

# **FENDX TECHNOLOGIES INC.**

FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2025 AND 2024

*(EXPRESSED IN CANADIAN DOLLARS)*

# Independent Auditor's Report

To the Shareholders of FendX Technologies Inc.

## Opinion

We have audited the financial statements of FendX Technologies Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively, the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred an accumulated deficit of \$14,816,693 during the year ended December 31, 2025 and, as of that date, the Company's current liabilities exceeded its total assets by \$1,198,208. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

The image shows a handwritten signature in black ink. The signature consists of a large, stylized letter 'D' followed by the letters 'MCL' in a similar style, and 'LLP' in smaller, more standard capital letters to the right.

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, BC

April 29, 2026

# FENDX TECHNOLOGIES INC.

## STATEMENTS OF FINANCIAL POSITION

*(Expressed in Canadian dollars)*

As at	Note	December 31, 2025 \$	December 31, 2024 \$
<b>ASSETS</b>			
Current			
Cash		51,594	43,926
Sales taxes and other receivables	4	6,762	108,944
Prepaid expenses	5	216,317	135,913
<b>Total assets</b>		274,673	288,783
<b>LIABILITIES</b>			
Current			
Accounts payable	7	1,000,758	667,036
Accrued liabilities	7	190,613	135,343
Loans payable	7,8	281,510	78,656
<b>Total liabilities</b>		1,472,881	881,035
<b>SHAREHOLDERS' DEFICIENCY</b>			
Share capital	9	11,264,332	9,665,406
Obligation to issue shares	9	196,993	53,959
Reserves	9	2,157,160	1,337,862
Deficit		(14,816,693)	(11,649,479)
<b>Total shareholders' deficiency</b>		(1,198,208)	(592,252)
<b>Total liabilities and shareholders' deficiency</b>		274,673	288,783

Nature of operations and going concern *[Note 1]*

Subsequent events *[Note 13]*

Approved for issuance by the Board of Directors on April 29, 2026 and signed on its behalf by:

"Stephen Randall"  
Director

"Carolyn Myers"  
Director

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

**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
*(Expressed in Canadian dollars)*

	Note	Year Ended December 31, 2025 \$	Year Ended December 31, 2024 \$
<b>Expenses</b>			
Consulting fees	9	718,751	782,973
Directors' fees	7	55,000	55,000
General and administration		39,184	104,676
Investor relations		156,959	1,183,670
Management fees	7	418,500	583,310
Marketing		301,620	111,513
Professional fees	10	196,454	347,104
Research and development	10	314,616	448,248
Salaries and benefits		119,690	117,994
Share based payment	7,9	533,825	849,872
Transfer agent and filing fees		57,042	51,834
		2,911,641	4,636,194
<b>Loss before other income (loss)</b>			
		(2,911,641)	(4,636,194)
<b>Other income (loss)</b>			
Foreign exchange		9,394	(10,654)
Loss on debt settlement	9	(505,417)	(97,500)
Interest income		1,032	12,717
Other income	12	112,423	104,510
		(382,568)	9,073
<b>Net loss and comprehensive loss</b>			
		(3,294,209)	(4,627,121)
<b>Basic and diluted loss per common share</b>			
		(0.40)	(0.67)
<b>Weighted average number of common shares outstanding – basic and diluted</b>			
		8,311,790	6,901,440

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

**FENDX TECHNOLOGIES INC.**
**STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**
*(Expressed in Canadian dollars)*

	Share Capital		Obligation to	Reserves	Deficit	Total
	Number	\$	Issue Shares	\$	\$	\$
<b>Balance, December 31, 2023</b>	5,328,491	6,531,512	-	535,764	(7,022,918)	44,358
Units issued - private placement (Note 7,9)	1,012,500	2,025,000	-	-	-	2,025,000
Units issued - finders' shares (Note 9)	49,820	99,640	-	-	-	99,640
Shares issued - debt settlement (Note 9)	100,000	310,000	-	-	-	310,000
Shares issued - exercise of warrants (Note 9)	785,000	785,000	-	-	-	785,000
Shares issued - exercise of broker warrants (Note 9)	2,360	10,195	-	(3,115)	-	7,080
Shares issued - RSU vesting	66,667	173,858	-	(173,858)	-	-
Share issuance costs (Note 9)	-	(269,799)	-	-	-	(269,799)
Share based payment (Note 9)	-	-	-	849,872	-	849,872
Broker warrants, net (Note 9)	-	-	-	129,199	560	129,759
Obligation to issue shares (Note 9)	-	-	53,959	-	-	53,959
Net loss for the year	-	-	-	-	(4,627,121)	(4,627,121)
<b>Balance, December 31, 2024</b>	7,344,838	9,665,406	53,959	1,337,862	(11,649,479)	(592,252)
Units issued - private placement (Note 9)	417,650	542,945	-	167,060	-	710,005
Units issued - finders' shares (Note 9)	15,796	20,535	-	6,318	-	26,853
Units issued - debt settlement (Note 9)	878,198	702,558	-	360,276	-	1,062,834
Shares issued - debt settlement (Note 9)	199,443	165,482	(53,959)	-	-	111,523
Shares issued - license agreement (Note 9)	100,000	85,000	-	-	-	85,000
Shares issued - RSU vesting (Note 7,9)	80,584	137,692	-	(137,692)	-	-
Share issuance costs (Note 9)	-	(55,286)	-	-	-	(55,286)
Share based payment (Note 9)	-	-	-	533,825	-	533,825
Obligation to issue shares (Note 9)	-	-	196,993	-	-	196,993
Broker warrants, net (Note 9)	-	-	-	(110,489)	126,995	16,506
Net loss for the year	-	-	-	-	(3,294,209)	(3,294,209)
<b>Balance, December 31, 2025</b>	9,036,509	11,264,332	196,993	2,157,160	(14,816,693)	(1,198,208)

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

**STATEMENTS OF CASH FLOWS**
*(Expressed in Canadian dollars)*

	<b>Year Ended December 31, 2025</b>	<b>Year Ended December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	(3,294,209)	(4,627,121)
Add items not affecting cash:		
Depreciation of equipment	-	1,167
Shares issued - license fee	85,000	-
Obligation to issue shares – consulting fees	196,993	53,959
Loss on debt settlements	505,417	97,500
Share based payment	533,825	849,872
Foreign exchange	(5,371)	2,253
	(1,978,345)	(3,622,370)
Changes in non-cash working capital items relating to operations:		
Sales taxes and other receivables	102,182	(84,530)
Prepaid expenses	(80,404)	135,771
Accounts payable and accrued liabilities	834,647	495,181
<b>Cash used in operating activities</b>	<b>(1,121,920)</b>	<b>(3,075,948)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of common shares, net of issuance costs	698,078	2,776,680
Loan payable	431,510	76,403
<b>Cash provided by financing activities</b>	<b>1,129,588</b>	<b>2,853,083</b>
Increase (decrease) in cash during the year	7,668	(222,865)
Cash, beginning	43,926	266,791
<b>Cash, ending</b>	<b>51,594</b>	<b>43,926</b>
Interest received:	1,032	12,717
Supplemental disclosures with respect to cash flows:		
Fair value of broker warrants issued	16,506	129,759
Fair value of finder shares and warrants issued	26,853	99,640
Fair value of warrants issued – debt settlements	360,276	-
Issuance of common shares – debt settlements	868,040	310,000
Issuance of common shares - license fee	85,000	-

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

# FENDX TECHNOLOGIES INC.

## NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

FendX Technologies Inc. (“FendX” or the “Company”) was incorporated under the British Columbia *Business Corporations Act*. The Company’s head office is currently located at 1500-701 West Georgia Street, Vancouver, BC V7Y 1C6. The Company is an early-stage technology company focused on research and development of advanced technologies and surface protection solutions to help reduce the spread of pathogens. On March 20, 2023 the Company’s common shares were listed and commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “FNDX”. The Company’s common shares commenced trading on the OTCQB Venture Market on May 30, 2023 under the symbol “FDXTD” and commenced trading on the Frankfurt Stock Exchange on May 31, 2023 under the symbol “E8D0”. In August 2025, the Company consolidated its share capital based on one post-consolidation common share for every ten pre-consolidation common shares. All common share and per-share amounts have been restated to reflect the share consolidation.

#### Going Concern

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As of December 31, 2025, the Company had an accumulated deficit of \$14,816,693 and its current liabilities exceed its current assets by \$1,198,208. The Company’s operations are dependent on obtaining additional financing to further develop its technologies and generate cash flow from operations in the future. These factors form a material uncertainty, which may cast significant doubt about the Company’s ability to continue as a going concern. Management’s plans to meet the Company’s current and future obligations may include raising capital through the issuance of equity and/or debt securities, relying on the financial support of its shareholders and related parties and cashflow from operations if the Company is successful in commercially launching its technologies. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These financial statements do not give effect to any adjustments that would be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business. Such adjustments could be material.

### 2. BASIS OF PRESENTATION

#### [a] Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards® (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved for issue by the Company’s Board of Directors on April 29, 2026.

#### [b] Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable.

**2. BASIS OF PRESENTATION (CONTINUED)****[c] Functional and foreign currency**

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign exchange gains or losses resulting from the settlement of transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognized in net income or loss.

**[d] Critical accounting estimates and judgments**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates may be pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

*Critical Judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- i. Research costs and license costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 *Intangible Assets*. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs and license costs have been expensed.
- ii. Management is required to determine whether the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future, including the availability of financing and revenue projection, as well as the current working capital balance and future commitments of the Company.

*Estimation uncertainty*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

**2. BASIS OF PRESENTATION (CONTINUED)****[d] Critical accounting estimates and judgments (continued)**

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.
- iii. The cost of equity-settled transactions, such as stock options or warrants, is determined by calculating the fair value at the date when the equity award is granted or issued using the Black-Scholes Option Pricing Model. The inputs to the Black-Scholes Option Pricing Model require significant estimation. Expected volatility is estimated based on historical stock price observations of the Company's common shares and comparable companies. The risk-free interest rate for the expected term of the award is based on the yields of government bond. The Company uses historic data to estimate the timing of option exercises and forfeiture rates, which may not be representative of future results. Changes in these assumptions, especially the volatility and the expected life determination, could have a material impact on the statement of loss and comprehensive loss.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these financial statements have been applied to all periods presented.

**[a] Research and development costs**

Expenditures related to research activities are recognized as an expense in the period in which they are incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, the entity can demonstrate all of the following:

- i. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- ii. its intention to complete the intangible asset and use or sell it;
- iii. its ability to use or sell the intangible asset;
- iv. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- v. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- vi. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****[a] Research and development costs (continued)**

Development costs are capitalized when the above criteria are met. Where no internally generated intangible asset can be recognized, development expenditures are expensed in the period in which they are incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. They are amortized on a straight-line basis over their useful life, and an impairment loss is recognized in profit or loss when their recoverable amount is less than their net carrying amount.

**[b] SR&ED Investment tax credits**

The Company claims federal investment tax credits as a result of incurring scientific research and experimental development (“SR&ED”) expenditures recoverable from the Canadian federal and provincial governments. The amounts claimed under the program represent amounts based on management estimates of eligible research and development costs incurred during the year. Realization is subject to government approval. Refundable SR&ED tax credits claimed relating to qualifying expenditures are recorded to other income.

**[c] Share-based payments**

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserves.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in reserves is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from reserves to deficit.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****[d] Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for items not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, nor differences relating to investments in subsidiaries where the timing of reversal of the temporary difference can be controlled and it is not probable that they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

**[e] Share capital**

The Company records proceeds from shares issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

**[f] Foreign currency translation**

The Company's reporting and functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. Transactions in foreign currencies are initially recorded into the functional currency by applying the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the statement of financial position date. Nonmonetary assets and liabilities are translated at historical exchange rates, unless the item is carried at fair value, in which case it will be translated at the exchange rate in effect at the date when the fair value was determined.

**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****[g] Loss per share**

Loss per share is calculated using the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method whereby all in-the-money options and warrants are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period. In periods of loss, basic and diluted loss per share are the same, as the effect of the exercise of outstanding options and warrants is anti-dilutive.

**[h] Financial instruments***Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held-for-trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company’s financial instruments under IFRS 9 *Financial Instruments*:

<u>Financial Asset/Liabilities</u>	<u>Classification</u>
Cash	FVTPL
Accounts payable	Amortized cost
Loan payable	Amortized cost

*Measurement*Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of loss and comprehensive loss in the period in which they arise.

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

[h] Financial instruments (continued)

#### *Derecognition*

##### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statement of loss and comprehensive loss.

##### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

[i] New standards, interpretations, and amendments

#### IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its financial statements.

There are no other accounting pronouncements with future effective dates that are applicable or are expected to have a material impact on the Company's financial statements.

### 4. SALES TAXES AND OTHER RECEIVABLES

	As at December 31, 2025 \$	As at December 31, 2024 \$
Sales and other taxes receivable	6,762	11,257
Other receivables	-	97,687
Total	6,672	108,944

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

#### 5. PREPAID EXPENSES

	As at December 31, 2025 \$	As at December 31, 2024 \$
Prepaid research project expenses <sup>(1)</sup>	-	92,072
Prepaid investor relations expenses	196,000	-
Prepaid expenses – other	20,317	43,841
Total	216,317	135,913

<sup>(1)</sup> The Company advances funds to McMaster to conduct research work to further develop its technologies (see Note 6).

#### 6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS

##### *License Agreement and CRA*

The Company and McMaster University (“McMaster”) entered into a license agreement dated February 5, 2021, and amended July 14, 2021, July 15, 2022 and March 3, 2024 (the “License Agreement”), which granted the Company an exclusive worldwide license to certain protective surface coating film technology and patents (the “Licensed Technology”) which formed the primary basis of the Company’s initial business. In addition, the Company and McMaster entered into a collaborative research agreement with an effective date of August 1, 2021 and amended on April 11, 2023 with an effective date of January 1, 2023 (the “CRA”), which allowed the Company to work with McMaster to advance the Licensed Technology related to the REPELWRAP film project and set out development milestone funding totaling \$650,000 (fully paid) over the CRA term ending December 31, 2024. The Company terminated the License Agreement with McMaster pursuant to a termination notice which was signed by both parties March 27, 2026, with an effective termination date of February 1, 2026.

Pursuant to the License Agreement, the Company agreed to the following:

- issuance to McMaster of common shares equal to 5% of the Company’s fully diluted share capital upon achievement of certain funding thresholds of which 143,500 common shares have been issued in full satisfaction thereof;
- payment of a 4% royalty on net sales;
- minimum annual royalty as to \$5,000 in the first and second years of the License Agreement, \$10,000 in the third and fourth years and \$20,000 in the fifth and subsequent years; and
- provide funding for development milestones totaling \$650,000 (fully paid).

##### *Catheter Coating CRA*

In addition, the Company and McMaster entered into a collaborative research agreement dated December 12, 2023 with an effective date of December 1, 2023 as amended effective November 30, 2025 (the “Catheter Coating CRA”), with a term to May 31, 2026, which sets out the maximum payment terms upon receipt of invoices from McMaster to provide research funding related to research and development activities related to the development of a catheter coating formulation. The maximum research funding to McMaster will be as follows:

**FENDX TECHNOLOGIES INC.****NOTES TO FINANCIAL STATEMENTS**

For the years ended December 31, 2025 and 2024

*(Expressed in Canadian dollars)***6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS (CONTINUED)**

<b>Proposed Invoice Date</b>	<b>Amount</b>
On signing (paid)	\$37,637.00
March 1, 2024 (paid)	\$37,637.00
June 1, 2024 (paid)	\$37,637.00
September 1, 2024 (paid)	\$37,637.00
December 1, 2024 (unpaid)	\$37,637.00
March 1, 2025 (unpaid)	\$29,571.93
June 1, 2025 (unpaid)	\$25,619.00
April 1, 2026 (invoice received)	\$18,163.09

*Liquid Surface Coating License Agreement and Liquid Surface Coating CRA*

On May 16, 2023, the Company and McMaster entered into a license agreement, as amended July 20, 2023 (the “Liquid Surface Coating License Agreement”, formerly referred to as the Spray License Agreement) which provided the Company with an exclusive worldwide license to certain technology for a bifunctional liquid coating formulation (the “Liquid Surface Coating Technology”). Pursuant to the Liquid Surface Coating License Agreement, the Company agreed to pay:

- a 4% royalty on net sales of a commercialized product;
- no minimum annual royalty while the License Agreement remains in effect; and
- maximum research funding to McMaster of \$85,169 for year one and \$168,468 for year two upon receipt of invoices from McMaster.

The Company terminated the Liquid Surface Coating License Agreement with McMaster pursuant to a termination notice which was signed by both parties March 27, 2026, with an effective termination date of February 2, 2026.

In addition, the Company entered into a collaborative research agreement dated July 20, 2023 with an effective date of July 1, 2023 and amended effective August 7, 2024 and further amended effective June 30, 2025 (the “Liquid Surface Coating CRA”) (formerly referred to as the Spray CRA), with a term of two years from the effective date, expiring June 30, 2025, that allows the Company to work with McMaster to advance the Liquid Surface Nano-Coating Technology and perform R&D work for the Company and sets out a schedule for the development milestone funding for the funding commitments set out in the Liquid Surface Coating License Agreement, as follows:

<b>Proposed Invoice Date</b>	<b>Maximum Amount</b>
On signing (paid)	\$28,389.67
October 15, 2023 (paid)	\$28,389.67
December 31, 2023 (paid)	\$28,389.67
March 31, 2024 (paid)	\$42,116.90
January 31, 2025 (paid)	\$42,116.90
April 30, 2025 (paid)	\$42,116.90
April 1, 2026 (invoice received)	\$33,091.85

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

#### 7. RELATED PARTY DISCLOSURE

##### *Transactions with related parties*

Related parties of the Company include key management personnel and companies controlled by key management personnel. Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Company.

Amounts due to related parties, including amounts due to key management personnel are unsecured, interest-free, due on demand and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities as at December 31, 2025, were amounts totaling \$538,215 (December 31, 2024 – \$319,412) due to related parties.

The following related party fees were incurred:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	\$	\$
Directors' fees	55,000	55,000
Management fees	418,500	583,310
Share based payment	364,816	663,940
Total	838,316	1,302,250

On July 18, 2025, an aggregate of \$435,043 of management fees payable and loans payable owed to related parties was settled through the issuance of an aggregate of 725,073 units with a fair value of \$580,057 resulting in a loss on settlement of \$145,014. A loss on settlement of \$297,457 was recorded for the fair value of the 725,073 warrants (Note 8 and 9).

#### 8. LOANS PAYABLE

The Company entered into a loan agreement dated September 27, 2024, as amended, with an officer of the Company who provided unsecured loans to the Company. During the year ended December 31, 2024 loans totaling \$47,000 and US\$22,000 were advanced. During the year ended December 31, 2025, the Company received loans of \$431,510 from the officer. On July 18, 2025, the Company issued 378,406 units comprising 378,406 shares and 378,406 warrants to settle loans payable of \$227,043 (Note 9). The loans are unsecured, non-interest bearing and due on demand with no fixed terms of repayment. As at December 31, 2025, \$281,510 loans are outstanding (December 31, 2024 - \$78,656).

#### 9. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value.

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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#### 9. SHARE CAPITAL (CONTINUED)

[b] Issued

As at December 31, 2025, 9,036,509 common shares were issued and outstanding. As at December 31, 2025, 247,501 common shares are subject to voluntary pooling and/or escrow restrictions which expire March 20, 2026.

During the year ended December 31, 2025:

- i. On December 1, 2025, the Company issued 34,540 common shares with a fair value of \$25,560 to creditors for consulting fees payable in shares.
- ii. On July 18, 2025, the Company issued 124,903 common shares with a fair value of \$99,922 to a creditor for accounts payable owing, recording a gain on settlement of \$2,498.
- iii. On July 18, 2025 the Company issued an aggregate of 878,198 units with a fair value of \$702,558 to related parties and a creditor to settle accounts payable and loans, recording a loss on settlement of \$175,639. Each unit consists of one common share and one warrant with each warrant exercisable at \$1.00 per warrant share for 36 months, subject to an acceleration clause. The Company recorded a loss on settlement of \$360,276 for the fair value of the 878,198 warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 2.83%, an estimated annualized volatility of 86.2% using comparable companies, an expected life of 3 years, a nil dividend yield, and an exercise price of \$1.00. The fair value of the shares on the issuance date was \$0.80 per share.
- iv. On March 13, 2025, the Company raised gross proceeds of \$710,005 pursuant to the issuance of 417,650 units at \$1.70 per unit. Each unit consists of one common share and one warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of \$4.00 per share for a period of three years following the closing date, subject to an acceleration right. The Company recorded the gross proceeds as \$542,945 allocated to share capital and \$167,060 allocated to reserves based on the residual method. The Company paid finders fees to eligible finders comprised of \$11,927 in cash and issued 15,796 finder units in lieu of cash and issued 22,812 broker warrants. Each finder unit has the same terms as each unit. Each broker warrant is exercisable into one common share at an exercise price of \$1.70 for 36 months from the closing date. The Company recorded share issuance costs totaling \$55,286 comprised of \$11,927 for the cash finders fees; \$26,853 for the fair value of the 15,796 finders' units; and \$16,506 for the fair value of the 22,812 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 2.57%, an estimated annualized volatility of 96.33% using comparable companies, an expected life of 3 years, a nil dividend yield, and exercise price of \$1.70.
- v. During the year ended December, 2025, the Company issued an aggregate of 80,584 common shares pursuant to the vesting of 80,584 RSUs.
- vi. On April 16, 2025, the Company issued 40,000 common shares with a fair value of \$40,000 to a vendor to settle an obligation of \$68,000, recording a gain on settlement of \$28,000.
- vii. On May 2, 2025, the Company issued 100,000 common shares with a fair value of \$0.85 per share pursuant to an IP license agreement.

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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#### 9. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

During the year ended December 31, 2024:

- i. On February 2, 2024, the Company completed the closing of a first tranche of a 2024 private placement and issued 262,500 units (each a "Unit") at \$2.00 per Unit for gross proceeds of \$525,000. Each Unit consisted of one common share and one warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of \$4.00 per share for a period of three years following the closing date, subject to an acceleration right. The Company paid finders fees to eligible finders comprised of \$8,000 in cash and issued 17,000 finder units in lieu of cash, and issued 21,000 finder warrants. Each finder unit is comprised of one common share and one warrant, with each warrant exercisable into one common share at \$4.00 per share for three years following the closing date, subject to an acceleration right. Each finder warrant is exercisable into one common share at an exercise price of \$2.00 for 36 months from the closing date. The Company recorded share issuance costs totaling \$72,873 comprised of: \$8,000 for the cash finders fees; \$34,000 for the fair value of the 17,000 finders' units; and \$30,873 for the fair value of the 21,000 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 3.84%, an estimated annualized volatility of 82.77% using comparable companies, an expected life of 3 years, a nil dividend yield, and exercise price of \$2.00.
- ii. During 2024, the Company received aggregate proceeds of \$785,000 from the exercise of 785,000 warrants at \$1.00 per share and issued an aggregate of 785,000 common shares pursuant to the warrant exercises.
- iii. On March 12, 2024, the Company issued 50,000 common shares with a fair value of \$150,000 to a vendor to settle advisory fees incurred in 2023 that were recorded as accrued liabilities as at December 31, 2023. A loss of \$37,500 was recorded on the date of settlement.
- iv. On March 25, 2024, the Company completed a second closing of its 2024 private placement and issued 487,500 Units at \$2.00 per Unit for gross proceeds of \$975,000. Pursuant to this closing, the Company paid finders fees of \$32,400 in cash and issued 12,620 finder units in lieu of cash, and 28,820 broker warrants. Each finder unit has the same terms as each Unit. Each broker warrant is exercisable into one common share at an exercise price of \$2.00 for 36 months from the closing date. The Company recorded share issuance costs totaling \$105,965 comprised of: \$32,400 for the cash finders fees; \$25,240 for the fair value of the 12,620 finders' units; and \$48,325 for the fair value of the 28,820 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 3.87%, an estimated annualized volatility of 82.55% using comparable companies, an expected life of 3 years, a nil dividend yield, and an exercise price of \$2.00.
- v. On April 8, 2024, the Company issued 50,000 common shares with a fair value of \$160,000 to a vendor to settle advisory fees incurred and payable, recording a loss on settlement of \$60,000.
- vi. On May 8, 2024, the Company completed a third closing of 2024 private placement and issued 262,500 Units at \$2.00 per Unit for gross proceeds of \$525,000. The Company paid finders fees to eligible finders comprised of 20,200 finder units in lieu of cash and issued 20,200 broker warrants. Each finder unit has the same terms as each Unit. Each broker warrant is exercisable into one common share at an exercise price of \$2.00 for 36 months from the closing date. The Company

**9. SHARE CAPITAL (CONTINUED)****[b] Issued (continued)**

recorded share issuance costs totaling \$90,961 comprised of: \$40,400 for the fair value of the 20,200 finders' units; and \$50,561 for the fair value of the 20,200 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 4.06%, an estimated annualized volatility of 82.39% using comparable companies, an expected life of 3 years, a nil dividend yield, and an exercise price of \$2.00.

vii. On May 17, 2024, the Company issued 2,360 common shares pursuant to the exercise of 2,360 broker warrants at \$3.00 per common share for proceeds of \$7,080.

viii. During 2024, the Company issued an aggregate of 66,667 common shares pursuant to the vesting of 66,667 RSUs.

**[c] Options**

The Company has an equity incentive plan dated October 19, 2021 (the "Plan") under which it is authorized to grant stock options, restricted share units, performance share units or deferred share units (the "Plan Securities") which may be denominated or settled in common shares, cash, a combination thereof or in such other form as provided herein at the discretion of the Company's board of directors up to a maximum of 20% of the issued and outstanding common shares of the Company from time to time.

On July 3, 2025, the Company granted an aggregate of 75,000 stock options to two consultants at an exercise price of \$1.70 expiring one year from the date of grant and vesting 100% on the date of grant. The options were valued using the Black-Scholes pricing model under the following assumptions: a risk-free rate of 2.70%, an estimated annualized volatility of 85.11% using comparable companies, an expected life of 1 year, a nil dividend yield, and an exercise price of \$1.70. The fair value of the options on the grant date was \$1.37 per stock option.

On March 21, 2025, the Company granted an aggregate of 292,500 stock options to certain directors, officers, employees and consultants at an exercise price of \$1.70 expiring five years from the grant date and vesting 100% on the grant date. The options were valued using the Black-Scholes pricing model under the following assumptions: risk-free rate of 2.66%, estimated annualized volatility of 96.36% using comparable companies, expected life of 5 years, nil dividend yield, and an exercise price of \$1.70. The fair value of the options on the grant date was \$1.12 per stock option.

On July 18, 2024, the Company granted an aggregate of 395,000 stock options to certain directors, officers, employees and consultants at an exercise price of \$2.90 expiring five years from the grant date. The options vest as to 50% vesting on the grant date and 25% vesting on 9 months and 18 months from the grant date. The options were valued using the Black-Scholes pricing model under the following assumptions: risk-free rate of 3.34%, estimated annualized volatility of 93.06% using comparable companies, expected life of 5 years, nil dividend yield, and exercise price of \$2.90. The fair value of the options on the grant date was \$1.69 per stock option.

**FENDX TECHNOLOGIES INC.****NOTES TO FINANCIAL STATEMENTS***For the years ended December 31, 2025 and 2024**(Expressed in Canadian dollars)***9. SHARE CAPITAL (CONTINUED)**

[c] Options (continued)

The continuity of options to December 31, 2025 is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Balance, December 31, 2023	274,167	2.46
Granted	395,000	2.90
Cancelled/ forfeited	(95,000)	2.70
Balance, December 31, 2024	574,167	2.72
Granted	367,500	1.70
Balance, December 31, 2025	941,667	2.32
Exercisable at December 31, 2025	859,167	2.27

A summary of the Company's options outstanding as at December 31, 2025 is as follows:

<b>Expiry Date</b>	<b>Exercise Price \$</b>	<b>Number Outstanding</b>	<b>Remaining Life of Options (Years)</b>	<b>Number Exercisable</b>
July 3, 2026	1.70	75,000	0.50	75,000
April 22, 2027	1.50	84,167	1.31	84,167
December 24, 2027	3.00	30,000	1.98	30,000
January 24, 2028	3.00	130,000	2.07	130,000
July 18, 2029	2.90	330,000	3.55	247,500
March 21, 2030	1.70	292,500	4.22	292,500
		941,667	3.06	859,167

During the year ended December 31, 2025, the Company recognized share-based payments of \$397,775 (December 31, 2024 - \$596,747) relating to options granted and vested during the period.

[d] Warrants

A summary of the warrant activity to December 31, 2025 is as follows:

	<b>Number</b>	<b>Weighted Average Exercise Price \$</b>
Balance, December 31, 2023	1,461,900	2.80
Issued	1,012,500	4.00
Expired	(10,000)	(1.00)
Exercised	(785,000)	(1.00)
Balance, December 31, 2024	1,679,400	4.40
Issued	1,295,848	1.97
Expired	(666,900)	(5.00)
Balance, December 31, 2025	2,308,348	2.86

**FENDX TECHNOLOGIES INC.****NOTES TO FINANCIAL STATEMENTS***For the years ended December 31, 2025 and 2024**(Expressed in Canadian dollars)***9. SHARE CAPITAL (CONTINUED)**

[d] Warrants (continued)

Details of warrants outstanding as at December 31, 2025 are as follows:

<b>Date of Expiry</b>	<b>Number of Warrants Outstanding</b>	<b>Exercise Price \$</b>
February 2, 2027	262,500	4.00
March 25, 2027	487,500	4.00
May 8, 2027	262,500	4.00
March 13, 2028	417,650	4.00
July 18, 2028	878,198	1.00
	<b>2,308,348</b>	

The weighted average remaining contractual life of the warrants outstanding as at December 31, 2025 is 1.91 years.

[e] Broker warrants and compensation warrants

A summary of the broker warrant and compensation warrant activity to December 31, 2025 is as follows:

	<b>Number</b>	<b>Weighted Average Exercise Price \$</b>
Balance, December 31, 2023	99,352	3.00
Issued	119,840	2.90
Expired <sup>(1)</sup>	(800)	(1.50)
Exercised	(2,360)	(3.00)
Balance, December 31, 2024	216,032	2.91
Issued	38,608	2.64
Expired <sup>(2)</sup>	(96,192)	(3.00)
Balance, December 31, 2025	<b>158,448</b>	<b>2.79</b>

<sup>(1)</sup> \$560 transferred from reserves to deficit related to expiry of these broker warrants.

<sup>(2)</sup> \$126,995 transferred from reserves to deficit related to expiry of these broker warrants.

Details of broker warrants and compensation warrants outstanding as at December 31, 2025 are as follows:

<b>Expiry Date</b>	<b>Number Outstanding</b>	<b>Exercise Price \$</b>
February 2, 2027	21,000	2.00
February 2, 2027	17,000	4.00
March 25, 2027	28,820	2.00
March 25, 2027	12,620	4.00
May 8, 2027	20,200	2.00
May 8, 2027	20,200	4.00
March 13, 2028	22,812	1.70
March 13, 2028	15,796	4.00
	<b>158,448</b>	

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

#### 9. SHARE CAPITAL (CONTINUED)

[e] Broker warrants and compensation warrants (continued)

The weighted average remaining contractual life of the broker warrants and compensation warrants outstanding as at December 31, 2025 is 1.46 years.

[f] Restricted Share Units

On March 21, 2025, the Company granted 50,000 restricted share units (“RSUs”) to a consultant which vested on the grant date.

On July 18, 2024, the Company granted 115,000 RSUs to two officers and a consultant. The RSUs vest as to 50% on the date of grant and 25% vesting 9 months and 18 months from the date of grant.

On July 23, 2024, the Company granted 5,500 RSUs to a consultant. The RSUs vest as to 1,833 RSUs on each of August 19, 2024 and September 19, 2024 and 1,834 RSUs vesting October 18, 2024.

On December 17, 2024, the Company granted 5,500 RSUs to a consultant. The RSUs vest as to 1,833 RSUs on each of December 17, 2024 and December 20, 2024 and 1,834 RSUs vesting on January 18, 2025.

A summary of the RSU activity to December 31, 2025 is as follows:

	<b>Number of RSUs</b>
Balance, December 31, 2023	-
RSUs issued	126,000
Common shares issued on vesting	(66,666)
Balance, December 31, 2024	59,334
RSUs issued	50,000
Common shares issued on vesting	(80,584)
Balance, December 31, 2025	28,750

During the year ended December 31, 2025, the Company recognized \$136,050 as share-based payments related to RSUs (December 31, 2024 – \$253,125).

[g] Obligation to Issue Shares

As at December 31, 2025, \$196,993 (December 31, 2024– \$53,959) of consulting fees were payable through the issuance of common shares.

[h] Reserves

The reserve records items recognized as share-based compensation expense and other share-based payments until such time that the RSUs, options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

## FENDX TECHNOLOGIES INC.

### NOTES TO FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

#### 10. OPERATING EXPENSES

Professional fees are comprised of the following:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	\$	\$
Audit fees	45,549	78,488
Legal fees – general corporate	74,141	97,217
Legal fees – intellectual property and other	76,764	171,399
Total	196,454	347,104

Research and development expenses are comprised of the following:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	\$	\$
Research and development	219,616	438,248
License and royalty fees	95,000	10,000
Total	314,616	448,248

#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### *Fair Value*

The Company's financial instruments at December 31, 2025 include cash, accounts payable and loans payable. The fair values of these instruments approximate their carrying values due to their short-term nature.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs used in making fair value measurements as follows:

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

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., from derived prices); and

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

The fair value of cash is based on Level 1 inputs. The carrying values of accounts payable and loans payable approximate their respective fair values due to the short-term nature of these items.

##### [a] Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises for the Company from its cash and accounts receivables. The Company has adopted practices to mitigate the deterioration of principal, to enhance the Company's ability to meet its liquidity needs and to optimize yields within those parameters. The

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)****[a] Credit risk (continued)**

Company regularly reviews the collectability of its accounts receivable and would establish an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivable. As of December 31, 2025, the balance of the allowance account for credit losses was \$nil (December 31, 2024 - \$nil). The Company's cash is deposited in bank accounts held with major banks in Canada and in cashable guaranteed investment certificates. As most of the Company's cash is held with Canadian Schedule 1 chartered banks there is a concentration of credit risk. This risk is managed by using major banks that are high quality financial institutions as determined by rating agencies.

**[b] Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's exposure to liquidity risk is dependent on its purchasing commitments and obligations and its ability to raise funds to meet commitments and sustain operations. The Company manages liquidity risk by continuously monitoring its actual and forecasted working capital requirements, and actively managing its financing activities. The Company's main source of funding has been the issuance of equity securities, primarily through private placements. Although the Company received gross proceeds of \$710,005 from the closing of private placements during the year ended December 31, 2025, there can be no assurance of continued access to significant equity funding. As December 31, 2025 the Company's current liabilities exceed its current assets by \$1,198,208. As at December 31, 2025, the Company's financial liabilities were comprised of accounts payable, liabilities and loans payable totaling \$1,472,881, all of which have contractual maturities of less than 3 months.

**[c] Market risk****i. Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash balances held in Canadian banks. The Company's excess cash is invested based on the Company's policy to invest the excess cash in high interest savings accounts and guaranteed investment certificates issued by its banking institutions. As at December 31, 2025, the Company held \$51,594 (December 31, 2024 - \$43,926) in cash.

**ii. Currency risk**

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. The Company has a portion of its operating expenses in US dollars and Euros. The Company has not entered into foreign exchange derivative contracts.

As at December 31, 2025 and December 31, 2024, the Company had the following assets and liabilities denominated in US dollars. A 10% change in the currency exchange rate between the Canadian dollar relative to the US dollar could have a gain or loss of approximately \$9,193 (December 31, 2024 - \$528) on the Company's results of financial position based on the Company's net exposure as at December 31, 2025 and December 31, 2024.

**FENDX TECHNOLOGIES INC.****NOTES TO FINANCIAL STATEMENTS***For the years ended December 31, 2025 and 2024**(Expressed in Canadian dollars)***11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

[c] Market risk (continued)

	December 31, 2025	December 31, 2024
	US\$	US\$
Accounts receivable	-	67,890
Cash	10	-
Accounts payable	67,082	42,217
Loans payable	-	22,000

[d] Capital disclosure

The Company's objective when managing capital is to ensure its ability to continue as a going concern in order to pursue the development of its product candidates for ultimate sale or sub-licensing. The Company attempts to maximize return to shareholders by minimizing shareholder dilution and, when possible, utilizing non-dilutive funding arrangements, such as collaborative partnership arrangements.

The Company defines its capital as share capital and reserves. The Company has financed its capital requirements primarily through equity share issuances since inception.

The Company manages its capital structure and adjusts it based on changes in economic conditions and risk characteristics of the underlying assets. The Company may issue new securities. The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's capital management during the year ended December 31, 2025 and year ended December 31, 2024.

**12. INCOME TAXES AND INVESTMENT TAX CREDITS**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
	\$	\$
Loss for the year	(3,294,209)	(4,627,121)
Expected income tax (recovery)	(889,436)	(1,249,323)
Share issuance costs	-	-
Non-deductible expenditures	114,139	203,497
Adjustments to prior years provision versus statutory tax returns and expiry of non-capital losses	268,513	-
Other	(7,216)	5,142
Change in unrecognized deductible temporary differences	514,000	1,040,684
Total income tax recovery	-	-

During the year ended December 31, 2025, the Company received refundable investment tax credits for qualifying scientific research and experimental development ("SR&ED") expenses, of \$112,243 related to its prior year Canadian income tax return (December 31, 2024 - \$104,510).

**FENDX TECHNOLOGIES INC.****NOTES TO FINANCIAL STATEMENTS***For the years ended December 31, 2025 and 2024**(Expressed in Canadian dollars)***12. INCOME TAXES AND INVESTMENT TAX CREDITS (CONTINUED)**

The significant components of the Company's deferred tax assets that have not been included on the statements of financial position are as follows:

	<b>As at December 31, 2025</b>	<b>As at December 31, 2024</b>
	<b>\$</b>	<b>\$</b>
Share issuance costs	52,000	117,000
Non-capital losses available for future periods	3,334,000	2,834,000
SRED Pool	187,000	108,000
	3,573,000	3,059,000
Unrecognized deferred tax assets	(3,573,000)	(3,059,000)
Net deferred tax assets	-	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	<b>Year Ended December 31, 2025</b>	
	<b>\$</b>	<b>Expiry Date Range</b>
Non-capital losses available for future periods	12,346,506	2040 to 2045

**13. SUBSEQUENT EVENTS**

Subsequent to December 31, 2025, the Company issued 28,750 common shares pursuant to the vesting of 28,750 RSUs.

On February 17, 2026, the Company issued 32,800 common shares to settle \$25,257 of consulting fees payable in common shares.

On April 10, 2026, the Company issued 242,102 common shares to settle \$89,578 of debts and consulting fees payable in common shares.

Subsequent to December 31, 2025, an officer of the Company advanced loans to the Company aggregating \$83,305 and an associate of an officer advanced \$95,000 to the Company. The loans are unsecured, non-interest bearing and due on demand with no fixed terms of repayment.