

XTAO INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited – prepared by management)

SEPTEMBER 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 September 30, 2025 \$	As at March 31, 2025 (audited) \$
ASSETS			
Current assets			
Cash and cash equivalents		4,132,218	-
Restricted cash	5	-	999,854
Deferred financing costs	5	-	11,130
Prepayments		20,804	-
Total current assets		4,153,022	1,010,984
Non-current assets			
Digital assets	4	13,190,592	50,302
Digital assets - held in escrow	4, 5	-	2,199,659
Total non-current assets		13,190,592	2,249,961
TOTAL ASSETS		17,343,614	3,260,945
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	94,673	188,995
TOTAL LIABILITIES		94,673	188,995
EQUITY			
Share capital	5	28,552	1,000
Contributed surplus	5	21,225,028	4,000
Subscription receipts - shares to be issued	5	-	4,658,558
Reserve	5, 7	1,466,772	-
Deficit		(5,471,411)	(1,591,608)
TOTAL EQUITY		17,248,941	3,071,950
TOTAL LIABILITIES AND EQUITY		17,343,614	3,260,945

Nature of operations and going concern 1
Subsequent event 9

Approved and authorized for issue on November 25, 2025

On behalf of the Board:

"Karia Samaroo" CEO

"Victor Teixeira" CFO

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

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

	Notes	For the three months ended September 30, 2025 \$	For the six months ended September 30, 2025 \$
REVENUE			
Staking rewards	4	248,995	417,336
OPERATING EXPENSES			
Digital asset storage		(3,714)	(3,714)
Filing fees		(86,294)	(86,294)
Marketing and investor communications		(42,763)	(43,144)
Office costs		(3,847)	(4,113)
Professional fees	7	(185,492)	(222,710)
Share-based compensation	5, 7	(71,986)	(71,986)
Travel		(7,619)	(7,619)
TOTAL OPERATING EXPENSES		(401,715)	(439,580)
LOSS BEFORE OTHER ITEMS		(152,720)	(22,244)
Other items			
Other income		18,960	18,960
Exchange (loss) gain		(2,898)	2,656
Revaluation loss on digital assets	4	(3,514,609)	(3,121,725)
Listing expenses	3	(757,450)	(757,450)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(4,408,717)	(3,879,803)
Loss per common share			
Basic and fully diluted		(0.17)	(0.29)
Weighted average number of common shares outstanding		25,756,923	13,378,461

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)

	Notes	Number of Shares	Share capital \$	Contributed surplus \$	Shares to be issued \$	Reserve \$	Deficit \$	Total \$
Balance, March 31, 2025		1,000,000	1,000	4,000	4,658,558	-	(1,591,608)	3,071,950
Founder shares exchanged on 5:1 basis for Resulting Issuer Shares	3	4,000,000	4,000	(4,000)	-	-	-	-
Subscription receipts private placement	5 (b)	-	-	22,779,225	(4,658,558)	-	-	18,120,667
Share issuance costs	5, 7	-	-	(2,303,615)	-	1,394,786	-	(908,829)
Subscription receipts exchanged on 5:1 basis for Resulting Issuer Shares	5 (b)	22,779,225	22,779	(22,779)	-	-	-	-
Additional private placements	5 (b)	232,970	233	232,737	-	-	-	232,970
Resulting Issuer Shares issued to former shareholders of Adrianna Ventures	3	540,000	540	539,460	-	-	-	540,000
Share-based compensation	5, 7	-	-	-	-	71,986	-	71,986
Net loss for the period		-	-	-	-	-	(3,879,803)	(3,879,803)
Balance, September 30, 2025		28,552,195	28,552	21,225,028	-	1,466,772	(5,471,411)	17,248,941

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 six months ended September 30, 2025
		\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period		(3,879,803)
Items not involving cash:		
Listing expenses	3	757,450
Share-based compensation	5, 7	71,986
Staking rewards	4	(417,336)
Revaluation gain on digital assets	4	3,121,725
Unrealized exchange gain		(3,151)
Changes in non-cash working capital items:		
Deferred financing costs		11,130
Prepayments		(20,804)
Accounts payable and accrued liabilities		(91,130)
Net cash and cash equivalents used in operating activities		(449,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of digital assets	4	(6,500,000)
Adrianna Ventures liabilities acquired	3	(217,554)
Adrianna Ventures cash acquired	3	104
Adrianna Ventures share redemption	3	(1,898)
Net cash and cash equivalents used in investing activities		(6,719,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placements	5	11,202,936
Share issuance costs	5	(904,156)
Release of restricted cash upon listing	5	999,854
Net cash and cash equivalents provided by financing activities		11,298,634
Change for the period		4,129,353
Impact of foreign exchange		2,865
Cash and cash equivalents at the beginning of period		-
Cash and cash equivalents at the end of period		4,132,218
Cash		4,049,351
Cash equivalents		82,867
Total cash and cash equivalents at the end of period		4,132,218

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.

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 Ventures 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 Ventures 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 Ventures shareholders who would have held twenty-five or fewer Resulting Issuer Shares immediately subsequent to the merger had their Adrianna Ventures shares redeemed by the Resulting Issuer at an equivalent price of \$1.00 per Resulting Issuer Share; and (ii) all remaining Adrianna Ventures shares outstanding as of closing of the Merger were exchanged for an aggregate of 540,000 Resulting Issuer Shares (Note 3). The Resulting Issuer Shares are listed on TSXV, OTCQB and Frankfurt stock exchanges under the stock symbols of XTAO.U, XTAIF, and LM8.F respectively.

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.

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. While the Company has been successful in securing financing, there is no assurance that it will be able to do so in the future or on terms that are favourable to the Company. The Company has an accumulated deficit of \$5,471,411 as at September 30, 2025 (March 31, 2025 – \$1,591,608) and

recognized a net loss and comprehensive loss of \$3,879,803 for the six months ended September 30, 2025. During the six months ended September 30, 2025, the Company's cash used in operating activities was \$449,933. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. 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. THE MERGER

On July 10, 2025, the Merger of XTAO with Adrianna Ventures was completed (Note 1).

On completion of the Merger:

- (i) 540,000 Resulting Issuer Share valued at \$1.00 per common share were issued to the former shareholders of Adrianna Ventures in exchange of all the outstanding Adrianna Ventures' Shares,
- (ii) the redemption and cancellation of Adrianna Ventures' Shares held by Adrianna Ventures' members which would otherwise be entitled to receive twenty-five (25) or fewer Resulting Issuer Shares were redeemed and cancelled at a redemption price of \$1.00 per Resulting Issuer Share for \$1,898 (the "Adrianna Ventures Share Redemption") was completed, and
- (iii) the founder shares of XTAO were converted on a 1 for 5 basis to an aggregate of 5,000,000 Resulting Issuer Shares.

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

The Merger is considered to be outside the scope of IFRS 3, Business Combination since Adrianna Ventures' activities are limited to management of its cash, and accordingly, Adrianna Ventures does not constitute a business. The Merger, due to share exchange between XTAO and Adrianna Ventures, falls under the scope of IFRS 2 *Share Based Payments*. XTAO Inc. is the acquiring company and its assets and liabilities, equity and historical operating results are included at their historical carrying values, and the net assets of Adrianna Ventures are recorded at fair value as at the date of the Merger. The difference between the consideration exchanged and the net identifiable assets received is recognized as listing expense in the statement of loss and comprehensive loss.

The acquisition of the net liabilities of Adrianna Ventures by XTAO Inc. and additional listing costs included in the statement of loss and comprehensive loss of the Company are summarized as follows:

	Listing expenses
	\$
Fair value of 540,000 Resulting Issuer Shares	540,000
Adrianna Ventures Share Redemption	1,898
Less fair value of net assets (liabilities) acquired:	
Cash	104
Liabilities	(215,656)
Net liabilities	(215,552)
Listing expenses	757,450

4. DIGITAL ASSETS AND DIGITAL ASSETS HELD IN ESCROW

Digital assets consist of TAO, USDC and USDT, 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, USDC and USDT, 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.

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

	Number of	Cost	Fair Value
	digital assets	\$	\$
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	42,051	17,337,215	12,736,420
USDC	404,309	404,309	404,162
USDT	50,010	50,010	50,010
Balance, September 30, 2025	496,370	17,791,534	13,190,592

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

Below is a continuity of digital assets for the six months ended September 30, 2025:

	USDC number	USDC \$	USDT number	USDT \$	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 common shares issued	200,000	200,000	-	-	-	-	200,000
Digital assets received for subscription receipts	2,205,000	2,205,000	50,000	50,000	11,914	4,695,701	6,950,701
Purchase of digital assets	-	-	-	-	14,493	6,500,000	6,500,000
Exchange of digital assets	(2,000,001)	(2,000,001)	-	-	4,428	2,000,001	-
Staking rewards	-	-	-	-	1,184	417,336	417,336
Reimbursement (expenses) in digital currencies	(5,690)	(5,691)	10	10	-	-	(5,681)
Revaluation of digital assets	-	(146)	-	-	-	(3,121,579)	(3,121,725)
Balance, September 30, 2025	404,309	404,162	50,010	50,010	42,051	12,736,420	13,190,592

During the six months ended September 30, 2025, the Escrow Release Conditions were satisfied (Note 5). As a result, all digital assets held in escrow were released from escrow and became available for use by the Company.

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, USDC and USDT 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.

5. SHARE CAPITAL

- (a) On July 10, 2025, the Company's authorized share capital was increased from 50,000,000 common shares with a par value of \$0.001 per share to 999,999,999,999 common shares with a par value of \$0.001 per share.
- (b) Issued and Outstanding – 28,552,195 as at September 30, 2025 (March 31, 2025 – 1,000,000).

Private placements

On July 10, 2025, in connection with the completion of the Merger (Notes 1 and 3), the Company closed the subscription receipts private placement (the "Subscription receipts private placement") for aggregate gross proceeds of \$22,779,225 received in cash and digital assets, through the issuance of 4,555,845 subscription receipts, at a price of \$5.00 for each subscription receipt, \$4,658,558 of which were received in the period ended March 31, 2025 and were recognized as shares to be issued as at March 31, 2025. 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 Subscription receipts private placement are not subject to any restrictions on transfer. In connection with the Subscription receipts private placement, the Company incurred \$898,512 finders' fees and share issuance costs, of which \$500,000 was paid to a company controlled by the CEO, and issued 1,455,000 stock options with a fair value of \$1,394,786, which are exercisable to acquire one common share at \$1.00 (Note 5 (c)).

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

Following closing of the Subscription receipts private placement and the Merger, the Resulting Issuer had 28,319,225 common shares issued and outstanding, comprised of:

- (iv) 22,779,225 common shares issued in connection with the Financing;
- (v) 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
- (vi) 540,000 common shares issued to former shareholders of Adrianna Ventures, which are also subject to the Lockup.

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 this private placement will be subject to a four-month plus one-day hold period. No finder's fees were payable in connection with this private placement.

On July 24, 2025, in connection with the Subscription receipts 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.

Escrow Release Conditions

Prior to the Resulting Issuer's Listing on TSXV, the subscription receipts (restricted cash, digital assets – held in escrow) 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 (Notes 1 and 3), have been satisfied or waived (other than the release of the escrowed proceeds).

During the six months ended September 30, 2025, the Escrow Release Conditions were satisfied. As a result, all restricted cash and all digital assets held in escrow were released from escrow and became available for use by the Company. The release of the restricted cash and digital assets held in escrow did not represent additional proceeds received from investors but rather the lifting of restrictions on existing funds and assets that were held in trust pending the Company's listing.

(c) Stock options

The Board of Directors of the Company may from time to time, at its discretion, and in accordance with TSXV requirements and its 2025 Stock and Incentive Plan, grant to Directors, Officers, and consultants of the Company, non-transferable options to purchase common shares exercisable for a period of up to 10 years from the date of grant, provided that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares.

On July 1, 2025, in connection with the Subscription receipts private placement, the Company granted stock options to certain consultants of the Company to acquire 40,000 common shares of the Company at \$5 per common share (recalculated to 200,000 common shares of the Company at \$1 per common share after shares exchange on 5:1 basis), with no vesting conditions, for a period of five years expiring July 1, 2030. Fair value of the options was \$168,041, recognized as part of share issuance costs.

On July 21, 2025, the Company granted incentive stock options to a consultant of the Company and a company controlled by the CEO to acquire 1,255,000 common shares of the Company at \$1 per common share, vesting immediately, for a period of ten years expiring July 21, 2035. Fair value of the options was \$1,226,745, recognized as part of share issuance costs (\$977,486 of which was with related parties).

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

On July 21, 2025, the Company granted incentive stock options to:

- the CFO and certain Directors of the Company to acquire 330,000 common shares of the Company at \$1 per common share, vesting during four years with a 1-year cliff (25% vest after 12 months, then monthly thereafter), for a period of ten years expiring July 21, 2035. Total fair value of the options was \$322,570 (all with related parties). During the six months ended September 30, 2025, the Company recognized a share-based compensation expense of \$37,441 for these stock options.
- a consultant of the Company to acquire 50,000 common shares of the Company at \$1 per common share, vesting during four years with a 1-year cliff (25% vest after 12 months, then monthly thereafter), for a period of five years expiring July 21, 2030. Total fair value of the options was \$42,331. During the six months ended September 30, 2025, the Company recognized a share-based compensation expense of \$4,913 for these stock options.
- certain consultants of the Company to acquire 35,000 common shares of the Company at \$1 per common share, vesting immediately, for a period of five years expiring July 21, 2030. Fair value of the options was \$29,632, recognized as a share-based compensation expense.

The fair values of the stock options were determined using Black-Scholes option pricing model. The following assumptions were used in the valuation of stock options granted during the six months ended September 30, 2025:

Grant date	July 1, 2025*	July 21, 2025	July 21, 2025
Share price at grant date	\$1.00	\$1.00	\$1.00
Exercise price	\$1.00	\$1.00	\$1.00
Expected annual volatility	122%	124%	140%
Expected life	5 years	5 years	10 years
Expected dividends	Nil	Nil	Nil
Expected forfeiture rate	Nil	Nil	Nil
Risk-free interest rate	3.06%	3.06%	3.51%

* Share prices recalculated taking into account shares exchange on 5:1 basis

6. 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 September 30, 2025	As at March 31, 2025
	\$	\$
Financial asset at amortized cost:		
Cash and cash equivalents	4,132,218	-
Restricted cash	-	999,854
Deferred financing costs	-	11,130
Total	4,132,218	1,010,984

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
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Financial liabilities included in the condensed interim statements of financial position are as follows:

	As at September 30, 2025	As at March 31, 2025
	\$	\$
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	94,673	188,995
Total	94,673	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 September 30, 2025, and March 31, 2025:

	Fair value hierarchy	As at September 30, 2025	As at March 31, 2025
		\$	\$
Assets:			
Digital assets	Level 2	13,190,592	50,302
Digital assets - held in escrow	Level 2	-	2,199,659
Total		13,190,592	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, USDC and USDT listed on CoinGecko an independent third-party that makes prices publicly available, for each relevant digital asset.

The carrying values of the Company's cash and cash equivalents, 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 cash and cash equivalents shown on its condensed interim statement of financial position, which totaled \$4,132,218 at September 30, 2025 (March 31, 2025 – \$Nil), restricted cash – \$Nil (March 31, 2025 – \$999,854). The cash and cash equivalents are 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 at September 30, 2025, the Company had cash and cash equivalents of \$4,132,218 (March 31, 2025 – \$Nil), restricted cash – \$Nil (March 31, 2025 – \$999,854), to settle accounts payable and accrued liabilities of \$94,673 (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 cash and cash equivalents in Canadian dollars and US dollars. As at September 30, 2025 cash and cash equivalents held in banks were mainly denominated in US dollars.

As at September 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 \$11,905 (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 global political and economic conditions. The profitability of the Company is affected by the current and future market prices 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 September 30, 2025 would be approximately \$1,319,059 (March 31, 2025 – \$224,996).

7. 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

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

management personnel consist of executive and non-executive members of the Company's Board of Directors and Corporate Officers.

These amounts of key management compensation are included in the amounts shown in the statement of loss and comprehensive loss and the statement of financial position:

	For the three months ended September 30, 2025	For the six months ended September 30, 2025
		\$
Professional fees	65,000	65,000
Share-based compensation	37,441	37,441
Share issuance costs	1,477,486	1,477,486
Total	1,579,927	1,579,927

Key management personnel compensation included share-based compensation related to the fair value of the stock options granted and share issuance costs comprising of financing bonus and fair value of the stock options granted in connection to the Subscription receipts private placement (Note 5).

The balance due to the Company's related parties included in accounts payables and accrued liabilities was \$38,390 as at September 30, 2025 (March 31, 2025 – \$21,659), payable for services and reimbursement of expenses. These amounts are unsecured, non-interest bearing and payable on demand.

8. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity, which totaled \$17,248,941 as at September 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.

9. SUBSEQUENT EVENT

Subsequent to the six months ended September 30, 2025, the Company closed a strategic investment by a single purchaser on a non-brokered private placement basis consisting of the sale of 9,479,090 pre-funded warrants (the "Pre-Funded Warrants") at a price of \$0.77 per Pre-Funded Warrant (the "Offering Price") for aggregate gross proceeds equivalent to \$7,298,900 (the "Offering").

Each Pre-Funded Warrant will automatically convert, for no additional consideration, into one common share of the Company (each, a "Warrant Share") on a rolling and indefinite basis until all Warrant Shares reserved thereunder have been issued, provided that no Warrant Shares will be issued if such issuance would result in the holder beneficially owning more than 9.99% of the Company's issued and outstanding common shares (the "Beneficial Ownership Limitation").

XTAO INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – prepared by management)
SEPTEMBER 30, 2025
(Expressed in US Dollars)

Completion of the Offering is subject to customary closing conditions, including receipt of final approval from TSXV. All securities issued in connection with the Offering will be subject to a statutory hold period of four months and one day from the date of issuance in accordance with applicable securities laws. No finder's fees or commissions are payable in connection with the Offering.