

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

SEE ATTACHED STATEMENT

18 Can any resulting loss be recognized? ▶ **SEE ATTACHED STATEMENT**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **SEE ATTACHED STATEMENT**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ Andrew Chan Date ▶ July 18, 2023

Print your name ▶ **ANDREW CHAN** Title ▶ **CFO**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
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NEXTECH AR SOLUTIONS CORP.

EIN: 98-1541753

ATTACHMENT TO IRS FORM 8937

Part II. Line 14 - Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

On June 13, 2023, Nextech AR Solutions Corp. ("NTAR"), a calendar year-end taxpayer, reorganized its share capital by renaming and redesignating all of the issued and unissued common shares as Class A Common Shares ("Old Shares") and creating a new class consisting of an unlimited number of new common shares in NTAR ("New Shares").

Further, NTAR performed a spinout transaction of its AR enhanced standalone web application, Toggle 3D, which enables the creation, customization and publishing of high-quality 3D models and experiences ("Spinout Assets") to Toggle3D.ai Inc ("SpinCo"). The Spinout Assets include all the rights, title, and interest in the intangible assets ("IP") associated with the "Toggle3D" brand. NTAR received 15,999,900 of common shares ("Spinco Shares") immediately following completion of the spin out. Inclusive of the one hundred common shares already held by NTAR prior to the spinout, NTAR now holds 16,000,000 of Spinco's shares.

Of the 16,000,000 Spinco Shares held, 3,000,000 were transferred to certain service providers of pursuant to the Shares for Services Distribution immediately following the completion of the spinout. An additional 4,000,000 of Spinco Shares were distributed to the shareholders of NTAR as a stock dividend on a pro rata basis of their current holdings immediately before the reorganization. Each shareholder exchanged each Old Share held immediately prior to the reorganization for one New Share.

No fractional New Shares or Spinco Shares were issued pursuant to the organizational action and Shareholders did not receive any compensation in lieu thereof.

Part II. Line 15 - Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

The reorganization of share capital ("Recapitalization") of NTAR is intended to qualify, and NTAR intends to report such Recapitalization, as a non-taxable recapitalization under the Internal Revenue Code ("IRC") Section 368(a)(1)(E). Assuming this treatment is respected, under IRC Section 358, a shareholder's aggregate basis in its New Shares received in the Recapitalization equals the aggregate basis of the Old Shares held by the shareholder immediately prior to the Recapitalization (as reduced by the fair market value of the Spinco Shares, which is described below).

The pro rata distribution of Spinco Shares to the shareholders of NTAR is expected to be treated as a distribution with respect to the Old Shares under (see Treas. Reg. § 1.301-1(j)). The amount of the distribution is equal to the fair market value of the Spinco Shares received by the shareholder.

NTAR estimates that its earnings and profits (as determined for U.S. federal income tax purposes) are insufficient to characterize any portion of the distribution of the Spinco Shares as a dividend under IRC Section 301(c)(1). As a result, NTAR expects that the distribution of Spinco Shares will be characterized as non-dividend distribution treated as a return of capital under IRC Section 301(c)(2) to the extent of a shareholder's tax basis in its Old Shares (with a corresponding reduction in the tax basis of the Old Shares). Any remaining portion of the non-dividend distribution exceeding a shareholder's tax basis in its Old Shares is expected to be treated as gain from the sale or exchange of the Old Shares under IRC Section 301(c)(3).

The initial tax basis of the Spinco Shares will be equal to their fair market value as of the date of the distribution of the Spinco Shares under IRC Section 301(d).

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having a reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how shareholders should determine the fair market value of the Spinco Shares received. Shareholders should consult their own tax advisors regarding the determination of the fair market value of the Spinco Shares.

Pursuant to the applicable Treas. Reg. § 6045B, if these assumptions turn out to be incorrect, NTAR will file a corrected Form 8937 within 45 days of such determination.

Part II, Line 16 - Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

As described above, the aggregate tax basis of a shareholder's New Shares received in the Recapitalization is the same as the aggregate tax basis of such shareholder's Old Shares immediately prior to the Recapitalization (as reduced by the fair market value of the Spinco Shares, which is described above).

The calculation of the change in basis of the Old Shares under IRC Section 301(c)(2) relates to NTAR's estimate of current and accumulated earnings and profits for the tax year 2023 and the reasonable assumptions related thereto.

Part II, Line 17- List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

IRC Section 368(a)(1)(E), IRC Section 358, IRC Section 301(c), IRC Section 301(d), IRC Section 316(a), Treas. Reg. § 1.301-1(j)).

Part II, Line 18- Can any resulting loss be recognized?

No loss can be recognized in connection with Recapitalization or the distribution of the Spinco Shares.

Part II, Line -9 - Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The basis adjustments described above are taken into account in the tax year of a holder during which the Recapitalization and distribution of the Spinco Shares occurred (e.g., 2023 for calendar year taxpayers).