

NEXTGEN FOOD ROBOTICS CORP.
(Formerly Holy Cow Foods Inc.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended January 31, 2024, and 2023

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of NextGen Food Robotics Corp. (formerly Holy Cow Foods Inc.) (the “Company”) for the three and nine months ended January 31, 2024, and 2023, have been prepared by and are the responsibility of the management of the Company and approved by the Company’s Audit Committee and Board of Directors.

Under National Instrument 51-102 Continuous Disclosure Obligations, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of condensed interim financial statements by an entity’s auditor.

NEXTGEN FOOD ROBOTICS CORP. (Formerly Holy Cow Foods Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	January 31, 2024	April 30, 2023
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 1,178,014	\$ 1,023,767
Accounts and other receivables (Note 5)	111,443	19,047
Prepaid expenses and deposit	109,950	152,076
Investment (Note 4)	-	20,000
Total current assets	1,399,407	1,214,890
Property and equipment (Note 6)	970,017	862,359
Right-of-use assets (Note 7)	1,581,191	284,773
TOTAL ASSETS	\$ 3,950,615	\$ 2,362,022
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 89,061	\$ 144,396
Lease liabilities (Note 7)	158,134	62,776
Total current liabilities	247,195	207,172
Lease liabilities – long term (Note 7)	1,022,904	158,051
TOTAL LIABILITIES	1,270,099	365,223
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	9,141,813	5,159,255
Contributed surplus	684,420	428,740
Deficit	(7,145,717)	(3,591,196)
TOTAL SHAREHOLDERS' EQUITY	2,680,516	1,996,799
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,950,615	\$ 2,362,022

Basis of preparation and going concern (Note 2)
Related party transactions and balances (Note 10)

APPROVED ON BEHALF OF THE BOARD:

"Paul Rivas"
Director

"Connor Yuen"
Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

NEXTGEN FOOD ROBOTICS CORP. (Formerly Holy Cow Foods Inc.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended January 31,		For the nine months ended January 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenue (Note 9)	63,615	67,111	181,315	111,543
Cost of sales (Note 9)	83,256	63,381	264,509	100,558
Gross income (loss)	(19,641)	3,730	(83,194)	10,985
Expenses				
Consulting fees (Note 10)	1,775	24,555	26,275	38,379
Depreciation (Notes 6,7)	105,215	58,155	250,573	171,848
Interest and accretion	41,691	12,622	81,588	60,672
Marketing	7,992	177	1,855,009	89,315
Office and general	55,621	13,401	130,787	35,119
Professional fees	65,765	45,533	242,172	150,114
Rent	72,330	28,736	134,728	97,357
Repairs and maintenance	33,369	19,285	89,880	37,713
Share-based payments	67,027	-	290,630	-
Transfer agent and filing fees	20,235	8,242	36,648	43,640
Wages and benefits (Note 10)	80,698	47,063	237,785	143,381
Research and development expenses	-	-	105,000	-
Warehouse supplies	9,868	1,008	28,155	3,130
Total operating expenses	561,586	258,717	3,509,230	870,668
Loss from operations	(581,227)	(254,987)	(3,592,424)	(859,683)
Other items				
Product testing income	-	-	-	13,540
Interest income	14,559	5,773	37,903	12,705
Net loss and comprehensive loss	(566,668)	(249,214)	(3,554,521)	(833,438)
Basic and diluted loss per share	(0.01)	(0.01)	(0.07)	(0.03)
Weighted average number of common shares outstanding	50,555,495	28,472,974	47,446,830	28,472,974

NEXTGEN FOOD ROBOTICS CORP. (Formerly Holy Cow Foods Inc.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three and nine months ended January 31, 2024 and 2023
(Unaudited - Expressed in Canadian Dollars)

	Share Capital				
	Number of shares	Amount	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, April 30, 2022	37,968,147	\$ 4,987,637	\$ 323,685	\$ (1,613,084)	\$ 3,698,238
Shares issued upon exercise of warrants	2,500	750	-	-	750
Net loss and comprehensive loss	-	-	-	(584,224)	(584,224)
Restricted share units settled in shares	632,844	170,868	(170,868)	-	-
Share-based payments	-	-	275,923	-	275,923
Net loss and comprehensive loss	-	-	-	(1,686,545)	(1,686,545)
Balance, April 30, 2023	38,603,491	\$ 5,159,255	\$ 428,740	\$ (3,591,196)	\$ 1,996,799
Shares issued through private placement	6,265,000	2,739,650	-	-	2,739,650
Share issuance costs	-	(410,857)	214,135	-	(196,722)
Shares issued upon exercise of warrants	4,760,000	1,257,600	-	-	1,257,600
Shares issued upon exercise of agent options	294,160	225,297	(78,217)	-	147,080
Restricted share units settled in shares	632,844	170,868	(170,868)	-	-
Share-based payments	-	-	290,630	-	290,630
Net loss for the period	-	-	-	(3,554,521)	(3,554,521)
Balance, January 31, 2024	50,555,495	\$ 9,141,813	\$ 684,420	\$ (7,145,717)	\$ 2,680,516

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

NEXTGEN FOOD ROBOTICS CORP. (Formerly Holy Cow Foods Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the nine months ended January 31, 2024, and 2023
(Unaudited - Expressed in Canadian Dollars)

For the nine months ended January 31,	2024	2023
Operating Activities		
Net loss for the period	\$ (3,554,521)	\$ (833,438)
Items not affecting cash:		
Depreciation (Notes 6, 7)	324,398	214,161
Interest and accretion (Note 7)	79,480	60,672
Share-based payments (Notes 8,10)	290,630	-
Changes in non-cash working capital items related to operations:		
Accounts and other receivables	(72,396)	9,057
Prepaid expenses and deposit	18,913	(479,779)
Accounts payable and accrued liabilities	(55,335)	(84,965)
Cash used in operating activities	(2,968,831)	(1,114,292)
Investing Activities		
Purchase of property and equipment (Note 7)	(185,262)	(324,955)
Purchase of assignment of lease and property and equipment (Notes 6,7)	(550,000)	-
Cash used in investing activities	(735,262)	(324,955)
Financing Activities		
Proceeds from private placements, net of issuance costs (Note 8)	2,542,928	-
Proceeds from exercise of warrants (Note 8)	1,257,600	750
Exercise of Agents Options	147,080	-
Repayment of lease liabilities (Note 7)	(89,268)	(167,854)
Cash (used by) provided by financing activities	3,858,340	(167,104)
Change in cash and cash equivalents during the period	154,247	(1,606,351)
Cash and cash equivalents, beginning of period	1,023,767	2,874,017
Cash and cash equivalents, end of period	\$ 1,178,014	\$ 1,267,666

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS

NEXTGEN FOOD ROBOTICS CORP. (Formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024, and 2023

(Unaudited - Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

Nextgen Food Robotics Corp. (the “Company”) is an automated robotic food co-packer and manufacturer that uses technology to modernize its food manufacturing processes. Additionally, the Company is developing the “Lily App”, which is an AI-powered food application. On December 14, 2021, the Company filed its Long Form Prospectus and became a reporting issuer. On March 14, 2022, the Company completed its initial public offering and was listed on the NEO under the trading symbol “Holy”. On January 24, 2023, the Company changed its name to “NextGen Food Robotics Corp.”, and now is listed under the trading symbol “NGRB”.

The Company was incorporated on March 10, 2016, in British Columbia under the name of Bodega Foods Limited and changed its name to Holy Cow Foods Inc. on November 18, 2020. The Company’s head office is located at 855 Terminal Avenue, Vancouver, BC V6A 2M9. The Company’s registered office is located on the 6th Floor, 905 West Pender Street, Vancouver, BC, V6C 1L6.

2. BASIS OF PREPARATION AND GOING CONCERN

(a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements do not include all of the disclosures required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended April 30, 2023, which were prepared in accordance with International Reporting Standards (“IFRS”). Significant accounting policies have been consistently applied in the presentation of these condensed interim financial statements.

These condensed interim financial statements were authorized for issuance by the Board of Directors on March 13, 2024.

(b) Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going Concern

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As of January 31, 2024, the Company has not achieved profitable operations, has accumulated losses of \$7,145,717 since inception and expects to incur further losses in the development of its business. As of January 31, 2024, the Company had a working capital of \$1,152,212, and cash and cash equivalents of \$1,178,014, and is actively managing current cash flows until such time as the Company is profitable. Management is aware, in making its assessment of material uncertainties related to events or conditions, that may cast significant doubt upon the Company’s ability to continue as a going concern, such as the need to commence profitable operations.

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND GOING CONCERN (continued)

These condensed interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The above material uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

Significant accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended April 30, 2023 unless noted below and should be read in conjunction with those annual audited financial statements and notes thereto.

Revenue recognition

In October 2023, the Company began generating revenue from the use of its co-packing division.

The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Customers of the co-packing division approach the Company with an indication of the goods that require co-packing and request a quote for services to pack the products. A deposit of 50% is required before work commences. The deposit received from customers is recorded as deferred revenue until all performance obligations are met. Revenue is recognized when the packed goods are collected by the customer.

The preparation of the Company's condensed interim financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgements, estimates and assumptions. Significant estimates are evaluations and assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities.

a) Basic and diluted loss per share

Basic loss per share is computed by dividing total net loss attributable to the Company for the period by the weighted average number of common shares of the Company (the "Common Shares") outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. When the Company is in a loss position, all potential share issuances on the

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS *(continued)*

exercise of options or warrants are anti-dilutive. In the event of a loss position, diluted loss per share is the same as basic loss per share.

b) Foreign currency translation

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net loss. The functional currency of the Company is the Canadian dollar.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are financial assets that are measured at amortized cost, which approximate fair value. Cash and cash equivalents include cash and redeemable short-terms investment certificates held at major financial institutions as follows:

	Interest rate %	January 31, 2024	April 30, 2023
GIC – Maturing March 18, 2024	3.75%	\$ 582,393	\$ 782,193
Cash	-	595,621	241,574
Total		\$ 1,178,014	\$ 1,023,767

The Company held a GIC with the face value of \$20,000 which was non-redeemable. This GIC matured on August 12, 2023 and was reclassified from investments to cash and cash equivalents as of January 31, 2024.

Interest on the GIC's recorded in accounts and other receivables is \$20,178 as of January 31, 2024 (April 30, 2023 - \$3,708).

5. ACCOUNTS AND OTHER RECEIVABLES

	January 31, 2024	April 30, 2023
Accounts receivable	\$ 2,060	\$ 126
Interest receivable	20,178	3,708
Refund receivable	5,021	-
GST/HST receivable	84,184	15,213
	\$ 111,443	\$ 19,047

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

The Company's property and equipment continuity is as follows:

	Commercial		Production		Office & General		Leasehold		Total	
Cost										
Balance, April 30, 2022	\$	152,642	\$	322,859	\$	1,318	\$	186,173	\$	662,992
Reclassification		(36,879)		36,879		-		-		-
Additions		1,455		266,215		-		83,329		350,999
Balance, April 30, 2023		117,218		625,953		1,318		269,502		1,013,991
Additions		193,288		47,305		2,257		59,066		301,916
Balance, January 31, 2024	\$	310,506	\$	673,258	\$	3,575	\$	328,568	\$	1,315,907
Accumulated Depreciation										
Balance, April 30, 2022	\$	444	\$	-	\$	256	\$	17,446	\$	18,146
Depreciation		14,762		235		212		118,277		133,486
Balance, April 30, 2023		15,206		235		468		135,723		151,632
Depreciation		13,618		22,824		374		157,442		194,258
Balance, January 31, 2024	\$	28,824	\$	23,059	\$	842	\$	293,165	\$	345,890
Net Book Value										
April 30, 2023	\$	102,012	\$	625,718	\$	850	\$	133,779	\$	862,359
January 31, 2024	\$	281,682	\$	650,199	\$	2,733	\$	35,403	\$	970,017

Depreciation relating to the commissary kitchen and co-packing equipment is expensed to cost of sales upon recognition of commissary kitchen revenues. For the nine months ended January 31, 2024, depreciation of \$62,999 (January 31, 2023 - \$32,984) was recognized in cost of sales. This is comprised of an depreciation expense of \$62,802 from the commissary kitchen's property, plant, and equipment, and an depreciation expense of \$197 from the co-packing division's property, plant, and equipment.

On December 16, 2023, the Company acquired an established commissary facility located in Vancouver, BC pursuant to an asset purchase agreement. Pursuant to the terms of the agreement, the Company has assumed the lease and acquired all of the facility's equipment, including an expansive array of high-end equipment and cold storage. The lease is under contract until September 2027 (note 7) and the total purchase price of the transaction was \$550,000. The equipment was fair valued, and the excess paid was allocated to the right of use asset as an initial direct cost of entering into the lease agreement. The acquisition has allowed the Company to take over the facility on a turn-key basis and to commence operations immediately.

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

7. RIGHT OF USE ASSET AND LEASE LIABILITIES

On June 24, 2021, the Company entered into a three-year lease agreement with a three-year renewal option for approximately 11,551 square foot warehouse and production facility. The Company prepaid \$106,847 (excluding GST) of rent of which \$69,786 was related to base rent and was applied to the lease liabilities, and \$37,061 was related to additional rent and was recorded in deposits. On November 21, 2022, the Company received notice that the landlord of the warehouse and production facility that the Company leases would be sold to a new owner. In accordance with the termination notice, the lease was considered finalized in November 2023. However, the Company continues to rent the facility on a month-to-month basis. Pursuant to the lease terms, the Company was entitled to a termination payment equal to four months of basic rent. The right-of-use asset and lease liability was remeasured due to the Company receiving notice of early lease termination in accordance with the terms of the original lease.

On June 25, 2021, the Company entered into a five-year lease agreement for office space commencing on September 15, 2021. Pursuant to the terms of the lease agreement, the Company is required to pay a deposit to the landlord of \$110,416 (excluding GST) consisting of \$12,516 in security deposit and \$97,900 in prepayment of rent of which \$60,021 was related to base rent and was applied to the lease liabilities, and \$37,879 was related to additional rent and was recorded in deposits.

On July 25, 2023, the Company signed a new lease for its food manufacturing, processing, and commissary kitchen with ancillary office space and retail café space for serving food and beverages. The lease commencement date is November 1, 2023, and for the term of 10 years with two renewal options for five years each. Under the lease, the Company is to pay a total of \$125,736 for year 1, \$128,960 for year 2, \$132,187 for year 3, \$135,408 for year 4, \$138,632 for year 5, \$141,856 for year 6, \$144,274 for year 7, \$145,080 for year 8, \$149,110 for year 9 and \$151,528 for year 10. The Company will be able to extend the term of the lease for a further period at fair market rent as may be mutually agreed upon by the Landlord and the Tenant. The Company was entitled to a period of three months fixturing period commencing August 1, 2023 which was rent-free. During this period, the Company was entitled to operate their day-to-day business and liable for tenant insurance and utilities for the fixturing period. Consequently, lease inception date was determined to be August 1, 2023.

On December 16, 2023, the Company entered into a new lease agreement with the City of Vancouver. The agreement was entered into through assignment from the previous tenant (Note 6). The new leased space is a commissary kitchen located in Vancouver and will be used for commissary operations. The lease commencement date is December 16, 2023, for the term of 46 months, expiring on September 30, 2027. There is no option of renewal of the lease after the term has ended within the lease agreement. Under the lease, the Company is to pay a total of \$134,836 in year 1, \$129,609 in year 2, \$129,609 in year 3, and \$97,207 in year 4. The excess paid over the fair value of equipment was allocated to the right of use asset as an initial direct cost to enter into the lease agreement. The acquisition has allowed the Company to take over the facility on a turn-key basis and to commence operations immediately.

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

7. RIGHT OF USE ASSET AND LEASE LIABILITIES *(continued)*

A reconciliation of the Company's right-of-use assets for the nine months ended January 31, 2024 and for the year ended April 30, 2023, is as follows:

	Office	Commissary/ Co-Packing	Total
Costs:			
Balance, April 30, 2022	\$ 358,869	\$ 733,224	\$ 1,092,093
Additions	-	-	-
Remeasurement		(490,836)	(490,386)
Balance, April 30, 2023	358,869	242,838	601,707
Additions	-	1,426,558	1,426,558
Balance, January 31, 2024	\$ 358,869	\$ 1,669,396	\$ 2,028,265
Accumulated Depreciation:			
Balance, April 30, 2022	\$ 42,937	\$ 101,837	\$ 144,773
Depreciation	68,698	103,462	172,161
Balance, April 30, 2023	111,635	205,299	316,934
Depreciation	50,622	79,518	130,140
Balance, January 31, 2024	\$ 162,257	\$ 284,817	\$ 447,074
Carrying value:			
April 30, 2023	\$ 247,234	\$ 37,359	\$ 284,773
January 31, 2024	\$ 196,612	\$ 1,384,579	\$ 1,581,191

Depreciation relating to the production facility space utilized by the commissary kitchen is expensed to cost of sales upon recognition of commissary kitchen revenues. For the nine months ended January 31, 2024, depreciation of \$10,511 (January 31, 2023 - \$9,329) was recognized in cost of sales for the commissary kitchen.

The variable rent related to these leases was expensed throughout the three months period and included in rent expense balance.

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

7. RIGHT OF USE ASSET AND LEASE LIABILITIES *(continued)*

When measuring lease liabilities for leases, the Company discounted lease payments using incremental borrowing rates of 12% and 16.25%, and 16.75%.

A reconciliation of the Company's lease liabilities for the nine months ended January 31, 2024 and the year ended April 30, 2023, is as follows:

Lease liabilities		Office	Commissary/ Co-packing		Total
Balance, April 30, 2022	\$	255,505	\$	602,086	\$ 857,591
Addition		-		-	-
Interest accretion		28,678		41,832	70,510
Lease payments		(63,356)		(153,532)	(216,888)
Remeasurement		-		(490,386)	(490,386)
Balance, April 30, 2023		220,827		-	220,827
Addition		-		969,999	969,999
Interest Accretion		18,266		61,214	79,480
Lease Payments		(62,763)		(26,505)	(89,268)
Balance, January 31, 2024	\$	176,330	\$	\$1,004,078	\$ 1,181,038

Current portion	\$	71,613	\$	86,251	\$ 158,134
Long Term		104,717		918,187	1,022,904
Balance, January 31, 2024	\$	176,330	\$	1,004,718	\$ 1,181,038

As of January 31, 2024, future payments required under the Company's leases are as follows:

Maturity analysis	January 31, 2024
Less than one year	\$ 334,594
One to three years	635,719
Four to ten years	1,045,814
Total	\$ 2,016,127

8. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares with no par value.

(b) Issued

As of January 31, 2024, there were 50,555,495 common shares issued and outstanding (April 30, 2023 – 38,603,491).

NEXTGEN FOOD ROBOTICS CORP. (formerly Holy Cow Foods Inc.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended January 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

8. SHARE CAPITAL *(continued)**During the nine months ended January 31, 2024:*

On June 15, 2023, the Company closed a private placement of 3,515,000 units at a price of \$0.31 per unit, for gross proceeds of \$1,089,650. Each unit is comprised of one common share and one-half of one purchase warrant. Each warrant is exercisable into one share at a price of \$0.40 for a period of 12 months from the date of issuance. A total of \$64,340 in cash fees and 207,550 non-transferable finder warrants were issued in connection with the private placement. Each finder warrant is exercisable at a price of \$0.40 for a period of 12 months from the date of issue. A value of \$91,322 was assigned to the finder warrants using the Black-Scholes option pricing model with the following inputs: Stock price - \$0.65; Exercise price - \$0.40; Dividend yield - \$Nil; Expected volatility – 158%; Risk free interest rate - \$4.44% and expected life of 1 year. In connection with the closing of the private placement, the Company incurred an additional \$16,729 in legal costs.

On July 21, 2023, the Company closed a non-brokered private placement of 2,750,000 units at a price of \$0.60 per unit, for gross proceeds of \$1,650,000. Each unit is comprised of one common share and one-half of one common share purchase warrant of the Company. Each warrant is exercisable into one share at a price of \$0.70 for a period of 12 months from the date of issuance. A total of \$90,972 in cash fees and 151,620 finder warrants were issued in connection with the private placement. Each finder warrant is exercisable at a price of \$0.70 for a period of 12 months from the date of issuance. A value of \$122,812 was assigned to the finder warrants using the Black-Scholes option pricing model with the following inputs: Stock price - \$1.10; Exercise price - \$0.70; Dividend yield - \$Nil; Expected volatility – 187%; Risk free interest rate - \$4.65% and expected life of 1 year. In connection with the closing of the private placement, the Company incurred an additional \$24,682 in legal costs.

The Company issued 4,760,000 shares upon exercise of warrants. A total of \$1,257,600 in proceeds was received upon the exercise of the warrants.

On July 11, 2023, The Company issued 294,460 shares upon exercise of agent's options. A total of \$147,080 in proceeds was received upon the exercise of the warrants.

On September 5, 2023, 632,844 common shares were issued related to the vesting of restricted share units. As a result, \$170,868 has been transferred from contributed surplus to share capital.

During the year ended April 30, 2023:

In May 2022, 2,500 warrants were exercised at a price of \$0.30 per common share resulting in proceeds of \$750 to the Company. The fair value of these warrants was determined to be \$nil at issuance, therefore no transfer from contributed surplus to share capital was made.

On March 5, 2023, 632,844 common shares were issued related to the vesting of restricted share units. As a result, \$170,868 has been transferred from contributed surplus to share capital.

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8. SHARE CAPITAL (continued)**(c) Warrants**

A continuity of the Company's share purchase warrants for the nine months ended January 31, 2024 and for the year ended April 30, 2023 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2022	21,068,547	\$0.40
Exercised	(2,500)	\$0.30
Balance, April 30, 2023	21,066,047	\$0.40
Issued ⁽¹⁾	3,638,750	\$0.54
Exercised ⁽²⁾	(4,760,000)	\$0.26
Balance, January 31, 2024	19,944,797	\$0.46

The following table summarizes the share purchase warrants outstanding and exercisable as of January 31, 2024:

Expiry Date	Exercise Price	Outstanding	Exercisable	Weighted Average Exercise Life (years)
March 14, 2024	\$0.75	147,080	147,080	0.12
March 14, 2024	\$1.10	3,191,047	3,191,047	0.12
March 14, 2024	\$0.75	1,646,500	1,646,500	0.12
June 15, 2024	\$0.40	1,965,050	1,965,050	0.37
July 21, 2024	\$0.70	1,526,620	1,526,620	0.47
March 14, 2025	\$0.30	2,281,000	2,281,000	1.12
March 14, 2025	\$0.20	9,187,500	9,187,500	1.12
Total		19,944,797	19,944,797	0.74

- (1) In connection with the private placements closed in June and July 2023, the Company issued 3,491,670 share purchase warrants.
- (2) In June and July 2023, 2,118,000 warrants were exercised at a price of \$0.20 per common share, 1,667,500 warrants were exercised at a price of \$0.30 per common share, 25,000 warrants were exercised at a price of \$1.10 per common share, and 192,000 warrants were exercised at a price of \$0.75 per common share. In August and September 2023, 650,000 warrants were exercised at a price of \$0.20 per common share, and 107,500 warrants were exercised at a price of \$0.30 per common share. Total resulting proceeds were \$1,257,600.
- (3) On July 11, 2023, 294,160 agent's options were exercised. As a result of the exercise of these options, 147,080 warrants were granted to the agent.

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8. SHARE CAPITAL *(continued)***(d) Escrow Shares**

Pursuant to the escrow agreement (the “Escrow Agreement”) dated December 14, 2021, 5,010,100 common shares held by the principals of the Company were escrowed. This resulted in a 25% release on the date the Company’s shares commence trading on the Exchange (the “Listing Date”), with the remaining 75% being released in equal tranches of 25% every six months thereafter.

Pursuant to the first pooling agreement (the “First Pooling Agreement”) dated December 14, 2021, the 5,500,000 common shares issued on December 3, 2020, will be pooled for twelve (12) months from the Listing Date. Out of the 5,500,000 common shares subject to the First Pooling Agreement, 5,000,100 common shares are also subject to the Escrow Agreement.

Pursuant to the second pooling agreement dated December 14, 2021, 9,500,000 common shares issued on December 16, 2020, will be subject to resale restrictions, to be released in four (4) equal installments every four (4) months, with the first release occurring on the Listing Date.

As at January 31, 2024 there were nil shares in escrow and nil warrants in escrow.

(e) Restricted-Share Units (“RSU”)

On March 5, 2023, the Company granted 1,898,532 of RSUs to the Chief Executive Officer (CEO) of the Company. The RSUs shall expire on the date that is five years following the award date, and vest as follows:

- i. 632,844 on March 5, 2023;
- ii. 632,844 on September 5, 2023; and
- iii. 632,844 on March 5, 2024.

The fair value of the RSUs issued was \$512,604, determined by the share price on the date of grant at \$0.27 per share.

During the nine months ended January 31, 2024, the Company recognized share-based compensation expense for the RSUs in the amount of \$247,716. As of January 31, 2024, there is a remaining balance of 632,844 RSUs outstanding.

(f) Share-Based Payments*Stock Options*

The Company adopted a stock option plan under which it is authorized to grant options to officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The options can be granted for a maximum of ten years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

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8. SHARE CAPITAL (continued)

The changes in stock options and agent options are as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, April 30, 2022	551,443	\$0.66
Granted	250,000	\$0.60
Balance, April 30, 2023	801,443	\$0.64
Granted ⁽¹⁾	200,000	\$0.58
Exercised ⁽²⁾	(294,160)	\$0.50
Expired ⁽³⁾	(257,283)	\$0.85
Balance, January 31, 2024	450,000	\$0.59

- (1) On September 21, 2023, the Company granted 50,000 stock options each to three directors and one employee of the Company, at exercises prices of \$0.60, \$0.60, \$0.55, and \$0.55 per common share. For two of the directors, the options will vest in two equal instalments on the date that is nine months following and 17 months following the grant date and will be exercisable for five years from the grant date. The remaining director, the options will vest in quarterly equal instalments over three years from the date of the grant and will be exercisable for five years from the grant date. For the employee, the options will vest in quarterly equal instalments over three years starting on July 11, 2023, and will be exercisable for five years from the grant date.
- (2) In the nine months ending January 31, 2024, 294,160 agent compensation options were exercised at an exercise price of \$0.50 for each option.
- (3) In accordance with the brokered private placement for the Second special warrants ("SW") on August 17, 2021, the Company issued 257,283 options (the "SW Broker Options"). On August 17, 2023, these options expired.

The weighted average exercise price per option granted in the nine months ended January 31, 2024, was \$0.58 (January 31, 2023 - \$nil). The fair values of the options granted during the nine months ended January 31, 2024, were determined on the date of the grant using the Black-Scholes option pricing model. The following assumptions were used:

	January 31, 2024
Risk free interest rate	3.79% – 4.13%
Expected life of options (years)	2.00 – 5.00
Expected annualized volatility	127% – 167%
Expected dividend yield	Nil
Weighted average Black-Scholes value of each option	\$0.30

Due to the limited trading history of the Company, volatility was determined by using a comparative set of publicly traded Companies in the food technology and efficiency industry of similar size to the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options. The fair value of the options granted during the period ended January 31, 2024 totaled \$100,000, of which \$38,434 was recognized as share-based compensation during the nine months ended January 31, 2024.

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8. SHARE CAPITAL (continued)

Outstanding and exercisable stock options as of January 31, 2024, are summarized as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
March 6, 2025	200,000	\$ 0.60	200,000
March 5, 2026	50,000	\$ 0.60	-
September 21, 2028	100,000	\$ 0.60	-
September 21, 2028	100,000	\$ 0.55	12,500
	450,000	\$ 0.59	212,500

As of January 31, 2024, the weighted average remaining contractual life of outstanding options is 2.78 years.

9. REVENUE AND COST OF SALES

In the three and nine months ending January 31, 2024, the Company is generating revenue through two operating segments: the commissary kitchen and the co-packing division. The commissary kitchen began operations in 2022, and the co-packing division began operations in October 2023. The revenue and cost of sales for both segments for the three and nine months ending January 31, 2024, is as follows:

	Three months ended, January 31, 2024	Nine months ended, January 31, 2024	Three months ended, January 31, 2023	Nine months ended, January 31, 2023
Commissary Kitchen	\$	\$	\$	\$
Revenue	59,976	174,657	67,111	111,543
Cost of sales:				
- Depreciation	14,969	73,313	30,671	21,156
- Wages and benefits	31,874	91,981	17,153	27,030
- Facility Expenses	35,812	86,479	15,557	31,216
Total cost of sales	82,655	251,773	63,381	100,558
Gross loss	(22,679)	(77,116)	3,730	10,985
Co-packing				
Revenue	3,639	6,658	-	-
Cost of sales:				
- Depreciation	143	197	-	-
- Wages and benefits	458	11,916	-	-
- Facility Expenses	-	-	-	-
- Direct Materials	-	623	-	-
Total cost of sales	601	12,736	-	-
Gross Profit (loss) – Co-packing	3,038	(6,078)	-	-
Total revenue	63,615	181,315	67,111	111,543
Total cost of sales	83,256	264,509	63,381	100,558
Total gross (loss) profit	(19,641)	(83,194)	3,730	10,985

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10. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

	For the nine months ended,		For the three months ended,	
	January 31, 2024	January 31, 2023	January 31, 2024	January 31, 2023
	\$	\$	\$	\$
Consulting fees ⁽¹⁾	-	7,500	-	36,000
Wages and benefits ⁽²⁾	76,053	66,667	34,300	-
Share-based payments ⁽³⁾	279,019	-	62,854	-
Total	355,072	74,167	97,154	36,000
Payables and Accruals ⁽⁴⁾	(9,000)	-	(9,000)	-
Receivables ⁽⁵⁾	1,317	-	1,317	-
Total	(7,683)	-	(7,683)	-

- (1) During the nine months ended January 31, 2023, consulting fees relate to amounts paid to a director of the Company.
- (2) During the nine months ended January 31, 2024, the former CFO was paid \$9,442, the current CFO was paid \$13,611, and the director/corporate secretary was paid \$53,000.
- (3) During the nine months ended January 31, 2024, there was \$279,019 being recorded in share-based compensation expense from the 1,898,532 RSUs the CEO was granted in March 2023. Another \$31,303 was recorded in share-based compensation expense from stock options that were granted to related parties.
- (4) During the nine months ended January 31, 2024, the Company purchased an oven from The Parlour, a company owned by the CEO.
- (5) During the nine months ended January 31, 2024, the Company is to be reimbursed for a purchase made by the Company on the behalf of Bodega on Main, a company owned by the CEO.

11. SEGMENTED INFORMATION

The Company has three operating segments: AI-powered mobile application, co-packing and manufacturing operations and commissary kitchen operations in Canada. All of the Company's assets are located in Canada. All of the Company's revenue is related to the commissary kitchen and co-packing operating segments.

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12. CAPITAL MANAGEMENT

As at January 31, 2024, the capital structure of the Company consists of \$3,950,615 (April 30, 2023 – \$2,362,022) in shareholders' equity and debt.

The Company's objectives when managing capital are to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash and cash equivalents in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the nine months ended January 31, 2024.

13. FINANCIAL INSTRUMENTS AND RISKS

The fair values of cash, investments, trade and other receivables, loans receivable, accounts payable and accrued liabilities and contract liabilities approximate their carrying values due to the relatively short-term nature of these financial instruments. The fair value of lease liabilities is based on observable market data and the calculation of discounted cash flows. Discount rates were determined based on current terms and conditions observed in the credit market.

Financial instruments recorded at fair value are classified using a hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, and interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

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13. FINANCIAL INSTRUMENTS AND RISKS *(continued)*

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at January 31, 2024, the Company had a working capital of \$1,152,212 (April 30, 2023 - \$1,007,718).

Interest rate risk

The Company is not exposed to significant interest rate risk.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash and cash equivalents. To minimize the credit risk on cash and cash equivalents and investment the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.