

FENDX TECHNOLOGIES INC.

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**

(UNAUDITED, EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of FendX Technologies Inc. (the “Company”) have been prepared by and are the responsibility of management.

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

FENDX TECHNOLOGIES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Unaudited, Expressed in Canadian dollars)

As at	Note	March 31, 2025 (unaudited)	December 31, 2024
ASSETS			
Current			
Cash		262,374	43,926
Sales taxes and other receivables	4	39,489	108,944
Prepaid expenses	5	623,035	135,913
Total assets		924,898	288,783
LIABILITIES			
Current			
Accounts payable	7	1,049,310	667,036
Accrued liabilities	7	295,478	135,343
Loans payable	7,8	78,627	78,656
Total liabilities		1,423,415	881,035
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	10,233,667	9,665,406
Obligation to issue shares	9	71,880	53,959
Reserves	9	1,745,470	1,337,862
Deficit		(12,549,534)	(11,649,479)
Total shareholders' equity (deficiency)		(498,517)	(592,252)
Total liabilities and shareholders' equity		924,898	288,783

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

Subsequent events *[note 12]*

These financial statements were approved for issuance by the Board of Directors on May 30, 2025 and signed on its behalf by:

“Stephen Randall”
Director

“Carolyn Myers”
Director

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

FENDX TECHNOLOGIES INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (Unaudited, Expressed in Canadian dollars)

	Note	Three months ended March 31, 2025	Three months ended March 31, 2024
		\$	\$
Expenses			
Consulting fees	9	268,855	286,265
Directors' fees	7	13,750	13,750
General and administration		9,343	32,041
Investor relations		44,474	207,054
Management fees	7	117,750	178,560
Marketing		4,418	61,728
Professional fees	10	39,433	81,369
Research and development	10	82,376	152,966
Salaries and benefits		29,247	30,144
Share based payment	7,9	404,786	19,654
Transfer agent and filing fees		11,243	11,189
		1,025,675	1,074,720
Loss before other income (loss)		(1,025,675)	(1,074,720)
Other income (loss)			
Foreign exchange		(1,377)	(558)
Loss on debt settlement	9	-	(37,500)
Interest income		2	2,903
		(1,375)	(35,155)
Net loss and comprehensive loss		(1,027,050)	(1,109,875)
Basic and diluted loss per common share		(0.01)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		74,422,320	57,744,820

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

FENDX TECHNOLOGIES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(Unaudited, Expressed in Canadian dollars)

	Share Capital		Obligation to Issue Shares	Reserves	Deficit	Total
	Number	\$				
Balance, December 31, 2023	53,284,893	6,531,512	-	535,764	(7,022,918)	44,358
Units issued – private placement (Note 7,9)	7,500,000	1,500,000	-	-	-	1,500,000
Units issued - finders' shares (Note 9)	296,200	59,240	-	-	-	59,240
Shares issued - debt settlement (Note 9)	500,000	150,000	-	-	-	150,000
Shares issued - exercise of warrants (Note 9)	7,850,000	785,000	-	-	-	785,000
Share issuance costs (Note 9)	-	(178,838)	-	-	-	(178,838)
Share based payment (Note 9)	-	-	-	19,654	-	19,654
Obligation to issue shares (Note 9)	-	-	100,000	-	-	100,000
Broker warrants, net (Note 9)	-	-	-	78,638	560	79,198
Net loss for the period	-	-	-	-	(1,109,875)	(1,109,875)
Balance, March 31, 2024	69,431,093	8,846,914	100,000	634,056	(8,132,233)	1,448,737
Units issued – private placement (Note 9)	2,625,000	525,000	-	-	-	525,000
Units issued - finders' shares (Note 9)	202,000	40,400	-	-	-	40,400
Shares issued - debt settlement (Note 9)	500,000	160,000	-	-	-	160,000
Shares issued - exercise of broker warrants (Note 9)	23,600	10,195	-	(3,115)	-	7,080
Shares issued - RSU vesting (Note 7, 9)	666,666	173,858	-	(173,858)	-	-
Share issuance costs (Note 9)	-	(90,961)	-	-	-	(90,961)
Share based payment (Note 9)	-	-	-	830,218	-	830,218
Obligation to issue shares (Note 9)	-	-	(46,041)	-	-	(46,041)
Broker warrants, net (Note 9)	-	-	-	50,561	-	50,561
Net loss for the period	-	-	-	-	(3,517,246)	(3,517,246)
Balance, December 31, 2024	73,448,359	9,665,406	53,959	1,337,862	(11,649,479)	(592,252)
Units issued – private placement (Note 9)	4,176,500	542,945	-	167,060	-	710,005
Units issued - finders' shares (Note 9)	157,960	20,535	-	6,318	-	26,853
Shares issued - RSU vesting (Note 9)	518,334	60,067	-	(60,067)	-	-
Share issuance costs (Note 9)	-	(55,286)	-	-	-	(55,286)
Share based payment (Note 9)	-	-	-	404,786	-	404,786
Obligation to issue shares (Note 9)	-	-	17,921	-	-	17,921
Broker warrants, net (Note 9)	-	-	-	(110,489)	126,995	16,506
Net loss for the period	-	-	-	-	(1,027,050)	(1,027,050)
Balance, March 31, 2025	78,301,153	10,233,667	71,880	1,745,470	(12,549,534)	(498,517)

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

FENDX TECHNOLOGIES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (Unaudited, Expressed in Canadian dollars)

	Three months Ended March 31, 2025	Three months Ended March 31, 2024
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,027,050)	(1,109,875)
Add items not affecting cash:		
Depreciation of equipment	-	1,167
Obligation to issue shares	17,921	100,000
Loss on debt settlements	-	37,500
Share based payment	404,786	19,654
Foreign exchange	(29)	-
	(604,372)	(951,554)
Changes in non-cash working capital items relating to operations:		
Sales taxes and other receivables	69,455	(15,765)
Prepaid expenses	(487,122)	(352,112)
Accounts payable and accrued liabilities	542,409	294,706
Cash used in operating activities	(479,630)	(1,024,725)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance costs	698,078	2,244,600
Cash provided by financing activities	698,078	2,244,600
Increase (decrease) in cash during period	218,448	1,219,875
Cash, beginning	43,926	266,791
Cash, ending	262,374	1,486,666
Interest received:	2	2,903
Supplemental disclosures with respect to cash flows:		
Fair value of broker warrants issued	16,506	79,198
Fair value of broker warrants expired unexercised	126,995	(560)
Issuance of shares for settlement of accounts payable	-	150,000

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

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

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 located at 2010 Winston Park Drive, 2nd Floor, Oakville, Ontario, L6H 5R7. 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 “FDXTF” and commenced trading on the Frankfurt Stock Exchange on May 31, 2023 under the symbol “E8D”.

The Company was formed to advance a platform technology that was licensed from McMaster University (“McMaster”) of Hamilton, Ontario, Canada, pursuant to a License Agreement (as herein defined) effective February 5, 2021 (Note 6). The Company has expanded its technology portfolio with the addition of a spray formulation licensed from McMaster pursuant to a Spray License Agreement effective May 16, 2023 (Note 6). The Company is a research and development-stage technology company focused on developing advanced surface-protection coatings that repel certain pathogens as well as cleaning solutions for everyday environments.

Going Concern

These unaudited condensed interim 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 March 31, 2025, the Company had an accumulated deficit of \$12,549,534 and its current liabilities exceed its current assets by \$498,517. The Company’s operations are dependent on obtaining additional financing to further develop its technology 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 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 technology. There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. These unaudited condensed interim 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 can be material.

2. BASIS OF PRESENTATION

[a] Statement of compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports, including International Accounting Standard 34 Interim Financial Reporting.

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

[a] Statement of compliance (continued)

Therefore, these unaudited condensed interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's financial statements for the year ended December 31, 2024 ("Annual Financial Statements"), which have been prepared in accordance with IFRS.

These unaudited condensed interim financial statements were approved for issue by the Company's Board of Directors on May 30, 2025.

[b] Basis of measurement

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

[c] Functional and foreign currency

These unaudited condensed interim 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 unaudited condensed interim 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 unaudited condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim 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:

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

[d] Critical accounting estimates and judgments (continued)

- 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:

- 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

These unaudited condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s Annual Financial Statements.

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

4. SALES TAXES AND OTHER RECEIVABLES

	As at March 31, 2025 \$	As at December 31, 2024 \$
Sales and other taxes receivable	39,489	11,257
Other receivables ⁽¹⁾	-	97,687
Total	39,489	108,944

⁽¹⁾ During the year ended December 31, 2024, an agreement with a service provider expired and the unused funds previously advanced were refunded to the Company in January 2025.

5. PREPAID EXPENSES

	As at March 31, 2025 \$	As at December 31, 2024 \$
Prepaid insurance	827	6,751
Prepaid research project expenses ⁽¹⁾	94,969	92,072
Prepaid investor relations expenses ⁽²⁾	216,000	-
Prepaid expense – other	311,239	37,090
Total	623,035	135,913

⁽¹⁾ Pursuant to the CRA, Spray CRA and Catheter Coating CRA (each defined in Note 6), the Company advances funds to McMaster to conduct research work to further develop its technologies (see Note 6).

⁽²⁾ The Company entered into one investor relations services agreement during the three-month period ended March 31, 2025 for which services had not commenced as of March 31, 2025.

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS

License Agreement and CRA

The Company and McMaster entered into a license agreement (the “License Agreement”) dated February 5, 2021, and amended July 14, 2021, July 15, 2022 and March 3, 2024, in respect of certain protective surface coating film technology and patents (the “Licensed Technology”) which formed the primary basis of the Company’s business, which grants the Company an exclusive worldwide license to the Licensed Technology. In addition, the Company entered into a collaborative research agreement between the Company and McMaster 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 a schedule over the term ending December 31, 2024 for the development milestone funding.

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS (CONTINUED)

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

- the issuance to McMaster of common shares equal to 5% of its fully diluted share capital on achievement of certain funding thresholds of which 1,435,000 common shares have been issued in full satisfaction thereof;
- payment of a 4% royalty on net sales;
- a minimum annual royalty commencing in the first 12-month period ending on the anniversary of the date of the License Agreement as to \$5,000 in the first and second years, \$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, of which \$350,000 was required in year one and minimum funding of \$150,000 per year was required for two years starting twelve (12) months after the effective date of the License Agreement.

The CRA set out the following detailed funding schedule to satisfy the development milestone funding requirements of \$650,000 pursuant to the License Agreement, upon receipt of invoices from McMaster and provided the research aims are approved by the Company:

Proposed Invoice Date	Amount
November 24, 2021 (paid)	\$175,000
August 25, 2022 (paid)	\$87,500
January 1, 2023 (paid)	\$87,500
March 1, 2023 (paid)	\$75,000
May 1, 2023 (paid)	\$37,500
July 1, 2023 (paid)	\$37,500
September 1, 2023 (paid)	\$75,000
January 1, 2024 (paid)	\$37,500
May 1, 2024 (paid)	\$37,500

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 (the “Catheter Coating CRA”), with a term of two years from the effective date, 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 using the Licensed Technology. In the first and second year of the term, maximum research funding to McMaster will be \$150,547 each year, as follows:

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

6. LICENSE AND COLLABORATIVE RESEARCH AGREEMENTS (CONTINUED)

Proposed Invoice Date	Amount
On signing (paid)	\$37,637
March 1, 2024 (paid)	\$37,637
June 1, 2024 (paid)	\$37,637
September 1, 2024 (not paid) ⁽¹⁾	\$37,637
December 1, 2024 (not paid) ⁽²⁾	\$37,637
March 1, 2025 (not paid) ⁽³⁾	\$37,637
June 1, 2025	\$37,637
September 1, 2025	\$37,637

⁽¹⁾ Invoice received dated December 2, 2024 with a due date of January 1, 2025.

⁽²⁾ Invoice received dated January 14, 2025 with a due date of February 13, 2025.

⁽³⁾ Invoice received dated March 6, 2025 with a due date of April 5, 2025.

Spray License Agreement and Spray CRA

On May 16, 2023, the Company and McMaster entered into a license agreement, as amended July 20, 2023, (the “Spray License Agreement”) which provided the Company with an exclusive worldwide license to certain technology for a bifunctional spray coating formulation (the “Spray Technology”). Pursuant to the Spray License Agreement, the Company will be required to pay:

- a 4% royalty on net sales of a commercialized product;
- no minimum annual royalty as long as the License Agreement is still in effect; and
- commit maximum research funding to McMaster of \$85,169 for 2023 and \$168,468 for 2024 upon receipt of invoices from McMaster, to support continued research and development activities of the Spray Technology.

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 (the “Spray CRA”), with a term of two years from the effective date, that allows the Company to work with McMaster to advance the Spray Technology and sets out a schedule for the development milestone funding for the funding commitments set out in the Spray License Agreement, as follows:

Proposed Invoice Date	Maximum Amount
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
June 30, 2024 (paid)	\$42,116.90
September 30, 2024 (not paid) ⁽¹⁾	\$42,116.90
June 30, 2025	\$42,116.90

⁽¹⁾ Invoice due date April 30, 2025.

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, 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 March 31, 2025, were amounts totaling \$416,046 (December 31, 2024 – \$319,412) due to related parties. Included in loans payable as at March 31, 2025, were amounts totaling \$78,627 (December 31, 2024 – \$78,656) due to a related party (Note 8).

The following related party fees were incurred:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
	\$	\$
Directors' fees	13,750	13,750
Management fees	117,750	178,560
Share based payment	271,696	15,235
Total	403,196	207,545

On March 25, 2024, two officers and a director participated in the Company's non-brokered private placement and subscribed for an aggregate of 200,000 units, for gross proceeds of an aggregate of \$40,000 to the Company (Note 9).

On July 23, 2024, an aggregate of 375,000 common shares were issued to two officers pursuant to the vesting of RSUs granted on July 18, 2024 (Note 9).

8. LOANS PAYABLE

On September 27, 2024, the Company entered into a loan agreement with an officer of the Company who provided unsecured loans during the year ended December 31, 2024 totaling \$47,000 and US\$22,000 to the Company. The loans are unsecured, non-interest bearing and due on demand with no fixed terms of repayment. As at March 31, 2025, \$78,627 is outstanding (December 31, 2024 - \$78,656).

9. SHARE CAPITAL

[a] Authorized

Unlimited number of common shares without par value.

FENDX TECHNOLOGIES INC.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For three months ended March 31, 2025 and 2024

(Unaudited, Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

[b] Issued

As at March 31, 2025 78,301,153 common shares were issued and outstanding. As at March 31, 2025, 4,950,001 common shares are subject to voluntary pooling and/or escrow restrictions summarized as follows: a) 16,500,001 common shares are subject to voluntary pooling agreements such that 55% of these shares are released on the date that is 18 months from March 20, 2023 (the “Listing Date”), and further 15% releases on the dates that are 24, 30 and 36 months from the Listing Date; b) 1,435,000 common shares will be released on the date that is 18 months after the Listing Date; c) an aggregate of 8,200,000 common shares are subject to voluntary escrow such that 10% were released on the Listing Date and 15% of these shares will be released on each of the dates that are 3, 6, 9, 12, 15 and 18 months from the Listing Date; and d) an aggregate of 10,334,665 common shares are subject to voluntary resale restrictions such that 20% are released on the date that is 4 months and one day from the Listing Date, 20% released on the date that is 6 months and one day from the Listing Date, 30% released on each of the dates that are 9 months and one day and 12 months and one day from the Listing Date.

During the three months ended March 31, 2025:

- i. On January 20, 2025, the Company issued 18,334 common shares pursuant to the vesting of 18,334 RSUs.
- ii. On March 13, 2025, the Company raised gross proceeds of \$710,005 pursuant to the issuance of 4,176,500 units at \$0.17 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 \$0.40 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 \$11,927 in cash and issued 157,960 finder units in lieu of cash and issued 228,120 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 \$0.17 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 157,960 finders’ units; and \$16,506 for the fair value of the 228,120 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 an exercise price of \$0.17.
- iii. On March 24, 2025, the Company issued 500,000 common shares pursuant to the vesting of the 500,000 RSUs.

During the year ended December 31, 2024:

- i. On February 2, 2024, the Company completed the closing of a first tranche of a private placement and issued 2,625,000 units (each a “Unit”) at \$0.20 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 \$0.40 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 170,000 finder units in lieu of cash, and

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(Unaudited, Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

issued 210,000 finder warrants. Each finder unit is comprised of one common share and one warrant, with each warrant exercisable into one common share at \$0.40 per share for a period of 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 \$0.20 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 170,000 finders' units; and \$30,873 for the fair value of the 210,000 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 an exercise price of \$0.20.

- ii. During 2024, the Company received aggregate proceeds of \$785,000 from the exercise of 7,850,000 warrants at \$0.10 per share and issued an aggregate of 7,850,000 common shares pursuant to the warrant exercises.
- iii. On March 12, 2024, the Company issued 500,000 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 on settlement of \$37,500 was recorded on the date of settlement.
- iv. On March 25, 2024, the Company completed a second closing of the private placement referred to in Note 9(b)(i) and issued 4,875,000 Units at \$0.20 per Unit for gross proceeds of \$975,000. Pursuant to this closing, the Company paid finders fees of \$32,400 in cash and issued 126,200 finder units in lieu of cash, and 288,200 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 \$0.20 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 126,200 finders' units; and \$48,325 for the fair value of the 288,200 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 \$0.20.
- v. On April 8, 2024, the Company issued 500,000 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 the private placement referred to in Note 9(b)(i) and issued 2,625,000 Units at \$0.20 per Unit for gross proceeds of \$525,000. The Company paid finders fees to eligible finders comprised of 202,000 finder units in lieu of cash and issued 202,000 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 \$0.20 for 36 months from the closing date. The Company recorded share issuance costs totaling \$90,961 comprised of: \$40,400 for the fair value of the 202,000 finders' units; and \$50,561 for the fair value of the 202,000 broker warrants using the Black-Scholes pricing model under the following assumptions: a risk-free rate

FENDX TECHNOLOGIES INC.

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9. SHARE CAPITAL (CONTINUED)

[b] Issued (continued)

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 \$0.20.

- vii. On May 17, 2024, the Company issued 23,600 common shares pursuant to the exercise of 23,600 broker warrants at \$0.30 per common share for proceeds of \$7,080.
- viii. During 2024, the Company issued an aggregate of 666,666 common shares pursuant to the vesting of 666,666 RSUs (See Note 7).

[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 March 21, 2025, the Company granted an aggregate of 2,925,000 stock options to certain directors, officers, employees and consultants at an exercise price of \$0.17 expiring five years from the date of grant and 100% vesting on date of grant. The options were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 2.66%, an estimated annualized volatility of 96.36% using comparable companies, an expected life of 5 years, a nil dividend yield, and an exercise price of \$0.17.

On July 18, 2024, the Company granted an aggregate of 3,950,000 stock options to certain directors, officers, employees and consultants at an exercise price of \$0.29 expiring five years from the date of grant. The options are subject to vesting provisions of 1/2 vesting on the date of grant and 1/4 vesting on each of the dates that is 9 months and 18 months from the date of grant, such that all options fully vest over 18 months from the date of grant. The options were valued using the Black-Scholes model under the following assumptions: a risk-free rate of 3.34%, an estimated annualized volatility of 93.06% using comparable companies, an expected life of 5 years, a nil dividend yield, and an exercise price of \$0.29.

FENDX TECHNOLOGIES INC.

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9. SHARE CAPITAL (CONTINUED)

[c] Options (continued)

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

	Number of Options	Weighted Average Exercise Price \$
Balance, December 31, 2023	2,741,667	0.25
Granted	3,950,000	0.29
Cancelled/ forfeited	(950,000)	0.27
Balance, December 31, 2024	5,741,667	0.27
Granted	2,925,000	0.17
Balance, March 31, 2025	8,666,667	0.24
Vested and exercisable at March 31, 2025	7,016,667	0.225

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

Expiry Date	Exercise Price \$	Number Outstanding	Remaining Life of Options (Years)	Number Exercisable
April 22, 2027	0.15	841,667	2.06	841,667
December 24, 2027	0.30	300,000	2.73	300,000
January 24, 2028	0.30	1,300,000	2.82	1,300,000
July 18, 2029	0.29	3,300,000	4.30	1,650,000
March 21, 2030	0.17	2,925,000	4.98	2,925,000
		8,666,667	4.03	7,016,667

During the three months ended March 31, 2025, the Company recognized share-based payments of \$307,619 (March 31, 2024 - \$19,654) relating to options granted and vested during the period.

[d] Warrants

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

	Number	Weighted Average Exercise Price \$
Balance, December 31, 2023	14,619,000	0.28
Issued	10,125,000	0.40
Warrants expired	(100,000)	(0.10)
Warrants exercised	(7,850,000)	(0.10)
Balance, December 31, 2024	16,794,000	0.44
Issued	4,176,500	0.40
Warrants expired	(6,669,000)	(0.50)
Balance, March 31, 2025	14,301,500	0.40

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9. SHARE CAPITAL (CONTINUED)

[d] Warrants (continued)

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

Date of Expiry	Number of Warrants Outstanding	Exercise Price \$
February 2, 2027	2,625,000	0.40
March 25, 2027	4,875,000	0.40
May 8, 2027	2,625,000	0.40
March 13, 2028	4,176,500	0.40
	14,301,500	

The weighted average remaining contractual life of the warrants outstanding as at March 31, 2025 is 2.27 years.

[e] Broker warrants and compensation warrants

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

	Weighted Average Number	Exercise Price \$
Balance, December 31, 2023	993,520	0.30
Issued	1,198,400	0.29
Expired ⁽¹⁾	(8,000)	(0.15)
Exercised	(23,600)	(0.30)
Balance, December 31, 2024	2,160,320	0.29
Issued	386,080	0.26
Expired ⁽²⁾	(961,920)	(0.30)
Balance, March 31, 2025	1,584,480	0.28

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

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

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

Expiry Date	Number Outstanding	Exercise Price \$
February 2, 2027	210,000	0.20
February 2, 2027	170,000	0.40
March 25, 2027	288,200	0.20
March 25, 2027	126,200	0.40
May 8, 2027	202,000	0.20
May 8, 2027	202,000	0.40
March 13, 2028	228,120	0.17
March 13, 2028	157,960	0.40
	1,584,480	

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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 March 31, 2025 is 2.22 years.

[f] Bonus Shares

On June 19, 2021 the Company entered into agreements with each of the two lead researchers at McMaster (the “Lead Researchers”) related to the Licensed Technology. Pursuant to the agreements, each of the two Lead Researchers may be entitled to receive up to 2,075,000 common shares (the “Bonus Shares”) should certain milestones related to the development of the Licensed Technology be achieved. As at March 31, 2025 4,150,000 Bonus Shares (December 31, 2024 – 4,150,000 Bonus Shares) have been reserved for issuance, and no Bonus Shares have been issued. The Company has not recognized any share-based payment expense in connection with these Bonus Shares as the likelihood of achieving the milestones is not considered probable.

[g] Restricted Share Units

On July 18, 2024, the Company granted an aggregate of 1,150,000 RSUs to two officers and a consultant. The RSUs are subject to vesting provisions of 50% vesting on the date of grant and 25% vesting on the date that is 9 months and 18 months from the date of grant, such that all RSUs fully vest over 18 months from the date of grant.

On July 23, 2024, the Company granted 55,000 RSUs to a consultant. The RSUs are subject to vesting provisions of 18,333 RSUs vesting on August 19, 2024, 18,333 RSUs vesting on September 19, 2024 and 18,334 RSUs vesting on October 18, 2024.

On December 17, 2024, the Company granted 55,000 RSUs to a consultant. The RSUs are subject to vesting provisions of 18,333 RSUs vesting on December 17, 2024, 18,333 RSUs vesting on December 20, 2024 and 18,334 RSUs vesting on January 18, 2025.

On March 21, 2025, the Company granted 500,000 RSUs which vested on the grant date.

During the three months ended March 31, 2025, the Company recognized \$97,167 as share-based payments related to RSUs (March 31, 2024 – \$nil). As at March 31, 2025, 575,000 RSUs are outstanding (December 31, 2024 – 593,334).

[h] Obligation to Issue Shares

As at March 31, 2025, \$71,880 (December 31, 2024 – \$53,959) of consulting service fees was payable through the issuance of common shares.

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9. SHARE CAPITAL (CONTINUED)

[i] 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.

10. OPERATING EXPENSES

Professional fees are comprised of the following:

	Three Months ended March 31, 2025	Three Months ended March 31, 2024
	\$	\$
Audit fees	11,250	12,000
Legal fees – general corporate	20,956	41,712
Legal fees – intellectual property and other	7,227	27,657
Total	39,433	81,369

Research and development expenses are comprised of the following:

	Three Months ended March 31, 2025	Three Months ended March 31, 2024
	\$	\$
Research and development	72,376	142,966
License and royalty fees	10,000	10,000
Total	82,376	152,966

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The Company's financial instruments at March 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 investments.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

[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 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 March 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 are 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 three months ended March 31, 2025, there can be no assurance of continued access to significant equity funding. As March 31, 2025 the Company's current liabilities exceed its current assets by \$498,517. As at March 31, 2025, the Company's financial liabilities were comprised of accounts payable, accrued liabilities and loans payable totaling \$1,423,415, 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 March 31, 2025, the Company held \$262,374 (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.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

[c] Market risk (continued)

As at March 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 \$8,349 (December 31, 2024 - \$528) on the Company's results of financial position based on the Company's net exposure as at March 31, 2025 and December 31, 2024.

	March 31, 2025 US\$	December 31, 2024 US\$
Accounts receivable	-	67,890
Cash	10	-
Accounts payable	36,088	42,217
Loans payable	22,000	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 three months ended March 31, 2025 and year ended December 31, 2024.

12. SUBSEQUENT EVENTS

On April 16, 2025, the Company issued 400,000 common shares to an arms' length vendor to settle \$68,000 of advisory fees incurred.

On April 21, 2025, the Company issued an aggregate of 287,500 common shares pursuant to the vesting of 287,500 RSUs.

The Company and US BioSolutions LLC entered into a Supply Agreement dated April 23, 2025 for the supply of rolls of Open-Cell foam which FendX can use to manufacture a line of eco-friendly sponge products. The Company also entered into an IP License Agreement with Scott Smith and US BioSolutions LLC dated April 23, 2025 to license three patent applications and a trademark in consideration for the issuance of 1,000,000 common shares of FendX. On May 2, 2025, the Company issued 1,000,000 common shares to Mr. Smith as consideration pursuant to the IP License Agreement.