

FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

- (a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: Xigem Technologies Corporation

Website: www.xigemtechnologies.com

Listing Statement Date: March 11, 2021

Description(s) of listed securities(symbol/type): XIGM Common Shares

Brief Description of the Issuer's Business: Xigem is positioning itself to become a leading technology provider for the emerging remote digital economy, with software capable of improving the capacity, productivity, and overall remote operations for businesses, consumers, and other organizations. iAgent, the Company's patented technology, and EchoDigital, a SaaS automotive shopping platform, are intended to provide organizations, businesses, and consumers with the tools necessary to thrive in a vast array of digital working, learning, shopping and treatment

environments, as the Company looks to aggregate a portfolio of innovative technologies capable of disrupting traditional business models.		
Description of additional (unlisted) securities outstanding		
Jurisdiction of Incorporation: Federal		
Fiscal Year End: December 31		
Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled): Last Shareholder Meeting was July 8, 2025. Next Shareholder Meeting is scheduled for June 30, 2026		
Financial Information as at: December 31, 2025		
	Current	Previous
Cash	36,852	34,446
Current Assets	1,403,038	972,345
Non-current Assets	0	0
Current Liabilities	1,002,623	536,915
Non-current Liabilities	0	0
Shareholders' equity	400,415	435,430
Revenue	2,446,646	1,728,620
Net Income	(426,085)	(488,242)
Net Cash Flow from Operations	(438,664)	(74,445)

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

1. **Related party transactions** See page 29 Note 9 of Appendix A

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as

affiliate, associate or related company without further clarifying details are not sufficient.

- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. **Summary of securities issued and options granted during the period.** See page 27 Note 8 of Appendix A

Provide the following information for the Listed Issuer’s fiscal year:

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

- (b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. **Summary of securities as at the end of the reporting period.** See page 27 Note 8 of Appendix A

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. **List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.**

Brian Kalish – CEO and Director, appointed March 5, 2021

Igor Kostiuoutchenko – CFO, appointed March 5, 2021

Stephen Coates – Director, appointed Dec 29, 2017

Scott Wilson – Director appointed March 5, 2021

Conor Bill – Director appointed March 5, 2021

Ezio D’Onfrio - Director appointed January 26, 2022

5. **Financial Resources** See page 3 of Appendix B

- a) State the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;
- b) Describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;
- c) Disclose the total funds available to the Issuer and the following breakdown of those funds:
 - (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and
 - (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and
 - (iii) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph

will be used by the Issuer.

6. Status of Operations See page 3 of Appendix B

During the fiscal year, did the Listed Issuer

- (a) reduce or impair its principal operating assets; or
- (b) cease or substantively reduce its business operations with respect to its stated business objectives in the most recent Listing Statement?

Provide details:

7. Business Activity See page 3 of Appendix B

a) Activity for a mining or oil and gas Listed Issuer

- (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, significant revenue from operations, or \$50,000 in exploration or development expenditures?

Provide details.

- (ii) If the response to (i) above is “no”, for the three most recent fiscal years did the Listed Issuer have an aggregate of \$100,000 in exploration or development expenditures?

Provide details.

b) Activity for industry segments other than mining or oil & gas

- (i) For the most recent fiscal year, did the Listed Issuer have positive cash flow, or \$100,000 in revenue from operations or \$100,000 in development expenditures?

Provide details.

- (ii) If the response to (i) above is “no”, for the three most recent fiscal years, did the Listed Issuer have either \$200,000 in operating revenues or \$200,000 in expenditures directly related to the development of the business?

Provide details.

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated April 30, 2026

Brian Kalish
Name of Director or Senior Officer

"signed"
Signature

CEO
Official Capacity

Issuer Details Name of Issuer Xigem Technologies Corporation		For Year Ended 2025	Date of Report YY/MM/D April 30, 2026
Issuer Address 2704-401 Bay St			
City/Province/Postal Code Toronto		Issuer Fax No. ()	Issuer Telephone No. (647) 250-9824
Contact Name Brian Kalish		Contact Position CEO	Contact Telephone No. (647) 250-9824
Contact Email Address briank@xigemtechnologies.com		Web Site Address www.xigemtechnologies.com	



Xigem Technologies Corporation

Consolidated Financial Statements

For the years ended
December 31, 2025 and December 31, 2024

Xigem Technologies Corporation
For the years ended December 31, 2025 and December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xigem Technologies Corporation

Opinion

We have audited the consolidated financial statements of Xigem Technologies Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter - Material Uncertainty Relating to Going Concern

We draw your attention to Note 2 to the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$14,606,373, cash of \$36,852 and a working capital deficit of \$308,904 as at December 31, 2025. Additionally, the Company incurred a net loss of \$449,893 and used \$438,664 of cash for operating activities during the year ended December 31, 2025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. In addition to the matter described in the Emphasis of Matter - Material Uncertainty Related to Going Concern section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report.

(continues)

Intangible asset impairment assessment:

Description of the Matter:

The Company's impairment test required management to make significant assumptions in determining the recoverable amount, such as revenue forecast, discount rate, and terminal growth.

Why this was considered a Key Audit Matter:

We determined this as a key audit matter as it represented an area of significant risk of material misstatement given the magnitude of the intangible asset and the high degree of estimation uncertainty in determining the recoverable amount. In addition, significant auditor judgement and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Company's determination of recoverable amount to minor changes to significant assumptions. We considered this a key audit matter due to the judgments made by management in assessing the indications of impairment and developing the assumptions to determine the recoverable amounts.

How the matter was addressed in the audit:

We performed the following procedures:

- Evaluated management's process and methodology;
- Tested the completeness and accuracy of data, and reasonableness of assumptions used in the Company's impairment assessment;
- Evaluated the reasonableness of management's inputs and assumptions with respect to the fair value of the intangible assets; and
- Assessed the overall presentation and disclosure in the consolidated financial statements.

Conclusion:

Based on the procedures performed, we found that management's estimates and judgments applied in assessing the impairment of intangible assets were reasonable in the context of IFRS requirements, and that the related disclosures in the financial statements were appropriate and compliant with the relevant provisions of IAS 36 – Impairment of Assets.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

(*continues*)

Independent Auditor's Report to the Shareholders of Xigem Technologies Corporation (*continued*)

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

(*continues*)

Independent Auditor's Report to the Shareholders of Xigem Technologies Corporation *(continued)*

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 consolidated 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 Joozer Karimjee.

Bassi & Karimjee LLP

Brampton, Ontario
April 28, 2026

Chartered Professional Accountants
Licensed Public Accountants

Xigem Technologies Corporation

Consolidated Statements of Financial Position

As at December 31, 2025 and December 31, 2024

(Expressed in Canadian dollars)



	Note	2025	2024
		\$	\$
ASSETS			
<i>Current</i>			
Cash		36,852	34,446
Accounts receivable		138,449	65,050
Indirect taxes recoverable		29,323	44,838
Loan receivable	10	500,000	-
		704,624	144,334
<i>Non-current</i>			
Property and equipment	5	9,983	44,639
Intangible assets	6	675,528	783,372
		685,511	828,011
		1,390,135	972,345
LIABILITIES			
<i>Current</i>			
Accounts payable and accrued liabilities		460,754	536,915
Interest payable	7	2,774	-
Promissory notes payable	7	50,000	-
Loan payable	10	500,000	-
		1,013,528	536,915
SHAREHOLDERS' EQUITY			
Share capital	8(b)	10,842,070	10,451,000
Contributed surplus		4,036,985	4,036,985
Warrant reserve	8(c)	-	-
Options reserve	8(d)	103,925	103,925
Deficit		(14,606,373)	(14,156,480)
		376,607	435,430
		1,390,135	972,345
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ON BEHALF OF THE BOARD:

Director

Xigem Technologies Corporation
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2025 and December 31, 2024
(Expressed in Canadian dollars)



	Note	2025 \$	2024 \$
REVENUE		2,446,646	1,728,620
DIRECT COSTS		2,373,246	1,676,762
GROSS MARGIN		73,400	51,858
EXPENSES			
Management and consulting fees	9(a)	278,000	252,248
Amortization	5, 6	142,500	123,906
Professional fees		40,000	69,856
Investor relations		27,155	6,097
Public filing fees		23,225	60,585
Advertising and promotion		9,232	4,966
Interest and bank charges		2,735	597
Dues and subscriptions		446	678
Insurance		-	21,167
		523,293	540,100
LOSS BEFORE INCOME TAXES		(449,893)	(488,242)
INCOME TAXES			
Current	12	-	-
Deferred	12	-	-
		-	-
NET LOSS AND COMPREHENSIVE LOSS		(449,893)	(488,242)
LOSS PER SHARE			
Basic	10	(0.0069)	(0.0093)
Diluted	10	(0.0067)	(0.0090)

Xigem Technologies Corporation
Consolidated Statements of Changes in Equity
For the years ended December 31, 2025 and December 31, 2024
(Expressed in Canadian dollars)



	Note	Share capital #	Share capital \$	Contributed surplus \$	Warrant reserve \$	Options reserve \$	Deficit \$	Total equity \$
Balance, as at December 31, 2023		47,051,275	10,188,250	2,866,083	1,170,902	103,925	(13,668,238)	660,922
Private placement		2,500,000	105,000	-	-	-	-	105,000
Debt conversion		3,155,000	157,750	-	-	-	-	157,750
Expiry of warrants		-	-	1,170,902	(1,170,902)	-	-	-
Net loss and comprehensive loss		-	-	-	-	-	(488,242)	(488,242)
		5,655,000	262,750	1,170,902	(1,170,902)	-	(488,242)	(225,492)
Balance, as at December 31, 2024		52,706,275	10,451,000	4,036,985	-	103,925	(14,156,480)	435,430
Shares issued on debt settlement	8(b)	11,369,000	341,070	-	-	-	-	341,070
Shares issued on financing	8(b)	1,000,000	50,000	-	-	-	-	50,000
Net loss and comprehensive loss		-	-	-	-	-	(449,893)	(449,893)
		12,369,000	391,070	-	-	-	(449,893)	(58,823)
Balance, as at December 31, 2025		65,075,275	10,842,070	4,036,985	-	103,925	(14,606,373)	376,607

Xigem Technologies Corporation
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and December 31, 2024
(Expressed in Canadian dollars)



	2025	2024
	\$	\$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(449,893)	(488,242)
<i>Items not affecting cash:</i>		
Amortization	142,500	123,906
Interest expense	2,774	-
	(304,619)	(364,336)
<i>Changes in non-cash working capital balances:</i>		
Accounts receivable	(73,399)	(51,860)
Indirect taxes recoverable	15,515	28,919
Accounts payable and accrued liabilities	(76,161)	312,832
	(134,045)	289,891
	(438,664)	(74,445)
FINANCING ACTIVITIES		
Proceeds from notes payable	50,000	-
Proceeds from issuance of shares	391,070	105,000
	441,070	105,000
Change in cash	2,406	30,555
Cash, beginning of year	34,446	3,891
Cash, end of year	36,852	34,446
Supplementary non-cash investing and financing transactions		
Shares issued for debt settlement	341,070	157,750
Interest paid	-	4,025



1. GENERAL INFORMATION

Xigem Technologies Corporation ("Xigem" or the "Company") seeks to become a leading Software as a Service technology platform. Using patented and proprietary technology, the Company seeks to provide organizations with the infrastructure necessary to manage employees, assets, resources, and other business operations in a variety of environments.

Xigem Technologies Corporation (formerly 10557536 Canada Corp.) was federally incorporated on December 27, 2017 under the Canada Business Corporations Act and has its registered head office located at 372 Bay Street, Suite #1800, Toronto, Ontario, Canada, M5H 2W9.

2. BASIS OF PREPARATION

a) Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The realizable values may be substantially different from their carrying values, as shown in these consolidated financial statements. These consolidated financial statements do not affect adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2025, the Company had an accumulated deficit of \$14,606,373 (2024 – \$14,156,480). The Company has not yet been able to generate positive cash flows from operations. Whether and when the Company can generate sufficient cash flows to pay for its expenditures and settle its obligations as they fall due after December 31, 2025, is uncertain.

To address the going concern risk, the Company continues to seek equity financing alternatives to support ongoing operations, monitor general and administrative expenses compared to budget, and optimize its operating processes.

b) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements are presented in **Note 3**. These consolidated financial statements were authorized for issuance by the Board of Directors on April 28, 2026.



2. BASIS OF PREPARATION (CONT'D)

c) Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its controlled subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- power over the investee.
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies.

The Company's material subsidiaries as at December 31, 2025 and 2024 are as follows:

Name of subsidiary	Country of incorporation	Ownership percentage	Functional currency
Xigem Technology Solutions Inc.	Canada	100%	Canadian Dollar
1000145269 Ontario Inc.	Canada	100%	Canadian Dollar

d) Basis of presentation

The consolidated financial statements are prepared on a going concern basis using the historical cost method, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company presents its classified consolidated statements of financial position distinguished between current and non-current assets and liabilities.

e) Significant judgments

The preparation of the Company's consolidated financial statements under IFRS requires management to exercise judgment in applying the Company's accounting policies. Judgments made by management in the ongoing application of IFRS that have a significant effect on the consolidated financial statements are outlined below:

i) *Going concern*

The Company applies judgment to determine whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.



2. BASIS OF PREPARATION (CONT'D)

e) Significant judgments (cont'd)

ii) *Non-financial assets*

The Company applies judgment to assess whether there are any indications that its non-financial assets may be impaired. This assessment requires an assessment of external, internal and other indicators at the end of each reporting period.

iii) *Provisions and contingencies*

The Company may encounter obligations arising from past events, which will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the Company or where the obligation cannot be reliably estimated. The Company reviews such situations at each consolidated statement of financial position date and makes judgments on all information available to determine if an outflow of economic resources can be reliably estimated or not. If this is not possible, a contingency is reported for each material case.

iv) *Research and development costs*

Judgment is required to distinguish the research phase and the development phase to correctly identify costs that qualify for capitalization.

v) *Income taxes*

The Company applies judgment in determining the tax rates applicable to the temporary differences to determine the provision for income taxes. Deferred taxes relate to temporary differences between accounting and tax asset values. They are measured using tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences between accounting and tax asset values expected to be deductible or taxable in the future.

f) Use of estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make estimates based on events and circumstances that existed at the consolidated statement of financial position date. Accordingly, actual results may differ from these estimates. Significant estimates made by management with a significant risk of material adjustment in the current and following years are discussed below:

i) *Non-financial assets*

The Company estimates the useful life of its non-financial assets, which include an assessment of the expected usage of the asset, product life-cycles, technological obsolescence and the period of control over the asset. The useful life impacts the amount of amortization recorded in profit or loss in during the year, and the corresponding reduction of the non-financial assets value.



2. BASIS OF PREPARATION (CONT'D)

f) Use of estimates and assumptions (cont'd)

ii) *Share-based payments*

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iii) *Warrants*

The Company uses the Black-Scholes model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value of warrants: risk-free interest rate, exercise price, market price at the date of issuance, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrants or higher volatility number used would result in an increase in the warrant value.

g) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Future accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>
Amendments to IFRS 7 & 9	<i>Classification and Measurement of Financial Instruments</i>
Annual Improvements to IFRS Accounting Standards - Volume 11	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows</i>

The Company does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Company in future periods.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined by incorporating all factors that market participants would consider in setting a price acting in their economic best interests, including commonly accepted valuation approaches.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability that is accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its "highest and best use" or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a fair value basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c) Foreign currency translation

Transactions in foreign currencies are translated into the respective functional currencies of each company of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the report date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Nonmonetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in the consolidated statements of loss and comprehensive loss.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Cash

Cash comprise cash on hand, unrestricted cash, balances with banks, deposits held in trust, and short-term deposits, if any.

e) Property and equipment

Recognition and measurement

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and depreciated separately. Depreciation is computed using the straight-line and declining balance methods based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

After initial recognition, the cost model is applied to property and equipment. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statements of loss and comprehensive loss.

The estimated useful lives of property and equipment for current and comparative periods are as follows: Leasehold improvements are amortized over 2 years. Right-of-use assets over 5 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

f) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Leases (cont'd)

As a lessee

At commencement or modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets as 'property and equipment' in the consolidated statements of financial position.

The Company applies IAS 36 Impairment to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'property and equipment' policy.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Leases (cont'd)

The Company did not make any such adjustments during the periods presented.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets, including patents, licenses and trademarks that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization is calculated to write off the intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in the consolidated statements of loss and comprehensive loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. Intangible assets not yet available for intended use are not subject to amortization.

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible assets and use or sell it;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the consolidated statement of loss and comprehensive loss as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses.

h) Impairment of non-financial assets

Non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Finite life intangible assets not yet available for use are tested annually for impairment.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. An impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. An impairment loss is reversed when there has been a change in estimate that is relevant for the determination of the asset's recoverable amount since the last impairment loss was recognized.

i) Provisions

Provisions are recognized when present (legal or constructive) obligations resulting from a past event will lead to a probable outflow of economic resources, and amounts can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered remote, no liability is recognized.

j) Recognition and measurement of financial assets and liabilities

Financial assets include cash and accounts receivable. Financial liabilities include accounts payable and accrued liabilities. The Company determines the classification of its financial assets and financial liabilities at initial recognition. The classification of financial instruments depends on the purpose for which they are acquired or incurred. Financial instruments are initially recorded at fair value and, in the case of financial assets or liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

The fair value of a financial instrument is the amount of consideration that could be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. In certain circumstances, however, the initial fair value may be based on other observable current market transactions in the same instrument without modification or a valuation technique using market-based inputs.

The fair value of other assets and accounts payable and certain other liabilities are estimated based on discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned, and all the risks and rewards of ownership have been transferred to a third party. Financial liabilities are no longer recognized when the related obligation expires or is discharged or canceled.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Recognition and measurement of financial assets and liabilities (cont'd)

The following table outlines the financial assets and liabilities and their classification of those values:

Financial instrument	Classification
<i>Financial assets:</i>	
Cash	Amortized cost
Accounts receivable	Amortized cost
<i>Financial liabilities:</i>	
Accounts payable and accrued liabilities	Amortized cost

Financial assets

The Company's financial assets are classified and measured based on both the business model in which the assets are managed and the asset's contractual cash flow characteristics. Financial assets subsequent to initial recognition are classified and measured based on three categories: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI") with fair value gains or losses recycled to net income on derecognition for loans and receivables only; or (iii) fair value through profit or loss ("FVTPL").

Financial assets at amortized cost

Financial assets are recorded at amortized cost when financial assets are held to collect contractual cash flows, and those cash flows represent payments of principal and interest solely and are not designated as FVTPL. These assets are measured at amortized cost subsequent to initial recognition using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability. The amortized cost is reduced by impairment losses if any. Interest income and impairment losses are recognized in the consolidated statements of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statements of loss and comprehensive loss.

Financial assets at FVOCI

These financial assets are measured at fair value after initial recognition. For debt instruments held to collect contractual cash flows and sell financial assets, interest income is calculated using the effective interest method, and impairment is recognized in the consolidated statements of loss and comprehensive loss. Other net fair value gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statements of loss and comprehensive loss. For equity instruments not held for trading and where an election to present changes in the fair value subsequent to the initial recognition of such instruments in other comprehensive income is made, dividends are recognized in the consolidated statements of loss and comprehensive loss, unless the dividend clearly represents a recovery of part of the investment cost. Other net fair value gains and losses are recognized in OCI and are never reclassified to the consolidated statements of loss and comprehensive loss. Regular way transactions are recorded on a trade date basis.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Recognition and measurement of financial assets and liabilities (cont'd)

Financial assets (cont'd)

Financial assets at FVTPL

These financial assets are neither held at amortized cost nor at FVOCI as they are managed and evaluated on a fair value basis. These financial assets are measured at fair value subsequent to initial recognition. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statements of loss and comprehensive loss unless they are derivative instruments designated in an effective hedging relationship.

Financial liabilities

Financial liabilities are initially measured at fair value, and subsequent to initial recognition, are classified and measured based on two categories: (i) amortized cost; or (ii) FVTPL.

Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the consolidated statements of loss and comprehensive loss. Any gain or loss on derecognition is recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held for trading. It is derivative or designated as FVTPL on initial recognition. Financial liabilities at FVTPL are subsequently measured at fair value, and net gains and losses, including any interest expenses, are recognized in the consolidated statements of loss and comprehensive loss unless they are derivative instruments designated in an effective hedging relationship.

k) Derecognition and measurement of financial assets and liabilities

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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 its terms are modified and the cash flows or the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statements of loss and comprehensive loss.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented on the consolidated statement of financial position, only when the Company has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

m) Impairment of financial assets

Expected credit losses ("ECLs") is the probability-weighted estimate of credit losses. The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to the lifetime ECLs.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets and the Company expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an expected credit loss ("ECL") model. The Company applies the simplified approach which uses lifetime ECLs for accounts receivable and other receivables.

n) Income taxes

The Company is subject to tax under *Part I* of the *Income Tax Act of Canada* and is subject to the general rate applicable to Canadian corporations. Current and deferred taxes are recognized in the consolidated statements of loss and comprehensive loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive loss or directly in equity, respectively.

Current income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in Canada, where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Income taxes (cont'd)

Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

o) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. Preferred shares are classified as equity if it is non-redeemable or redeemable only at the Company's option and dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval of the Company's shareholders.

p) Share-based compensation

Where equity instruments are granted to employees, they are recorded at the fair value of goods and services received in the statement of loss and comprehensive loss. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. When the value of goods and services received in exchange for the share-based payment cannot be reliably estimated, the goods or services received are measured, indirectly, by reference to the fair value of equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

q) Financial derivatives – warrants

A financial derivative such as a warrant that will be settled with the issuing of the Company's equity instruments will be classified as an equity instrument if the derivative is used to acquire a fixed number of the Company's equity instruments for a fixed amount of Canadian dollars.

A financial derivative will be considered as a financial liability at fair value through the consolidated statements of loss and comprehensive loss if it is used to acquire either a variable number of equity instruments or consideration in a foreign currency, and the warrants were not offered pro-rata to all existing owners of the same class of non-derivative equity instruments.

The fair value of warrants is determined upon their issuance either as part of private placements or in settlement of issuance costs and finders fees, using the Black-Scholes model. All such warrants are classified in warrant reserve, within equity. If the warrants are converted, the value attributable to the warrants is transferred to common share capital. Upon expiry, the amounts recorded for expired warrants is transferred to equity from the warrant reserve. Shares are issued from treasury upon the exercise of share purchase warrants.



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Loss per share

The basic loss per common share is calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted net loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional shares that would have been outstanding if potentially dilutive common shares had been issued during the year.

The dilutive effect of shares on net comprehensive loss per share is calculated by determining the proceeds for the exercise of such securities, which are then assumed to be used to purchase common shares of the Company. Instruments that would be anti-dilutive are not included in the calculation of diluted loss per share.

s) Acquisitions

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under International Financial Reporting Standard 3 – Business Combinations (“IFRS 3”). This assessment requires management to make judgements on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

t) Revenue

The Company recognizes revenue from its management agreement with one customer under which it earns income through royalties. The contract is classified as a revenue agreement with a customer, and royalty revenue is recognized in the period in which the right to receive payment is established. The royalties are tied to the sales of the customer, from which the royalty rates are applied as stipulated in the management agreement. Revenue is recognized in the period that the sales occur as this reflects the Company’s satisfaction of its performance obligation.

The Company applies the practical expedient by not adjusting the transaction price for the effects of a significant financing component as the Company expects, at contract inception, that the period between when the services are transferred to the customer and when the customer pays for those services will be one year or less.

4. ACQUISITIONS

a) Cylix Data Group

On January 7, 2022, the Company entered into an asset purchase agreement to acquire substantially all of the assets of 2747524 Ontario Inc. o/a Cylix Data Group (“Cylix”), which closed on January 24, 2022. Following completion of the concentration test, management concluded that the transaction was an asset acquisition.

The aggregate purchase consideration of \$2,362,322 was satisfied through the issuance of 6,470,000 units of the Company. Subsequent to closing, management determined that the vendor had breached certain key provisions of the agreement and that it was highly improbable that the Company would obtain control of the Cylix assets and related books and records. As a result, the Company concluded that the transaction had not been consummated for accounting purposes and recognized a loss of \$2,362,322 in the year ended December 31, 2022.

As of the date of these consolidated financial statements, the Company remains unable to access or utilize the Cylix assets and continues to pursue its rights under the agreement.



4. ACQUISITIONS (CONT'D)

b) EAFdigital Inc.

On February 24, 2023, the Company acquired substantially all of the assets of EAFdigital Inc. (“EchoDigital”) for consideration of 8,924,495 common shares of the Company, valued at \$892,450 based on the closing price of the Company’s common shares on that date. In connection with the acquisition, the Company issued 892,450 common shares to an arm’s-length finder, with a fair value of \$49,084. The royalty and service-based management agreement and loan agreement entered into as part of the acquisition were subsequently assumed by Carnance Inc.

During the year ended December 31, 2025 the Company closed on a tripartite loan agreement (the “TLA Facility”) where the lender provided up to \$500,000 to support the Company’s EchoDigital business unit through an arrangement that provides funding to Carnance. The parties to the TLA Facility include: the Company, Carnance, and an entity controlled by a Director of the Company (hereafter, the “Lender”). The sole purpose of the TLA Facility is to provide Carnance with the further ability to purchase non-commercial passenger cars, light trucks and sport utility/activity vehicles as inventory for re-sale.

As at December 31, 2025, the Company had recognized a loan payable of \$500,000 to the Lender, a corresponding loan receivable of \$500,000 from Carnance, and has settled a financing fee of \$50,000 with a combination of common shares of the Company and warrants (**Note 8**).

5. PROPERTY AND EQUIPMENT

	Leasehold improvements	Right-of-use asset	Total
	\$	\$	\$
<i>Cost</i>			
Balance at December 31, 2023	313,273	173,270	486,543
Additions	-	-	-
Balance at December 31, 2025 and 2024	313,273	173,270	486,543
<i>Accumulated amortization</i>			
Balance at December 31, 2023	284,105	93,389	93,389
Amortization	29,168	35,242	35,242
Balance at December 31, 2024	313,273	128,631	128,631
Amortization	-	34,656	34,656
Balance at December 31, 2025	313,273	163,287	476,560
<i>Carrying amounts</i>			
At December 31, 2024	-	44,639	44,639
At December 31, 2025	-	9,983	9,983

The right-of-use asset consists of a lease for corporate office facilities and is amortized on a monthly basis over 5 year term of lease on a straight-line basis, ending on April 30, 2026.



6. INTANGIBLE ASSETS

	Licences and trademarks	Software	Total
	\$	\$	\$
<i>Cost</i>			
Balance at December 31, 2023	640,750	1,617,734	2,258,484
Additions	-	-	-
Balance at December 31, 2025 and 2024	640,750	1,617,734	2,258,484
<i>Accumulated amortization</i>			
Balance at December 31, 2023	640,750	774,865	1,415,615
Amortization	-	59,497	59,497
Balance at December 31, 2024	640,750	834,362	1,475,112
Amortization	-	107,844	107,844
Balance at December 31, 2025	640,750	942,206	1,582,956
<i>Carrying amounts</i>			
At December 31, 2024	-	783,372	783,372
At December 31, 2025	-	675,528	675,528

The Company periodically reassesses the estimated economic life and the recoverability of the capitalized software costs. If the Company determines that the capitalized amounts are not recoverable based on the expected net cash flows to be generated from sales of the applicable software solutions, the amount by which the unamortized capitalized costs exceed the net realizable value is written down as a charge to the consolidated statements of operations and comprehensive loss. The software is amortized over a period of 180 months on straight-line basis.

7. PROMISSORY NOTES

Promissory notes payable bear interest at 10% per annum, are unsecured and due on June 11, 2026. All promissory notes payable are provided by related parties which are existing shareholders. The continuity of the promissory notes payable is presented in the table below:

	Amount
	\$
Balance, December 31, 2023 and 2024	-
Additions	50,000
Balance, December 31, 2025	50,000

The promissory notes bear interest at 10% per annum, are unsecured, and have no set terms of repayment. During the year ended December 31, 2025, the Company has recognized \$2,774 of interest expense in the statement of profit or loss and a corresponding interest payable in the statement of financial position.

Xigem Technologies Corporation
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8. EQUITY

a) Authorized

Unlimited	Common shares, no par value.
Unlimited	First Preference Shares, voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of the Company.
Unlimited	First Preference Shares, non-voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of the Company.

b) Issued and outstanding

	Number of shares #	Amount \$
Balance, December 31, 2023	47,051,275	10,188,250
Private placement	2,500,000	105,000
Debt conversion	3,155,000	157,750
Balance, December 31, 2024	52,706,275	10,451,000
Shares issued on debt settlement	11,369,000	341,070
Shares issued on financing	1,000,000	50,000
	12,369,000	391,070
Balance, December 31, 2025	65,075,275	10,842,070

During the year ended December 31, 2025, the Company issued the following common shares:

On March 10, 2025, the Company entered into debt settlement agreements with certain of its creditors (together, the "Creditors") to issue 11,369,000 common shares (the "Settlement Shares") to such Creditors in exchange for outstanding accounts payable totaling \$341,070 (the "Shares for Debt Transaction") owing to the Creditors. The Settlement Shares were issued at a price of \$0.03, in accordance with the policies of the Canadian Securities Exchange (the "CSE"). The shares for debt transaction included \$221,870 settled for amounts owed to management.

On April 29, 2025, the Company entered into debt settlement agreements with certain of its creditors to issue 1,000,000 common shares in exchange for outstanding accounts payable totaling \$50,000. The Settlement Shares were issued at a price of \$0.05, in accordance with the policies of the CSE.

During the year ended December 31, 2024, the Company issued the following common shares:

On March 28, 2024, the Company entered into debt settlement agreements with certain of its creditors (together, the "Creditors") to issue 3,155,000 common shares (the "Settlement Shares") to such Creditors in exchange for outstanding accounts payable totaling \$157,750 (the "Shares for Debt Transaction") owing to the Creditors. The Settlement Shares were issued at a price of \$0.05, in accordance with the policies of the Canadian Securities Exchange (the "CSE"). The Shares for Debt Transaction included \$107,350 settled for amounts owed to management.

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8. EQUITY (CONT'D)

b) Issued and outstanding (cont'd)

During the year ended December 31, 2024, the Company issued the following common shares (cont'd):

On the same date, the Company also announced that it had closed its non-brokered private placement by issuing 2,500,000 units (the "Units") at a price of \$0.042 per Unit for aggregate proceeds to the Company of \$105,000. Each Unit consisted of one common share in the capital of the Company (each, a "Common Share"), and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder to acquire an additional Common Share for a period of 24 months from closing at an exercise price of \$0.065. The private placement included 595,238 units issued to management.

c) Warrants

	Number of warrants #	Weighted-avg. exercise price \$
Balance, December 31, 2023	1,361,929	3.88
Granted	-	-
Expired	(1,361,929)	-
Balance, December 31, 2024	-	-
Granted	1,000,000	0.05
Expired	-	-
Balance, December 31, 2025	1,000,000	0.05

In connection with the TLA Facility (**Note 4(b)**), the Company issued 1,000,000 warrants with each warrant exercisable for \$0.05 per common share and expiring in 24 months from the date of issuance. The Company calculated the fair value of warrants issued to be \$Nil based on the following inputs: Stock price at the time of the grant of \$0.005; Exercise price of \$0.05; Number of periods to exercise of 1.75; Compound risk-free rate of 2.62%; and standard deviation of 6.13%.

d) Options

	2025 #	2024 #
Opening number of options	1,820,000	1,820,000
Granted during the year	-	-
Exercised during the year	-	-
Cancelled/forfeited during the year	-	-
Closing number of options	1,820,000	1,820,000

On January 5, 2023, the Company issued 1,820,000 incentive stock options (the "Options") pursuant to its Stock Option Plan. The Options had been granted to several of the Company's directors, officers, consultants, and advisory board members. The Options have a strike price of \$0.09 per share with expiry date on January 5, 2028.

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8. EQUITY (CONT'D)

e) Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding warrants and options were exercised as at December 31, 2025 and December 31, 2024:

	2025	2024
	#	#
Common shares outstanding	65,075,275	52,706,275
Options to purchase common shares	1,820,000	1,820,000
Warrants	1,000,000	-
Maximum share dilution	67,895,275	54,526,275

9. RELATED PARTY TRANSACTIONS AND BALANCES

a) Key management personnel transactions

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Management of the Company appointed by the board of directors as follows: Chief Executive Officer, Chief Financial Officer. During the years ended December 31, 2025 and 2024, key management personnel compensation consisting exclusively of short-term benefits as follows:

	2025	2024
	\$	\$
Management and consulting fees incurred	278,000	208,000
Other professional services provided by related parties	27,109	51,509
	305,109	259,509

Included in accounts payable are balances payable to related parties (related through common ownership) in the amount of \$348,452 (2024 - \$279,798). The balances due to related parties are unsecured, interest free and due on demand. All transactions and outstanding balances with related parties are conducted in accordance with terms negotiated at arm's length, which include payment terms and other conditions.

During the year, the Company entered into a tripartite loan agreement with an entity controlled by a director of the Company (**Notes 4(b) and 10**). In connection with the closing of that arrangement, the lender received 1,000,000 common shares and 1,000,000 warrants of the Company as lender fees.

The Company, further, settled debt with related parties as per **Note 8(b)** during the year.

b) Revenue concentration

EchoDigital is the Company's proprietary SaaS automotive platform. During the year, the Company earned royalty revenue under its royalty and service-based management agreement with Carnance Inc., which assumed the agreement originally entered into in connection with the acquisition of EAFdigital Inc. In 2025, the Company recognized royalty revenue of \$2,446,646 (2024 - \$1,728,620) under this arrangement, and the Company continues to have significant economic dependence on this customer relationship.



10. TRIPARTITE LOAN AGREEMENT

During the year ended December 31, 2025, the Company entered into a tripartite loan agreement with Physiomed Health Inc. (the “Lender”) and Carnance Inc. (the “Prime Borrower”) to provide a credit facility of up to \$500,000 in support of the Company’s EchoDigital business unit.

The facility is structured as a first advance of \$250,000 and a second advance of \$250,000, with the second advance available upon 30 business days’ written request and required to be requested and utilized within 60 days of the first advance.

The agreement has a term of 12 months, renewable at the Lender’s sole discretion. The obligations under the agreement are also payable on demand upon 90 days’ written notice by the Lender.

In connection with the facility, the Prime Borrower is required to pay a 12.5% lender fee on each advance, in advance, by way of holdback. In addition, the Company is required to pay a one-time borrower fee consisting of \$50,000 satisfied by the issuance of common shares (**Note 8(b)**) and \$50,000 satisfied by the issuance of warrants (**Note 8(c)**).

The facility is secured by a first fixed and floating charge over all present and after-acquired assets, property and undertakings of the Company, together with related security documentation. The agreement also contemplates the postponement and subordination of shareholder, non-arm’s length and related party loans and advances.

The Lender, Physiomed Health Inc., is an entity controlled by a director of the Company, and accordingly the arrangement constitutes a related party transaction.

11. LOSS PER SHARE

Basic and diluted loss per share are presented on the face of the consolidated statement of profit or loss and other comprehensive income. Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

In accordance with IAS 33 Earnings per Share, diluted loss per share is equal to basic loss per share for all periods presented, as the Company has no outstanding warrants and the outstanding share options are anti-dilutive in the current and comparative periods. Potential ordinary shares in respect of these share options have therefore been excluded from the calculation of diluted loss per share.

The Company had no other instruments outstanding that could potentially dilute basic loss per share.



12. INCOME TAXES

a) Income tax expense

The following table reconciles the income taxes calculated at the combined Canadian federal and provincial tax rates with the income tax expense as recognized in the statement of loss and comprehensive loss:

	2025	2024
	\$	\$
Loss before income taxes	(449,893)	(488,242)
Statutory rate	26.5%	26.5%
Expected tax recovery	(119,222)	(129,384)
Increase (decrease) in income tax expense due to:		
Permanent differences	-	10,600
Temporary differences	20,876	623
Change in deferred income tax asset not recognized	98,346	118,161
Income tax expenses (recovery)	-	-

b) Deferred income taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below:

	2025	2024
	\$	\$
Capital assets	44,247	6,484
Non-capital loss carried forward	3,527,607	1,640,835
	3,571,854	1,647,319
Less: deferred tax assets not recognized	(3,571,854)	(1,647,319)
Deferred tax asset (liability)	-	-

c) Tax losses carried forward

The Company has non-capital loss carryforwards for income tax purposes of \$13,311,726, which will expire in 2043. These losses may be available to reduce taxable income in future years. The potential benefit of these losses has not been recognized in the financial statements as deferred income tax assets.

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13. FINANCIAL INSTRUMENTS

a) Accounting classifications and fair values

The following tables combine information about classes of financial instruments based on their nature and characteristics, and the carrying amounts of financial instruments.

As at December 31, 2025:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	\$	\$	\$	\$
<u>Financial assets:</u>				
Cash	-	-	-	36,852
Accounts receivable	-	-	-	138,449
Loan receivable	-	-	-	500,000
Carrying value at December 31, 2025	-	-	-	675,301

	FVTPL - mandatorily measured	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	\$	\$	\$	\$
<u>Financial liabilities:</u>				
Accounts payable and accrued liabilities	-	-	-	460,754
Interest payable	-	-	-	2,774
Promissory notes payable	-	-	-	50,000
Loan payable	-	-	-	500,000
Carrying value at December 31, 2025	-	-	-	460,754

As at December 31, 2024:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	\$	\$	\$	\$
<u>Financial assets:</u>				
Cash	-	-	-	34,446
Accounts receivable	-	-	-	65,050
Loan receivable	-	-	-	-
Carrying value at December 31, 2024	-	-	-	99,496



13. FINANCIAL INSTRUMENTS (CONT'D)

a) Accounting classifications and fair values (cont'd)

	FVTPL - mandatorily measured \$	FVTPL - mandatorily measured \$	FVTPL - designated \$	Amortized cost \$
<u>Financial liabilities:</u>				
Accounts payable and accrued liabilities	-	-	-	536,915
Interest payable	-	-	-	-
Promissory notes payable	-	-	-	-
Loan payable	-	-	-	-
Carrying value at December 31, 2024	-	-	-	536,915

b) Transfers

For the twelve month periods ended in December 31, 2025 and 2024, there have been no transfers between Level 1, Level 2, and Level 3.

c) Financial risk management

The Company has exposure to credit risk, liquidity risk, and market risk arising from financial instruments. Management considers credit risk and market risk to be low.

i) *Risk management framework*

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



13. FINANCIAL INSTRUMENTS (CONT'D)

c) Financial risk management (cont'd)

ii) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables, together with the expected outflows on trade and other payables.

The Company's exposure to liquidity risk is \$449,849 as at December 31, 2025 (2024 – \$536,915), for which the Company has cash of \$36,852 on hand to satisfy its liabilities as at December 31, 2025 (2024 – \$34,446). There have been no changes to the method for managing liquidity risk.

iii) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

iv) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate and currency risk.

14. CAPITAL MANAGEMENT

The Company defines capital as its equity. The Company's objective when managing capital is: (i) to safeguard the ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and (ii) to provide an adequate return to shareholders by obtaining an appropriate amount of financing commensurate with the level of risk. The Company sets the amount of capital in proportion to the risk. The Company manages its capital structure and adjusts in light of the changes in economic conditions and the characteristic risk of underlying assets.

To maintain or adjust the capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company's objective is met by retaining adequate liquidity to provide for the possibility that cash flows from assets will not be sufficient to meet operational, investing, and financing requirements. There have been no changes to the Company's capital management policies during the twelve-month periods ended December 31, 2025 and 2024.



15. SEGMENTED INFORMATION

In measuring its performance, the Company does not distinguish or group its operations on a geographical or any other basis and accordingly has a single reportable operating segment. Management has applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of the operations and an expectation of operating segments within a reportable segment with similar long-term economic characteristics.

The Company's Chief Executive Officer is the chief operating decision-maker and regularly reviews The Company's operations and performance on an aggregate basis. The Company does not have any significant customers or any significant groups of customers.

16. CONTINGENCIES AND COMMITMENTS

On March 8, 2022, the Company was served with a statement of claim in the Ontario Superior Court of Justice. Lumbermens Credit Group Ltd. ("Lumbermens") has commenced a civil action against Xigem Technologies Corporation as well as 2747524 Ontario Inc. o/a Cylix Data, 997322 Ontario Inc., Roy Murad, Jacob Murad, Aaron Murad, Noah Murad and Monica Murad (the "Action"). The Action seeks, among other things, damages of \$32,350,000 for alleged unlawful competition, misuse of confidential information, conversion and copyright infringement. In addition, the Action seeks certain declaratory relief, punitive damages of \$1,000,000, interest and legal costs.

The Company has formally delivered its statement of defense on April 20, 2022. As of the date of these consolidated financial statements, Lumbermens' civil action against Xigem has been dormant for over 12 months. Management intends to vigorously defend the Action and seek the costs for so doing from the plaintiff. No accrual or provision for this contingency has been made in these financial statements.

The Company has a continuing agreement with Nexus TradCo International that is a related party related through common ownership to provide professional consulting services for \$10,000 per month on a month-to-month basis.

17. SUBSEQUENT EVENTS

a) Carnance remediation

Subsequent to December 31, 2025, the Company became aware of matters relating to Carnance Inc. under the tripartite loan arrangement described in **Note 10**. In April 2026, communications among the parties indicated that no further advances would be made under Carnance's line of credit and that the Company was considering enforcement steps in connection with alleged defaults by Carnance. Management is assessing the implications of these matters. As at the date these consolidated financial statements were authorized for issuance, the outcome could not be determined and no adjustment has been recorded in respect of these events.

b) Semi-annual financial reporting

On April 15, 2026, the Company announced its intention to rely on Coordinated Blanket Order 51-933 to transition to semi-annual financial reporting, beginning with the three-month interim period ended March 31, 2026, provided the Company continues to satisfy the conditions of the exemption. This matter relates to the Company's future continuous disclosure obligations only and did not result in any adjustment to these consolidated financial statements.



17. SUBSEQUENT EVENTS (CONT'D)

c) Promissory note

On April 24, 2026, a party related to a shareholder of the Company advanced \$50,000 by way of a promissory note which bears interest at 10% per annum, is unsecured, and matures on April 24, 2027.



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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Xigem Technologies Corporation for the years ended December 31, 2025 and 2024. This MD&A is dated April 28, 2026 and should be read in conjunction with the consolidated financial statements and related notes for the years ended December 31, 2025. ("Financial Statements"). Unless the context indicates otherwise, references to "Xigem", "the Company", "we", "us" and "our" in this MD&A refer to Xigem Technologies Corporation and its operations.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in *Business Overview and Growth Strategy*, *Results from Operations*, *Debt Profile*, and other statements concerning Xigem's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Xigem's control, affect the operations, performance and results of the Company and its subsidiaries, and could call actual results to differ materially from current expectations of estimated or anticipated events or results.

Although Xigem believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: **Business Overview**, **Results from Operations**, **Liquidity and Capital Resources**. See **Risks and Uncertainties** for further information. The reader is cautioned to consider these factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

Given the current level of uncertainty arising from the COVID-19 pandemic, there can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of Xigem, as well as on consumer behaviors and the economy in general. General risks and uncertainties relating to the COVID-19 pandemic also include, but are not limited to, the length, spread and severity of the pandemic; efficacy of the vaccines and any applicable boosters, the nature and length of the restrictive measures implemented or to be implemented, including any loosening or tightening of the restrictive measures, by the various levels of the government in Canada. For further details on the risks relating to COVID-19 and its potential impact on the Company, refer to **Risks and Uncertainties** section of this MD&A.

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FORWARD-LOOKING INFORMATION (CONT'D)

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Xigem's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW AND GROWTH STRATEGY

Business Overview

Xigem was founded and is led by skilled entrepreneurs and operators, with extensive start-up experience and a proficiency in the capital markets and was established to address increasing opportunities emerging from the Remote Economy.

Xigem's platforms which include a US patented technology 15/651,458 filed on July 17, 2017 and titled "*Simultaneous Messaging Systems and Methods*", which is a continuation-in-part of U.S. Patent Application No. 15/182,029 filed on June 14, 2016 and titled "*Simultaneous Messaging System and Method*" (now US Patent No. 9,756,492 issued on September 5, 2017) (the "iAgent Platform") Xigem obtained the worldwide rights to the iAgent Platform, through an exclusive license from its original developer. The iAgent Platform consists of a comprehensive cloud-computing solution for remote business operations, giving increased safety and access to remote virtual work environments. The iAgent Platform focuses on synchronizing business practice and management productivity.

The iAgent Platform together with Xigem's other technology platforms are expected to generate revenue through a variety of platform-as-a-service ("PaaS") and software-as-a-service ("SaaS") models. The subscription plans offered to customers will vary depending on the level of service the customers opt into. On custom development projects, every contract will be tailored to the customers' needs dependent on the criteria best suited for their business.

Xigem will continue to invest significant resources, both directly and indirectly, in the expansion of the capabilities of its various technology platforms. In August 2021, the Company acquired substantially all of the assets of FOOi Inc. ("FOOi"), a mobile application developed to facilitate peer-to-peer and peer-to-business financial transactions. In March 2023, Xigem acquired the assets of EAFdigital Inc. ("EchoDigital") an artificial intelligence driven, SaaS-fueled automobile shopping and delivery platform for the \$1.5 trillion global used automobile market.

Xigem's business objectives are to complete the customization and upgrading of its technology platforms, while acquiring other technologies or an interest in other technologies, via their developers, in order to create a technology ecosystem capable of supporting its technologies and/or creating significant shareholders value ("Business Objective").

Market Overview

Remote work is changing how the global workspace operates. In 2016, the number of American workers working remotely was 43%¹. The COVID-19 pandemic that began in 2020 accelerated the transition to a work-from-home model or a hybrid model, which involves a combination of working at the office and elsewhere. Initially considered by many employers to be a temporary measure to protect workers during the pandemic, the remote work model has found widespread acceptance and changed the expectations of many workers.

¹ Gallup, Inc. "State of the American Workspace." Gallup, 2019.

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BUSINESS OVERVIEW AND GROWTH STRATEGY (CONT'D)

Market Overview (Cont'd)

A study of 209,000 people in 190 countries completed in late 2020 by Boston Consulting Group and The Network found that 89% of respondents worldwide now prefer to work from home at least occasionally. The preference was strongest among digital and knowledge-based workers, among whom 70% had worked remotely on a full or partial basis during COVID-19.²

A separate survey of U.S. workers by Prudential found that 68% believe a hybrid workplace model allowing at least one day of remote work per week is ideal; the figure was 87% among those who had been working remotely during the pandemic. Of the current remote workers surveyed, 42% said they would look for a new job if their current company did not continue to offer remote work options long term.³

The shift towards a remote work model has led to a growing need for specialized products and services catering to business operations that exceed the physical boundaries of the office floor.

Organizations around the world are proactively building information technology departments to support the sector as the adoption of remote work continues to grow. Governments and labor unions are updating labor market regulations as labor reforms are beginning to emerge and complement new organizational models. The World Economic Forum issued a stable employment outlook for remote work over the coming five years, with a positive impact on the growth in the number of jobs due to mobile internet and cloud technology, signaling the widespread application of telework.⁴

For the successful adoption of a distributed workplace, organizations need to compensate for physical efficiencies lacking in a home environment. The right tools are necessary for working experiences to enable management and employees to be as productive as possible when they work from home.

With consistent innovation in communication technology, an increasing number of professionals are working remotely either from home, a customer's location, or simply from the road with the use of mobile and other portable devices. Some major companies have partially or fully eliminated traditional offices in favor of remote work solutions. Organizations will continue streamlining operations as emergency preparation and as education and consulting resources increase, businesses will feel more supported in the conversion process and will quickly adopt the benefits of distributed operations, including better controlled overhead costs and higher productivity.

Growth Strategy

The Company's efforts will be directed toward executing the Business Objectives. The Company expects to use a variety of marketing tools including grassroots marketing, web advertising, affiliate marketing programs, public relations, investor relations and key strategic alliances to support its Business Objectives.

The Company aims to do this by:

- Emphasize a 'product first' approach by directing funds and efforts towards the betterment of the Platform to surpass customers' expectation on functionality and experience;
- Building long-term relationship relationships with customers, advertising partners, medical institutions and offices, academic and other education facilities;

² BCG, Decoding Global Ways of Working, June 30, 2021

³ Prudential Financial, Inc., Pulse of the American Worker Survey, April 6, 2021

⁴ World Economic Forum. "The Future of Jobs - Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution." The Future of Jobs, World Economic Forum, 2020.

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BUSINESS OVERVIEW AND GROWTH STRATEGY (CONT'D)

Growth Strategy (Cont'd)

- Focus on offerings proactively to customers specifically aligned with the solutions provided by Xigem; and
- A strategy of aggregating a portfolio of innovative technologies capable of disrupting traditional customer acquisition and retention business models, while supporting the Company's Platform.

BUSINESS ENVIRONMENT AND OUTLOOK

As a result of the COVID-19 pandemic, organizations around the world are developing new ways of interacting with their employees and customers. To meet these new demands, companies are technology investments across the business model. McKinsey estimates that the pandemic has resulted in an increase adoption by three to seven years in the span of months.⁵

Several notable examples:

- Remote work. It is estimated that 20% of all labor in the United States may be satisfied by remote workers, from up to 5% pre-COVID. Where remote work is feasible, the typical business plan calls for employees to spend two days of each work week at home.⁶
- E-commerce. Overall online penetration remains approximately 35% above pre-COVID-19 levels. In the grocery sector, online penetration tripled during the pandemic levels to 9% to 12%, representing an acceleration of three to five years compared to prior expectations.⁷
- Business-to-business ("B2B") sales. A 2021 survey found that 92% of B2B buyers prefer virtual sale interactions, up 17% from 2020, and 79% of sellers realize its effectiveness, compared to 54% in the prior year. Suppliers recognize that virtual selling can lead to more frequent communication with customers, cost-effective interactions, and the ability to interact with more prospects.⁸
- Payments. The pandemic represented an inflection point in the adoption of digital payment technologies, with 78% of global customers adjusting the way they pay for items. The digital payments market is forecasted to grow at a compound annual growth rate of 13.7% between 2021-2026, driven by greater convenience, favorable government policies and evolving consumer behavior.⁹

⁵ McKinsey & Company. (May 26, 2021). The new digital age: Rethinking strategy for the postpandemic era. <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/the-new-digital-edge-rethinking-strategy-for-the-postpandemic-era>

⁶ National Bureau of Economic Research. (June 6, 2021). Work from Home Likely to Remain Elevated Post Pandemic. <https://www.nber.org/digest-202106/work-home-likely-remain-elevated-post-pandemic>

⁷ McKinsey & Company. (December 14, 2021). US consumer sentiment and behaviors during the coronavirus crisis. <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/survey-us-consumer-sentiment-during-the-coronavirus-crisis>

⁸ Bain & Company. (April 2, 2021). Virtual Selling Has Become Simply Selling. <https://www.bain.com/insights/virtual-selling-has-become-simply-selling/>

⁹ Financier Worldwide. (May 2021). Cashless society: the future of digital payments. <https://www.financierworldwide.com/cashless-society-the-future-of-digital-payments#.YiZso-jMKwc>

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BUSINESS ENVIRONMENT AND OUTLOOK (CONT'D)

- Travel and hospitality. After falling by two-thirds in 2020, business travel may only recover to 80% of pre-pandemic levels by 2024. Hotels and airlines will need to re-evaluate their pricing, marketing, networks, digital strategies, and investment plans to compete.¹⁰
- Telehealth. In a 2021 survey, 40% of US consumers said they expect to continue to use telehealth services going forward, compared to 11% of consumers who used telehealth prior to COVID-19, whereby estimates that up to \$250 billion of current US healthcare spend could be virtualized, compared to \$3 billion of total annual revenues of US telehealth players prior to the pandemic.¹¹
- Automotive industry. While the global market for used cars was valued at approximately USD 1.9 trillion in 2022, it is expected to reach approximately USD 3.3 trillion by 2032.¹² Furthermore, estimates show that by 2026, over 10% of cars sold in the US and Europe may be through digital platforms that use AI; that nearly 20% of used car transactions may be completely digital; that AI use in the global automotive industry is expected to develop at a CAGR of approximately 24.5% between 2020 and 2026 and that up to approximately 20% of used car transactions may be completely digital by 2035.¹³

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on Xigem's 2025 Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFIRC"). Unless otherwise specified, amounts are in Canadian dollars and percentage changes are calculated using whole numbers.

Non-IFRS Measures

In addition to the reported IFRS measures, industry practice is to evaluate entities considering certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("EBITDA") or adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA").

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Xigem's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

¹⁰ McKinsey & Company. (July 21, 2021). Trends that will define 2021 and beyond: Six months on. <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/trends-that-will-define-2021-and-beyond-six-months-on>

¹¹ McKinsey & Company. (July 9, 2021). Telehealth: A quarter-trillion-dollar post-COVID-19 reality? <https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-covid-19-reality>

¹² The Brainy Insights. (January, 2024). Used Car Market Size By Vehicle Type (Electric, Conventional, and Hybrid), By Vendor Type (Unorganized and Organized), By Fuel Type (Petrol, Diesel, and Others), and By Size (SUV, Mid-Sized, and Compact Car), Regions, Global Industry Analysis, Share, Growth, Trends, and Forecast 2023 to 2032. <https://www.thebrainyinsights.com/report/used-car-market-13959>

¹³ Gitnux. (April 9, 2024) AI In The Used Car Industry Statistics. <https://gitnux.org/ai-in-the-used-car-industry/#:~:text=evolving%20automotive%20industry,-.Digital%20platforms%20which%20apply%20AI%2C%20like%20Vroom%20and%20Carvana%2C%20saw,sales%20throughout%20the%20year%202020.>

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PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES (CONT'D)

Non-IFRS Measures (Cont'd)

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is used as an alternative to net income because it includes major non-cash items such as interest, taxes and amortization, which management considers non-operating in nature. A reconciliation of EBITDA to IFRS net income is presented under the section **Results from Operations** of this MD&A.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as amortization, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. A reconciliation of adjusted EBITDA to IFRS net income is presented under section **Results from Operations** of this MD&A.

EBITDA and Adjusted EBITDA are measured used by management as inputs in our internal metrics and in evaluating our ability to satisfy the Company's obligations. EBITDA and Adjusted EBITDA are used as alternatives to IFRS net income (loss) because it excludes major non-cash items (including depreciation and amortization, interest, taxes and share-based payments) and other items that management considers non-operating in nature.

Management believes that these measures are helpful to investors because they are widely recognized measures of Xigem's performance and provides a relevant basis of comparison to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

RESULTS FROM OPERATIONS

Select Annual Information

	2025	2024
	\$	\$
Operating results		
Loss before income taxes	(449,893)	(488,242)
Net loss and comprehensive loss	(449,893)	(488,242)
Per share basis		
Basic loss per share	(0.0069)	(0.0093)
Diluted loss per share	(0.0067)	(0.0090)
	December 31,	December 31,
	2025	2024
Total assets	1,390,135	972,345
Total debt (ii)	1,013,528	536,915
Debt to total assets (i) (iii)	73%	55%

(i) Represents a non-IFRS measure. The Company's method for calculating non-IFRS measures may differ from other reporting issuers' methods and accordingly may not be comparable. For definitions and basis of presentation of non-IFRS measures, refer to Non-IFRS Measures.

(ii) Total debt is defined as accounts payable and accrued liabilities, promissory notes, and current portion of lease liability.

(iii) Debt to total assets is a non-IFRS measure and is calculated as total debt divided by total assets.

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RESULTS FROM OPERATIONS (CONT'D)

Revenues

Revenues for the period ended December 31, 2025 was \$2,446,646 (2024 – \$1,728,620). The increase from the prior period is related to the royalty and service-based management agreement between Xigem and EAF GROUP associated with the acquisition of substantially all of the assets of EAFdigital Inc.

The Company is anticipating generating revenues through a variety of PaaS and SaaS models. Subscription plans offered to customers can vary considerably depending on the level of service and will be tailored based on the needs of the user given their business and industry.

Direct costs

Direct costs for the period ended December 31, 2025 was \$2,373,246 (2024 – \$1,676,762). The increase from the prior period is related to the royalty and service-based management agreement between Xigem and EAF GROUP associated with the acquisition of substantially all the assets of EAFdigital Inc.

Operating expenses

	2025	2024
	\$	\$
Management and consulting fees	278,000	252,248
Amortization	142,500	123,906
Professional fees	40,000	69,856
Investor relations	27,155	6,097
Public filing fees	23,225	60,585
Advertising and promotion	9,232	4,966
Interest and bank charges	2,735	597
Dues and subscriptions	446	678
Insurance	-	21,167
	523,293	540,100

Management and consulting fees for the year ended December 31, 2025 were \$278,000. This is a decrease from 2024, as in the fourth quarter of 2024, management reclassified certain amounts in professional fees to management and consulting fees in order to better reflect the nature of those expenses. The reclassified amounts were not incurred in 2025.

Amortization for the year ended December 31, 2025 was \$142,500. The increase from the prior period was due to management's election to accelerate the amortization of the intangible assets held in 2025.

Management believes the other items are not material to analyze further.

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RESULTS FROM OPERATIONS (CONT'D)

EBITDA and Adjusted EBITDA

The following table presents a summary of the non-IFRS measures that management uses to assess Xigem's operating performance for years ended December 31, 2025 and 2024:

	2025	2024
	\$	\$
Net loss and comprehensive loss	(449,893)	(488,242)
Adjusted (deduct):		
Depreciation and amortization	142,500	123,906
Interest and bank charges	2,735	597
EBITDA (i)	(304,658)	(363,739)
Adjusted:		
Share-based payments	391,070	105,000
Adjusted EBITDA (i)	86,412	(258,739)

Refer to non-IFRS measures section of this MD&A for further details.

ACQUISITION

Acquisition of SaaS, EAFdigital Inc.

On November 24, 2022, the Company entered into a letter of intent to acquire substantially all of the assets of EAFdigital Inc. ("EchoDigital"), an online SaaS-based artificial intelligence-driven automobile shopping and delivery platform, for aggregate consideration that is to be determined prior to closing, to be satisfied through and paid in common shares on the basis of a deemed price per Common Share equal to the share price at the day of Closing on which the Company's shares have traded on the Canadian Securities Exchange ("CSE"), unless otherwise mutually agreed to by the parties.

On February 24, 2023, the Company closed the acquisition of "EchoDigital". The Company purchased substantially all of the assets of EchoDigital from EAF Group of Companies for aggregate consideration of 8,924,494 common shares. Based on the closing price of the Company's common shares on February 24, 2023, the EchoDigital's shares were valued at \$892,450.

On March 8, 2023, the Company announced that it had closed its acquisition of substantially all of the assets of EchoDigital. In addition to the Shares issued to the Vendor, a finder's fee of 892,450 common shares of the Company, representing approximately 10% of the value of the Transaction has been issued to an arm's-length party and is subject the customary four (4) month resale restriction under applicable securities laws.

During April of 2023, the Company learned that an EAF GROUP member received a temporary suspension of their dealer's license which will adversely impact EAF GROUP's ability to transact sales in the normal course of business until the suspension is lifted or EAF GROUP is able to make other arrangements.

During August of 2023, the Company was made aware by the Vendor that all of its shares have been sold to Carnance Inc., a dealer of new and pre-owned vehicles. The Company was subsequently made aware that the change in control of Carnance Inc. was approved by the Ontario Motor Vehicle Industry Council. As a result of the transaction, the royalty and service-based management agreement and loan agreement entered into between the Company and the Vendor as part of the Acquisition have been assumed, in their entirety, by Carnance Inc.

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ACQUISITION (CONT'D)

Acquisition of SaaS, EAFdigital Inc. (cont'd)

In accordance with the royalty and service-based management agreement between Xigem and Carnance Inc., in 2025 Xigem: (i) charged a royalty fee of \$2,446,646 (2024 – \$1,728,620) and (ii) accrued a management fee payable to Carnance Inc. of \$2,373,246 (2024 – \$1,676,762).

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Management

The Company expects to meet all its obligations and other commitments as they become due. The Company has various financing sources to fund operations and will continue to fund working capital needs through these sources until cash flows generated from operating activities is sufficient.

Capital Management Framework

Xigem defines capital as the aggregate of common shares and debt. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value. The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks. For 2025, Xigem expects to be able to satisfy all of its financing requirements through use of some or all of the following: cash on hand and through the public offerings of common equity.

Capital Structure

Xigem's capital structure is as follows:

	2025	2024
	\$	\$
Accounts payable and accrued liabilities	460,754	536,915
Total debt	1,013,528	536,915
Share capital	10,842,070	10,451,000
Total capital	10,842,070	10,451,000
Total assets	1,390,135	972,345
Ratio of total debt to total assets	73%	55%

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OUTSTANDING SHARE DATA

Common Shares

The following table details Xigem's outstanding share data as of December 31, 2025 and the date of this MD&A:

	December 31, 2025	Date of this MD&A
	#	#
Common shares	65,075,275	65,075,275

Warrants

On the close of acquisition of Cylis assets the Company issued 6,470,000 Common shares and 924,286 common share purchase warrant (each whole warrant, a "Purchaser Warrant"). Each Purchaser Warrant entitled the holder to acquire an additional common share of the company at a price of \$6.00 for a period of 24 months. The value split between common shares and warrants was \$2,252,066 and \$110,256, respectively. The fair value allocated between the common shares and warrants on the issuance of the units was based on a relative fair value allocation between the common shares issued and warrants issued (see Note 4).

As of December 31, 2025, all outstanding warrants have expired. 924,286 warrants expired on January 24, 2024, and the remaining 437,643 warrants expired on June 1, 2024.

Options

On January 5, 2023, the Company issued 1,820,000 incentive stock options (the "Options") pursuant to its Stock Option Plan. The Options had been granted to several of the Company's directors, officers, consultants, and advisory board members. The Options have a strike price of \$0.09/share with expiry date on January 5, 2028.

The outstanding stock options as at December 31, 2025 are as follows:

	2025	2024
	#	#
Opening number of options	1,820,000	1,820,000
Granted during the year	-	-
Exercised during the year	-	-
Cancelled/forfeited during the year	-	-
Closing number of options	1,820,000	1,820,000

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SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Except as noted below, the Company's significant accounting policies are described in Note 3 of the Financial Statements. The preparation of the Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

FUTURE ACCOUNTING PRONOUNCEMENTS

At the date of authorization of these consolidated financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant accounting body:

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>
Amendments to IFRS 7 & 9	<i>Classification and Measurement of Financial Instruments</i>
Annual Improvements to IFRS Accounting Standards - Volume 11	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows</i>

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The CEO and CFO have designed or caused to design controls to provide reasonable assurance that: (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time frame specified in the securities legislation.

Based on the evaluations, the CEO and CFO have concluded that the Company's disclosure controls and procedures were adequate and effective.

Internal Controls over Financial Reporting

Xigem has established internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management, including the Company's CEO and CFO, have determined that as at December 31, 2025 and for period ended December 31, 2025, the internal controls over financial reporting were effective.

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DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING (Cont'd)

Inherent Limitations

It should be noted that in a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

RELATED PARTY TRANSACTIONS AND BALANCES

Key Management Personnel Transactions

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Management of the Company appointed by the board of directors as follows: Chief Executive Officer and Chief Financial Officer.

During the year ended December 31, 2025, key management personnel compensation consisting exclusively of short-term benefits as follows:

	2025	2024
	\$	\$
Management and consulting fees incurred	278,000	208,000
Other professional services provided by related parties	27,109	51,509
	305,109	259,509

Included in accounts payable are balances payable to related parties (related through common ownership) in the amount of \$348,452 (2024 – \$279,798). The balances due to related parties are unsecured, interest free and due on demand. All transactions and outstanding balances with related parties are conducted in accordance with terms negotiated at arm's length, which include payment terms and other conditions.

RISKS AND UNCERTAINTIES

There are several risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

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RISKS AND UNCERTAINTIES (CONT'D)

COVID-19

Negative impact of COVID-19 outbreak

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business.

Business interruption risks

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to the COVID-19 pandemic. An outbreak of infectious disease, a pandemic or a similar public health threat, such as the recent outbreak of the novel coronavirus known as COVID-19, or a fear of any of the foregoing, could adversely impact the Company. It is unknown whether and how the Company may be affected if such an epidemic persists for an extended period. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results and financial condition.

Risks relating to the Transaction

Xigem is in the development stage with little operating history

As the Company has yet to begin to generate cash flow, it is extremely difficult to make accurate predictions and forecasts of its finances. In addition, the Company intends to operate in the technology industry, which is rapidly transforming. There is no guarantee that the Company's products or services will be attractive to potential consumers. Therefore, the Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and likelihood of success must be considered considering the early stage of operations.

Going concern

The Company's ability to continue as a going concern depends on its ability to either generate sufficient revenues or to secure sufficient financing, whether debt or equity, to sustain its continued operations. To address the going concern risk, the Company continues to seek equity financing alternatives to support ongoing operations, monitor general and administrative expenses compared to budget, and optimize its operating processes.

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RISKS AND UNCERTAINTIES (CONT'D)

Risks relating to the Transaction (Cont'd)

Competition

Many other businesses in Canada engage in similar activities to the Company, developing and commercializing remote work technologies to similar customers. Current and new competitors may have better capitalization, a longer operating history, more expertise and able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results, and financial condition.

Dividends

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company anticipates that it will incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Uncertainty of revenue growth

There can be no assurance that the Company can generate revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company may achieve may not be indicative of future operating results. The Company may increase its operating expenses to fund research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth.

To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results, and financial condition will be materially adversely affected.

Development of new products

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Xigem will be able to develop new and innovative products or have the capital necessary to develop such products.

Effective commercialization

There is a risk that the technology and the Company's products will not perform as expected in certain applications and therefore, the Company may encounter delays to commercialization or may run the risk that the technologies will never be successfully commercialized. This means that the Company may never receive revenues or return on its technology development.

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RISKS AND UNCERTAINTIES (CONT'D)

Technology Risks

Technical risks

Technical risks are inherent in the development and commercialization process, in that an immature technology could present unexpected challenges that exceed the planned time or financial resources to overcome. There can be no guarantee that the Company will be able to overcome technical risks associated with the development of its technology.

Our technology may be unable to achieve broad market acceptance

Even when product development is successful, our ability to generate significant revenue and profits depends on the acceptance of our products by our customers and end users of the products, such as companies or individuals purchasing vehicles incorporating our technology. The market acceptance of any product depends on a number of factors, including but not limited to awareness of a product's availability and benefits, the price and cost-effectiveness of our products relative to competing products; general competition, and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of our technology could have a material adverse effect on our business, results of operations and financial condition.

Emerging products and technology

The market for Company's products continues to evolve and continued growth and demand for, and acceptance of, these products remains uncertain. In addition, other emerging technology and products may impact the viability of the market for Company's products.

Company's continued success will depend upon its ability to keep pace with technological and marketplace change and to introduce, on a timely and cost-effective basis, new and enhanced products that satisfy changing customer requirements and achieve market acceptance.

There can be no assurance that the Company will be able to respond effectively to changes in technology or customer demands. Moreover, there can be no assurance that Company's competitors will not develop competitive products or that any such products will not have an adverse effect upon Xigem's business, financial condition, or results of operations.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks

Key Personnel

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company ability to develop and market its work remotely related products. The loss of any of the Company senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Dependence on suppliers and skilled labor

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts and components.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other companies in the same or related industries which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business, or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks (Cont'd)

Research and Development

We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain and develop our solutions and maintain and enhance our competitive position. We recognize the costs associated with these research and development investments earlier than the anticipated benefits, and the return on these investments may be lower, or may develop more slowly, than we expect. If we spend significant resources on research and development and are unable to generate an adequate return on our investment, our business, financial condition and results of operations may be materially and adversely affected.

Financial Reporting and Internal Controls

The Company is subject to reporting and other obligations under applicable Canadian securities laws and exchange rules. These reporting and other obligations will place significant demands on Company's management, administrative, operational and accounting resources.

To meet such requirements, Company is working with its legal, accounting and financial advisors to identify areas in which changes should be made to Company's financial management control systems. These areas include corporate governance, corporate controls, internal audit, disclosure controls and procedures and financial reporting and accounting systems. Company has made, and will continue to make, changes in these and other areas, including Company's internal controls over financial reporting. If Company is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause Company to fail to meet its reporting obligations or result in material misstatements in its financial statements.

If Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the reported financial information, which could lower share prices.

There can be no assurance that internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met.

Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within the Company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes.

Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks (Cont'd)

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its brand and its product creation processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology. To protect the Company's intellectual property, it may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, and materially disrupt the conduct of its business. The Company may also inadvertently infringe others intellectual property and be subject to litigation in respect of same.

Intellectual Property Litigation

The Company may be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business.

Ability to obtain and retain any relevant licenses

If obtained, any licenses in Canada are expected to be subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any jurisdiction in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

No established market

There is currently no market through which the Company's securities may be sold and purchasers may not be able to resell the Company Shares purchased under this Prospectus. An active public market for the Company Shares might not develop or be sustained after this offering. Even if a market develops, there is no assurance that the price of the Company Shares offered under this Prospectus, will reflect the prevailing market price of the Company Shares following this offering. If an active public market for the Company Shares does not develop, the liquidity of a shareholder's investment may be limited, and the Company Share price may decline below the initial public offering price.

The holding of Company Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Company Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks (Cont'd)

Lack of active market

There can be no assurance that an active market for the Company Shares will continue and any increased demand to buy or sell the Company Shares can create volatility in price and volume. Any return on investment from the Company Shares is not guaranteed.

There can be no assurance regarding the amount of return to be generated by the Company's investments. The Company Shares are equity securities of the Company and are not fixed income securities. Unlike fixed-income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or to return the initial purchase price of a Company Share on a date in the future. The market value of the Company Shares will deteriorate if the Company is unsuccessful in its investments, and that deterioration may be significant.

There is a risk of dilution

The Company may issue additional securities from time-to-time to raise funding for its business, and such issuances may be dilutive to existing shareholders.

Global economic risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and trading price of the Company Shares on the stock exchange.

Economic environment

The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted, and prospects of such areas might be different from those predicted by the Company's management.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks (Cont'd)

Risks Associated with acquisitions

As part of the Company's overall business strategy, the Company may pursue select strategic acquisitions after the completion of the Listing, which would provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Issuer's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Lack of experience and commitment of team

The project manager and leader is the most responsible person, and a replacement or inexperienced manager could jeopardize the completion of the Platform.

Unrealistic deadlines

Software projects may fail when deadlines are not properly set. Project initialization, completion date and time must be realistic.

Improper budget

Cost estimation of a project is very crucial in terms of project success and failure. Low cost with high expectations of large projects may cause project failure.

Lack of resources

Software and hardware resources may not be adequate. Lack of resources in terms of manpower is also a critical risk factor of software failure.

Inappropriate design

Software designers have a major role in the success or failure of the project if a design is inappropriate for the project.

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RISKS AND UNCERTAINTIES (CONT'D)

Other Risks (Cont'd)

User data

The Company may require the registration of its users prior to accessing its products or services or certain features of its products or services and the Company may be subject to increased legislation and regulations on the collection, storage, retention, transmission and use of user-data that is collected. The Company's efforts to protect the personal information of its users may be unsuccessful due to the actions of third parties, software bugs or technical malfunctions, employee error or malfeasance, or other factors. In addition, third parties may attempt to fraudulently induce employees or users to disclose information to gain access to the Company's data or the Company's users' data.

If any of these events occur, users' information could be accessed or disclosed improperly. Any incidents involving the unauthorized access to or improper use of the information of users or incidents involving violation of the Company's terms of service or policies could damage its reputation and brand and diminish its competitive position.

Product Development Risks

Failure to protect personal information

A wide variety of provincial, state, national, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These data protection and privacy-related laws and regulations are evolving and being tested in courts and may result in ever-increasing regulatory and public scrutiny as well as escalating levels of enforcement and sanctions. Any actual or perceived loss, improper retention or misuse of certain information or alleged violations of laws and regulations relating to privacy, data protection and data security, and any relevant claims, could result in enforcement action against us, including fines, imprisonment of Company officials and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have an adverse effect on our operations, financial performance, and business.

Any perception of privacy or security concerns or an inability to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations, even if unfounded, may result in additional cost and liability to us, harm our reputation and inhibit adoption of our products by current and future customers, and adversely affect our business, financial condition, and operating results. We have implemented and maintain security measures intended to protect personally identifiable information. However, our security measures remain vulnerable to various threats posed by hackers and criminals. If our security measures are overcome and any personally identifiable information that we collect or store becomes subject to unauthorized access, we may be required to comply with costly and burdensome breach notification obligations. We may also be subject to investigations, enforcement actions and private lawsuits. In addition, any data security incident is likely to generate negative publicity and have a negative effect on our business.

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RISKS AND UNCERTAINTIES (CONT'D)

Product Development Risks (Cont'd)

Effective Operating and Scaling of Technology

The Company's ability to provide products and services to customers is dependent on its information technology systems. If the Company is unable to manage and scale the technology associated with its business effectively, the Company could experience increased costs, reductions in system availability and losses of network participants.

Material defects or errors in the Company's Technology Infrastructure could harm the Company's reputation, result in significant costs to the Company and impair its ability to sell its services. Software developed for the Company's technology can contain errors, defects, security vulnerabilities or software bugs that are difficult to detect and correct, particularly when first introduced.

Despite internal testing, the Company's technology may contain serious errors or defects that cause performance problems or service interruptions, security vulnerabilities or software bugs that the Company may be unable to successfully correct in a timely manner, or at all, which could result in:

- unexpected credits or refunds to the Company's clients, loss of clients and other potential liabilities;
- delays in client payments, increasing the Company's collection reserve and collection cycle;
- diversion of development resources and associated costs;
- harm to the Company's reputation and brand; and
- unanticipated litigation costs.

Data Security and Hacking

Increasingly, organizations are subject to a wide variety of attacks on their networks. In addition to traditional computer "hackers," malicious code (such as viruses and worms), employee theft or misuse, denial of service attacks, ransomware, malware and sophisticated government and government-supported actors now engage in incidents and attacks (including advanced persistent threat intrusions), and add to the risks to our internal networks and the information they store, manage and process.

It is virtually impossible for Absolute to entirely mitigate these risks (especially as it relates to unlicensed or outdated versions of our product or agent). Any such security incident or breach could compromise our networks, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products, and the information stored on our networks could be accessed, publicly disclosed, lost, or stolen, which could subject us to liability and cause us financial harm. These breaches, or any perceived breach, may also result in damage to our reputation, negative publicity (through research reports or otherwise), loss of partners, end-customers and sales, increased costs to remedy any problem, and costly litigation and may result in the Company's business, operating results and financial condition being materially adversely affected.

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RISKS AND UNCERTAINTIES (CONT'D)

Product Development Risks (Cont'd)

Risk of Safeguarding Against Security & Privacy Breaches

A security or privacy breach could:

- expose the Company and Company to additional liability and to potentially costly litigation;
- increase expenses relating to the resolution of these breaches;
- deter potential customers from using our services; and
- decrease market acceptance of electronic commerce transactions.

As a provider of software technology, the Company and Resulting Issuer are at risk of exposure to a security or privacy breach of its system which could lead to potentially costly litigation, deter potential customers from using its services, or bring about additional liability of the Company and Resulting Issuer.

The Company and Resulting Issuer cannot assure that the use of applications designed for data security and integrity will address changing technologies or the security and privacy concerns of existing and potential customers. Although the Company and Resulting Issuer require that agreements with service providers who have access to sensitive data include confidentiality obligations that restrict these parties from using or disclosing any data except as necessary to perform their services under the applicable agreements, there can be no assurance that these contractual measures will prevent the unauthorized disclosure of information.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which will include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions.

Management cannot accurately predict the future impact COVID-19 may have on: (i) the severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labor availability; (ii) availability of essential supplies; (iii) purchasing power of the Canadian dollar; and (iv) ability to obtain additional funding.

At the date of the approval of the financial statements, the Canadian government has not introduced measures which impede the activities of the Company. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

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CONTINGENCIES AND COMMITMENTS

Contingencies

On March 8, 2022, the Company was served with a statement of claim in the Ontario Superior Court of Justice. Lumbermens Credit Group Ltd. ("Lumbermens") has commenced a civil action against Xigem Technologies Corporation as well as 2747524 Ontario Inc. o/a Cylix Data, 997322 Ontario Inc., Roy Murad, Jacob Murad, Aaron Murad, Noah Murad and Monica Murad (the "Action"). The Action seeks, among other things, damages of \$32,350,000 for alleged unlawful competition, misuse of confidential information, conversion and copyright infringement. In addition, the Action seeks certain declaratory relief, punitive damages of \$1,000,000, interest and legal costs.

The Company has formally delivered its statement of defense on April 20, 2022.

As of the date of this MD&A, Lumbermens' civil action against Xigem has been dormant for over 12 months. Management intends to vigorously defend the Action and seek the costs for so doing from the plaintiff.

SUBSEQUENT EVENTS

Carnance remediation

Subsequent to December 31, 2025, the Company became aware of matters relating to Carnance Inc. under the tripartite loan arrangement. In April 2026, communications among the parties indicated that no further advances would be made under Carnance's line of credit and that the Company was considering enforcement steps in connection with alleged defaults by Carnance. Management is assessing the implications of these matters. As at the date these consolidated financial statements were authorized for issuance, the outcome could not be determined and no adjustment has been recorded in respect of these events.

Semi-annual financial reporting

On April 15, 2026, the Company announced its intention to rely on Coordinated Blanket Order 51-933 to transition to semi-annual financial reporting, beginning with the three-month interim period ended March 31, 2026, provided the Company continues to satisfy the conditions of the exemption. This matter relates to the Company's future continuous disclosure obligations only and did not result in any adjustment to these consolidated financial statements.

Promissory note

On April 24, 2026, a party related to a shareholder of the Company advanced \$50,000 by way of a promissory note which bears interest at 10% per annum, is unsecured, and matures on April 24, 2027.

ADDITIONAL INFORMATION

These documents, as well as additional information regarding Xigem, have been filed electronically with the Canadian securities regulators through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through SEDAR's website at www.sedar.com.