

XTAO INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – prepared by management)

JUNE 30, 2025

(Expressed in US Dollars)

Reader's Note:

These unaudited condensed interim financial statements of XTAO Inc. have been prepared by management and have not been reviewed by the Company's auditor

XTAO INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – prepared by management)
(Expressed in US Dollars)

	Notes	As at June 30, 2025 \$	As at March 31, 2025 (audited) \$
ASSETS			
Current assets			
Restricted cash	4	6,265,459	999,854
Deferred financing costs	4	75,967	11,130
Total current assets		6,341,426	1,010,984
Non-current assets			
Digital assets	3	235,606	50,302
Digital assets - held in escrow	3, 4	7,264,128	2,199,659
Total non-current assets		7,499,734	2,249,961
TOTAL ASSETS		13,841,160	3,260,945
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	293,078	188,995
TOTAL LIABILITIES		293,078	188,995
EQUITY			
Share capital	4	1,000	1,000
Contributed surplus	4	4,000	4,000
Subscription receipts - shares to be issued	4	14,605,776	4,658,558
Deficit		(1,062,694)	(1,591,608)
TOTAL EQUITY		13,548,082	3,071,950
TOTAL LIABILITIES AND EQUITY		13,841,160	3,260,945
Nature of operations and going concern	1		
Subsequent events	8		

Approved and authorized for issue on August 28, 2025

On behalf of the Board:

"Karia Samaroo" CEO

XTAO INC.
CONDENSED INTERIM STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(Unaudited – prepared by management)
(Expressed in US Dollars, except for number of shares)

	Note	For the three months ended June 30, 2025 \$
REVENUE		
Staking rewards	3	168,341
OPERATING EXPENSES		
Marketing and investor communications		(381)
Office costs		(266)
Professional fees		(37,218)
TOTAL OPERATING EXPENSES		(37,865)
INCOME BEFORE OTHER ITEMS		130,476
Other items		
Exchange gain		5,554
Revaluation gain on digital assets	3	392,884
NET INCOME AND COMPREHENSIVE INCOME FOR THE PERIOD		528,914
Loss per common share		
Basic and fully diluted		0.53
Weighted average number of common shares outstanding		1,000,000

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

XTAO INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – prepared by management)
(Expressed in US Dollars, except for number of shares)

	Number of Shares	Share capital \$	Contributed surplus \$	Shares to be issued \$	Deficit \$	Total \$
Balance, March 31, 2025	1,000,000	1,000	4,000	4,658,558	(1,591,608)	3,071,950
Subscription receipts - shares to be issued (Note 4)	-	-	-	9,947,218	-	9,947,218
Net income for the period	-	-	-	-	528,914	528,914
Balance, June 30, 2025	1,000,000	1,000	4,000	14,605,776	(1,062,694)	13,548,082

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

XTAO INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(Unaudited – prepared by management)
(Expressed in US Dollars)

	Notes	For the three months ended June 30, 2025 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		528,914
Items not involving cash:		
Staking rewards	3	(168,341)
Revaluation gain on digital assets	3	(392,884)
Unrealized exchange gain		(5,563)
Changes in non-cash working capital items:		
Deferred financing costs	4	(64,837)
Accounts payable and accrued liabilities		102,435
Net cash used in operating activities		(276)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription receipts		5,258,672
Net cash provided by financing activities		5,258,672
Change for the period		5,258,396
Impact of foreign exchange		7,209
Restricted cash at the beginning of period	4	999,854
Restricted cash at the end of period	4	6,265,459

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

1. NATURE OF OPERATIONS AND GOING CONCERN

XTAO Inc. (the "Company" or "XTAO") was incorporated under the laws of the Cayman Islands on December 13, 2024. The Company's principal place of business is 4th Floor, Genesis Building, 13 Genesis Close, Grand Cayman, Cayman Islands and the registered office of the Company is at the offices of TTA Corporate Services Limited, PO Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands.

XTAO is a technology company committed to the continued development of the Bittensor network. The Company's core business is the operation of a validator on the Bittensor network. The Company's validator serves three purposes: (1) to evaluate the digital goods that are produced by miners within each subnetwork on Bittensor; (2) to act as a gateway to these digital goods by making them available through APIs; and (3) to secure the network. Operating a validator on the Bittensor network requires significant hardware resources and technical expertise because the validators are responsible for evaluating a wide range of digital goods from dozens of subnetworks, which is both computationally and operationally intensive. Examples of these digital goods are cloud compute resources, AI model development, scientific research, and distributed data.

XTAO will have three distinct revenue streams: (1) validator rewards from the network, which are determined by the amount of staked delegated to the validator and the validator's performance across subnets it chooses to validate on; (2) delegation fees, which may be charged by a validator to delegators; and (3) charging for access to products that are created by miners on the subnets they validate on, for example through an API. The operation of the validator generates revenue in TAO, the native token of Bittensor. The Company is evaluating various custody solutions, including institutional grade software that utilizes multi-party computation (MPC) technology and regulated third party custodians. There are no client assets or accounts relating to the Company.

By operating a reliable validator, the Company can enhance its influence in the ecosystem, further its AI-related initiatives, and potentially realize higher rewards through direct network participation. Management of the Company believes that Bittensor is emerging as a leading decentralized AI ecosystem and that its underlying technology, paired with strong incentives for AI development, is poised for substantial future growth. By focusing on securing the network through validator operations (including staking and delegation), the Company differentiates itself as a key participant on the Bittensor network.

On July 10, 2025, the Company and a public company Adrianna Ventures Ltd. ("Adrianna Ventures"), completed a business combination (the "Merger") effected pursuant to the terms of an agreement and plan of merger between Adrianna and XTAO dated May 1, 2025 (the "Merger Agreement") to facilitate a listing on the TSX Venture Exchange (the "TSXV") by the surviving entity to the merger (the "Resulting Issuer"). Pursuant to the terms of the Merger Agreement, Adrianna and XTAO completed a statutory merger pursuant to the laws of the Cayman Islands under the Companies Act (2025 Revision). The Resulting Issuer maintained the name XTAO Inc. The common shares of the post-Merger company (the "Resulting Issuer Shares") commenced trading on the TSXV under the symbol "XTAO.U" on July 22, 2025, following the issuance of the final bulletin of the TSXV in respect of the Merger. Pursuant to the merger, (i) all Adrianna shareholders who would have held twenty-five or fewer Resulting Issuer Shares immediately subsequent to the merger had their Adrianna shares redeemed by the Resulting Issuer at an equivalent price of \$1 per Resulting Issuer Share; and (ii) all remaining Adrianna shares outstanding as of closing of the Merger were exchanged for an aggregate of 540,000 Resulting Issuer Shares (Note 8).

These condensed interim financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations for the foreseeable future and meet its obligations as they come due. As at June 30, 2025, the majority of the Company's assets are restricted, primarily due to escrow arrangements related to subscription receipts. Excluding these restricted assets, the Company has a working capital deficit as at June 30, 2025. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. As at June 30, 2025, management was actively pursuing the completion of the Merger with Adrianna Ventures

and other financing opportunities to address liquidity needs. The condensed interim financial statements do not include adjustments to the carrying amounts of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to the preparation of interim financial statements as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). These condensed interim financial statements should be read in conjunction with the audited financial statements for the period from incorporation on December 13, 2024 to March 31, 2025, which were prepared in accordance with IFRS. The accounting policies adopted are consistent with those of the previous financial period.

Basis of measurement

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

These condensed interim financial statements are presented in US dollars, unless otherwise noted, which is also the Company's functional currency.

Significant accounting judgments and estimates

The preparation of the condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the audited financial statements for the period ended March 31, 2025.

3. DIGITAL ASSETS AND DIGITAL ASSETS HELD IN ESCROW

Digital assets consist of TAO and USDC, and are recorded at the acquisition price for purchases or fair value from the exchange for transfers or staking rewards, and are revalued at their current market value at each reporting date. Fair value is determined based on the closing price of TAO and USDC on the date of the valuation using the UTC time zone, listed on CoinGecko. The Company believes any price difference amongst the principal market and an aggregated price to be immaterial.

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The following table shows a summary of digital assets balances, their costs and fair values as at June 30, 2025, and March 31, 2025:

	Number of digital assets	Cost \$	Fair Value \$
TAO	10,032	3,723,795	2,244,961
USDC	5,000	5,000	5,000
Balance, March 31, 2025	15,032	3,728,795	2,249,961
Digital assets	5,202	70,237	50,302
Digital assets - held in escrow	9,830	3,658,558	2,199,659
Balance, March 31, 2025	15,032	3,728,795	2,249,961
TAO	21,923	8,425,816	7,339,749
USDC	160,003	160,003	159,985
Balance, June 30, 2025	181,926	8,585,819	7,499,734
Digital assets	160,692	238,715	235,606
Digital assets - held in escrow	21,234	8,347,104	7,264,128
Balance, June 30, 2025	181,926	8,585,819	7,499,734

Below is a continuity of digital assets for the three months ended June 30, 2025:

	USDC number	USDC \$	TAO number	TAO \$	Total \$
Digital assets	5,000	5,000	202	45,302	50,302
Digital assets - held in escrow	-	-	9,830	2,199,659	2,199,659
Balance, March 31, 2025	5,000	5,000	10,032	2,244,961	2,249,961
Digital assets received for subscription receipts - held in escrow	155,000	155,000	11,404	4,533,548	4,688,548
Staking rewards	-	-	486	168,341	168,341
Revaluation of digital assets	-	(15)	-	392,899	392,884
Balance, June 30, 2025	160,000	159,985	21,922	7,339,749	7,499,734
Digital assets	5,000	5,000	688	230,606	235,606
Digital assets - held in escrow	155,000	154,985	21,234	7,109,143	7,264,128
Balance, June 30, 2025	160,000	159,985	21,922	7,339,749	7,499,734

As at June 30, 2025, TAO 21,234 and USDC 155,000 were held in escrow, which is equivalent to \$7,264,128 after revaluation.

Management considers the fair value of digital assets to be Level 2 under IFRS 13 fair value hierarchy as the fair values are based on the closing price of TAO and USDC at on the date of the valuation using the UTC time zone, listed on CoinGecko. There has been no change in the valuation techniques during the period.

4. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of 50,000,000 shares with the par value of the 50,000,000 shares being \$0.001 per share.

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(b) Issued and Outstanding – 1,000,000 as at June 30, 2025 (March 31, 2025 – 1,000,000).

The Company did not have any share transactions during the three months ended June 30, 2025.

Subsequent to June 30, 2025, the Company completed the Merger of XTAO with Adrianna Ventures, closed and announced private placements, commenced trading, issued common shares, granted stock options, and issued finders' warrants (Note 8).

Subscription receipts

As at June 30, 2025, the Company received TAO, USDC and cash for 2,921,155 (March 31, 2025 – 931,712) non-brokered subscription receipts at a price equivalent to \$5.00 per subscription receipt, convertible into 1 common share (5 Resulting Issuer Shares), for gross proceeds of \$14,605,776 (March 31, 2025 – \$4,658,558), including \$8,758,672 in cash and \$5,847,104 in digital assets (March 31, 2025 – \$3,500,000 and \$1,158,558 respectively). The amounts have been recognized as subscription receipts - shares to be issued. The Company incurred \$75,967 in professional fees and finders fees related to subscription receipts (March 31, 2025 – \$11,130). These costs are presented as deferred financing costs on the Company's condensed interim statement of financial position, and are expected to reduce equity upon issuance of common shares. As at June 30, 2025, the subscription receipts (restricted cash, TAO and USDC) were held in escrow pending the satisfaction or waiver of the following conditions (the "Escrow Release Conditions") on or before October 31, 2025: (a) receipt of final approval from the TSXV for the listing of the Resulting Issuer on the TSXV; and (b) written confirmation from both parties that all conditions of the proposed transaction, as outlined in the Business Combination Agreement with Adrianna Ventures (Note 1), have been satisfied or waived (other than the release of the escrowed proceeds). Subsequent to June 30, 2025, the Escrow Release Conditions were satisfied (Note 8).

Subsequent to June 30, 2025, the Company completed the Private Placement for aggregate gross proceeds of \$22,779,225, through the issuance of 4,555,845 subscription receipts, at a price of \$5.00 for each subscription receipt, which were converted on a 1 for 5 basis for an aggregate of 22,779,225 Resulting Issuer Shares (Note 8).

5. FAIR VALUE OF FINANCIAL INSTRUMENTS AND DIGITAL ASSETS

Classification of financial instruments

Financial assets included in the condensed interim statements of financial position are as follows:

	As at June 30, 2025	As at March 31, 2025
	\$	\$
Financial asset at amortized cost:		
Restricted cash	6,265,459	999,854
Deferred financing costs	75,967	11,130
Total	6,341,426	1,010,984

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Financial liabilities included in the condensed interim statements of financial position are as follows:

	As at June 30, 2025	As at March 31, 2025
	\$	\$
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	293,078	188,995
Total	293,078	188,995

Fair value of financial instruments and digital assets

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

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

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not observable for the asset or liability.

The following table sets forth the Company's assets measured at fair value by level within the fair value hierarchy as at June 30, 2025, and March 31, 2025:

	Fair value hierarchy	As at June 30, 2025	As at March 31, 2025
		\$	\$
Assets:			
Digital assets	Level 2	235,606	50,302
Digital assets - held in escrow	Level 2	7,264,128	2,199,659
Total		7,499,734	2,249,961

Management considers the fair value of digital assets to be Level 2 under IFRS 13 fair value hierarchy. Management determined fair value of digital assets by reference to the daily closing price of TAO and USDC listed on CoinGecko an independent third-party that makes prices publicly available, for each relevant digital asset.

The carrying values of the Company's restricted cash, deferred transaction costs, accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments.

Management of financial risks

The Company has exposure to the following risks from its financial instruments: credit risk, liquidity risk and market risk. Management monitors risk management activities and reviews the adequacy of such activities.

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's maximum exposure to credit risk is limited to the carrying values of restricted cash shown on its condensed interim statement of financial position, which totaled \$6,265,459 at June 30, 2025 (March 31, 2025 – \$999,854). The restricted cash is held with high credit quality financial institutions, management considers the risk of loss on these financial instruments to be minimal.

Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Management endeavors to maintain cash in excess of financial liabilities, to enable payment of financial liabilities as they come due. As June 30, 2025, the Company had restricted cash of \$6,265,459 (March 31, 2025 – \$999,854), to settle accounts payable and accrued liabilities of \$293,078 (March 31, 2025 – \$188,995) which are short-term in nature and subject to normal trade terms.

Market risk:

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk consists of foreign currency risk and interest rate risk.

- *Foreign currency risk:*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Company maintains its restricted cash in Canadian dollars and US dollars. As at June 30, 2025 restricted cash held in banks was mainly denominated in US dollars.

As at June 30, 2025 the Company had certain monetary items denominated in Canadian dollars. Based on these net exposures, the impact of a 10% variance in the exchange rate of the Canadian dollar on the Company's earnings would be approximately \$9,640 (March 31, 2025 – \$9,010).

- *Interest risk:*

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's exposure to interest rate risk is limited and only relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash accounts.

- *Price risk:*

Digital assets are measured based on their fair values, determined based on the price from CoinGecko.

Digital assets prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is affected by the current and future market price of digital assets; in addition, the Company may not be able to sell its digital assets at its desired price if required.

A decline in the market prices for digital assets could negatively impact the Company's future operations. The Company from time to time converts its digital assets but has not entered into any hedge transactions. Digital assets have a limited history, and the fair value historically has been very volatile. Historical performances of digital assets are not indicative of their future price performance. The Company's digital assets consist primarily of TAO and USDC. The impact of a 10% variance in the price of these digital assets on the Company's earnings or other comprehensive income, based on their closing prices at June 30, 2025 would be approximately \$749,973 (March 31, 2025 – \$224,996).

6. RELATED PARTY TRANSACTIONS

Related parties are persons or entities that have control, joint control, or significant influence over the Company, or who are members of key management personnel of the Company.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of its CEO.

During the three months ended June 30, 2025, the Company did not have any transactions with the related parties, other than expenses paid by the CEO on behalf of the Company.

The balance due to the Company's related parties included in accounts payables and accrued liabilities was \$44,815 as at June 30, 2025 (March 31, 2025 – \$21,659), payable for reimbursement of expenses. These amounts are unsecured, non-interest bearing and payable on demand.

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity, which totaled \$13,548,082 as at June 30, 2025 (March 31, 2025 – \$3,071,950). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term.

The Company manages the capital structure and adjusts 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, issue debt, acquire or dispose of assets. Management believes the Company's working capital is presently sufficient for the Company to meet its near-term objectives.

The Company is not subject to any externally imposed capital requirements.

8. SUBSEQUENT EVENTS

On July 10, 2025, the Merger of XTAO with Adrianna Ventures was completed. The Resulting Issuer, which has maintained the name XTAO Inc., has been conditionally approved for listing on Tier 2 of the TSXV as a technology issuer, subject to the satisfaction of customary conditions. Additional information regarding the Merger can be found in the filing statement of Adrianna Ventures dated June 27, 2025 (the "Filing Statement"). A copy of the Filing Statement is available under the Resulting Issuer's issuer profile on SEDAR+ at www.sedarplus.ca.

In connection with the completion of the Merger, the Company completed the Private Placement for aggregate gross proceeds of \$22,779,225, through the issuance of 4,555,845 subscription receipts, at a price of \$5.00 for each subscription receipt. As at June 30, 2025, the gross proceeds of \$14,605,776 (March 31, 2025 - \$4,658,558) were received for the subscription receipts in cash and digital assets and are recorded as subscription receipts - shares to be issued on the Company's condensed interim statement of financial position. Share issuance costs incurred subsequent June 30, 2025, comprising cash finders' fees and professional fees, totaled \$893,839, of which \$500,000 was paid to a company controlled by the CEO. On completion of the Merger the securities underlying the subscription receipts converted on a 1 for 5 basis for an aggregate of 22,779,225 Resulting Issuer Shares. The Resulting Issuer Shares issued in connection with the Private Placement are not subject to any restrictions on transfer.

Following closing of the Private Placement and the Merger, the Resulting Issuer had 28,319,225 common shares issued and outstanding, comprised of:

- (i) 22,779,225 common shares issued in connection with the Financing;
- (ii) 5,000,000 common shares issued to XTAO founders, which shares are subject to a three-year lock-up, with 10% being releasable on the three-year anniversary date of listing on the TSXV, and an additional 10% releasable every three (3) months thereafter (the "Lockup"), and subject to rights of refusal and ongoing liquidity restrictions; and
- (iii) 540,000 common shares issued to former shareholders of Adrianna Ventures, which are also subject to the Lockup.

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On July 21, 2025, the Resulting Issuer received final approval to list its common shares on TSXV. The common shares, listed under the stock symbol XTAO.U, commenced trading at the market open on July 22, 2025.

On July 21, 2025, the Resulting Issuer granted 1,870,000 stock options to its management and consultants with the exercise price of \$1.00 per common share, which includes 540,000 stock options expiring on July 21, 2030 and 1,330,000 stock options expiring on July 21, 2035.

On July 22, 2025, the Resulting Issuer closed a separate non-brokered private placement of 200,000 common shares at \$1.00 per common share. The common shares from the private placement will be subject to a four-month plus one-day hold period. No finder's fees are payable in connection with the common share private placement, and the proceeds will be used to acquire TAO.

On July 24, 2025, in connection with the Private Placement discussed above, the Resulting Issuer issued 32,970 additional Resulting Issuer Shares for aggregate gross proceeds of \$32,970 at a price of \$1.00 per common share.