

Alset

ALSET AI VENTURES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

**(Expressed in Canadian Dollars)
(Unaudited)**

FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2025 AND 2024

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102 *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of interim financial statements (the “**Interim Financial Statements**”), the Interim Financial Statements must be accompanied by a notice indicating that the an auditor has not reviewed the Interim Financial Statements.

The accompanying unaudited Interim Financial Statements of Alset AI Ventures Inc. (the “**Company**”) have been prepared by and are the responsibility of the Company’s management and approved by the Board of Directors of the Company. The Company’s independent auditor has not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of Interim Financial Statements by an entity’s auditor.

ALSET AI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

AS AT	December 31 2025	September 30 2025
ASSETS		
Current		
Cash	\$ 680,335	\$ 738,200
Accounts receivable	20,259	20,259
Prepaid expenses	17,171	29,389
Loans receivable (Note 5)	1,072,734	977,966
Digital currencies (Note 4)	<u>7,432</u>	<u>17,600</u>
	1,797,931	1,783,414
Investment in Cedarcross (Note 4)	2,800,000	2,800,000
Investment in Vertex (Note 4)	1	1
Investment in Verses AI (Note 4)	1,024	15,402
Investment in Blueprint AI (Note 4)	150,000	150,000
Investment in Henon Financial (Note 4)	367,645	367,645
Deposit for investment in CHIP (Note 4)	50,000	50,000
Investment in Inverite (Note 4)	<u>188,500</u>	<u>-</u>
	\$ 5,355,101	\$ 5,166,462
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities (Note 8)	<u>\$ 672,480</u>	<u>\$ 780,134</u>
	672,480	780,134
Shareholders' equity (deficiency)		
Share capital (Note 7)	41,161,750	40,207,327
Equity portion of convertible debentures (Note 6)	-	-
Reserves (Note 7)	3,405,039	3,278,525
Deficit	<u>(40,682,621)</u>	<u>(39,099,524)</u>
	4,682,621	4,386,328
	\$ 5,355,101	\$ 5,166,462

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved and authorized by the Board on March 2, 2026:

“Zelong He” Director
“Jack Huang” Director

Zelong He
Jack Huang

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

ALSET AI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the three-month periods ended December 31,	2025	2024
NET INVESTMENT GAIN/(LOSS)		
Net change in unrealized gain/(loss) on investments (Note 4)	\$ 82,633	\$ 184,090
Net realized gain on sale of investments (Note 4)	-	78,098
Unrealized fair value loss on derivative financial instrument (Note 4)	<u>(18,678)</u>	<u>111,905</u>
	63,955	374,093
GENERAL EXPENSES		
Accretion expense (Note 6)	\$ -	\$ 681
Consulting and management fees (Note 8)	239,773	326,308
Interest expense (Note 6)	-	6,920
Investor relations and marketing	46,216	41,225
Office and miscellaneous	13,272	68,396
Professional fees	234,145	70,490
Share-based payments (Note 7, 8)	314,137	272,189
Transfer agent and filing fees	<u>3,741</u>	<u>1,610</u>
Loss before other items	(787,329)	(413,726)
Interest income (Note 5)	12,388	7,117
Foreign exchange loss	(9,703)	143,583
Gain/(loss) on debt settlement (Note 7)	-	3,795
Write-off of receivables	-	(38,862)
Other income	<u>-</u>	<u>3,061</u>
Loss and comprehensive loss for the period	\$ (784,644)	\$ (295,032)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	156,023,217	102,420,695

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

ALSET AI VENTURES INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the three-month periods ended December 31,	2025	2024
CASH FROM OPERATING ACTIVITIES		
Loss for the year	\$ (784,644)	\$ (295,032)
Items not affecting cash:		
Accretion expense	-	681
Accrued interest expense	-	6,920
Accrued interest receivable	(12,388)	(7,117)
Net change in unrealized loss on investments	(82,633)	(184,090)
Unrealized fair value loss on derivative financial instrument	18,678	(111,905)
Realized gain on sale of investments	-	(78,098)
Gain on conversion of convertible debts	-	(3,795)
(Gain)/loss on debt settlement	-	-
Write-off of receivable	-	38,862
Share-based payments	314,137	272,189
Other items:		
Investment in Blueprint	-	(150,000)
Proceeds from sale of investments	-	138,689
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(107,653)	(86,913)
Accounts receivable	-	(46,320)
Prepaid expenses	12,218	(21,097)
Net cash used in operating activities	<u>(642,285)</u>	<u>(527,026)</u>
CASH FROM INVESTING ACTIVITIES		
Funds loaned	(191,750)	(100,000)
Loans repaid	9,370	1,658,245
Net cash used in investing activities	<u>(182,380)</u>	<u>1,558,245</u>
CASH FROM FINANCING ACTIVITIES		
Shares issued for cash	700,000	-
Exercise of options	11,000	-
Exercise of warrants	55,800	120,459
Net cash provided by financing activities	<u>766,800</u>	<u>120,459</u>
Change in cash during the period	(57,865)	1,151,678
Cash, beginning of the period	<u>738,200</u>	<u>1,797,575</u>
Cash, end of the period	<u>\$ 680,335</u>	<u>\$ 2,949,253</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

ALSET AI VENTURES INC.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Share capital</u>		Equity portion of convertible debentures	Reserves	Deficit	Total
	Number	Amount				
Balance at September 30, 2024	101,788,084	35,726,433	4,087	3,605,097	(32,073,908)	7,261,709
Share issuance for conversion of Convertible debts	4,290,400	214,520	(4,087)	-	-	210,433
Exercise of warrants	2,725,832	194,690	-	(58,398)	-	136,292
Share-based payments	-	-	-	272,189	-	272,189
Loss for the period	-	-	-	-	(295,032)	(295,032)
Balance at December 31, 2024	108,804,316	\$ 36,135,643	\$ -	\$ 3,818,888	\$ (32,368,940)	\$ 7,585,591
Exercise of options	2,176,000	214,828	-	(93,028)	-	121,800
Exercise of warrants	15,374,538	983,478	-	(214,751)	-	768,727
Exercise of RSUs	3,000,000	750,000	-	(750,000)	-	-
Exercise of convertible debentures	4,290,400	218,315	(4,087)	-	-	214,228
Shares issued for the acquisition of Cedarcross	26,999,988	2,199,999	-	-	-	2,199,999
Shares issued for settlement of debt	1,428,423	114,274	-	36,626	-	150,900
Share-based payments	-	-	-	694,581	-	694,581
Loss for the period	-	-	-	-	(7,025,616)	(7,025,616)
Balance at September 30, 2025	155,057,433	\$ 40,207,327	\$ -	\$ 3,278,525	\$ (39,099,524)	\$ 4,386,328
Shares issued for cash	12,727,272	700,000	-	-	-	700,000
Exercise of options	200,000	18,211	-	(7,211)	-	11,000
Exercise of warrants	1,116,000	55,800	-	-	-	55,800
Exercise of RSUs	2,018,000	181,440	-	(181,440)	-	-
Share-based payments	-	-	-	314,137	-	314,137
Loss for the period	-	-	-	-	(784,644)	(784,644)
Balance at December 31, 2025	171,118,705	\$ 41,162,778	\$ -	\$ 3,404,011	\$ (39,884,168)	\$ 4,682,621

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

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Alset AI Ventures Inc. (the “Company”) was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the *Business Corporations Act* (British Columbia). The Company’s common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “GPUS”, OTC Pink Market under the symbol “GPUSF”, and Frankfurt Stock Exchange under the symbol “1R60”.

The Company is an investment issuer primarily focused on investments in the technology industry, including but not limited to artificial intelligence (“AI”). The Company’s investment portfolio is currently comprised of:

Investee name	Percentage holding
Cedarcross International Technologies Inc. dba Lyken AI (“Cedarcross”)	100%
Vertex AI Ventures Inc. (“Vertex”)	49%
Blueprint AI Technologies Inc. (“Blueprint”)	<20%
Henon Financial Technologies Inc. (“Henon”)	<20%
Inverite Insights Inc. (“Inverite”)	<20%

The Company’s registered and records office is 701 West Georgia Street, Suite 1420, Vancouver BC V7Y 1E4. Its principal business activity is the business of investing in technology companies, which involves a high degree of risk and there can be no assurance that current investment programs will result in profitable operations.

These condensed interim financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company’s ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes. These condensed interim financial statements should be read together with the audited financial statements for the year ended September 30, 2025.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value.

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PREPARATION (cont'd...)

Basis of presentation and consolidation

The condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company qualifies as an investment entity as it meets the following definition of an investment entity as outlined in IFRS 10, Consolidated Financial Statements:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Use of estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

Income taxes

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Valuation of investments

The determinations of fair value of the Company's investments at other than initial cost are subject to certain limitations. Financial information for privately-held company investments may not be available and, even if available, that information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a privately-held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will take into account trends in general market conditions and the share performance of comparable publicly-traded companies when valuing privately-held investments.

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

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2. BASIS OF PREPARATION *(cont'd...)*

Critical accounting estimates *(cont'd...)*

Valuation of investments *(cont'd...)*

The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of, and near-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flow. The Company applied transactional and market calibration approaches for valuing the investments during the three months ended December 31, 2025 and the year ended September 30, 2025. These approaches assess recent transactions of the investees to support the fair value of the investments as at the period end.

Investments held in public entities are valued by the publicly available market data, and warrants of investments in publicly held entities are valued using the Black-Scholes option pricing model.

Share-based payments

The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.

Convertible debenture

The determination of the carrying value of the convertible debentures on initial issuance is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

Critical accounting judgments

Going concern

The determination of whether the Company will continue as a going concern for the next year (Note 1).

Investment entity

Investees operate independently of the management of the Company, and management has determined that the Company currently invests its funds solely for capital appreciation. From time to time, the Company may participate in certain activities within or on behalf of its investees, and applied judgement to determine that any such activities undertaken during the year were taken with the objective to maximize its potential investment return from these investees, and do not represent a separate substantial business activity or a separate substantial source of income to the Company. Accordingly, management considers the Company to meet the definition of an investment entity.

Collectability of loan

The determination of the collectability of the loans to Cedarcross requires significant judgment. Management has considered the loans as collectible, based on the history of collection to date and have extended the maturity date by one year during the year ended September 30, 2025.

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

3. MATERIAL ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same policies and methods as the financial statements of the Company for the year ended September 30, 2025 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

4. INVESTMENTS

Cedarcross International Technologies Inc. (dba Lyken.AI)

During the year ended September 30, 2024, the Company acquired common shares equal to a 49% ownership stake in Cedarcross, a private company, for a total consideration of \$210,000. Cedarcross provides access to AI computing by providing access to AI servers. Its servers are configured in a data center located in Vancouver, British Columbia.

On February 26, 2025, the Company acquired an additional 26% stake in Cedarcross. Upon the completion of the acquisition, the Company held an aggregate 75% ownership in Cedarcross. In consideration for the acquisition, the Company issued 19,999,988 Common shares at a fair value of \$0.075 for total consideration of \$1,499,999.

On August 5, 2025, the Company acquired the remaining 25% stake in Cedarcross for total consideration of 7,000,000 common shares of the Company, with a fair value of \$700,000. Upon the completion of the acquisition, the Company held an aggregate 100% ownership in Cedarcross.

As at September 30, 2025 and December 31, 2025, the Company held a 100% interest in Cedarcross. The Company has provided initial funding to Cedarcross (Note 5) to support Cedarcross' initial expenditures and capital acquisitions.

The Company evaluated the fair value of the investment in Cedarcross as at December 31 and September 30, 2025 to be \$2,800,000. This valuation was based on the negotiated price to re-acquire the remaining 25% stake in Cedarcross in August being the most recent transaction providing a valuation reference point prior to year end.

Vertex AI Ventures Inc.

On March 15, 2024, the Company acquired common shares of Vertex equal to a 49% ownership stake in Vertex, a private company, by issuing 12,000,000 common shares at a value of \$0.295 per share for a total value of \$3,540,000. Vertex is incorporated pursuant to the laws of the Province of Ontario and is focused on identifying and acquiring intellectual property and providing data management services.

The Company has determined that it is improbable for Vertex to generate future cash flows. As such, the Company has evaluated the fair value of the investment in Vertex as at September 30, 2025 to be \$1. This was unchanged during the three months ended December 31, 2025.

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

4. INVESTMENTS (cont'd...)

VERSES AI Inc.

On September 26, 2024, the Company acquired 312,500 units of VERSES AI Inc. (CBOE: VERS) (“Verses”), a private company, for \$250,000. Each acquired unit of Verses consisted of one common share and one warrant exercisable into one common share at a price of \$1.20 per share, for a period of three years from the date of issuance. The Company recorded an initial value of \$250,000 towards the Verses shares and warrants.

As at December 31, 2025, the Company held no common shares (September 30, 2025 - nil), and the warrants had a fair value of \$1,024 (September 30, 2025 - \$15,402), for a total fair value associated with Verses of \$1,024 as at December 31, 2025 (September 30, 2025 - \$15,402). During the three months ended December 31, 2025, the Company recorded an unrealized fair value loss on derivative financial instrument of \$14,378 (December 31, 2024 - \$111,905). The warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life of 1.74 years, volatility of 107%, risk-free rate of 2.55%, and 0% for dividends and forfeitures.

Blueprint AI Technologies Inc.

On December 18, 2024, the Company acquired 1,111,111 common shares of Blueprint, a private company, representing an 11.56% interest. The acquisition was completed at a price of \$0.135 per share for a total cash payment of \$150,000. The Company committed to invest an additional \$200,000 in Blueprint’s next equity financing round, contingent upon Blueprint achieving aggregate gross proceeds of \$400,000 in that financing round. Further, the Company is eligible to receive up to 555,532 additional common shares of Blueprint upon the achievement by Blueprint of specific milestones. No value has been ascribed to the contingent terms previously described. As at December 31, 2025 and September 30, 2025, the Company evaluated the fair value of Blueprint as \$150,000, unchanged from the cost of the Company’s investment earlier in the year.

Henon Financial Technologies Inc.

On March 31, 2025, the Company acquired 147,058 common shares of Henon, a private company. The acquisition was completed at a price of \$1.70 per share for a total cash payment by the Company of approximately \$249,999. As at September 30, 2025, the Company evaluated the fair value of Henon as \$367,645 and recorded an unrealized gain on investment of \$117,646. This valuation was based on the most recent financing price closed prior to September 30, 2025.

Inverite Insights Inc.

On November 28, 2024, the Company loaned Inverite \$100,000 at an interest rate of 10% per annum (Note 5). On December 8, 2025, the Company settled the loan for 400,000 common shares of Inverite and 200,000 share purchase warrants exercisable into common shares of Inverite. The warrants of Inverite are exercisable for two years at an exercise price of \$0.35 per share. The Company recorded an initial value of \$100,000 towards the Inverite shares and warrants.

As at December 31, 2025, the Company held 400,000 common shares of Inverite with a fair value of \$146,000, and the warrants of Inverite had a fair value of \$42,500 for a total fair value associated with Inverite of \$188,500 as at December 31, 2025 (September 30, 2025 - \$nil). During the three months ended December 31, 2025, the Company recorded an unrealized gain on investment of \$92,800 and an unrealized fair value loss on derivative financial instrument of \$4,300. The warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life of 1.94 years, volatility of 112%, risk-free rate of 2.59%, and 0% for dividends and forfeitures.

ALSET AI VENTURES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

4. INVESTMENTS (cont'd...)**Digital Currencies**

As at September 30, 2025, the Company held Solana (SOL) and IO.net tokens (IO) as digital currencies. Digital currencies are revalued by taking the closing prices of each reporting date listed on “Coinmarketcap.com”. The following is a continuity of digital currencies:

	SOL		IO		Total
	Units	\$	Units	\$	\$
Balance, December 30 and September 30, 2024					-
Digital currencies purchased	185.25	50,000	12,868.44	54,221	104,221
Digital currencies sold	(157.05)	(54,221)	-	-	(54,221)
Unrealized loss	-	(70)	-	(44,816)	(44,886)
Realized gain	-	12,486	-	-	12,486
Balance, September 30, 2025	28.20	8,195	12,868.44	9,405	17,600
Unrealized loss	-	(3,383)	-	(6,784)	(10,167)
Balance, December 31, 2025	28.20	4,811	12,868.44	2,621	7,432

5. LOANS RECEIVABLE

The following is a continuity schedule of loans receivable:

Loans receivable	
Balance, September 30, 2024	\$ 2,281,509
Loans sent	100,000
Loans repaid	(1,658,245)
Interest receivable	7,117
Balance, December 31, 2024	\$ 730,381
Loans sent	611,279
Loans repaid	(1,951,187)
Interest receivable	36,365
Balance, September 30, 2025	\$ 977,966
Loans sent	191,750
Loans repaid	(109,370)
Interest receivable	12,388
Balance, December 31, 2025	\$ 1,072,734

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

5. LOANS RECEIVABLE (cont'd...)

During the three months ended December 31, 2025, the Company:

- a) Entered into a loan with Cedarcross on December 31, 2025 for \$191,750 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- b) Received 400,000 common shares, 200,000 share purchase warrants of Inverite, and \$9,370 in cash for the settlement of loan of \$109,370 to Inverite (Note 4).

During the year ended September 30, 2025, the Company:

- c) Received \$1,658,245 repayment from Cedarcross with respect to the loan agreement signed on April 2, 2024. As of November 20, 2024, the loan is fully repaid.
- d) Entered into a loan agreement with Inverite on November 28, 2024, loaned \$100,000 at an interest rate of 10% per annum. The loan was unsecured and became due on December 31, 2025
- e) Entered into a loan with Cedarcross on May 1, 2025 for US\$250,000 (\$345,300) at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- f) Entered into a loan agreement with Cedarcross on September 30, 2025 for \$165,979 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- g) Extended all outstanding loans totaling \$610,100 issued to Cedarcross during the year ended September 30, 2024 for a period of one year. As at December 31, 2025, \$355,981 remained outstanding including interest.
- h) Received an additional \$296,523 repayment from Cedarcross for the payment of loans towards a \$50,000 loan issued September 5, 2023 (fully repaid), \$200,000 loan issued October 30, 2023 (fully repaid), and \$100,000 loan issued December 5, 2023 (partially repaid).

6. CONVERTIBLE DEBENTURES

24% Convertible debentures

Balance September 30, 2024	206,626
Settled with the issuance of units (Note 7)	(214,228)
Accretion expense	681
Accrued interest payable	6,921
	<hr/>
<u>Balance, December 31, 2025 and September 30, 2025</u>	<u>\$ -</u>

On November 28, 2023, the Company completed an offering of unsecured convertible debentures in aggregate principal of \$188,000 (the "Debentures"), of which \$45,000 was received during the year ended September 30, 2023.

The Debentures matured on the date (the "Maturity Date") that was 12 months from the date of issuance (the "Closing Date"). The principal amount of Debentures was convertible into units of the Company ("Debenture Units"), in whole or in part, at the option of the holder, at any time following the Closing Date but on or before the Maturity Date, into a price of \$0.05 per Debenture Unit.

The Debentures bore interest at a rate of 24.0% per annum from the Closing Date.

ALSET AI VENTURES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

6. CONVERTIBLE DEBENTURES (*cont'd...*)

Each Debenture Unit consisted of one Common Share and one common share purchase warrant (a “Debenture Warrant”). Each Debenture Warrant entitled the holder thereof to acquire one additional Common Share at a price of \$0.05 per share for a period of 12 months from the date of issuance.

For accounting purposes, the Debentures are separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue is determined based on an estimated rate of 27.0% for debentures without the conversion feature. The fair value of the equity component is determined as the difference between the face value of the convertible debenture and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and accreted to its face value over the term to maturity of the convertible debentures at an effective rate of 27.0%.

During the three months ended December 31, 2025, the Company incurred interest expense of \$nil (2025 - \$6,921) and accretion expense of \$nil (2025 - \$681) on the convertible debentures, which has been recorded on the statement of operations and comprehensive loss. The Company issued 4,290,400 units in settlement of \$214,228 of convertible debt during the year ended September 30, 2025.

7. SHARE CAPITAL AND RESERVES

Authorized share capital

As at December 31 2025, the authorized share capital of the Company is an unlimited number of common shares without par value.

Issued share capital

During the three months ended December 31, 2025, the Company:

- a) Issued an aggregate of common shares pursuant to the exercise of warrants (“Warrants”), options (“Options”) and restricted share units (“RSUs”) of the Company for gross proceeds of \$66,800.
- b) Completed a non-brokered private placement of 12,727,272 units at a price of \$0.06 per unit for gross proceeds of \$700,000. Each unit is comprised of one Common Share and one-half of one Warrant. Each whole Warrant entitles the holder thereof to acquire one additional Common Share at a price of \$0.10 per Common Share for a period of two years from the date of closing.

During the year ended September 30, 2025, the Company:

- a) Issued an aggregate of 20,550,538 Common Shares for the exercise of Warrants, Options, and RSUs of the Company for gross proceeds of \$890,527
- b) Issued an aggregate 4,290,400 Debenture Units for the conversion of the convertible debt. Each Debenture Unit consisted of one Common Share and one Warrant exercisable at a price of \$0.05 for one year from the date of conversion (Note 6).
- c) Issued an aggregate of 26,999,988 Common Shares for the acquisition of a 51% stake of Cedarcross (Note 4).
- d) Issued an aggregate of 788,331 common shares and 640,092 units of the Company for the settlement of \$160,698 of debt. Each unit consisted of one Common Share and one Warrant exercisable into one Common Share at a price of \$0.15 for a period of two years. The shares were valued at \$0.08 per share for a total value of \$114,274. The Company recorded a gain on settlement of debt of \$9,798.

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7. SHARE CAPITAL AND RESERVES (cont'd...)**Issued share capital (cont'd...)****Stock Options and Share Purchase Warrants**

Stock options and share purchase warrants transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding and exercisable, September 30, 2024	12,826,000	\$ 0.15	52,778,853	\$ 0.15
Exercised	-		(2,725,832)	0.05
Granted	3,020,000	0.05	4,290,700	0.05
Expired/Cancelled	(5,695,000)	0.23	(9,316,205)	0.05
Outstanding and exercisable, December 31, 2024	10,151,000	0.07	45,027,516	0.17
Exercised	(2,176,000)	0.06	(12,648,706)	0.05
Granted	3,000,000	0.07	639,792	0.06
Expired/Cancelled	-	-	(5,132,464)	0.05
Outstanding and exercisable, September 30, 2025	10,975,000	0.07	27,886,138	0.24
Exercised	(200,000)	0.06	(1,116,000)	0.05
Granted	-	-	6,363,636	0.10
Expired/Cancelled	(100,000)	-	(669,600)	0.05
Outstanding and exercisable, December 31, 2025	10,675,000	0.05	32,464,174	0.16

As at December 31, 2025, 9,025,000 stock options are vested and exercisable

Outstanding stock option and share purchase warrants as at December 31, 2025:

Number	Exercise price	Expiry date	Remaining life (years)
Stock Options			
525,000	\$ 0.25	March 27, 2027	1.24
1,450,000	0.05	February 2, 2029	3.09
2,780,000	0.06	September 20, 2027	1.73
3,020,000	0.05	November 18, 2027	1.88
2,000,000	0.08	August 15, 2027	1.62
<u>1,000,000</u>	0.11	August 28, 2027	1.66
<u>10,675,000</u>			

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7. SHARE CAPITAL AND RESERVES (cont'd...)**Issued share capital (cont'd...)****Stock Options and Share Purchase Warrants**

	Number	Exercise price	Expiry date	Remaining life (years)
Warrants				
	15,924,572	0.15	March 15, 2027	1.20
	1,728,487	0.15	March 15, 2027	1.20
	4,075,421	0.15	March 22, 2027	1.22
	209,566	0.15	March 22, 2027	1.22
	2,812,400	0.40	May 15, 2027	1.37
	620,000	0.25	May 15, 2027	1.37
	26,000	0.40	May 17, 2027	1.38
	64,000	0.25	May 17, 2027	1.38
	640,092	0.15	February 27, 2027	1.16
	6,363,636	0.10	December 16, 2027	1.96
	<u>32,464,174</u>			

On July 17, 2025, the Company repriced an aggregate of 19,999,993 share purchase warrants expiring March 15, 2027 and March 22, 2027 to \$0.15. There was no change in valuation as a result of the repricing.

Restricted share units

	Number	Weighted average fair value per share at grant date
Outstanding and exercisable, September 30, 2024	3,000,000	\$ 0.25
Granted	<u>3,036,000</u>	<u>0.05</u>
Outstanding and exercisable, December 31, 2024	6,036,000	\$ 0.15
Exercised	(3,000,000)	0.25
Granted	5,900,000	0.15
Cancelled	<u>(12,967)</u>	<u>0.17</u>
Outstanding and exercisable, September 30, 2025	8,923,033	\$ 0.10
Exercised	<u>(2,018,000)</u>	<u>0.05</u>
Outstanding and exercisable, December 31, 2025	<u>6,905,033</u>	<u>\$ 0.10</u>

During the three months ended December 31, 2025, the Company did not issue RSUs.

During the year ended September 30, 2025, the Company issued 8,936,000 RSUs. 6,900,000 of the issued RSUs vests one year from the date of grant. For the remaining 2,036,000 RSUs, 1,018,000 RSUs vest 12 months from the date of grant, 339,333 RSUs vests 15 months from the date of grant, 339,333 RSUs vests 18 months from the date of grant, and 339,334 vests 21 months from the date of grant. For information with respect to RSUs following the period ended December 31, 2025, refer to Subsequent Events (Note 12).

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7. SHARE CAPITAL AND RESERVES (cont'd...)

Share-based payments

On March 27, 2024, the Company authorized the adoption of its omnibus incentive plan (the “Plan”), which authorizes the issuance of Options, RSUs and other equity instruments. The Plan enables the Company to authorize to grant Options to executive officers, directors, employees and consultants enabling them to acquire 10% of the issued and outstanding Common Shares, on a rolling basis, for a period of a maximum of 10 years as decided by the Board of Directors of the Company. Under the Plan, the exercise price of each Option is determined at the discretion of the Board of Directors of the Company, and shall not be less than the price of the Common Shares, less applicable discount, as calculated on the date of grant. On July 21, 2025, the Company amended the Plan to increase the aggregate maximum number of Common Shares reserved for issuance pursuant to the award of RSUs from 9,423,033 to 14,780,743.

Restricted Share Units

As the performance conditions of the RSUs granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSUs granted is determined to be equal to the market price on the date of grant. The value is then expensed over the vesting term. During the three months ended December 31, 2025, the Company recognized share-based payments expense of \$218,137 (2024 - \$151,800) with respect to RSUs.

Stock Options

During the three months ended December 31, 2025 the Company did not issue (2024 – 3,020,000) stock options and recorded \$96,000 (2024 - \$120,389) of share-based payments expense related to stock options granted and vested in the statement of operations and comprehensive loss.

The following weighted average assumptions were used for the valuation of stock options:

	2025	2024
Risk-free interest rate	-	2.94%
Expected life	-	2.5 years
Annualized volatility	-	156%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

Escrowed shares and warrants

As at September 30, 2025, 9,302,239 (September 30, 2024 - 15,316,231) common shares and 3,789,739 (September 30, 2024 – 6,316,231) share purchase warrants remain in escrow.

8. RELATED PARTY TRANSACTIONS

Key management personnel consist of the officers of the Company and the Company’s Board of Directors.

During the three months ended December 31, 2025, the Company paid or accrued management fees of \$49,613 (2024 - \$15,750) to a company that is associated with the CFO of the Company

During the three months ended December 31, 2025, the Company paid or accrued consulting fees of \$82,688 (2024 - \$38,750) to a company owned by the CEO of the Company.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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8. RELATED PARTY TRANSACTIONS (cont'd...)

During the three months ended December 31, 2025, the Company paid or accrued consulting fees of \$31,500 (2024 - \$30,000 to companies owned by a director of the Company.

During the three months ended December 31, 2025, the Company issued nil (2024 – 1,020,000) stock options to certain directors and officers of the Company and recognized a share-based payment expense of \$90,438 (2024 - \$40,661).

During the three months ended December 31, 2025, the Company recorded share-based payments expense of \$84,135 (2024 - \$101,800) for RSUs issued to key management personnel.

As at December 31, 2025, \$76,043 (September 30, 2025 - \$91,605) is due to related parties included in accounts payable and accrued liabilities.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the three months ended December 31, 2025, the Company incurred the following non-cash investing and financing activities:

- a) Settled \$109,370 of loans receivable with Inverite for 400,000 common shares of Inverite, 200,000 share purchase warrants of Inverite, and \$9,370 in cash (Notes 5,7)

During the three months ended December 31, 2024, the Company incurred the following non-cash investing and financing activities:

- b) Converted convertible debentures of \$214,520 by issuing 4,290,400 Debenture Units of one Common Share and one Warrant to settle liabilities totaling \$218,315.
- c) Exercise of Warrants for gross proceeds of \$136,292, of which \$15,833 were recorded as a receivable as at December 31, 2024.

10. CAPITAL MANAGEMENT

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient capital to fund operations. Capital is comprised of the component of shareholders' equity (deficiency) as described in the statement of changes in shareholders' deficiency. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. There have been no changes to the Company's approach to capital management during the three months ended December 31, 2025.

The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the statement of financial position are classified and measured as follows:

		December 31, 2025	September 30, 2025
Financial Assets			
Cash	Amortized cost	\$680,335	\$738,200
Accounts receivable	Amortized cost	20,259	20,259
Loans receivable	Amortized cost	1,072,734	977,966
Investment in Cedarcross	FVTPL	2,800,000	2,800,000
Investment in Vertex	FVTPL	1	1
Investment in VERSES AI	FVTPL	1,024	15,402
Investment in Blueprint	FVTPL	150,000	150,000
Investment in Henon	FVTPL	367,645	367,645
Investment in Inverite	FVTPL	188,500	-
Financial Liabilities			
Accounts payable and accrued liabilities	Amortized cost	\$672,480	\$780,134

Due to the short-term nature of cash, accounts receivable, loans receivable, convertible debentures, accounts payable and accrued liabilities, and short-term loans payable, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

The following table presents the Company's financial instruments, measured at fair value, and categorized into levels of the fair value hierarchy:

	Balance at December 31, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in Cedarcross	\$ 2,800,000	\$ -	\$ 2,800,000	\$ -
Investment in Vertex	1	-	1	-
Investment in Verses	1,024	-	-	1,024
Investment in Blueprint	150,000	-	150,000	-
Investment in Henon	367,645	-	367,645	-
Investment in Inverite	188,500	146,000	-	42,500
	\$ 3,507,170	\$ 146,000	\$ 3,317,646	\$ 43,524

	Balance at September 30, 2025	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in Cedarcross	\$ 2,800,000	\$ -	\$ 2,800,000	\$ -
Investment in Vertex	1	-	1	-
Investment in Verses	15,402	-	-	15,402
Investment in Blueprint	150,000	-	150,000	-
Investment in Henon	367,645	-	367,645	-
	\$ 3,333,048	\$ -	\$ 3,317,646	\$ 15,402

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Currency risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuation. The Company is exposed to foreign currency risk on fluctuations related to cash that is denominated in US Dollars. As at December 31, 2025, the Company has US\$216,114 (CA\$296,206). A 10% change in CAD-USD would affect comprehensive loss by approximately \$29,621 (September 30, 2025 - \$66,752).

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at September 30, 2025, the Company had a cash balance of \$680,335 (September 30, 2025 - \$738,200) to settle current liabilities of \$672,480 (September 30, 2025 - \$780,134). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at December 31, 2025, the Company did not have any investments in investment-grade short-term deposit certificates.

Debt instruments carrying interest charges are at fixed rates and not subject to variable adjustment, unless in certain circumstances of default (Note 5).

Price risk

The Company is exposed to price risk with respect to equity prices. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. SUBSEQUENT EVENTS

- On January 4, 2026, the Company issued an aggregate of 5,000,000 Options to certain directors, officers, and consultants of the Company. The Options are exercisable at \$0.055 per Common Share for a period of two years from the date of grant and will vest quarterly in equal parts over the first year from the date of grant.
- On January 4, 2026, the Company issued 5,550,000 RSUs to certain directors, officers, and consultants of the Company. The RSUs will vest on the first anniversary from the date of award.
- On July 22, 2025, the Company entered into an agreement to acquire 125,000 common shares of CHIP Data Centers Inc. ("CHIP") at a price of \$0.40 per share for aggregate cash consideration of \$50,000. On January 5, 2026, the Company received the 125,000 common shares of CHIP.
- On February 24, 2026 (the "Effective Date"), the Company closed the first tranche of a loan transaction (the "First Tranche") with Mr. Randy Gilling in the principal amount of \$3,000,000. Mr. Gilling, an insider of the Company holding greater than 10% of the issued and outstanding common shares of the Company, advanced \$500,000 under the First Tranche. Pursuant to the closing of the First Tranche, the Company issued 500 non-convertible debentures (each, a "Debenture") at a price of \$1,000 per Debenture, in the aggregate principal amount of \$500,000. The Debentures will bear interest at a rate of 6.0% per annum from the Effective Date,

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and will mature on the date that is three years following the Effective Date. In connection with the closing of the First Tranche, the Company also issued to Mr. Gilling 3,333,333 non-transferrable Warrants. Each Warrant is exercisable into one Common Share at a price of \$0.15 until three years from the date of issuance.