



# Toggle3D.ai

**TOGGLE3D.AI INC.**

**Condensed Interim Financial Statements**

**For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**Notice of Disclosure of Non-auditor Review of the Condensed Interim Financial Statements for the Three and Nine Months Ended October 31, 2024 and 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 October 31, 2024 and 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.

December 24, 2024

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

	Note	October 31, 2024	January 31, 2024
			\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	501	119,784
Advances to related parties	8	643,245	899,392
Prepaid expenses		16,837	23,569
Taxes receivable		23,948	-
<b>Total assets</b>		<b>684,531</b>	<b>1,042,745</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	6, 8	202,472	45,926
Advances from related party	8	236,485	24,533
<b>Total liabilities</b>		<b>438,957</b>	<b>70,459</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	7,822,239	7,273,301
Reserves	7(e)(f)	457,523	389,117
Deficit		(8,034,188)	(6,690,132)
<b>Total shareholders' equity</b>		<b>245,574</b>	<b>972,286</b>
<b>Total liabilities and shareholders' equity</b>		<b>684,531</b>	<b>1,042,745</b>

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/ "Anthony Pizzonia"  
Director

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

**TOGGLE3D.AI INC.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
(Unaudited - Expressed in Canadian dollars)

		Three months ended		Nine months ended	
	Note	2024	October 31, 2023	2024	October 31, 2023
		\$		\$	
Revenue		159	29,964	651	30,167
Cost of goods sold		(5,378)	-	(34,747)	-
<b>Gross profit (loss)</b>		<b>(5,219)</b>	29,964	<b>(34,096)</b>	30,167
<b>Operating expenses</b>					
Amortization		-	416,667	-	555,556
General and administrative	8, 9(a)	24,468	401,037	816,928	646,967
Interest expense	8	3,390	-	19,783	-
Research and development	9(b)	31,254	82,248	134,616	86,739
Sales and marketing	9(c)	20,794	58,976	85,234	84,641
Share-based compensation	7(c), 7(f)	91,333	135,746	248,341	385,431
Foreign exchange		(4,213)	880	5,057	880
Loss on sale of shares		-	54,682	-	54,682
		<b>167,027</b>	1,150,236	<b>1,309,960</b>	1,814,896
<b>Net loss</b>		<b>(172,246)</b>	(1,120,272)	<b>(1,344,056)</b>	(1,784,729)
<b>Net loss per share</b>					
Basic and diluted		<b>(0.01)</b>	(0.09)	<b>(0.04)</b>	(0.11)
<b>Weighted average number of common shares</b>					
Basic and diluted		<b>33,587,227</b>	28,605,301	<b>31,152,305</b>	15,558,578

*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)

	Nine months ended	
	2024	October 31, 2023
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(1,344,056)	(1,784,729)
Adjustments for:		
Amortization	-	555,556
Share-based compensation	248,341	385,431
Changes in non-cash working capital:		
Prepaid expenses	6,732	(40,317)
Taxes receivable	(23,948)	(142,060)
Accounts payable and accrued liabilities	156,546	59,559
Advances from related party	211,952	
Loss on sale of shares	-	54,682
<b>Cash used in operating activities</b>	<b>(744,433)</b>	<b>(911,878)</b>
<b>Investing activities</b>		
Cash advanced from related parties	256,147	-
<b>Cash provided by investing activities</b>	<b>256,147</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from shares issued on incorporation	-	2,158,356
Proceeds from sale of shares for employee pay program	369,003	-
Proceeds from shares for services	-	49,557
<b>Cash provided by financing activities</b>	<b>369,003</b>	<b>2,207,913</b>
Effect of foreign exchange on cash	-	318
Change in cash and cash equivalents during the period	(119,283)	1,296,035
Cash and cash equivalents, beginning of period	119,784	1
<b>Cash and cash equivalents, end of period</b>	<b>501</b>	<b>1,296,354</b>
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
Shares issued for employee pay program	48,213	48,213	(48,213)	-	-
Units issued in private placement	8,632,473	2,158,356	-	-	2,158,356
Shares issued for purchase of intangible assets	19,999,900	5,000,000	-	-	5,000,000
Share-based compensation	-	-	249,685	-	249,685
Net loss for the period	-	-	-	(664,457)	(664,457)
Balance, July 31, 2023	28,680,686	7,206,570	201,472	(664,457)	6,743,585
Shares issued for employee pay program	289,277	66,731	2,918	-	69,649
Share-based compensation	-	-	184,727	-	184,727
Net loss for the period	-	-	-	(6,025,675)	(6,025,675)
Balance, January 31, 2024	28,969,963	7,273,301	389,117	(6,690,132)	972,286
Shares issued for employee pay program	6,400,060	457,938	(88,935)	-	369,003
Share-based compensation	200,000	91,000	157,341	-	248,341
Net loss for the period	-	-	-	(1,344,056)	(1,344,056)
<b>Balance, October 31, 2024</b>	<b>35,570,023</b>	<b>7,822,239</b>	<b>457,523</b>	<b>(8,034,188)</b>	<b>245,574</b>

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 and nine months ended October 31, 2024 and 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 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) certain assets were to 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 and nine months ended October 31, 2024 and 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 and nine months ended October 31, 2024 and 2023, the Company did not generate significant revenues and used \$62,916 and \$(744,433) cash in operating activities. As at October 31, 2024, the Company has working capital of \$245,574 (January 31, 2024 - \$972,286) and an accumulated deficit of \$8,034,188 (January 31, 2024 - \$6,690,132). For the three and nine months ended October 31, 2024, the Company incurred a net loss of \$(172,246 and \$1,344,056 respectively (2023 - \$1,120,272 and \$1,784,729, respectively). 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 December 19, 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 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").

## **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.

### **d) Reclassification of prior year comparable period presentation**

Certain amounts on the statement of financial position of the prior year comparable period have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

## **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.

Additionally, the Company assessed the impacts of the amendments to IAS 1 *Presentation of Financial Statements*, becoming effective after January 31, 2024, which clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments had no impact on the Company's financial statements.

On April 9, 2024, the International Accounting Standards Board ("IASB") issued IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

## **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.



**TOGGLE3D.AI INC.****Notes to the Condensed Interim Financial Statements****For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**5. CASH AND CASH EQUIVALENTS**

As at October 31, 2024, in connection with the share-based employee pay program the Company had cash held in a trust account of \$501 (January 31, 2024 - \$119,784). 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:

	October 31, 2024	January 31, 2024
	\$	\$
Accounts payable	183,473	35,415
Accrued liabilities	18,999	10,511
	<b>202,472</b>	<b>45,926</b>

**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 October 31, 2024, 35,570,023 common shares were issued and outstanding.

**c) Share issuances**

During the nine months ended October 31, 2024, the Company had the following share capital transactions:

- On March 12, 2024, the Company issued 200,000 common shares to two officers in satisfaction of employment services provided with a fair value of \$91,000.
- The Company issued 6,400,060 common shares upon the exercise of 6,400,060 warrants related to the employee pay program, with a share price between \$0.03 and \$0.45, were sold for cash proceeds of \$369,003.

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 October 31, 2024, no warrants have been exercised into common shares.

**TOGGLE3D.AI INC.****Notes to the Condensed Interim Financial Statements****For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**7. SHARE CAPITAL (continued)**

On March 12, 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 October 31, 2024, 1,000,000 warrants have been exercised into common shares, of which all have been sold.

On May 31, 2024, as part of the employee pay program, the Company granted 5,000,000 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 \$0.11, and is exercisable into one common share until May 31, 2025, respectively. As at October 31, 2024, 5,000,000 warrants have been exercised into common shares, of which all have been sold.

**e) Warrants**

During the nine months ended October 31, 2024, the Company has issued 6,400,060 common shares upon the exercise of warrants related to the employee pay program.

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, February 14, 2023 (incorporation)	9,032,533	-
Granted	9,370,023	0.54
Exercised	(337,490)	1.00
Balance, January 31, 2024	9,032,533	0.52
Granted	6,000,000	0.17
Exercised	(6,400,060)	0.22
<b>Balance, October 31, 2024</b>	<b>8,632,473</b>	<b>0.50</b>

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

Date of expiry	Number	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
May 31, 2025	-	0.11	0.58
June 13, 2026	8,632,473	0.50	1.62
	<b>8,632,473</b>	<b>0.37</b>	<b>1.62</b>

The weighted average share price on the date of exercise for warrants exercised during the nine months ended October 31, 2024 was \$0.08. During the period ended October 31, 2023, there were no warrants exercised.

**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
Expired	(150,000)	1.09
Forfeited	(409,000)	1.06
<b>Balance, October 31, 2024</b>	<b>821,000</b>	<b>1.09</b>

**TOGGLE3D.AI INC.****Notes to the Condensed Interim Financial Statements****For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**7. SHARE CAPITAL (continued)**

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	821,000	410,000	1.09	1.68

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.

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 and nine months ended October 31, 2024, the Company's share-based compensation recovery was \$91,333 and an expense of \$248,341, respectively (2023 - \$135,746 and \$385,431, respectively) in relation to the vesting of stock options.

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	3.00 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 October 31,		Nine months ended October 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Management fees included in general and administrative	<b>(120,000)</b>	344,027	<b>600,000</b>	557,361

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 and nine months ended October 31, 2024, the Company paid \$120,000 and \$600,000, respectively, in relation to the management agreement with Nextech (2023 - \$344,027 and \$557,361 respectively).

As at October 31, 2024, \$289 of the accounts payable and accrued liabilities are owed to an entity owned by a director of the Company (January 31, 2024 - \$394).

**TOGGLE3D.AI INC.****Notes to the Condensed Interim Financial Statements****For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**8. RELATED PARTY TRANSACTIONS (continued)**

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

	\$
As at, February 14, 2023 (incorporation)	-
Advances	25,314
Repayments	(580)
Effects of movement in exchange rates	(201)
Balance, January 31, 2024	24,533
Advances	214,041
Effects of movement in exchange rates	(2,089)
<b>Balance, October 31, 2024</b>	<b>236,485</b>

During the nine months ended October 31, 2024, an entity under common control advanced \$236,485 (year ended January 31, 2024: \$24,533) as a cash loan with no set terms of repayment.

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	911,954	431,899	1,343,853
Repayments	(1,058,632)	(521,522)	(1,580,154)
Interest	-	(19,783)	(16,783)
Effects of movement in exchange rates	-	(64)	(64)
<b>Balance, October 31, 2024</b>	<b>509,831</b>	<b>133,413</b>	<b>643,244</b>

During the period ended January 31, 2024, 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 nine months ended October 31, 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 and expenses paid by Nextech on behalf of the Company.

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

A summary of the Company's general and administrative expenses is as follows:

	Three months ended		Nine months ended	
	October 31,		October 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
Compliance fees	6,230	22,161	23,650	38,956
Computer, software, and maintenance	327	769	834	769
Management fees (Note 8)	1,471	344,027	721,471	557,361
Office, general, and other expenses	1,040	(6,248)	3,401	9,553
Professional and legal fees	15,400	40,328	67,572	40,328
	<b>24,468</b>	<b>401,037</b>	<b>816,928</b>	<b>646,967</b>

**TOGGLE3D.AI INC.****Notes to the Condensed Interim Financial Statements****For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

**9. EXPENSE BY NATURE (continued)****b) Research and development**

A summary of the Company's research and development expenses is as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Consultant fees	31,204	22,711	72,912	27,202
Computer, software, and maintenance	50	59,537	61,704	59,537
	<b>31,254</b>	<b>82,248</b>	<b>134,616</b>	<b>86,739</b>

**c) Sales and marketing**

A summary of the Company's sales and marketing expenses is as follows:

	Three months ended October 31,		Nine months ended October 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Advertising	3,000	23,724	21,000	28,783
Computer, software, and maintenance	9,882	11,521	28,441	11,521
Investor relations	7,912	23,731	35,793	44,337
	<b>20,794</b>	<b>58,976</b>	<b>85,234</b>	<b>84,641</b>

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

As at October 31, 2024, the Company's financial assets and liabilities include cash and cash equivalents, advances to related parties, accounts payable and accrued liabilities and advances from related party. These instruments are classified as amortized cost.

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

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

**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. The risk exposure on advances to related parties is assessed as low as the amount is held with Nextech and with entities under common control.

**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. To mitigate this risk, management receives support from NexTech to ensure sufficient liquidity is maintained.

As at October 31, 2024, the Company had cash and cash equivalents of \$501 (January 31, 2024 - \$119,784) and working capital of \$245,574 (January 31, 2024 - \$972,286).

**TOGGLE3D.AI INC.**

**Notes to the Condensed Interim Financial Statements**

**For the three and nine months ended October 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

---

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**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 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 US dollar could affect the Company's result of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at October 31, 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 assessed 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 October 31, 2024, the Company had shareholders' equity of \$245,574 (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 October 31, 2024, the Company was not subject to any externally imposed capital requirements.