
METAGUEST.AI INCORPORATED

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

September 30, 2025

NOTICE TO READER

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management.

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

METAGUEST.AI INCORPORATED
Consolidated Statements of Financial Position

As at	September 2025	December 2024
Assets		
Current assets		
Cash	\$ 158,596	\$ 53,984
Accounts receivable	52,498	40,134
Prepaid expenses	19,837	56,459
GST/HST receivable	131,320	108,259
	<u>362,251</u>	<u>258,836</u>
Deposits	3,580	3,580
Equipment	1,114	1,437
Right of use asset (note 7)	106,761	217,197
Intellectual property (note 6)	415,656	612,546
Total assets	<u>\$ 889,362</u>	<u>\$ 1,093,596</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,166,207	\$ 579,862
Deferred revenue (note 10)	190,085	177,101
Loan (note 9)	736,296	222,645
Current portion of convertible debentures (note 8)	399,902	428,991
Lease liability (note 7)	101,538	131,083
	<u>2,594,028</u>	<u>1,539,682</u>
Lease liability (note 7)	8,735	84,110
	<u>8,735</u>	<u>84,110</u>
Total liabilities	<u>2,602,763</u>	<u>1,623,792</u>
Shareholders' deficit		
Share capital (note 11)	5,485,839	5,373,749
Shares to be issued (note 11)	-	15,000
Contributed surplus (note 11)	1,132,127	1,127,863
Equity portion of debentures (note 8, 9)	51,778	30,912
Deficit	(8,383,145)	(7,077,720)
Total shareholders' deficit	<u>(1,713,401)</u>	<u>(530,196)</u>
Total liabilities and shareholders' deficit	<u>\$ 889,362</u>	<u>\$ 1,093,596</u>

NOTES:

Going concern (note 2)

Subsequent events (note 16)

Approved on behalf of the Board

"Colin Keddy" Director

"Charlotte Jannsen" Director

See accompanying notes to consolidated financial statements.

METAGUEST.AI INCORPORATED
Consolidated Statements of Net and Comprehensive Loss

For the three and nine months ended September 30	three months 2025	three months 2024	nine months 2025	nine months 2024
Net revenue				
Revenue	\$ 625,623	\$ 452,978	\$ 1,930,477	\$ 1,008,901
Cost of sales	(103,824)	(77,085)	(287,439)	(144,333)
	<u>\$ 521,799</u>	<u>\$ 375,893</u>	<u>\$ 1,643,038</u>	<u>\$ 864,568</u>
Expenses				
Salaries, wages and benefits	293,413	539,906	1,248,509	1,268,504
Share based compensation (note 11(b))	-	39,679	-	314,364
Subcontractors	297,558	116,150	643,339	373,120
Depreciation	102,550	97,969	307,649	275,292
Professional fees	65,670	53,126	163,584	105,816
Office and administration	186,836	67,913	412,562	240,083
Interest and accretion	63,611	21,224	139,270	64,799
Travel	6,610	54,943	33,550	96,352
	<u>1,016,248</u>	<u>990,910</u>	<u>2,948,463</u>	<u>2,738,330</u>
Net loss before extraordinary items	<u>\$ (494,449)</u>	<u>\$ (615,017)</u>	<u>\$ (1,305,425)</u>	<u>\$ (1,873,762)</u>
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding	71,784,253	65,111,269	71,220,292	63,604,237

See accompanying notes to consolidated financial statements.

METAGUEST.AI INCORPORATED
Consolidated Statements of Changes in Shareholders Deficiency

	Number of shares	Share capital	Shares to be issued	Contributed Surplus	Convertible Debentures	Deficit	Total
Balance as at December 31, 2023	61,429,934	\$ 3,965,245	\$ 55,843	\$ 789,549	\$ 17,479	\$ (4,506,472)	\$ 321,645
Share issuances (note 11(a))	4,927,918	981,602	(23,388)	-	-	-	958,213
Equity portion of debenture issuances (note 8)	-	-	-	-	13,433	-	13,433
Stock options issued (note 11(b))	-	-	-	314,364	-	-	314,364
Net and comprehensive loss for the period	-	-	-	-	-	(1,873,762)	(1,873,762)
Balance as at September, 2024	66,357,852	\$ 4,946,847	\$ 32,455	\$ 1,103,913	\$ 30,912	\$ (6,380,234)	\$ (266,107)
Balance as at December 31, 2024	70,626,867	\$ 5,373,749	\$ 15,000	\$ 1,127,863	\$ 30,912	\$ (7,077,720)	\$ (530,196)
Share issuances (note 11(a))	1,378,932	15,000	(15,000)	-	-	-	-
Equity portion of debenture issuances (note 8, 9)	-	97,090	-	-	20,866	-	117,956
Warrants issued	-	-	-	4,264	-	-	4,264
Net and comprehensive loss for the period	-	-	-	-	-	(1,305,425)	(1,305,425)
Balance as at September 30, 2025	72,005,799	\$ 5,485,839	\$ -	\$ 1,132,127	\$ 51,778	\$ (8,383,145)	\$ (1,713,401)

See accompanying notes to consolidated financial statements.

METAGUEST.AI INCORPORATED
Consolidated Statements of Cash Flows

For the nine months ended September 30

2025

2024

Operating activities

Net and comprehensive loss \$ (1,305,425) \$ (1,873,762)

Non-cash items

Depreciation 307,649 287,754

Interest and accretion 113,781 39,572

Share based compensation - 314,364

Changes in non-cash working capital

GST/HST receivable (23,061) (28,767)

Accounts receivable (12,364) (33,446)

Prepaid expenses 36,622 (17,206)

Deferred revenue 12,984 96,735

Accounts payable and accrued liabilities 586,345 421,607

(283,469) (793,149)

Investing activities

Right of use asset - (65,156)

- (65,156)

Financing activities

Shares issued - 981,601

Shares to be issued - (23,388)

Settlement of debt (270,674) -

Proceeds from issuance of debt 763,675 235,000

Advance on bridge loan - (235,000)

Lease payments (104,920) (33,351)

388,081 924,862

Increase in cash

104,612 66,557

Cash, beginning of period

53,984 3,477

Cash, end of period

\$ 158,596 \$ 70,034

See accompanying notes to consolidated financial statements.

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

1. Nature of operations

METAGUEST.AI INCORPORATED and its wholly owned subsidiary METAGUEST INCORPORATED (the "Company") were incorporated under the laws of Alberta on February 4, 2021, and Delaware on May 21, 2021, respectively. The Company holds intellectual property related to the METAGUEST, BNSSELLIT and BNBUYIT applications for iOS and Android operating systems.

The Company's corporate office is at 122 Judge Road, Unit 2, Toronto, ON, M8Z 5B7. The Company's Class A common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol METG and on the OTCQB under the symbol MGSTF.

2. Going concern

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

For the nine months ended September 30, 2025, the Company incurred a net and comprehensive loss of \$1,305,425 (2024 - \$1,873,762) and deficit of \$8,383,145 (December 31, 2024 - \$7,077,720). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. These conditions indicate the existence of material uncertainty that may cast significant doubt regarding the ability to continue as a going concern.

The Company's continued existence is dependent upon the commercial success of the intellectual property and the Company's ability to raise additional capital or financing which is uncertain. These consolidated financial statements do not include any adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

3. Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and do not include all of the information required for full annual financial statements.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 17, 2025.

4. Material accounting policies

These unaudited interim condensed consolidated financial statements of the Company have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements at December 31, 2024. The disclosures included below are incremental to those included in the annual audited financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited financial statements and notes thereto for the year ended December 31, 2024.

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

5. Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key areas with estimate uncertainties are as follows:

- a. Fair value of loan and convertible debentures – Management is required to determine the market interest rate for debt of the Company.
- b. Share based compensation – Management is required to determine the appropriate valuation model and determine the inputs for the model. The Company has made estimates on the volatility of its shares as well as the interest rate. The Company has used the Black Scholes model.
- c. Leases - The Company estimates the incremental borrowing rate used to measure the lease liability for the lease contract.

Key areas with judgments in applying accounting policies are as follows:

- a. Going concern – Management is required to make a judgment on whether the Company will be able to continue as a going concern. See note 2.
- b. Indicators of impairment of IP – Management is required to assess, at each reporting date, whether there are any indicators that the asset may be impaired. Management is required to consider information from both external and internal sources.

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

6. BSELLIT platform intellectual property

	Intellectual property
Cost	
As at December 31, 2023	\$1,312,598
Additions	-
As at December 31, 2024	<u>1,312,598</u>
Additions	-
As at September 30, 2025	<u>\$1,312,598</u>
 Accumulated amortization	
As at December 31, 2023	\$ 437,533
Amortization for the year	<u>262,519</u>
As at December 31, 2024	700,052
Amortization for the period	<u>196,890</u>
As at September 30, 2025	<u>\$ 896,942</u>
 Net Book Value	
As at December 31, 2024	<u>\$ 612,546</u>
As at September 30, 2025	<u>\$ 415,656</u>

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

7. Right of use asset and lease liability

On December 1, 2023, the Company entered into a lease for an office facility. The lease has a term of 36 months and expires November 30, 2026, with an interest rate of 10.2% per annum.

On August 1, 2024, the Company entered into a lease for an office facility in the United States. The lease had a term of 14 months and expired on September 30, 2025, with an interest rate of 10.0% per annum.

Right of use assets

As at December 31, 2023	\$ 274,528
Additions	<u>65,028</u>
As at December 31, 2024	<u>\$ 339,556</u>
As at September 30, 2025	<u>\$ 339,556</u>

Accumulated amortization

As at December 31, 2023	\$ 7,626
Amortization for the period	<u>114,733</u>
As at December 31, 2024	<u>\$ 122,359</u>
Amortization for the period	<u>110,436</u>
As at September 30, 2025	<u>\$ 232,795</u>

Net Book Value

As at December 31, 2024	<u>\$ 217,197</u>
As at September 30, 2025	<u>\$ 106,761</u>

Lease liability

As at December 31, 2023	\$ 259,168
Additions	\$ 57,345
Lease interest	24,685
Lease payments	(127,494)
Foreign exchange gain	<u>1,489</u>
As at December 31, 2024	<u>\$ 215,193</u>
Lease interest	12,773
Lease payments	(118,494)
Foreign exchange	<u>801</u>
	<u>\$ 110,273</u>
Less: current portion	<u>(101,538)</u>
As at September 30, 2025	<u>\$ 8,735</u>

The Company is committed to future lease payments as follows:

2025 - \$26,428

2026 - \$96,901

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

8. Convertible debentures

a) \$0.25 Debentures

On June 6, 2022 (\$100,000), June 30, 2022 (\$46,000), July 4, 2022 (\$90,000), September 12, 2022 (\$95,000), October 21, 2023 (\$112,000), November 9, 2022 (\$50,000), January 31, 2023 (\$25,000), February 28, 2023 (\$15,000) and March 2, 2023 (\$25,000) the Company issued 10% convertible debentures in the principal amount of \$558,000.

The convertible debentures mature eighteen months from the issue date and are convertible at any point prior to maturity, at the option of the debenture holders, into Class A common shares of the Company at a price of \$0.25 per Class A common share. Interest on the principal amount outstanding is calculated and payable on the 30th of each month and was first payable on June 30, 2022.

If the volume weighted average price of the Class A common shares, on the Canadian Securities Exchange, for 10 consecutive trading days equals or exceed \$0.60, the Company may force conversion of all of the principal amount of the convertible debentures at the conversion price, upon giving holder fifteen days advance written notice.

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of \$501,540 was determined using a market rate of 17%. The value of the equity component amounted to \$56,460.

On April 21, 2023, the Company settled \$388,000 of the convertible debentures for units of the Company at \$0.06 per unit.

The Company amended the expiry date of the remaining \$170,000 in convertible debentures to December 31, 2024.

As at September 30, 2025, the terms of the debentures have not been revised nor converted to equity and as a result, are in default. Interest on the debenture continues to be paid and until such time the terms are amended (note 16), the balance is repaid or converted, classification as current will continue. The outstanding balances associated with the convertible debentures are as follows:

	September 30	December 31
	2025	2024
Liability component of the convertible debenture		
Opening balance	\$ 170,000	\$ 166,235
Additions	-	-
Repayment on settlement	-	-
Loss on settlement	-	-
Accretion	-	3,765
Interest	8,430	17,047
Interest paid	(8,430)	(17,047)
	<u>\$ 170,000</u>	<u>\$ 170,000</u>
Less: Current portion	<u>\$ 170,000</u>	<u>170,000</u>
	<u>\$ -</u>	<u>\$ -</u>

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

8. Convertible debentures, continued

b) \$0.30 Debentures

On February 8, 2024, the Company closed a secured convertible loan in the amount of \$235,000 with a private lender, a company with common officers and directors of the Company. The convertible loan bears an interest rate of 12%, is convertible at a price of \$0.30 per common share and has a maturity date of February 6, 2025. The Corporation has also issued 117,500 share purchase warrants, to the Lender, exercisable for two years at a price of \$0.30 per share. The Convertible Loan is secured by a general security agreement between the parties. Proceeds of the Convertible Loan were used to repay the \$210,000 secured bridge loan (note 9).

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of \$221,567 was determined using a market rate of 16%. The value of the equity component amounted to \$13,433.

On May 14, 2025, the Company and the lender executed an amending agreement to modify the terms of the convertible loan. The principal amount was increased to \$270,647, reflecting principal and accrued and unpaid interest, and the maturity date was extended to May 14, 2026. In connection with the amendment, the Company issued a total of 649,432 class A Common Shares, comprised of a 12% amendment fee, paid by issuing 324,716 shares at a deemed price of \$0.10 per share, and a 12% participation fee, also paid by issuing 324,716 shares at a deemed price of \$0.10 per share in consideration for the lender agreeing to rank pari passu with newly issued secured debentures (note 9(d)), relinquishing their previously exclusive security interest.

The amendment was assessed under IFRS 9 and determined to constitute a substantial modification, as the contractual cash flows and associated rights and obligations changed significantly. As such, the original financial liability was derecognized, and the amended loan was recognized as a new financial liability, initially measured at its fair value of \$255,912, based on a market discount rate of 18%. The total equity consideration of \$64,943 (649,432 shares at \$0.10 per share) was recorded in equity and capitalized against the liability. The new loan is carried at amortized cost using the effective interest method.

The conversion feature of the amended loan was reassessed under IAS 32 and determined to continue qualifying for equity classification under the fixed-for-fixed criterion and assigned a value of \$20,866.

The outstanding balances associated with the convertible debentures are as follows:

	September 30	December 31
	2025	2024
Liability component of the convertible debenture		
Opening balance	\$ 258,991	\$ -
Interest	10,325	-
Accretion	1,358	-
Settlements	(270,674)	-
Additions	270,674	235,000
Fair value discount	(85,809)	(13,433)
Interest	12,369	25,349
Accretion	32,668	12,075
	<u>\$ 229,902</u>	<u>\$ 258,991</u>
Less: Current portion	<u>\$ 229,902</u>	<u>\$ 258,991</u>
	<u>\$ -</u>	<u>\$ -</u>

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

9. Loan

a) 2022 Loan

On December 14, 2022, the Company entered into a \$210,000 loan facility with an arm's length individual investor. The loan bears an interest rate of 12%, a 2% structuring fee and was due on or before April 14, 2023. The loan was repaid on February 8, 2024.

As at September 30, 2025, the outstanding balances associated with the bridge loan were as follows:

Loan	September 30		December 31	
	2025		2024	
Balance	\$	-	\$	-
Payments		-		(210,000)
Accretion		-		-
Interest and fees		-		2,626
Interest paid		-		(25,000)
	\$	-	\$	232,374

b) 2024 Loan

On December 17, 2024, the Company closed a loan in the amount of \$235,000 with numerous arm's length lenders. The loan bears an interest rate of 12% and had a maturity date of December 17, 2025. The Company has the right to extend the maturity date for an additional six months. The Company also issued 156,661 share purchase warrants to the lenders with a conversion price of \$0.30 expiring on June 17, 2026. Proceeds of the loan were used for working capital purposes.

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity (warrants) component. The fair value of the liability component of \$220,947 was determined using a market rate of 17%. The value of the equity component (warrants) amounted to \$14,053.

As at September 30, 2025, the outstanding balances associated with the loan were as follows.

Loan	September 30		December 31	
	2025		2024	
Balance	\$	222,645	\$	-
Additions		-		235,000
Fair value discount		-		(14,053)
Interest and fees		21,092		1,159
Accretion		10,511		539
	\$	254,248	\$	222,645

c) 2025 Loan 1

On January 30, 2025, and March 4, 2025, the Company closed loans in the amounts of \$41,000 and \$35,000 respectively with numerous arms length lenders. The loans bear an interest rate of 12%, and have a maturity date of January 30, 2026, and March 4, 2026. The Company has the right to extend the maturity dates for an additional six months. The Company also issued 50,665 share purchase warrants to the lenders with a conversion price of \$0.30 expiring on June 17, 2026. Proceeds of the loan were used for working capital purposes.

Upon initial recognition, the Company allocated the proceeds between the components based on the fair value of the debt and the residual to the equity (warrants) component. The fair value of the liability component of \$71,736 was determined using a market rate of 17%. The value of the equity component (warrants) amounted to \$4,264.

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

9. Loan, continued

As at September 30, 2025, the outstanding balances associated with the loan were as follows.

Loan	September 30	December 31
	2025	2024
Balance	\$ -	\$ -
Additions	76,000	-
Fair value discount	(4,264)	-
Interest and fees	5,717	-
Accretion	2,715	-
	<u>\$ 80,168</u>	<u>\$ -</u>

d) 2025 Loan 2

On May 14 and on September 9, 2025, the Company closed loans totaling \$193,000 and \$224,000 with multiple arm's length lenders. The loans bear interest at 12% per annum, payable at maturity one year from inception. The Company has the right to extend the maturity date for an additional six-month period at its sole discretion. The debentures are secured by a general security agreement ranking *pari passu* with other secured lenders.

In connection with the financing, the Company issued 231,600 Class A Common Shares on the May 14, 2025, closing and 268,800 on the September 9, 2025, closing to the lenders as a loan advance fee, representing 12% of the principal amount at a deemed price of \$0.10 per share.

Upon initial recognition, the Company allocated the proceeds of the transaction between the debt and equity components using the residual value method. The fair value of the debt component was determined by discounting the future contractual cash flows using a market interest rate of 18%, which reflected the Company's estimated borrowing rate for similar unsecured or subordinated instruments in the technology and hospitality sector. The fair value of the liability was calculated to be \$384,854, resulting in a residual equity component of \$32,146, recognized in share capital.

This treatment is consistent with IAS 32 and IFRS 9, which require initial recognition of compound instruments by first assigning fair value to the liability component and attributing any residual amount to equity. The Company determined that this approach was appropriate based on comparability to other issuers in similar stages of development and consistent with prior period accounting treatment for equity-linked financing instruments.

The liability component is subsequently measured at amortized cost using the effective interest rate method, with an effective interest rate of 18%. The difference between the initial carrying amount of the liability and the face value of the loan will be accreted to interest expense over the term of the debentures.

As at September 30, 2025, the outstanding balances associated with the loan were as follows.

Loan	September 30	December 31
	2025	2024
Balance	\$ -	\$ -
Additions	417,000	-
Fair value discount	(32,146)	-
Interest and fees	10,367	-
Accretion	6,660	-
	<u>\$ 401,880</u>	<u>\$ -</u>

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

10. Deferred revenue

Sales include monthly subscription sales covering periods beyond September 30, 2025.

Deferred revenue	September 30 2025	December 31 2024
Opening balance	\$ 177,101	\$ 46,180
Earned revenue	\$ (175,738)	\$ (46,180)
Additions from contracts with customers	188,722	177,101
	<u>\$ 190,085</u>	<u>\$ 177,101</u>
Less: Current portion	\$ 190,085	\$ 177,101
	<u>\$ -</u>	<u>\$ -</u>

11. Share capital

(a) Capital

Authorized with an unlimited number of the following shares:

Class A voting common shares
Class B non-voting common shares

Issued:

Class A common shares	Number of Shares	Value
Balance at December 31, 2023	61,429,934	\$ 3,965,246
Issued (iv-v)	9,196,933	1,408,503
Balance at December 31, 2024	70,626,867	\$ 5,373,749
Issued (i-iv)	1,378,932	112,090
Balance as at September 30, 2025	<u>72,005,799</u>	<u>\$ 5,485,839</u>

- (i) On July 9, 2025, the Company settled certain trade payables valued at \$7,910 for 79,100 Class A Common Shares.
- (ii) On May 14, 2025, and subsequently on September 9, 2025, the Company closed loans totaling \$193,000 and \$224,000 respectively, with multiple arm's length lenders. The loans bear interest at 12% per annum, payable at maturity on May 14, 2026. The Company has the right to extend the maturity date for an additional six-month period at its sole discretion. In connection with the financing, the Company issued 500,400 Class A Common Shares to the lenders as a loan advance fee, representing 12% of the principal amount at a deemed price of \$0.10 per share resulting in a residual equity component of \$32,146, recognized in share capital.
- (ii) On May 14, 2025, the Company issued 649,432 class A common shares, comprised of a 12% amendment fee, paid by issuing 324,716 shares at a deemed price of \$0.10 per share, and a 12% participation fee, also paid by issuing 324,716 shares at a deemed price of \$0.10 per share in consideration for the lender agreeing to rank pari passu with newly issued secured debentures (note 9(d)), relinquishing their previously exclusive security interest. The total equity consideration of \$64,943 (649,432 shares at \$0.10 per share) was recorded in share capital.
- (iii) On October 25, 2024, the Company received \$15,000 for the exercise of 150,000 share purchase warrants. The Class A common shares were issued on March 31, 2025.

METAGUEST.AI INCORPORATED
Notes to Unaudited Interim Condensed Consolidated Financial Statements
Three and Nine Months Ended September 30, 2025 and 2024

11. Share capital, continued

- (iv) On January 16, 2024, March 12, 2024, April 12, 2024, June 26, 2024, August 14, 2024, and August 30, 2024, the Company issued 2,444,054 units at a deemed issue price of \$0.30 per unit for gross proceeds of \$733,216. Each unit consisted of one Class A common share and one half of one Class A common share purchase warrant, exercisable at \$0.50 for 18 months. The Company allocated the full value of the units to the shares using the residual method and estimating the fair value of the Class A common share.
- (v) During the year ended December 31, 2024, the Company issued 6,752,879 shares from the exercise of \$0.10 warrants for gross proceeds of \$675,288.

(b) Shares to be issued

- (i) On October 25, 2024, the Company received \$15,000 for the exercise of 150,000 share purchase warrants. The Class A common shares were issued on March 31, 2025.

(c) Stock option plan

On June 10, 2022, the shareholders of the Company approved a stock option plan (the "Plan") under which the directors of the Company may grant options to qualified directors, officers and consultants of the Company. The exercise price of the options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant and the trading day. The maximum term of any option cannot exceed ten years. The maximum aggregate number of common shares under option at any time under the Plan shall not exceed 10% of the issued and outstanding Class A common shares on a non-diluted basis at any time.

A summary of the Company's stock option activity for the nine months ended September 30, 2025, is as follows:

	Number Of Options	Weighted- Average Exercise Price
Outstanding, December 31, 2024,	3,410,000	0.375
Expired	(830,000)	0.375
Outstanding, September 30, 2025	2,580,000	0.375

On July 20, 2022, the Company granted 3,205,000 stock options to employees, directors and consultants at a price of \$0.375 expiring five years from the grant date. On August 9, 2022, the Company granted 105,000 stock options to employees and consultants at a price of \$0.375 expiring five years from the grant date. On December 20, 2022, the Company granted 300,000 stock options to an officer at a price of \$0.375 expiring 4 years from the grant date. All options vest over two years with one-third vesting immediately, one-third vest one year from the grant date and one-third vest two years from the grant date. The fair value of warrants issued was determined using the Black-Scholes option pricing model. The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the options. The assumptions were volatility of 227%, 228% and 227%, respectively, risk free interest rate of 3.17%, 2.97% and 3.17%, respectively, expected life of five years, five years and three years, respectively.

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at September 30, 2025, are as follows:

Exercise Price	<u>Options Outstanding</u>			<u>Options Exercisable</u>	
	Number Outstanding	Weighted-Average Exercise Price	Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$0.375	2,580,000	\$0.375	1.80	2,580,000	\$0.375

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11. Share capital, continued

(d) Warrants

Warrants	Number of Warrants	Value
Balance as at December 31, 2023	7,308,178	\$ -
Warrants exercised (ii)	(6,902,879)	-
Warrants expired (iv)	(231,966)	-
Warrants issued for cash (11(a)(iii)) and (v)	1,222,027	-
Warrants issued for debt (8(b)) and (v)	117,500	-
Warrants issued for debt (9(b)) and (vii)	156,661	14,053
Balance as at December 31, 2024	1,669,521	\$ 14,053
Warrants issued for debt (9(c)) and (i)	50,665	4,264
Warrants expired (iii)	(515,208)	-
Balance as at September 30, 2025	1,204,978	\$ 18,317

-
- (i) During the nine months ended September 30, 2025, 50,665 warrants were issued exercisable at a price of \$0.30. Of the warrants issued, 27,332 warrants expire on July 30, 2026, and 23,333 warrants expire on September 4, 2026.
- (ii) During the year ended December 31, 2024, 6,902,879 warrants at a price of \$0.10 were exercised. 150,000 of the warrants exercised during the year were issued subsequent to December 31, 2024 (note 11(b)(i)).
- (iii) During the nine month period ended September 30, 2025, 515,208 warrants at a price of \$0.50 expired.
- (iv) During the year ended December 31, 2024, 231,966 warrants at a price of \$0.10 expired.
- (v) During the year ended December 31, 2024, 1,222,027 warrants were issued exercisable at a price of \$0.50 expiring 18 months from the issue date (July 16, 2025 – 125,050, September 12, 2025 – 216,825, October 12, 2025 – 156,275, December 26, 2025 – 201,692, February 15, 2026 – 333,325 and February 28, 2026 – 188,860).
- (vi) On February 8, 2024, 117,500 warrants were issued exercisable at a price of \$0.30 expiring on February 8, 2026.
- (vii) On December 17, 2024, 156,661 warrants were issued exercisable at a price of \$0.30 expiring on June 17, 2026.

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12. Related party transactions

During the period, the Company incurred wages and related benefits and/or fees to individuals and or companies controlled by individuals who are related to a director of the Company in the amount of \$239,087 (nine months ended September 30, 2024 - \$93,052).

During the period, the Company incurred fees of \$17,673 (nine months ended September 30, 2024 - \$45,949) from companies related to directors of the Company for legal services.

During the period the Company incurred fees of \$72,000 (nine months ended September 30, 2024 - \$nil) from companies related to directors for consulting services.

Included in prepaid expenses is \$nil (December 31, 2024 - \$31,500) for advances on fees for a member of key management. Included in accounts payable and accrued liabilities is \$125,991 (December 31, 2024 - \$72,821) due to directors and officers for consulting, marketing and legal services.

The Company considers key management to be the CEO and CFO. Key management compensation recognized in wages and related benefits and subcontractors as follows:

	September 30 2025	September 30 2024
Salaries, consulting and benefits	\$ 281,250	\$ 165,000
Share based compensation	-	123,186
	\$ 281,250	\$ 288,186

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13. Operating Segments

The Company currently has one business segment, being connecting guests staying in hotels with in-room and on-location commerce driven by Artificial Intelligence. The Company has two reportable segments based on geographic location as the Company operates the business in the United States of America and Canada. The breakdown of the Company's net income by location and assets by location is as follows:

For the nine month period ended September 30	2025			2024		
	Canada	USA	Total	Canada	USA	Total
Revenue						
Revenue	\$ 1,431	\$ 1,929,046	\$ 1,930,477	\$ 537	\$ 1,008,364	\$ 1,008,901
Cost of sales	(4)	(287,435)	(287,439)	(21)	(144,312)	(144,333)
	\$ 1,427	\$ 1,641,611	\$ 1,643,038	\$ 516	\$ 864,052	\$ 864,568
Expenses						
Salaries, wages and benefits	\$ 1,110,817	\$ 137,692.00	\$ 1,248,509	\$ 1,164,092	\$ 104,412	\$ 1,268,504
Share based compensation	-	-	-	314,364	-	314,364
Subcontractors	393,498	249,841	643,339	373,120	-	373,120
Depreciation	265,845	41,804	307,649	265,984	9,308	275,292
Professional fees	159,636	3,948	163,584	98,353	7,463	105,816
Office and administration	243,245	169,317	412,562	187,375	52,708	240,083
Interest and accretion	137,685	1,585	139,270	63,876	923	64,799
Travel	6,751	26,799	33,550	18,572	77,780	96,352
Total Expenses	2,317,477	630,986	2,948,463	2,485,736	252,594	2,738,330
Net (loss) income and comprehensive (loss) income	\$ (2,316,050)	\$ 1,010,625	\$ (1,305,425)	\$ (2,485,220)	\$ 611,458	\$ (1,873,762)
For the three month period ended September 30						
Revenue						
Revenue	\$ 58	\$ 625,565	\$ 625,623	\$ 7	\$ 452,971	\$ 452,978
Cost of sales	(1)	(103,823)	(103,824)	(15)	(77,070)	(77,085)
	\$ 57	\$ 521,742	\$ 521,799	\$ (8)	\$ 375,901	\$ 375,893
Expenses						
Salaries, wages and benefits	\$ 184,056	\$ 109,357.00	\$ 293,413	\$ 473,759	\$ 66,146	\$ 539,905
Share based compensation	-	-	-	39,679	-	39,679
Subcontractors	118,674	178,884	297,558	116,150	-	116,150
Depreciation	88,615	13,935	102,550	88,661	9,308	97,969
Professional fees	61,722	3,948	65,670	45,663	7,463	53,126
Office and administration	71,767	115,069	186,836	55,888	12,026	67,914
Interest and accretion	63,396	215	63,611	20,301	923	21,224
Travel	3,608	3,002	6,610	12,592	42,351	54,943
Total Expenses	591,838	424,410	1,016,248	852,693	138,217	990,910
Net (loss) income and comprehensive (loss) income	\$ (591,781)	\$ 97,332	\$ (494,449)	\$ (852,701)	\$ 237,684	\$ (615,017)
As at						
Assets						
Current assets						
Cash	\$ 126,052	\$ 32,544	\$ 158,596	\$ 49,574	\$ 4,410	\$ 53,984
Accounts receivable	-	52,498	52,498	-	40,134	40,134
Prepaid expenses	10,180	9,657.00	19,837	56,459	-	56,459
GST/HST receivable	131,320	-	131,320	108,259	-	108,259
	267,552	94,699	362,251	214,292	44,544	258,836
Deposits	3,580	-	3,580	3,580	-	3,580
Equipment	1,114	-	1,114	1,437	-	1,437
Right of use asset	106,761	-	106,761	175,393	41,804	217,197
Intellectual property	415,656	-	415,656	612,546	-	612,546
Total Assets	\$ 794,663	\$ 94,699	\$ 889,362	\$ 1,007,248	\$ 9,290	\$ 1,093,596

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14. Capital management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, provide adequate working capital and maintain cash on hand. The Company defines capital as the Company's shareholders' equity. At September 30, 2025, the Company had a deficit of \$1,713,401 (December 2024 - \$530,196). The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

15. Financial instruments and risk management

Fair value measurements

Financial instruments carried at fair value on the statement of financial position are assessed using the following hierarchy based on the amount of observable inputs used to value the instrument.

- ♦ Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- ♦ Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- ♦ Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

Due to the short-term nature of the cash, accounts receivable and accounts payable and accrued liabilities the carrying value approximates its fair value. The loan and convertible debenture have been recorded at fair value using market rates for debt with similar terms.

Liquidity risk

Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. The Company's financial liabilities consist of the accounts payable and accrued liabilities, loan and convertible debentures. The accounts payable and accrued liabilities, loan and the current portion of convertible debentures have contractual maturities of less than one year.

16. Subsequent events

The Company has commenced discussion with convertible debenture holders (note 8(a)) to further amend the terms of the debentures.

17. Contingencies

The Company received a statement of claim from a former capital markets service provider (the "Claimant"), stating that the Company did not provide a notice of termination of its marketing agreement (the "Agreement"). In July 2022, the Company and the Claimant amended the Agreement whereby the Claimant covenanted that it shall continue to perform its services as set forth in the Agreement until the expiration of the initial period (being October 5, 2022). The Company believes the allegations made in the statement of claim are entirely without merit and the action will be vigorously defended by the Company.