



Toggle3D.ai

TOGGLE3D.AI INC.

Condensed Interim Financial Statements

For the three and six months ended July 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 Six Months Ended July 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 July 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.

September 27, 2024

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

	Note	July 31, 2024	January 31, 2024
			\$
ASSETS			
Current			
Cash and cash equivalents	5	6,246	119,784
Advances to related parties	8	437,563	899,392
Prepaid expenses		22,162	23,569
Taxes receivable		21,786	-
Total assets		487,757	1,042,745
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6, 8	82,902	45,926
Advances from related party	8	215,195	24,533
Total liabilities		298,097	70,459
SHAREHOLDERS' EQUITY			
Share capital	7	7,641,054	7,273,301
Reserves	7(e)(f)	410,548	389,117
Deficit		(7,861,942)	(6,690,132)
Total shareholders' equity		189,660	972,286
Total liabilities and shareholders' equity		487,757	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

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		Six months ended	
	Note	2024	July 31, 2023	2024	July 31, 2023
		\$		\$	
Revenue		242	203	492	203
Cost of goods sold		(23,644)	-	(29,369)	-
Gross profit (loss)		(23,402)	203	(28,877)	203
Operating expenses					
Amortization		-	138,889	-	138,889
General and administrative	8, 9(a)	404,088	245,930	792,460	245,930
Interest expense	8	16,393	-	16,393	-
Research and development	9(b)	51,080	4,491	103,362	4,491
Sales and marketing	9(c)	33,631	25,665	64,440	25,665
Share-based compensation (recovery)	7(c), 7(f)	(10,998)	249,685	157,008	249,685
Foreign exchange loss		4,627	-	9,270	-
		498,821	664,660	1,142,933	664,660
Net loss		(522,223)	(664,457)	(1,171,810)	(664,457)
Net loss per share					
Basic and diluted		(0.02)	(0.04)	(0.04)	(0.04)
Weighted average number of common shares					
Basic and diluted		30,468,222	28,605,301	29,909,282	28,605,301

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)

	Six months ended	
	2024	July 31, 2023
	\$	\$
Operating activities		
Net loss for the period	(1,171,810)	(664,457)
Adjustments for:		
Amortization	-	138,889
Share-based compensation	157,008	249,685
Changes in non-cash working capital:		
Prepaid expenses	1,407	(40,750)
Taxes receivable	(21,786)	-
Accounts payable and accrued liabilities	12,637	92,077
Advances from related party	215,195	-
Cash used in operating activities	(807,349)	(224,556)
Investing activities		
Cash advanced from related parties	461,829	-
Cash provided by investing activities	461,829	-
Financing activities		
Proceeds from shares issued on incorporation	-	2,158,357
Proceeds from sale of shares for employee pay program	232,176	-
Cash provided by financing activities	232,176	2,158,357
Effect of foreign exchange on cash	(194)	-
Change in cash and cash equivalents during the period	(113,538)	1,933,801
Cash and cash equivalents, beginning of period	119,784	-
Cash and cash equivalents, end of period	6,246	1,933,801
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	2,200,060	276,753	(44,577)	-	232,176
Share-based compensation	200,000	91,000	66,008	-	157,008
Net loss for the period	-	-	-	(1,171,810)	(1,171,810)
Balance, July 31, 2024	31,370,023	7,641,054	410,548	(7,861,942)	189,660

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 six months ended July 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 six months ended July 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 six months ended July 31, 2024 and 2023, the Company did not generate significant revenues and used \$384,057 and \$807,349 cash in operating activities. As at July 31, 2024, the Company has working capital of \$189,660 (January 31, 2024 - \$972,286) and an accumulated deficit of \$7,861,942 (January 31, 2024 - \$6,690,132). For the three and six months ended July 31, 2024, the Company incurred a net loss of \$522,223 and \$1,171,810, respectively (2023 - \$664,457 and \$664,457, 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 September 27, 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 six months ended July 31, 2024 and 2023**

(Unaudited - Expressed in Canadian dollars)

5. CASH AND CASH EQUIVALENTS

As at July 31, 2024, in connection with the share-based employee pay program the Company had cash held in a trust account of \$4,053 (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:

	July 31, 2024	January 31, 2024
	\$	\$
Accounts payable	70,402	35,415
Accrued liabilities	12,500	10,511
	82,902	45,926

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 July 31, 2024, 31,370,023 common shares were issued and outstanding.

c) Share issuances

During the six months ended July 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 2,200,060 common shares upon the exercise of 2,200,060 warrants related to the employee pay program. Of the common shares issued, 1,909,073 common shares, with a share price between \$0.07 and \$0.46, were sold for cash proceeds of \$232,176.

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 July 31, 2024, 737,550 warrants have been exercised into common shares, of which all have been sold.

TOGGLE3D.AI INC.
Notes to the Condensed Interim Financial Statements
For the three and six months ended July 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 July 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 July 31, 2024, 800,000 warrants have been exercised into common shares, of which 376,987 remain unsold.

e) Warrants

During the six months ended July 31, 2024, the Company has issued 2,200,060 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)	-	-
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	(2,200,060)	0.43
Balance, July 31, 2024	12,832,473	0.37

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

Date of expiry	Number	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
July 05, 2025	4,200,000	0.12	0.93
June 13, 2026	8,632,473	0.50	1.87
	12,832,473	0.37	1.53

The weighted average share price on the date of exercise for warrants exercised during the six months ended July 31, 2024 was \$0.14. During the period ended July 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	(25,000)	1.09
Forfeited	(343,000)	1.06
Balance, July 31, 2024	1,012,000	1.09

TOGGLE3D.AI INC.
Notes to the Condensed Interim Financial Statements
For the three and six months ended July 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	1,012,000	445,000	1.09	1.93

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 six months ended July 31, 2024, the Company's share-based compensation recovery was \$10,998 and an expense of \$66,008, respectively (2023 - \$249,685 and \$249,685, 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 July 31, 2024	Three months ended July 31, 2023	Six months ended July 31, 2024	Six months ended July 31, 2023
Management fees included in general and administrative	\$ 360,000	\$ 213,334	\$ 720,000	\$ 213,334

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 six months ended July 31, 2024, the Company paid \$360,000 and \$720,000, respectively, in relation to the management agreement with Nextech (2023 - \$213,334 and \$213,334, respectively).

As at July 31, 2024, \$1,034 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 six months ended July 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	188,131
Effects of movement in exchange rates	2,531
Balance, July 31, 2024	215,195

During the six months ended July 31, 2024, an entity under common control advanced \$188,131 (year ended January 31, 2024: \$25,314) 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	674,221	433,229	1,107,450
Repayments	(1,029,500)	(523,322)	(1,552,822)
Interest	-	(16,393)	(16,393)
Effects of movement in exchange rates	-	(64)	(64)
Balance, July 31, 2024	301,230	136,333	437,563

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 six months ended July 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		Six months ended	
	2024	July 31, 2023	2024	July 31 2023
	\$	\$	\$	\$
Compliance fees	12,183	16,795	17,420	16,795
Computer, software, and maintenance	188	-	507	-
Management fees (Note 8)	360,000	213,335	720,000	213,335
Office, general, and other expenses	1,676	15,800	2,361	15,800
Professional and legal fees	30,041	-	52,172	-
	404,088	245,930	792,460	245,930

TOGGLE3D.AI INC.**Notes to the Condensed Interim Financial Statements****For the three and six months ended July 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		Six months ended	
	2024	July 31, 2023	2024	July 31, 2023
	\$	\$	\$	\$
Consultant fees	27,532	4,491	41,708	4,491
Computer, software, and maintenance	23,548	-	61,654	-
	51,080	4,491	103,362	4,491

c) Sales and marketing

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

	Three months ended		Six months ended July 31,	
	2024	July 31, 2023	2024	2023
	\$	\$	\$	\$
Advertising	9,000	5,059	18,000	5,059
Computer, software, and maintenance	10,690	-	18,559	-
Investor relations	13,941	20,606	27,881	20,606
	33,631	25,665	64,440	25,665

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at July 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 July 31, 2024, the Company had cash and cash equivalents of \$6,246 (January 31, 2024 - \$119,784) and working capital of \$189,660 (January 31, 2024 - \$972,286).

TOGGLE3D.AI INC.

Notes to the Condensed Interim Financial Statements

For the three and six months ended July 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 July 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 July 31, 2024, the Company had shareholders' equity of \$189,660 (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 July 31, 2024, the Company was not subject to any externally imposed capital requirements.