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

Management's Discussion and Analysis

For the years ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") of NexTech3D.AI Corporation (formerly NexTech AR Solutions Corp.) ("NexTech" or the "Company") and its subsidiaries provides analysis of the Company's financial results for the years ended December 31, 2023 and 2022 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Financial Statements"), which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee. 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. Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca. This MD&A has been prepared effective as of April 29, 2024 (the "MD&A Date"). This discussion covers the three months and the years ended December 31, 2023 and 2022 and the subsequent period up to the MD&A Date.

In this MD&A, unless the context otherwise dictates, a reference to "us", "we", "our", or similar terms refers to the Company. All monetary amounts in the MD&A are expressed in Canadian dollars, the presentation currency of the Company, except number of shares, or as otherwise indicated. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. References to "$" are to Canadian dollars, references to "US$" or "USD" are to United States 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 years ended December 31, 2023 and 2022 are referred to as "Fiscal 2023" and "Fiscal 2022", 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 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.

Nextech3D.ai Corporation (CSE: NTAR) (OTC: NEXCF)

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 computer aided design ("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.

(Expressed in Canadian dollars, except where noted)

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	Patent issued	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
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.	N/A	Patent issued	United States
GENERATIVE AI FOR 3D MODEL CREATION FROM 2D PHOTOS USING STABLE DIFFUSION	Covers the artificial intelligence techniques for creating 3D models from 2D reference photos, either as a whole, or part-by-part by evolving templates to convert into 3D parts.	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 year ended December 31, 2023 and up to the date of this MD&A the Company:

- On January 31, 2023, Nextech closed a private placement, raising a total of $3,000,000.
- On February 2, 2023, Nextech announced details of generative AI IPO spin-out Toggle3D.
- On February 9, 2023, Nextech landed major enterprise 3D model deal with S&P 500 company top 10 retailer.
- On March 30, 2023, Nextech entered Asian market with major 3D modeling deal to revolutionize E-commerce
- On April 25, 2023, Generative-AI IPO Spin-Off SaaS Platform Toggle3D.ai obtained conditional listing approval and updates.
- On May 1, 2023, Nextech3D appointed new independent auditor, Davidson & Company LLP.
- On May 16, 2023, the Company received $2,000,000 ($1,500,000 US Dollars) from a receivables financing company. Amounts are repayable in equal monthly $187,500 US dollars installments starting July 30th, 2023, until the amount has been repaid.
- On June 6, 2023, Nextech3D shareholders approved IPO spin-out of its generative-AI CAD-3D Design Studio "Toggle3D.ai".
- On June 13, 2023, IPO spin-off Toggle3D.ai was approved by the Canadian Securities Exchange (CSE) to trade starting on June 14th with the symbol: TGGL

- 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 signed 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, the Company's MapD business unit integrated and launched its indoor navigation capabilities with ARway.ai's technology, opening 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 completed 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 29, 2023, the Company closed the final round of private placement announced on early November, raising a total of $1,098,926.
- In November 2023, the Company established Toggle3D AR Solutions India Private Limited as a preparation for transition to high scale production.
- On January 4, 2024, the Company launched an AI powered search engine to speed-up and scale-up operations for the 3D modeling process.
- On February 13, 2024, the Company signed a significant $1.8 million 3D modeling contract with a major enterprise client.
- On March 5, 2024, the Company established a new business unit targeting jewelry industry.

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.

Renewable software licenses

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. The creation and hosting of 3D models is included in this categorization.

Technology services

The Company recognizes revenue from contracts for virtual events and technology services, other than software licenses, using on a percentage of completion basis once the customer has entered into an agreement with the Company. With fixed-price contracts, where services are not distinct and determinable, the entire purchase price is allocated on a percentage of completion basis. Management decided to shift the sales focus to renewable software licenses over the past few quarters, as there have been fluctuations in demand for virtual events since 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 only 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 miscellaneous 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.

Foreign exchange

The Company's presentation and functional currency is the Canadian dollar. The functional currency of the Company's subsidiaries is the Canadian dollar, except for the subsidiaries which are incorporated in the United States and India, which functional currency is the US dollar. While most of the revenue is denominated 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.

SELECTED ANNUAL INFORMATION

	Fiscal 2023	Fiscal 2022	Fiscal 2021
	$	$	$
Revenue	**5,033,202**	3,224,791	25,934,980
Net loss from continuing operations attributed to shareholders of the Company	**(25,109,547)**	(22,896,701)	(32,425,202)
Loss per share from continuing operations (basic and diluted)	**(0.22)**	(0.24)	(0.39)
Net loss attributed to shareholders of the Company	**(25,562,361)**	(26,940,125)	(32,425,202)
Loss attributable to owners of the parent - per share (basic and diluted)	**(0.22)**	(0.27)	(0.39)
Total assets	**2,986,435**	17,135,706	29,510,258
Non-current liabilities	**469,624**	612,560	1,589,866

The Company's net loss attributable to owners of the parent decreased primarily due to increase in license revenue attributed to the introduction of new software licenses as well as more customer demand and subscriptions, particularly for NexTech Event Solutions and ARitize 3D products. This contributed to the decreased loss per share. Non-current liabilities decreased due to lease payments made during the year.

(Expressed in Canadian dollars, except where noted)

RESULTS OF OPERATIONS

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

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Revenue	**1,150,398**	1,254,408	**5,033,202**	3,224,791
Cost of sales	**(908,129)**	(642,843)	**(3,586,162)**	(1,593,076)
Gross profit	**242,269**	611,565	**1,447,040**	1,631,715
Operating expenses	**(1,833,113)**	(6,474,008)	**(21,183,847)**	(26,854,327)
Other income (expenses)	**(7,546,114)**	228,168	**(7,554,709)**	1,250,499
Loss before income taxes from continuing operations	**(9,136,958)**	(5,634,275)	**(27,291,516)**	(23,972,113)
Income tax recovery (expense)	**48,013**	271,033	**29,974**	637,211
Net loss from continuing operations	**(9,088,945)**	(5,363,242)	**(27,261,542)**	(23,334,902)
Net loss from discontinued operations	**(117)**	(914,223)	**(452,814)**	(4,043,424)
Total net loss	**(9,089,062)**	(6,277,465)	**(27,714,356)**	(27,378,326)

Revenue

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Technology services	**-**	62,287	**125,236**	180,296
Renewable software licenses	**1,112,133**	1,052,320	**4,764,681**	2,849,171
Other revenue	**38,265**	139,801	**143,285**	195,324
	1,150,398	1,254,408	**5,033,202**	3,224,791

Revenue for Q4 2023 and Fiscal 2023 decreased by 8% and increased by 56%, respectively, compared to the prior year.

Technology services

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. For Q4 2023, technology services decreased to $nil compared to $62,287 in the prior year comparable period. In Fiscal 2023, technology services decreased to $125,236 compared to $180,296 in the prior year primarily due to management's shift in focus towards renewable software licenses.

Renewable software licenses

For Q4 2023, renewable software licenses increased to $1,112,133 compared to $1,052,320 in the prior year comparable period. For Fiscal 2023, renewable software licenses increased to $4,764,681 compared to $2,849,171 in the prior year. This represents an increase of 6% and 67%, respectively, which is primarily attributed to the introduction of new software licenses as well as more customer demand and subscriptions, particularly for NexTech Event Solutions and ARitize 3D products.

Other revenue

For Q4 2023, other revenue decreased to $38,265 compared to $139,801 in the prior year comparable period. For Fiscal 2023, other revenue decreased to $143,285 compared to $195,324 in the prior year which is comprised of $103,382 interest income earned from the GIC as well as $39,903 interest income from the sublease.

(Expressed in Canadian dollars, except where noted)

Cost of sales and gross margin

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Cost of sales	**(908,129)**	(642,843)	**(3,586,162)**	(1,593,076)
Gross profit	**242,269**	611,565	**1,447,040**	1,631,715
Gross margin	**21%**	49%	**29%**	51%

For Q4 2023, gross profit decreased to $242,269 (21%) compared to $611,565 (49%) in the prior year comparable period. For Fiscal 2023, gross profit decreased to $1,447,040 (29%) compared to $1,631,715 (51%) in the prior year. This decline is primarily attributed to a combination of remaining fixed costs from virtual events contracts carried over from the previous year and an early-stage cost structure for our 3D model business that was not scalable. The increase in cost of sales over the prior year periods is due to the expansion of the Company's 3D model production capacity and scaling up operations in India. We anticipate cost of sales to decline and gross profit to increase over the next couple of quarters as we increasingly utilize our AI technology in our 3D model production process as evidence by gross profit margin increase from 12% in Q3 2023 to 21% in Q4 2023

Sales and marketing expenses

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Sales and marketing	**669,623**	934,116	**4,546,502**	5,013,367
As a percentage of revenue	**58%**	74%	**90%**	155%

For Q4 2023, sales and marketing expenses decreased to $669,623 compared to $934,116 in the prior year comparable period. For Fiscal 2023, sales and marketing expenses decreased to $4,546,502 compared to $5,013,367 in the prior year. During the current year, 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 quarters following Q2 2023, mainly from lower adverting, salaries and investor relations expenditures. Sales and marketing expenses decreased 30% sequentially this quarter compared to Q3 2024. Included in this expense is sales and marketing expenditures (for 12 months ended) of $949,065 from the 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

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
General and administrative	**1,986,031**	4,301,592	**9,362,610**	13,377,575
As a percentage of revenue	**173%**	343%	**186%**	415%

For Q4 2023, general and administrative expenses decreased to $1,986,031 compared to $4,301,592 in the prior year comparable period. For Fiscal 2023, general and administrative expense decreased to $9,362,610 compared to $13,377,575 in the prior year. The decrease during the current year is attributed to management's effort in reducing the corporate expenses including salaries and wages, professional fees, and office general expenses. Included in general and administrative expenses for the year ended December 31, 2023 was $604,208 from the partially owned subsidiaries, ARWay and Toggle. General and administrative expenses comprise of legal, accounting, professional fees, compliance, 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 continually monitors for reductions in certain expenditures where needed to fit the revenue streams. General and administrative expenses decreased 15% sequentially this quarter compared to Q3 2022.

(Expressed in Canadian dollars, except where noted)

Research and development expenses

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Research and development	**428,966**	827,334	**3,249,799**	3,892,208
As a percentage of revenue	**37%**	66%	**65%**	121%

For Q4 2023, research and development expenses decreased to $428,966 compared to $827,334 in the prior year comparable period. For Fiscal 2023, research and development expenses decreased to $3,249,799 compared to $3,892,208 in the prior year. The overall decrease compared to the prior year is related to the removal of resources associated with the virtual events platform business exit, which exceeded the increasing resources as we invest in AI. In addition, this quarter internal resources were shifted to our India operations resulting in overall less cost. The Company maintained development focus on 3D AR products, primarily utilizing internal labor resources. 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 the 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

For Q4 2023, the Company reported a net loss from continuing operations of $9,088,945 compared to $5,363,242 in the prior year comparable period. For Fiscal 2023, the Company reported a net loss from continuing operations of $27,261,542 compared to $23,334,902 in the prior year. The net loss increase is mainly driven by the impairment of intangible assets and goodwill. In addition, revenue has increased mainly due to increased customer demand in our 3D modelling business.

KEY FINANCIAL POSITION ITEMS

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

	December 31, 2023	December 31, 2022
	$	$
Working capital (deficiency)	**(2,206,405)**	2,573,400
Total assets	**2,986,435**	17,135,706
Total non-current liabilities	**469,624**	612,560
Total liabilities	**4,486,998**	4,007,006
Receivables	**357,398**	744,331
Contract asset	**51,320**	589,015
Deferred revenue	**342,192**	437,746

Working capital (deficiency)

As at December 31, 2023, the Company had working capital deficiency of $2,206,405, 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, 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 cash.

(Expressed in Canadian dollars, except where noted)

Receivables

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

	December 31, 2023	December 31, 2022
	$	$
GST receivable	**66,118**	71,750
Other receivables	**-**	133,718
Trade receivables	**291,280**	538,863
	357,398	744,331

Trade receivables as at December 31, 2023 was $291,280, representing a decrease of 46% 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 December 31, 2023, the loans have been fully forgiven.

Contract asset

Contract assets represents unbilled customer revenue for services provided as well as unbilled costs incurred on behalf of customers. Contract asset as at December 31, 2023 was $51,320, decreasing 91% compared to $589,015 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

Billings in excess of time value incurred on work in progress in accordance with customer contracts, for which future services will be provided, are recognized as deferred revenue. As at December 31, 2023, deferred revenue was $342,192 representing a decrease of 22%, compared to $437,746 as at December 31, 2022. This decrease was mainly due to a decrease in upfront payments as compared to last year end.

(Expressed in Canadian dollars, except where noted)

QUARTERLY FINANCIAL INFORMATION [(1)]

	Q4 2023	Q3 2023	Q2 2023	Q1 2023
	$	$	$	$
Total revenue, including revenue from discontinued operations	**1,121,345**	1,178,377	1,401,976	1,331,504
Net loss from continuing operations attributed to shareholders of the Company	**(9,876,124)**	(3,609,011)	(6,117,613)	(5,506,799)
Net loss attributed to shareholders of the Company	**(9,876,241)**	(3,717,462)	(6,104,228)	(5,864,430)
Loss per share from continuing operations, basic and diluted	**(0.08)**	(0.03)	(0.06)	(0.06)
Loss per share, basic and diluted	**(0.08)**	(0.03)	(0.06)	(0.06)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
	$	$	$	$
Total revenue, including revenue from discontinued operations	1,721,378	3,038,962	3,247,292	3,484,337
Net loss from continuing operations attributed to shareholders of the Company	(4,925,041)	(4,270,512)	(6,840,157)	(6,860,991)
Net loss attributed to shareholders of the Company	(5,839,264)	(4,403,764)	(9,246,865)	(7,450,232)
Loss per share from continuing operations, basic and diluted	(0.04)	(0.04)	(0.07)	(0.07)
Loss per share, basic and diluted	(0.05)	(0.04)	(0.09)	(0.08)

(1) As a result of the reclassifications and change in presentation of certain items within the consolidated statements of loss and comprehensive loss in Q4 2023, figures for quarters preceding Q4 2023 in this section have been revised for comparability, differing from those disclosed in the MD&A for the year ended December 31, 2022.

In the past five 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.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2023, the Company had cash and cash equivalents of $907,847 (December 31, 2022 - $3,777,117) and working capital deficit of $2,206,405 (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 December 31, 2023 is as follows:

	< 1 year	**1-3 years**	**3-5 years**	**Total**
	$	$	$	$
Accounts payable and accrued liabilities	3,531,460	-	-	**3,531,460**
Lease liability	183,066	194,216	101,504	**478,786**
	3,714,526	**194,216**	**101,504**	**4,010,246**

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 the 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, except where noted)

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

	Fiscal 2023	Fiscal 2022
	$	$
Cash used in operating activities	**(13,343,656)**	(15,297,378)
Cash used in investing activities	**(160,696)**	(101,784)
Cash provided by financing activities	**10,605,703**	12,564,631
Net change in cash	**(2,898,649)**	(2,834,531)
Effects of foreign exchange rates on cash and cash equivalents	**29,379**	(616,272)
Cash and cash equivalents, beginning of year	**3,777,117**	7,237,296
Cash and cash equivalents, end of year	**907,847**	3,786,493
Cash and cash equivalents, end of year, continuing operations	**907,847**	3,777,117
Cash and cash equivalents, end of year, discontinued operations	**-**	9,376

Cash used in operating activities was $13,343,656 compared to $15,297,378 in the prior year was attributed to the increase in license revenue attributed to the introduction of new software licenses as well as more customer demand and subscriptions.

Cash used in investing activities was $160,696 compared to $101,784 in the prior year due to increased investments in computers and equipment partially offset from payment received from sublease. These investments were made to scale our technology infrastructure as the Company's production grows.

Cash provided by financing activities was $10,605,703 compared to $12,564,631 in the prior year due to lower proceeds received from private placement in 2023 compared to private placement in 2022 partially offset by an increase in employee pay program and increase in proceeds of securities issued to NCI.

CAPITAL MANAGEMENT

The Company's definition of capital includes equity, comprising share capital, reserves, accumulated other comprehensive income, deficit and non-controlling interest. 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. As at December 31, 2023, the Company had shareholders' deficiency of $1,500,563 (December 31, 2022 - shareholders' equity of $13,128,700).

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 obtains funding primarily through equity issuance. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There were no changes to the Company's approach to capital management during the year ended December 31, 2023.

As at December 31, 2023, the Company was not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at December 31, 2023, the Company's financial assets and liabilities include cash and cash equivalents, receivables, deferred consideration, 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 is exposed to certain financial risks through its financial instruments. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents, trade receivables, and contract asset. The Company mitigates credit risk related to cash by placing cash with sound financial institutions. For sales contracts, trade receivables and deferred consideration, the Company trades with recognized creditworthy third parties and regularly reviews the collectability of its accounts receivable. As at December 31, 2023, trade receivables totaling $291,280 are attributed to a single customer.

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 and lease liabilities that have a fixed schedule of payment.

As at December 31, 2023, the Company had cash and cash equivalents of $907,847 (December 31, 2022 - $3,777,117) and working capital deficit of $2,206,405 (December 31, 2022 - working capital of $2,573,400).

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 December 31, 2023, the Company is exposed to currency risk through cash and cash equivalents, receivables, deferred consideration and accounts payable denominated in USD. A 10% change in exchange rate could increase or decrease the Company's net loss by $84,793.

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. Management believes that interest rate risk is low as there is no financial asset or liability that has a variable interest rate, and the majority of the Company's investments are made in highly liquid instruments.

OUTSTANDING SHARE DATA

A summary of the Company's outstanding securities is as follows:

	December 31, 2023	MD&A date
	#	#
Common shares	127,498,213	133,973,275
Options	15,575,952	14,893,152
Warrants	36,884,091	36,884,091

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2023 and the date of this MD&A, the Company has no off-balance sheet arrangements.

(Expressed in Canadian dollars, except where noted)

PROPOSED TRANSACTIONS

As at December 31, 2023 and the date of this MD&A, the Company has no proposed transactions.

RELATED PARTY TRANSACTIONS

The Company entered into a number of transactions with key management personnel that have the authority and responsibility for the planning, directing and controlling of the activities of the Company. The Company considers the executive officers and directors as the key management of the Company.

A summary of the transactions with key management personnel is as follows:

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Compliance fees included in general and administrative	**11,002**	18,070	**37,152**	34,073
Management fees included in general and administrative	**351,426**	686,889	**1,063,197**	1,100,006
Salaries of the Chief Financial Officer included in general and administrative	**25,500**	52,501	**213,000**	225,465
Share-based compensation	**459,736**	768,750	**1,905,337**	1,713,250
	847,664	1,526,210	**3,218,686**	3,072,794

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 participate in the Company's share-based compensation plan.

At times, the executive management team, consisting of the President, the Chief Executive Officer ("CFO"), 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.

On July 25, 2023, the Company issued 250,000 units to the CEO as remuneration for past services, with a fair 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 December 31, 2023, accounts payable and accrued liabilities included $939,532 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.

USE OF PROCEEDS FROM PRIVATE PLACEMENT FINANCING

Below is the summary of all private placement financing closed during Fiscal 2023 and Fiscal 2022.

<u>November 2023 Financing</u>

In November 2023, the Company closed a private placement in which the Company issued 9,157,722 units for gross proceeds of $1,098,927. 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 $0.17 for 36 months after the issuance date. In connection with the private placement in November 2023, the Company paid cash transaction fees of $40,521 and issued 337,680 warrants to certain brokers. The warrants issued to the brokers are exercisable at $0.12 for 36 months after the issuance date.

Use of funds	**Actual Spent**	**Remaining**	**Total**
Working capital and general corporate purposes	$598,927	$500,000	$1,098,927

(Expressed in Canadian dollars, except where noted)

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	$2,132,677	$nil	$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

SIGNIFICANT ACCOUNTING JUDGEMENT AND SOURCES OF ESTIMATION UNCERTAINITY

The Company's significant accounting judgements and sources of estimation uncertainty are fully described in the notes of the Financial Statements.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The Company adopted the following amendments to accounting standards, which are effective for annual periods beginning on or after January 1, 2023:

Disclosure of accounting policies - amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 *Presentation of financial statements* and IFRS Practice Statement 2 *Making materiality judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Company's Financial Statements.

Definition of accounting estimates - amendments to IAS 8
The amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's Financial Statements.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not applicable to the Financial Statements.

UPDATE ON PRESS RELEASES

For the year ended December 31, 2023 and to the date of this report, the Company has signed over 503 contracts with a dollar value of over $3,900,000. 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 = $1.25, aggregated the totals and rounded the results. The aggregate value of the contracts/purchase orders is material to the Company. An estimated $1,889,000 of the disclosed contracts/purchase orders has been billed by the Company as at December 31, 2023, $82,400 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 3,000 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 5,000 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 the 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 1,000+ 3D models.
- On July 27, 2023, the Company announces $2,200,000 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.
- On January 9, 2024, the Company announced six new 2024 3D modeling contracts and renewals.
- On January 30, 2024, the Company signed a new 3D modeling contract with an enterprise giant global industrial company.
- On February 13, 2024, the Company landed $1,800,000 3D modeling deal with a NASDAQ 100 technology company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes during the year ended December 31, 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 occur, our business may be harmed, and our financial condition and results of operations may suffer significantly.