

METAGUEST.AI INCORPORATED

Management Discussion and Analysis for the three and nine months ended September 30, 2024

This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Metaguest.AI Incorporated and its subsidiary Metaguest Incorporated ("METG" or the "Company") and reviews its financial results for the nine months ended September 30, 2024. The MD&A should be read in conjunction with the audited consolidated financial statements of the Company for the nine months ended September 30, 2024 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars.

Additional information relating to the Company can be located on the SEDAR+ website at www.sedarplus.ca. This MD&A is current as at November 27, 2024.

Caution on Forward-Looking Statements

The MD&A contains certain forward-looking statements concerning anticipated developments in the Company's operation in future periods. Forward-looking statements are frequently, but not always identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements in the MD&A may include statements regarding budgets, capital expenditures, timelines, strategic plans, or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes, arbitration and litigation; uncertainty of estimates of capital and operating costs, the need to obtain additional financing to develop products and contents; uncertainty as to the availability and terms of future financing; the possibility of delay in research or development programs and uncertainty in meeting anticipated milestones; uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

Overall Performance and Business History

Metaguest.AI Incorporated is a technology company that connects guests staying in hotels with in-room and on-location commerce driven by AI. Metaguest provides hotel operators a variety of licensing options that include white label, private branding and hybrid solutions to maximize per-stay revenue and guest satisfaction at each property. The Metaguest suite of products re-envision the guest experience and hospitality industry by integrating AI-driven solutions into every aspect of a guest's stay. Through simple QR/NFC tokens throughout each hotel property guests gain access to a world of convenience and luxury previously only available at 5-star hotels.

Metaguest On-Demand Services empowers guests to effortlessly request hotel services like housekeeping, room services and property amenities anywhere on the property. Together, with Metaguest Payments this allows guests to enjoy frictionless payment solutions for in-room minibars and lobby snack bars, rewards programs and more. Metaguest Experiences provides guests access to AI curated lists of local attractions, events, wellness, dining, retail options and more all tailored to each guest's unique tastes and preferences.

The future of Metaguest delivers these guest experiences through AI avatars that together with the Metaguest product suite redefine hospitality and bring an unparalleled way to connect with hotels and the business around them. These AI avatars are

always available and connect each node together into one cohesive ecosystem - from creating itineraries, booking reservations, delivering towels to a guest-room, absorbing guest feedback and handling any request through advanced language models.

Metaguest earns revenue from transaction fees on transactions that flow across the payments platform together with subscription revenue from local attractions, businesses and enterprise partners offering services through the Metaguest platform.

The company was incorporated pursuant to the Business Corporations Act (Alberta) on February 4, 2021. The company changed its name from BnSellit Technology Inc. to Metaguest.AI Incorporated on October 17, 2023. The company's head office is located at 122 Judge Road Unit 2, Toronto, ON, M8Z 5B7 and its registered office is located at 210 - 2020 4th Street SW, Calgary, AB T2S 1W3. The company has one wholly-owned subsidiary, BnSellit Technology (US) Inc. which was incorporated pursuant to the General Company Law of the State of Delaware on May 20, 2021. The registered office of BnSellit Technology (US) Incorporated is located at 2140 S Dupont Hwy, Camden, Delaware, USA 19934. No shares of BnSellit Technology (US) Incorporated are listed or trade on any stock exchange.

Since the company was incorporated, it has purchased the IP in the Metaguest platform from a related company (RT7 Incorporated), obtaining a listing on the CSE (CSE:METG (Formerly BNSL)), added platform updates and improvements, built a distribution network, signed agreements with hotel partners to increase platform reach and grown the internal team.

The company officially launched as an STR platform in the US in October 2021. The company originally concentrated on onboarding short-term rental ("STR") hosts to the platform and offered hosts a way to increase per-stay revenue by offering items within their rental property for sale. This was later paired with a concierge service that allowed guests to book local activities nearby. Later in 2022, these products expanded to hotels and resort properties.

The company partnered with its first hotel property during Q1-2022, offering both the payments platform and experiences service to guests. Today, over 280 hotels with over 20,000 rooms use the Metaguest platform. The company changed its name to Metaguest.AI Incorporated to better reflected the company's present technology and business strategy directed to hotels and driven by AI. The fusion of generative AI for content, communication and information together with proprietary transaction AI results in a new way to enhance the guest experience and drive increased sales throughout the hospitality segment.

On May 1, 2024, the Company announced its significant expansion in Miami, Florida. Metaguest has grown its partnerships to include 29 new hotel properties in the downtown Miami, South Beach, Brickell and surrounding areas, which all now feature Metaguest's digital concierge services and offerings. This strategic growth came just in time for the highly anticipated Formula 1 Grand Prix weekend, positioning Metaguest at the forefront of enhancing visitor experiences in its partner hotel properties during the marquee event.

On May 8, 2024, the Company announced a significant milestone in its expansion efforts now reaching 50 hotel partners in New York City. This development marks a major achievement in the Metaguest mission to transform guest experiences in cities across the US. The Company's digital concierge service is now available in 50 premier hotel brands throughout Manhattan, promising to deliver personalized guest experiences at an unprecedented scale.

On May 16, 2024, the Company announced the addition of 30 new hotel partners as part of its Florida expansion in Fort Lauderdale, FL. and West Palm Beach, FL. The Metaguest portfolio of hotels in Florida has reached 60 properties and underscores the company's vision to enhance travel experiences across Florida's key destinations. This expansion builds on the company's recent surge in hotel partnerships in Miami further solidifying its presence of AI concierge services in Florida.

On May 28, 2024, the Company announced its expansion into Nashville, Tennessee with the addition of 20 new hotel partners. This launch continues Metaguest's US expansion strategy and introduces Nashville travelers and hotel operators to a new era of guest services enhanced by AI.

On July 3, 2024, the Company announce its expansion into Atlanta, GA. with 20 premier, choice, and boutique hotel brands in the vibrant Atlanta market. This expansion not only enhances the guest experience at each partner property but also supports local businesses by providing access to Metaguest’s AI concierge that streamlines operations and elevates service standards in hotels.

On September 10, 2024, the Company announced the appointment of Janelle Howard as CEO of Metaguest USA, a wholly owned subsidiary of the Company. Janelle Howard’s career has been marked by significant achievements in both the tech and marketing arenas. Prior to joining Metaguest, she founded Saint Imperial, a marketing agency that catered to high-profile clients such as Calvin Klein, Ralph Lauren, Kate Spade & Company, Corcoran Group, Louis Vuitton, and Coty Fragrances. Prior to launching Saint Imperial, Janelle was Director of Business Development for Fiserv (NYSE:FI), a global leader enabling money movement for thousands of financial institutions and millions of people and businesses. Her strategic acumen was further demonstrated through her pivotal role in launching GrubHub in New York City, a venture that contributed to the company’s growth leading to its \$2 billion IPO.

Outlook

Metaguest earns income from the Hotel sector and, as a result, demand for Metaguest’s services is generally linked to the overall trends in the Hotel sector. Additionally, Metaguest operates primarily in the US market and growth in 2024 is expected to outpace previous years.

Other trends that are expected to continue and that will feed growth in the Hotel sector as a whole include the continued ability for individuals to work remotely from the office, thus allowing workers to work from anywhere and enable the ability to mix vacation and work time. More than 60% of employers expect to use a hybrid approach that will give workers flexibility around when and why they work form the office.

Based on the trends seen in the marketplace and discussions with hotel operators, Management continues to expect the Enterprise division to drive growth over the next year, while the number of Hosts using the STR Platform will continue to grow organically. Domestic travel is still expected to drive much of the revenue: HomeToGo reports a 23% increase in searches for stays within the USA among American travellers.

The Company plans to focus on marketing the Platforms to Hosts and hotels and is not expecting to make additional large technology changes for the remainder of the year. The Company will continue to sign up hotel operators to the Enterprise division and to increase the number of Hosts and rooms on the Platforms.

The Company intends to finance its future requirements through a combination of operating income, debt and equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company will need to raise sufficient working capital to maintain operations.

For the nine months ended September 30, 2024

For the nine months ended September 30, 2024, the Company’s sales increased to \$1,105,637 (nine months ended September 30, 2023 - \$201,934). Of the sales, \$142,663 (nine months ended September 30, 2023 - \$15,717) was for future monthly subscription services. The Company also earned revenue from sales in prior periods subscription services of \$45,927 (nine months ended September 30, 2023 - \$Nil) resulting in revenue / net sales of \$1,008,901 (nine months ended September 30, 2023 - \$186,217). Cost of sales was \$67,248 (nine months ended September 30, 2023 - \$9,185) for gross profit of \$864,568 (nine months ended September 30, 2023 - \$177,032). Given the increased number of hotels signing up for the Company’s services, the Company anticipates increased sales in the coming quarters.

Salaries, wages and benefits for the nine months ended September 30, 2024 were \$1,268,504 (nine months ended September 30, 2023 - \$369,505). As the Company’s operations further expand, the Company anticipates increased salary costs.

Subcontractors for the nine months ended September 30, 2024 were \$373,120 (nine months ended September 30, 2023 - \$175,973). As the Company's operations expand, the Company anticipates increased subcontractor costs.

Professional fees including legal and audit fees for the nine months ended September 30, 2024 were \$105,816 (nine months ended September 30, 2023 - \$103,219). The Company anticipates similar professional fees in the coming quarters.

Share based compensation expenses for the nine months ended September 30, 2024 were \$314,364 (nine months ended September 30, 2023 - \$407,917). Share based compensation should be lower in the coming quarters as the current stock options are fully vested.

Office and administration costs for the nine months ended September 30, 2024 were \$240,083 (nine months ended September 30, 2023 - \$67,002). As the Company's operations further expand, the Company anticipates increased office and administration costs.

Travel costs for the nine months ended September 30, 2024 were \$96,352 (nine months ended September 30, 2023 - \$3,493). As the Company's operations further expand, the Company anticipates increased travel costs.

Interest and accretion for the nine months ended September 30, 2024 were \$64,799 (nine months ended September 30, 2023 - \$64,545). Interest and accretion should remain consistent in the coming quarters.

Depreciation expenses for the nine months ended September 30, 2024 were \$275,292 (nine months ended September 30, 2023 - \$273,733) and depreciation expenses should remain consistent in the coming quarters. Included in depreciation is the amortization of the Company's intellectual property, equipment and right of use assets.

Total expenses for the nine months ended September 30, 2024 were \$2,738,330 (nine months ended September 30, 2023 - \$1,465,387). Net loss for the nine months ended September 30, 2024 was \$1,873,762 or \$0.03 per common share (nine months ended September 30, 2023 - \$1,309,822 or \$0.02 per common share).

For the three months ended September 30, 2024

For the three months ended September 30, 2024, the Company's sales increased to \$471,206 (three months ended September 30, 2023 - \$107,082). Of the sales, \$19,598 (three months ended September 30, 2023 - \$15,717) was for future monthly subscription services. The Company also earned revenue from sales in prior periods subscription services of \$1,370 (three months ended September 30, 2023 - \$Nil) resulting in revenue / net sales of \$452,978 (three months ended September 30, 2023 - \$91,365). Cost of sales was \$77,085 (three months ended September 30, 2023 - \$4,883) for gross profit of \$375,893 (three months ended September 30, 2023 - \$86,482). Given the increased number of hotels signing up for the Company's services, the Company anticipates increased sales in the coming quarters.

Salaries, wages and benefits for the three months ended September 30, 2024 were \$539,906 (three months ended September 30, 2023 - \$136,039). As the Company's operations further expand, the Company anticipates increased salary costs.

Subcontractors for the three months ended September 30, 2024 were \$116,150 (three months ended September 30, 2023 - \$69,265). As the Company's operations expand, the Company anticipates increased subcontractor costs.

Professional fees including legal and audit fees for the three months ended September 30, 2024 were \$53,126 (three months ended September 30, 2023 - \$35,621). The Company anticipates similar professional fees in the coming quarters.

Share based compensation expenses for the three months ended September 30, 2024 were \$39,679 (three months ended September 30, 2023 - \$138,852). Share based compensation should be lower in the coming quarters as the current stock options are fully vested.

Office and administration costs for the three months ended September 30, 2024 were \$67,913 (three months ended September 30, 2023 - \$13,737). As the Company's operations further expand, the Company anticipates increased office and administration costs.

Travel costs for the three months ended September 30, 2024 were \$54,943 (three months ended September 30, 2023 - \$1,162). As the Company's operations further expand, the Company anticipates increased office and administration costs.

Interest and accretion for the three months ended September 30, 2024 were \$21,224 (three months ended September 30, 2023 - \$13,974). Interest and accretion should remain consistent in the coming quarters.

Depreciation expenses for the three months ended September 30, 2024 were \$97,969 (three months ended September 30, 2023 - \$91,244) and depreciation expenses should remain consistent in the coming quarters. Included in depreciation is the amortization of the Company's intellectual property, equipment and right of use assets.

Total expenses for the three months ended September 30, 2024 were \$990,910 (three months ended September 30, 2023 - \$499,894). Net loss for the three months ended September 30, 2024 was \$615,017 or \$0.01 per common share (three months ended September 30, 2023 - \$413,412 or \$0.01 per common share).

QUARTERLY RESULTS

	Q3-2024	Q2-2024	Q1-2024	Q4-2023
Revenue	452,978	\$327,908	\$228,015	\$109,689
Loss	\$615,017	\$719,536	\$539,209	\$533,430
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01

	Q3-2023	Q2-2023	Q1-2023	Q4-2022
Revenue	\$91,365	\$67,411	\$27,411	\$9,631
Loss	\$413,412	\$456,829	\$439,581	\$542,776
Loss per share	\$0.01	\$0.01	\$0.01	\$0.01

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2024, the Company had current assets of \$215,690 (December 31, 2023 - \$69,713) and current liabilities of \$1,311,277 (December 31, 2023 - \$718,187). As at September 30, 2024, the Company had negative working capital of \$1,095,587 (December 31, 2023 - \$648,475).

The Company had cash of \$70,034 (December 31, 2023 - \$3,477) as at September 30, 2024. During the nine months ended September 30, 2024, the Company had cash outflows from operations of \$793,149 (nine months ended September 30, 2023 - \$538,677).

During the period, the Company issued \$733,216 in Units and had \$248,386 in warrants exercised. Subsequent to September 30, 2024, the Company received \$393,500 from the exercise of warrants.

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuation of the Company as a going concern is dependent on its ability to obtain necessary financing for its commitments.

There is no guarantee that management will be successful in securing future financings due to current market conditions.

Future Cash Requirements

The Company’s future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of securities, the percentage ownership of current shareholders will be reduced and such securities may have rights, preferences, or privileges senior to those of the holders of the Company’s common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are recognized on the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Classification

Financial assets are classified as subsequently measured at amortized cost or fair value through profit or loss on the basis of both the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The classification of subsequently measured at amortized cost is used when the objective of the business model is to hold assets and collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Cash is subsequently measured at amortized cost.

Financial liabilities are classified as subsequently measured at amortized cost, unless they meet the criteria for measurement at fair value or other prescribed measurement. The accounts payable and accrued liabilities are subsequently measured at amortized cost.

Measurement

Financial assets and financial liabilities classified as subsequently measured at amortized cost are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of the financial asset or issue of the financial liability. Subsequently, the financial assets and liabilities are measured at amortized cost using the effective interest rate method.

Impairment

Financial assets classified as subsequently measured at amortized cost reflect the Company’s assessment of expected credit losses. Expectations reflect historical credit losses, adjusted for forward looking factors. The expected credit loss provision is based on expectations for the next twelve months unless there has been a significant increase in the customer’s credit risk, resulting in the provision being based on expectations for the remaining lifetime of the asset.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.

Off-Balance Sheet Arrangements & Proposed Transactions

The Company has no off-balance sheet arrangements or proposed transactions.

Transactions between Related Parties

During the nine months ended September 30, 2024, the Company paid wages and related benefits to individuals related to a director of the Company in the amount of \$93,052 (nine months ended September 30, 2023 - \$75,000).

During the nine months ended September 30, 2024, the Company incurred fees of \$45,949 (nine months ended September 30, 2023 - \$28,725) from companies related to directors of the Company for legal services.

On February 8, 2024, the Company closed a secured convertible loan in the amount of \$235,000 with a private lender, a company with common officers and directors of the Company (see Note 9(b)).

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

Nine months ended September 30	2024		2023	
Salaries, consulting and benefits	\$	165,000	\$	65,000
Share based compensation		123,186		154,904
	\$	288,186	\$	219,904

OUTSTANDING SHARE DATA

The following share capital data is as of:

	Nov 27 2024	Sept 30 2024	Dec 31 2023
Class A common shares	70,292,850	66,357,852	46,813,565
Stock options (\$0.375 options expiring July/Aug 2027)	3,410,000	3,410,000	3,610,000
Warrants (\$0.10 warrants expiring Sept-Dec 2024)	715,922	4,650,920	7,134,784
Warrants (\$0.30 warrants expiring Feb 2026)	117,500	117,500	Nil
Warrants (\$0.50 warrants expiring May – Feb 2026)	1,395,360	1,395,360	173,333

Additional Disclosure for Venture Issuers Without Significant Revenue

(a) capitalized or expensed exploration and development costs - none

(b) expensed research and development costs - none

(c) deferred development costs - none

(d) general and administration expenses – other than detailed above in the results of operations, office and administration costs which totaled \$240,083 (2023 - \$67,002) for the nine months ended September 30, 2024 include marketing & promotion of \$84,272 (2023 - \$18,990), subscription fees of \$40,829 (2023 - \$20,613), freight & delivery of \$3,336 (2023 - \$3,090),

insurance of \$5,250 (2023 - \$5,852), office expenses of \$57,095 (2023 - \$4,852), rent of \$34,693 (2023 - \$6,137), technology costs of \$10,567 (2023 - \$3,378) and bank charges of \$4,041 (2023 - \$4,090).

Critical Accounting Estimates

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

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

Key areas with estimate uncertainties are as follows:

Indicators of impairment of IP – Management is required to assess, at each reporting date, whether there are any indicators that the asset may be impaired. Management is required to consider information from both external and internal sources.

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

Going concern – Management is required to make a judgment on whether the Company will be able to continue as a going concern.

Consolidation

Assets, liabilities, income and expenses of the subsidiary are included in the consolidated financial statements from the date that the Company gains control until the date that the Company ceases to control the subsidiary. All intercompany balances and transactions have been eliminated on consolidation.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR+ website.