



Toggle3D.ai

TOGGLE3D.AI INC.

Condensed Interim Financial Statements

**For the three months ended April 30, 2024
and the period from February 14, 2023 (incorporation) to April 30, 2023**

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the Three Months Ended April 30, 2024 and the Period from February 14, 2023 (incorporation) to April 30, 2023

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Toggle3D.AI Inc. for the interim periods ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim financial statements.

June 24, 2024

TOGGLE3D.AI INC.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	April 30, 2024	January 31, 2024
			\$
ASSETS			
Current			
Cash and cash equivalents	5	58,204	119,784
Advances to related parties	8	672,531	899,392
Prepaid expenses		12,216	23,569
Total assets		742,951	1,042,745
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6, 8	117,201	70,459
Total liabilities		117,201	70,459
SHAREHOLDERS' EQUITY			
Share capital	7	7,497,467	7,273,301
Reserves	7(e)(f)	468,002	389,117
Deficit		(7,339,719)	(6,690,132)
Total shareholders' equity		625,750	972,286
Total liabilities and shareholders' equity		742,951	1,042,745

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Evan Gappelberg" Director	/s/ "Belinda Tyldesley" Director
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TOGGLE3D.AI INC.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended April 30, 2024	Period from February 14, 2023 to April 30, 2023 (Note 1)
		\$	\$
Revenue		250	-
Cost of goods sold		(5,725)	-
Gross loss		(5,475)	-
Operating expenses			
General and administrative	8, 9(a)	388,372	-
Research and development	9(b)	52,282	-
Sales and marketing	9(c)	30,809	-
Share-based compensation	7(f)	168,006	-
Foreign exchange		4,643	-
		644,112	-
Net loss and comprehensive loss		(649,587)	-
Net loss per share			
Basic and diluted		(0.03)	-
Weighted average number of common shares			
Basic and diluted		19,405,213	100

The accompanying notes are an integral part of these condensed interim financial statements.

TOGGLE3D.AI INC.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended April 30, 2024	Period from February 14, 2023 to April 30, 2023 (Note 1)
		\$
Operating activities		
Net loss for the period	(649,587)	-
Adjustments for:		
Share-based compensation	168,006	-
Changes in non-cash working capital:		
Prepaid expenses	11,353	-
Accounts payable and accrued liabilities	46,936	-
Cash used in operating activities	(423,292)	-
Investing activities		
Cash advanced to related parties	226,861	-
Cash used in investing activities	226,861	-
Financing activities		
Proceeds from shares issued on incorporation	-	1
Proceeds from sale of shares for employee pay program	135,045	-
Cash provided by financing activities	135,045	1
Effect of foreign exchange on cash	(194)	-
Change in cash during the period	(61,386)	1
Cash, beginning of period	119,784	-
Cash, end of period	58,204	1
Cash interest paid	-	-
Cash income tax paid	-	-

The accompanying notes are an integral part of these condensed interim financial statements.

TOGGLE3D.AI INC.**Condensed Interim Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars)

	Common shares	Share capital	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$
Balance, February 14, 2023 (incorporation)	-	-	-	-	-
Shares issued on incorporation	100	1	-	-	1
Balance, April 30, 2023	100	1	-	-	1
Shares issued for purchase of intangible assets	19,999,900	5,000,000	-	-	5,000,000
Units issued in private placement	8,632,473	2,158,356	-	-	2,158,356
Shares issued for employee pay program	337,490	114,944	(45,295)	-	69,649
Share-based compensation	-	-	434,412	-	434,412
Net loss for the period	-	-	-	(6,690,132)	(6,690,132)
Balance, January 31, 2024	28,969,963	7,273,301	389,117	(6,690,132)	972,286
Shares issued for employee pay program	709,126	133,166	1,879	-	135,045
Shares issued for services	200,000	91,000	-	-	91,000
Share-based compensation	-	-	77,006	-	77,006
Net loss for the period	-	-	-	(649,587)	(649,587)
Balance, April 30, 2024	29,879,089	7,497,467	468,002	(7,339,719)	625,750

The accompanying notes are an integral part of these condensed interim financial statements.

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Toggle3D.ai Inc. ("Toggle3D" or the "Company") develops and operates intellectual property which includes the Toggle3D web application. Toggle3D is a software as a service solution that utilizes generative artificial intelligence to convert computer-aided design files, apply 4K texturing, and enable seamless publishing of 4K 3D models. The Company was incorporated under the Business Corporations Act (Ontario) on February 14, 2023 and is a recent spin out of the parent company, Nextech3D.ai Corporation ("Nextech"), a Metaverse company and provider of augmented reality solutions. Nextech is the parent of the Company as it controls the Board of Directors. 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 "TGGL", on the OTCQB Venture Market under the trading symbol "TGGLF", and on the Frankfurt Stock Exchange under the trading symbol "Q0C". The Company began trading on the CSE on June 13, 2023 as a result of the completion of a spinout from Nextech (the "Plan of Arrangement") as set out below.

Pursuant to the Plan of Arrangement: (i) the certain assets were be transferred to the Company in consideration of the issuance of an aggregate of 15,999,900 Company shares to Nextech; (ii) an aggregate of 4,000,000 Company shares were distributed to the shareholders of Nextech on a pro rata basis. The securities of the Company issuable pursuant to the Plan of Arrangement to Nextech, shareholders of Nextech were issued in reliance upon the prospectus exemption contained in Section 2.11 of National Instrument 45-106.

Immediately following completion of the Plan of Arrangement, shareholders of Nextech who received shares of the Company will continue to hold an interest in each part of the current business of Nextech through the continued ownership of their Nextech shares and the ownership of Company shares distributed to them.

The completion of the transaction was subject to the satisfaction of various conditions including but not limited to: i) the completion of a concurrent financing of 8,632,473 units comprised of one common share and one common share purchase warrant for gross proceeds of \$2,158,356 (\$0.25 per unit); and ii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

These unaudited condensed interim financial statements for the three months ended April 30, 2024 and for the period from February 14, 2023 (incorporation) to April 30, 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. During the three months ended April 30, 2024 and for the period from February 14, 2023 (incorporation) to April 30, 2023, the Company did not generate significant revenues and used cash in operating activities. As at April 30, 2024, the Company has working capital of \$625,750 (January 31, 2024 - \$972,286) and an accumulated deficit of \$7,339,719 (January 31, 2024 - \$6,690,132). For the three months ended April 30, 2024, the Company incurred a net loss of \$649,587 (period from February 14, 2023 (incorporation) to April 30, 2023 - nil). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing through debt or equity. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments, which may be material, that may be necessary if the Company is unable to continue as a going concern.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on June 24, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 Interim Financial Reporting. These financial statements do not include all disclosures required for an annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited financial statements for period from February 14, 2023 (incorporation) to January 31, 2024 (the "Annual Financial Statements").

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

b) Basis of presentation

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS Accounting Standards for each type of asset, liability, income, and expense as set out in the accounting policies below.

c) Functional and presentation currency

The financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the Company. An entity's functional currency is the currency of the primary economic environment in which an entity operates.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The same accounting policies and methods of computation are followed in these financial statements as compared with the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements and applying its accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these judgments, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The impact of such judgements and estimates are pervasive throughout these financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

In preparing these financial statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed its Annual Financial Statements.

5. CASH AND CASH EQUIVALENTS

As at April 30, 2024, in connection with the share-based employee pay program the Company had cash held in a trust account of \$21 (January 31, 2024 - \$3,650). The cash does not earn interest and is used to pay for consultant fees.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

A summary of the Company's accounts payable and accrued liabilities is as follows:

	April 30, 2024	January 31, 2024
Accounts payable	57,164	59,948
Accrued liabilities	60,037	10,511
	117,201	70,459

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized

The Company is authorized to issue unlimited number of common shares with no par value.

b) Issued and Outstanding

As at April 30, 2024, 29,879,089 common shares were issued and outstanding.

c) Share issuances

During the three months ended April 30, 2024, the Company had the following share capital transactions:

- On March 12, 2024, the Company issued 200,000 common shares with a fair value of \$0.46 to two officers for total compensation of \$91,000 for their employment services.
- The Company issued 709,126 common shares upon the exercise of 709,126 warrants related to the employee pay program. Of the common shares issued, 536,060 common shares, with a share price between \$0.14 and \$0.46, were sold for cash proceeds of \$68,571.

During the period from February 14, 2023 (incorporation) to January 31, 2024, the Company had the following share capital transactions:

- On February 14, 2023, upon incorporation, the Company issued 100 common shares for gross proceeds of \$1.
- On June 13, 2023, the Company issued 19,999,900 common shares in exchange for intangible assets with a fair value of \$5,000,000.
- On June 13, 2023, the Company closed a private placement related to the spinout of the Company from Nextech in which the Company issued 8,632,473 units for gross proceeds of \$2,158,356. Each warrant is exercisable into one common share at an exercise price of \$0.50 until June 13, 2026. Applying the residual method, the proceeds were fully allocated to share capital.
- The Company issued 337,490 common shares upon the exercise of 337,490 warrants related to the employee pay program. Of the common shares issued, 259,489 common shares, with a share price between \$0.12 and \$1.10, were sold for cash proceeds of \$69,649.

d) Employee pay program

During the period from February 14, 2023 (incorporation) to January 31, 2024, as part of the employee pay program, the Company granted 737,550 warrants to its contractors. Each warrant has an exercise price of \$1.00 and is exercisable into one common share until July 26, 2024. As at April 30, 2024, 737,550 warrants have been exercised into common shares, of which all have been sold.

During the three months ended April 30, 2024, as part of the employee pay program, the Company granted 1,000,000 warrants to the contractors of an entity under common control and recharged the related costs to advances to related parties (Note 8). Each warrant has an exercise price of \$0.46 and is exercisable into one common share until March 12, 2025. As at April 30, 2024, 309,066 warrants have been exercised into common shares, of which 259,066 remain unsold.

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Warrants

A summary of the Company's warrants activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, February 14, 2023 (incorporation)	-	-
Granted	9,370,023	0.54
Exercised	(337,490)	1.00
Balance, January 31, 2024	9,032,533	0.52
Granted	1,000,000	0.46
Exercised	(709,126)	0.76
Balance, April 30, 2024	9,323,407	0.50

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

Date of expiry	Number	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
March 12, 2025	690,934	0.46	0.87
June 13, 2026	8,632,473	0.50	2.12
Balance, April 30, 2024	9,323,407	0.50	2.03

The weighted average share price on the date of exercise for warrants exercised during the three months ended April 30, 2024 was \$0.24 (period from February 14, 2023 (incorporation) to April 30, 2023 - \$nil).

f) Options

A summary of the Company's stock option activity is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, February 14, 2023 (incorporation)	-	-
Granted	2,100,000	1.07
Forfeited	(720,000)	1.04
Balance, January 31, 2024	1,380,000	1.09
Forfeited	(100,000)	1.05
Balance, April 30, 2024	1,280,000	1.09

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

Date of expiry	Number of stock options outstanding	Number of stock options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
July 5, 2026	1,280,000	276,000	1.09	2.18
	1,280,000	276,000	1.09	2.18

During the period ended January 31, 2024, the Company granted 2,100,000 options to its employees as share-based compensation. These options vest in five equal tranches, with the first tranche vesting six months after the grant date.

TOGGLE3D.AI INC.**Notes to the Condensed Interim Financial Statements****For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023**

(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

The fair value of all options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average fair value of options granted during the period ended January 31, 2024 was \$0.63.

During the three months ended April 30, 2024, the Company's share-based compensation expense was \$168,006 (period from February 14, 2023 (incorporation) to April 30, 2023 - \$nil).

A summary of the Company's weighted average inputs used in the Black-Scholes option pricing model for stock options granted during the period ended January 31, 2024 is as follows:

Share price	\$1.01
Exercise price	\$1.08
Expected life	3 years
Risk-free interest rate	3.91%
Expected volatility	100.00%
Expected annual dividend yield	0.00%

8. RELATED PARTY TRANSACTIONS

The Company considers the executive officers and directors as the key management of the Company, including those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company.

A summary of the Company's related party transactions is as follows:

	Three months ended April 30, 2024	Period from February 14, 2023 to April 30, 2023
	\$	\$
Management fees included in general and administrative	360,000	-

On June 14, 2023, the Company entered into a management agreement with Nextech which stipulates that a management fee of up to \$150,000 per month will be paid to Nextech for services performed by executive officers, and technology consultants as well as for shared services such as, finance, human resources, and sales operations. The monthly amount represents the Company's portion of shared expenses with Nextech.

During the three months ended April 30, 2024, the Company paid \$360,000 in relation to the management agreement with Nextech (period from February 14, 2023 (incorporation) to April 30, 2023 - \$nil).

As at April 30, 2024, \$572 and \$54,681 of the accounts payable and accrued liabilities are owed to an entity owned by a director of the Company and to an entity under common control, respectively (January 31, 2024 - \$394 and \$24,533, respectively).

A summary of the Company's advances to related parties is as follows:

	Prepayments	Loan	Total
	\$	\$	\$
As at, February 14, 2023 (incorporation)	-	-	-
Prepayments and advances	1,106,667	241,853	1,348,520
Repayments	(450,158)	-	(450,158)
Effects of movement in exchange rates	-	1,030	1,030
Balance, January 31, 2024	656,509	242,883	899,392
Prepayments and advances	94,000	329,739	423,739
Repayments	(650,536)	-	(650,536)
Effects of movement in exchange rates	-	(64)	(64)
Balance, April 30, 2024	99,973	572,558	672,531

TOGGLE3D.AI INC.**Notes to the Condensed Interim Financial Statements****For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023**

(Unaudited - Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS (continued)

During the period from February 14, 2023 (incorporation) to April 30, 2023, the Company advanced \$241,853 cash as a loan with an entity under common control, which is included under advances to related parties. During the three months ended April 30, 2024, the Company provided benefits to contractors under the employee pay program on behalf of an entity under common control. The costs in connection with these benefits were recharged to the loan with an entity under common control (Note 7(d)). The loan is unsecured, bears interest at 8% per annum and is repayable by January 30, 2025.

Additionally included under advances to related parties are prepayments to Nextech for management fees.

9. EXPENSE BY NATURE**a) General and administrative**

A summary of the Company's general and administrative expenses for the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023 is as follows:

	2024	2023
	\$	\$
Compliance fees	5,237	-
Computer, software, and maintenance	319	-
Management fees (Note 8)	360,000	-
Office, general, and other expenses	685	-
Professional and legal fees	22,131	-
	388,372	-

b) Research and development

A summary of the Company's research and development expenses for the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023 is as follows:

	2024	2023
	\$	\$
Consultant fees	38,106	-
Computer, software, and maintenance	14,176	-
	52,282	-

c) Sales and marketing

A summary of the Company's sales and marketing expenses for the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023 is as follows:

	2024	2023
	\$	\$
Advertising	9,000	-
Computer, software, and maintenance	7,869	-
Investor relations	13,940	-
	30,809	-

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at April 30, 2024, the Company's financial assets and liabilities include cash and cash equivalents, advances to related parties as well as accounts payable and accrued liabilities. These instruments are classified as amortized cost.

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

The Company is exposed to certain financial risks through its financial instruments as follows:

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three months ended April 30, 2024 and the period from February 14, 2023 (incorporation) to April 30, 2023

(Unaudited - Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfil its contractual obligations. The Company is exposed to credit risk through its cash and cash equivalents as well as advances to related parties. The Company mitigates credit risk related to cash and cash equivalents by placing cash with sound financial institutions.

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 is exposed to liquidity risk through its accounts payable and accrued liabilities.

As at April 30, 2024, the Company had cash and cash equivalents of \$58,204 (January 31, 2024 - \$119,784) and working capital of \$625,750 (January 31, 2024 - \$972,286).

c) Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the US dollar to the Canadian dollar. The Company has not hedged its exposure to currency fluctuations. As at April 30, 2024, the Company is not significantly exposed to currency risk as its financial instruments are mainly denominated in Canadian dollars.

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. The Company believes that interest rate risk is low as it has no financial asset or liability subject to variable interest rates.

11. CAPITAL MANAGEMENT

The Company's definition of capital includes equity comprising share capital, reserves, and deficit. 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 April 30, 2024, the Company had shareholders' equity of \$625,750 (January 31, 2024 - \$972,286).

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 issuances. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

As at April 30, 2024, the Company was not subject to any externally imposed capital requirements.