NEXTECH3D.AI CORPORATION
(formerly NexTech AR Solutions Corp.)

Management's Discussion and Analysis

For the three and nine months ended September 30, 2023 and 2022

(Expressed in Canadian dollars)

The following Management's Discussion and Analysis ("MD&A") of NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) ("NexTech" or the "Company") has been prepared by management, in accordance with the requirements of NI 51-102 as at November 29, 2023. This MD&A provides analysis of the Company's financial results for the three and nine months ended September 30, 2023 and 2022, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022 (the "financial statements"), as well as the audited consolidated financial statements for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements") and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. For further information on the Company, reference should be made to its public filings on SEDAR+ at https://www.sedarplus.ca.

In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to the Company. All dollar figures included herein are quoted in Canadian dollars except where noted or the context otherwise requires. References to "$" are to Canadian dollars, references to "US$" or "USD" are to U.S dollars. Throughout this MD&A, the first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4", respectively. The year-to-date periods ended September 30, 2023 and 2022 are referred to as "YTD 2023" and "YTD 2022", respectively. The years ended December 31, 2022 and 2021 are referred to as "fiscal 2022" and "fiscal 2021", respectively.

Management is responsible for the preparation and integrity of the Company's financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is responsible for ensuring that information disclosed externally, including the information contained within the Company's financial statements and MD&A, is complete and reliable.

This MD&A includes trademarks, such as "NexTech", and "ARitize", which are protected under applicable intellectual property laws and are the property of NexTech. Solely for convenience, our trademarks and trade names referred to in this MD&A may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names. All other trademarks used in this MD&A are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that relate to our current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Forward-looking statements are intended to assist readers in understanding management's expectations as of the date of this MD&A and may not be suitable for other purposes. We have based these forward-looking statements on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the economy generally;
- market participants' interest in NexTech's services and products, both in respect of its current offerings and its proposed roll-out of future products and services;
- fluctuations in foreign currency exchange rates;
- business prospects and opportunities;
- anticipated and unanticipated costs;
- management's outlook regarding future trends;
- uncertainty regarding the market and economic impacts of COVID-19;
- our expectations regarding our revenue, expenses and operations;
- our anticipated cash needs and our needs for additional financing;
- our plans for and timing of expansion of our solutions and services;
- our future growth plans including the entry into adjacent markets;
- the acceptance by our customers and the marketplace of new technologies and solutions;
- our ability to attract new customers and develop and maintain existing customers;
- our ability to attract and retain personnel;
- our future growth and its dependence on continued development of our direct sales force; and
- their ability to obtain new customers;
- our expectations with respect to advancement in our technologies;

- our competitive position and our expectations regarding competition;
- regulatory developments and the regulatory environments in which we operate;
- anticipated trends and challenges in our business and the markets in which we operate;
- an increased demand for 3D volumetric objects, content and experiences;
- the anticipated benefits of our product offerings and services; and
- the retention of earnings for corporate purposes and the payment of future dividends.

Forward-looking statements are based on certain assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments and other factors we believe are appropriate. Expected future developments include growth in our target market, an increase in our revenue based on trends in customer behaviour, increasing sales and marketing expenses, research and development expenses and general and administrative expenses based on our business plans. Although we believe that the assumptions underlying the forward-looking statements are reasonable, they may prove to be incorrect.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties, including those set forth below under the heading "Risks and Uncertainties". These risks and uncertainties could cause our actual results, performance, achievements, and experience to differ materially from the future expectations expressed or implied by the forward-looking statements. In light of these risks and uncertainties, readers should not place undue reliance on forward-looking statements.

The forward-looking statements made in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Readers should read this MD&A with the understanding that our actual future results may be materially different from what we expect.

All of the forward-looking statements in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, NexTech.

BUSINESS OVERVIEW

NexTech is a metaverse company that provides augmented reality ("AR") experience technologies, wayfinding technologies, and 3D model services. The Company was incorporated in the province of British Columbia, Canada on January 12, 2018. The Company's registered and head office is located at PO Box 64039 RPO Royal Bank Plaza, Toronto, Ontario, M5J 2T6. The Company's shares are traded on the Canadian Securities Exchange (the "CSE") under the trading symbol "NTAR", on the Frankfurt Stock Exchange under the trading symbol "EP2", and in the United States of America on the OTCQX under the trading symbol "NEXCF". On September 28, 2023, the Company changed its name from NexTech AR Solutions Corp. to NexTech3D.AI Corporation.

The Company provides a broad array of AR solutions. These AR solutions can be used across many verticals and are currently being utilized in ecommerce, virtual events, higher education learning, corporate training, digital advertising and entertainment. NexTech's AR solutions are able to scale the production of 3D models by using artificial intelligence ("AI") algorithms and computer vision technology. The resulting product and service offerings enable customers to deliver scalable, photo-realistic, volumetric 3D AR for widespread adoption. Most of the Company's technology is web-based, but the Company also offers several AR applications on iOS and Android, including ARitize360, ARitize, and HoloX. These applications enable 3D visualization across all platforms, catering to a wide range of AR use cases and serving as a comprehensive AR solution.

On June 16, 2022, the Company announced the winding down of its ecommerce businesses to focus on AR solutions. On October 26, 2022, the Company completed the spinout of ARWay Corporation ("ARWay") which began trading on the CSE under the symbol "ARWY". ARWay provides geolocation 3D mapping platform, a SaaS business, for the metaverse. On June 13, 2023, the Company successfully spun out Toggle3D.ai Inc. ("Toggle"), an AI powered 3D design studio, which began trading on the CSE under the symbol "TGGL".

1. Product offerings

ARWay.ai (controlling interest and consolidated entity) (CSE: ARWY) (OTC:ARWYF)

This is an all-in-one metaverse creation studio allowing users to spatially map their location and populate it with interactive 3D objects, navigations, wayfinding, audio and more. ARway.ai is available through a Software Developer Kit (SDK), a smartphone application available on iOS and android for authoring, sharing and viewing location-persistent AR experiences and AR Navigation, and a creator portal for creating, managing and tracking performance of 3D maps and AR wayfinding experiences. It is a self-serve solution with no-code.

ARitize 3D

ARitize 3D is a web-based AR solution for ecommerce that is a component of the NexTech AR platform and is an end-to-end AR platform with content creation, hosting and viewing of AR/3D assets all in one. ARitize 3D for ecommerce tools give users the ability to embed a 3D model in a product page on an ecommerce website. This embedded experience, once rendered in a shopper's browser, will provide a 3D model experience that a shopper can easily manipulate and explore. It works across all mobile and desktop devices on the web. Available tools within the platform include the following:

a) ARitize Swirl

An ARitize Swirl is a swirling (rotating) 3D asset on the header or page of an ecommerce website. In a few simple steps, any customer can create a fully interactive ARitize Swirl 3D/AR banner using their existing 3D models and embed them into their ecommerce website to create 6X higher purchase intent, increase conversions and click-through rates. The ARitize Swirl self-serve creator tool is an upsell opportunity for existing ARitize 3D clients and allows for the creation and management of 3D and AR banners for their ecommerce websites, highlighting the products that clients wish to promote.

b) ARitize Social Swirl

ARitize Social Swirl is a social media AR filter designed to promote and visualize ecommerce products in an interactive and shareable way. Available for Instagram, Meta, and Snapchat, ARitize Social Swirls are designed to create new engagement opportunities for customers. ARitize Social Swirl is a managed service where NexTech creates ads for clients with their existing 3D models, or from NexTech's existing list of AR templates, to be advertised on the client's Instagram, Facebook and Snapchat. NexTech creates custom filters to match client's branding. When users click on the ad, they can see the product in 3D in their space, giving the user the ability to experience and interact with the product, before sending them to the client's website to purchase the product.

c) ARitize Ads

ARitize Ads is NexTech's ad solution for captivating 3D ads that are interactive, engaging and memorable. Using NexTech's AI technology and clients existing 3D models, these 3D/AR ads can easily be embedded into leading e-commerce websites and client's websites seamlessly. They can be run on social, and the service provides real-time ad analytics.

d) ARitize CAD

ARitize CAD enables the conversion of CAD files into 3D/AR models at scale. CAD is a function of product engineering. Industrial designers, working for product manufacturers, use CAD software (e.g., AutoCAD, SolidWorks, etc.) to design many of the products in the modern world. Using ARitize CAD, those files can be converted to 3D/AR models with the creation of photo realistic, fully textured 3D models from raw CAD models and reference images. This technology creates optimized 3D meshes that are suitable for 3D and AR applications.

e) ARitize Decorator

ARitize Decorator enables customers to virtually preview home furnishing and décor in a desired location, using just a simple 2D photo of a room. The solution uses NexTech's AI to analyze a room layout automatically and then parses out room surfaces, reconstructs the scene, and allows 3D objects to be seamlessly placed inside a 2D photo, as if they were part of the room.

f) ARitize Holograms

ARitize Holograms is NexTech's human hologram creator mobile app. Currently available in the apple iOS store. ARitize Holograms lets you CREATE, SHARE and VIEW holograms on your smartphone device. It is as easy as creating a video. No green screen or technical equipment required; anyone can create themselves as a human hologram in minutes.

g) ARitize Consumer Packaged Goods ("ARitize CPG")

ARitize CPG is an AR hologram experience, triggered by a visual anchor such as a QR code placed on product packaging, in-store aisles or endcap displays. This interactive AR hologram takes smart packaging to a new level with exciting 3D objects, innovative visual effects and engaging episodic content.

h) ARitize Labs

With ARitize Labs, higher education institutions can bring classrooms to life with immersive and engaging augmented learning labs. Using NexTech's ARitize Play app, students are welcomed into a virtual learning lab, where they can interact and learn in 3D, mimicking a traditional lab environment. The NexTech AR platform allows users to design, build and publish native AR experiences for delivery through a learning platform. These learning experiences provide students the opportunity to learn through pre-recorded AR learning objects on their smart phones, tablets and AR headsets.

NexTech Event Solutions (formerly MapD)

NexTech Event Solutions is a self-serve virtual events platform that allows organizers to create, host, and manage live events for over 100,000 attendees both online and in our branded native event application. The platform supports live video, chat, networking, analytics, reporting, interactive mapping and event app with AR indoor wayfinding for associations, conferences, trade shows, webinars, summits, forums, workshops, and hybrid events.

All of the products above within NexTech's technology stack are fully developed and at the commercial production stage. Management envisions that revenue generated from these product offerings has the potential to surpass the revenue currently generated by the Company's ecommerce platforms in the future. The Company's strategy for advancing its AR business involves bolstering sales and marketing efforts, expanding its product portfolio, and leveraging existing and future customer relationships to promote a wider range of products and services. Additionally, the Company plans to explore revenue opportunities through the licensing of select software products, which will be supported by enhanced marketing initiatives. Management believes that these objectives will be further strengthened by the overall growth of the AR industry, driven by increasing consumer familiarity with these products and services.

Toggle3D.ai Inc (controlling interest and consolidated entity) (CSE: TGGL) (OTC: TGGLF)

Toggle3D.ai Inc. is a groundbreaking SaaS solution that utilizes generative AI to convert CAD files, apply stunning 4K texturing, and enable seamless publishing of superior 4K 3D models, serving various industries within the $160 billion computer-generated imagery ("CGI") market. With its AR-based rapid prototyping web application, Toggle3D empowers designers, artists, marketers, and ecommerce owners to effortlessly convert, texture, customize, and publish high-quality 3D models and experiences, regardless of technical or 3D design expertise.

2. Application for patents and licenses

The Company is in the process of applying for patents for its Threedy.ai and HoloX products, as well as the following:

Patent	Description	Date Provisional Patent Filed[(1)]	Status of Non-Provisional Patent Filing[(1)]	Jurisdiction
CREATING 3D MODELS FROM 2D PHOTOS AND APPLICATIONS	Covers core AI algorithms for creating 3D models automatically from 2D photos and is the core of Threedy technology.	N/A	Non-provisional Utility patent filed in March 2022	United States
EFFICIENT CREATION OF 3D MODEL AND APPLICATION	Covers the virtual assembly line concept that helps scale 3D content creation from 2D photos.	N/A	Non-provisional Utility patent filed in March 2022	United States
MATERIAL ESTIMATION FOR 3D MODELING AND APPLICATION	Covers the AI/ML techniques for creating 3D textures and materials automatically from 2D reference photos.	N/A	Non-provisional Utility patent filed in March 2022	United States
AUTOMATICALLY EXTRACTING TILEABLE UNITS FROM IMAGES	Describes a method for compressing large textures with regular patterns to significantly reduce the size of the texture files.	N/A	Non-provisional Utility patent filed in March 2022	United States
METHODS & SYSTEMS FOR CREATING OPTIMIZED 3D MESHES FROM CAD DRAWINGS	Describes the technology and process we have built to covert 3D CAD files and other solid designs into optimized 3D meshes suitable for real-time visualization on the Web and AR.	N/A	Non-provisional Utility patent filed in May 2022	United States
AUTOMATIC BACKGROUND REMOVAL FOR HUMAN TELEPRESENCE	Covers the technologies built into our HoloX app to create holograms without requiring a green screen.	N/A	Non-provisional Utility patent filed in May 2023	United States
THREEDIMENSIONAL (3D) MODEL GENERATION FROM COMPUTERAIDED DESIGN (CAD) DATA	Covers core artificial intelligence algorithms for creating 3D models automatically from 2D photos.	March 2023	To be finalized for filing within the next year	United States
MATERIAL ESTIMATION FOR THREEDIMENSIONAL (3D) MODELLING	Covers the artificial intelligence techniques for creating 3D textures and materials automatically from 2D reference photos.	March 2023	To be finalized for filing within the next year	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 based on 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.

HIGHLIGHTS OF SIGNIFICANT EVENTS

During the three months ended September 30, 2023, and up to the date of this MD&A the Company:

- On July 11, 2023, NexTech filed to uplist on NASDAQ capital market and signed a large enterprise renewal and expansion contract with a major retailer for over 1,000 3D models.
- On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of $2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.52 until July 25, 2026. In connection to the private placement, the Company paid cash transaction fees of $308,526. In addition, the Company issued to certain brokers 178,571 units, each of which consists of one common share and one warrant, as well as 467,133 warrants. The warrants issued to the brokers have the same terms as the warrants issued for cash in this private placement.
- On July 27, 2023, the Company announced a $2.2 million expansion contract from its largest enterprise customer, leading to an upsurge in 3D-modeling demand during Q3 2023.
- On October 12, 2023, Nextech announced the Company's MapD business unit has integrated and launched its indoor navigation capabilities with ARway.ai's technology, opening up exciting new opportunities for event organizers. This integration sets the stage for events to now monetize the airspace with AR sponsorships and offer 3D /AR mobile games and other immersive experiences for events.
- On October 31, 2023, the Company announced the grand opening of its office space in Hyderabad, India. This expands Nextech3D.ai's profit margins and dramatically reduces overhead costs projected to save the Company as much as $4 million annually.
- On November 2, 2023, the Company announced that it proposes to complete a private placement pursuant to which it will issue up to 30,000,000 units at a price of $0.12 per Unit, to raise aggregate gross proceeds of up to $3.6 million.
- In November 2023, the Company established NexTech3D Solutions India Private Limited as a preparation for transition to high scale production.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations are influenced by a variety of factors, including:

Revenue

The Company primarily generates revenue from the sale of renewable software licenses and technology services.

<u>Renewable software licenses</u>

The Company sells software licenses on a specified term basis with customer options for renewal. Revenue recognition occurs when the software becomes available to the customer and is recognized evenly over the agreement term. This segment represents 94% of the Company's total revenue in YTD 2023 and is the fastest-growing segment, with a remarkable 103% growth compared to YTD 2022. This growth is a result of the focus on actively expanding AR sales over the past few months, supported by the development and commercialization of the Company's AR technology.

<u>Technology services</u>

The Company recognizes revenue from contracts for virtual events and technology services, other than software licenses, using a percentage of completion basis once the customer has entered into an agreement with the Company. In fixed-price contracts, where services are not distinct and determinable, the entire purchase price is allocated using percentage of completion. Management decided to shift the sales focus to renewable software licenses over the past few quarters, as there were fluctuations in demand for virtual events in 2021 due to changing COVID-19 restrictions in different geographic markets, primarily in Canada and the US. This introduced uncertainty regarding virtual versus in-person event hosting. While the Company will remain open to opportunities in this product offering, management does not anticipate sales volumes reaching the levels seen in 2021 or 2020.

Cost of sales

Cost of sales for renewable software licenses and technology services include wages and salaries associated with the customer service and delivery teams, and other direct costs in relation to delivering virtual events to customers and delivering 3D models to customers.

Selling and marketing expenses

Selling and marketing expenses consist primarily of advertising, personnel and related costs for the sales, marketing, and select members of the management teams, including salaries and benefits, contract acquisition costs including commissions earned by sales personnel and partner referral fees, partner programs support and training, investor relations and promotional marketing costs.

The Company plans to continue investment in sales and marketing by expanding both domestic and international selling as well as marketing activities, building brand awareness, and sponsoring additional marketing events. The Company expects that in the future, selling and marketing expenses will increase once more sustainable market opportunities are identified.

Research and development expenses

Research and development ("R&D") expenses consist primarily of personnel and related costs for the teams responsible for the ongoing research, development, and product management of the technology solutions as well as platform and maintenance costs.

Management anticipates that spending on R&D will be lower in absolute dollars as much of the Company's products are in the commercialization stage and further investments in the near future are focused on enhancements of existing products.

General and administrative expenses

General and administrative expenses consist primarily of personnel and related costs associated with administrative functions of the business including finance, human resources, operations, management, and internal information system support. It includes shipping and warehouse costs, office and general costs, compliance, legal, accounting, and other professional fees as well as equipment, repairs, and maintenance. The Company anticipates a continued decrease in future general and administrative expenses in absolute dollars due to workforce scaling for the upcoming year and the absence of certain acquisition and professional fees. The decrease on the nine-months period is mainly due to specific events and activities performed on 2022 that have not been carried out during 2023.

Foreign exchange

The Company's presentation and functional currency is Canadian dollar except for its subsidiaries which are in the United States. While most of the revenue is in USD, a large portion of expenses is incurred in Canadian dollars due to the head office and a substantial part of the workforce being based in Canada.

(Expressed in Canadian dollars)

RESULTS OF OPERATIONS

A summary of the Company's results of operations is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 *Revised*	**2023**	2022 *Revised*
	$	$	**$**	$
Revenue	**1,178,377**	908,227	**3,882,804**	1,970,383
Cost of sales	**(1,035,692)**	(348,447)	**(2,678,033)**	(950,233)
Gross profit	**142,685**	559,780	**1,204,771**	1,020,150
Operating expenses	**(5,813,292)**	(5,570,249)	**(19,350,734)**	(20,380,319)
Other income (expenses)	**519,944**	620,308	**(8,595)**	1,022,331
Loss before income taxes from continuing operations	**(5,150,663)**	(4,390,161)	**(18,154,558)**	(18,337,838)
Income taxes	**(203,306)**	119,649	**(18,039)**	366,178
Net loss from continuing operations	**(5,353,969)**	(4,270,512)	**(18,172,597)**	(17,971,660)
Net loss from discontinued operations	**(108,451)**	(133,252)	**(452,697)**	(3,129,201)
Total net loss	**(5,462,420)**	(4,403,764)	**(18,625,294)**	(21,100,861)

Revenue

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 *Revised*	**2023**	2022 *Revised*
	$	$	**$**	$
Technology services	**-**	33,211	**125,236**	118,009
Renewable software licenses	**1,145,615**	858,822	**3,652,548**	1,796,851
Other revenue	**32,762**	16,194	**105,020**	55,523
	1,178,377	908,227	**3,882,804**	1,970,383

Total revenue for the three and nine months ended September 30, 2023 increased by 30% and 97%, respectively, compared to the prior year comparable period.

Technology services

Technology services for the three and nine months ended September 30, 2023 was $nil and $125,236, respectively, representing a decrease of 100% and 6% when compared to the prior year comparable period. Technology services revenue is generated from contracts for virtual events, higher education, professional services related to virtual conferences, augmented reality services, other services for the portion of the services completed to date.

Renewable software licenses

Renewable software licenses for the three and nine months ended September 30, 2023 was $1,145,615 and $3,652,548, respectively, representing an increase of 33% and 103% when compared to the prior year comparable period. The increase in license revenue is attributed to the introduction of software licenses as a new revenue stream following the acquisitions of Map Dynamics and Threedy.ai Inc., particularly related to subscriptions for NexTech Event Solutions and ARitize 3D products.

Other revenue

For the three and nine months ended September 30, 2023, other revenue, respectively, comprised of $19,356 and $78,246 interest income earned from the GIC as well as $13,406 and $26,774 interest income from sublease.

(Expressed in Canadian dollars)

Cost of sales and gross margin

	Three months ended September 30, 2023	Three months ended September 30, 2022 *Revised*	Nine months ended September 30, 2023	Nine months ended September 30, 2022 *Revised*
	$	$	**$**	$
Cost of sales	**(1,035,692)**	(348,447)	**(2,678,033)**	(950,233)
Gross profit	**142,685**	559,780	**1,204,771**	1,020,150
Gross profit margin	**12%**	62%	**31%**	52%

Gross profit margin for the three and nine months ended September 30, 2023 decreased to 12% from 62%, and 31% from 52%, respectively, when compared to the prior year comparable periods. The decline was a mixture of the Q3 2022 cost of sales containing some remaining virtual events costs and an early-stage cost structure for our 3D model business that was not scalable. In Q3 2023, we saw short-term increased cost of sales as we started to increase our 3D model production capacity and scale up our operations in India. We anticipate cost of sales percentage to decline and gross profit percentage to increase over the next couple of quarters as we increasingly utilize our AI technology in our 3D model production process.

Sales and marketing expenses

	Three months ended September 30, 2023	Three months ended September 30, 2022 *Revised*	Nine months ended September 30, 2023	Nine months ended September 30, 2022 *Revised*
	$	$	**$**	$
Sales and marketing	**867,586**	1,177,539	**3,876,879**	4,079,251
As a percentage of revenue	**74%**	130%	**100%**	207%

Sales and marketing expenses for the three and nine months ended September 30, 2023 were $867,586 and $3,876,879 respectively, a decrease of 26% and 5% respectively, compared to the same periods in 2022. During the current year period, the Company did not have any significant sales and marketing efforts related to AR 3D products, which resulted in a lower level of spending in sequential quarters from Q2 2023, mainly from lower adverting, salaries and investor relations expenditures. Included in this expense is sales and marketing expenditures of $799,380 (for nine months ended) related to partially owned subsidiaries ARway and Toggle. The Company continues to monitor sales and marketing spending in relation to the demand for current product offerings and the related revenue potential.

General and administrative expenses

	Three months ended September 30, 2023	Three months ended September 30, 2022 *Revised*	Nine months ended September 30, 2023	Nine months ended September 30, 2022 *Revised*
	$	$	**$**	$
General and administrative	**1,992,096**	2,112,681	**7,376,579**	9,075,983
As a percentage of revenue	**169%**	233%	**190%**	461%

General and administrative expenses for the three and nine months ended September 30, 2023 were $1,992,096 and $7,376,579, a decrease of 6% and a 19% respectively, compared to the same periods in 2022. The decreases during the current year periods are attributed to management's effort in managing the corporate expenses including salaries and wages, professional fees, and office general expenses. Included in Q3 2023 expense was $208,140 related to the partially owned subsidiaries ARWay and Toggle. General and administrative expenses consist of legal, accounting, professional fees, compliance, recruitment charges, and headcount from administrative functions of the business including finance, human resources, operations, management, and internal information system support. The Company continues to monitor these expenses closely and look to reduce certain expenditures where needed to fit the revenue streams.

(Expressed in Canadian dollars)

Research and development expenses

	Three months ended September 30, 2023	Three months ended September 30, 2022 *Revised*	Nine months ended September 30, 2023	Nine months ended September 30, 2022 *Revised*
	$	$	**$**	$
Research and development	**1,063,667**	1,157,408	**2,820,833**	3,064,874
As a percentage of revenue	**90%**	127%	**73%**	156%

Research and development expenses for the three and nine months ended September 30, 2023 were $1,063,667 and $2,820,833, an decrease of 8% and 8% respectively, compared to the same periods in 2022. The increase this quarter is a result of investment in all our platforms to accelerate the development of our product roadmaps. The overall decrease compared to the prior year period is related to removal of resources associated with the virtual events platform business exit, which overweighed the increasing resources as we invest in AI. The Company maintained development focus on 3D AR products, primarily utilizing internal labor resources. The expenditure level remains consistent throughout YTD 2023. All the products in the Company's technology stack are now in the commercialization stage, actively generating revenue. Research and development expenses are dedicated to enhancing and maintaining existing products while integrating them into a unified suite. The Company anticipates future expenses in this category will mainly involve internal labor and are not expected to significantly exceed our current level of spending. As projects conclude or near completion, management will assess resource allocation for the next project in the product roadmaps.

Net loss from continuing operations

Net loss from continuing operations for the three and nine months ended September 30, 2023 was $5,353,969 and $18,172,597, respectively, compared to $4,270,512 and $17,971,660 in the prior year comparable period. The increase in net loss from continuing operations in current year periods is primarily due to the Company experiencing higher foreign exchange gains and tax recoveries in the prior year comparable periods.

KEY FINANCIAL POSITION ITEMS

A summary of the Company's selected financial position items is as follows:

	September 30, 2023	December 31, 2022
	$	$
Working capital (deficiency)	**(629,423)**	2,573,400
Total assets	**13,453,524**	17,135,706
Non-current liabilities	**528,511**	612,560
Total liabilities	**4,966,242**	4,007,006
Receivables	**102,749**	744,331
Deferred asset	**91,168**	256,818
Contract asset	**218,100**	332,197
Deferred revenue	**299,222**	437,746

Working capital (deficiency)

As at September 30, 2023, the Company had working capital deficiency of $629,423, compared to a working capital of $2,573,400 as at December 31, 2022. The decrease in working capital was primarily a result of reduced cash and cash equivalents, the disposal of inventory upon the sale of Infinite Pet, LLC, and an increase in accounts payable. The higher cash and cash equivalents balance at the end of fiscal 2022 was largely due to a significant financing round in the previous year, which substantially bolstered cash reserves. During the current year period, a greater portion of cash was spent on cost of sales. The increase in accounts payable is primarily attributed to the rising amount designated to be settled using shares.

(Expressed in Canadian dollars)

Receivables

A summary of the Company's receivables is as follows:

	September 30, 2023	December 31, 2022
	$	$
Trade receivables	**41,819**	538,863
Other receivables	**-**	133,718
GST receivable	**60,930**	71,750
	102,749	744,331

Trade receivables as at September 30, 2023 was $41,819, representing a decrease of 92% compared to December 31, 2022. This decline is primarily attributed to a factoring agreement the company entered into, wherein it sold anticipated future trade receivables to a third-party entity in exchange for upfront cash proceeds.

Other receivables represent two forgivable loans issued in Q3 2021 to two newly hired employees. These loans were provided with the condition of forgiveness contingent upon the individuals' continued employment with the Company over a specified period of time. The Company proportionately reduced the loan balance over the loan period, recognizing the service expense accordingly. The loans are fully secured, carrying interest at market rates, and are scheduled to be repaid in full within three years, less any amounts that become eligible for forgiveness. As at September 30, 2023, the loan has been fully forgiven.

Deferred asset

Deferred asset consists of capitalized costs that are identifiable and specifically attributable to certain revenue contracts. The capitalized expenditures are mainly comprised of labor and consulting costs. These costs are capitalized and then systematically expensed as the associated customer contracts are recognized in revenue. During YTD 2023, the Company recognized $234,007 as deferred asset and expensed $399,657 to cost of sales.

Contract asset

Contract asset represents the value of work that has been completed by the Company, revenue for which has been recognized, but the billing to the customers has not yet occurred. Contract asset as at September 30, 2023 was $218,100, decreasing 34% compared to $332,197 as at December 31, 2022. This decrease was due to the Company transitioning from a service-based model to a SaaS model, wherein revenue is recognized more evenly over the subscription period.

Deferred revenue

Deferred revenue is the amount received in advance from customers for products and services that the Company has not yet delivered. As at September 30, 2023, deferred revenue was $299,222, representing a decrease of 32%, compared to $437,746 as at December 31, 2022. This decrease was mainly due to the completion of several projects for which cash had been received upfront.

(Expressed in Canadian dollars)

QUARTERLY FINANCIAL INFORMATION (1)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
	$	$	$	$
Total revenue	**1,178,377**	1,401,976	1,331,504	1,721,378
Net loss from continuing operations attributed to shareholders of the Company	**(3,609,011)**	(6,117,613)	(5,506,799)	(4,925,041)
Net loss attributed to shareholders of the Company	**(3,717,462)**	(6,104,228)	(5,864,430)	(5,839,264)
Loss per share from continuing operations, basic and diluted	**(0.03)**	(0.06)	(0.06)	(0.04)
Loss per share, basic and diluted	**(0.03)**	(0.06)	(0.06)	(0.05)

	Q3 2022	Q2 2022	Q1 2022	Q4 2021
	$	$	$	$
Total revenue	3,038,962	3,247,292	3,484,337	6,379,140
Net loss from continuing operations attributed to shareholders of the Company	(4,270,512)	(6,840,157)	(6,860,991)	(8,485,924)
Net loss attributed to shareholders of the Company	(4,403,764)	(9,246,865)	(7,450,232)	(9,363,614)
Loss per share from continuing operations, basic and diluted	(0.04)	(0.07)	(0.07)	(0.10)
Loss per share, basic and diluted	(0.04)	(0.09)	(0.08)	(0.11)

(1) As a result of the reclassifications and change in presentation of certain items within condensed interim consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2023 and 2022, all the figures pertaining to prior quarters in this section are revised to reflect the changes and for comparability.

In the past four quarters, the Company experienced a decrease in its total revenue following the discontinuation of the virtual events and ecommerce segment, with a shift of focus towards the more profitable business including AR and 3D services. Q3 2023 had the lowest net loss attributed to the shareholders of the Company during the last eight quarters as a result of the strategic spinout of ARWay and Toggle. This spinout has led to improved operational efficiencies and enhanced capital allocation in both the Company and the new subsidiaries.

LIQUIDITY AND FUNDING RESOURCES

As at September 30, 2023, the Company had cash and cash equivalents of $2,988,700 (December 31, 2022 - $3,777,117) and working capital deficit of $629,423 (December 31, 2022 - working capital of $2,573,400).

The Company has some contractual obligations including accounts payable and accrued liabilities and lease payments for the warehouse. A summary of the Company's contractual obligations as at September 30, 2023 is as follows:

	< 1 year	**1-3 years**	**3-5 years**	**Total**
	$	$	$	$
Accounts payable and accrued liabilities	3,484,625	-	-	**3,484,625**
Lease liability	185,753	388,390	358,623	**932,766**
	3,670,378	**388,390**	**358,623**	**4,417,391**

The Company's financial success is dependent on the adoption and sales performance of its AR products as well as the effectiveness of cost management practices. Management continually monitors and manages these factors, alongside market dynamics and competitive pressures, to uphold a sound liquidity profile.

To finance the Company's AR development projects and to cover operating expenses, the Company has raised money through equity issuances, receivables factoring, and employee pay program which provides funds for paying salaries and wages. The Company is actively monitoring liquidity and capital resources as well as taking necessary steps to manage its working capital and to fulfill its contractual obligations, including implementing cost-saving measures, improving its collections process, and evaluating additional financing options. Historically, the Company has been successful in raising capital. However, there is no assurance that the Company will continue to be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

(Expressed in Canadian dollars)

A summary of the Company's cash inflows and outflows by activity for continuing operations is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022 *Revised*	**2023**	2022 *Revised*
	$	$	**$**	$
Cash used in operating activities	**(2,727,815)**	(2,312,284)	**(10,386,931)**	(11,005,638)
Cash used in (provided by) investing activities	**(109,633)**	432	**(146,236)**	(83,606)
Cash provided by financing activities	**2,540,951**	1,289,814	**9,691,794**	10,053,249
Change in cash and cash equivalents	**(296,497)**	(1,022,038)	**(841,373)**	(1,035,995)
Effect of exchange rate on cash and cash equivalents	**(515,750)**	(750,763)	**52,956**	(910,835)
Cash, beginning of period	**3,800,947**	7,063,267	**3,777,117**	7,237,296
Cash, ending of period	**2,988,700**	5,290,466	**2,988,700**	5,290,466

Cash used in operating activities from continuing operations in Q3 2023 and YTD 2023 were $2,727,815 and $10,386,931, respectively, as compared to $2,312,284 and $11,005,638 in the prior year comparable periods. The increase in cash outflow in Q3 2023 compared to Q3 2022 was mainly due to higher cash expenditures incurred for the cost of sales. The decrease in cash outflow in YTD 2023 compared to YTD 2022 was attributed to the cash received from factoring financing during Q2 2023.

Cash used in investing activities from continuing operations in Q3 2023 and YTD 2023 were $109,633 and $146,236, respectively, as compared to cash provided of $432 and cash used of $83,606 in the prior year comparable periods. The increase in cash outflow during the current year periods was attributed to increased investments in computers and equipment. These investments were made to scale our technology infrastructure as the Company's production grows.

Cash provided by financing activities from continuing operations in Q3 2023 and YTD 2023 were $2,540,951 and $9,691,794, respectively, as compared to $1,289,814 and $10,053,249 in the prior year comparable periods. Financing cash flow primarily derived from private placements of the Company and its publicly traded subsidiaries, along with share sales in employee pay programs.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, accumulated deficit, and non-controlling interest. As at September 30, 2023, the Company had shareholders' equity of $8,487,282 (December 31, 2022 - $13,128,700). This decrease was primarily due to the increase in accumulated deficit as a result of the net loss incurred during the nine months ended September 30, 2023 and as described in the "Results of operations" section.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management and consultants to sustain future development of the business. The Company is currently dependent upon external financing, particularly equity issuance, to fund its activities. The Company's investment policy for surplus cash is to invest in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without penalty.

Management reviews its capital management approach on an ongoing basis and believes that the current approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2023.

As at September 30, 2023, the Company was not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company recognizes financial assets and liabilities upon becoming a party to the contractual provisions of the instruments. At initial recognition, these financial assets and liabilities are measured based on their classification, either at fair value or amortized cost, depending on the applicable business model.

As at September 30, 2023, the Company's financial assets and liabilities include cash and cash equivalents, receivables, accounts payable and accrued liabilities, and factoring liability. These instruments were classified as amortized cost.

The carrying values of cash and cash equivalents, receivables, and accounts payable and accrued liabilities approximate their fair values because of their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no significant concentration of credit risk other than cash deposits and trade receivables. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For trade receivables, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's main source of cash resources is through equity financing. The Company's financial obligations are limited to its current liabilities which have contractual maturities of less than one year.

As at September 30, 2023, the Company had cash and cash equivalents of $2,988,700 (December 31, 2022 - $3,777,117) and working capital deficit of $629,423 (December 31, 2022 - working capital of $2,573,400).

c) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of the Company's expenses are incurred in USD. A significant change in the currency exchange rates between the Canadian dollar relative to the USD could affect the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2023, the Company is exposed to currency risk through cash, receivables and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by $80,077.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Company believes that interest rate risk is low as there is no financial asset or liability that has variable interest rate, and the majority of the Company's investments are made in highly liquid instruments.

OUTSTANDING SHARE DATA

As at September 30, 2023 and as at the date of this MD&A, the Company had the following securities outstanding:

	September 30, 2023	Date of this MD&A
	#	#
Common shares	118,340,491	127,139,213
Options	15,752,152	15,598,952
Warrants	21,113,627	36,504,771

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2023 and the date of this MD&A, the Company has no off-balance sheet arrangements.

(Expressed in Canadian dollars)

PROPOSED TRANSACTIONS

As at September 30, 2023 and the date of this MD&A, there are no undisclosed proposed transactions.

RELATED PARTY TRANSACTIONS

The Company entered into a number of transactions with key management personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing and controlling of the activities of the Company are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Remuneration for services	**321,480**	120,198	**925,421**	602,084
Share-based payments	**1,042,205**	200,000	**1,445,601**	944,500
	1,363,685	320,198	**2,371,022**	1,546,584

The Company's policy is to engage in all transactions with related parties on an arm's length basis in accordance with prevailing market terms and conditions. The Company has entered into employment agreements with related parties, and these related parties may also participate in the Company's share-based compensation plan.

At times, the executive management team, consisting of the President, the Chief Executive Officer, the Chief Financial Officer and other senior officers, may enter into shares-for-services agreements, allowing for the election of up to 100% of their compensation to be received in shares.

The remuneration for services during the three months ended September 30, 2023 includes the compensation for the following:

- Management fees incurred to the CEO: $252,045 (2022 - $51,695).
- Compliance services provided by a Director of the Company: $6,935 (2022 - $16,003).
- Salaries of the Chief Financial Officer: $62,500 (2022 - $52,500).

The remuneration for services during the nine months ended September 30, 2023 includes the compensation for the following:

- Management fees incurred to the CEO: $711,771 (2022 - $413,117 incurred to the President of the Company, the CEO, and the Chief Operating Officer).
- Compliance services provided by a Director of the Company: $26,150 (2022 - $16,003).
- Salaries of the Chief Financial Officer: $187,500 (2022 - $172,964).

On July 25, 2023, the Company issued 250,000 units to the CEO as remuneration for past services, with value of $105,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.52 until July 25, 2026.

As at September 30, 2023, accounts payable and accrued liabilities included $804,254 owed to the CEO (December 31, 2022 - 227,867). This amount represents the value of common shares to be issued to the CEO as a result of the services rendered to the Company.

(Expressed in Canadian dollars)

USE OF PROCEEDS FROM PRIVATE PLACEMENT FINANCING

Below is the summary of all private placement financing closed during YTD 2023, fiscal 2022, and fiscal 2021.

July 2023 Financing

On July 25, 2023, the Company closed a private placement in which the Company issued 5,812,390 units for gross proceeds of $2,441,203. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.52 until July 25, 2026. In connection to the private placement, the Company paid cash transaction fees of $308,526. In addition, the Company issued to certain brokers 178,571 units, each of which consists of one common share and one warrant, as well as 467,133 warrants. The warrants issued to the brokers have the same terms as the warrants issued for cash in this private placement.

Use of funds	**Actual Spent**	**Remaining**	**Total**
Working capital and general corporate purposes	$1,132,677	$1,000,000	$2,132,677

January 2023 Financing

On January 31, 2023, the Company raised $3,000,000 in total gross proceeds ($2,696,009 net of issuance costs) and issued 3,614,457 common shares and warrants to purchase up to an aggregate of 3,614,457 common shares at a purchase price of $0.83 per common share and associated warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $1.03 for a period of four years following the issuance date.

Use of funds	**Actual Spent**	**Remaining**	**Total**
Working capital, general corporate purposes and pursuing other strategic opportunities	$2,696,009	$nil	$2,696,009

January 2022 Financing

On January 25, 2022, the Company raised $10,000,000 in total gross proceeds ($8,936,496 net of issuance costs) and issued 8,130,182 common shares and warrants to purchase up to an aggregate of 8,130,182 common shares at a purchase price of $1.23 per common share and associated warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $1.54 for a period of three years following the issuance date.

Use of funds	**Actual Spent**	**Remaining**	**Total**
Working capital, general corporate purposes and pursuing other strategic opportunities	$8,936,496	$nil	$8,936,496

November 2021 Financing

On November 3, 2021, the Company completed a private placement of 3,030,304 units of the Company at a price of $1.65 per unit for gross proceeds of $5,000,001 ($4,434,189 net of issuance costs). Each unit consisted of one common share and one-half of one share purchase warrant of the Company. Each warrant entitles the holder to purchase one half of one common share at an exercise price of $1.92 per whole common share for a period of three years following the issuance date. The Company previously disclosed that the use of proceeds includes working capital, general corporate purposes and pursuing strategic M&A opportunities.

Use of funds	**Actual Spent**	**Remaining**	**Total**
Working capital, general corporate purposes and pursuing strategic M&A opportunities	$4,434,189	$nil	$4,434,189

April 2021 Financing

On April 8, 2021, the Company completed a marketed short form prospectus offering of 2,801,500 units for gross proceeds of $14,007,500 ($12,632,937 net of share issuance costs). Each unit consists of one share and one-half warrant. Each warrant is exercisable at $6.00 per share for a period of 2 years from issuance, subject to an accelerated expiry if certain conditions are met. In relation, the Company issued 203,105 compensation options, each of which entitle the holder to purchase one unit of the Company for $5.00 per unit. Each unit is comprised of one-half of one common share purchase warrant which is exercisable at $6.00 per warrant, under the same conditions noted above. The Company previously disclosed that the use of proceeds includes sales and marketing expenses, research and development, working capital, potential strategic acquisitions and general corporate purposes.

Use of funds	Prior Disclosure(1)	Actual Spent	Remaining	Total
Sales and marketing expenses				
Salaries, Consulting Fees, Commissions and Benefits	$5,847,000	6,316,469	nil	$6,316,469
Research and development,				
Salaries, Consulting Fees, Commissions and Benefits	$3,109,000	4,168,869	nil	$4,168,869
Working Capital and general corporate	$3,180,500	2,147,599	nil	$2,147,599

(1) This prior disclosure was based on the Company receiving net proceeds of $12,163,500. On April 8, 2021, the Company completed the marketed short form prospectus offering as described above and received net proceeds of $12,632,937. During this time period the Company utilized the proceeds more towards research and development, and sales and marketing than originally anticipated.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES

The Company's significant accounting policies as well as critical accounting estimates and judgements are fully described in Note 2 to the Annual Financial Statements.

The following listed policies include key components that significantly impact the Company's results of operations. These policies are based on complex rules that necessitate the use of judgments and estimates. Actual results may differ from these estimates. As a result, the Company considers these to be critical accounting policies, as they are essential for a comprehensive understanding and evaluation of the reported financial results:

- Intangible assets and goodwill;
- Impairment of non-financial assets;
- Inventory and deferred asset; and
- Revenue recognition.

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.

Recent accounting pronouncements issued by the International Accounting Standards Board did not have a material effect on the Company's present or future financial statements. There are no new standards issued but not yet effective as at January 1, 2023 that have a material impact to the Company's financial statements.

UPDATE ON PRESS RELEASES

For the three and nine months ended September 30, 2023, and to the date of this report, the company has signed over 462 contracts with a dollar value of over $3,600,000. During that time, the Company has disseminated approximately 12 news releases for contracts and agreements for the Company's services. The disclosed contracts/purchase orders ranged in value from $800 to $2,200,000, excluding those contracts where no immediate value to the Company was determinable. To the extent these figures were originally expressed or recorded in United States dollars, the Company has converted such figures into Canadian dollars using an exchange rate of US$1.00 = C$1.25, aggregated the totals and rounded the results. The aggregate value of the contracts/purchase orders is material to the Company. An estimated $945,000 of the disclosed contracts/purchase orders has been billed by the Company as at September 30, 2023, $1,540,000 remains to be billed by the Company and $nil orders were cancelled.

A summary of progress of the above contracts and contracts to the date of this document is as follows:

- On January 17, 2023 the Company received an enterprise 3D modeling expansion contract. As of the date hereof, these contracts remain in force in accordance with their original terms.
- On February 23, 2023 the Company signed a deal with a major enterprise 3D customer. As of the date hereof, these contracts remain in force in accordance with their original terms.
- On March 15, 2023 the Company continues To Experience Exponential Sales Growth in Multi-Billion Dollar 3D Modeling Market
- On June 30, 2023 the Company entered the Asian Market with a major 3D modeling deal. As of the date hereof, these contracts remain in force in accordance with their original terms.
- On May 9, 2023 the Company signs Enterprise Renewal and Expansion Contract With Major Ecommerce Brand For 3000 3D Models, these contracts remain in force in accordance with their original terms.
- On May 11, 2023 the Company signs 3D Modeling Expansion Contract With Vornado Air LLC To Bring 3D Models Onto The Prime Marketplace, this contract remains in force in accordance with their original terms.
- On May 16, 2023 the Company signs Enterprise Renewal Contract with S&P 400 Company For Over 5000 3D Models, these contracts remain in force in accordance with their original terms.
- On June 29, 2023 the Company Announces New 3D Model Deals Continuing to Drive Its Growth, As Company Surpasses 37,700 3D Models Produced
- On July 11, 2023 the Company Files to Uplist on NASDAQ Capital Market and Signs Large Enterprise Renewal and Expansion Contract With Major Retailer For Over 1000+ 3D
- On July 27, 2023 the Company Announces $2.2Million Expansion Contract From Its Largest Enterprise Customer Driving A Surge In 3D-Modeling Demand in Q3, this contract remains in force in accordance with their original terms
- On October 26, 2023 – the Company Signs New 3D Modeling Contract with Top Luxury Furniture Company Kabbani Furniture, this contract remains in force in accordance with their original terms.
- On October 27, 2023 – the Company Signs 3D Model Expansion Contract With Vornado Air LLC Bringing Its 3D Models Onto Amazon's Seller Central, this contract remains in force in accordance with their original terms.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes during the nine months period ended September 30, 2023 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

We are exposed to risks and uncertainties in our business, including the risk factors set forth below:

- If we are unable to attract new customers or sell additional products to our existing customers, our revenue growth and profitability will be adversely affected.
- We encounter long sales cycles for technology services, particularly with our larger customers, which could have an adverse effect on the amount, timing and predictability of our revenue.
- Downturns or upturns in new sales will not be immediately reflected in operating results and may be difficult to discern.
- Our quarterly results of operations may fluctuate. As a result, we may fail to meet or exceed the expectations of investors or securities analysts which could cause our share price to decline.
- Our ability to retain customers and attract new customers could be adversely affected by an actual or perceived breach of security relating to customer information.
- We have incurred operating losses in the past and may incur operating losses in the future.
- If we are unable to develop new products and services, sell our solutions into new markets or further penetrate our existing markets, our revenue will not grow as expected.
- Our inability to assess and adapt to rapid technological developments could impair our ability to remain competitive.
- Downturns in general economic and market conditions and reductions in spending may reduce demand for our solutions, which could negatively affect our revenue, results of operations and cash flows.
- We are subject to fluctuations in currency exchange rates.
- The markets in which we participate may become competitive, and our failure to compete successfully would make it difficult for us to add and retain customers and would reduce or impede the growth of our business.

- If we fail to retain our key employees, our business would be harmed, and we might not be able to implement our business plan successfully.
- Our growth is dependent upon the continued development of our direct sales force.
- If we experience significant fluctuations in our rate of anticipated growth and fail to balance our expenses with our revenue forecasts, our results could be harmed.
- Interruptions or delays in the services provided by third party data centers and/or internet service providers could impair the delivery of our solutions and our business could suffer.
- The use of open-source software in our products may expose us to additional risks and harm our intellectual property.
- We may not receive significant revenue as a result of our current research and development efforts.
- Current and future accounting pronouncements and other financial reporting standards might negatively impact our financial results.
- The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies may have a conflict of interest.
- Our strategy includes pursuing acquisitions and our potential inability to successfully integrate newly acquired companies or businesses may adversely affect our financial results.
- The market price for our common shares may be volatile.
- We may issue additional common shares in the future which may dilute our shareholders' investments.
- We may face challenges to our intellectual property rights, which could have a material adverse impact on the Company.
- Uncertainties associated with the economic and market impact related to COVID-19.
- We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms.

These risks are described in further detail in the section entitled "Risk Factors" in our most recently filed Annual Information Form. Although the forward-looking statements contained in this MD&A are based upon assumptions management believes to be reasonable, these risks, uncertainties, assumptions, and other factors could cause our actual results, performance, achievements and experience to differ materially from our expectations, future results, performances or achievements expressed or implied by the forward-looking statements. In light of these risks, uncertainties and assumptions, readers should not place undue reliance on forward-looking statements.

Additional risks and uncertainties not presently known to us or that we currently consider immaterial may impair our business and operations and cause the price of our shares to decline. If any of the noted risks actually occur, our business may be harmed, and our financial condition and results of operations may suffer significantly.