

XALLES HOLDINGS INC.

A Nevada Corporation

2020 Pennsylvania Ave. NW, #527, Washington DC 20006

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SIC Code 7389

Quarterly Report

for the Three Months Ending March 31, 2023
(the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

1,370,529,387 as of May 12, 2023

1,207,751,609 as of December 31, 2022

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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Forward-looking Statements

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable laws, including the securities laws of the United States, we do not intend to update any of the forward-looking statements so as to conform these statements to actual results.

As used in this quarterly report, the terms "we", "us", "our", "the Company", and "Xalles" mean Xalles Holdings Inc., unless otherwise indicated.

All dollar amounts refer to US dollars unless otherwise indicated.

Item 1. Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Xalles Holdings Inc.
Stella Blu, Inc. from 2009 to 2015

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

The Company was incorporated as Stella Blu, Inc. in 2009 in the state of Nevada and renamed to Xalles Holdings Inc. on August 21, 2015.

EIN: 80-0524316

Xalles Holdings Inc. currently has a status of Active in the state of Nevada.

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

The following corporate structure was effective as of March 31, 2023:

The following active corporations are all 100% owned by Xalles Holdings Inc.

- Xalles Capital Inc.
- Xalles Financial Services Inc.
- Xalles Technology Inc.
- Global Savings Network Inc. (under Xalles Financial Services Inc.)
- Intel365, Inc. (under Xalles Technology Inc.)
- Gateway Innovations Limited (under Xalles Capital Inc.)
- AlgrowthHUB Inc. (under Xalles Technology Inc.)
- InnovationsHR, Inc. (under Xalles Financial Services Inc.)
- Capital Innovations Management, LLC (under Xalles Technology Inc.)
- Loyalty Superstore, Inc. (under Xalles Financial Services Inc.)

Notes:

- Co-Owners Rewards Inc. (IP was transferred to Global Savings Network)
- Business from VGR Technology Partners was transferred to Capital Innovations Management, LLC and VGR Technology Partners was spun off

The following corporate structure changes were made since March 31, 2023, and before May 12, 2023:

1. Xalles acquired Appy Perks, Inc. to become a wholly owed subsidiary of Xalles Financial Services Inc.
2. Xalles acquired Patient Healthcare Solutions, Inc. ("PHCS") to become a wholly owned subsidiary of Xalles Financial Services Inc.

3. Xalles acquired an ownership stake in Adaptive Analytics, Inc. ("Adaptive") and completed the first closing event of the transaction for Xalles Technology Inc. to own 25% of Adaptive. An additional future closing event within a few months will complete the transaction for Adaptive to become a wholly owned subsidiary of Xalles Technology.

The address(es) of the issuer's principal place of business:

2020 Pennsylvania Ave. NW., #527, Washington DC 20006

☒ *Check if principal executive office and principal place of business are the same address:*

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

Item 2. Security Information

Transfer Agent

Transfer Agent: VStock Transfer LLC
Telephone: 212-828-8436
Email: info@vstocktransfer.com
Address: 18 Lafayette Place, Woodmere, NY 11598

Publicly Quoted or Traded Securities:

Trading Symbol: XALL
Exact Title and class of securities: Xalles Holdings Common Shares
CUSIP: 98388D107
Par Value: \$0.0001
Total Authorized: 2,000,000,000 as of Apr 30, 2023
Total Outstanding: 1,370,529,387 as of Apr 30, 2023
Total number of shareholders of record: 152 as of Apr 30, 2023

Other classes of authorized or outstanding equity securities:

Exact title and class of the security: Preferred Shares, Series A
CUSIP: n/a
Par or stated value: \$0.001
Total shares authorized: 1,000,000 as of Apr 30, 2023
Total shares outstanding: 1,000,000 as of Apr 30, 2023
Total number of shareholders of record: 2 as of Apr 30, 2023

Exact title and class of the security: Preferred Shares, Series B
CUSIP: n/a
Par or stated value: \$0.001
Total shares authorized: 1,000,000 as of Apr 30, 2023
Total shares outstanding: 1,000,000 as of Apr 30, 2023
Total number of shareholders of record: 1 as of Apr 30, 2023

Exact title and class of the security: Preferred Shares, Series C
CUSIP: n/a
Par or stated value: \$0.001
Total shares authorized: 2,000,000 as of Apr 30, 2023
Total shares outstanding: 0 as of Apr 30, 2023
Total number of shareholders of record: 0 as of Apr 30, 2023

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

Each Common share has an equal right for dividends and voting rights. Since the Preferred Series A and Preferred Series B voting rights total 76%, and there are no outstanding Preferred Series C shares, then the outstanding common shares collectively comprise of a 24% voting block.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Preferred Series A shares have 51% voting rights only, no dividend rights, and no conversion or special liquidation or redemption rights.

Preferred Series B shares have 25% voting rights only, no dividend rights, and no conversion or special liquidation or redemption rights.

Preferred Series C shares have a shareholder conversion option in the ratio of 1 Preferred Series C share converting to 100 XALL Common shares. The voting rights of the Preferred Series C shares is the same as of the shares have already been converted to the common shares. There are no dividend rights, or other special rights until converted to common shares and then they will have the same rights and any other XALL Common Shares.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

Item 3. Issuance History

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Number of Shares outstanding as of January 1, 2021	<u>Opening Balance:</u> Common: 735,565,609 Preferred A: 1,000,000 Preferred B: 1,000,000 Preferred C: 0								
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed)	Reason for share issuance (e.g. for cash or debt conversion) OR Nature of Services Provided (if applicable)	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
January 1, 2021	New issuance	600,000	Common	\$0.005	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)
January 1, 2021	New issuance	200,000	Common	\$0.005	Yes	John Irwin	Cash Purchase	Restricted	4(a)(2)
January 6, 2021	New issuance	200,000	Common	\$0.005	Yes	John Irwin	Cash Purchase	Restricted	4(a)(2)
January 12, 2021	New issuance	600,000	Common	\$0.015	Yes	Lawrence Mohr	Cash Purchase	Restricted	4(a)(2)
January 15, 2021	New issuance	10,000,000	Common	\$0.0003	Yes	G.J.T. Holdings LLC (note 2)	Debt conversion shares transferred from reserve account	Unrestricted	3(a)10
January 15, 2021	New issuance	500,000	Common	\$0.01	Yes	Everett Doolittle	Cash Purchase	Restricted	4(a)(2)
January 15, 2021	New issuance	20,000,000	Common	\$0.01	Yes	Matt Grueder	Vigor Crypto Holdings acquisition	Restricted	4(a)(2)
January 27, 2021	New issuance	6,000,000	Common	\$0.035	No	Thomas Batchelor	Advisory services	Restricted	4(a)(2)
January 27, 2021	New issuance	14,000,000	Common	\$0.035	No	Venugopal Thiyyagura	VGR Technology	Restricted	4(a)(2)

							Partners acquisition		
January 28, 2021	New issuance	200,000	Common	\$0.015	Yes	Tillman Holloway	Cash Purchase	Restricted	4(a)(2)
February 8, 2021	New issuance	50,000,000	Common	\$0.0003	Yes	G.J.T. Holdings LLC (note 2)	Debt conversion shares transferred from reserve account	Unrestricted	3(a)10
February 8, 2021	New issuance	14,200,000	Common	\$0.02	Yes	Jaydeep Shah	Shares in lieu of interest for note plus collateral for note listed in debt securities	Restricted	4(a)(2)
February 10, 2021	New issuance	1,000,000	Common	\$0.015	Yes	David Fairbrother	Cash Purchase	Restricted	4(a)(2)
February 16, 2021	New issuance	1,000,000	Common	\$0.015	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
February 18, 2021	New issuance	100,000	Common	\$0.015	Yes	Lawrence Mohr	Cash Purchase	Restricted	4(a)(2)
February 23, 2021	New issuance	1,000,000	Common	\$0.02	Yes	Moses Swauncy	Cash Purchase	Restricted	4(a)(2)
March 1, 2021	New issuance	4,500,000	Common	\$0.02	Yes	Jaydeep Shah	Shares in lieu of interest for note listed in debt securities	Restricted	4(a)(2)
March 3, 2021	New issuance	2,000,000	Common	\$0.033	No	Michael Hogue	Argus Technology Partners acquisition	Restricted	4(a)(2)
March 19, 2021	New issuance	1,000,000	Common	\$0.015	Yes	LYCM Capital LLC (note 4)	Shares in lieu of interest for note listed in debt securities	Restricted	4(a)(2)
March 31, 2021	New issuance	750,000	Common	\$0.01	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
April 8, 2021	New issuance	2,000,000	Common	\$0.01	Yes	David Fairbrother	Cash Purchase	Restricted	4(a)(2)
April 8, 2021	New issuance	2,221,000	Common	\$0.01	Yes	David Fairbrother Trust (note 5)	Cash Purchase	Restricted	4(a)(2)
April 9, 2021	New issuance	2,000,000	Common	\$0.01	Yes	David Fairbrother Trust (note 5)	Cash Purchase	Restricted	4(a)(2)

April 13, 2021	New issuance	5,000,000	Common	\$0.01	Yes	David Fairbrother Trust (note 5)	Cash Purchase	Restricted	4(a)(2)
April 14, 2021	New issuance	2,000,000	Common	\$0.01	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
April 16, 2021	New issuance	1,250,000	Common	\$0.01	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
April 20, 2021	New issuance	1,000,000	Common	\$0.01	Yes	Marc Masciulli	Cash Purchase	Restricted	4(a)(2)
April 20, 2021	New issuance	1,000,000	Common	\$0.01	Yes	Main G Consulting, LLC (note 1)	Cash Purchase	Restricted	4(a)(2)
April 23, 2021	New issuance	2,000,000	Common	\$0.01	Yes	David Fairbrother	Cash Purchase	Restricted	4(a)(2)
May 8, 2021	New issuance	500,000	Common	\$0.0075	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
May 13, 2021	New issuance	450,000	Common	\$0.007	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)
May 26, 2021	New issuance	440,000	Common	\$0.005	Yes	David Fairbrother Trust (note 5)	Cash Purchase	Restricted	4(a)(2)
June 1, 2021	New issuance	18,500,000	Common	\$0.007	Yes	Venugopal Thiyyagura	VGR Technology Partners acquisition amendment	Restricted	4(a)(2)
June 1, 2021	New issuance	12,500,000	Common	\$0.004	Yes	Nalanda Investments Group LLC (note 6)	Cash Purchase	Restricted	4(a)(2)
June 8, 2021	New issuance	500,000	Common	\$0.0035	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)
June 17, 2021	New issuance	12,500,000	Common	\$0.01	No	Jaydeep Shah	Note compensation	Restricted	4(a)(2)
June 18, 2021	New issuance	10,000,000	Common	\$0.01	No	Nalanda Investments Group LLC (note 6)	Advisory Services	Restricted	4(a)(2)
June 18, 2021	New issuance	38,000,000	Common	\$0.0003	Yes	G.J.T. Holdings LLC (note 2)	Debt conversion shares transferred from reserve account	Unrestricted	3(a)10
June 18, 2021	New issuance	7,500,000	Common	\$0.01	No	Kevin Cross	Advisory Services	Restricted	4(a)(2)

June 18, 2021	New issuance	2,500,000	Common	\$0.01	No	Trevelyan Group LLC (note 7)	Advisory Services	Restricted	4(a)(2)
July 13, 2021	New issuance	6,000,000	Common	\$0.005	Yes	Venugopal Thiyyagura	VGR Technology Partners acquisition amendment	Restricted	4(a)(2)
July 14, 2021	New issuance	1,000,000	Common	\$0.005	Yes	Marc Masciulli	Cash Purchase	Restricted	4(a)(2)
August 17, 2021	New issuance	500,000	Common	\$0.002	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)
August 18, 2021	New issuance	10,000,000	Common	\$0.003	Yes	David Fairbrother	Cash Purchase	Restricted	4(a)(2)
August 23, 2021	New issuance	25,000,000	Common	\$0.004	Yes	Venugopal Thiyyagura	VGR Technology Partners acquisition amendment	Restricted	4(a)(2)
August 24, 2021	New issuance	23,625,000	Common	\$0.007	Yes	Nalanda Investments Group LLC (note 6)	Services Agreement	Restricted	4(a)(2)
August 30, 2021	New issuance	2,200,000	Common	\$0.003	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
September 4, 2021	New issuance	700,000	Common	\$0.003	Yes	Pamela Davis	Cash Purchase	Restricted	4(a)(2)
September 15, 2021	New issuance	350,000	Common	\$0.003	Yes	Timothy Kennedy	Cash Purchase	Restricted	4(a)(2)
September 24, 2021	New issuance	1,000,000	Common	\$0.003	Yes	William Newman	Cash Purchase	Restricted	4(a)(2)
September 27, 2021	New issuance	50,000,000	Common	\$0.001	Yes	Istvan Elek	Transferred from reserve account from previous cash purchase	Unrestricted	4(a)(2)
November 8, 2021	New issuance	25,000,000	Common	\$0.006	No	Jaydeep Shah	Note compensation	Restricted	4(a)(2)
November 15, 2021	New issuance	5,000,000	Common	\$0.006	No	Stanford Technologies 3, LLC (note 3)	Advisory Services	Restricted	4(a)(2)
November 17, 2021	New issuance	1,000,000	Common	\$0.002	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)

December 1, 2021	New issuance	1,100,000	Common	\$0.0014	Yes	Michael Schwartz	Cash Purchase	Restricted	4(a)(2)
December 10, 2021	New issuance	25,000,000	Common	\$0.002	Yes	Arshad Umer	Cash Purchase	Restricted	4(a)(2)
December 10, 2021	New issuance	10,000,000	Common	\$0.002	Yes	Nalanda Investments Group LLC (note 6)	Cash Purchase	Restricted	4(a)(2)
December 12, 2022	New issuance	35,000,000	Common	\$0.0033	No	Jaydeep Shah	Note compensation	Restricted	4(a)(2)
January 10, 2023	New issuance	117,777,778	Common	\$0.0009	Yes	Trillium Partners LP (Note 8)	Note conversion	Restricted	4(a)(2)
February 4, 2023	New issuance	5,000,000	Common	\$0.002	Yes	Grand Sky Holdings LLC (Note 9)	Cash Purchase	Restricted	4(a)(2)
February 5, 2023	New issuance	10,000,000	Common	\$0.003	Yes	Grand Sky Holdings LLC (Note 9)	Services compensation	Restricted	4(a)(2)
February 22, 2023	New issuance	30,000,000	Common	\$0.006	No	Pacific Capital Holdings, LLC (Note 10)	Services compensation	Restricted	4(a)(2)
Shares Outstanding as of March 31, 2023	<u>Ending Balance:</u> Common: 1,370,529.387 Preferred A: 1,000,000 Preferred B: 1,000,000 Preferred C: 0								

Notes:

1. Matt Grueder has voting and investment control over Main G. Consulting, LLC.
2. Gary Harris has voting and investment control over G.J.T. Holdings LLC.
3. Demetri Argyropoulos has voting and investment control over Stanford Technologies 3, LLC.
4. Richard Lee has voting and investment control over LYCM Capital, LLC
5. David Fairbrother has voting and investment control over David Fairbrother Trust.
6. Madhuri Gali has voting and investment control over Nalanda Investments Group LLC.
7. Robert Trevelyan has voting and investment control over Trevelyan Group LLC.
8. Stephen Hicks has voting and investment control over Trillium Partners, L.P.
9. Jason Mandel has voting and investment control over Grand Sky Holdings LLC.
10. Zachary Logan has voting and investment control over Pacific Capital Holdings, LLC

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder	Reason for Issuance (e.g. Loan, Services, etc.)
September 4, 2019	30,000	30,000	0 (note 1)	March 4, 2020	Note due in earlier of 6 months, or within 60 days of a qualification event of a registered security offering. If the note is not repaid before the due date then the principal is convertible to common shares at a 50% discount to the market price.	Continuation Capital, Inc. (note 2)	Loan
February 11, 2021	0	250,000	0	May 9, 2021	Note due in 90 days. 1,700,000 common restricted shares issued in lieu of interest in first 90 days. 10% interest will accrue starting on day 91. 12,500,000 shares common restricted shares issued as collateral for the loan.	Jaydeep Shah	Loan
February 24, 2021	0	250,000	0	May 25, 2021	Note due in 90 days. 4,500,000 common restricted shares issued in lieu of interest in first 90 days. 10% interest will accrue starting on day 91. 20,000,000 shares held in a reserve account as collateral for the loan.	Jaydeep Shah	Loan
March 11, 2021	60,000	60,000	0	June 9, 2021	Note due in 90 days. 1,000,000 common restricted shares issued in lieu of interest in first 90 days. 10% interest will accrue starting on day 91.	LYCM Capital, LLC (note 3)	Loan
June 11, 2021	500,000	500,000	0	March 31, 2022	Note due in 120 days. An additional 12,500,000 common restricted shares issued in lieu of interest. 7% monthly penalty upon default. 75,000,000 shares held in a reserve account as collateral for the loan. Note replaces February 11, 2021 and February 24, 2021 notes. Note amended to change due date to March 31, 2022 and	Jaydeep Shah	Loan

					issuance of 25,000,000 restricted shares.		
June 15, 2021	250,000	250,000	0	March 31, 2022	\$25,000 monthly fee until September 30, 2021 due date. 50,000,000 shares held in a reserve account as collateral for the loan. Note amended to change due date to March 31, 2022.	Jaydeep Shah	Loan
September 23, 2021	25,000	25,000	0	January 21, 2022	Convertible note accruing interest at a rate of 12% per annum. It is convertible after 120 days from the date of the agreement at a 50% discount to the lowest of the previous 30 days share price.	Stout, LLC (note 4)	Legal Services
October 5, 2021	85,671	110,000	0	October 5, 2022	Convertible note accruing interest at a rate of 12% per annum. It is convertible after 6 months from the date of the agreement.	Trillium Partners, L.P. (note 5)	Loan
October 19, 2022	24,000	24,000	0	October 19, 2023	Convertible note accruing interest at a rate of 12% per annum. It is convertible after 120 days from the date of the agreement at a 50% discount to the lowest of the previous 30 days share price.	Stout, LLC (note 4)	Legal Services
November 18, 2022	63,000	90,000	0	November 18, 2023	Note accruing interest at a rate of 12% per annum. Repayment in 10 monthly payments throughout 2023.	Janbella Group, LLC (note 6)	Loan

Notes:

1. On September 4, 2019, the Company issued a \$30,000 note which is unsecured, due on March 4, 2020 and provides convertibility to the noteholder of common shares at a 50% discount to the market price if the note is not repaid in full on or before the due date.
2. Charles Cleland has voting and investment control over Continuation Capital, Inc.
3. Richard Lee has voting and investment control over LYCM Capital, LLC
4. Matthew Stout has voting and investment control over Stout, LLC.
5. Stephen Hicks has voting and investment control over Trillium Partners, L.P.
6. William Alessi has voting and investment control over Janbella Group, LLC

Item 4. Issuer's Business, Products and Services

A. Summarize the issuer's business operations

Xalles is a Fintech holding company, that is acquiring and developing businesses in the areas of financial services technology ("Fintech"), supporting such areas as payments, financial compliance, foreign currency and cryptocurrency, and other solutions that help to optimize Fintech related processes.

The vision is to provide solutions and services to support government, business and consumer customers globally through the Xalles subsidiaries.

Xalles has created a financial, technological and resource backbone to support the subsidiary operating companies and external client projects. This backbone consists of a management team with Fintech experience and a proprietary system ("X2X") for financial reconciliation and auditing of business and government payment transactions. Xalles also has a license to a patented payment card security solution.

Xalles will continue to seek acquisitions within Fintech. Specific areas of interest are consumer, government and business solutions, including Blockchain-based financial reconciliation solutions and services. We will continue to look for transactions that will add value and create synergy with our existing service offerings. We will continue fundraising efforts in 2023 and develop target projects that will attract a larger number of investors. Xalles also plans to expand our strategic partnerships beyond our existing business development relationships.

The company has created 5 business groups within which to organize the operating business areas as follows:

Xalles Capital

- Gateway Innovations
- Xalles Studio

Xalles Financial Services

- X2X proprietary system for financial transaction reconciliation
- Other licensed payment technologies

Xalles Commerce

- Global Savings Network
- Loyalty Superstore
- Appy Perks

Xalles Technology

- Intel365
- AI Growth Hub
- Adaptive

Xalles Health

- InnovationsHR
- Capital Innovations Management
- Patient Healthcare Solutions

B. List any subsidiaries, parent company, or affiliated companies.

All subsidiaries are wholly owned active subsidiaries (unless stated otherwise) of Xalles as of May 12, 2023.

Subsidiary	Description	Officers	Directors
Xalles Capital Inc.	Management of assets and divestitures	Thomas Nash, President	Thomas Nash
Xalles Technology Inc.	Technical development of the X2X Blockchain systems	Thomas Nash, President	Thomas Nash
Xalles Financial Services Inc.	Management of payment and other financial services solutions	Thomas Nash, President	Thomas Nash
Global Savings Network Inc.	Affiliate Program and eCommerce Platform for enhancing financial lives	Terry Mowery, President Marc Dozier, VP	Thomas Nash
Gateway Innovations Limited	Management and ownership of the Ghana Cyber City project	Yaw Owusu, President	Yaw Owusu Thomas Nash
Intel365, Inc.	Corporate intelligence and background screening	Crispin Cruz, President	Crispin Cruz
AlgrowthHUB Inc.	AI-based customer acquisition solutions	Joshua Harris, President	Joshua Harris
InnovationsHR, Inc.	PEO for Healthcare	Dr. John McCormick, President	Dr. John McCormick
Capital Innovations Management, LLC	Staffing and management company	Dr. John McCormick, President	Dr. John McCormick
Loyalty Superstore, Inc.	Online shopping mall	Martin Berns, President	Martin Berns
Appy Perks, Inc.	Gamification of consumer shopping	David Avne, President	David Avne
Patient Healthcare Solutions, Inc.	Healthcare MSO	William Humphries, President	William Humphries
Adaptive Analytics, Inc.	AI and Data Governance platform	J.C. Goins, President	J.C. Goins

C. Describe the issuers' principal products or services.

Xalles offers a variety of technology-based services to the financial services market. Xalles is developing solutions to be applied to complex business and government financial transactions and payments. Our goal is to look for opportunities to optimize and improve the fintech ecosystem. These opportunities are in the domain of payment solutions, cryptocurrency trading strategies, financial transaction reconciliation, IT staffing, financial and data compliance solutions, corporate intelligence services, a technology accelerator program, commerce solutions, reward systems, and merchant discount programs. Xalles is planning to support the financial ecosystem of healthcare and supply chain markets.

The Global Fintech Market was valued at USD \$2,767 billion in 2016, \$7,302 billion in 2020 and is projected to grow at a CAGR of 26.87% to \$31,504 billion in 2026*.

Rising popularity for digital payments, increased investments in technology-based solutions, supportive government regulations, and increased adoption of IOT devices are expected to positively influence the Global Fintech Market in the coming years.

Rising innovations like mobile wallets, digitized money, paperless lending, etc., and adoption of e-commerce platforms across the economies, coupled with rising smartphone penetration have paved the way for increasing Fintech transactions.

Source*: The "Global FinTech Market, By Technology, By Service, By Application, By Region, Competition Forecast & Opportunities, 2026" report, offered by ResearchAndMarkets.com's.
<https://www.researchandmarkets.com/r/eyp3yz>

5) Issuer's Facilities

The company is currently seeking office space for the corporate operations. Currently the mailing address is 2020 Pennsylvania Ave. NW, #527, Washington DC 20006. The company does not own any office space, buildings, real estate or other physical facilities.

6) Officers, Directors, and Control Persons

Our bylaws allow the number of directors to be fixed by the Board of Directors. Our Board of Directors has fixed the current number of directors at two.

Our current officers, directors and control persons as of May 12, 2023 are as follows:

Name of Officer/Director and Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Thomas W. Nash	Director, President, Chief Executive Officer, Chief Financial Officer, Secretary, Treasurer, Xalles Holdings Inc.	Milton, ON	191,400,000	Common	13.97%	
			500,000	Preferred Series A	50.00%	
			1,000,000	Preferred Series B	100.00%	
Paul W. Erickson	Director, Xalles Holdings Inc.	Toronto, ON	7,200,000	Common	0.53%	
Mati Baumel	Owner of more than 5% of a share class	Atlanta, GA	100,000	Common	0.01%	
			500,000	Preferred Series A	50.00%	
Jaydeep Shah	Owner of more than 5% of a share class	Houston TX	91,200,000	Common	6.65%	

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Securities Counsel

Name: Matthew McMurdo, Esq.
Firm: McMurdo Law Group, LLC.
Address 1: 1185 Avenue of the Americas, 3rd Floor
Address 2: New York, New York 10036
Telephone: 917-318-2865
Email: matt@nannaronelaw.com

Securities Counsel

Name: P. Christopher Wegner
Firm: Wegner Law PLLC
Address 1: 3510 Kraft Road, Suite 200
Address 2: Naples, FL 34105
Telephone: 239-449-9200
Email: cwegner@wegnerlawfirm.com

All other means of Investor Communication:

Twitter: <https://twitter.com/xalles1>
LinkedIn: <https://www.linkedin.com/company/xalles-limited>

Other Service Providers

Provide the name of any other service provider(s) that that assisted, advised, prepared, or provided information with respect to this disclosure statement. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☐ IFRS
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual):

Name: Thomas Nash
Title: CEO/CFO
Relationship to Issuer: Director and Officer

Describe the qualifications of the person or persons who prepared the financial statements:

27 years of experience preparing financial statements for private and public companies. Intimate knowledge of the business in the roles of CEO and CFO. University graduate in engineering and management programs, including successful completion of multiple finance and accounting courses.

The following unaudited financial statements are filed under Appendices A through D, and the unaudited notes to the unaudited financial statements are filed under Appendix E, which are included as part of this Disclosure:

Unaudited Condensed Financial Statements contained herein:

Appendix A: Unaudited Balance Sheets as of March 31, 2023 and December 31, 2022

Appendix B: Unaudited Statements of Operations for the three months ended March 31, 2023 and March 31, 2022

Appendix C: Unaudited Statements of Stockholders' Equity/Deficit for the three months ended March 31, 2023 and twelve months ending December 31, 2022

Appendix D: Unaudited Statements of Cash Flows for the three months ended March 31, 2023 and March 31, 2022

Appendix E: Unaudited Notes to Unaudited Financial Statements

10) Issuer Certification

Principal Executive Officer:

I, Thomas W. Nash certify that:

1. I have reviewed this Disclosure Statement for Xalles Holdings Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: May 12, 2023

/s/Thomas W. Nash

Thomas W. Nash
CEO, Xalles Holdings Inc.

Principal Financial Officer:

I, Thomas W. Nash certify that:

1. I have reviewed this Disclosure Statement for Xalles Holdings Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: May 12, 2023

/s/Thomas W. Nash

Thomas W. Nash
CFO, Xalles Holdings Inc.

XALLES HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023
(Expressed in US dollars)
(Unaudited)

Appendix A: Consolidated Balance Sheets

Appendix B: Consolidated Statements of Operations

Appendix C: Consolidated Statement of Changes in Stockholders' Equity/Deficit

Appendix D: Consolidated Statements of Cash Flows

Appendix E: Notes to Consolidated Financial Statements

XALLES HOLDINGS INC.
APPENDIX A: CONSOLIDATED BALANCE SHEETS
(Expressed in US dollars)
(Unaudited)

	As of March 31, 2023	As of December 31, 2022
ASSETS		
Cash	\$ 252,248	\$ 231,903
Advances	0	0
Other Current assets	1,955,210	1,409,059
Total Current Assets	2,207,458	1,640,962
Investments	728,443	728,443
Licenses (Note 5)	483	500
Prepaid Expenses	17,100	17,100
Total Assets	\$ 2,953,484	2,387,005
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable (Notes 6 and 8)	\$ 71,686	\$ 30,813
Accrued liabilities (Note 6)	8,972	8,972
Notes payable	2,150,826	2,282,937
Total Current Liabilities	2,231,484	2,322,722
Stock-settled debt obligation (Note 6)	100,000	100,000
Loan payable	11,793	11,793
Due to related parties (Notes 7 and 8)	156,787	172,773
TOTAL LIABILITIES	\$ 2,500,064	2,607,288
STOCKHOLDERS' EQUITY/DEFICIT		
Capital Stock		
Preferred Stock, 5,000,000 shares authorized, par value \$0.001, Preferred Series A 1,000,000 shares designated, 1,000,000 shares issued and outstanding as of March 31, 2023 (Dec 31, 2022: 1,000,000)	1,000	1,000
Preferred Series B 1,000,000 shares designated, 1,000,000 shares issued and outstanding as of March 31, 2023 (Dec 31, 2022: 1,000,000)	1,000	1,000
Preferred Series C 2,000,000 shares designated, 0 shares issued and outstanding as of March 31, 2023 (Dec 31, 2022: 0)	0	0
Common stock, 2,000,000,000 shares authorized, par value \$0.0001, 1,370,529,387 shares issued and outstanding as of March 31, 2023 (Dec 31, 2022: 1,207,751,609)	137,053	120,775
Additional paid-in capital	118,308	108,308
Accumulated surplus/(deficit)	196,059	(451,366)
TOTAL STOCKHOLDERS' EQUITY/(DEFICIT)	453,420	(220,283)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,953,484	\$ 2,387,005
Subsequent events (Note 11)		

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

XALLES HOLDINGS INC.
APPENDIX B: CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in US dollars)
(Unaudited)

	Three months ended March 31, 2023	Three months ended March 31, 2022
REVENUE		
Sales	3,878,002	410,312
Interest earned	0	0
Total revenue	\$ 3,878,002	\$ 410,312
EXPENSES		
Amortization	17	17
General and administrative	513,201	12,975
Consulting/contractor fees	2,667,992	296,887
Professional fees	5,393	764
Sales Tax	0	0
Total operating expenses	3,186,603	310,643
Net Income/(Loss) before other expenses	691,399	99,669
Other Income (Expense)		
Other Income	0	2,200
Interest Expense	(43,974)	0
Net Income/(Loss)	\$ 647,425	\$ 101,869
BASIC AND DILUTED INCOME PER COMMON SHARE	\$ 0.00047	\$ 0.00009
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	1,370,529,387	1,172,751,609

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

XALLES HOLDINGS INC.
APPENDIX C: CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Expressed in US dollars)

	Preferred Stock		Common Stock				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Surplus/ (Deficit)	Total
Balance as of December 31, 2020	2,000,000	\$ 2,000	735,565,609	\$ 73,557	\$ 21,129	\$ (1,350,292)	\$ (1,253,606)
Acquisitions Open Equity & R/E							
Paid in Capital					87,554		87,554
Share Issuances/cancellations/conversions	–	–	437,186,000	43,719			43,719
Net income for the year ended 12/31/21	–	–	–	–	–	(180,786)	(180,786)
Balance as of December 31, 2021	2,000,000	\$ 2,000	1,172,751,609	\$ 117,275	\$ 108,683	\$ (1,531,078)	\$ (1,303,120)
Acquisitions Open Equity & R/E							
Paid in Capital					(375)		(375)
Share Issuances/cancellations/conversions	–	–	35,000,000	3,500			3,500
Net income for the year ended 12/31/22	–	–	–	–	–	1,079,712	1,079,712
Balance as of December 31, 2022	2,000,000	\$ 2,000	1,207,751,609	\$ 120,775	\$ 108,308	\$ (451,366)	\$ (220,283)
Acquisitions Open Equity & R/E							
Paid in Capital					10,000		10,000
Share Issuances/cancellations/conversions	–	–	162,777,778	16,278			16,278
Net income for the quarter ended 03/31/23	–	–	–	–	–	647,425	647,425
Balance as of March 31, 2023	2,000,000	\$ 2,000	1,370,529,387	\$ 137,052	\$ 118,308	\$ 196,059	\$ 453,420

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

XALLES HOLDINGS INC.
APPENDIX D: CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US dollars)

	Three Months ended March 31, 2023	Three Months ended March 31, 2022
OPERATING ACTIVITIES		
Net income/(loss)	\$ 647,425	\$ 101,869
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of license	17	17
Changes in operating assets and liabilities:		
Accounts payable and accrued liabilities	40,873	0
Accounts receivable and other current assets	(546,151)	(99,226)
NET CASH USED IN OPERATING ACTIVITIES	142,164	2,660
FINANCING ACTIVITIES		
Proceeds from related parties	(15,986)	(305)
Contributions from shareholders	26,278	(376)
Net Proceeds from notes payable	(132,111)	0
Investments	0	(2,200)
NET CASH PROVIDED BY FINANCING ACTIVITIES	(121,819)	(2,881)
NET CHANGE IN CASH	20,345	(221)
CASH, BEGINNING OF QUARTER	231,903	1,921
CASH, END OF QUARTER	\$ 252,248	\$ 1,700

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

XALLES HOLDINGS INC.
APPENDIX E: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023
(Expressed in US dollars)

NOTE 1 – GENERAL ORGANIZATION AND BUSINESS AND GOING CONCERN

Xalles Holdings Inc. ("the Company") was incorporated in the State of Nevada on December 14, 2009 under the name Stella Blu, Inc. On August 24, 2015, the Company changed its name to Xalles Holdings Inc.

On July 14, 2015, the Company entered into a Share Exchange Agreement (the "Agreement") with Xalles Limited ("Xalles"), a Delaware corporation (incorporated in October 2014), ArrowVista Corporation ("ArrowVista"), a Delaware corporation, Xalles Singapore Pte. Ltd. ("Xalles Singapore"), a Singapore corporation, and the shareholders of Xalles, ArrowVista, and Xalles Singapore. Pursuant to the Agreement, Xalles, ArrowVista, and Xalles Singapore will become wholly-owned subsidiaries of the Company in exchange for the issuance of certain shares. Xalles became a wholly-owned subsidiary by the issuance of 19,500,000 shares of common stock on July 16, 2015 (the "First Tranche"). Also, refer to Note 3. ArrowVista will become a wholly-owned subsidiary by the issuance of 4,500,000 shares of common stock on or before June 30, 2016. Xalles Singapore will become a wholly-owned subsidiary by the issuance of 2,250,000 shares of common stock on or before June 30, 2016. The consummation of the transactions set forth in the Agreement are subject to certain conditions, which have not yet been finalized under that agreement.

On July 1, 2015, prior to the closing of the First Tranche of the Agreement, ArrowVista transferred a note receivable and a license to Xalles in consideration of a note payable in the amount of \$97,211. The amount owed is unsecured, non-interest bearing, and due on demand.

On August 19, 2015, the Company effected a 3-for-1 forward stock split of its common stock. All common share and per common share amounts in these consolidated financial statements have been retroactively restated to reflect the stock split.

As of March 31, 2023, the Company had the following wholly owned active subsidiaries, namely, Xalles Capital Inc., Gateway Innovations Limited, Xalles Financial Services Inc., Global Savings Network Inc., Xalles Technology Inc., Intel365, Inc., AIGrowthHub Inc., InnovationsHR, Inc., Capital Innovations Management, LLC, and Loyalty Superstore, Inc.

The Company is engaged business development of payment and related financial services companies. The Company's principal operations include the acquisition of companies with unique technologies and services within the financial services technology industry ("Fintech"). The Company expects to generate revenues and related cash flows from the sale of products and services from its operating entities. The goal is to sell or spin out some of the operating companies when they are deemed ready.

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary debt or equity financing to continue operations, and the attainment of profitable operations. There is no guarantee that the Company will be successful in these efforts. As of March 31, 2023, the Company has a working capital surplus of \$453,420, and has an accumulated surplus of \$196,059 since inception. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These consolidated 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements present the balance sheets, statements of operations, stockholders' deficit and cash flows of the Company. These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States. The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 fiscal year end.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Xalles Limited. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The results of operations and cash flows for the periods shown are not necessarily indicative of the results to be expected for the full year. The Company regularly evaluates estimates and assumptions related to valuation of license, stock-based compensation, and deferred income tax asset valuation allowances.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

License

The Company acquired a license from a company controlled by our CEO on July 1, 2015 amounting to \$1,000. License has been capitalized in accordance with ASC 350-30 "Intangibles – Goodwill and Other – General Intangibles Other Than Goodwill." Amortization commenced on July 1, 2015 when the license was acquired and became ready for its intended use. Amortization is calculated on a straight-line basis over its estimated useful life of 15 years.

If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying value over the fair value of the asset.

Financial Instruments and Fair Value Measures

ASC 820, "*Fair Value Measurements and Disclosures*" requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist principally of cash, accounts payable and accrued liabilities, convertible debenture, stock-settled debt obligation, and amounts due to related parties. Pursuant to ASC 820, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial statements.

Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718 "Compensation – Stock Compensation" and ASC 505, "Equity Based Payments to Non-Employees", using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

Earnings/Loss per Share

The Company computes net loss per share in accordance with ASC 260, "Earnings per Share", which requires presentation of both basic and diluted earnings per share ("EPS") on the face of the statements of operations. Basic EPS is computed by dividing net loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Comprehensive Loss

ASC 220, "Comprehensive Income", establishes standards for the reporting and display of comprehensive loss and its components in the consolidated financial statements. As at March 31, 2023 and December 31, 2022, the Company had no items representing comprehensive income or loss.

Income Taxes

A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

When required, the Company records a liability for unrecognized tax positions, defined as the aggregate tax effect of differences between positions taken on tax returns and the benefits recognized in the financial statements. Tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. No tax benefits are recognized for positions that do not meet this threshold. The Company has no uncertain tax positions that require the Company to record a

liability. The Company's tax years ended December 31, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 remain subject to examination by Federal and state jurisdictions.

The Company recognizes penalties and interest associated with tax matters as part of the income tax provision and includes accrued interest and penalties with the related tax liability in the balance sheet. The Company had no accrued penalties and interest as of March 31, 2023 and as of December 31, 2022.

Recently Issued Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 – ACQUISITIONS

On July 14, 2015, the Company entered into an Agreement with Xalles Limited ("Xalles"), a Delaware corporation, ArrowVista Corporation ("ArrowVista"), a Delaware corporation, Xalles Singapore Pte. Ltd. ("Xalles Singapore"), a Singapore corporation, and the shareholders of Xalles, ArrowVista, and Xalles Singapore. Pursuant to the Agreement, Xalles, ArrowVista, and Xalles Singapore will become wholly-owned subsidiaries of the Company in exchange for the issuance of certain shares. Xalles became a wholly-owned subsidiary by the issuance of 19,500,000 shares of common stock on July 16, 2015. ArrowVista will become a wholly-owned subsidiary by the issuance of 4,500,000 shares of common stock on or before June 30, 2016. Xalles Singapore will become a wholly-owned subsidiary by the issuance of 2,250,000 shares of common stock on or before June 30, 2016. The consummation of the transactions set forth in the Agreement are subject to certain conditions, which have not yet been finalized. The original shareholders of the Company agreed to fund \$300,000 to support the current operations and continued development of the business. As of the date of the filing of these consolidated financial statements, only \$33,146 has been received.

The share purchase agreement was a capital transaction in substance and therefore has been accounted for as a reverse capitalization. Under reverse capitalization accounting, Xalles was considered the acquirer for accounting and financial reporting purposes and acquired the assets and assumed the liabilities of the Company. Assets acquired and liabilities assumed are reported at their historical amounts. These consolidated financial statements include the accounts of the Company since the effective date of the recapitalization and the historical accounts of Xalles since inception.

On November 9, 2017, the Company entered into an Agreement with ArrowVista Corporation ("ArrowVista") and the shareholders of ArrowVista. Pursuant to the Agreement, ArrowVista will become a wholly-owned subsidiary of the Company in exchange for the issuance of certain shares and a Note. ArrowVista became a wholly owned subsidiary when the Company issued 75,000,000 restricted common shares to an officer of the Company, as the sole shareholder of ArrowVista, of which 100% of its outstanding shares were acquired by the Company in the Share Purchase Agreement. The agreement includes a Note payable for \$150,000 to the same shareholder. These consolidated financial statements include the accounts of ArrowVista as a wholly-owned subsidiary as if ArrowVista had been acquired as of January 1, 2017.

On April 10, 2018, the Company entered into an Agreement with BlockForge Inc. ("BlockForge") and the shareholders of BlockForge. Pursuant to the Agreement, BlockForge will become a wholly-owned subsidiary of the Company in exchange for restricted shares of common stock. The transaction was completed.

On April 26, 2018, the Company entered into an Agreement with Co-Owners Rewards Inc. ("Co-Owners") and the shareholders of Co-Owners. Pursuant to the Agreement, Co-Owners will become a wholly-owned subsidiary of the Company in exchange for Preferred Series C convertible shares. The transaction was completed.

On May 29, 2018, the Company entered into an Agreement to purchase the assets of USA Savings Club, LLC. Pursuant to the Agreement, the assets would be placed into a new corporate entity, namely Global Savings Network Inc. Global Savings Network is a wholly-owned subsidiary of the Company and the assets were acquired in exchange for Preferred Series C convertible shares. The transaction was completed.

On January 4, 2020, the Company entered into an Agreement with Gateway Innovations Limited (“GIL”) and the shareholders of GIL. Pursuant to the Agreement, GIL will become a wholly-owned subsidiary of the Company in exchange for restricted shares of common stock. The transaction was completed.

On Mar 18, 2020, the Company entered into an Agreement with MinervaWorks Holdings, Inc. (“MinervaWorks”) and the shareholders of MinervaWorks. Pursuant to the Agreement, MinervaWorks will become a wholly-owned subsidiary of the Company in exchange for a series of installment buyout payments. The transaction closed and subsequent payments were not made and the share certificates were returned to the original shareholders.

On April 27, 2020, the Company entered into an Agreement with Intel365, Inc. (“Intel365”) and the shareholders of Intel365. Pursuant to the Agreement, Intel365 will become a wholly-owned subsidiary of the Company in exchange for restricted shares of common stock. The transaction was completed.

On May 17, 2020, the Company entered into an Agreement with Argus Technology Partners, Inc. (“Argus”) and the shareholders of Argus. Pursuant to the Agreement, Argus will become a wholly-owned subsidiary of the Company in exchange for restricted shares of common stock. The transaction was completed. Subsequently there was a management buyout from one of the original Argus shareholders of Argus from Xalles.

Vigor Crypto Holdings, LLC (“Vigor”) was acquired on January 15, 2021 in exchange for restricted shares of common stock. The transaction was completed and Vigor is now a 100% wholly owned subsidiary of Xalles Capital Inc. In January of 2023, Vigor was sold and is no longer a subsidiary of Xalles.

VGR Technology Partners Inc. (“VGR”) was acquired on January 25, 2021 in exchange for restricted shares of common stock. The transaction was completed and VGR is now a 100% wholly owned subsidiary of Xalles Technology Inc.

Xalles Capital Inc. launched a joint venture with Aktary Enterprises LLC, named GioBot Inc., a Texas C Corporation, on November 11, 2021. Currently, Xalles Capital owns 50% of the common shares and voting rights of GioBot. In January of 2023 the decision was made to make this partially owned subsidiary and joint venture inactive and is no longer a subsidiary of Xalles.

AIGrowthHub Inc. was acquired on July 31, 2022, in exchange for restricted shares of common stock. The transaction was completed and AIGrowthHub is now a 100% wholly owned subsidiary of Xalles Technology Inc.

Private Loyalty Club Inc. (“PLC”) was acquired on July 31, 2022, in exchange for restricted shares of common stock. The transaction was completed and PLC was a 100% wholly owned subsidiary of Xalles Financial Services Inc. In January of 2023, PLC was sold and is no longer a subsidiary of Xalles.

InnovationsHR, Inc. was acquired on March 20, 2023, in exchange for restricted shares of common stock. The transaction was completed and InnovationsHR is a 100% wholly owned subsidiary of Xalles Financial Services Inc.

Capital Innovations Management, LLC (“CIM”) was acquired on March 27, 2023, in exchange for restricted shares of common stock. The transaction was completed and CIM is a 100% wholly owned subsidiary Xalles Technology Inc.

Loyalty Superstore, Inc. ("LSS") was acquired on March 30, 2023, in exchange for restricted shares of common stock. The transaction was completed and LSS is a 100% wholly owned subsidiary of Xalles Financial Services Inc.

NOTE 4 – ADVANCES

As at March 31, 2023, the Company had amounts advanced to unrelated parties of \$17,000 (December 31, 2022 - \$17,000). These amounts were unsecured, non-interest bearing and due on demand.

NOTE 5 – LICENSE

On July 1, 2015, the Company acquired the license from a company at the time controlled by our CEO. The license was recorded at the historical cost incurred by the related party and amortized over its estimated useful life of 15 years. The following represents the carrying value of the license at March 31, 2023:

License	\$	1,000
Accumulated depreciation		517
Carrying value as at March 31, 2023	\$	483

NOTE 6 – ACCRUED LIABILITIES

No related notes during this period.

NOTE 7 – RELATED PARTY TRANSACTIONS

- a) On January 9, 2015, the Company entered into an agreement whereby a director of the Company paid \$11,629 to service providers on behalf of the Company. The amount was recorded as additional paid-in-capital prior to the recapitalization.
- b) As of March 31, 2023, the Company owed \$54,040 (December 31, 2022 - \$54,040) to a former director of the Company. The amounts are unsecured, non-interest bearing and are due on demand.
- c) As of March 31, 2023, the Company owed \$102,747 (December 31, 2022 - \$118,733) to the CEO of the Company. The amount is unsecured, non-interest bearing and is due on demand.

NOTE 8 – NOTES PAYABLE

- a) On January 11, 2019, the Company issued a promissory note for \$5,000. The amount owing is unsecured, due in 270 days and shares were issued in lieu of interest, which will accrue at 10% interest per annum starting on day 271. This note has been repaid during 2021.
- b) On January 11, 2019, the Company issued a promissory note for \$10,000. The amount owing is unsecured, due in 90 days and shares were issued in lieu of interest, which will accrue at 10% interest per annum starting on day 91. This note has been repaid during 2021.
- c) On February 28, 2019, the Company issued a promissory note for \$5,000. The amount owing is unsecured, due in 90 days and shares were issued in lieu of interest, which will accrue at 10% interest

per annum starting on day 91. Subsequently on August 20, 2019, \$2,500 of the Note was converted to common restricted shares. The remaining balance was repaid during 2021.

- d) On February 28, 2019, the Company issued a promissory note for \$5,000. The amount owing is unsecured, due in 90 days and shares were issued in lieu of interest, which will accrue at 10% interest per annum starting on day 91. This note has been repaid during 2021.
- e) On May 21, 2019, the Company issued a promissory note for \$5,000. The amount owing is unsecured, due in 90 days and shares were issued in lieu of interest, which will accrue at 10% interest per annum starting on day 91. This note has been repaid during 2021.
- f) On August 16, 2019, the Company issued a promissory note for \$30,000. The amount owing is unsecured, due in 90 days, which will accrue at 10% interest per annum starting on day 1. The Note is also convertible to common shares at a price of \$0.0003 per share if the Note is unpaid after the due date. This Note was converted to common shares through a 3(a)10 settlement agreement in July 2020.
- g) On September 4, 2019, in consideration for cash, the Company issued a \$30,000 convertible note which is unsecured, and bears interest. The Note is due in the earlier of 6 months, or within 60 days of a qualification event of a registered security offering. If the Note is not repaid before the due date then the principal is convertible to common shares at a 50% discount to the market price. In no event shall the holder be entitled to convert the Note resulting in ownership of more than 9.99% of the outstanding common shares of the Company. This Note has currently not been repaid and is part of Notes Payable in the financial statements.
- h) On February 11, 2021, The Company issued a promissory note for \$250,000. The amount owing is unsecured, due in 90 days, which will accrue at 10% interest per annum starting on day 91. 1,700,000 common restricted shares issued in lieu of interest in first 90 days. This note was considered paid in full through a refinancing note dated June 11, 2021.
- i) On February 24, 2021, The Company issued a promissory note for \$250,000. The amount owing is unsecured, due in 90 days, which will accrue at 10% interest per annum starting on day 91. 4,500,000 common restricted shares issued in lieu of interest in first 90 days. This note was considered paid in full through a refinancing note dated June 11, 2021.
- j) On March 11, 2021, The Company issued a promissory note for \$60,000. The amount owing is unsecured, due in 90 days, which will accrue at 10% interest per annum starting on day 91. 1,000,000 common restricted shares issued in lieu of interest in first 90 days.
- k) On June 11, 2021, The Company issued a promissory note for \$500,000. The amount owing is unsecured, due in 120 days. This Note replaces the notes of February 11, 2021 and February 24, 2021.
- l) On June 15, 2021, The Company issued a promissory note for \$250,000. The amount owing is unsecured, due on September 30, 2021, with a \$25,000 monthly fee until the due date.
- m) On September 23, 2021, The Company issued a promissory note for \$25,000. The amount owing is unsecured, due on January 21, 2022, with interest of 12%.
- n) On October 5, 2021, The Company issued a promissory note for \$110,000. The amount owing is unsecured, due on October 5, 2022, with interest of 12%. The note was partially converted on January 10, 2023.
- o) On October 19, 2022, The Company issued a promissory note for \$24,000 for legal services. The amount owing is unsecured, due on October 19, 2023, with interest of 12%.

- p) On November 18, 2022, The Company issued a promissory note for \$90,000. The amount owing is unsecured, due on November 18, 2023, with interest of 12%.

NOTE 9 – STOCKHOLDERS' EQUITY

Authorized Shares

The Company is authorized to issue 2,000,000,000 shares of \$0.0001 par value common stock and 5,000,000 shares of preferred stock, par value \$0.001.

Common Stock

All common stock shares have equal voting rights, are non-assessable and have one vote per share.

Preferred Stock

On August 3, 2015, the Company filed a Certificate of Designation of Series A Preferred Stock (the "Certificate of Designation") with the Nevada Secretary of State designating 1,000,000 of the Company's previously authorized preferred stock. The holders of the Series A Preferred Stock are granted 51% voting power on all matters to be voted on by the holders of the Company's common stock and is not convertible into any shares of the Company's common stock. With respect to rights on liquidation, dissolution or winding up, shares of Series A Preferred Stock rank on a parity with the Company's common stock.

On September 1, 2017, the Company filed a Certificate of Designation of Series B Preferred Stock (the "Certificate of Designation") with the Nevada Secretary of State designating 1,000,000 of the Company's previously authorized preferred stock. The holders of the Series B Preferred Stock are granted 25% voting power on all matters to be voted on by the holders of the Company's common stock and is not convertible into any shares of the Company's common stock. With respect to rights on liquidation, dissolution or winding up, shares of Series B Preferred Stock rank on a parity with the Company's common stock.

On April 6, 2018, the Company filed a Certificate of Designation of Series C Preferred Stock (the "Certificate of Designation") with the Nevada Secretary of State designating 2,000,000 of the Company's previously authorized preferred stock. The holders of the Series C Preferred Stock are able to convert their Preferred Series C shares to restricted Common Shares at a ratio of 1:100 (1 Series C share converts to 100 Common shares). The holders of the Series C Preferred Stock are granted the same voting rights as a common stock shareholder as if the shares had already been converted to common. With respect to rights on liquidation, dissolution or winding up, shares of Series C Preferred Stock rank on a parity with the Company's common stock.

Issued and Outstanding since January 1, 2021:

- a) As of January 1, 2021, the Company issued 600,000 restricted common shares to an equity investor.
- b) As of January 1, 2021, the Company issued 200,000 restricted common shares to an equity investor.
- c) As of January 6, 2021, the Company issued 200,000 restricted common shares to an equity investor.
- d) As of January 12, 2021, the Company issued 600,000 restricted common shares to an equity investor.
- e) As of January 15, 2021, a 3(a)10 settled noteholder moved 10,000,000 common shares from their reserve account to their regular shareholder account.

- f) As of January 15, 2021, the Company issued 500,000 restricted common shares to an equity investor.
- g) As of January 15, 2021, the Company issued 20,000,000 restricted common shares to the original shareholder of Vigor Crypto Holdings, LLC, as per the share purchase agreement.
- h) As of January 27, 2021, the Company issued 6,000,000 restricted common shares to a service provider.
- i) As of January 27, 2021, the Company issued 14,000,000 restricted common shares to the original shareholder of VGR Investments Inc., as per the share purchase agreement amendment which specified the closing date to be January 25, 2021.
- j) As of January 28, 2021, the Company issued 200,000 restricted common shares to an equity investor.
- k) As of February 8, 2021, a 3(a)10 settled noteholder moved 50,000,000 common shares from their reserve account to their regular shareholder account.
- l) As of February 10, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- m) As of February 11, 2021, the Company entered into an agreement to borrow \$250,000 from a noteholder for a term of 90 days. The Noteholder was issued 14,200,000 restricted common shares, 1,700,000 in lieu of interest during the first 90 days and 12,500,000 as collateral to be returned upon repayment.
- n) As of February 16, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- o) As of February 18, 2021, the Company issued 100,000 restricted common shares to an equity investor.
- p) As of February 23, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- q) As of February 24, 2021, the Company entered into an agreement to borrow \$250,000 from a noteholder for a term of 90 days. The Noteholder was issued 4,500,000 restricted common shares in lieu of interest on March 1, 2021.
- r) As of March 3, 2021, a shareholder was issued 2,000,000 restricted common shares, to complete an acquisition transaction previously announced from 2020.
- s) As of March 11, 2021, the Company entered into an agreement to borrow \$60,000 from a noteholder for a term of 90 days. The Noteholder was issued 1,000,000 restricted common shares in lieu of interest on March 19, 2021.
- t) As of March 31, 2021, the Company issued 750,000 restricted common shares to an equity investor.
- u) As of April 8, 2021, the Company issued 2,000,000 restricted common shares to an equity investor.
- v) As of April 9, 2021, the Company issued 2,000,000 restricted common shares to an equity investor.
- w) As of April 12, 2021, the Company issued 2,221,000 restricted common shares to an equity investor.
- x) As of April 13, 2021, the Company issued 5,000,000 restricted common shares to an equity investor.
- y) As of April 14, 2021, the Company issued 2,000,000 restricted common shares to an equity investor.
- z) As of April 16, 2021, the Company issued 1,250,000 restricted common shares to an equity investor.

- aa) As of April 20, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- bb) As of April 20, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- cc) As of April 23, 2021, the Company issued 2,000,000 restricted common shares to an equity investor.
- dd) As of May 8, 2021, the Company issued 500,000 restricted common shares to an equity investor.
- ee) As of May 13, 2021, the Company issued 450,000 restricted common shares to an equity investor.
- ff) As of May 26, 2021, the Company issued 440,000 restricted common shares to an equity investor.
- gg) As of June 1, 2021, the Company issued 18,500,000 restricted common shares to an equity investor.
- hh) As of June 1, 2021, the Company issued 12,500,000 restricted common shares to an equity investor.
- ii) As of June 8, 2021, the Company issued 500,000 restricted common shares to an equity investor.
- jj) As of June 17, 2021, the Company issued 12,500,000 restricted common shares to a debt investor.
- kk) As of June 18, 2021, the Company issued 10,000,000 restricted common shares to a service provider.
- ll) As of June 18, 2021, a 3(a)10 settled noteholder moved 38,000,000 common shares from their reserve account to their regular shareholder account.
- mm) As of June 18, 2021, the Company issued 7,500,000 restricted common shares to a service provider.
- nn) As of June 18, 2021, the Company issued 2,500,000 restricted common shares to a service provider.
- oo) As of July 13, 2021, the Company issued 6,000,000 restricted common shares to an equity investor.
- pp) As of July 14, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- qq) As of August 17, 2021, the Company issued 500,000 restricted common shares to an equity investor.
- rr) As of August 18, 2021, the Company issued 10,000,000 restricted common shares to an equity investor.
- ss) As of August 23, 2021, the Company issued 25,000,000 restricted common shares to a service provider.
- tt) As of August 24, 2021, the Company issued 23,625,000 restricted common shares to a service provider.
- uu) As of August 30, 2021, the Company issued 2,200,000 restricted common shares to an equity investor.
- vv) As of September 4, 2021, the Company issued 700,000 restricted common shares to an equity investor.
- ww) As of September 15, 2021, the Company issued 350,000 restricted common shares to an equity investor.
- xx) As of September 24, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.

- yy) As of September 27, 2021, a shareholder moved 50,000,000 common shares previously acquired in a share purchase from their reserve account to their regular shareholder account.
- zz) As of November 8, 2021, the Company issued 25000,000 restricted common shares for compensation for a note extension.
- aaa) As of November 15, 2021, the Company issued 5,000,000 restricted common shares to a service provider.
- bbb) As of November 17, 2021, the Company issued 1,000,000 restricted common shares to an equity investor.
- ccc) As of December 1, 2021, the Company issued 1,100,000 restricted common shares to an equity investor.
- ddd) As of December 10, 2021, the Company issued 25,000,000 restricted common shares to an equity investor.
- eee) As of December 10, 2021, the Company issued 10,000,000 restricted common shares to an equity investor.
- fff) As of December 12, 2022, the Company issued 35,000,000 restricted common shares to a noteholder for compensation.
- ggg) As of January 10, 2023, the Company issued 117,777,778 restricted common shares to a noteholder for conversion of the note.
- hhh) As of February 4, 2023, the Company issued 5,000,000 restricted common shares to an equity investor.
- iii) As of February 5, 2023, the Company issued 10,000,000 restricted common shares to a service provider.
- jjj) As of February 22, 2023, the Company issued 30,000,000 restricted common shares to a service provider.

NOTE 10 – CONFLICTS OF INTEREST

The officers and directors of the Company are involved in other business activities and may, in the future, become involved in other business opportunities. If a specific business opportunity becomes available, such person may face a conflict in selecting between the Company and his other business interests. The Company has not formulated a policy for the resolution of such conflicts.

NOTE 11 – SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events up to May 12, 2023, the date the financial statements were issued, pursuant to the requirements of ASC 855 and has determined the following material subsequent events:

- a) Xalles acquired Appy Perks, Inc. to become a wholly owed subsidiary of Xalles Financial Services Inc.
- b) Xalles acquired Patient Healthcare Solutions, Inc. ("PHCS") to become a wholly owned subsidiary of Xalles Financial Services Inc.

- c) Xalles acquired an ownership stake in Adaptive Analytics, Inc. ("Adaptive") and completed the first closing event of the transaction for Xalles Technology Inc. to own 25% of Adaptive. An additional future closing event within a few months will complete the transaction for Adaptive to become a wholly owned subsidiary of Xalles Technology.
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