

# Alset

ALSET AI VENTURES INC.

**FINANCIAL STATEMENTS**

**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Alset AI Ventures Inc.

### *Opinion*

We have audited the accompanying financial statements of Alset AI Ventures Inc. (the "Company"), which comprise the statements of financial position as at September 30, 2025 and 2024, and the statements of operations and comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the financial statements, which indicates that the Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

### *Valuation of Private Investments*

As outlined in Note 4 to the financial statements, the carrying value of the Company's Cedarcross, Vertex, Blueprint, and Henon investments was \$3,317,646 as of September 30, 2025. As further detailed in Notes 2 and 3, investments are measured at fair value at each reporting period. Management determined fair value using the transactional method, which relies on Level 2 observable inputs. Using this approach, management must assess whether prior or subsequent transactions remain an appropriate measure of fair value, taking into account factors such as market conditions, the financial health of investees, and overall industry performance, amongst others.



The principal considerations for determining that the valuation of private investments is a Key Audit Matter include the significance of the investments in the financial statements and the significant judgment required when assessing fair value based on a transactional method. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the fair value of the investments.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. These procedures include, among others:

- Assessing the appropriateness of using the transactions as the basis for fair value measurement by considering factors such as the timing of transactions, market conditions, and other relevant factors.
- Reviewing supporting documentation for the transactions, including purchase agreements and investment records, to verify the accuracy and completeness of the recorded amounts
- Reviewing title documents or confirming ownership stake in investees to verify the Company's ownership interest in the investments.
- Assessing internal factors, market conditions, and industry trends to determine whether any significant changes could impact the reliability of the relevant transactions as an appropriate measure of fair value.
- Evaluating financial statement disclosures to ensure they appropriately describe the valuation methodology, assumptions, and any relevant risks or uncertainties associated with the fair value measurement.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

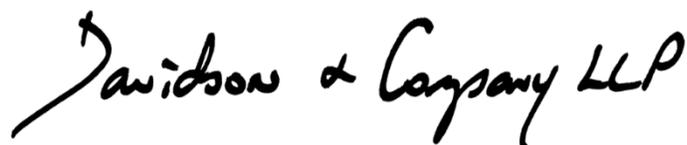
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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 Daniel Nathan.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 28, 2026

**ALSET AI VENTURES INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

<b>AS AT SEPTEMBER 30,</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 738,200	\$ 1,797,575
Accounts receivable	20,259	13,949
Prepaid expenses	29,389	234,246
Loans receivable (Note 5)	977,966	2,281,509
Digital currencies (Note 4)	17,600	-
	<u>1,783,414</u>	<u>4,327,279</u>
<b>Investment in Cedarcross (Note 4)</b>	2,800,000	2,841,369
<b>Investment in Vertex (Note 4)</b>	1	600,000
<b>Investment in Verses AI (Note 4)</b>	15,402	284,474
<b>Investment in Blueprint AI (Note 4)</b>	150,000	-
<b>Investment in Henon Financial (Note 4)</b>	367,645	-
<b>Deposit (Note 14)</b>	<u>50,000</u>	<u>-</u>
	<u>\$ 5,166,462</u>	<u>\$ 8,053,122</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 780,134	\$ 584,787
Convertible debentures (Note 7)	<u>-</u>	<u>206,626</u>
	<u>780,134</u>	<u>791,413</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 8)	40,207,327	35,726,433
Equity portion of convertible debentures (Note 7)	-	4,087
Reserves (Note 8)	3,278,525	3,605,097
Deficit	<u>(39,099,524)</u>	<u>(32,073,908)</u>
	<u>4,386,328</u>	<u>7,261,709</u>
	<u>\$ 5,166,462</u>	<u>\$ 8,053,122</u>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 14)

Approved and authorized by the Board on January 28, 2026:

<u>“Zelong He”</u>	Director	<u>“Jack Huang”</u>	Director
Zelong He		Jack Huang	

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

**ALSET AI VENTURES INC.**  
**STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

<b>For the years ended September 30,</b>	2025	2024
<b>NET INVESTMENT GAIN/(LOSS)</b>		
Net change in unrealized gain/(loss) on investments (Note 4)	\$ (2,767,837)	\$ (272,976)
Net realized gain on sale of investments (Note 4)	315,032	-
Unrealized fair value loss on derivative financial instrument (Note 4)	<u>(44,072)</u>	<u>(1,181)</u>
	(2,496,877)	(274,157)
<b>GENERAL EXPENSES</b>		
Accretion expense (Note 7)	\$ 681	\$ 3,343
Consulting and management fees (Note 9)	1,278,518	1,453,406
Interest expense (Note 7)	6,970	37,454
Investor relations	1,367,417	1,215,586
Office and miscellaneous	219,988	175,224
Professional fees	942,687	618,505
Shareholder communications	7,699	75,138
Share-based payments (Note 8, 9)	694,581	2,159,352
Transfer agent and filing fees	<u>76,262</u>	<u>96,688</u>
<b>Loss before other items</b>	(7,091,680)	(6,108,853)
Interest income (Note 5)	36,365	242,019
Gain/(loss) on debt settlement (Note 8)	9,798	(260,719)
Foreign exchange loss	42,260	(21,871)
Other income	16,503	-
Write-off of receivables	<u>(38,862)</u>	<u>(199,597)</u>
<b>Loss and comprehensive loss for the year</b>	\$ (7,025,616)	\$ (6,349,021)
<b>Basic and diluted loss per share</b>	\$ (0.05)	\$ (0.10)
<b>Weighted average number of common shares outstanding – basic and diluted</b>	132,893,887	65,059,108

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

**ALSET AI VENTURES INC.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

<b>For the years ended September 30,</b>	<b>2025</b>	<b>2024</b>
<b>CASH FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (7,025,616)	\$ (6,349,021)
Items not affecting cash:		
Accretion expense	681	3,343
Accrued interest expense	6,921	37,454
Accrued interest receivable	(36,365)	(242,019)
Net change in unrealized loss on investments	2,767,837	272,997
Unrealized fair value loss on derivative financial instrument	44,072	1,181
Realized gain on sale of investments	(315,032)	-
(Gain)/loss on debt settlement	(9,797)	260,719
Write-off of receivable	38,862	199,597
Share-based payments	694,581	2,159,352
Other items:		
Investment in Blueprint	(150,000)	-
Investment in Henon	(249,999)	-
Deposit for investment in CHIP	(50,000)	-
Investment in Verses AI	-	(250,000)
Proceeds from sale of investments	528,316	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	356,044	515,587
Accounts receivable	(45,172)	(180,841)
Prepaid expenses	204,857	(233,466)
Net cash used in operating activities	<u>(3,239,810)</u>	<u>(3,805,138)</u>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Funding provided to Cedarcross as loans	(611,279)	(4,248,584)
Cedarcross loans repaid	1,951,187	2,259,094
Investment in digital currencies	(50,000)	-
Net cash used in investing activities	<u>1,289,908</u>	<u>(1,989,490)</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Shares issued for cash	-	7,857,248
Exercise of options	121,800	-
Exercise of warrants	768,727	-
Share issuance costs	-	(555,701)
Convertible debentures	-	143,000
Net cash provided by financing activities	<u>890,527</u>	<u>7,444,547</u>
<b>Change in cash during the year</b>	<b>(1,059,375)</b>	<b>1,649,919</b>
<b>Cash, beginning of year</b>	<u><b>1,797,575</b></u>	<u><b>147,656</b></u>
<b>Cash, end of year</b>	<u><b>\$ 738,200</b></u>	<u><b>\$ 1,797,575</b></u>

**Supplemental disclosure with respect to cash flows (Note 10)**

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

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

(Expressed in Canadian Dollars)

	Share capital		Equity portion of convertible debentures	Reserves	Subscriptions received in advance	Deficit	Total
	Number	Amount					
<b>Balance at September 30, 2023</b>	13,155,972	\$ 24,720,681	\$ -	\$ 499,971	34,375	\$ (25,724,887)	\$ (469,860)
Private placements	58,789,296	7,812,575	-	-	(34,375)	-	7,778,200
Exercise of convertible debentures	300,000	15,354	(354)	-	-	-	15,000
Exercise of options	50,000	4,753	-	(2,253)	-	-	2,500
Exercise of warrants	1,530,953	82,557	-	(6,009)	-	-	76,548
Share issuance costs	-	(555,701)	-	-	-	-	(555,701)
Finders' warrants	-	(612,070)	-	612,070	-	-	-
Acquisition of Vertex	12,000,000	3,540,000	-	-	-	-	3,540,000
Debt settlement	15,961,863	718,284	-	341,966	-	-	1,060,250
Issuance of convertible debentures	-	-	4,441	-	-	-	4,441
Share-based payments	-	-	-	2,159,352	-	-	2,159,352
Loss for the year	-	-	-	-	-	(6,349,021)	(6,349,021)
<b>Balance at September 30, 2024</b>	101,788,084	\$ 35,726,433	\$ 4,087	\$ 3,605,097	\$ -	\$ (32,073,908)	\$ 7,261,709
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)
<b>Balance at September 30, 2025</b>	155,057,433	\$ 40,207,327	\$ -	\$ 3,278,525	\$ -	\$ (39,099,524)	\$ 4,386,328

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

## ALSET AI VENTURES INC.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

#### 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 (“OTC”) under the symbol “ALSCF”, and Frankfurt Stock Exchange (“FSE”) 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:

<b>Investee name</b>	<b>Percentage holdings</b>
Cedarcross International Technologies Inc. dba Lyken AI (“Cedarcross”)	100%
Vertex AI Ventures Inc. (“Vertex”)	49%
Blueprint AI Tehcnologies Inc. (“Blueprint”)	<20%
Henon Financial Technologies Inc. (“Henon”)	<20%

The Company’s registered and records office is #1500 - 1055 West Georgia Street Vancouver, BC V6E 4N7. 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 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 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 financial statements have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”).

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

**Basis of presentation and consolidation**

The financial statements have been prepared on a historical cost basis. In addition, these 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 preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and 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 FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(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 a transactional and market calibration approaches for valuing the investments in the year ended September 30, 2025. This approach assesses recent transactions of the investees to support the fair value of the investments as at year 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 collectable, based on the history of collection to date and have extended the maturity date by one year during the year ended September 30, 2025.

### **3. MATERIAL ACCOUNTING POLICIES**

#### **Income (loss) per share**

Basic income (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income (loss) per share is computed similar to basic income (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

#### **Income taxes**

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

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

#### **Investments in associates**

The Company meets the criteria required to be considered an “investment entity” under IFRS 10, Consolidated Financial Statements and, as such, in the cases where the Company has control or significant influence over an entity in its investment portfolio, the Company values such investments as financial assets at FVTPL.

Fair value for investments is primarily determined using accepted industry valuation methods such as earnings multiples of comparable publicly traded companies, discounted cash flows, or transactional valuation. Significant inputs for these valuation methods include company specific earnings before interest, taxes, depreciation and amortization (EBITDA), earnings multiples of comparable publicly traded companies, projected cash flows, and discount rates using current market yields of instruments with similar characteristics. Recent market transactions, where available are also used.

#### **Financial instruments**

##### *Recognition*

The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value.

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

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**3. MATERIAL ACCOUNTING POLICIES** (*cont'd...*)

*Classification and measurement*

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- ii. those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows are generally measured at amortized cost at each subsequent reporting periods. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income.

Cash, accounts receivable, loans receivable, accounts payable and accrued liabilities and convertible debentures are carried at amortized cost. Investments are recorded as FVTPL.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

*Derecognition*

Financial assets are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire.

Financial liabilities are derecognized when, and only when, the Company’s obligations are discharged, cancelled or they expire.

The Company assesses all information available, including on a forward-looking basis when estimating the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

**3. MATERIAL ACCOUNTING POLICIES** *(cont'd...)*

**Financial instruments** *(cont'd...)*

*Financial Instruments Fair Value Disclosures*

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the date of the statement of financial position, and how the entity manages these risks.

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial reorganization.

**Share-based payments**

The Company grants stock options and restricted share units ("RSUs") to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. The fair value of RSUs is measured by the closing share price of the date of issuance.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payments. Otherwise, share-based payments are measured at the fair value of goods or services received.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from reserves to deficit.

**3. MATERIAL ACCOUNTING POLICIES** (*cont'd...*)

**Financial instruments** (*cont'd...*)

**Convertible debt**

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

**Digital currencies**

Digital currencies consist of crypto-currency denominated assets such as Solana and IO.net tokens and are included in current assets. Digital currencies meet the definition of intangible assets in IAS 38 Intangible Assets as they are identifiable non-monetary assets without physical substance. Subsequent measurement uses the revaluation model whereby increases in fair value are recorded in other comprehensive income (loss), while decreases are recorded in profit or loss. The Company revalues its digital currencies at the end of each quarter. There is no recycling of gains from other comprehensive income (loss) to profit or loss. However, to the extent that an increase in fair value reverses a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit or loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income (loss) are recorded in other comprehensive income (loss).

**New accounting standards and interpretations issued and but not yet effective**

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027). Management is currently assessing the implications of applying the new standard on the financial statements.

**4. INVESTMENTS**

**Cedarcross International Technologies Inc. (DBA Lyken.AI)**

During the year ended September 30, 2024, the Company acquired common shares equal to 49% ownership stake in Cedarcross, 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. As at September 30, 2025, the Company holds a 100% interest in Cedarcross. The Company has provided initial funding to Cedarcross (Note 5) to support Cedarcross' initial expenditures and capital acquisitions.

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.

## **ALSET AI VENTURES INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

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#### **4. INVESTMENTS (cont'd...)**

##### **Cedarcross International Technologies Inc. (DBA Lyken.AI) (cont'd...)**

The Company evaluated the fair value of the investment in Cedarcross as at September 30, 2025 to be \$2,800,000 and recorded an unrealized loss in investment of \$2,241,368. 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 equal to 49% ownership stake in Vertex, 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 in Ontario, Canada and is focused on identifying and acquiring intellectual property (“IP”) 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 (September 30, 2024 - \$600,000) and recorded an unrealized loss in investment of \$599,999.

##### **VERSES AI Inc.**

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

During the year ended September 30, 2025, the Company sold 312,500 common shares of Verses for gross proceeds of \$528,316 and recorded a realized gain of \$303,316 as a result of the sale. As at September 30, 2025, the Company held no common shares (September 30, 2024 - \$225,000), and the warrants had a fair value of \$15,402 (September 30, 2024 - \$59,474), for a total fair value associated with Verses of \$15,402 as at September 30, 2025 (September 30, 2024 - \$284,474). During the year ended September 30, 2025, Company recorded an unrealized fair value loss on derivative financial instrument of \$44,072. The warrants were valued using the Black-Scholes option pricing model with the following inputs: expected life of 1.99 years, volatility of 127%, risk-free rate of 2.65%, and 0% for dividends and forfeitures.

##### **Blueprint AI Technologies Inc.**

On December 18, 2024, the Company acquired 1,111,111 common shares of Blueprint AI Technologies Inc., a private company, representing a 11.56% interest. The acquisition was at a price of \$0.135 per share for a total cash payment of \$150,000. The Company includes a commitment to invest an additional \$200,000 in Blueprint’s net 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 achieving specific milestones. No value has been ascribed to the contingent terms previously described. As at 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.

**ALSET AI VENTURES INC.**

NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**4. INVESTMENTS (cont'd...)****Henon Financial Technologies Inc.**

On March 31, 2025, the Company acquired 147,058 common shares of a private company, Henon Financial Technologies Inc. The acquisition was priced at \$1.70 per share for total cash payment of \$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.

**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, 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

**5. LOANS RECEIVABLE**

The following is a continuity schedule of loans receivable:

<b>Loans receivable</b>	
Balance, September 30, 2023	\$ 50,000
Loans sent	4,248,584
Loans repaid	(2,259,094)
Interest receivable	<u>242,019</u>
Balance, September 30, 2024	\$ 2,281,509
Loans sent	611,279
Loans repaid	(1,951,187)
Interest receivable	<u>36,365</u>
Balance, September 30, 2025	\$ <u>977,966</u>

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

- a) 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.

## ALSET AI VENTURES INC.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

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

- b) Entered into a loan agreement with Inverite Insights Inc. (“Inverite”) on November 28, 2024, loaned \$100,000 at an interest rate of 10% per annum. The loan is unsecured and is due on December 31, 2025. Subsequent to the year ended September 30, 2025, on December 8, 2025, the Company settled the loan for 400,000 common shares and 200,000 share purchase warrants of Inverite.
- c) 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 is due one year from the date of the loan.
- d) 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.
- e) Extended all outstanding loans (a)-(d) issued to Cedarcross during the year ended September 30, 2024 for a period of one year.
- f) 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).

During the year ended September 30, 2024, the Company:

- a) Entered into a loan agreement with Cedarcross on October 30, 2023, for \$200,000 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- b) Entered into a loan agreement with Cedarcross on December 5, 2023, for \$100,000 at an interest rate of 1% per annum. The loan is unsecured and due one year from the date of the loan.
- c) Entered into a loan agreement with Cedarcross on January 25, 2024, for \$100,100 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- d) Entered into a loan agreement with Cedarcross on March 26, 2024, for \$160,000 at an interest rate of 5% per annum. The loan is unsecured and due one year from the date of the loan.
- e) Entered into a loan agreement with Cedarcross on April 2, 2024 (“Loan Agreement”), for \$3,688,485 at an interest rate of 15% per annum. The loan is secured against all present and after acquired property of Cedarcross, including specific asset security against five servers. The loan is repayable in full on July 1, 2025.

During the year ended September 30, 2024, the Company and Cedarcross amended this loan agreement (“Amending Agreement”). Pursuant to the terms of the Amending Agreement, this loan will be amended as follows: (i) interest on the loan advanced under the Loan Agreement (the “Loan”) will be decreased from fifteen percent (15%) to seven and a half percent (7.5%) per annum, commencing on September 1, 2024; (ii) interest on the outstanding principal amount of the Loan shall be paid by Cedarcross to the Company on the maturity date stipulated in the Loan Agreement. In addition, the Company has entered into a repayment and release agreement (the “Repayment and Release Agreement”) with Cedarcross in relation to the Loan Agreement, pursuant to the terms of the Repayment and Release Agreement, the Company (i) received a cash prepayment in the amount of \$203,517 towards the principal amount of the Loan; (ii) received a cash prepayment in the amount of \$1,296,466 towards the principal amount of the Loan; (iii) agreed that Cedarcross will direct certain funds to the Company; and (iv) immediately upon receipt by the Company of all outstanding indebtedness, the Company will make necessary arrangements to discharge the *Personal Property Security Act* (British Columbia) registrations and any other registrations, liens or security interests made in connection with the Loan Agreement and the corresponding general security agreement. On September 17, 2024, the Company received a further \$759,110 from Cedarcross as payment to the loan.

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**6. SHORT-TERM LOANS PAYABLE**

In the year ended September 30, 2024, the Company settled short-term loans payable of \$257,833 with the issuance of debt units (Note 8).

**7. CONVERTIBLE DEBENTURES**

**24% Convertible debentures**

Balance, September 30, 2023	\$	-
Proceeds		188,000
Equity component of convertible debenture		(4,441)
Settled with the issuance of common share units (Note 8)		(16,437)
Accretion expense		3,343
Accrued interest payable		36,161
Balance September 30, 2024		<u>206,626</u>
Settled with the issuance of common share units (Note 8)		(214,228)
Accretion expense		681
Accrued interest payable		<u>6,921</u>
Balance, September 30, 2025	\$	<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 at a price of \$0.05 per Debenture Unit.

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

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 year ended September 30, 2025, the Company incurred interest expense of \$6,921 (2024 - \$36,361) and accretion expense of \$681 (2024 - \$3,343) 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.

**ALSET AI VENTURES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

As at September 30, 2025, the authorized share capital of the Company is an unlimited number of common shares without par value.

**Issued share capital**

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

- a) Issued an aggregate 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 units for the conversion of the convertible debt. Each unit consists of one common share and one share purchase 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 51% stake of Cedarcross (Note 5).
- 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 consists of one common share and one share purchase warrant exercisable 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.

During the year ended September 30, 2024, the Company:

- a) Completed a non-brokered private placement of 13,112,497 units at a price of \$0.03 for gross proceeds of \$393,375, of which \$34,375 was received in the year ended September 30, 2023. The Company incurred share issuance costs of \$40,581. Each unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional share at a price of \$0.05 per share for a period of 12 months from the date of closing.
- b) Settled an aggregate of \$798,093 in debt in exchange for an aggregate of 15,961,863 units (each, a “Debt Unit”) at a value of \$0.045 per Debt Unit. Each Debt unit consists of one common share in the capital of the Company and one common share purchase warrant. One of the creditors who participated in the debt settlement is a corporation wholly owned by an officer and director (the “Insider”) of the Company. Pursuant to the policies of the TSX-V, the Insider was issued an aggregate of 525,000 common shares only. Each warrant holder will be entitled to acquire an additional common share at an exercise price of \$0.05 for a period of 12 months from the date of issuance. The Company recorded a total value of \$ 341,966 for the warrant in the Debt Unit. The warrants of the debt unit were calculated using Black-Scholes with the following assumptions:

<b>Grant Date</b>	
Expiry date	February 16, 2025
Expected life (years)	1 year
Expected dividend	0%
Risk-free interest rate	3.48%
Expected volatility	132%

- c) Issued an aggregate of 12,000,000 common shares to acquire Vertex with a fair value of \$3,540,000 (Note 4).

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**Issued share capital (cont'd...)**

- d) Completed a non-brokered private placement of 39,999,999 units at a price of \$0.15 for gross proceeds of \$6,000,000. Each unit is comprised of one common share in the capital of the Company and one-half a share purchase warrant. Each whole warrant entitles the holder thereof to acquire one additional share at a price of \$0.25 per share for a period of 3 years from the date of closing. The Company paid share issuance costs of \$117,952, finders' fees of \$290,491 and issued 1,938,053 finders' warrants. The Company valued the finders' warrants using Black-Scholes and used the following assumptions:

<b>Grant Date</b>	<b>March 15, 2024 (First Tranche)</b>	<b>March 22, 2024 (Final Tranche)</b>
Expiry date	March 15, 2027	March 22, 2027
Expected life (years)	3 years	3 years
Expected dividend	0%	0%
Risk-free interest rate	4.00%	3.85%
Expected volatility	133%	133%
Fair value	\$422,606	\$47,932

- e) Completed a non-brokered private placement of 5,676,800 units of the Company at a price of \$0.25 per unit, for gross proceeds of \$1,419,200. Each unit is comprised of one common shares and one-half of one warrant. Each whole warrant entitles the holder acquire one common share at a price of \$0.40 per share for a period of 36 months from the date of issuance. The Company paid share issuance costs of \$96,598, finders' fees of \$17,000 and issued 84,000 finders' warrants to acquire common shares at a price of \$0.25 per common share for a period of 36 months. Beacon Securities Ltd. was engaged as financial adviser to the Company and received 600,000 finder's warrants in connection with the engagement.

<b>Grant Date</b>	<b>May 15, 2024 (First Tranche)</b>	<b>May 17, 2024 (Final Tranche)</b>
Expiry date	May 15, 2027	May 17, 2027
Expected life (years)	3 years	3 years
Expected dividend	0%	0%
Risk-free interest rate	4.03%	4.09%
Expected volatility	133%	133%
Fair value	\$126,729	\$14,803

- f) Converted convertible debentures of \$15,000 by issuing 300,000 Debenture Units of one common share and one share purchase warrant to settle liabilities totaling \$15,000 (Note 6). Each whole unit warrant is exercisable for a period of one year at an exercise price of \$0.05.

The Company incurred additional share issuance costs of \$207,629 associated with the above noted financings.

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**8. 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, September 30, 2023	-	-	-	-
Exercised	(50,000)	0.05	(1,530,953)	0.05
Granted	12,876,000	0.15	54,309,806	0.15
Outstanding and exercisable, September 30, 2024	12,826,000	\$ 0.15	52,778,853	\$ 0.15
Exercised	(2,176,000)	0.06	(15,374,538)	0.05
Granted	6,020,000	0.07	4,930,492	0.06
Expired/Cancelled	(5,695,000)	0.24	(14,448,669)	0.05
Outstanding, September 30, 2025	10,975,000	0.07	27,886,138	0.24

As at September 30, 2025, 8,475,000 stock options are vested and exercisable.

Outstanding stock option and share purchase warrants as at September 30, 2025:

Number	Exercise price	Expiry date	Remaining life (years)
<b>Stock Options</b>			
625,000	\$ 0.25	March 27, 2027	1.49
1,450,000	0.05	February 2, 2029	3.35
2,880,000	0.06	September 20, 2027	1.97
3,020,000	0.05	November 18, 2027	2.13
2,000,000	0.08	August 15, 2027	1.87
<u>1,000,000</u>	0.11	August 28, 2027	1.91
<u>10,975,000</u>			

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**8. 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)
<b>Warrants</b>			
15,924,572	0.15	March 15, 2027	1.45
1,728,487	0.15	March 15, 2027	1.45
4,075,421	0.15	March 22, 2027	1.47
209,566	0.15	March 22, 2027	1.47
2,812,400	0.40	May 15, 2027	1.62
620,000	0.25	May 15, 2027	1.62
26,000	0.40	May 17, 2027	1.63
64,000	0.25	May 17, 2027	1.63
1,785,600	0.05	November 28, 2025	0.16
640,092	0.15	February 27, 2027	1.41
<u>27,886,138</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, September 30, 2023	-	\$ -
Granted	<u>3,000,000</u>	<u>0.25</u>
Outstanding and exercisable, September 30, 2024	3,000,000	\$ 0.25
Exercised	(3,000,000)	0.25
Granted	8,936,000	0.10
Cancelled	<u>(12,967)</u>	<u>0.17</u>
Outstanding and exercisable, September 30, 2025	<u>8,923,033</u>	<u>\$ 0.10</u>

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 September 30, 2025, refer to Subsequent Events (Note 14).

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**Share-based payments**

On July 21, 2025, the Company authorized the adoption of an Omnibus Incentive Plan which authorizes the issuance of stock options, restricted share units and other equity instruments. The Omnibus Incentive 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 stock of the Company of up to a maximum of 10 years as decided by the board of directors. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The Omnibus Incentive Plan authorizes the Company to grant up to 14,780,743 RSUs.

*Restricted Share Units*

As the performance conditions of the RSU granted were not market-related, the fair value per RSU used to calculate compensation expense for the RSU 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 year ended September 30, 2025, the Company recognized share-based payments expense of \$513,223 (2024 - \$750,000) with respect to RSUs.

*Stock Options*

During the year ended September 30, 2025 the Company issued 6,020,000 (2024 – 12,876,000) stock options and recorded \$181,358 (2024 - \$1,409,352) 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%	3.45%
Expected life	2.5 years	5 years
Annualized volatility	156%	132%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	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.

**9. RELATED PARTY TRANSACTIONS**

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

During the year ended September 30, 2025, the Company paid or accrued management fees of \$217,350 (2024 - \$77,320) to a company that is associated with the CFO of the Company

During the year ended September 30, 2025, the Company paid or accrued consulting fees of \$286,812 (2024 - \$216,500) to a company owned by the CEO of the Company.

## ALSET AI VENTURES INC.

### NOTES TO THE FINANCIAL STATEMENTS

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

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#### 9. RELATED PARTY TRANSACTIONS *(cont'd...)*

During the year ended September 30, 2025, the Company paid or accrued consulting fees of \$123,000 (2024 - \$199,500) to companies owned by a director of the Company and \$nil of professional fees (2024 - \$15,000) to a director of the Company.

During the year ended September 30, 2025, the Company also issued 2,520,000 (2024 - 2,737,500) stock options to certain directors and officers of the Company and recognised a share-based payment expense of \$84,473 (2024 - \$212,635).

During the year ended September 30, 2025, the Company recorded share-based payments expense of \$84,703 (2024 - \$250,000) for RSUs issued to key management personnel.

During the year ended September 30, 2025, the Company issued 254,998 common shares to a company associated with the CFO of the company to settle debt of \$28,687 (Note 8) resulting in a gain of \$8,287. During the year ended September 30, 2024, the Company issued an aggregate of 525,000 common shares to the CEO for a debt settlement of \$26,250 (Note 8) resulting in a gain of \$2,625.

As at September 30, 2025, \$91,605 (2024 - \$97,182) is due to related parties included in accounts payable and accrued liabilities.

#### 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended September 30, 2025, the Company incurred the following non-cash investing and financing activities:

- a) Converted convertible debentures of \$218,315 by issuing 4,290,400 Debenture Units of one common share and one share purchase warrant to settle liabilities totaling \$218,315.
- b) Issued 26,999,988 common shares for the acquisition of 51% stake in Cedarcross with a fair valued of \$2,199,999.
- c) Settled \$150,900 of accounts payable and accrued liabilities through the issuance of 788,331 common shares and 640,092 share purchase warrants (Note 8).
- d) Issued 3,000,000 common shares with a fair value of \$750,000 for the exercise of RSUs.

During the year ended September 30, 2024, the Company incurred the following non-cash investing and financing activities:

- e) Acquired 49% of the issued and outstanding common shares in the capital of Vertex. As consideration, the Company issued an aggregate of 12,000,000 common shares of the Company with a fair value of \$3,540,000 (Note 4).
- f) Converted convertible debentures of \$15,000 by issuing 300,000 Debenture Units of one common share and one share purchase warrant to settle liabilities totaling \$15,000.
- g) The Company allocated a \$210,000 deposit to the investment in Cedarcross.
- h) The Company settled \$541,648 of accounts payable and accrued liabilities and \$257,883 of loans payable through the issuance of 15,961,863 Debt Units (Note 8b).
- i) The Company issued an aggregate of 2,622,053 brokers warrants for a total value of \$612,070.

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

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

**11. 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 year ended September 30, 2025.

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

**12. 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:

		<b>September 30, 2025</b>	<b>September 30, 2024</b>
<b>Financial Assets</b>			
Cash	Amortized cost	\$ 738,200	\$1,797,575
Accounts receivable	Amortized cost	20,259	13,949
Loans receivable	Amortized cost	977,966	2,281,509
Investment in Cedarcross	FVTPL	2,800,000	2,841,369
Investment in Vertex	FVTPL	1	600,000
Investment in VERSES AI	FVTPL	15,402	284,474
Investment in Blueprint	FVTPL	150,000	-
Investment in Henon	FVTPL	367,645	-
<b>Financial Liabilities</b>			
Accounts payable and accrued liabilities	Amortized cost	\$ 780,134	\$ 584,787
Convertible debentures	Amortized cost	-	206,626

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.

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**12. 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:

	<b>Balance at September 30, 2025</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
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	-
	<b>\$ 3,333,048</b>	<b>\$ -</b>	<b>\$ 3,317,646</b>	<b>\$ 15,402</b>

	<b>Balance at September 30, 2024</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Investment in Cedarcross	\$ 2,841,369	\$ -	\$ 2,841,369	\$ -
Investment in Vertex	600,000	-	600,000	-
Investment in Verses	284,474	225,000	-	59,474
	<b>\$ 3,725,843</b>	<b>\$ 225,000</b>	<b>\$ 3,441,369</b>	<b>\$ 59,474</b>

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 September 30, 2025, the Company has US\$479,502 (CA\$667,515). A 10% change in CAD-USD would affect comprehensive loss by approximately \$66,752 (2024 - \$169,393).

***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.

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

*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 \$738,200 (September 30, 2024 - \$1,797,575) to settle current liabilities of \$780,134 (September 30, 2024 - \$791,413). 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 September 30, 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 7).

*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.

**13. INCOME TAXES**

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery. A reconciliation of income taxes at statutory rates is as follows:

	2025	2024
Loss for the year before income tax	\$ (7,025,616)	\$ (6,349,021)
Expected income tax (recovery)	\$ (1,897,000)	\$ (1,714,000)
Impact of future income tax rates applied versus current statutory rate and other	-	(2,000)
Permanent differences	192,000	659,000
Adjustment to prior year's provision versus statutory tax returns	7,000	-
Share issue costs	-	(150,000)
Change in unrecognized deductible temporary differences	<u>1,698,000</u>	<u>1,207,000</u>
Total income tax (recovery)	\$ -	\$ -

**ALSET AI VENTURES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
For the years ended September 30, 2025 and 2024  
(Expressed in Canadian Dollars)

**13. INCOME TAXES** (cont'd...)

The significant components of the Company's deferred tax assets which have not been set up are as follows:

	2025	2024
Deferred tax assets (liabilities)		
Exploration and evaluation assets	\$ 383,000	\$ 383,000
Allowable capital losses	95,000	95,000
Property and equipment	9,000	9,000
Investment in Cedarcross	(105,000)	(710,000)
Investment in Vertex	956,000	794,000
Investment in Verses	(4,000)	(9,000)
Investment in Henon	(32,000)	-
Digital currencies	9,000	-
Share issue costs	93,000	126,000
Non-capital losses available for future period	<u>3,735,000</u>	<u>2,753,000</u>
	5,139,000	3,441,000
Unrecognized deferred tax assets	<u>(5,139,000)</u>	<u>(3,441,000)</u>
Net deferred tax assets	\$ -	\$ -

Tax losses carried forward are as follows:

	2025	Expiry date range	2024	Expiry date range
Exploration and evaluation assets	\$ 1,395,000	No expiry date	\$ 1,395,000	No expiry date
Property and equipment	34,000	No expiry date	34,000	No expiry date
Allowable capital losses	352,000	No expiry date	352,000	No expiry date
Share issue costs	344,000	204-2047	465,000	2044-2046
Investment tax credit	9,000	2031	9,000	2031
Investment in Cedarcross	(390,000)	No expiry date	(2,631,000)	No expiry date
Investment in Vertex	3,540,000	No expiry date	2,940,000	No expiry date
Investment in Verses	(15,000)	No expiry date	(34,000)	No expiry date
Investment in Henon	(118,000)	No expiry date	-	-
Digital currencies	32,000	No expiry date	-	-
Non-capital losses available for future periods	13,833,000	2027-2045	10,199,000	2027-2044

## **ALSET AI VENTURES INC.**

### **NOTES TO THE FINANCIAL STATEMENTS**

For the years ended September 30, 2025 and 2024

(Expressed in Canadian Dollars)

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#### **14. SUBSEQUENT EVENTS**

- On July 22, 2025 the Company entered into an agreement to acquire 125,000 common shares of CHIP Data Centers Inc. (“CHIP”) for cash consideration of \$50,000. The acquisition price was \$0.40 per share. On January 5, 2026, the Company received the 125,000 common shares of CHIP.
- On October 21, 2025, November 18, 2025 and January 16, 2026, an aggregate of 2,711,517 RSUs were settled into Common Shares.
- On October 22, 2025 and December 1, 2025, an aggregate of 200,000 Options were exercised into Common Shares.
- On November 28, 2025, an aggregate of 1,116,000 share purchase warrants were exercised into Common shares.
- On December 23, 2025, the Company closed a non-brokered private placement of 12,727,272 units. Each unit consists of one common share and one-half of one warrant. Each whole warrant entitles the holder thereof to acquire one common Share at an exercise price of \$0.10 per Common Share until December 23, 2027. Total gross proceeds was \$700,000.
- On January 4, 2026, the Company issued 5,000,000 stock 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.