

AF2 Capital Corp.
(A Capital Pool Company)
Unaudited Condensed Interim Financial Statements
(Expressed in Canadian dollars)
For the three and six months ended February 28, 2025 and 2024

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

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

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

Vancouver, B.C.
April 28, 2025

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AF2 CAPITAL CORP.**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT**

(Expressed in Canadian dollars)

(Unaudited)

		FEBRUARY 28, 2025	AUGUST 31, 2024
	NOTE	\$	\$
ASSETS			
CURRENT			
Cash		157,693	171,107
Total assets		157,693	171,107
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	7	18,684	17,114
Total liabilities		18,684	17,114
SHAREHOLDERS' EQUITY			
Share capital	4	322,361	322,361
Contributed surplus	4	60,392	60,392
Accumulated deficit		(243,744)	(228,760)
Total shareholders' equity		139,009	153,993
Total liabilities and shareholders' equity		157,693	171,107

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

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

Approved on behalf of the Board:

Signed: "John Muffolini", Director

Signed: "Michael Galloro", Director

AF2 CAPITAL CORP.**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2025 AND 2024

(Expressed in Canadian dollars)

(Unaudited)

	NOTE	THREE MONTHS ENDED		SIX MONTHS ENDED	
		FEBRUARY 28, 2025	FEBRUARY 29, 2024	FEBRUARY 28, 2025	FEBRUARY 29, 2024
		\$	\$	\$	\$
EXPENSES					
Professional fees	7	2,871	3,007	5,923	5,832
Transfer agent, listing and filing fees		9,835	9,581	10,516	10,927
General and administrative		666	110	795	261
LOSS BEFORE THE FOLLOWING ITEM:		(13,372)	(12,698)	(17,234)	(17,020)
Interest income		951	1,514	2,250	3,173
NET LOSS AND COMPREHENSIVE LOSS		(12,421)	(11,184)	(14,984)	(13,847)
Net loss per share – basic and diluted	6	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding – basic and diluted		3,000,000	3,000,000	3,000,000	3,000,000

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

AF2 CAPITAL CORP.**CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025 AND 2024**

(Expressed in Canadian dollars)

(Unaudited)

	NUMBER OF SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	ACCUMULATED DEFICIT	TOTAL
BALANCE, SEPTEMBER 1, 2024	5,000,000	\$ 322,361	\$ 60,392	\$ (228,760)	\$ 153,993
Net loss for the year	-	-	-	(14,984)	(14,984)
BALANCE, FEBRUARY 28, 2025	5,000,000	\$ 322,361	\$ 60,392	\$ (243,744)	\$ 139,009
BALANCE, SEPTEMBER 1, 2023	5,000,000	\$ 322,361	\$ 60,392	\$ (210,795)	\$ 171,958
Net loss for the period	-	-	-	(13,847)	(13,847)
BALANCE, FEBRUARY 29, 2024	5,000,000	\$ 322,361	\$ 60,392	\$ (224,642)	\$ 158,111

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

AF2 CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025 AND 2024
(Expressed in Canadian dollars)
(Unaudited)

	SIX MONTHS ENDED	
	FEBRUARY 28, 2025	FEBRUARY 29, 2024
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(14,984)	(13,847)
Changes in non-cash working capital item:		
Increase (decrease) in accounts payable and accrued liabilities	1,570	(6,035)
CASH FLOW USED IN OPERATING ACTIVITIES	(13,414)	(19,882)
NET DECREASE IN CASH	(13,414)	(19,882)
CASH - BEGINNING OF PERIOD	171,107	195,785
CASH - END OF PERIOD	157,693	175,903
Supplementary cash flow information		
Interest received	2,250	3,173
Income tax paid	-	-

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

AF2 CAPITAL CORP.
Notes to the Condensed Interim Financial Statements
For the three and six months ended February 28, 2025 and 2024
(Expressed in Canadian dollars)
(Unaudited)

1. Nature of Operations and Going Concern

AF2 Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of British Columbia on July 10, 2020. The Company carries on its business as a "Capital Pool Company" ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 - Capital Pool Companies ("Policy 2.4"). As at February 28, 2025, the Company had no business operations and did not enter into any agreements to acquire an interest in businesses or assets. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company's registered head office address is Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5.

The Company completed its initial public offering ("IPO") on March 15, 2021. The gross proceeds raised from the IPO may only be used to identify a "Qualifying Transaction", as such term is defined in Exchange Policy 2.4, with the exception that a maximum of \$3,000 per month may be spent on reasonable general and administrative expenses of the Company.

Where a Qualifying Transaction is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction.

On October 23, 2023, the Company entered into a non-binding letter of intent (the "LOI") with Stay Inc. ("Stay"), a platform for short and long-term rental with operations in both Canada and the United States of America. The LOI set forth the basic terms and conditions upon which Stay and the Company would combine their business operations resulting in a reverse takeover of the Company by Stay and its shareholders (the "Transaction"). The LOI was terminated on January 10, 2025 and the Company has re-engaged in the process of identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction.

Going concern

These unaudited condensed interim financial statements have been prepared on a going concern basis, which presumes realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company does not generate revenue from operations. The Company incurred net loss of \$12,421 and \$14,984 during the three and six months ended February 28, 2025 respectively (net loss of \$11,184 and \$13,847 during the three and six months ended February 29, 2024, respectively), and an accumulated deficit of \$243,744 as at February 28, 2025. The Company's continuing operations are dependent upon its ability to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4. Any acquisition or investment proposed by the Company will be subject to regulatory approval. Where a potential acquisition has been identified, additional funding may be required in order to complete the transaction and there is no assurance that the Company will be successful in obtaining any additional funding. These conditions indicate the existence of a material uncertainty that may give rise to significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. Basis of Presentation

Statement of compliance

These unaudited condensed interim financial statements were prepared following the same accounting policies and methods of computation as the Company's audited annual financial statements for the years ended August 31, 2024 and 2023. They were prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain financial information and disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) has been omitted or condensed. The disclosure provided herein is incremental to the disclosure included in the audited annual financial statements. These financial statements were approved and authorized for issue by the Board of Directors on April 28, 2025.

Use of estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) **Income taxes**

In assessing the probability of realizing income tax assets and valuing income tax liabilities, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. Until February 28, 2025, the Company had realized a net loss from operations and does not believe it is probable that future taxable profit will be available against which the Company can utilize the benefits. The Company reassesses unrecognized income tax assets at each reporting date.

(ii) **Ability to continue as a going-concern**

Management assesses the Company's ability to continue as a going-concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 1), and subsequent changes could materially impact the validity of such an assessment.

3. Material Accounting Policy Information

The policies applied in these unaudited condensed interim financial statements are based on IFRS's issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent audited annual financial statements as at and for the year ended August 31, 2024.

New and revised IFRS issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended February 28, 2025 and have not been applied in the preparation of these financial statements.

IAS 1 – Amendments to Classification of Liabilities as Current or Non-current

Amendments to International Accounting Standards (IAS) 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2024.

IAS 21 – Amendments to the Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB introduced amendments to IAS 21, impacting entities with transactions or operations in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. These amendments are effective from January 1, 2025.

IFRS 9 & IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In August 2023, the IASB introduced amendments to IFRS 9 providing guidance on the classification of financial assets, including those with contingent features. IFRS 7 amendments will require entities to provide additional disclosures on financial assets and financial liabilities that have certain contingent features. These amendments are effective from January 1, 2026.

The Company has not early adopted the revised standard and the standard is not expected to have a material effect on the financial statements.

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4. Share Capital

Common shares:

Authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

	Number of Common Shares	Amount \$
Seed shares (i)	2,000,000	100,000
Shares issued at initial public offering (ii)	3,000,000	222,361
Balance, August 31, 2024 and February 28, 2025	5,000,000	322,361

(i) Shares subject to escrow

The issued and outstanding seed shares of 2,000,000 will be held in escrow pursuant to the requirements of the Exchange to be released as to 25% thereof on completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 25% thereof on each of the 6th, 12th and 18th months following the initial release.

All stock options and common shares issued prior to the date of the final exchange bulletin pursuant to the exercise of the stock options are subject to escrow.

(ii) Initial public offering

On March 15, 2021, the Company completed its IPO of a total of 3,000,000 common shares at a price of \$0.10 per share for aggregate gross proceeds of \$300,000. In connection with the IPO, the Company incurred share issuance costs of \$77,639 in the forms of (i) agent's cash commission of \$30,000; (ii) legal and professional fees of \$31,979; and (iii) 300,000 agent's options with a fair value of \$15,660. The agent's options expired unexercised on March 15, 2023.

Preferred shares:

Authorized

The Company is authorized to issue an unlimited number of preferred shares with no par value. The preferred shares are entitled to a priority over the common shares with respect to payment of dividends and the distribution of assets upon the liquidation of the Company.

There were no preferred shares issued as at August 31, 2024 and February 28, 2025.

Stock options:

The stock option plan of the Company provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with the Exchange requirements, grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the total issued and outstanding common shares of the Company, exercisable for a period of up to ten years from the date of the grant.

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4. Share Capital (continued)

Stock options: (continued)

The Company's outstanding and exercisable stock option balance as of:

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, August 31, 2024 and February 28, 2025	500,000	0.10	March 15, 2031

On March 15, 2021, the Company granted options to its directors and officers entitling the purchase of 500,000 common shares at a price of \$0.10 per common share. The options are for a ten-year term, expiring on March 15, 2031, and vested on the date of grant

No options were exercised during the three and six months ended February 28, 2025 and 2024.

5. Net loss per share

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	FEBRUARY 28, 2025	FEBRUARY 29, 2024	FEBRUARY 28, 2025	FEBRUARY 29, 2024
	\$	\$	\$	\$
Numerators:				
Net loss for the year	(12,421)	(11,184)	(14,984)	(13,847)
Denominators:				
Weighted average number of shares	3,000,000	3,000,000	3,000,000	3,000,000
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

The basic and diluted loss per share calculations are the same as stock options and agent's options were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive. Escrow shares are excluded from calculation of weighted average number of shares as they are considered as contingently cancelable shares.

6. Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Included in accounts payable and accrued liabilities as at February 28, 2025 was \$5,707 (August 31, 2024 - \$5,707) owing to a company controlled by a director.

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

AF2 CAPITAL CORP.**Notes to the Condensed Interim Financial Statements****For the three and six months ended February 28, 2025 and 2024**

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7. Financial Instruments and Risk Management

Fair Values

As at February 28, 2025 and August 31, 2024, the Company's financial instruments consist of cash, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations of the Company allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the continuation of the Company's search for a Qualifying Transaction, and limit exposure to credit and market risks.

The types of risk exposure and the way in which such exposures are managed are as follows:

Credit Risk

Credit risk is the risk of loss if a third party to a financial instrument fails to meet its commercial obligations. The Company's credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The Company believes its exposure to credit risk is not significant.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

8. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to complete a Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. For the purpose of the Company's capital management, capital includes shareholders' equity.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment. As a CPC, the Company is subject to externally imposed capital requirements as outlined in the Exchange Policy 2.4. The Company is currently not subject to other externally imposed capital requirements.