\$4.6m from a variety of parties. In October of 2016 the firm raised US\$7.3m from EQT Ventures and raised US\$2.5m from BlueYard Capital in 2014. In total, it has raised around US\$14.5m in four rounds.

	 Vectary	 Foundry	 DAZ 3D	 XRHealth
<b>Description</b>	Vectary is an online 3D modeling tool which they claim to be very...	Foundry is a VFX and animation software for the entertainment...	Provider of a suite of software for creating 3D animation. It offers...	VRHealth offers an AI-based cloud VR solution that monitors patient...
<b>Founded Year</b>	2014	1996	2000	2016
<b>Location</b>	Bratislava (Slovakia)	London (United Kingdom)	Draper (United States)	Brookline (United States)
<b>Company Stage</b>	Series A	Acquired	Series A	Series B

- Conducted limited financial due diligence with Bloomberg, Reuters, Capital IQ, Bank of Canada, Toronto Dominion Bank, Scotiabank, Moodys, Financial Week, Barrons, The Globe and Mail, mergermarket, TD Securities, BMO Capital Markets, CIBC World Markets, National Bank, The Economist, Morningstar Dividend Investor and Standard Bank.



- Reviewed financial and stock market trading data on comparable companies in the 3D modeling markets and whose shares trade on North American stock exchanges. In addition to reviewing financial information, RWE reviewed the operations of these various companies to determine if any had undertaken any material or relevant acquisitions in the last 12 - 24 months. Found that a number of acquisitions were occurring within these markets in Canada and the United States.
- Reviewed provide Toggle3D historical costing and R&D data and financial information as provided by NTAR.
- Reviewed all NTAR SEDAR filings for 2022 and 2023, including available financial data.
- Reviewed management provided multi-year financial projections for the Toggle3D IP.

#### **4.0 CONDITIONS AND RESTRICTIONS OF THE REPORT**

- The Report is for the Board of the Company and for their use for internal circulation purposes and only the final signed Report can be relied on by the Company's Board and related regulatory bodies.
- RWE understands that a summary of the signed Report may be included in the documentation advising only NTAR's Committee and Board of such findings.
- The signed Report may be used for inclusion in public disclosure documents in Canada and the U.S. only. RWE will require that it review public disclosure documents in order to ensure accuracy and consistency with the Report. Such consent will not be unreasonably withheld.
- The Report cannot be submitted to any non-North American or international stock exchanges and or foreign regulatory authorities, or to the CRA or the IRS.
- RWE did apply generally accepted CICBV valuation principles to the financial information it received from the Company and followed valuation standards.
- RWE has assumed that the information, which is contained in the Report, is 100% accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report that the Companies, or their representatives, are aware of.
- RWE did not attempt to audit the accuracy or completeness of the financial, technical, exploration, development and business data and information provided to it.
- This Report contains conclusions on fair value and on the fair market value of assets based on the review and analysis undertaken.



- This Report has been prepared in light of those standards of the Canadian Institute of Chartered Business Valuators and the American Society of Appraiser (both of which Richard W. Evans is a member in good standing).
- Should the assumptions used in the Report be found to be incorrect, then the valuation and conclusions may be rendered invalid and would likely have to be reviewed in light of correct and/or additional information.
- The Report, and more specifically the assessments and views contained therein, is meant as independent review of the Spinco Projects as at the Valuation Date respecting the scope outlined above.
- The authors of the Report make no representations, conclusions, or assessments, expressed or implied, regarding Companies after the Valuation Date.
- The information/assessments contained in the Report pertain only to the conditions prevailing at the time the Report was completed in December of 2022 to the Report Date.
- RWE denies any responsibility, financial or legal or otherwise, for any use and/or improper use of the Report however occasioned.
- Any legal disputes or legal action against RWE Growth Partners, Inc. as a result of the Report, or any other matter, is agreed by NTAR, SpinCo, FinanceCo and Amalco, and their management, officers, directors and their respective shareholders are agreed to be settled only in a Canadian court of law.
- RWE as well as all of its principals, partner, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by RWE, its principals, partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Report.
- No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Report.

## **5.0 ASSUMPTIONS OF THE REPORT**

The authors of the Report have made the following assumptions in completing the Report:

- (1) As at the Valuation Date all assets and liabilities in respect of the Toggle3D IP, NTAR, SpinCo, FinanceCo and Amalco have been recorded in their financial statements and follow IFRS standards. A current audit of the Companies' financial



statements would not result in any material change to the financial data set out by NTAR as provided to RWE.

- (2) NTAR, SpinCo, FinanceCo and Amalco and all of their related parties and their principals had no contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Report that would affect the evaluation or comments on the Spinco Projects.
- (3) All conditions precedent to the closing of the Proposed Transaction have, or will be completed, or waived, as set out in the Report, as at or before the closing of the Proposed Transaction and that all Companies complete the Proposed Transaction without any material change/concern/addition/deletion to the shares issued to each of the Companies.
- (4) There are no other dilutive events at the close of the Proposed Transaction other than what has been disclosed by the Company's Board in the Report.
- (5) There will be no unforeseen and/or material negative tax consequences to the Company's shareholders and/or securityholders through the closing of the Proposed Transaction.
- (6) RWE has been advised by the NTAR Board that FinanceCo and Amalco will complete a Proposed Transaction financing for gross proceeds of C\$1,500,000. RWE has assumed this to be accurate.
- (7) All terms and conditions of the Arrangement Agreement (refer to Appendix 1.0) is complete, accurate and complete. All conditions for closing of the Proposed Transaction close and the Resulting Issuer is listed for trading on the CSE.
- (8) NTAR will, and can, provide SpinCo and Amalco with an electronic version of the Toggle3D IP that is complete, clean, separate and fully documented.
- (9) The existing founders / management of Toggle3D will continue to be responsible for the development and commercialization of the Toggle3D IP.
- (10) SpinCo and Amalco will acquire zero (C\$0) liabilities from NTAR.
- (11) The Board has noted to RWE that it is not aware of any other facts or data involving the Proposed Transaction or and other matter that would have any material effect on the conclusions in the Report that has not been provided to RWE.

RWE reserves the right to review all information and calculations included or referred to in this Report and, if it considers it necessary, to revise its views in the light of any information which becomes known to it during or after the date of this Report.



## 6.0 DEFINITION OF FAIR VALUE AND FAIR MARKET VALUE

For the Report, fair value is set out in International Financial Reporting Standards (IFRS) 13 Fair Value Measurement.

This applies to IFRS that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.

The standard defines fair value on the basis of an 'exit price' notion and uses a 'fair value hierarchy', which results in a market-based, rather than entity-specific, measurement. IFRS 13 was originally issued in May 2011 and applies to annual periods beginning on or after January 1, 2013 on a forward basis.

Fair Value is the method of valuing business assets (and liabilities) for financial reporting in line with accounting practices as established by the Financial Accounting Standards Board (FASB). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value is also defined as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s-length transaction” in the International Valuation Standards, 2007, p. 88 by the International Valuation Standards Council. IFRS uses this definition. In conducting this assignment, sufficient information, and due diligence investigations regarding the background of the Assets, operations, future plans, the industry and markets and major risk factors must be researched, reviewed, and analyzed. This information and our assessments of these areas will be incorporated into the Report.

In this Report, fair market value is the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. In Canada, the term “price” should be replaced with the term “highest price”.

This definition is set out in: <https://cbvinstitute.com/wp-content/uploads/2020/02/Practice-Bulletin-No.-2-E.pdf>.

With respect to the market for the shares of a company viewed “en bloc” there are, in essence, as many “prices” for any business interest as there are purchasers and each purchaser for a particular “pool of assets”, be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it. In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business



combinations following acquisitions, and so on), or “synergies” that may result from such an acquisition.

Theoretically, each corporate purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

Based on the authors of the Report’s experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor.

In this engagement RWE was not able to expose the Toggle3D IP or the Companies for sale in the open market and were therefore unable to determine the existence of any special interest purchasers who might be prepared to pay a price equal to or greater than the fair value or fair market value outlined in the Report. RWE should note that it is possible that a special interest purchaser may pay a price that is higher than fair market value (i.e., the special purchaser price).

The reason for this may be synergistic reasons known only to them. RWE has not factored in any likely special purchaser consideration for the reasons that valuers cannot reasonably quantify such synergies, and valuation literature supports that unless such synergies can be quantified and proven (though multiple written bids, etc.) they cannot be included.

## **7.0 VALUATION METHODOLOGIES**

### **7.1 Overview**

In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Valuation approaches are primarily income-based or asset-based. Income-based approaches are appropriate where an asset and/or enterprise’s future earnings are likely to support a value in excess of the value of the net assets employed in its operation.

Commonly used income-based approaches are the Capitalization of Indicated Earnings or Capitalization of Maintainable Cash Flows or a Discounted Cash Flow. Asset-based approaches can be founded on either going concern assumptions (i.e. an enterprise is viable as a going concern but has no commercial goodwill) or liquidation assumptions (i.e. an enterprise is not viable as a going concern, or going concern value is closely related to liquidation value).

Standard valuation methods applicable to determining value can be grouped into five general categories:

- (1) Cost approach;
- (2) Market approach (or sales comparison approach);





- (3) Income-based approach;
- (4) Rules-of-Thumb approach; and
- (5) Combination of any of the above approaches.

As there are many definitions of cost, the Cost approach generally reflects the original cost of the assets and/or business in question or the cost to reproduce the intangible assets of the business itself.

This approach is premised on the principle that the most a notional purchaser and/or an investor will pay for an investment is the cost to obtain an investment of equal utility (whether by purchase or reproduction).

The Market or Sales Comparison approach uses the sales price of comparable assets as the basis for determining value. If necessary, the market transaction data is adjusted to improve its comparability and applicability to the asset being valued.

The Income-Based Approach considers the earnings to be derived through the use of the asset. The capitalized value of the Company's earnings or cash flows is determined with the application of a capitalization rate, reflecting an investor's required rate of return on such an investment.

The Rules-of-Thumb approach can be applied to certain assets to serve as a useful determination of value when industry professionals provide specific information as to standard industry characteristics and/or acknowledged and accepted rules.

Rules-of-Thumb often involve the input of specific industry competitors and professionals to indicate certain measurable criteria that can be assessed and applied to as indications of value.

Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intangible assets.

## **8.0 VALUATION METHOD USED**

### **8.1 Methods Used**

- 8.11 The first stage in determining which approach to utilize in valuing assets or a company / business is to determine whether such assets (when deployed) or a company is a going concern or whether it should be valued based on a liquidation assumption.

A set of assets or a business is deemed to be a going concern if it is both conducting operations at a given date and has every reasonable expectation of doing so for the foreseeable future after that date. If such assets or a company is deemed to not be a going concern, it is valued based on a liquidation assumption.



In reviewing the historical financial results of related to the Toggle3D IP with consideration to the past and the future, RWE is of the view that the Toggle3D IP should be valued on a going concern basis. With respect to this, RWE believed it was appropriate to value the Toggle3D IP on a going concern basis.

The reason for this is:

- (1) the previous entity and NTAR have been building the Toggle3D IP since 2019 and NTAR is finding new business opportunities for the Toggle3D IP in 2023;
  - (2) the Toggle3D IP roadmap is logic and the commercialization plan is reasonable and it shows signs of generating a return for the shareholders;
  - (3) the operating history shows the advancement of the Toggle3D IP is material, though little commercial revenues, and it does indicate that commercial goodwill is developing; and
  - (5) that the going concern approach yields a higher value than a liquidation approach (which indicates nominal value).
- 8.12 In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are:
- (a) The Income / Cash Flow Approach;
  - (b) The Market Approach; and
  - (c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

- 8.13 The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits. This approach contemplates the continuation of the operations, as if the business is a “going concern”.
- 8.14 The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the “Guideline Public Company Method”, (b) the “Merger and Acquisition Method”; and (c) analyses of prior transactions of ownership interests.





- 8.15 The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset). From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value.

The Cost Approach typically includes a comprehensive and all-inclusive definition of the cost to recreate an asset.

Typically, the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset.

- 8.16 The Asset-Based Approach is adopted where either:
- a) liquidation is contemplated because the business is not viable as an ongoing operation;
  - b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or
  - c) there are no indicated earnings/cash flows to be capitalized.

If consideration of all relevant facts establishes that the Asset-Based Approach is applicable, the method to be employed will be either a going-concern scenario (“Adjusted Net Asset Method”) or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.

- 8.17 Lastly, a combination of the above approaches may be necessary (i.e., a “Weighted Approach”) to consider the various elements and time periods (i.e., past, present and future) that are often found within operating businesses as well as specialized companies and/or those firms associated with various forms of intellectual property and where one or two approaches to value is insufficient to capture the nature of the business and its assets.
- 8.18 Given the nature and status of the Toggle3D IP’s overall technical development and business operations at the Valuation Date as well as the approaches of valuation outlined above, it is the view of the authors of the Report that the most appropriate method in determining the baseline fair value of the Toggle3D IP as at the Valuation Date was a Cost Method (Replacement Cost). The value here was in the range of C\$2.6 million per Schedule 1.1 and 2.1.

The other means of examining Toggle3D IP can be by a Relief from Royalty analysis. The result here was in the range of C\$5.0 million per Schedule 4.1.

Specifically, RWE relied the most on the Depreciated Replacement Cost analysis and method given the nature of the IP, the timing issues related to the commercialization stage of the IP and the fact that any party interested in the Toggle3D IP would only be willing to



pay for what it has taken to create the IP, versus based solely on the potential of what it may generate in the future (the ability to generate free cash flow in the future). RWE conducted a Relief from Royalty analysis to also assess the IP on its future using material discount rates so as to confirm that the Cost Method was reasonable, as was confirmed by the Income Method.

## 9.0 **FAIRNESS CONSIDERATIONS**

The fairness of a Proposed Transaction for NTAR's shareholders is tested by:

- i. Assessing the value of the components of the Proposed Transaction.
- ii. Assessing the value of the Toggle3D IP .
- iii. Not assuming or considering – that the financing occurs per the NTAR Board and management disclosure. This is a material assumption.
- iv. Considering qualitative factors, such as simplification or synergies, that may result from the Proposed Transaction.

There are many events that are assumed will occur between the Valuation Date and the closing of the Proposed Transaction.

These events are either conditions of the Proposed Transaction or are necessary (e.g., due diligence, legal costs and other costs incurred in connection with the Proposed Transaction) aspects of the closing process.

## 10.0 **CONCLUSION AS TO FAIRNESS**

Based upon RWE's valuation work and subject to all of the foregoing, RWE is of the opinion, as at the Valuation Date, that the terms of the **Proposed Transaction is fair, from a financial point of view, to the shareholders of NTAR as is shown in Schedule .**

In assessing the fairness of the Proposed Transaction to the shareholders of NTAR, RWE has considered, *inter alia*, the following:

1. All of the components of the Proposed Transaction.
2. The Toggle3D IP valuation (refer to the Report's Schedules)
3. Other potential benefits that may be realized subsequent to the completion of the Proposed Transaction include focus by both entities and simplification of the messaging of each business. RWE has considered such factors and perhaps other changes/reductions that are likely through the Proposed Transaction. RWE has not attributed any separate value related to this.



RwE has not attempted to quantify other additional qualitative potential benefits. Certain additional potential benefits are as follows:

- i. The transaction rationalizes the entities' business models better and more clearly.
- ii. Evan Gappelberg assigns a CEO of the Resulting Issuer to drive the commercialization and financing of the Resulting Issuer. As the founder of NTAR Evan Gappelberg is driven to make all of the Companies successful, his attention on the Resulting Issuer will be important and helpful.
- iii. Private placements remain difficult for small technology and IT IPR&D and early-stage technology firms that have not developed "scale" business operations.
- iv. Terms/conditions, although improving, still do not appear as favorable to such companies as at the Valuation Date as they once did.

***When one considers all of the above together, it is reasonable to conclude that the Proposed Transaction is fair, from a financial viewpoint to the shareholders of NTAR.***

## **11.0 QUALIFICATIONS AND CERTIFICATE**

### **11.1 Qualifications**

The Report preparation, and related fieldwork and due diligence investigations, were carried out by Richard W. Evans, MBA, CBV, ASA and other analysts of RwE, who were fully supervised by Mr. Evans.

Since 1994 Richard W. Evans has been involved in the financial services and management consulting fields and has been involved in the preparation of over 3,250 technical and assessment reports, business plans, business valuations, and feasibility studies.

Richard Evans is a Principal of RwE.

He has fifteen years of experience working in the areas of valuation, litigation support, mergers & acquisitions and capital formation.

He has more than 10 years of management experience in the high-tech field where he held various positions in technical support, development, marketing, project manager, channels management and senior management positions.

Prior to focusing on expanding and diversifying a small financial consulting firm, Richard was extensively involved in the high technology sector in Western Canada and the U.S. Pacific Northwest where he served for two years as the General Manager of Sidus Systems Inc.



At Sidus he was directly responsible for managing the firm's US\$15 million business operation throughout Western Canada and the Pacific Northwest.

Previous to this, he spent almost nine years with Digital Equipment of Canada Limited where he was involved in a technical support, sales, marketing, project management and eventually channels management capacity.

RwE has conducted numerous valuations and fairness opinions of cannabis companies in which its clients, their advisors, buyers, planners, accountants and the courts and regulatory bodies have been satisfied and relied on RwE as a qualified valuator.

Many of the reports he has authored have been used by the court systems in B.C., Alberta and Ontario as well as in the U.S. and Europe.

He has also done work for public regulatory boards and groups worldwide.

Richard has been actively involved in the above professional services with hundreds of companies and has served as a board member for a select number of public and private firms.

His area of professional expertise is in middle market and micro-cap companies, especially firms needing advice and assistance with their business plans, operating plans and valuations.

He has also undertaken work used on and relied upon by public companies and regulatory bodies in Canada, the United States, Europe and Asia.

He has undertaken valuation work for the Courts in British Columbia, Alberta, Ontario and Australia as well as for the Family Court in B.C.

Richard is extensively involved in sports coaching management and volunteer work throughout BC helping young adults and volunteer associations.

He obtained his Bachelor of Business Administration degree from Simon Fraser University, British Columbia in 1981 as well as completed his Master's degree in Business Administration at the University of Portland, Oregon in 1984 (where he graduated with honors). Richard holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser.

He is a member in good standing with both the Canadian Institute of Chartered Business and the American Society of Appraisers.

## **11.2 Certification and Independence**

The analyses, opinions, calculations and conclusions were developed, and this Report has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators and follows standards.



RwE was paid a professional fee, plus GST taxes for the preparation of the Report. The professional fee established for the Report has not been contingent upon the value or other opinions presented.

The authors of the Report have no present or prospective interest in the Companies and/or parties and/or any other entity / company / property that is the subject of this Report.

RwE and its principal has no personal interest with respect to any of the parties involved with any of the entities or properties described within this Report.

RwE has relied on information and data provided to it by the Company's Board and management and from management.

It is understood that this Report is solely for the information of the NTAR Board and is rendered to the NTAR Board in connection with its consideration of the Proposed Transaction and may not be used for any other purpose or relied upon by any other person without RwE's prior written consent.

***RwE Growth Partners, Inc.***



Richard W. Evans, MBA, CBV, ASA

Chartered Business Valuator – Canadian Institute of Chartered  
Business Valuators Accredited Senior Appraiser – American  
Society of Appraiser

Telephone: (778) 374-1994



**RwE GROWTH PARTNERS, INC.**

**APPENDIX AND SCHEDULES**

- Appendix 1.1 – Arrangement Agreement (available from NTAR)**
  
- Schedule 1.1 – Depreciated Replacement Cost Method**
- Schedule 2.1 – SpinCo Adjusted Book Value**
- Schedule 3.1 – Management Projections**
- Schedule 4.1 – Relief from Royalty Method**
- Schedule 4.2 – Weighted Average Cost of Capital**
- Schedule 5.1 – Fairness Calculations**



# Toggle 3D IP

## Depreciated Replacement Cost Analysis

Canadian dollars

### Intangible Processes / Base Functionality to 3D Models / System Framework developed via Toggle3D Team and IP from Threedy.ai Inc.

Schedule 1.1

					IP, 2D/3D Models, Software, Database and Processing Backend and Frontend							1
					Year 1		Year 2		Year 3		Project	
					# People	Costs	# People	Costs	# People	Costs	Total:	
1	TECHNICAL AND INTELLECTUAL CREATIVE RE-DEVELOPMENT BURDEN											
2												
3	Individuals involved in Development	Industry Acceptable (North American) Standards - Adjusted Costs/Professional	Annual Rate	Contract Period								
4												
5												
6	Project & Overall Operational Management	2023 - Projected Salary	110,000	3.0 yrs	2.0	\$ 220,000	2.0	\$ 220,000	1.0	\$ 110,000	\$	550,000
7	Technicians and Industry Related Professionals											
8	Specialists - Overall Idea Creation	2023 - Projected Salary	95,000	1.0 yr	2.0	\$ 190,000	0.0	\$ -	0.0	\$ -	\$	190,000
9	Specialists - Concept Design	2023 - Projected Salary	95,000	1.0 yr	2.0	\$ 190,000	2.0	\$ 190,000	0.0	\$ -	\$	380,000
10	Specialists - Intellectual Development of Methods	2023 - Projected Salary	95,000	2.0 yrs	2.0	\$ 190,000	2.0	\$ 190,000	0.0	\$ -	\$	380,000
11	#1 Industry Process and IP Engineering - Advanced/Senior	2023 - Projected Salary	90,000	2.5 yrs	6.0	\$ 540,000	3.0	\$ 270,000	1.0	\$ 90,000	\$	900,000
12	#2 Industry Process and IP Engineering - Mid-Level	2023 - Projected Salary	75,000	2.0 yrs	2.0	\$ 150,000	0.5	\$ 37,500	0.0	\$ -	\$	187,500
13	Specialists - QA and Testing, etc.	2023 - Projected Salary	60,000	1.0 yr	0.0	\$ -	0.0	\$ -	4.0	\$ 240,000	\$	240,000
14						\$ 1,480,000		\$ 907,500		\$ 440,000	\$	2,827,500
15												
16	Development Operating Expenses	Development Staff Burden	25%			\$ 370,000		\$ 226,875		\$ 110,000	\$	706,875
17												
18	Other Infrastructure Costs not on Balance Sheet											
19	Equipment, systems, networks and tools for R&D processes					\$ 100,000		\$ 50,000		\$ 25,000	\$	175,000
20	Patent assignment					\$ 40,000						
21	R&D Development Leverage from and with Strategic Partners					\$ 75,000		\$ 37,500		\$ 18,750	\$	131,250
22	Total Development Burden					\$ 2,065,000		\$ 1,221,875		\$ 593,750	\$	3,840,625
23												
24	Estimated Burdened Replacement Cost											
25												
26	INTELLECTUAL AND ENGINEERING DEVELOPMENT BURDEN - Replacement Value											
27												
28	<u>Assumed Facts and Assumptions, Conditions and Analysis:</u>											
29	RwE reviewed and considered the replacement costs of the above based on review of the industry											
30	Documentation outlines that R&D occurred over many years and was consistent; IP development has been since 2019; more robust and linear since 2021											
31	Based on Assumptions and Assumed Facts in the Report; analysis is limited as based on documentation (online) examined											
32	Combination of Input and Costs giving leveraged-up access to partners facilities, equipment and expertise											
33	Creative and development professionals, managers and IP engineers are readily available											
34	Normalized Salary Costs / Personnel Costs are from <a href="http://www.payscale.com">www.payscale.com</a>											
35	The commercial life expectancy of the Intangible Assets here are 5 years or less given work completed											
36	Labor costs for re-development assumed constant over the replacement cost period											
37	Burden rates are based on a general analysis and assessment of what established companies would require to replicate the development costs											
38	Technical Re-Development discount rate ranges specified due to level of methodologies in-place; discount risk rates 15% to 20% are reasonable											
39	Financial statements show technology allocation from Threedy.ai acquisition at \$4.1m (then some amortization); plus +\$10m spent on IP; hence C\$2.7m is reasonable											
40	Data collected from companies noted in the Report											
41	Data collected from NATR September 30, 2022 financial data, note 10, as related to acquisition of Threedy.ai acquisition											
42	Readers are cautioned that the analysis is based on limited data and information and could be subject to material changes if more data available.											
43												
44												
45												

	Years	Annual %	Total
(based on lost utility/innovation)	3 years	5%	\$ 3,292,856
	3 years	10%	\$ 2,799,816
	Basic Average:		\$ 3,046,336

Net Present Value (15% Discount Rate)		\$ 2,648,988
Net Present Value (20% Discount Rate)		\$ 2,538,613
Adjustments		-
Fair Value	\$ 2,540,000	\$ 2,650,000
Other Related IP and/or Systems		2
	\$ -	\$ -
Total Toggle3D IP Fair Value		1+2
Total Fair Value	\$ 2,540,000	\$ 2,650,000

# SpinCo

## Adjusted Book Value as at Closing of the Proposed Transaction Canadian dollars

Schedule 2.1

		Net Adjusted Tangible Assets & Intangible Assets based on Certain Adjustments					
		Company Unadjusted	Adjustments Low	Adjustments High	Adjusted Book Value Low	Adjusted Book Value High	Notes
1							
2	CURRENT ASSETS						
3	Cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	
3	Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	
4	Other receivable	\$ -	\$ -	\$ -	\$ -	\$ -	
5	Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	
6	Prepaid expenses	\$ -	\$ -	\$ -	\$ -	\$ -	
7	Shareholders	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Adjusted Current Assets				\$ -	\$ -	
9							
10	less: CURRENT LIABILITIES						
11	Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	
12	Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	
13	Other payables	\$ -	\$ -	\$ -	\$ -	\$ -	
14	Taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	
15	Adjusted Current Liabilities				\$ -	\$ -	
16							
17	WORKING CAPITAL				\$ -	\$ -	
18							
19	plus: OTHER ASSETS						
20	Property	\$ -	\$ -	\$ -	\$ -	\$ -	
21	Equipment, net	\$ -	\$ -	\$ -	\$ -	\$ -	
22	Other	\$ -	\$ -	\$ -	\$ -	\$ -	
23	FV - IP. Software and all Processes/Techniques	\$ -	\$ 2,540,000	\$ 2,650,000	\$ 2,540,000	\$ 2,650,000	Schedule 1.1
24	FV - Brand / Customer Relationships	\$ -	\$ -	\$ -	\$ -	\$ -	
25	Adjusted Other Assets				\$ 2,540,000	\$ 2,650,000	
26							
27	less: Long Term Liabilities						
28	Shareholder loan	\$ -	\$ -	\$ -	\$ -	\$ -	
29	Other	\$ -	\$ -	\$ -	\$ -	\$ -	
30					\$ -	\$ -	
31							
32	Assets less Liabilities				\$ 2,540,000	\$ 2,650,000	
33							
34	Adjusted Book Value, or Fair Market Value of Equity, say				\$ 2,540,000	\$ 2,650,000	
35						\$ 2,595,000	



# Toggle 3D IP

## Summary of Projections as prepared by Company Management

Schedule 3.1

as at the Valuation Date

Canadian dollars

to December 31st	2023	2024	2025	2026	2027
	from March 1, 2023				
Revenue	\$ 904,959	\$ 5,656,500	\$ 10,732,500	\$ 16,794,000	\$ 23,463,000
Y-o-Y %		525.1%	89.7%	56.5%	39.7%
Cost of Goods Sold	\$ -	\$ -	\$ -	\$ -	\$ -
% of Revenue	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Profit	\$ 904,959	\$ 5,656,500	\$ 10,732,500	\$ 16,794,000	\$ 23,463,000
% of Revenue	0.0%	100.0%	100.0%	100.0%	100.0%
OPEX	\$ 1,908,712	\$ 2,620,045	\$ 3,067,607	\$ 3,288,607	\$ 3,541,052
% of Revenue	0.0%	50.0%	49.0%	48.0%	45.0%
Y-o-Y %		37.3%	17.1%	7.2%	7.7%
EBITDA	\$ (1,003,753)	\$ 3,036,455	\$ 7,664,893	\$ 13,505,393	\$ 19,921,948
% of Revenue		53.7%	71.4%	80.4%	84.9%

**SpinCo - Toggle 3D IP**  
**Relief from Royalty Method**  
**Canadian dollars**

**Schedule 4.1**

Year	2023	2024	2025	2026	2027	Terminal Period
	305 days					
	83.6%					
1 Total Revenue Forecast	\$ 904,959	\$ 5,656,500	\$ 10,732,500	\$ 16,794,000	\$ 23,463,000	\$ 23,932,260
2 Multiplied by proportion attributable to the Asset	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3 Brand and Media Presence related Revenues	\$ 904,959	\$ 5,656,500	\$ 10,732,500	\$ 16,794,000	\$ 23,463,000	\$ 23,932,260
4 Multiplied by the pre-tax royalty rate	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
5 Pre-tax Royalty Revenues	\$ 104,070	\$ 650,498	\$ 1,234,238	\$ 1,931,310	\$ 2,698,245	\$ 2,752,210
6 Less: Related Marketing Costs on Total Sales	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
7 Marketing Costs	\$ 22,624	\$ 141,413	\$ 268,313	\$ 419,850	\$ 586,575	\$ 598,307
8 Per-Tax Net	\$ 81,446	\$ 509,085	\$ 965,925	\$ 1,511,460	\$ 2,111,670	\$ 2,153,903
9 Assumed Income Taxes	26.5%	\$ 21,583	\$ 134,908	\$ 255,970	\$ 400,537	\$ 559,593
10 After-tax Royalty Savings' Cash Flows	\$ 59,863	\$ 374,177	\$ 709,955	\$ 1,110,923	\$ 1,552,077	\$ 1,583,119
11				WACC	25.3%	
12				Less: Expected Long-term Growth Rate	-2.0%	
13				Net Rate of Return in the Terminal Period	23.3%	
14				Terminal Capitalization Multiple	4.30	x 4.30 x
15				Terminal Value		\$ 6,806,187
16						
17 Start date	1-Mar-23	1-Mar-23	1-Jan-24	1-Jan-25	1-Jan-26	1-Jan-27
18 End date		31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27
19 Period discounting		0.4167	1.3333	2.3333	3.3333	4.3333
20						
21 Present value factor		0.91	0.74	0.59	0.47	0.38
22						
23 Present Value of the Cash Flows	\$ 54,475	\$ 276,891	\$ 418,873	\$ 522,134	\$ 589,789	\$ 2,586,351
24	1.2%	6.2%	9.4%	11.7%	13.3%	58.1%
25						
26 Sum of the PV of the Cash Flows	\$ 4,448,514					
27 Add: Tax Amortization Benefit	\$ 520,926					
28						
29 Tax Amortization Benefit						
30 Amortization Period	5					
31 CCA Rate	20.00%					
32 Present Value of Cash Flows	\$ 4,448,514					
33 Discount Rate	25.26%					
34 Tax Rate	26.5%					
35 Inclusion Rate	100.0%					
36 Tax Amortization Benefit	\$ 520,926					
37 (amt * CCA rate * tax) / (discount rate + CCA rate)						
38						
39 Indicated Potential to the Commercialization of the Toggle3 IP	\$ 4,969,441					
40 Total Indicated Total x	\$ 5,000,000					
41						
42 Based on the Closing of the Proposed Transaction given the assumptions made						
43						
44 Royalty Rates (www.royaltyrange.com and www.markables.com)						
45 Transaction Parties	Royalty	Description of Business - Use of Technologies				
46 Maxar Technologies Inc. / Vricon, Inc.	23.0%	Vricon is a global leader in satellite-derived 3D data for defense and intelligence markets, with software and products that enhance 3D mapping				
47 Osram Licht AG / Vixar, Inc.	7.9%	Vixar, Inc., based in Plymouth, U.S.A., is a VCSEL specialist. VCSEL technology is used in security applications such as 3D facial recognition				
48 Regal Rexnord Corporation / Arrowhead Systems, LLC	2.9%	Arrowhead has implemented a robust digitization project to support IoT, 3D AI and predictive system capabilities				
49 Chemring Group plc / Cubica Technology Limited	29.7%	Cubica is an R&D company specializing in 3D and artificial intelligence, machine learning, data fusion and autonomy				
50 The Weir Group plc / Motion Metrics Inc.	15.0%	Motion Metrics is the market leading developer of innovative Artificial Intelligence (AI) and 3D rugged Machine Vision Technology used in mines worldw				
51	Average	15.70%				
52	Median	15.00%				
53	Selected	11.50%	due to risk and size differences selected a rate after applying a risk discount adjustment			

# Resulting Issuer

## Weighted Average Cost of Capital

### Corporate Analysis

Schedule 4.2

		Lower Rate	Mid-Range	Higher Rate	Note
Cost of equity					
Risk free rate	$R_f$	3.50%	3.50%	3.50%	1
Equity risk premium	$RP_m$	6.00%	6.00%	6.00%	2
Industry risk premium	$RP_i$	0.96%	0.96%	0.96%	3
Size premium	$RP_s$	4.80%	4.80%	4.80%	4
Company specific risk reduction	$RP_u$	0.00%	0.00%	0.00%	5
Company specific risk premium	$RP_u$	9.00%	10.00%	11.00%	5
	$k_e = R_f + RP_m + RP_i + RP_s + RP_u$	24.26%	25.26%	26.26%	
After-tax cost of debt					
Pre-tax cost of debt	$k_{d(pt)}$	12.00%	12.00%	12.00%	6
1- Estimated Tax rate of 26.5%	(1-t)	73.5%	73.5%	73.5%	7
After-tax cost of debt	$k_d = k_{d(pt)} \times (1 - t)$	8.82%	8.82%	8.82%	
Capitalization Structure					
Percentage of Equity	$W_e$	100.0%	100.0%	100.0%	8
Percentage of Debt	$W_d$	0.0%	0.0%	0.0%	8
Discount Rate					
Cost of Equity		24.3%	25.3%	26.3%	
Cost of Debt		0.0%	0.0%	0.0%	
Weighted Average Cost of Capital	$WACC = (k_e \times W_e) + (k_d \times W_d)$	24.26%	25.26%	26.26%	
Realistic long-term growth rate		2.0%			9

#### Notes

- 1 Kroll (Duff & Phelps) Cost of Capital Navigator - Normalized and Recommended
- 2 Kroll (Duff & Phelps) Cost of Capital Navigator - Recommended
- 3 Kroll (Duff & Phelps) Cost of Capital Navigator - GICS 45 Full Information Beta ( $R_{pi} = 0.96\%$ )
- 4 Kroll (Duff & Phelps) Cost of Capital Navigator - CRSP Decile 10; Sector: IT Technology
- 5 Assessed risk given growth and stability of business as at the Valuation Date

Forecast risk	8.0%	10.0%
Implementation risk	1.0%	1.0%

Examined the following study

Used the VC Early-stage ranges for arrive at a reasonable WACC

<https://arkona.io/blog/2022/04/20/pepperdine-university-capital-markets-study-with-dr-craig-everett>

- 6 Based on Company's overall debt rates and per industry rates per S&P Capital IQ
- 7 Tax rates per Mgt and then industry rates
- 8 Optimal Capital Structure as at the Valuation Date

Based inputs from Mgt and Industry optimal capital structure

Used ReadyRatios and considered this in light of Company position

Some firms carry higher debt ratio but have much bigger asset bases and earnings to support them

- Given performance of Company RwE deemed it reasonable to use ratio selected
- 9 Assumes that company reaches it mature stage at terminal calculation range, otherwise should extend projection period. Assuming that five years is appropriate period, the terminal growth rates typically range between the historical inflation rate 1% - 3% and GDP growth rates of up to 3%.  
Terminal growth rate higher than the average GDP indicates Company expects its growth to outperform that of the economy forever  
Reasonable long-term growth for this CGU is 2.0%

The cost of capital data presented below identifies medians, 25th percentiles (1st quartile), and 75th percentiles (3rd quartile) of annualized gross financing costs for each major capital type and its segments. The data reveal that loans have the lowest average rates while capital obtained from angels has the highest average rates. As the size of loan or investment increases, the cost of borrowing or financing from any of the following sources decreases. *Note: in this report, cells with only a “-” indicate categories where there were not enough survey observations.*

**Table 1. Private Capital Market Required Rates of Return**

	1 <sup>st</sup> quartile	Median	3 <sup>rd</sup> quartile
Bank (\$1M loan)	5.0%	5.5%	6.0%
Bank (\$5M loan)	3.9%	4.3%	4.8%
Bank (\$10M loan)	3.9%	4.0%	4.5%
Bank (\$25M loan)	3.8%	4.0%	4.3%
Bank (\$50M loan)	3.0%	3.3%	3.5%
ABL (\$1M loan)	15.5%	16.0%	18.5%
ABL (\$5M loan)	14.8%	15.5%	16.3%
ABL (\$10M loan)	4.4%	8.5%	15.0%
ABL (\$25M loan)	3.5%	5.0%	8.0%
ABL (\$50M loan)	3.1%	3.8%	4.4%
Mezz (\$1M loan)	11.5%	14.0%	21.0%
Mezz (\$5M loan)	11.0%	14.0%	17.5%
Mezz (\$10M loan)	9.5%	12.0%	17.0%
Mezz (\$25M loan)	8.5%	12.0%	13.0%
Mezz (\$50M loan)	8.5%	10.0%	12.0%
PEG (\$1M EBITDA)	-	-	-
PEG (\$5M EBITDA)	25.5%	30.0%	31.5%
PEG (\$10M EBITDA)	22.5%	25.0%	27.5%
PEG (\$25M EBITDA)	21.0%	25.0%	27.0%
PEG (\$50M EBITDA)	20.0%	25.0%	25.5%
VC (Seed)	33.0%	38.0%	40.0%
VC (Startup)	30.0%	33.0%	40.0%
VC (Early Stage)	23.0%	30.0%	38.0%
VC (Expansion)	19.0%	25.0%	32.0%
VC (Later Stage)	18.0%	23.0%	38.0%
Angel (Seed)	33.0%	43.0%	65.0%
Angel (Startup)	23.0%	33.0%	50.0%
Angel (Early Stage)	23.0%	28.0%	48.0%
Angel (Expansion)	23.0%	25.0%	48.0%
Angel (Later Stage)	18.0%	23.0%	38.0%

Co

Nextech AR Solutions Corp. ("NTAR") sale of the Toggle3D IP to Amalco ("Resulting Issuer") - Proposed Transaction  
 Fairness Calculations

Schedule 5.1

<b>Stated Gross Minimum Financing</b>	<b>\$1,500,000</b>	<b>Concurrent Financing</b>
<b>Pricing of Financing - per NTAR Board</b>	<b>\$0.25</b>	

**PRE Proposed Transaction Basis:**

	Low	High
Toggle3D IP - Fair Value, say	\$ 2,540,000	\$ 2,650,000
Other consideration as part of the Proposed Transaction	\$ -	\$ -
<b>Less: Other Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
Total Net Assets included in Amalco	\$ 2,540,000	\$ 2,650,000
Mid-Point, say	\$ 2,595,000	
Relief from Royalty Analysis	\$ 5,000,000	\$ 5,000,000
Potential Related to the IP as at the Valuation Date		

A

**POST Proposed Transaction Basis:**

**Implied Value of Resulting Issuer Post-Proposed Transaction (C\$)**

	Low	High
Go Forward related to the Toggle3D IP	\$ 5,000,000	\$ 5,000,000
Fair value of the Toggle3D IP at Current Date <i>Assuming Funding of the Proposed Transaction on the Terms and Conditions set out in POA</i>	\$ 2,540,000	\$ 2,650,000
Proceeds from Option Exercise - "In-the-Money"	\$ -	\$ -
Proceeds from Any "In-the-Money" Warrant Exercise	\$ -	\$ -
Proceeds from Financing - per NTAR Board Disclosure	\$ 1,500,000	\$ 1,500,000
<b>Expenses to Close Proposed Transaction - Estimate NTAR Mgt</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>
<b>Less: Estimate Agent Placement Fee</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Less: Other Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Implied Value of FCC - POST Proposed Transaction, say*</b>	<b>\$ 3,950,000</b>	<b>\$ 4,060,000</b>

**Calculation of Shares Outstanding in Resulting Issuer POST Proposed Transaction**

	Low	High
Shares to be Issued	20,000,100	20,000,100
Breakdown of the Shares to Be Issued		
Shares Issued to Resulting Issuer Founding Shareholders - CEO + Mgt	3,000,000	3,000,000
Shares being distributed by NTAR directly to its NTAR shareholders	4,000,000	4,000,000
Shares being retained by NTAR	13,000,100	13,000,100
Shares Issued from Any "In-the-Money" Option Exercise - POST Proposed Transaction	0	0
Shares Issued from Any "In-the-Money" Warrant Exercise - POST Proposed Transaction	0	0
Shares Issued for Financing (Proposed price of C\$0.25) - per NTAR Board	6,000,000	6,000,000
Related to Parties Performing Closing Services	0	0
Shares Issued for Transaction/Financing Fees (8% fee)	0	0
Other	0	0
<b>Shares Outstanding to All Parties - POST Proposed Transaction</b>	<b>26,000,100</b>	<b>26,000,100</b>

\* - assumes completion of the Proposed Transaction.

**Assumed Shareholdings in Resulting Issuer POST Proposed Transaction\***

Shares issued to Founding Resulting Issuer Shareholders - CEO + Mgt	3,000,000	11.54%
<b>Shares to be Issued to the NTAR Shareholders</b>	<b>4,000,000</b>	<b>15.38%</b> (1)
<b>Shares Retained by NTAR (held pro rata by NTAR Shareholders)</b>	<b>13,000,100</b>	<b>50.00%</b> (2)
Shares Issued for Financing	6,000,000	23.08%
"In the Money" Options that purchase shares	0	0.00%
"In the Money" Warrants that purchase shares	0	0.00%
	26,000,100	100.0%

Combined Fair Market Value of Resulting Issuer, say:	\$ 3,950,000	\$ 4,060,000
<b>Mid-Point of the Resulting Issuer, say</b>	<b>\$ 4,005,000</b>	

**Nextech AR Solutions Corp.**

Pre-Proposed Transaction

	Value Held	
Fair Value of the Toggle3D IP owned 100% by NTAR Shareholders - Pre-Proposed Transaction, say:	\$ 2,595,000	(a)

Post-Proposed Transaction

	Value Received	
Implied Current Value of the Consideration Received by the NTAR shareholders - (1) & (2) - Closing of Proposed Transaction - for the Toggle3D IP, say:	\$ 2,620,000	(b)

(b) is equal to or greater than (a) so the Proposed Transaction is Fair to the Nextech AR Solutions Corp. Shareholders

**RwE Growth Partners, Inc.  
Richard W. Evans, MBA, CBV, ASA**

---

**CONSENT of EXPERT**

---

I, Richard W. Evans, consent to the public filing of the final, signed

Fairness Opinion (the "Report")  
regarding the Proposed Transactions involving  
NEXTECH AR SOLUTIONS CORP. "Company")  
&  
NumberCo, Inc. & FinancingCo, Inc.  
(whom are to be amalgamated into Amalco)

The FINAL Report, was dated, for reference, April 12, 2023.

The Report was prepared by RwE Growth Partners, Inc. ("RwE") of Burnaby, British Columbia. I am the Principal of RwE Growth Partners, Inc. I also consent to the Report, and any extracts from or a summary of the Report, being referred to in the Company's MANAGEMENT INFORMATION CIRCULAR, AS AT APRIL 18, 2023 (the "Circular"). I certify that I have:

- a) read the Circular; and
- b) no reason to believe that there are any misrepresentations in the information contained in the Circular that are:
  - i. derived from the Report, or
  - ii. within my knowledge as a result of the services performed in connection with the Report.

Dated: April 18, 2023



Signature of Expert

Richard W. Evans  
Print name of Expert

**Schedule "E"**  
**Plan of Arrangement**

PLAN OF ARRANGEMENT UNDER SECTION 288 OF  
THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions**

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the respective meanings set forth below:

"**Amalco**" means the entity formed by the Amalgamation;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamation**" means the amalgamation of FinanceCo and Subco on the terms and subject to the conditions set forth in the Arrangement Agreement and this Plan of Arrangement;

"**Arrangement**" means an arrangement under the provisions of Section 288 of the Business Corporations Act on the terms and conditions set forth in this Plan of Arrangement;

"**Arrangement Agreement**" means the arrangement agreement dated effective April 5, 2023 between Nextech, FinanceCo and Spinco, to which this Plan of Arrangement is attached as Exhibit A, as it may be supplemented or amended from time to time;

"**Arrangement Resolution**" means the special resolution of Nextech Shareholders authorizing and approving the Plan of Arrangement, in such form as may be determined by Nextech in accordance with applicable Law;

"**Asset Purchase Agreement**" means the agreement to be entered into between Nextech and Spinco pursuant to which Spinco acquires the Spinout Assets and assumes the Spinout Liabilities;

"**Business Corporations Act**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended;

"**Business Day**" means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Vancouver, British Columbia;

"**Closing**" has the meaning given in Section 6.3 of the Arrangement Agreement;

"**Court**" means the Supreme Court of British Columbia;

"**CSE**" means the Canadian Securities Exchange;

"**Dissent Rights**" means the rights of dissent granted in favour of registered FinanceCo Shareholders in the manner prescribed by Section 238 of the Business Corporations Act with respect to such FinanceCo Shareholder's FinanceCo Shares in respect of the FinanceCo Amalgamation Resolution, all as described in this Plan of Arrangement and the Interim Order;

"**Dissenting FinanceCo Shareholder**" means a FinanceCo Shareholder which has exercised Dissent Rights;

"**Effective Date**" means the date on which the last of all necessary documents to effect the Plan of Arrangement have been filed with the Registrar;

"**Effective Time**" means 12:01 a.m. (local Vancouver time) on the Effective Date;

"**Final Order**" means the final order of the Court pursuant to section 291 of the Business Corporations Act approving the Plan of Arrangement, after being informed of the intention to rely upon the Section 3(a)(10) Exemption from registration under the U.S. Securities Act in connection with the issuance of the Spinco Shares to Nextech Shareholders in the United States, the

issuance of Spinco Shares to FinanceCo Shareholders in the United States, and the issuance of Spinco Warrants to holders of FinanceCo Warrants in the United States, as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal, which order shall include a statement to the following effect: "This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Toggle3D.ai Inc. pursuant to the Plan of Arrangement";

"**FinanceCo**" means 1400330 B.C. Ltd., a special purpose finance company existing under the Laws of British Columbia for the purposes of completing the Subscription Receipt Financing;

"**FinanceCo Amalgamation Resolution**" means the special resolution required to be passed by the FinanceCo Shareholders approving the Plan of Arrangement in accordance with applicable Law;

"**FinanceCo Shareholder**" means a holder of FinanceCo Shares;

"**FinanceCo Shares**" means common shares of FinanceCo;

"**FinanceCo Warrants**" means share purchase warrants of FinanceCo, each of which shall entitle the holder to acquire one FinanceCo Share at an exercise price of C\$0.50 for a period of three (3) years from the date of issuance of such FinanceCo Warrants, provided that in the event that the closing price of the FinanceCo Shares is equal to or exceeds \$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;

"**Governmental Entity**" means: (a) any multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, domestic or foreign; (b) any subdivision, agent, commission, board or authority of any of the foregoing; or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Information Circular**" means the information circular to be sent to Nextech Shareholders in connection with the Meeting;

"**ITA**" means the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time;

"**Interim Order**" means the order made after application to the Court, and being informed of the intention to rely upon the Section 3(a)(10) Exemption from registration under the U.S. Securities Act in connection with the issuance of the Spinco Shares to Nextech Shareholders in the United States, the issuance of Spinco Shares to FinanceCo Shareholders in the United States, and the issuance of the Spinco Warrants to the holders of FinanceCo Warrants in the United States, pursuant to section 291 of the Business Corporations Act, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the CSE), and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Meeting**" means the special meeting of Nextech Shareholders to be held virtually at such time as may be determined by Nextech in accordance with applicable Law, for the purpose of considering and approving the Arrangement, amongst other matters, and any adjournment or postponement thereof;

"**Nextech**" means Nextech AR Solutions Corp., a company existing under the laws of British Columbia;

"**Nextech Common Share**" means a common share without par value in the authorized share structure of Nextech outstanding immediately prior to the Effective Time;



"**Nextech Class A Common Share**" has the meaning set out in subsection 2.2(b);

"**Nextech New Shares**" has the meaning set out in subsection 2.2(b);

"**Nextech Shareholder**" means a holder of Nextech Common Shares, Nextech Class A Common Shares or Nextech New Shares as the context requires;

"**Parties**" means Nextech, FinanceCo and Spinco;

"**Plan of Arrangement**" means, and similar expressions mean, this plan of arrangement, including the appendices hereto, and any amendments, variations or supplements hereto made in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;

"**Registrar**" means the Registrar of Companies appointed under Section 400 of the Business Corporations Act;

"**Release Conditions**" means the written confirmation by the Parties of satisfaction or waiver of all conditions precedent to the completion of the Arrangement;

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof;

"**Spinco**" means Toggle3D.ai Inc., a company incorporated under the laws of Ontario;

"**Spinco Shareholder**" means a holder of Spinco Shares;

"**Spinco Shares**" means common shares without par value of Spinco;

"**Spinco Warrants**" means share purchase warrants of Spinco, each of which shall entitle the holder to acquire one Spinco Share at an exercise price of C\$0.50 for a period of three (3) years from the date of issuance of such Spinco Warrants, provided that in the event that the closing price of the Spinco Shares is equal to or exceeds \$1.00 for a period of at least 10 trading days on the principal stock exchange on which such shares trade, Spinco 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;

"**Spinout Assets**" means all right, title and interest in and to all direct and indirect assets of Nextech utilized in connection with the creation of the AR enhanced standalone web application Toggle3D which enables the creation, customization and publishing of high-quality 3D models and experiences, and all business, corporate, legal and accounting books, records and documents used in connection with the foregoing and related undertakings;

"**Spinout Liabilities**" means all liabilities or obligations (contingent or otherwise) (other than any liability or obligation for Taxes) in respect (but only in respect) of the Spinout Assets (including the operations or activities in connection therewith);

"**Subco**" means 1402354 B.C. Ltd., a company existing under the Laws of British Columbia and a wholly-owned subsidiary of Spinco;

"**Subco Shares**" means common shares of Subco;

"**Subscription Receipt Financing**" means the private placement of Subscription Receipts at a price of \$0.25 each, to raise minimum aggregate gross proceeds of C\$1,500,000;

"**Subscription Receipts**" means subscription receipts of FinanceCo, each of which shall automatically convert upon the satisfaction of the Release Conditions, into one unit of FinanceCo consisting of one FinanceCo Share and one FinanceCo Warrant;

"**Taxes**" means any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, GST/HST, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health,

social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada Pension Plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;

"**Transfer Agent**" means Computershare Trust Company of Canada; and

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated from time to time thereunder.

## **1.2 Headings and References**

The division of this Plan of Arrangement into Articles and sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to sections are to sections of this Plan of Arrangement.

## **1.3 Number, etc.**

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include firms and corporations and vice versa.

## **1.4 Date of Any Action**

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

## **1.5 Meaning**

Words and phrases not otherwise defined herein and defined in either the Arrangement Agreement or the Business Corporations Act will have the same meaning herein as set forth therein, unless the context otherwise requires.

# **ARTICLE 2 THE ARRANGEMENT**

## **2.1 Effectiveness**

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

## **2.2 The Arrangement**

At the Effective Time, the events and transactions set out in Subsections (a) to (e), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction, and the exchanges, cancellations and steps provided for in this Section 2.2 shall be deemed to occur on the Effective Date notwithstanding that certain of the procedures related thereto are not completed until after the Effective Time:

- (a) Pursuant to the Asset Purchase Agreement, Nextech will transfer all of the Spinout Assets and Spinout Liabilities to Spinco in consideration for the issuance by Spinco of such number of fully-paid and non-assessable SpinCo Shares to Nextech such that immediately after the foregoing issuance Nextech shall hold an aggregate of 16,000,000 Spinco Shares (together with the 100 Spinco Shares held immediately prior to the foregoing issuance);
- (b) Nextech shall undertake a reorganization of capital within the meaning of Section 86 of the ITA as follows, with the following steps occurring in the following order:
  - (i) Nextech's authorized share capital and its Articles will be altered by:

- (A) renaming and redesignating all of the issued and unissued Nextech Common Shares as Nextech Class A Common Shares;
- (B) providing the rights, privileges, restrictions and conditions attached to the Nextech Class A Common Shares are as follows:
  - (1) to vote at all meetings of shareholders of Nextech except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to two votes for each Nextech Class A Common Share held;
  - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and
  - (3) to receive, *pari passu* with the Nextech New Shares (as defined below), and subject to the rights of the holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary;
- (C) creating a new class consisting of an unlimited number of common shares without par value (the "**Nextech New Shares**");
- (D) providing that the rights, privileges, restrictions and conditions attached to the Nextech New Shares are as follows:
  - (1) to vote at all meetings of shareholders of Nextech except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to one vote for each Nextech New Share held;
  - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and
  - (3) to receive, *pari passu* with the Nextech Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary;
- (ii) each Nextech Shareholder will exchange each Nextech Class A Common Share held immediately following step 2.2(b)(i) above for (A) one Nextech New Share, and (B) such Nextech Shareholder's *pro rata* share of an aggregate of 4,000,000 Spinco Shares to be distributed amongst all Nextech Shareholders, and such Nextech Shareholders shall cease to be the holders of the Nextech Class A Common Shares so exchanged;
- (iii) the aggregate amount added to the stated capital of the Nextech New Shares issued pursuant to Section 2.2(b)(ii) above shall be equal to the amount if any, by which (A) the aggregate paid-up capital (as that term is defined for the purposes of the ITA) of the Nextech Class A Common Shares immediately prior to step 2.2(b)(ii), exceeds (B) the fair market value of the Spinco Shares distributed to the Nextech Shareholders; and
- (iv) the authorized share capital of Nextech shall be amended to delete the Nextech Class A Common Shares, none of which will be issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the Nextech Class A Common Shares.

No fractional shares will be issued and Nextech Shareholders will not receive any compensation in lieu thereof. The name of each Nextech Shareholder who is so deemed to exchange his, her or its Nextech Class A Common Shares, shall be removed from the securities register of Nextech Class A Common Shares with respect to the Nextech Class A Common Shares so exchanged and shall be added to the securities registers of Nextech New Shares and Spinco Shares as the holder of the number of Nextech New Shares and Spinco Shares deemed to have been received on the exchange;

- (c) each FinanceCo Share held by a Dissenting FinanceCo Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, to Spinco for cancellation and thereupon each Dissenting FinanceCo Shareholder shall have the rights set out in Section 3.1; and
  - (i) such Dissenting FinanceCo Shareholders shall cease to be registered holders of such FinanceCo Shares and the names of such registered holders shall be removed from the register of FinanceCo Shareholders; and
  - (ii) such Dissenting FinanceCo Shareholders shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such FinanceCo Shares in accordance with this Section 2.2(c);
- (d) the Amalgamation will be completed and FinanceCo and Subco will continue as Amalco on the following terms:
  - (i) the name of Amalco shall be such numbered name as may be assigned by the applicable regulatory authorities;
  - (ii) the property, rights and interests of each FinanceCo and Subco shall continue to be the property, rights and interests of Amalco;
  - (iii) Amalco shall continue to be liable for the obligations of each of FinanceCo and Subco;
  - (iv) the Articles of Subco shall be the Articles of Amalco;
  - (v) each FinanceCo Share held by a FinanceCo Shareholder other than a Dissenting FinanceCo Shareholder, and each FinanceCo Warrant, will be exchanged for one Spinco Share and one Spinco Warrant, respectively, provided that no fractional securities will be issued and FinanceCo Shareholders and holders of FinanceCo Warrants will not receive any compensation in lieu thereof;
  - (vi) with respect to each FinanceCo Share and FinanceCo Warrant transferred and assigned in accordance with section 2.2(d)(v) hereof:
    - (A) the registered holder thereof shall cease to be the registered holder of such FinanceCo Share and/or FinanceCo Warrant, as applicable, and the name of such registered holder shall be removed from the register of FinanceCo Shareholders and/or holders of FinanceCo Warrants, as applicable; and
    - (B) the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such FinanceCo Share and FinanceCo Warrant, as applicable, in accordance with section 2.2(d)(v) hereto;
  - (vii) the Subco Shares will be exchanged for Amalco Shares on the basis of one Amalco Share for each one Subco Share;
  - (viii) in consideration for Spinco's issuance of Spinco Shares referenced in section 2.2(d)(v), Amalco shall issue to Spinco one Amalco Share for each Spinco Share issued by Spinco under section 2.2(d)(v);
  - (ix) any existing cause of action, claim or liability to prosecution with respect to either or both of Subco and FinanceCo shall be unaffected;
  - (x) any civil, criminal or administrative action or proceeding pending by or against any of Subco or FinanceCo may be continued to be prosecuted by or against Amalco;
  - (xi) any conviction against, or ruling, order or judgment in favour of or against, any of Subco or FinanceCo may be enforced by or against Amalco;

- (xii) FinanceCo Shares which are held by a Dissenting FinanceCo Shareholder shall not be exchanged as prescribed by Section 2.2(d)(v). However, if a Dissenting FinanceCo Shareholder fails to perfect or effectively withdraws its claim under section 238 of the Business Corporations Act or forfeits its right to make a claim under section 238 of the Business Corporations Act or if its rights as a FinanceCo Shareholder are otherwise reinstated, such FinanceCo Shareholder's FinanceCo Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by Section 2.2(d)(v); and
- (xiii) the board of directors of Amalco shall be comprised of a minimum of one and a maximum of 10 directors, and Mr. Evan Gappelberg shall be appointed as the first director of Amalco.

### **2.3 Deemed Fully Paid and Non-Assessable Shares**

All Nextech New Shares and Spinco Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes.

### **2.4 Arrangement Effectiveness**

The Arrangement shall become final and conclusively binding on the Nextech Shareholders, FinanceCo Shareholders, holders of FinanceCo Warrants and each of Nextech, FinanceCo, Subco and Spinco on the Effective Date.

### **2.5 Supplementary Actions**

Notwithstanding that the transactions and events set out in Section 2.2 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Nextech, FinanceCo and Spinco shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 2.2, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

### **2.6 Withholding Rights**

Nextech shall be entitled to deduct or withhold from the consideration or other amount payable to any Nextech Shareholder, FinanceCo Shareholder or holder of FinanceCo Warrants and from all dividends, other distributions or other amounts otherwise payable to any Nextech Shareholder, FinanceCo Shareholder or holder of FinanceCo Warrants under the Arrangement such Taxes or other amounts as Nextech is required, entitled or permitted to deduct and withhold with respect to such payment under the ITA, the United States Internal Revenue Code of 1986, or any other provisions of any applicable Laws. For greater certainty, to the extent that the exchange in subsection 2.2(b)(ii) hereof gives rise to a deemed dividend under the ITA, Nextech shall be entitled to retain and sell that number of Spinco Shares as required to satisfy any withholding requirement under the ITA or any other applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Nextech Shareholder, FinanceCo Shareholder or holder of FinanceCo Warrants, as applicable, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority and for greater certainty the number of Spinco Shares retained and sold by Nextech, if any, shall be deemed to have been issued to the applicable Nextech Shareholders.

### **2.7 U.S. Securities Law Exemption**

Notwithstanding any provision herein to the contrary, the Parties agree that the Plan of Arrangement will be carried out with the intention that all Spinco Shares and Spinco Warrants issued on completion of the Plan of Arrangement to the Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants, as applicable, in the United States will be issued by Spinco in reliance on the Section 3(a)(10) Exemption from the registration requirements of the U.S. Securities Act.

**ARTICLE 3  
DISSENT RIGHTS**

**3.1 Dissent Rights**

- (a) Nextech Shareholders will not be given the right to dissent in respect of the Arrangement Resolution and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the Business Corporations Act do not apply to the Arrangement Resolution.
- (b) Each registered FinanceCo Shareholder may exercise Dissent Rights with respect to the FinanceCo Shares held by it pursuant to and in the manner set forth in the Interim Order. Dissenting FinanceCo Shareholders who: (i) are ultimately entitled to be paid by Spinco the fair value for their FinanceCo Shares shall be deemed to have transferred such FinanceCo Shares (free of any liens, claims or encumbrances) to Spinco for cancellation in accordance with Section 2.2(c); or (ii) are ultimately not entitled, for any reason, to be paid by Spinco fair value for their FinanceCo Shares in respect of which they dissent, shall be deemed to have participated in the Arrangement in respect of those FinanceCo Shares on the same basis as a non-dissenting FinanceCo Shareholder.
- (c) In no event shall FinanceCo, Spinco or Amalco or any other person be required to recognize a Dissenting FinanceCo Shareholder who was paid fair value of their FinanceCo Shares pursuant to 3.1(b)(i) above as a registered or beneficial owner of FinanceCo Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting FinanceCo Shareholders shall be deleted from the central securities register of FinanceCo as at the Effective Time.
- (d) For greater certainty, in addition to any other restrictions in the Interim Order, no person shall be entitled to exercise Dissent Rights with respect to FinanceCo Shares in respect of which a person has voted in favour of the FinanceCo Amalgamation Resolution.

**ARTICLE 4  
DELIVERY OF SECURITIES**

**4.1 Right to Receive Spinco Shares and Spinco Warrants**

As soon as practicable following the Effective Date, Nextech and Spinco will cause to be delivered to the Transfer Agent, to be delivered to Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants as of the Effective Date in accordance with the terms hereof, certificates representing the aggregate Spinco Shares and/or Spinco Warrants to which such securityholders are entitled following the Arrangement. The Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants shall be deemed to be the registered holders of the Nextech New Shares, Spinco Shares and Spinco Warrants, as applicable, to which they are entitled hereunder, as of the Effective Time.

**ARTICLE 5  
AMENDMENTS**

**5.1 Amendments**

- (a) The Arrangement Agreement and the Plan of Arrangement may be amended at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time; provided that any such amendment (i) is in writing and is agreed to in writing by the Parties; (ii) if required, is filed with the Court; and (iii) if made following the Meeting, is approved by the Court and, if and as required by the Court, is communicated to Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants and/or consented to by Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants, as applicable.
- (b) Any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:
  - (i) change the time for performance of any of the obligations or acts of the Parties;

- (ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;
  - (iii) waive compliance with or modify any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the Parties; and/or
  - (iv) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.
- (c) Any amendment made before the Meeting in accordance with this Section 5.1 may be made with or without any other prior notice or communication and, if accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Agreement and the Plan of Arrangement for all purposes.
- (d) Notwithstanding the foregoing provisions of this Section 5.1, any amendment, modification or supplement to this Plan of Arrangement may be made by any of the Parties without approval of the Nextech Shareholders or any other securityholders of Nextech, Subco, Spinco or FinanceCo provided that it concerns a matter which, in the reasonable opinion of Nextech, Subco, Spinco and FinanceCo is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Nextech, Subco, Spinco or FinanceCo securityholders.

## **5.2 Further Assurances.**

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, Nextech, FinanceCo and Spinco shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

**Schedule "F"**  
**Interim Order and Notice of Hearing on Petition**





No. S233105  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
NEXTECH AR SOLUTIONS CORP., ITS SHAREHOLDERS, TOGGLED3D.ai INC.,  
1400330 B.C. LTD. AND ITS SECURITYHOLDERS**

**NEXTECH AR SOLUTIONS CORP. AND 1400330 B.C. LTD.**

PETITIONERS

**NOTICE OF HEARING OF PETITION**

**TO:** The holders of common shares (the “**Nextech Shareholders**”) of Nextech AR Solutions Corp. (the “**Company**” or “**Nextech**”) and the holder of common shares (the “**FinanceCo Shareholders**” and the holders of warrants of 1400330 B.C. Ltd. (“**FinanceCo**”))

**NOTICE IS HEREBY GIVEN** that a Petition has been filed by Nextech and FinanceCo in the Supreme Court of British Columbia for approval of an arrangement (the “**Arrangement**”) pursuant to Section 288 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, between Nextech, the Nextech Shareholders, Toggled3D.ai. Inc and 1400330 B.C. Ltd. and the FinanceCo Shareholders and holders of FinanceCo Warrants.

**AND NOTICE IS FURTHER GIVEN** that by an Interim Order of the Supreme Court of British Columbia pronounced on April 25, 2023, the Court has given directions as to the calling of a meeting of the Nextech Shareholders for the purpose of considering and voting on the Arrangement.

**AND NOTICE IS FURTHER GIVEN** that if the Arrangement is approved at the meeting, the Petitioners intend to apply for an order approving the Arrangement and declaring it to be fair and reasonable (the “**Final Order**”) at a hearing before a Judge of the Supreme Court of British Columbia at the Courthouse, at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on or about June 9, 2023 at 9:45 a.m. (PT), or so soon thereafter as counsel may be heard, or at such later date as the Court may direct and in the manner directed by the Court.

**IF YOU WISH TO BE HEARD AT THE HEARING OF THE PETITION OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION** by filing a form entitled “Response to Petition”, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, along with any evidence or materials which you intend to present to the Court, at the Vancouver Registry of the

Court and **YOU MUST ALSO DELIVER** a copy of the filed Response to Petition, together with a copy of all evidence or materials on which you intend to rely at the application for the Final Order, to the solicitors for the Petitioner at their address for delivery, which is set out below, on or before 12:00 p.m. (PT) on June 7, 2023 or as the Court may otherwise direct.

**YOU OR YOUR SOLICITOR** may file the Response to Petition. You may obtain a form of "Response to Petition" at the Registry, or on the Court's website at <https://www.supremecourtbc.ca/sites/default/files/web/forms/Form-67.pdf>. The address of the Registry is: 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1

**IF YOU DO NOT FILE A RESPONSE TO PETITION** and do not attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented at that time, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Shareholders.


A copy of the said Petition and other documents in the proceedings will be furnished to any Nextech Shareholder, FinanceCo Shareholder or holder of FinanceCo Warrants upon request in writing addressed to the solicitors of the Petitioners at their address for delivery set out below.

*The matter is within the jurisdiction of a judge.*  
Time estimate is: 10 minutes.

The Petitioner's address for delivery is:

Farris LLP  
Barristers & Solicitors  
2500 – 700 West Georgia Street  
Vancouver, British Columbia V7Y 1B3  
Email: [tlg@farris.com](mailto:tlg@farris.com)  
**Attention: Tim Louman-Gardiner**

DATED this 25<sup>th</sup> day of April, 2023.

  
\_\_\_\_\_  
Signature  
 Party     Lawyer for the Petitioners  
**Tim Louman-Gardiner**

**SUPREME COURT  
OF BRITISH COLUMBIA  
VANCOUVER REGISTRY**

APR 21 2023



**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF SECTION 288 OF THE  
BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57, AS AMENDED**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
NEXTECH AR SOLUTIONS CORP., ITS SHAREHOLDERS, TOGGLED3D.ai INC.,  
1400330 B.C. LTD. AND ITS SECURITYHOLDERS**

**NEXTECH AR SOLUTIONS CORP. AND 1400330 B.C. LTD.**

**PETITIONERS**

**PETITION TO THE COURT**

**This proceeding has been started by the petitioners for the relief set out in Part 1 below.**

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioners
  - (i) 2 copies of the filed response to petition, and
  - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**TIME FOR RESPONSE TO PETITION**

A response to petition must be filed and served on the petitioners,

- (a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,
- (b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

S 233105

No.  
Vancouver Registry

- (c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or
- (d) if the time for response has been set by order of the court, within that time.

<p>The address of the registry is:</p> <p>800 Smithe Street Vancouver, British Columbia V6Z 2E1</p>
<p>The ADDRESS FOR DELIVERY is:</p> <p>Farris LLP Barristers &amp; Solicitors 2500 – 700 West Georgia Street Vancouver, British Columbia V7Y 1B3</p> <p>Fax number for delivery (if any): None</p> <p>Email address for delivery (if any): <a href="mailto:tlg@farris.com">tlg@farris.com</a></p>
<p>The name and office address of the Petitioners' Solicitor is:</p> <p>Farris LLP Barristers &amp; Solicitors 2500 – 700 West Georgia Street Vancouver, British Columbia V7Y 1B3 <b>Attention: Tim Louman-Gardiner</b></p>

### CLAIM OF THE PETITIONERS

#### Part 1: ORDER(S) SOUGHT

The Petitioners apply for the following orders:

1. an *ex parte* interim order in the form attached as Schedule "A" to this Petition (the "Interim Order");
2. an order approving an arrangement between Nextech AR Solutions Corp. ("Nextech" or the "Company"), and the holders of common shares (the "Nextech Shares") of the Company, Toggle3D.ai Inc. ("Spinco"), and 1400330 B.C. Ltd. ("FinanceCo") and the holders of common shares (the "FinanceCo Shares") and the holder of warrants (the



“FinanceCo Warrants”) and declaring that the terms are fair and reasonable (the “Final Order”); and

3. any other order for such further relief as this Court shall deem just.

## **Part 2: FACTUAL BASIS**

The facts upon which this Petition is based are as follows:

4. Unless otherwise specifically defined herein, the capitalized terms used in this Petition shall have the meaning ascribed thereto in the draft management information circular (the “Circular”) attached as Exhibit A to the Affidavit #1 of Belinda Tyldesley made April 20, 2023 (the “Tyldesley Affidavit #1”).

### **A. Parties**

5. Nextech is a company existing under the British Columbia *Business Corporations Act* (the “BCBCA”).
6. As at April 18, 2023, Nextech had 108,068,532 Nextech Shares issued and outstanding.
7. The Nextech Shares trade on the Canadian Securities Exchange (the “CSE”). Nextech is a reporting issuer in all of the provinces in Canada, other than Quebec.
8. Nextech is a technology company with a full suite of end-to-end AR solutions in 3D commerce, education, events, and industrial manufacturing.
9. Spinco is a wholly owned subsidiary of the Company existing under the laws of Ontario that has been formed to acquire and hold the Spinout Assets. Upon completion of the Arrangement, Spinco expects to be a reporting issuer in each of the provinces of Canada, other than Quebec. An application has been made for listing the Spinco Shares on the CSE. Upon completion of the Arrangement, each holder of Nextech Shares (a “Nextech Shareholder”) will become a shareholder of Spinco.
10. FinanceCo is a special purpose finance company existing under the BCBCA established for the purposes of completing the Private Placement. There will be one initial shareholder of FinanceCo (a “FinanceCo Shareholder”) holding 100 FinanceCo Shares. Pursuant to the Private Placement, FinanceCo shall issue a minimum of 6,000,000 Subscription Receipts at \$0.25 per Subscription Receipt, to be conducted in connection with the Arrangement, to raise aggregate minimum gross proceeds of CDN \$1,500,000. Upon satisfaction of certain specified release conditions prior to the completion of the Arrangement, each Subscription Receipt shall convert into one FinanceCo Share and one FinanceCo Warrant (which shall be exercisable to acquire one additional FinanceCo Share at an exercise price of \$0.50 in accordance with the terms and conditions thereof).

### **B. The Arrangement**

11. An arrangement (the “Arrangement”) has been proposed between Nextech, the Nextech Shareholders, Spinco and FinanceCo and the FinanceCo Shareholders and holders of

FinanceCo Warrants pursuant to section 288 of the BCBCA as more particularly described and set forth in the plan of arrangement (the “**Plan of Arrangement**”) which is attached as Schedule E to the Circular and which is attached as Exhibit A to the Tyldesley Affidavit #1.

12. The purpose of the Arrangement is to allow Nextech to spin out its Spinout Assets, consisting principally of the standalone web application Toggle3D platform, to Spinco.
13. At the Effective Time, the events and transactions set out in Subsections (a) to (e), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction, and the exchanges, cancellations and steps provided for in Section 2.2 of the Plan of Arrangement shall be deemed to occur on the Effective Date notwithstanding that certain of the procedures related thereto are not completed until after the Effective Time:
  - (a) Pursuant to the Asset Purchase Agreement, Nextech will transfer all of the Spinout Assets and Spinout Liabilities to Spinco in consideration for the issuance by Spinco of such number of fully-paid and non-assessable SpinCo Shares to Nextech such that immediately after the foregoing issuance Nextech shall hold an aggregate of 16,000,000 Spinco Shares (together with the 100 Spinco Shares held immediately prior to the foregoing issuance);
  - (b) Nextech shall undertake a reorganization of capital within the meaning of Section 86 of the Tax Act as follows, with the following steps occurring in the following order:
    - (i) Nextech's authorized share capital and its Articles will be altered by:
      - (A) renaming and redesignating all of the issued and unissued Nextech Shares as Class A Common Shares;
      - (B) providing the rights, privileges, restrictions and conditions attached to the Class A Common Shares are as follows:
        - (1) to vote at all meetings of shareholders of Nextech except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to two votes for each Class A Common Share held;
        - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and
        - (3) to receive, *pari passu* with the New Shares (as defined below), and subject to the rights of the

holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary;

- (C) creating a new class consisting of an unlimited number of common shares without par value (the " **New Shares**");
- (D) providing that the rights, privileges, restrictions and conditions attached to the New Shares are as follows:
  - (1) to vote at all meetings of shareholders of Nextech except meetings at which only holders of a specified class of shares are entitled to vote and to be entitled to one vote for each New Share held;
  - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Nextech; and
  - (3) to receive, *pari passu* with the Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of Nextech on the liquidation, dissolution or winding up of Nextech, whether voluntary or involuntary;
- (ii) each holder of Class A Common Shares will exchange each Class A Common Share held immediately following (b)(i) above for (A) one New Share, and (B) such shareholder's *pro rata* share of an aggregate of 4,000,000 Spinco Shares to be distributed amongst all such shareholders, and such shareholders shall cease to be the holders of the Class A Common Shares so exchanged;
- (iii) the aggregate amount added to the stated capital of the New Shares issued pursuant to (b)(ii) above shall be equal to the amount if any, by which (A) the aggregate paid-up capital (as that term is defined for the purposes of the ITA) of the Class A Common Shares immediately prior to step (b)(ii), exceeds (B) the fair market value of the Spinco Shares distributed to the holders of the Class A Common Shares; and
- (iv) the authorized share capital of Nextech shall be amended to delete the Class A Common Shares, none of which will be issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the Class A Common Shares.

No fractional shares will be issued and holders of Class A Common Shares will not receive any compensation in lieu thereof. The name of each holder

who is so deemed to exchange his, her or its Class A Common Shares, shall be removed from the securities register of Class A Common Shares with respect to the Class A Common Shares so exchanged and shall be added to the securities registers of New Shares and Spinco Shares as the holder of the number of New Shares and Spinco Shares deemed to have been received on the exchange;

- (c) each FinanceCo Share held by a Dissenting FinanceCo Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, to Spinco for cancellation and thereupon each Dissenting FinanceCo Shareholder shall have the rights set out in Section 3.1 of the Plan of Arrangement; and
  - (i) such Dissenting FinanceCo Shareholders shall cease to be registered holders of such FinanceCo Shares and the names of such registered holders shall be removed from the register of FinanceCo Shareholders; and
  - (ii) such Dissenting FinanceCo Shareholders shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such FinanceCo Shares in accordance with Section 2.2(c) of the Plan of Arrangement;
- (d) the Amalgamation will be completed and FinanceCo and Subco will continue as Amalco on the following terms:
  - (i) the name of Amalco shall be be such numbered name as may be assigned by the applicable regulatory authorities;
  - (ii) the property, rights and interests of each FinanceCo and Subco shall continue to be the property, rights and interests of Amalco;
  - (iii) Amalco shall continue to be liable for the obligations of each of FinanceCo and Subco;
  - (iv) the Articles of Subco shall be the Articles of Amalco;
  - (v) each FinanceCo Share held by a FinanceCo Shareholder other than a Dissenting FinanceCo Shareholder, and each FinanceCo Warrant, will be exchanged for one Spinco Share and one Spinco Warrant, respectively, provided that no fractional securities will be issued and FinanceCo Shareholders and holders of FinanceCo Warrants will not receive any compensation in lieu thereof;
  - (vi) with respect to each FinanceCo Share and FinanceCo Warrant transferred and assigned in accordance with section (d)(v):



- (A) the registered holder thereof shall cease to be the registered holder of such FinanceCo Share and/or FinanceCo Warrant, as applicable, and the name of such registered holder shall be removed from the register of FinanceCo Shareholders and/or holders of FinanceCo Warrants, as applicable; and
  - (B) the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such FinanceCo Share and FinanceCo Warrant, as applicable, in accordance with (d)(v);
- (vii) the Subco Shares will be exchanged for Amalco Shares on the basis of one Amalco Share for each one Subco Share;
  - (viii) in consideration for Spinco's issuance of Spinco Shares referenced in (d)(v), Amalco shall issue to Spinco one Amalco Share for each Spinco Share issued by Spinco under section 2.2(d)(v);
  - (ix) any existing cause of action, claim or liability to prosecution with respect to either or both of Subco and FinanceCo shall be unaffected;
  - (x) any civil, criminal or administrative action or proceeding pending by or against any of Subco or FinanceCo may be continued to be prosecuted by or against Amalco;
  - (xi) any conviction against, or ruling, order or judgment in favour of or against, any of Subco or FinanceCo may be enforced by or against Amalco;
  - (xii) FinanceCo Shares which are held by a Dissenting FinanceCo Shareholder shall not be exchanged as prescribed by (d)(v). However, if a Dissenting FinanceCo Shareholder fails to perfect or effectively withdraws its claim under section 238 of the *Business Corporations Act* or forfeits its right to make a claim under section 238 of the *Business Corporations Act* or if its rights as a FinanceCo Shareholder are otherwise reinstated, such FinanceCo Shareholder's FinanceCo Shares shall thereupon be deemed to have been exchanged as of the Effective Time as prescribed by (d)(v); and
  - (xiii) the board of directors of Amalco shall be comprised of a minimum of one and a maximum of 10 directors, and Mr. Evan Gappelberg shall be appointed as the first director of Amalco.

### **C. Recommendations of the Board and Reasons for the Arrangement**

14. The Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Company's senior management and its financial and legal advisors. The following is a summary of the overall purpose and benefits of the Arrangement, and the principal reasons for the recommendation of the Board that Nextech Shareholders vote FOR the Arrangement Resolution:
- (a) **Fairness Opinion.** The Fairness Opinion to the effect that, February 28, 2023 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Nextech Shareholders.
  - (b) **Continued Participation by Nextech Shareholders in the Spinout Assets.** The Nextech Shareholders, through their ownership of Spinco Shares, will participate in the Spinout Assets to be held by Spinco following the completion of the Arrangement along with the funds raised from the Private Placement. Nextech Shareholders will directly hold approximately 50% of the issued Spinco Shares upon completion of the Arrangement as a result of the Pro Rata Share Distribution (assuming completion of the minimum Private Placement to raise aggregate gross proceeds of Cdn\$1,500,000). In addition, Nextech Shareholders will continue to hold an indirect interest in Spinco through their shareholdings in the Company, as the Company will hold 13,000,000 Spinco Shares upon completion of the Arrangement. It is expected that certain of the current management of the Company will also participate as management of Spinco.
  - (c) **Product Diversification.** The creation of two separate companies dedicated to the pursuit of their respective products and services will provide Nextech Shareholders with diversification and increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused on different technological assets.
  - (d) **Required Approvals of Shareholders and Court.** The following required approvals protect the rights of Nextech Shareholders: (i) the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Nextech Shareholders voting as a single class, present in person or represented by proxy at the Meeting, and (ii) must be approved by a separate "majority of the minority" vote which provides that the votes attaching to all Nextech Shares held by Mr. Evan Gappelberg will be excluded in determining whether the Arrangement Resolution has been approved by the requisite threshold of votes; and (ii) the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants.
15. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or

item of information considered in reaching their conclusions and recommendations. In addition, individual members of the Board may have given different weights to different factors or items of information.

**D. The Meeting and Arrangement Resolution**

16. If the Interim Order is granted, it is intended that a special meeting of the Nextech Shareholders will be held virtually at 10:00 a.m. (Pacific time) on June 5, 2023 (the “**Meeting**”).
17. It is the intention of the Company to have the Nextech Shareholders consider and, if thought fit, pass a special resolution substantially in the form attached as Schedule C to the Circular (the “**Arrangement Resolution**”) at the Meeting.
18. The Arrangement Resolution authorizes the directors, without further notice to, or approval of, any Nextech Shareholder, to amend the Arrangement Agreement or the Plan of Arrangement as permitted by their terms.
19. For the Arrangement to proceed, the Arrangement Resolution must be approved by Nextech Shareholders holding it must be approved by (i) at least 66 $\frac{2}{3}$ % of the votes cast by Nextech Shareholders present in person or represented by proxy at the Meeting, which Nextech Shareholders are entitled to one vote for each Nextech Share held; and (ii) a majority of the votes cast by Nextech Shareholders other than those required to be excluded pursuant Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).
20. It is intended that the Circular, substantially in the form attached as Exhibit A to the Tyldesley Affidavit #1, will be made available using Notice and Access in accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of Reporting Issuer* to the Nextech Shareholders, the FinanceCo Shareholders and the holders of FinanceCo Warrants at least 21 days prior to the Meeting. The Circular includes, among other things, the following documents attached as Schedules:
  - A. Audit Committee Charter;
  - B. Information Regarding Spinco;
  - C. Arrangement Resolution;
  - D. Fairness Opinion;
  - E. Plan of Arrangement;
  - F. the Interim Order and Notice of Hearing of Petition;
  - G. Spinco Stock Option Plan Resolutions;
  - H. Financial Statements;

- I. Comparison of OBCA and BCBCA; and
- J. Revised Articles.

**E. Dissent Rights**

- 21. Nextech Shareholders will not be given the right to dissent in respect of the Arrangement Resolution and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the *Business Corporations Act* do not apply to the Arrangement Resolution.
- 22. In accordance with statutory provisions relating to amalgamations under the *Ontario Business Corporations Act*, each registered FinanceCo Shareholder may exercise Dissent Rights with respect to the FinanceCo Shares held by it pursuant to and in the manner set forth in the Interim Order. Dissenting FinanceCo Shareholders who: (i) are ultimately entitled to be paid by Spinco the fair value for their FinanceCo Shares shall be deemed to have transferred such FinanceCo Shares (free of any liens, claims or encumbrances) to Spinco for cancellation in accordance with Section 2.2(c) of the Plan of Arrangement; or (ii) are ultimately not entitled, for any reason, to be paid by Spinco fair value for their FinanceCo Shares in respect of which they dissent, shall be deemed to have participated in the Arrangement in respect of those FinanceCo Shares on the same basis as a non-dissenting FinanceCo Shareholder.
- 23. In no event shall FinanceCo, Spinco or Amalco or any other person be required to recognize a Dissenting FinanceCo Shareholder who was paid fair value of their FinanceCo Shares pursuant to 3.1(b)(i) of the Plan of Arrangement as a registered or beneficial owner of FinanceCo Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting FinanceCo Shareholders shall be deleted from the central securities register of FinanceCo as at the Effective Time.
- 24. For greater certainty, in addition to any other restrictions in the Interim Order, no person shall be entitled to exercise Dissent Rights with respect to FinanceCo Shares in respect of which a person has voted in favour of the FinanceCo Amalgamation Resolution.

**F. Court Approval of the Arrangement**

- 25. It is a further term of the Arrangement Agreement that upon obtaining and receiving the approvals as set out in the Interim Order, the Petitioner shall apply for the Final Order. It is intended that this application for the Final Order will be made on June 9, 2023 or on any other date that may be specified by the Court.
- 26. The Court's approval of the Arrangement, if granted, which includes a finding of fairness of the terms and conditions of the Arrangement, will form the basis of a claim to an exemption from registration requirements of the U.S. *Securities Act* provided by section 3(a)(10) thereof with respect to the shares to be issued pursuant to the Arrangement.

**Part 3: LEGAL BASIS**

- 27. Section 288 of the BCBCA provides that before an arrangement takes effect, it must be adopted in accordance with section 289 and approved by the court under section 291.

Section 289 provides that for an arrangement with shareholders, the shareholders must approve it by way of special resolution.

28. The principles applicable to the approval of an arrangement by the court under section 291 are set out in *BCE Inc. v. 1976 Debentureholders*, 2008 SCC 69 at paragraph 137:
- (1.) the statutory procedures must have been met;
  - (2.) the application must have been put forward in good faith; and
  - (3.) the arrangement must be fair and reasonable.
29. There are two prongs to determine whether the arrangement is fair and reasonable as held at paragraph 138:
- (a) the arrangement must have a valid business purpose; and
  - (b) the objections of those whose legal rights are being arranged must be resolved in a fair and balanced way.
30. The Petitioners will rely on sections 237-247 and 288-299 of the BCBCA and Rules 2-1(2), 4-4, 8-1, 16-1 and 22-4(2) of the *Rules of Court*.

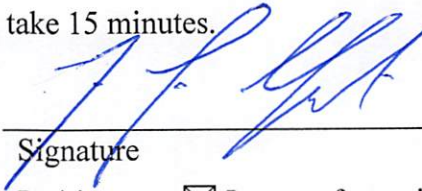
**Part 4: MATERIAL TO BE RELIED ON**

At the hearing of this Petition will be read the following:

- 1. Affidavit #1 of Belinda Tyldesley made April \_\_, 2023; and
- 2. such further and other material as counsel may advise and this Honourable Court may allow.

The Petitioners estimate that the application will take 15 minutes.

Dated: April 20, 2023

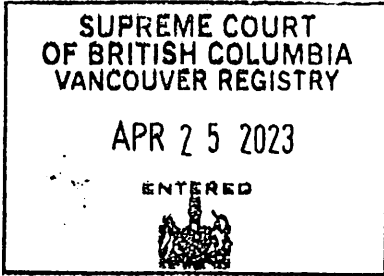
  
\_\_\_\_\_  
Signature

Petitioner  Lawyer for petitioner

**Tim Louman-Gardiner**

THIS PETITION is prepared and delivered by Tim Louman-Gardiner, of the firm Farris LLP, Barristers & Solicitors, whose place of business and address for service is 2500 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3. Telephone: (604) 684-9151. Email: tlg@farris.com. Attention: **Tim Louman-Gardiner**

<b>To be completed by the court only:</b>	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs _____ of Part 1 of this notice of application
<input type="checkbox"/>	with the following variations and additional terms:
Date: _____	
Signature of	
<input type="checkbox"/> Judge <input type="checkbox"/> Master	



No. S233105  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
NEXTECH AR SOLUTIONS CORP., ITS SHAREHOLDERS, TOGGLED3D.ai INC.,  
1400330 B.C. LTD. AND ITS SECURITYHOLDERS**

**NEXTECH AR SOLUTIONS CORP. AND 1400330 B.C. LTD.**

**PETITIONERS**

**ORDER MADE AFTER APPLICATION**

BEFORE MASTER HARPER )  
 )  
 ) The 25<sup>th</sup> day of April, 2023  
 )  
 )

ON THE WITHOUT NOTICE APPLICATION of the Petitioners, Nextech AR Solutions Corp. (“Nextech” or the “Company”) and 1400330 B.C. Ltd. (“FinanceCo”), dated April 21, 2023 coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on April 25, 2023 and on hearing Tim Louman-Gardiner, counsel for the Petitioner and upon being informed that it is the intention of the parties to rely on section 3(a)(10) of the United States *Securities Act* of 1933, as amended (the “U.S. Securities Act”) and that the declaration of fairness of, and the approval of, the Arrangement by this Honourable Court will serve as the basis for an exemption from the registration requirements of the U.S. Securities Act pursuant to section 3(a)(10) thereof, for the issuance of securities in connection with the Arrangement:

THIS COURT ORDERS that:

**Definitions**

1. All definitions used in this Interim Order, unless otherwise defined herein, shall have the meaning ascribed thereto in the Petition (including terms defined by reference therein).

**The Meeting**

2. The Company be permitted to convene, hold and conduct the special meeting (the “Meeting”) of the Nextech Shareholders on or about June 5, 2023 to, *inter alia*, consider and, if deemed advisable, pass, with or without amendment, a special resolution (the “Arrangement Resolution”), authorizing, approving and agreeing to adopt a plan of

arrangement (the “Arrangement”) among the Company and Toggled3D.ai Inc. (“Spinco”) and 1400330 B.C. Ltd. (“FinanceCo”) as described in a plan of arrangement (the “Plan of Arrangement”) which is attached as Schedule E the draft management information circular (the “Circular”) and which is attached as Exhibit A to the Affidavit #1 of Belinda Tyldesley (the “Tyldesley Affidavit #1”), and to transact such other business as may properly come before the Meeting.

3. The Meeting shall be called, held and conducted in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the “BCBCA”), the Company’s articles, applicable securities legislation and the Circular, all subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.
4. The record date (the “Record Date”) for determination of the Nextech Shareholders entitled to notice of, and to vote at, the Meeting shall be April 18, 2023. The Record Date will not change in respect of any adjournment of postponement of the Meeting.

#### **Notice of Meeting**

5. The following information (the “Meeting Materials”):

- (a) Circular;
- (b) Form of Proxy or Voting Information Form, as applicable; and
- (c) Letter of Transmittal,

in substantially the same form referred to in the Tyldesley Affidavit #1, with such amendments and inclusions thereto as counsel for the Petitioners may advise are necessary or desirable, provided that such amendments and inclusions are not inconsistent with the terms of this Interim Order, shall be made available using Notice and Access in accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of Reporting Issuer* to the following:

- (i) the registered Nextech Shareholders, FinanceCo Shareholders and holders of FinanceCo Warrants at the close of business on the Record Date, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
  - (A) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the central securities register of the Company, or its registrar and transfer agent, at the close of business on the Record Date;
  - (B) by delivery, in person or by recognized courier service, to the address specified in (A) above; or



- (C) by facsimile or electronic transmission to any Nextech Shareholder, FinanceCo Shareholder and/or holder of FinanceCo Warrants;
  - (ii) non-registered holders of Nextech Shares by providing sufficient copies of the Meeting Materials (including electronic copies thereof), as applicable, to intermediaries and registered nominees in a timely manner; and
  - (iii) the respective directors and auditors of the Company by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, by facsimile or electronic transmission, at least 21 days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting.
- 6. In the event of an interruption in or cessation of postal services due to strike or otherwise, the Petitioners shall be authorized, in addition to or as an alternative to the methods of delivery specified in paragraph 5 above, to communicate notice of the Meeting to the Shareholders by publishing notice of the Meeting one time only in one of the following newspapers:
  - (i) The Globe and Mail (National edition); or
  - (ii) The National Post,which publication shall include specific reference to locations (including [www.sedar.com](http://www.sedar.com)) at which copies of the Meeting Materials will be available.
- 7. Good and sufficient notice of the Meeting for all purposes will be given by the Company by the sending of the Meeting Materials in accordance with paragraphs 5 or 6 of this Interim Order. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and the Company shall not be required to send to the Nextech Shareholders, FinanceCo Shareholders and holder of FinanceCo Warrants any other or additional statement pursuant to section 290(1)(a) of the BCBCA or otherwise.
- 8. The sending of the Meeting Materials, which includes the Notice of Hearing of Petition and the Interim Order (collectively the “**Court Materials**”), in accordance with paragraphs 5 or 6 of this Interim Order shall constitute good and sufficient service of the Court Materials and the within proceedings and such service shall be effective on the business day after the said Court Materials are mailed, whether those persons reside within the jurisdiction of British Columbia or within another jurisdiction, and no other form of service need be made and no other material, including the Petition and supporting Affidavits, need be served on such persons in respect of these proceedings except upon written request to the solicitors for the Petitioners at their address for delivery set out in the Petition.
- 9. Accidental failure or omission by the Company to give notice of the Meeting or to distribute the Meeting Materials or the Court Materials to any person entitled by this

Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

10. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Nextech Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants by press release, news release or newspaper advertisement or by notice sent to the Nextech Shareholders, FinanceCo Shareholders or holders of FinanceCo Warrants by any of the means set forth in paragraphs 5 or 6 of this Interim Order, as determined to be the most appropriate method of communication by the board of directors of the Company.

#### **Amendments to the Arrangement and Plan of Arrangement**

11. Subject to the terms and conditions of the Plan of Arrangement, after the date of this Interim Order and prior to the time of the Meeting, the Petitioners are authorized to make such amendments, revisions or supplements to the Plan of Arrangement as they may determine, without any additional notice to the Nextech Shareholders, FinanceCo Shareholders and the holders of FinanceCo Warrants, and the Plan of Arrangement as so amended, revised and supplemented shall be the Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.
12. If any amendments, revisions or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 11 above would, if disclosed, reasonably be expected to affect a Nextech Shareholders' decision to vote for or against the Arrangement Resolution, notice of such amendment, revision or supplement shall be distributed, subject to further order of this Court, by news release, newspaper advertisement, or by notice sent to Nextech Shareholders by one of the methods specified in paragraph 5 or 6 of this Interim Order.

#### **Chair of the Meeting**

13. The Chair of the Meeting shall be an officer or director of the Company or such other person as may be appointed by the Nextech Shareholders for that purpose.
14. The Chair of the Meeting is at liberty to call on the assistance of legal counsel at any time and from time to time, as the Chair of the Meeting may deem necessary or appropriate, during the Meeting, and such legal counsel is entitled to attend the Meeting for this purpose.

15. The only people entitled to attend the Meeting are the Nextech Shareholders, directors of the Company, auditors of the Company, the Company's legal and financial advisors, or other such persons as may be approved by the Chair of the Meeting.
16. The Chair of the Meeting shall be permitted to ask questions of, and demand the production of evidence, from Nextech Shareholders or such other persons in attendance or represented at the Meeting, as he, she, they or it considers appropriate having regard to the orderly conduct of the Meeting, the authority of any person to vote at the Meeting, and the validity and propriety of the votes cast and the proxies submitted in respect of the Arrangement Resolution.
17. The Chair of the Meeting may, in the Chair's sole discretion, waive the deadline specified in the Form of Proxy for the deposit of proxies, provided that if the Chair waives the deadline, the Chair must accept all proxies deposited after this deadline.
18. The Chair or another representative of the Company present at the Meeting shall, in due course after the Meeting, file with the Court an affidavit verifying the actions taken and the decisions reached at the Meeting with respect to the Arrangement.

#### **Adjournments and Postponements**

19. The Company, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting for any reason on one or more occasions, subject to the terms of the Arrangement Agreement, without the necessity of first convening the Meeting, or first obtaining any vote of the Nextech Shareholders respecting the adjournment or postponement. Notice of any such adjournments or postponements shall be given by such method and in the time that is reasonable in the circumstances, as the Company may determine appropriate. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

#### **Quorum**

20. A quorum for the Meeting is as set out in the Company's Articles, namely, one Nextech Shareholder or person who is otherwise permitted to vote shares of the Company present in person or represented by proxy.

#### **Voting**

21. The vote required to pass the Arrangement Resolution shall be (i) at least 66⅔% of the votes cast by Nextech Shareholders present in person or represented by proxy at the Meeting, which Nextech Shareholders are entitled to one vote for each Nextech Share held; and (ii) a majority of the votes cast by Nextech Shareholders other than those required to be excluded pursuant to Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions*.
22. The only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be the registered Shareholders who hold Nextech Shares as of the close of business on the

Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions on one or more resolutions (including the Arrangement Resolution) shall be voted in favour of such resolution (including the Arrangement Resolution).

### **Solicitation of Proxies**

23. The Company is authorized to use the form of proxy (the “**Form of Proxy**”), substantially in the form of the draft attached to the Tyldesley Affidavit #1, with such amendments, revisions or supplemental information as the Company may determine are necessary or desirable. The Company is authorized at its expense to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives, including proxy advisory firms, as they may retain for the purpose, by mail or such other forms of personal or electronic communication as it may determine. The Company may waive generally, in its discretion, the time limits set for the deposit or revocation of proxies, if the Company considers it advisable to do so.

### **Dissent Rights**

24. Each registered FinanceCo Shareholder may exercise Dissent Rights with respect to the FinanceCo Shares held by it pursuant to and in the manner set forth in the Interim Order. Dissenting FinanceCo Shareholders who: (i) are ultimately entitled to be paid by Spinco the fair value for their FinanceCo Shares shall be deemed to have transferred such FinanceCo Shares (free of any liens, claims or encumbrances) to Spinco for cancellation in accordance with Section 2.2(c) of the Plan of Arrangement; or (ii) are ultimately not entitled, for any reason, to be paid by Spinco fair value for their FinanceCo Shares in respect of which they dissent, shall be deemed to have participated in the Arrangement in respect of those FinanceCo Shares on the same basis as a non-dissenting FinanceCo Shareholder.
25. In no event shall FinanceCo, Spinco or Amalco or any other person be required to recognize a Dissenting FinanceCo Shareholder who was paid fair value of their FinanceCo Shares pursuant to 3.1(b)(i) of the Plan of Arrangement as a registered or beneficial owner of FinanceCo Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting FinanceCo Shareholders shall be deleted from the central securities register of FinanceCo as at the Effective Time.
26. For greater certainty, in addition to any other restrictions in the Interim Order, no person shall be entitled to exercise Dissent Rights with respect to FinanceCo Shares in respect of which a person has voted in favour of the FinanceCo Amalgamation Resolution.

### **Application for Final Order**

27. Upon obtaining, in the manner set forth in this Interim Order, the approval of the Arrangement required by this Interim Order, the Petitioners may apply to this Court for a final order approving the Arrangement contemplated by the Plan of Arrangement (the “**Final Order**”), which includes a finding of fairness of the terms and conditions of the

Arrangement, and the hearing shall be set down for hearing before the presiding Judge in Chambers at the Courthouse at 800 Smithe Street, Vancouver, British Columbia, on June 9, 2023 at 9:45 a.m. (Vancouver time), or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct and in the manner directed by the Court.

28. Any Nextech Shareholder, FinanceCo Shareholder and holder of FinanceCo Warrants may appear and make submissions at the application for the Final Order provided that such person shall file a Response to Petition, in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, with this Court and deliver a copy of the filed Response to Petition, together with a copy of all material on which such person intends to rely at the application for the Final Order to the solicitors for the Petitioners at their address for delivery as set out in the Petition, on or before 12:00 p.m. (Vancouver time) on June 7, 2023, or as the Court may otherwise direct.
29. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need to be served and provided with notice of the adjourned date.

**Precedence**

30. To the extent of any inconsistency or discrepancy between this Interim Order and the articles, the Circular, the BCBCA or applicable securities laws, this Interim Order shall govern.

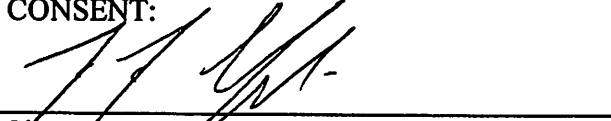
**Variance and Direction**

31. The Petitioners shall, and hereby do, have liberty to seek leave to vary this Interim Order or apply for such further order or orders or to seek such directions as may be appropriate.

**Extra-Territorial Assistance**

32. This Court seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Court in carrying out the terms of this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature

Party  Lawyer for the Petitioner

**Tim Louman-Gardiner**



By the Court

Registrar

meckos  
me

No. S233105  
Vancouver Registry

---

**IN THE SUPREME  
COURT OF BRITISH COLUMBIA**

---

**IN THE MATTER OF SECTION 288 OF THE  
*BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED**

**IN THE MATTER OF A PROPOSED ARRANGEMENT AMONG  
NEXTECH AR SOLUTIONS CORP, ITS SHAREHOLDERS, TOGGLED3D.ai INC  
AND 1400330 B.C. LTD. AND ITS SECURITYHOLDERS**

**NEXTECH AR SOLUTIONS CORP. AND 1400330 B.C. LTD.**

PETITIONER

---

**ORDER MADE AFTER APPLICATION**

---

TLG/lf

File no.: 50422-0001

**FARRIS LLP**  
Barristers & Solicitors  
2500 – 700 West Georgia Street  
Vancouver, B.C. V7Y 1B3  
Telephone: (604) 684-9151

Agent: D&D

**Schedule "G"**  
**Spinco Stock Option Plan Resolutions**

**BE IT RESOLVED THAT:**

1. The stock option plan of Toggle3D.ai Inc. ("**Toggle3D.ai**") as appended in the form attached as Appendix "I" to Schedule "G" to the management information circular of Nextech AR Solutions Corp. dated as of April 18, 2023 (the "**Toggle3D.ai Plan**") is hereby authorized and confirmed as the stock option plan of Toggle3D.ai, and all unallocated options, rights and other entitlements issuable thereunder be and are hereby approved and authorized.
2. The number of common shares of Toggle3D.ai issuable pursuant to the Toggle3D.ai Plan be set at 20% of the aggregate number of common shares of Toggle3D.ai issued and outstanding from time to time, subject to any limitations imposed by applicable regulations, laws, rules and policies.
3. Any director or officer of Toggle3D.ai is hereby authorized and directed, acting for, in the name of and on behalf of Toggle3D.ai, to execute or cause to be executed, under the seal of Toggle3D.ai or otherwise and to deliver or to cause to be delivered, all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of Toggle3D.ai may be necessary or desirable to carry out the terms of the foregoing resolutions.



## Appendix "I" to Schedule "G"

### TOGGLE3D.AI INC. STOCK OPTION PLAN

#### 1. PURPOSE

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of Toggle3D.ai Inc. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

#### 2. ADMINISTRATION

The Plan shall be administered by the board of directors of the Corporation (the "**Board**") or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the Board or Committee, as applicable, the Corporation shall grant options under the Plan.

#### 3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed such number of shares as is equal to 20% of the aggregate number of shares issued and outstanding from time to time. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

#### 4. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "**Eligible Person**" means:

- (a) an officer or director of the Corporation or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the *Income Tax Act*,
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,any such individual, an "**Employee**";
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a "**Company**") which individual is providing management services to the Corporation through such Company, or an individual (together with a Company, a "**Person**") providing management services directly to the Corporation, which management services are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a

Person engaged in Investor Relations Activities (as hereafter defined) (a "**Management Company Employee**");

- (d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:
  - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;
  - (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and
  - (v) does not engage in Investor Relations Activities (as hereafter defined)any such individual, a "**Consultant**";
- (e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an "**Investor Relations Consultant**"); or
- (f) a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an "**Investor Relations Person**").

For purposes of the foregoing, a Company is an "**Affiliate**" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term "**Investor Relations Activities**" means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
  - (i) to promote the sale of products or services of the Corporation, or
  - (ii) to raise public awareness of the Corporation,
  - (iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of any stock exchange upon which the shares are listed from time to time (the "**Exchange**") or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

- (1) the communication is only through the newspaper, magazine or publication, and
  - (2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (c) activities or communications that may be otherwise specified by the Exchange.

For stock options to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms "insider", "controlled" and "subsidiary" shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the Board or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

#### 5. PRICE

The purchase price (the "**Price**") for the shares of the Corporation under each option shall be determined by the Board or Committee, as applicable, on the basis of the market price, where "market price" shall mean the greater of the closing market prices of the shares on the principal stock exchange on which the shares are listed or dealing network where the shares trade, on (a) the trading day prior to the date of grant of the options; and (b) the date of grant of the options. In the event the shares are listed on the Canadian Securities Exchange (the "**CSE**"), the minimum exercise price shall be \$0.05. In the event the shares are not listed on any exchange and do not trade on any dealing network, the market price will be determined by the Board. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

#### 6. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. The term of any option is fixed by the board of directors or the Committee and may not exceed ten years from the date of grant. The shares to be purchased upon each exercise of any option (the "**optioned shares**") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 7, 8 and 15 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

#### 7. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 8 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the shares of the Corporation trade where required), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the board of directors or the Committee, as applicable, to a maximum of one year next succeeding such cessation, and approval is obtained from the stock exchange on which the shares of the Corporation trade where required), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 8 below.

#### 8. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death. Before expiry of an option under this paragraph 8, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

#### 9. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

10. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, plan of arrangement, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

11. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to applicable shareholder and regulatory approval. Notwithstanding the foregoing, the following types of amendments shall not be subject to shareholder approval of the amendment: (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of the Plan that do not have the effect of altering the scope, nature and intent of such provisions.

12. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

13. EVIDENCE OF OPTIONS

An option granted under the Plan may be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

14. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

15. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable.

16. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 10 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any

vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in Part XX of the *Securities Act* (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (b) any consolidation, plan of arrangement or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

#### 17. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

#### 18. TAXES

The Corporation shall have the power and the right to deduct or withhold, or require an optionee to remit to the Corporation, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the optionee (whether arising pursuant to the optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of shares issuable upon exercise of the options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such shares issuable upon exercise of the options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such shares issuable upon exercise of the options.

#### 19. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

#### 20. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

**Schedule "H"**  
**Financial Statements**

Pro Forma Financial Statements of

# **Toggle3D.ai Inc.**

For The Year Ended March 31, 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at

	Carveout		SpinCo		FinanceCo			Pro Forma			
	December 31, 2022		31-Mar-23		March 31, 2023		Note	Adjustment			
As of											
Assets											
Current assets											
Cash	\$	-	\$	1	\$	1	3a)	\$	1,500,000	\$	1,500,002
		-		1		1			1,500,000		1,500,002
Non-current assets											
Equipment	\$	-	\$	-	\$	-			\$	-	
Technology asset from Plan of Arrangement				-		-	3b)		2,000,000		2,000,000
<b>Total assets</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>1</b>		<b>\$</b>	<b>3,500,000</b>	<b>\$</b>	<b>3,500,002</b>
Liabilities and Shareholders' Equity											
Current liabilities											
Accounts payable and accrued liabilities	\$	-	\$	-	\$	-		\$	-	\$	-
		-		-		-			-		-
Non-current liabilities											
Loan payable		-		-		-			-		-
<b>Total liabilities</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>		<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>
Shareholders' Equity											
Share capital (Note 4)	\$	-	\$	1	\$	1	3a), 3b)		3,500,000		3,500,002
Contributed surplus (deficit)		-		-		-			-		-
Accumulated other comprehensive income (loss)		-		-		-			-		-
		-		1		1			3,500,000		3,500,002
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1</b>	<b>\$</b>	<b>1</b>		<b>\$</b>	<b>3,500,000</b>	<b>\$</b>	<b>3,500,002</b>

### Nature of Operations (Note 1)

See accompanying notes to the pro forma financial statements.

### Approved by the Board of Directors

"Evan Gappelberg" , Director

"Belinda Tyldesley" , Director



## Toggle3D.ai Inc.

Pro Forma Statements of Comprehensive Loss  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	Year ended December 31, 2022	Note	Pro Forma Adjustment	Pro Forma March 31, 2023
Revenue	\$ -		\$ -	-
Cost of sales	-		-	-
Gross profit	0		-	-
<b>Operating expenses:</b>				
Sales and marketing	-		-	-
General and administrative	-		-	-
Research and development	780,192		-	780,192
	780,192		-	780,192
<b>Other expense (income)</b>				
Depreciation	-		-	-
	-		-	-
<b>Loss before income taxes</b>	(780,192)		-	(780,192)
Current income tax expense	-		-	-
Deferred income tax recovery	-		-	-
<b>Net loss</b>	\$ (780,192)		\$ -	(780,192)
<b>Other comprehensive income (loss)</b>				
Foreign exchange translation gain (loss)	-		-	-
<b>Total comprehensive loss</b>	\$ (780,192)		\$ -	(780,192)

See accompanying notes to the pro forma financial statements.

# **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

## **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.

## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

### **Basis of Presentation**

These unaudited pro forma 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”).

The purpose of these unaudited pro forma financial statements is to give effect the Plan of Arrangement detailed in Note 5. In the opinion of management, these unaudited pro forma financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 5 in accordance with IFRS (see Note 3 – Pro Forma Assumptions and Adjustments).

These unaudited pro forma financial statements have been prepared for illustrative purposes only and may not be indicative of the financial position that would have occurred if the transactions had taken place on the dates indicated for of the financial position which may be obtained in the future. The actual financial statements and results of the Company for any period following March 31, 2023 will likely vary from the amounts set forth in these unaudited pro forma financial statements and such variation may be material.

The unaudited pro forma statement of financial position has been prepared as if the Plan of Arrangement described in Note 5 had occurred on March 31, 2023, and represents a combination of the Company’s audited financial statements as at March 31, 2023, the audited financial statements of 1400330 BC Ltd. (“FinanceCo”) as at March 31, 2023, and the carveout audited financial statements of Nextech as at December 31, 2022. The unaudited pro forma statement of comprehensive loss has been prepared based on the carveout audited financial statements as at December 31, 2022 as if the Plan of Arrangement described in Note 5 had occurred on January 1, 2022 and reflect 12 months of operations.

### **Foreign Currency Translation**

The pro forma 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.

# **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

## **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 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.

# **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

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

### **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.

### **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.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

#### Share-based payments

Management is required to make a number of estimates when determining the fair value of the payments resulting from share-based transactions, including the forfeiture rate and expected life of the instruments.

## **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

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

#### **Critical Accounting Estimates and Judgments**

The preparation of the pro forma financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### *Accounting Estimates*

#### *Critical Accounting Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to:

#### Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and the expenses and the statement of financial position classifications used.

#### Research and development costs

Research costs are recognized as an expense when incurred but development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38, Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have been expensed.

## **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

### **3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro forma consolidated financial statements incorporate the following pro forma assumptions and adjustments to give effect to the transaction described in Note 5 as if they had occurred on January 1, 2022 in the case of the unaudited pro forma consolidated statement of financial position:

a. Financing

In connection with the Plan of Arrangement, the Company will have received Cdn\$1,500,000 in proceeds through the issuance of 6,000,000 subscription receipts of FinanceCo (“Subscription Receipts”) at a price of \$0.25 per Subscription Receipt (the “Financing”). 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, subject to acceleration in certain circumstances. The gross proceeds from the Financing 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 Financing 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 and all FinanceCo Shares and FinanceCo Warrants shall be exchanged for equivalent securities of the Company on a 1:1 basis.

b. Transfer of assets

In connection with the Plan of Arrangement, Nextech will transfer the intellectual property and technology assets related to the platform to the Company in exchange for the issuance of 19,999,900 common shares. This transfer is between related parties as Nextech will still have control over the Company post Plan of Arrangement with approximately 50% common share interest with an equivalent amount in non-controlling interest shareholders. The value recorded is at fair value based upon the fairness opinion received in the Plan of Arrangement with a value of approximately \$2,000,000, resulting in an implied price of \$0.10 per share. The date of the fairness opinion coincides with the date of these financial statements.

## **Toggle3D.ai Inc.**

Notes to Pro Forma Financial Statements  
For The Year Ended March 31, 2022  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

### **4. SHARE CAPITAL**

#### **Authorized**

As at March 31, 2022 the authorized share capital of the Company was an unlimited number of common shares.

#### **Issued and Outstanding**

As at March 31, 2022, the Company has issued and outstanding 100 common shares, and taking into account the pro forma assumptions and adjustments in Note 3a) an additional 6,000,000 common shares would be issued to purchasers of Subscription Receipts and in Note 3b) an additional 19,999,900 common shares would be issued for a total of 26,000,000 common shares.

### **5. PLAN OF ARRANGEMENT**

In these unaudited pro forma financial statements, it is assumed that Nextech completed the Plan of Arrangement under the Business Corporations Act (British Columbia) with the Company, whereby the Company completed a spinout from Nextech as set out below.

Pursuant to the Plan of Arrangement: (i) the certain assets will be transferred to the Company in consideration of the issuance of an aggregate of 15,999,900 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; and (iii) an 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.

Pursuant to the Plan of Arrangement, there will also be a reorganization of capital of Nextech which includes (i) the exchange of common shares of Nextech ("Nextech Shares") by Nextech's shareholders for new Nextech shares ("New Nextech Shares") and Company shares; and (ii) the amalgamation of FinanceCo and 1402354 B.C. Ltd, a company existing under the BCBCA and a wholly-owned subsidiary of the Company, pursuant to which the proceeds of the Financing (see Note 3(a) – Pro Forma Assumptions and Adjustments - Financing ) will become available to the Company.

Immediately following completion of the Plan of Arrangement, shareholders of Nextech who receive Company shares will continue to hold an interest in each part of the current business of Nextech through the continued ownership of their New Nextech Shares and the ownership of Company shares distributed to them.

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 Cdn\$1,500,000 through the issuance of 6,000,000 Subscription Receipts at a price of \$0.25 per Subscription Receipt; and ii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Carve-Out Financial Statements of  
**Toggle3D.ai Business**

(as defined in Note 1)

For The Years Ended December 31, 2022, 2021, and 2020

(Expressed in Canadian Dollars)



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Toggle3D.ai Business

#### Opinion

We have audited the carve-out financial statements of Toggle3D.ai Business (the "Business"), a division of Nextech AR Solutions Corp., which comprise the carve-out statements of financial position as at December 31, 2022, 2021, and 2020, and the carve-out statements of operations and comprehensive loss, changes in equity (deficit), and cash flows for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Business as at December 31, 2022, 2021, and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are independent of the Business in accordance with the ethical requirements that are relevant to our audit of the carve-out financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the carve-out financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Business' ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the carve-out financial statements and our auditor's report thereon.

Our opinion on the carve-out financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the carve-out financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the carve-out financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Business' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Business' financial reporting process.

### **Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements**

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Business' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 13, 2023

## **Toggle3D.ai Business**

Carve-Out Statements of Financial Position  
(Expressed in Canadian dollars)

	December 31, 2022 \$	December 31, 2021 \$	December 31, 2020 \$
Total assets	–	–	–
Total liabilities	–	–	–
Divisional equity			
Contributed surplus	–	–	–
Total divisional equity	–	–	–
Total liabilities and divisional equity	–	–	–

Nature of Operations and Continuance of Business (Note 2)  
Subsequent Event (Note 4)

**Approved by the Board of Directors of Nextech AR Solutions Corp.:**

“Evan Gappelberg” , Director

“Belinda Tyldesley” , Director

See accompanying notes to these carve-out financial statements.

## **Toggle3D.ai Business**

Carve-Out Statements of Operations and Comprehensive Loss  
(Expressed in Canadian dollars)

	Year ended December 31, 2022 \$	Year ended December 31, 2021 \$	Year ended December 31, 2020 \$
Expenses			
Research and development	780,192	173,061	–
Total expenses	780,192	173,061	–
Net loss and comprehensive loss for the year	(780,192)	(173,061)	–

See accompanying notes to these carve-out financial statements.

## Toggle3D.ai Business

Carve-Out Statements of Changes in Equity (Deficit)  
(Expressed in Canadian dollars)

	Contributed surplus \$	Divisional equity (deficit) \$
Balance, December 31, 2019	–	–
Net contributions and advances from Nextech AR Solutions Corp.	–	–
Net loss for the year	–	–
Balance, December 31, 2020	–	–
Net contributions and advances from Nextech AR Solutions Corp.	173,061	173,061
Net loss for the year	(173,061)	(173,061)
Balance, December 31, 2021	–	–
Net contributions and advances from Nextech AR Solutions Corp.	780,192	780,192
Net loss for the year	(780,192)	(780,192)
Balance, December 31, 2022	–	–

See accompanying notes to these carve-out financial statements.

## Toggle3D.ai Business

Carve-Out Statements of Cash Flows  
(Expressed in Canadian dollars)

	Year ended December 31, 2022 \$	Year ended December 31, 2021 \$	Year ended December 31, 2020 \$
Operating activities			
Net loss for the year	(780,192)	(173,061)	–
Changes in non-cash operating working capital:	–	–	–
Net cash used in operating activities	(780,192)	(173,061)	–
Financing activities			
Contributions and advances from Toggle3D.ai, net	780,192	173,061	–
Net cash provided by financing activities	780,192	173,061	–
Change in cash	–	–	–
Cash, beginning of year	–	–	–
Cash, end of year	–	–	–

See accompanying notes to these carve-out financial statements.

# **Toggle3D.ai Business**

Notes to the Carve-Out Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020  
(Expressed in Canadian dollars)

## **1. TRANSFER OF ASSETS AND BASIS OF PRESENTATION**

On February 14, 2023, Nextech AR Solutions Corp. (“Nextech”) incorporated Toggle3D.ai Inc. (the “Company”) under the Business Corporations Act (Ontario). Nextech plans, through an internal reorganization, to transfer certain assets to the Company (the “Toggle3D.ai Business” or “Business”) pursuant to a Plan of Arrangement.

These carve-out financial statements have been prepared for inclusion in Nextech’s Management Information Circular. They reflect the financial position, statement of operations and comprehensive loss, changes in equity, and cash flows of the Toggle3d.ai Business to be transferred the Company by Nextech. As Nextech has not historically prepared financial statements for Toggle3d.ai Business, they have been prepared from the financial records of Nextech on a carve-out basis. The carve-out statements of financial position include all assets and liabilities directly attributable to the Toggle3d.ai Business. The carve-out statement of operations and comprehensive loss for each of the years ended December 31, 2022, 2021, and 2020 reflect all revenue and expenses directly attributable to the Toggle3d.ai Business.

## **2. NATURE OF OPERATIONS AND CONTINUANCE OF BUSINESS**

The Business’ principal business activity is the development and operation of intellectual property which includes the Toggle3d.ai platform. Toggle3d.ai is an 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. The Business’ head office is located at 77 King Street West, Suite 3000, Toronto, ON, Canada, M5L 1G8.

These carve-out financial statements have been prepared on a going concern basis which assumes that the Business will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. Continued operations of the Business are dependent on its ability to develop its intellectual property assets, receive continued financial support, complete equity financings, or generate profitable operations in the future. The carve-out financial statements do not include any adjustments to assets and liabilities should the Business be unable to continue as a going concern.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these carve-out financial statements, except as discussed below.

### **Statement of Compliance**

These carve-out financial statements 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 carve-out financial statements were authorized for issuance by the Board of Directors on April 13, 2023.

These carve-out financial statements of Toggle3d.ai Business include certain assets, liabilities, and results of operations directly attributable to the Business acquired.

These carve-out financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

# **Toggle3D.ai Business**

Notes to the Carve-Out Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020  
(Expressed in Canadian dollars)

## **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **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 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 Business recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Business 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 Business measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Business shall recognize in the statement of operations, 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.

### **Foreign Currency Translation**

The carve-out 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 Business operates.

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 Business 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. Foreign exchange gains and losses arising on translation are included in the carve-out statement of operations.



# Toggle3D.ai Business

Notes to the Carve-Out Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020  
(Expressed in Canadian dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the carve-out statement of operations as incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Business intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour, and overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets.

### Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Business' net assets that results from transactions, events, and circumstances from sources other than the Business' stakeholders. For the years ended December 31, 2022, 2021, and 2020, the Business' only component of comprehensive loss is net loss.

### Critical Accounting Estimates and Judgments

The preparation of the carve-out financial statements in accordance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### *Accounting Estimates*

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

#### *Critical Accounting Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to:

#### Going concern

These carve-out financial statements have been prepared on a going concern basis, which assumes that the Business will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Business' ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the carve-out financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported revenue and the expenses and the carve-out statement of financial position classifications used.

#### Research and development costs

Research and development costs are recognized as an expense when incurred but may be capitalized as intangible assets if certain conditions are met as described in IAS 38, Intangible Assets. Management has determined that research and development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have been expensed.

# **Toggle3D.ai Business**

Notes to the Carve-Out Financial Statements  
For The Years Ended December 31, 2022, 2021 and 2020  
(Expressed in Canadian dollars)

## **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2022, and have not been early adopted in preparing these carve-out financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Business' financial statements.

## **4. SUBSEQUENT EVENT**

Subsequent to December 31, 2022, Nextech will complete a Plan of Arrangement (the "Arrangement") between Nextech and 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 \$0.25 per Subscription Receipt to raise aggregate gross proceeds of a minimum of \$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 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 additional FinanceCo Share at an exercise price of \$0.50 per FinanceCo Share for a period of three years from the date of issuance, provided that in the event that the closing price of Company Shares is equal to or exceeds \$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 \$1,500,000 through the issuance of 6,000,000 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.

Financial Statements of

**Toggle3D.ai Inc.**

Period From Incorporation on February 14, 2023 to March 31, 2023

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Toggle3D.ai Inc.

#### Opinion

We have audited the financial statements of Toggle3D.ai Inc. (the "Company"), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and comprehensive loss, changes shareholders' equity and cash flows for the period from February 14, 2023 (date of incorporation) to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the period from February 14, 2023 (date of incorporation) to March 31, 2023 in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate that the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 12, 2023

# Toggle3D.ai Inc.

Statement of Financial Position  
(Expressed in Canadian dollars)

As at

**March 31, 2023**

## Assets

### Current assets

Cash	\$	1
<b>Total assets</b>	<b>\$</b>	<b>1</b>

## Liabilities and Shareholders' Equity

### Shareholders' Equity

Share capital (Note 3)		1
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>1</b>

Nature of Operations (Note 1)

See accompanying notes to the financial statements.

### Approved by the Board of Directors

"Andrew Chan" , Director

# Toggle3D.ai Inc.

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

		Period ended March 31, 2023
<b>Revenue</b>	\$	-
<b>Operating expenses:</b>		
Sales and marketing		-
General and administrative		-
Research and development		-
		-
<b>Loss before income taxes</b>		
Current income tax expense		-
Deferred income tax expense		-
<b>Net loss and total comprehensive loss</b>	\$	-
<b>Loss per common share</b>		
Basic and diluted loss per common share	\$	-
Weighted average number of common shares outstanding		
basic and diluted		100

See accompanying notes to the financial statements.

## Toggle3D.ai Inc.

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

	Number of shares	Share capital	Deficit	Total
<b>Balance as at February 14, 2023</b>	-	\$ -	\$ -	-
Shares issued on incorporation	100	1	-	<b>1</b>
Total net loss	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>100</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>1</b>

See accompanying notes to the financial statements.



## Toggle3D.ai Inc.

### Statement of Cash Flows

(Expressed in Canadian dollars)

		Period ended March 31, 2023
<b>Cashflows from operating activities</b>		
Net loss	\$	-
<b>Cashflows from financing activities</b>		
Proceeds from share issuance on incorporation		1
<b>Net cash provided by financing activities</b>	<b>\$</b>	<b>1</b>
Change in cash during the period		1
Cash, beginning of period		-
<b>Cash, end of period</b>	<b>\$</b>	<b>1</b>

See accompanying notes to the financial statements.

# **Toggle3D.ai Inc.**

Notes to the Financial Statements

For The Period From Incorporation on February 14, 2023 to March 31, 2023

(Expressed in Canadian dollars)

## **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”) (see Note 4). The Company is a wholly owned subsidiary of Nextech. The Company’s registered and head office is located at 121 Richmond Street West, 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 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 financial statements were authorized for issue by the Board of Directors on April 12, 2023.

### **Basis of Measurement**

These 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 financial statements requires management to make judgments, 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.

### **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 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.

# **Toggle3D.ai Inc.**

Notes to the Financial Statements

For The Period From Incorporation on February 14, 2023 to March 31, 2023

(Expressed in Canadian dollars)

## **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.

### **Accounting Standards Issued But Not Yet Effective**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## **3. SHARE CAPITAL**

### **Authorized**

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.

# **Toggle3D.ai Inc.**

Notes to the Financial Statements

For The Period From Incorporation on February 14, 2023 to March 31, 2023

(Expressed in Canadian dollars)

## **4. SUBSEQUENT EVENT**

Subsequent to March 31, 2023, Nextech will complete a Plan of Arrangement (the "Arrangement") 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 \$0.25 per Subscription Receipt to raise aggregate gross proceeds of a minimum of \$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 common share of FinanceCo (a "FinanceCo Share") and one share purchase warrant (each such share purchase warrant, a "FinanceCo Warrant"), with each FinanceCo being exercisable to acquire one additional FinanceCo Share at an exercise price of \$0.50 per FinanceCo Share for a period of three years from the date of issuance, provided that in the event that the closing price of the Company's shares is equal to or exceeds \$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, the Company will amalgamate with a wholly-owned subsidiary of SpinCo 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 the Company 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 Private Placement financing; and ii) receipt of all requisite regulatory, CSE, court, or governmental authorizations and third party approvals or consents.

Financial Statements of

**1400330 B.C. LTD.**

Period From Incorporation on February 10, 2023 to March 31, 2023

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of 1400330 B.C. Ltd.

#### Opinion

We have audited the financial statements of 1400330 B.C. Ltd. (the "Company"), which comprise the statement of financial position as at March 31, 2023 and the statements of operation and comprehensive loss, changes in shareholders' equity, and cash flows for the period from February 10, 2023 (date of incorporation) to March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the period from February 10, 2023 (date of incorporation) to March 31, 2023 in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describes matters and conditions that indicate that the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 12, 2023

**1400330 B.C. LTD.**

Statement of Financial Position  
(Expressed in Canadian dollars)

As at

**March 31, 2023**

**Assets****Current assets**

Cash	\$	1
<b>Total assets</b>	<b>\$</b>	<b>1</b>

**Liabilities and Shareholders' Equity****Shareholders' Equity**

Share capital (Note 3)		1
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>1</b>

Nature of Operations (Note 1)

See accompanying notes to the financial statements.

**Approved by the Board of Directors**

"Andrew Chan" , Director



# 1400330 B.C. LTD.

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

		Period ended March 31, 2023
<b>Revenue</b>	\$	-
<b>Operating expenses:</b>		
Sales and marketing		-
General and administrative		-
Research and development		-
		-
<b>Loss before income taxes</b>		
Current income tax expense		-
Deferred income tax expense		-
<b>Net loss and total comprehensive loss</b>	\$	-
<b>Loss per common share</b>		
Basic and diluted loss per common share	\$	-
Weighted average number of common shares outstanding		
basic and diluted		100

See accompanying notes to the financial statements.

**1400330 B.C. LTD.**

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

	Number of shares	Share capital	Deficit	Total
<b>Balance as at February 10, 2023</b>	-	\$ -	\$ -	-
Shares issued on incorporation	100	1	-	<b>1</b>
Total net loss	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>100</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>1</b>

See accompanying notes to the financial statements.

**1400330 B.C. LTD.**

## Statement of Cash Flows

(Expressed in Canadian dollars)

	<b>Period ended</b>
	<b>March 31, 2023</b>
<hr/>	
<b>Cashflows from operating activities</b>	
Net loss	\$ -
<b>Cashflows from financing activities</b>	
Proceeds from share issuance on incorporation	1
<b>Net cash provided by financing activities</b>	<b>\$ 1</b>
<hr/>	
Change in cash during the period	1
Cash, beginning of period	-
<b>Cash, end of period</b>	<b>\$ 1</b>

See accompanying notes to the financial statements.

## **1400330 B.C. LTD.**

Notes to the Financial Statements

For The Period From Incorporation on February 10, 2023 to March 31, 2023

(Expressed in Canadian dollars)

### **1. NATURE OF OPERATIONS**

1400330 B.C. LTD. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on February 10, 2023. The Company was incorporated as a special finance company as part of the Plan of Arrangement (see note 4). The Company is a wholly owned subsidiary of Nextech. The Company’s registered and head office is located at 121 Richmond Street West, 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 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 financial statements were authorized for issue by the Board of Directors on April 12, 2023.

#### **Basis of Measurement**

These 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 financial statements requires management to make judgments, 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.

#### **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 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.

# 1400330 B.C. LTD.

Notes to the Financial Statements

For The Period From Incorporation on February 10, 2023 to March 31, 2023

(Expressed in Canadian dollars)

## 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.

### Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended March 31, 2023, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

## 3. SHARE CAPITAL

### Authorized

Unlimited number of common shares.

### Issued and Outstanding

On February 10, 2023, the date of incorporation, the Company issued 100 common shares at a price of \$1.

## 1400330 B.C. LTD.

Notes to the Financial Statements

For The Period From Incorporation on February 10, 2023 to March 31, 2023

(Expressed in Canadian dollars)

### 4. SUBSEQUENT EVENT

Subsequent to the period end Nextech will complete a Plan of Arrangement (the "Arrangement") with the Company, whereby the Company and a subsidiary of Nextech, Toggle3D.ai Inc. ("SpinCo") will complete a spinout from Nextech.

In connection with the Arrangement, the Company shall complete a private placement of a minimum of 6,000,000 subscription receipts ("Subscription Receipts") at a price of \$0.25 per Subscription Receipt to raise aggregate gross proceeds of a minimum of \$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 common share of the Company (a "Company Share") and one share purchase warrant (each such share purchase warrant, a "Company Warrant"), with each Company Warrant being exercisable to acquire one additional Company Share at an exercise price of \$0.50 per Company Share for a period of three years from the date of issuance, provided that in the event that the closing price of SpinCo shares is equal to or exceeds \$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 the Company. Immediately following the conversion of the Subscription Receipts, the Company will amalgamate with a wholly-owned subsidiary of SpinCo pursuant to the Arrangement (the "Amalgamation") and all Company Shares and Company Warrants shall be exchanged for equivalent securities of SpinCo on a 1:1 basis.

Pursuant to the Arrangement: (i) the certain assets will be transferred to SpinCo in consideration of the issuance of an aggregate of 16,000,000 SpinCo shares to Nextech; (ii) an aggregate of 4,000,000 SpinCo shares will be distributed to the shareholders of Nextech on a pro rata basis; (iii) the Amalgamation shall be effected pursuant to which the Company will amalgamate with a wholly-owned subsidiary of SpinCo, and SpinCo will acquire all of the issued and outstanding securities of the Company from the holders thereof in exchange for the issuance of securities of SpinCo bearing equivalent terms and conditions to such holders. The securities of SpinCo issuable pursuant to the Arrangement to Nextech, shareholders of Nextech, and securityholders of the Company 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 Private Placement financing; and ii) receipt of all requisite regulatory, CSE, court, or governmental authorizations and third party approvals or consents.

**Schedule "I"**  
**Comparison of OBCA and the BCBCA**

Set forth below is a comparison of certain provisions of the OBCA and BCBCA, which is qualified in its entirety to reference to the full provisions of the OBCA and BCBCA, respectively. Shareholders should consult their legal advisors to confirm the impact of the provisions of each such Act to their particular circumstances.

*Charter Documents*

Under the BCBCA, the charter documents of a company will consist of a Notice of Articles, which sets forth the name of the company and the authorized share structure (including the amount and type of authorized capital), and Articles, which will govern the management of the company. The Notice of Articles is filed with the Registrar and is publicly available, whereas the Articles are maintained at the company's registered and records office and are only available for inspection by those individuals authorized by the BCBCA or the company's articles.

Under the OBCA, a company has Articles of Incorporation, Articles of Amendments, Articles of Amalgamation and/or Articles of Continuance, as applicable, which set forth, among other things, the name of the company and the amount and type of authorized capital, and by-laws, which govern the management of the company. Articles are filed with the Director under the OBCA and the by-laws are maintained at the company's registered and records office.

*Sale of a Company's Undertaking*

Under the BCBCA, the directors of a company may sell, lease or otherwise dispose of all or substantially all of the business or undertaking of the company only if it is in the ordinary course of the company's business or with shareholder approval authorized by special resolution. Under the BCBCA, a special resolution requires the approval of a "special majority", which means the majority specified in a company's Articles of at least two-thirds and not more than by three-quarters of the votes cast by those shareholders voting in person or by proxy at a meeting of the company. If the Articles do not contain a provision stipulating the applicable special majority threshold, then a special resolution is passed by at least two-thirds of the votes cast on the resolution.

The OBCA requires approval of the holders of two-thirds of the shares of a company represented at a duly called meeting to approve a sale, lease or exchange of all or substantially all of the property of the company. Holders of shares of a class or series, whether or not they are otherwise entitled to vote, can vote separately only if that class or series is affected by the sale, lease or exchange in a manner different from the shares of another class or series.

*Ability to set necessary levels of shareholder consent*

Under the BCBCA, the articles can set levels for various shareholder approvals (other than those prescribed by the statute).

The OBCA does not provide flexibility on shareholder approvals, which are either majority resolution or where specified in the act, a special resolution. A "special resolution" must be passed by at least two-thirds ( $\frac{2}{3}$ ) of votes cast or a resolution that is consented to in writing by each shareholder of the company entitled to vote at such a meeting or the shareholder's attorney authorized in writing.

*Amendments to the Charter Documents of a Company*

Alterations to the Notice of Articles or Articles of a company under the BCBCA are affected by the type of resolution specified by the BCBCA, or, if the BCBCA does not specify the type of resolution, by the type of resolution specified in the Articles of the company, or, if neither the BCBCA nor the Articles specify the type of resolution, by a special resolution. This means that many alterations, including change of name or other alterations to the Articles, could be authorized solely by a resolution of the directors of a company. In the absence of anything in the Articles, other than a change of name which the proposed Articles permit by directors' resolution, most corporate alterations will require a special resolution. Alteration of the special rights and restrictions attached to issued shares requires, in addition to any resolution provided for by the Articles, consent by a special resolution of the holders of the class or series of shares affected. A proposed amalgamation or continuation of a company out of British Columbia requires a special resolution as described above.

Under the OBCA, certain fundamental changes to the constating documents of a company require a resolution passed by not less than two-thirds of the votes cast by the shareholders voting on the resolution authorizing the alteration and, where certain specified rights of the holders of a class of shares are affected differently by the alteration than the rights of the holders of other

classes of shares, a resolution passed by not less than two thirds of the votes cast by the holders of all of the shares of a company, whether or not they carry the right to vote, and a special resolution of each such class, or series, as the case may be, even if such class or series is not otherwise entitled to vote. A resolution to amalgamate an OBCA company requires a special resolution passed by the holders of each class of shares or series of shares, whether or not such shares otherwise carry the right to vote, if such class or series of shares are affected differently.

### *Rights of Dissent and Appraisal*

The BCBCA provides that shareholders, whether such shareholders have a right vote and including beneficial holders through a registered shareholder, who dissent from certain actions being taken by a company, may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable where a company proposes to:

- alter the Articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- adopt an amalgamation agreement;
- approve an amalgamation under Division 4 of Part 9 of the BCBCA;
- approve an arrangement, the terms of which arrangement permit dissent;
- authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- authorize the continuation of the company into a jurisdiction other than British Columbia; or
- take any other action where the resolution provides for a right of dissent.

In addition, a British Columbia court may make an order that dissent rights apply to a particular transaction. Shareholders may not generally waive dissent rights, but are entitled to waive, in writing, such rights in respect of a particular corporate action.

The OBCA contains a similar dissent remedy, although the procedure for exercising this remedy is less detailed than the procedure contained in the BCBCA. There is no provision for the court to vary the statutory framework.

### *Oppression Remedies*

Under the OBCA, a shareholder, beneficial shareholder, former shareholder or former beneficial shareholder, director, former director, officer or former officer of a company or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, and in the case of an offering company, the Ontario Securities Commission, may apply to a court for an order to rectify the matters complained of where in respect of a company or any of its affiliates, any act or omission of a company or its affiliates effects a result, the business or affairs of a company or its affiliates are or have been exercised in a manner that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

The oppression remedy under the BCBCA is similar to the remedy found in the OBCA, with a few differences. Under the OBCA, the applicant can complain not only about acts of the company and its directors but also acts of an affiliate of the company and the affiliate's directors, whereas under the BCBCA, the shareholder (or any other party the court considers appropriate) can only complain of oppressive conduct of the company. Under the BCBCA the applicant must bring the application in a "timely manner", which is not required under the OBCA. In addition, while under OBCA a company is prohibited from making a payment to a successful applicant in an oppression claim if there are reasonable grounds for believing that: (a) the company is, or after the payment, would be unable to pay its liabilities as they become due; or (b) the realization value of the company's assets would thereby be less than the aggregate of its liabilities. Under the BCBCA, the company must make as much of the payment as possible and pay the balance when the company is able to do so.

### *Shareholder Derivative Actions*

Under the BCBCA, a shareholder, including a beneficial shareholder or a director of a company, or any other person the court considers to be an appropriate person to bring a derivative action, may, with leave of the court, bring an action in the name and on behalf of the company to enforce an obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a company.

A broader right to bring a derivative action is contained in the OBCA and this right extends to shareholders, former shareholders, beneficial shareholders, directors or officers of a company or its affiliates, and any person who, in the discretion of the court, is



a proper person to make an application to court to bring a derivative action. In addition, the OBCA permits derivative actions to be commenced in the name and on behalf of a company or any of its subsidiaries.

#### *Investigation/Appointment of Inspectors*

Under the BCBCA, a company may appoint an inspector to conduct an investigation of the company by special resolution. Shareholders holding at least 1/5 of the issued shares of a company may apply to the court for the appointment of an inspector. The court must consider whether there are reasonable grounds for believing there has been oppressive, unfairly prejudicial, fraudulent, unlawful or dishonest conduct.

Under the OBCA, shareholders can apply to the court for the appointment of an inspector. Unlike the BCBCA, the OBCA does not require an applicant to hold a specified number of shares.

#### *Requisition of Meetings*

The BCBCA provides that shareholders who hold at least 1/20th of the issued voting shares of the company that carry the right to vote at general meetings may give notice to the directors requiring them to call and hold a general meeting for the purpose of transacting any business that may be transacted at a general meeting, which meeting must be held within 4 months. The procedures required to requisition a meeting under the BCBCA are more formal than the procedure under the OBCA.

The OBCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting sought to be held to require the directors to call and hold a meeting of the shareholders of the company for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

#### *Form of Proxy and Information Circular*

The BCBCA does not prescribe proxy or circular requirements for reporting issuers.

The OBCA contains provisions which require the mandatory solicitation of proxies and delivery of a management proxy circular.

#### *Place of Meetings*

The OBCA provides that meetings of shareholders may be held either inside or outside Ontario as the directors may determine.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless: (a) a location outside British Columbia is provided for in the company's Articles; (b) the Articles do not restrict the company from approving a location outside British Columbia and the location is approved by the resolution required by the Articles for that purpose or if the Articles do not provide it is approved by an ordinary resolution; or (c) the location is approved in writing by the Registrar under the BCBCA before the meeting is held.

#### *Directors*

The BCBCA provides that a public company must have at least three directors. Neither the BCBCA nor the OBCA contain any residency requirements for a company's directors.

The BCBCA includes detailed provisions for permitted and prohibited indemnification of directors or officers. Unlike the OBCA, the BCBCA gives discretion to the court to order payment or make any other order it considers appropriate. Directors are not liable with respect to prohibited actions in connection with payments, commissions, discounts, dividends, redemptions, indemnities or acquisition of shares if they rely in good faith on financial statements, auditors' reports, professional reports, a statement of fact from an officer, or on other documents the court considers to provide reasonable grounds for the directors' actions.

#### *Restrictions on Share Transfers*

The BCBCA does not prohibit share transfer restrictions.

Under the OBCA, only certain limited restrictions on transfer are permitted if offering to the public.

### *Meaning of "Insolvent"*

Under the OBCA, a company may not pay dividends or purchase or redeem its shares if there are reasonable grounds for believing: (i) it is or would be unable to pay its liabilities as they become due; or (ii) it would not meet a net asset solvency test. The net asset solvency tests for different purposes vary somewhat. Under the BCBCA, for purposes of the insolvency test that must be passed for the payment of dividends and purchases and redemptions of shares, "insolvent" is defined to mean when a company is unable to pay its debts as they become due in the ordinary course of its business. Unlike the OBCA, the BCBCA does not impose a net asset solvency test for these purposes. For purposes of proceedings to dissolve or liquidate, the definition of "insolvent" from federal bankruptcy legislation applies.

### *Reduction of Capital*

Under the BCBCA, capital may be reduced by special resolution or court order. A court order is required if the realizable value of the company's assets would, after the reduction of capital, be less than the aggregate of its liabilities. Under the OBCA, capital may be reduced by special resolution but not if reasonable grounds for believing that, after the reduction: (i) the company would be unable to pay its liabilities as they become due; or (ii) the realizable value of the company's assets would be less than its liabilities.

### *Shareholder Proposals*

The OBCA allows shareholders entitled to vote to submit a notice of a proposal. The BCBCA includes a more detailed regime for shareholders' proposals than the OBCA. For example, a person submitting a proposal must have been the registered or beneficial owner of one or more voting shares for at least 2 years before signing the proposal and the proposal must be received at the company's registered office at least 3 months before the anniversary of the company's last annual reference date. In addition, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of: (i) at least 1% of the company's voting shares, or (ii) shares with a fair market value exceeding an amount prescribed by regulation (at present, \$2,000).

### *Amalgamations*

The BCBCA allows for amalgamation effected with court approval. A company may amalgamate with a company from a foreign jurisdiction and carry on as either a British Columbia company or, if allowed by the foreign jurisdiction, a company organized under the foreign jurisdiction.

The OBCA does not provide a provision for amalgamation pursuant to court approval. Interjurisdictional amalgamation is not available, in order to amalgamate either the Ontario corporation must first continue out of Ontario into the foreign jurisdiction or the foreign corporation must first continue into Ontario.

### *Compulsory Acquisition*

The OBCA provides a right of compulsory acquisition for an offeror that acquires 90% of the target securities pursuant to a take-over bid, other than securities held at the date of the bid by or on behalf of the offeror.

The BCBCA provides a substantively similar right although there are differences in the procedures and process. Unlike the OBCA, the BCBCA provides that where an offeror does not use the compulsory acquisition right when entitled to do so, a securityholder who did not accept the original offer may require the offeror to acquire the securityholder's securities on the same terms contained in the original offer.

**Schedule "J"**  
**Revised Articles**

**Incorporation Number: BC1148972**

**ARTICLES OF  
NEXTECH AR SOLUTIONS CORP.**

**TABLE OF CONTENTS**

<b>1.</b>	<b>INTERPRETATION.....</b>	<b>1</b>
1.1	Definitions.....	1
1.2	Business Corporations Act and Interpretation Act Definitions Applicable.....	1
<b>2.</b>	<b>SHARES AND SHARE CERTIFICATES.....</b>	<b>1</b>
2.1	Authorized Share Structure.....	1
2.2	Form of Share Certificate.....	2
2.3	Shareholder Entitled to Certificate or Acknowledgment.....	2
2.4	Delivery by Mail.....	2
2.5	Replacement of Worn Out or Defaced Certificate or Acknowledgment.....	2
2.6	Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment.....	2
2.7	Splitting Share Certificates.....	2
2.8	Certificate Fee.....	2
2.9	Recognition of Trusts.....	3
<b>3.</b>	<b>ISSUE OF SHARES.....</b>	<b>3</b>
3.1	Directors Authorized.....	3
3.2	Commissions and Discounts.....	3
3.3	Brokerage.....	3
3.4	Conditions of Issue.....	3
3.5	Share Purchase Warrants and Rights.....	3
<b>4.</b>	<b>SHARE REGISTERS.....</b>	<b>4</b>
4.1	Central Securities Register.....	4
4.2	Closing Register.....	4
<b>5.</b>	<b>SHARE TRANSFERS.....</b>	<b>4</b>
5.1	Private Issuer Restrictions.....	4
5.2	Registering Transfers where Certificate or Acknowledgment.....	4
5.3	Registering Transfers where no Certificate or Acknowledgment.....	4
5.4	Form of Instrument of Transfer.....	4
5.5	Transferor Remains Shareholder.....	5
5.6	Signing of Instrument of Transfer.....	5
5.7	Enquiry as to Title Not Required.....	5
5.8	Transfer Agent.....	5
5.9	Transfer Fee.....	5
<b>6.</b>	<b>TRANSMISSION OF SHARES.....</b>	<b>5</b>
6.1	Legal Personal Representative Recognized on Death.....	5
6.2	Rights of Legal Personal Representative.....	5
6.3	Registration of Legal Personal Representative.....	6
<b>7.</b>	<b>PURCHASE AND REDEMPTION OF SHARES.....</b>	<b>6</b>
7.1	Company Authorized to Purchase or Redeem Shares.....	6

7.2	Purchase When Insolvent.....	6
7.3	Sale and Voting of Purchased Shares.....	6
<b>8.</b>	<b>BORROWING POWERS .....</b>	<b>6</b>
<b>9.</b>	<b>ALTERATIONS.....</b>	<b>7</b>
9.1	Alteration of Authorized Share Structure.....	7
9.2	Special Rights and Restrictions.....	7
9.3	Change of Name .....	8
9.4	Other Alterations.....	8
<b>10.</b>	<b>MEETINGS OF SHAREHOLDERS.....</b>	<b>8</b>
10.1	Annual General Meetings .....	8
10.2	Consent Resolution Instead of Meeting of Shareholders .....	8
10.3	Calling of Meetings of Shareholders.....	8
10.4	Notice for Meetings of Shareholders .....	8
10.5	A Notice of Resolution to Which Shareholders May Dissent.....	9
10.6	Record Date for Notice .....	9
10.7	Record Date for Voting.....	9
10.8	Failure to Give Notice and Waiver of Notice.....	9
10.9	Notice of Special Business at Meetings of Shareholders .....	9
10.10	Location of Meetings of Shareholders .....	10
<b>11.</b>	<b>PROCEEDINGS AT MEETINGS OF SHAREHOLDERS .....</b>	<b>10</b>
11.1	Special Business.....	10
11.2	Majority Required for a Special Resolution.....	10
11.3	Quorum .....	10
11.4	Other Persons May Attend.....	11
11.5	Requirement of Quorum .....	11
11.6	Lack of Quorum.....	11
11.7	Lack of Quorum at Succeeding Meeting.....	11
11.8	Chair.....	11
11.9	Selection of Alternate Chair.....	11
11.10	Adjournments.....	12
11.11	Notice of Adjourned Meeting .....	12
11.12	Decisions by Show of Hands, Verbal Statements, or Poll .....	12
11.13	Declaration of Result .....	12
11.14	Motion Need Not be Seconded .....	12
11.15	Casting Vote.....	12
11.16	Manner of Taking Poll .....	12
11.17	Demand for Poll on Adjournment.....	13
11.18	Chair Must Resolve Dispute .....	13
11.19	Casting of Votes.....	13
11.20	No Demand for Poll on Election of Chair.....	13
11.21	Demand for Poll Not to Prevent Continuance of Meeting .....	13
11.22	Retention of Ballots and Proxies.....	13
<b>12.</b>	<b>VOTES OF SHAREHOLDERS.....</b>	<b>13</b>
12.1	Number of Votes by Shareholder or by Shares .....	13
12.2	Votes of Persons in Representative Capacity.....	13
12.3	Votes by Joint Holders.....	14
12.4	Legal Personal Representatives as Joint Shareholders.....	14
12.5	Representative of a Corporate Shareholder.....	14
12.6	Proxy Provisions Do Not Apply to All Companies .....	14
12.7	Appointment of Proxy Holders .....	15
12.8	Alternate Proxy Holders.....	15

12.9	When Proxy Holder Need Not Be Shareholder.....	15
12.10	Deposit of Proxy .....	15
12.11	Validity of Proxy Vote .....	15
12.12	Revocation of Proxy.....	16
12.13	Revocation of Proxy Must Be Signed.....	16
12.14	Production of Evidence of Authority to Vote .....	16
<b>13.</b>	<b>DIRECTORS .....</b>	<b>17</b>
13.1	First Directors; Number of Directors .....	17
13.2	Change in Number of Directors .....	17
13.3	Directors' Acts Valid Despite Vacancy .....	17
13.4	Qualifications of Directors .....	17
13.5	Remuneration of Directors.....	17
13.6	Reimbursement of Expenses of Directors.....	18
13.7	Special Remuneration for Directors.....	18
13.8	Gratuity, Pension or Allowance on Retirement of Director .....	18
<b>14.</b>	<b>ELECTION AND REMOVAL OF DIRECTORS .....</b>	<b>18</b>
14.1	Election at Annual General Meeting.....	18
14.2	Consent to be a Director.....	18
14.3	Failure to Elect or Appoint Directors.....	18
14.4	Places of Retiring Directors Not Filled .....	19
14.5	Directors May Fill Casual Vacancies.....	19
14.6	Remaining Directors' Power to Act.....	19
14.7	Shareholders May Fill Vacancies.....	19
14.8	Additional Directors.....	19
14.9	Ceasing to be a Director.....	20
14.10	Removal of Director by Shareholders.....	20
14.11	Removal of Director by Directors.....	20
14.12	Nominations Of Directors.....	20
<b>15.</b>	<b>ALTERNATE DIRECTORS .....</b>	<b>23</b>
15.1	Appointment of Alternate Director .....	23
15.2	Notice of Meetings.....	23
15.3	Alternate for More Than One Director Attending Meetings.....	23
15.4	Consent Resolutions.....	23
15.5	Alternate Director Not an Agent .....	23
15.6	Revocation of Appointment of Alternate Director.....	23
15.7	Ceasing to be an Alternate Director .....	23
15.8	Remuneration and Expenses of Alternate Director.....	24
<b>16.</b>	<b>POWERS AND DUTIES OF DIRECTORS .....</b>	<b>24</b>
16.1	Powers of Management.....	24
16.2	Appointment of Attorney of Company .....	24
16.3	Setting the Remuneration of Auditors.....	24
<b>17.</b>	<b>DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS .....</b>	<b>24</b>
17.1	Obligation to Account for Profits.....	24
17.2	Restrictions on Voting by Reason of Interest.....	24
17.3	Interested Director Counted in Quorum.....	25
17.4	Disclosure of Conflict of Interest or Property .....	25
17.5	Director Holding Other Office in the Company.....	25
17.6	No Disqualification .....	25
17.7	Professional Services by Director or Officer .....	25
17.8	Director or Officer in Other Corporations.....	25

<b>18.</b>	<b>PROCEEDINGS OF DIRECTORS .....</b>	<b>25</b>
18.1	Meetings of Directors.....	25
18.2	Voting at Meetings.....	25
18.3	Chair of Meetings.....	26
18.4	Meetings by Telephone or Other Communications Medium .....	26
18.5	Calling of Meetings.....	26
18.6	Notice of Meetings.....	26
18.7	When Notice Not Required.....	26
18.8	Meeting Valid Despite Failure to Give Notice.....	27
18.9	Waiver of Notice of Meetings.....	27
18.10	Quorum .....	27
18.11	Validity of Acts Where Appointment Defective.....	27
18.12	Consent Resolutions in Writing .....	27
<b>19.</b>	<b>EXECUTIVE AND OTHER COMMITTEES .....</b>	<b>27</b>
19.1	Appointment and Powers of Executive Committee .....	27
19.2	Appointment and Powers of Other Committees.....	28
19.3	Obligations of Committees .....	28
19.4	Powers of Board.....	28
19.5	Committee Meetings .....	28
<b>20.</b>	<b>OFFICERS.....</b>	<b>29</b>
20.1	Directors May Appoint Officers .....	29
20.2	Functions, Duties and Powers of Officers.....	29
20.3	Qualifications.....	29
20.4	Remuneration and Terms of Appointment.....	29
<b>21.</b>	<b>INDEMNIFICATION.....</b>	<b>29</b>
21.1	Definitions.....	29
21.2	Mandatory Indemnification of Eligible Parties .....	30
21.3	Indemnification of Other Persons .....	30
21.4	Non-Compliance with Business Corporations Act .....	30
21.5	Company May Purchase Insurance .....	30
<b>22.</b>	<b>DIVIDENDS .....</b>	<b>30</b>
22.1	Payment of Dividends Subject to Special Rights .....	30
22.2	Declaration of Dividends .....	30
22.3	No Notice Required .....	30
22.4	Record Date .....	31
22.5	Manner of Paying Dividend.....	31
22.6	Settlement of Difficulties .....	31
22.7	When Dividend Payable.....	31
22.8	Dividends to be Paid in Accordance with Number of Shares .....	31
22.9	Receipt by Joint Shareholders.....	31
22.10	Dividend Bears No Interest.....	31
22.11	Fractional Dividends.....	31
22.12	Payment of Dividends.....	31
22.13	Capitalization of Retained Earnings or Surplus .....	32
<b>23.</b>	<b>DOCUMENTS, RECORDS AND REPORTS .....</b>	<b>32</b>
23.1	Recording of Financial Affairs.....	32
23.2	Inspection of Accounting Records.....	32
<b>24.</b>	<b>NOTICES.....</b>	<b>32</b>
24.1	Method of Giving Notice .....	32
24.2	Deemed Receipt of Mailing .....	33

24.3	Certificate of Sending .....	33
24.4	Notice to Joint Shareholders .....	33
24.5	Notice to Legal Personal Representatives and Trustees.....	33
24.6	Undelivered Notices.....	33
<b>25.</b>	<b>SEAL .....</b>	<b>34</b>
25.1	Who May Attest Seal .....	34
25.2	Sealing Copies .....	34
25.3	Mechanical Reproduction of Seal .....	34
<b>26.</b>	<b>MECHANICAL REPRODUCTIONS OF SIGNATURES.....</b>	<b>34</b>
26.1	Instruments may be Mechanically Signed .....	34
26.2	Definitions of Instruments .....	34
<b>27.</b>	<b>PROHIBITIONS .....</b>	<b>35</b>
27.1	Definitions.....	35
27.2	Application.....	35
27.3	Consent Required for Transfer of Shares or Designated Securities .....	35
<b>28.</b>	<b>AUTHORIZED SHARE CAPITAL .....</b>	<b>35</b>
28.2	Class A Common Shares.....	35
28.3	Common Shares .....	37



**PROVINCE OF BRITISH COLUMBIA**

***Business Corporations Act***

**Articles of NexTech AR Solutions Corp.**

**(the “Company”)**

**1. INTERPRETATION**

***1.1 Definitions***

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (b) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “legal personal representative” means the personal or other legal representative of the shareholder;
- (e) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (f) “seal” means the seal of the Company, if any;
- (g) “solicitor of the Company” means any partner, associate or articled student of the law firm retained by the Company in respect of the matter in connection with which the term is used.

***1.2 Business Corporations Act and Interpretation Act Definitions Applicable***

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to and form a part of these Articles. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

**2. SHARES AND SHARE CERTIFICATES**

***2.1 Authorized Share Structure***

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

## **2.2 Form of Share Certificate**

Each share certificate issued by the Company shall be in such form as the directors may determine and approve and must comply with, and be signed as required by, the *Business Corporations Act*.

## **2.3 Shareholder Entitled to Certificate or Acknowledgment**

Shares may be issued without a share certificate or written acknowledgment. Upon request, however, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

## **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

## **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgment**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

## **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

## **2.7 Splitting Share Certificates**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

## **2.8 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.9 Recognition of Trusts**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

## **3. ISSUE OF SHARES**

### **3.1 Directors Authorized**

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

### **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (1) past services performed for the Company;
  - (2) property; or
  - (3) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 *Central Securities Register***

The Company must maintain a central securities register in accordance with the provisions of the *Business Corporations Act*. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 *Closing Register***

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 *Private Issuer Restrictions***

The provisions of Article 27 shall apply to any proposed transfer of a share of the Company.

### **5.2 *Registering Transfers where Certificate or Acknowledgement***

A transfer of a share of the Company for which a share certificate has been issued or for which the shareholder has received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (a) an instrument of transfer, duly executed by the transferor or a duly authorized attorney of the transferor, in respect of the share;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the directors or the transfer agent may require to prove the title of the transferor or his duly authorized attorney or the right to transfer the shares, and the right of the transferee to have the transfer registered.

### **5.3 *Registering Transfers where no Certificate or Acknowledgement***

A transfer of a share of the Company for which a share certificate has not been issued or for which the shareholder has not received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate (for example, where shares are issued in book-only form), must not be registered unless the requirements for transfer as approved by the directors have been met.

### **5.4 *Form of Instrument of Transfer***

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

### **5.5 *Transferor Remains Shareholder***

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

### **5.6 *Signing of Instrument of Transfer***

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

### **5.7 *Enquiry as to Title Not Required***

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

### **5.8 *Transfer Agent***

The Company may appoint one or more trust companies or agents as its transfer agent for the purpose of issuing, countersigning, registering, transferring and certifying the shares and share certificates of the Company.

### **5.9 *Transfer Fee***

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## **6. TRANSMISSION OF SHARES**

### **6.1 *Legal Personal Representative Recognized on Death***

In case of the death of a shareholder, the legal personal representative of the shareholder, in the case of shares registered in the shareholders' name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### **6.2 *Rights of Legal Personal Representative***

Subject to Article 6.1, on death or bankruptcy, the legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

### **6.3 Registration of Legal Personal Representative**

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder shall, upon such documents and evidence being produced to the Company as the *Business Corporations Act* requires, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute, has the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the directors shall, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

## **7. PURCHASE AND REDEMPTION OF SHARES**

### **7.1 Company Authorized to Purchase or Redeem Shares**

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms the directors determine. The Company may, by a resolution of directors, cancel any of its shares purchased by the Company, and upon the cancellation of such shares the number of issued shares shall be reduced accordingly.

### **7.2 Purchase When Insolvent**

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

### **7.3 Sale and Voting of Purchased Shares**

If the Company retains a share purchased, redeemed or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (a) either by directors' resolution or by ordinary resolution, at the election of the directors in their sole discretion:
- (1) create one or more classes or series of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares;
  - (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
  - (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
  - (4) if the Company is authorized to issue shares of a class of shares with par value:
    - (i) decrease the par value of those shares; or
    - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
  - (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
  - (6) alter the identifying name of any of its shares;
  - (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*; or
- (b) by ordinary resolution otherwise alter its shares or authorized share structure; and alter its Articles and Notice of Articles accordingly.

### **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

- (b) by ordinary resolution vary or delete any special rights or restrictions attached to the shares of any class or series, whether or not any or all of those shares have been issued

and alter its Articles and Notice of Articles accordingly.

### **9.3 Change of Name**

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name.

### **9.4 Other Alterations**

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (a) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (b) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and thereafter must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

### **10.2 Consent Resolution Instead of Meeting of Shareholders**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders.

### **10.4 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution and any notice of a general meeting, class meeting or series meeting or to consider approving the adoption of an amalgamation agreement, the approval of any amalgamation into a foreign jurisdiction or the approval of any arrangement), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;



- (b) otherwise, 10 days.

#### **10.5 A Notice of Resolution to Which Shareholders May Dissent**

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent and a copy of the proposed resolution at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

#### **10.6 Record Date for Notice**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.7 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.8 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

#### **10.9 Notice of Special Business at Meetings of Shareholders**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

- (1) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
- (2) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

#### ***10.10 Location of Meetings of Shareholders***

The Company will hold meetings of shareholders in British Columbia, subject to the directors, by resolution, approving a location for such meetings outside of British Columbia.

### **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

#### ***11.1 Special Business***

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
  - (1) business relating to the conduct of or voting at the meeting;
  - (2) consideration of any financial statements of the Company presented to the meeting;
  - (3) consideration of any reports of the directors or auditor;
  - (4) the setting or changing of the number of directors;
  - (5) the election or appointment of directors;
  - (6) the appointment of an auditor;
  - (7) the setting of the remuneration of an auditor;
  - (8) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (9) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

#### ***11.2 Majority Required for a Special Resolution***

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

#### ***11.3 Quorum***

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders pursuant to these articles, present in person or by proxy.

#### **11.4 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any solicitor for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.5 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.6 Lack of Quorum**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.7 Lack of Quorum at Succeeding Meeting**

If, at the meeting to which the meeting referred to in Article 11.6(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **11.8 Chair**

The following individuals are entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if no chair of the board exists or is present and willing to act as chair of the meeting, the president of the Company; or
- (c) if the chair of the board, and the president of the Company are absent or unwilling to act as chair of the meeting, the solicitor of the Company.

#### **11.9 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, and the solicitor of the Company is absent or unwilling to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

### **11.10 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

### **11.11 Notice of Adjourned Meeting**

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

### **11.12 Decisions by Show of Hands, Verbal Statements, or Poll**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy. In determining the result of a vote by show of hands, shareholders present by telephone or other communications medium in which all shareholders and proxy holders entitled to attend and participate in voting at the meeting are able to communicate with each other, may indicate their vote verbally or, otherwise in such manner as clearly evidences their vote and is accepted by the chair of the meeting.

### **11.13 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

### **11.14 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

### **11.15 Casting Vote**

In case of an equality of votes either on a show of hands or on a poll, the chair of a meeting of shareholders will not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

### **11.16 Manner of Taking Poll**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
  - (1) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

**11.17 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

**11.18 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**11.19 Casting of Votes**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**11.20 No Demand for Poll on Election of Chair**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**11.21 Demand for Poll Not to Prevent Continuance of Meeting**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**11.22 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

**12. VOTES OF SHAREHOLDERS****12.1 Number of Votes by Shareholder or by Shares**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 *Votes by Joint Holders***

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

### **12.4 *Legal Personal Representatives as Joint Shareholders***

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

### **12.5 *Representative of a Corporate Shareholder***

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
  - (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (2) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
  - (1) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (2) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

### **12.6 *Proxy Provisions Do Not Apply to All Companies***

Articles 12.7 to 12.14 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

### **12.7 Appointment of Proxy Holders**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

### **12.8 Alternate Proxy Holders**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

### **12.9 When Proxy Holder Need Not Be Shareholder**

A person must not be appointed as a proxy holder unless:

- (a) the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:
  - (1) the person appointing the proxy holder is a company or a representative of a company appointed under Article 12.5;
  - (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
  - (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (b) the person is a director, officer or the solicitor of the Company.

### **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

### **12.11 Validity of Proxy Vote**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

## 12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[name of company]*  
(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder):

\_\_\_\_\_  
*Signed [month, day, year]*

\_\_\_\_\_  
*[Signature of shareholder]*

\_\_\_\_\_  
*[Name of shareholder—printed]*

## 12.12 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

## 12.13 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

## 12.14 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.



## **13. DIRECTORS**

### ***13.1 First Directors; Number of Directors***

If the Company is not a pre-existing company under the *Business Corporations Act*, the first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors if applicable;
- (b) if the Company is a public company, the greater of three and the most recently set of:
  - (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (2) the number of directors set under Article 14.4;
- (c) if the Company is not a public company, the most recently set of:
  - (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (2) the number of directors set under Article 14.4.

### ***13.2 Change in Number of Directors***

If the number of directors is set under Articles 13.1(b)(1) or 13.1(c)(1):

- (a) the shareholders may contemporaneously elect or appoint the directors up to that number; and
- (b) subject to Article 14.8, if the shareholders do not contemporaneously elect or appoint the number of directors set resulting in vacancies, then the directors may appoint, or failing which the shareholders may elect or appoint, directors to fill those vacancies.

### ***13.3 Directors' Acts Valid Despite Vacancy***

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### ***13.4 Qualifications of Directors***

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### ***13.5 Remuneration of Directors***

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors set under these Articles from time to time; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

### **14.2 Consent to be a Director**

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

### **14.3 Failure to Elect or Appoint Directors**

- (a) If:
  - (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;
- (b) then each director then in office continues to hold office until the earlier of:
  - (1) when his or her successor is elected or appointed; and
  - (2) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 Remaining Directors' Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, then failing the filling of any vacancies as set forth in Article 14.6, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a solicitor for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.10 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

#### **14.12 Nominations Of Directors**

- (a) This Article 14.12 only applies to the Company if and for so long as it is a public company.
- (b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (1) by or at the direction of the board, including pursuant to a notice of meeting;
  - (2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
  - (3) by any person who:
    - (i) at the close of business on the date of the giving of the notice provided for in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns one or more shares that are entitled to be voted at such meeting; and
    - (ii) complies with the notice procedures set forth below in this Article 14.12, (a “Nominating Shareholder”).
- (c) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written

form to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, at the principal executive offices of the Company.

- (d) To be timely, a Nominating Shareholder's notice under Article 14.12(c) must be made:
- (1) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders, provided that (i) if the Company chooses to use notice and access to deliver meeting materials, the time frame will be not less than 40 and no more than 65 days; and (ii) if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the "Notice Date"), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
  - (2) in the case of a special meeting of shareholders which is not also an annual meeting, and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the Notice Date.

In no event shall any adjournment or postponement of a meeting of shareholders, or the announcement of an adjournment or postponement, commence a new time period for the giving of a Nominating Shareholder's notice as described above.

- (e) To be in proper written form, a Nominating Shareholder's notice under Article 14.12(c) must set forth:
- (1) for each person whom the Nominating Shareholder proposes to nominate for election as a director:
    - (i) the name, age, business address and residential address of the person;
    - (ii) the principal occupation or employment of the person;
    - (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the date of the notice and as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred); and
    - (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
  - (2) for the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (f) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (g) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12, provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder at a meeting of shareholders of any matter, other than the nomination of directors, in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 14.12 and, if any proposed nomination is not in compliance with this Article 14.12, to declare that such defective nomination shall be disregarded.
- (h) For purposes of this Article 14.12:
- (1) “public announcement” shall mean disclosure in:
    - (i) a press release reported by a national news service in Canada; or
    - (ii) a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR), or such other electronic disclosure service as the Company is required to utilize for the filing of continuous disclosure documents pursuant to Applicable Securities Laws; and
  - (2) “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such legislation, and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (i) Notice given under Article 14.12(c) may only be given by personal delivery, facsimile transmission or email, and shall be deemed to have been given and made at the time it is sent to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, by:
- (1) personal delivery to the address of the principal executive offices of the Company;
  - (2) facsimile transmission, at such facsimile number as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received; or
  - (3) email, at such email address as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received.
- If such delivery or electronic communication is made on a day which is a not a business day in Vancouver, British Columbia, or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (j) Notwithstanding any other provision of this Article 14.12, the board may, in its sole discretion, waive any requirement of this Article 14.12.

## **15. ALTERNATE DIRECTORS**

### ***15.1 Appointment of Alternate Director***

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

### ***15.2 Notice of Meetings***

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

### ***15.3 Alternate for More Than One Director Attending Meetings***

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

### ***15.4 Consent Resolutions***

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

### ***15.5 Alternate Director Not an Agent***

Every alternate director is deemed not to be the agent of his or her appointor.

### ***15.6 Revocation of Appointment of Alternate Director***

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

### ***15.7 Ceasing to be an Alternate Director***

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a solicitor for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

### **15.8 *Remuneration and Expenses of Alternate Director***

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

## **16. POWERS AND DUTIES OF DIRECTORS**

### **16.1 *Powers of Management***

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

### **16.2 *Appointment of Attorney of Company***

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

### **16.3 *Setting the Remuneration of Auditors***

The directors may from time to time set the remuneration of the auditors of the Company.

## **17. DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS**

### **17.1 *Obligation to Account for Profits***

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **17.2 *Restrictions on Voting by Reason of Interest***

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.



### **17.3 Interested Director Counted in Quorum**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **17.4 Disclosure of Conflict of Interest or Property**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

### **17.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **17.6 No Disqualification**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### **17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

### **17.8 Director or Officer in Other Corporations**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

### **18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

### **18.3 Chair of Meetings**

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
  - (1) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (2) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (3) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

### **18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person;
- (b) by telephone; or
- (c) with the consent of all directors, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 Calling of Meetings**

A director may, and the president, secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

### **18.7 When Notice Not Required**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

### **18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

### **18.9 Waiver of Notice of Meetings**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is no less than half of the directors then in office or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

### **18.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

### **18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, e-mail or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. EXECUTIVE AND OTHER COMMITTEES**

### **19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 Appointment and Powers of Other Committees**

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
  - (1) the power to fill vacancies in the board of directors;
  - (2) the power to remove a director;
  - (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (4) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

### **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

### **19.5 Committee Meetings**

Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and

- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **20. OFFICERS**

### **20.1 *Directors May Appoint Officers***

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 *Functions, Duties and Powers of Officers***

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 *Qualifications***

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

### **20.4 *Remuneration and Terms of Appointment***

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **21. INDEMNIFICATION**

### **21.1 *Definitions***

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (1) is or may be joined as a party; or
  - (2) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

### **21.2 Mandatory Indemnification of Eligible Parties**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

### **21.4 Non-Compliance with Business Corporations Act**

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or, these Articles or, if applicable, any former Companies Act or former Articles does not invalidate any indemnity to which he or she is entitled under this Part.

### **21.5 Company May Purchase Insurance**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;
- (e) against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **22. DIVIDENDS**

### **22.1 Payment of Dividends Subject to Special Rights**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

#### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

#### **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

#### **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

#### **22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

#### **22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

#### **22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

#### **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

#### **22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

#### **22.12 Payment of Dividends**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or

to the person and to the registered address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

### **22.13 Capitalization of Retained Earnings or Surplus**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

## **23. DOCUMENTS, RECORDS AND REPORTS**

### **23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **23.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **24. NOTICES**

### **24.1 Method of Giving Notice**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
  - (1) for a record mailed to a shareholder, the shareholder's registered address;
  - (2) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (3) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
  - (1) for a record delivered to a shareholder, the shareholder's registered address;
  - (2) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (3) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;



- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient; and
- (f) delivery in such other manner as may be approved by the directors and reasonably evidenced.

#### **24.2 Deemed Receipt of Mailing**

A notice, statement, report or other record that is:

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, (Saturdays, Sundays and holidays excepted), following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

#### **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

#### **24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

#### **24.5 Notice to Legal Personal Representatives and Trustees**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
  - (1) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (2) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(2) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

#### **24.6 Undelivered Notices**

If any record sent to a shareholder pursuant to Article 24.1 is returned on two consecutive occasions because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

## **25. SEAL**

### **25.1 *Who May Attest Seal***

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

### **25.2 *Sealing Copies***

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

### **25.3 *Mechanical Reproduction of Seal***

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. MECHANICAL REPRODUCTIONS OF SIGNATURES**

### **26.1 *Instruments may be Mechanically Signed***

The signature of any officer, director, registrar, branch registrar, transfer agent or branch transfer agent of the Company, unless otherwise required by the *Business Corporations Act* or by these Articles, may, if authorized by the directors, be printed, lithographed, engraved or otherwise mechanically reproduced upon all instruments executed or issued by the Company or any officer thereof; and any instrument on which the signature of any such person is so reproduced shall be deemed to have been manually signed by such person whose signature is so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually, and notwithstanding that the person whose signature is so reproduced may have ceased to hold the office that he is stated on such instrument to hold at the date or issue of such instrument.

### **26.2 *Definitions of Instruments***

The term "instrument" as used in Article 26.1 shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipts and discharges for the payment of money or other obligations, shares and share warrants of the Company, bonds, debentures and other debt obligations of the Company, and all paper writings.

## **27. PROHIBITIONS**

### **27.1 Definitions**

In this Article 27:

- (a) “designated security” means:
  - (1) a voting security of the Company;
  - (2) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (3) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (b) “security” has the meaning assigned in the Securities Act (British Columbia);
- (c) “voting security” means a security of the Company that:
  - (1) is not a debt security, and
  - (2) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

### **27.2 Application**

Article 27.3 does not apply to the Company if and for so long as it is a:

- (a) public company; or
- (b) a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

### **27.3 Consent Required for Transfer of Shares or Designated Securities**

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

## **28. AUTHORIZED SHARE CAPITAL**

The Company is authorized to issue:

- (a) An unlimited number of Class A Common Shares, without par value; and
- (b) An unlimited number of Common Shares, without par value.

### **28.2 Class A Common Shares**

The Class A Common Shares, as a class, shall have attached to them the following rights, privileges, restrictions and conditions:

(a) Voting

The holders of the Class A Common Shares shall each be entitled to:

- (1) receive notice of, and to attend at, all meetings of shareholders of the Company, except meetings at which only holders of another class of shares of the Company not held by such shareholder are entitled to vote separately as a class; and
- (2) two (2) votes in respect of each Class A Common Share held by such shareholder on each matter presented to the shareholders of the Company for their action or consideration at a meeting of shareholders of the Company, except matters on which only holders of a class of shares of the Company other than the Class A Common Shares are entitled to vote separately as a class.

(b) Dividends

- (1) Subject to any preferential rights and restrictions contained in these Articles and any other shares ranking senior to the Class A Common Shares with respect to priority in the payment of dividends, the holders of Class A Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the board of directors of the Company out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors of the Company may from time to time determine.
- (2) The board of directors may by resolution, in their absolute discretion, declare dividends in favour of any one or more class or classes of shares of the Company entitled to receive dividends to the exclusion of the other class or classes of shares of the Company entitled to receive dividends.

(c) Dissolution, Liquidation or Winding Up

In the event of the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of any other shares ranking senior to the Class A Common Shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding up, the holders of the Class A Common Shares and Common Shares shall be entitled to receive the remaining property and assets of the Company. The Class A Common Shares and Common Shares shall receive, pro rata on a per share basis, the remaining property and assets of the Company, subject to the prior rights of the holders of any other shares ranking senior to the Class A Common or Common Shares.

(d) Modifications

The rights, privileges, restrictions and conditions attached to the Class A Common Shares of the Company shall not be modified, abrogated, dealt with or affected unless the holders of the Class A Common Shares consent thereto by separate special resolution. At any class meeting of holders of Class A Common Shares, all the provisions of the Articles of the Company relating in any manner to general meetings or to the proceedings thereat, or to the rights of shareholders at or in connection therewith, shall mutatis mutandis apply, except that the necessary quorum shall be a person or persons collectively holding or representing by proxy a majority of the issued Class A Common Shares.

### 28.3 *Common Shares*

The Common Shares, as a class, shall have attached to them the following rights, privileges, restrictions and conditions:

(a) Voting

The holders of the Common Shares shall each be entitled to:

- (1) receive notice of, and to attend at, all meetings of shareholders of the Company, except meetings at which only holders of another class of shares of the Company not held by such shareholder are entitled to vote separately as a class; and
- (2) one (1) vote in respect of each Common Share held by such shareholder on each matter presented to the shareholders of the Company for their action or consideration at a meeting of shareholders of the Company, except matters on which only holders of a class of shares of the Company other than the Common Shares are entitled to vote separately as a class.

(b) Dividends

Subject to any preferential rights and restrictions contained in these Articles and any other shares ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the board of directors of the Company out of moneys properly applicable to the payment of dividends, in such amount and in such form as the board of directors of the Company may from time to time determine.

The board of directors may by resolution, in their absolute discretion, declare dividends in favour of any one or more class or classes of shares of the Company entitled to receive dividends to the exclusion of the other class or classes of shares of the Company entitled to receive dividends.

(c) Dissolution, Liquidation or Winding Up

In the event of the dissolution, liquidation or winding up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the prior rights of the holders of any other shares ranking senior to the Common Shares with respect to priority in the distribution of assets upon dissolution, liquidation or winding up, the holders of the Class A Common Shares and Common Shares shall be entitled to receive the remaining property and assets of the Company. The Class A Common Shares and Common Shares shall receive, pro rata on a per share basis, the remaining property and assets of the Company, subject to the prior rights of the holders of any other shares ranking senior to the Common Shares.

(d) Modifications

The rights, privileges, restrictions and conditions attached to the Common Shares of the Company shall not be modified, abrogated, dealt with or affected unless the holders of the Common Shares consent thereto by separate special resolution. At any class meeting of holders of Common Shares, all the provisions of the Articles of the Company relating in any manner to general meetings or to the proceedings thereat, or to the rights of shareholders at or in connection therewith, shall mutatis mutandis apply, except that the necessary quorum shall be a person or persons collectively holding or representing by proxy a majority of the issued Common Shares.