

**FORM 51-102F3
Material Change Report**

**MATERIAL CHANGE REPORT UNDER SECTION 7.1 OF
NATIONAL INSTRUMENT NO. 51-102**

Item 1. Reporting Issuer

NexTech AR Solutions Corp. (the “Company” or “Nextech”)
PO Box 64039
RPO Royal Bank Plaza
Toronto, Ontario, M5J 2T6

Item 2. Date of Material Change

A material change took place on August 21, 2023.

Item 3. Press Release

A news release in respect of the material change was disseminated on August 22, 2023.

Item 4. Summary of Material Change

The Company announced that it has issued an aggregate of 6,661,388 share purchase warrants (the “Warrants”) to its service providers in connection with their employment and/or consulting arrangements with the Company. Each Warrant is exercisable to acquire one common share of the Company (an “Underlying Share”) at an exercise price of Cdn\$0.55 for a period of one year. The Warrants will be automatically exercised in equal monthly tranches on a pro rata basis over the term of the Warrants, and the exercise price will be satisfied by the monthly salaries otherwise payable by the Company to the recipients of the Warrants.

Item 5. Full Description of Material Change

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated by reference herein.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

The report is not being filed on a confidential basis.

Item 7. Omitted Information

No information has been omitted.

Item 8. Executive Officer

Evan Gappelberg

Item 9. Date of Report

DATED at Toronto, in the Province of Ontario, this 23rd day of August, 2023.

SCHEDULE "A"

Nextech3D.ai Reports +157% Year to Date Revenue Growth

Q2 & Six Months 2023 Financial Highlights

Six months revenue up +157% compared to same period last year

Q2 revenue up +155% compared to same period last year

Q2 Gross profit remained consistent at 39%

TORONTO, ON Canada – August 22, 2023 – [Nextech3D.AI](#) (formally "Nextech AR Solutions Corp" or the "Company") (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2), a Generative AI-Powered 3D model supplier for Amazon, P&G, Kohls and other major e-commerce retailers is pleased to report its financial and operating results for its second quarter ended June 30, 2023.

Please join Evan Gappelberg, Chief Executive Officer and Andrew Chan, Chief Financial Officer after the close today August 22, 2023 at 5:00 P.M. ET where Nextech3D.ai will host a conference call to discuss these financial results.

Evan Gappelberg - CEO Commentary:

"Our results for Q2 were in line with our prelim numbers as we achieved record sales of \$1.4 million +155% over Q2 2022. However, based on the current order flow from Amazon and others, we are projecting a breakout Q3 quarter with revenue of \$1.7 million." He continued, "In Q3 we are not only seeing our revenue accelerate but our focused team has been successful in reducing our burn down to a minimum level that I have not seen in years. I'm excited to report to our loyal shareholders that with contributions from increased revenue and shares for services on an unconsolidated basis, **we've reduced Nextech3D.ai's cash burn down to \$300,000** which when combined with our recent capital raise, gives me the confidence in saying that we won't need to raise additional capital for the next 12 months. Nextech3D.ai's groundbreaking generative-AI technology positions the Company as a leading AI solution globally for scaling 3D model production in the thriving e-commerce, gaming, and manufacturing industries. Furthermore, thanks to our latest funding round, our cash position is now robust enough to accommodate the increased demand we anticipate in the second half of 2023 and beyond."

Unaudited Q2 2023 Financial Highlights:

Three month quarterly revenue up +155% compared to same period last year;
Sequential quarterly revenue grew 8%

Delivery of over 50,000 3D models to date

6 Months Ending Ending June 30, 2023:

Year to date revenue up +157% compared to same period last year;
Gross profit remained consistent at 39%

Condensed Consolidated Interim Statements of Financial Position

As at	June 30, 2023	December 31, 2022
Assets		
Current assets		
Cash & cash equivalents (Note 3)	\$ 3,810,323	\$ 3,777,117
Receivables (Note 4)	104,657	744,331
Deferred asset (Note 5)	211,641	256,818
Contract asset (Note 12)	199,546	332,197
Prepaid expenses	376,558	310,906
Inventory	-	45,289
Non current assets held for sale	-	501,188
	4,702,725	5,967,846
Non-current assets		
Equipment (Note 6)	193,336	278,463
Deferred consideration (Note 14)	199,320	-
Deferred tax asset	191,306	-
Right of use asset (Note 7)	-	829,278
Finance lease receivable on sublease (Note 7)	914,665	-
Intangible assets (Note 8)	2,128,558	3,313,741
Goodwill (Note 8)	6,434,004	6,746,378
Total assets	\$ 14,763,914	\$ 17,135,706
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 3,899,601	\$ 2,641,918
Deferred revenue (Note 12)	281,044	437,746
Lease liability (Note 7)	176,328	222,250
Liabilities associated with assets held for sale	-	92,532
	4,356,973	3,394,446
Non-current liabilities		
Lease liability (Note 7)	514,297	582,586
Deferred income tax liability	-	29,974
Total liabilities	4,871,270	4,007,006
Shareholders' Equity		
Share capital (Note 10)	87,677,731	83,271,707
Reserves	16,238,629	12,754,706
Accumulated Other Comprehensive Income	1,184,974	827,101
Shareholder's equity attributable to Nextech shareholders	(97,867,520)	(85,898,862)
Total common shareholders' equity	7,233,814	10,954,652
Non controlling interest	2,658,830	2,174,048
Total equity	9,892,644	13,128,700
Total liabilities and shareholders' equity	\$ 14,763,914	\$ 17,135,706

Condensed Consolidated Interim Statements of Comprehensive Loss

	Three months ended June 30, 2023	Three months ended June 30, 2022 <i>Revised (Note 2)</i>	Six months ended June 30, 2023	Six months ended June 30, 2022 <i>Revised (Note 2)</i>
Revenue (Note 12)	\$ 1,405,003	\$ 551,945	\$ 2,706,197	\$ 1,062,156
Cost of sales (Note 13)	(875,033)	(347,303)	(1,642,341)	(601,786)
Gross profit	529,970	204,642	1,063,856	460,370
Operating expenses:				
Sales and marketing (Note 13)	1,358,985	1,249,004	3,009,293	2,901,712
General and administrative (Note 13)	2,673,998	3,941,315	5,265,627	6,963,302
Research and development (Note 13)	877,262	890,272	1,757,166	1,907,466
Stock based compensation (Note 10)	1,084,471	878,286	2,255,142	1,457,091
Amortization (Note 8)	500,094	750,429	1,030,753	1,478,807
Depreciation (Note 6)	15,546	31,580	44,877	63,239
Right of use amortization (Note 7)	(118)	19,227	55,728	38,453
	6,510,238	7,750,113	13,418,586	14,810,070
Other expense (income)				
Loss (gain) on disposition (Note 14)	(34,830)	-	160,149	-
Impairment of goodwill (Note 14)	-	-	184,097	-
Impairment of intangible assets	-	2,702,313	-	2,702,313
Foreign exchange gain (loss)	743,127	(843,903)	649,165	(402,023)
	708,297	1,858,410	993,411	2,300,290
Loss before income taxes	(6,688,565)	(9,403,881)	(13,348,141)	(16,649,990)
Current income tax expense	(9,019)	(7,128)	(18,039)	(14,256)
Deferred income tax recovery	98,639	121,852	203,306	260,785
Net loss from operations	\$ (6,598,945)	\$ (9,289,157)	\$ (13,162,874)	\$ (16,403,461)
Income (loss) from discontinued operations	\$ -	295,605	\$ -	\$ (293,636)
Other comprehensive loss				
Exchange differences on translating foreign operations, continuing operations	454,321	11,126	357,873	11,126
Exchange differences on translating foreign operations, discontinued operations	-	(1,571)	-	(26,258)
Total comprehensive loss	\$ (6,144,624)	\$ (8,983,997)	\$ (12,805,001)	\$ (16,712,229)
Non controlling interests	(494,717)	-	(1,194,216)	-
Total comprehensive loss attributable to Nextech shareholders	\$ (5,649,907)	\$ (8,983,997)	\$ (11,610,785)	\$ (16,712,229)
Income (loss) per common share				
Basic and diluted loss per common share, continuing operations	(0.06)	(0.09)	(0.11)	(0.17)
Basic and diluted loss per common share, discontinued operations	-	-	-	-
Weighted average number of common shares outstanding	109,766,574	99,725,256	108,353,964	98,334,837
Basic and diluted				

Condensed Consolidated Interim Statements of Cash Flows

	Three months ended June 30, 2023	Three months ended June 30, 2022 <i>Revised (Note 2)</i>	Six months ended June 30, 2023	Six months ended June 30, 2022 <i>Revised (Note 2)</i>
Cashflows from operating activities				
Net loss, continuing operations	\$ (6,598,945)	\$ (9,289,157)	\$ (13,162,874)	\$ (16,403,461)
Net loss, discontinuing operations		295,605	-	(293,636)
Items not affecting cash				
Amortization of intangible assets	500,094	750,429	1,030,753	1,478,807
Deferred income tax recovery	(98,639)	(121,852)	(203,306)	(260,785)
Impairment of intangible assets & goodwill	-	2,702,313	184,097	2,702,313
Amortization of right to use asset	(118)	19,227	55,728	38,453
Finance income on sublease	41,576	-	41,567	-
Depreciation of property and equipment	15,546	31,580	44,877	63,239
Employee pay program	(84,506)	148,500	225,087	865,566
Treasury shares for employee pay program	-	-	(201,717)	-
Stock based compensation	1,084,471	878,286	2,255,142	1,457,091
Write off equipment	-	-	85,679	-
Deferred consideration receivable on sale of PET	5,910	-	(199,320)	-
Gain on write off of right of use assets	(120,626)	-	(120,626)	-
Changes in non-cash working capital balances				
Receivables	836,414	600,222	706,634	662,372
Deferred asset	56,281	(153,185)	45,177	(153,185)
Contract asset	53,928	(68,653)	132,651	192,567
Prepaid expenses	16,836	362,636	(35,827)	217,305
Inventory	-	160,434	434,765	1,022,339
Accounts payable and accrued liabilities	(1,148,207)	739,778	(1,131,989)	(109,080)
Deferred revenue	(258,268)	(200,758)	(156,702)	(186,861)
Deferred tax liability	-	-	-	-
Cashflows from operating activities, continuing operations	\$ (5,698,253)	\$ (2,605,203)	\$ (9,970,204)	\$ (8,496,077)
Cashflows from operating activities, discontinued operations	-	(792,705)	-	(210,879)
Cashflows from investing activities				
Purchase of equipment	(7,603)	(37,485)	(36,603)	(84,038)
Purchase of short term investments	-	-	-	-
Interest on lease liability	(7,122)	(6,890)	(13,945)	(13,602)
Net cash provided by (used in) investing activities, continuing operations	\$ (14,725)	\$ (38,685)	\$ (50,548)	\$ (86,756)
Net cash provided by (used in) investing activities, discontinued operations	-	(5,690)	-	(10,884)
Cashflows from financing activities				
Proceeds from Employee Pay Program	701,794	-	2,281,014	-
Proceeds from private placement, net of issuance costs	(6,350)	1,910	2,645,380	8,938,406
Payment of lease obligations	19,801	(74,369)	(111,698)	(147,767)
Receivables financing (net)	2,297,143	-	2,297,143	-
Issuances to non controlling interest, net of issuance costs	2,277,289	-	2,364,037	-
Net cash provided by (used in) financing activities, continuing operations	\$ 5,289,677	\$ (43,090)	\$ 9,475,876	\$ 8,893,406
Net cash provided by (used in) financing activities, discontinued operations	-	(29,369)	-	(102,767)
Change in cash during the period	(423,301)	(3,514,742)	(544,876)	(13,957)
Cash, beginning of period	3,502,217	10,781,775	3,786,493	7,237,296
Effects of foreign exchange on cash	731,407	(203,765)	568,706	(160,072)
Cash, end of period, continuing operations	3,810,323	6,048,083	3,810,323	6,048,083
Cash, end of period, discontinued operations	-	1,015,185	-	1,015,185
Cash, end of period	\$ 3,810,323	\$ 7,063,268	\$ 3,810,323	\$ 7,063,268
Supplemental cash flow information				
Taxes paid	21,607	(224)	22,407	21,571
Interest paid	11,221	9,022	16,688	17,857
Interest received	17,766	11,956	51,555	39,329

Earnings Call Details

Title: Nextech3D.ai 2023 Second Quarter Earnings & Conference Call

Call Date: Tuesday, August 22, 2023 **Time:** 5:00PM (GMT-04:00) Eastern Time (US and Canada)

Participant Details

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

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

Conference ID: 7778367

Webcast Link: <https://events.q4inc.com/attendee/996074403>

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

Update on Previously Announced Warrant Issuances

The Company previously announced on July 13, 2023 that in order to manage its cash flow and reduce or possibly eliminate its dependency of raising capital for payroll or contractor expenses it has renewed its previous share purchase warrant program pursuant to which, over the ensuing 12 month period, it will issue an aggregate of 6,661,388 share purchase warrants (the “Warrants”) to its service providers in connection with their employment and/or consulting arrangements with the Company. Each Warrant will be exercisable to acquire one common share of the Company (an “Underlying Share”) at an exercise price of Cdn\$0.55 for a period of one year. The Company has now issued these warrants as of August 21, 2023.

Recent News

[Nextech3D.ai Announces New Production Record Having Delivered More Than 50,000 3D Models](#)

[Nextech3D.ai Provides Earnings Call Details for Q2 2023 Financial Results August 22nd](#)

[Nextech3D.ai Reports Record Preliminary Q2 Revenue Up +155% To \\$1.4Mill & Guides Towards Breakout Q3 Revenue +200% of \\$1.7Mill - \\$1.9Mill Amid Surging 3D Model Demand](#)

The Public Company CEO Experience Podcast

Nextech3D.ai has recently “The Public Company CEO Experience Podcast,” featuring Evan Gappelberg, a highly accomplished three-time public company CEO and serial entrepreneur. The podcast offers listeners an exclusive behind-the-scenes look into the dynamic life of a public company CEO with valuable insights, while also discussing trending topics and providing business updates on Nexech3D.ai, Toggle3D.ai, and ARway.ai. To learn more please visit <https://www.nextechar.com/investors/the-ceo-experience>

Listen Now

<https://publiccompanyceoexperience.buzzsprout.com/>

Subscribe

<https://www.nextechar.com/the-ceo-experience/subscribe>

About Nextech3D.ai

Nextech3D.ai, formerly known as "Nextech AR Solutions Corp" or the "Company," (OTCQX: NEXCF) (CSE: NTAR) (FSE: EP2), is a versatile augmented reality and AI technology company that utilizes its proprietary artificial intelligence (AI) to craft immersive 3D experiences at scale for E-COMMERCE. The Company's primary focus lies in creating high-quality 3D WebAR photorealistic models for Amazon and various other online retailers. Nextech3D.ai has adopted a unique approach to creating shareholder value beyond its operating business of creating 3D models.

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

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

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

To learn more, please follow us on [Twitter](#), [YouTube](#), [Instagram](#), [LinkedIn](#), and [Facebook](#), or visit our website: <https://www.Nextechar.com>.

For further information, please contact:

Investor Relations Contact

Lindsay Betts

investor.relations@Nextechar.com

866-ARITIZE (274-8493) Ext 7201

Nextech3D.ai

Evan Gappelberg

CEO and Director

866-ARITIZE (274-8493)

Forward-looking Statements

The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as, "will be" or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements regarding the completion of the transaction are subject to known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, as future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Nextech will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.