



BEACN

BEACN WIZARDRY AND MAGIC INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

For the six months ended June 30, 2025 and 2024

BEACN WIZARDRY AND MAGIC INC.

Contents

	Page
Notice of No Auditor Review of Interim Financial Statements	3
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8-16

**NOTICE OF NO AUDITOR REVIEW OF
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 interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited consolidated 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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited: Presented in Canadian Dollars)

	Note	June 30, 2025	December 31, 2024
Assets			
Current			
Cash		\$ 580,561	\$ 792,185
Accounts receivable	5	61,432	173,503
Taxes receivable		73,120	78,915
Inventory	6	994,375	1,455,408
Prepaid and inventory deposits	7	205,352	252,696
		1,914,840	2,752,707
Non-current			
Property and equipment, net	8	121,506	162,797
Right-of-use asset	11	91,471	104,937
		212,977	267,734
		\$ 2,127,817	\$ 3,020,441
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 158,216	\$ 184,826
Due to related parties	13	6,552	7,576
Promissory note	9, 16	397,230	389,792
Current portion of lease liability	11, 16	33,151	31,035
Current portion of convertible loan	10, 16	875,526	36,363
		1,470,675	649,592
Non-current			
Lease liability	11, 16	61,774	74,475
Convertible loan	10, 16	-	786,510
		61,774	860,985
		\$ 1,532,449	\$ 1,510,577
Shareholders' equity			
Share capital	12	7,799,308	7,799,308
Reserves	12	1,253,917	1,251,648
Deficit		(8,457,857)	(7,541,092)
		595,368	1,509,864
		\$ 2,127,817	\$ 3,020,441

These consolidated financial statements are approved by the Board on August 20, 2025.

Approved by the Board of Directors:

"Kevin Alexander"

Kevin Alexander

"Scott Christopher"

Scott Christopher

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited: Presented in Canadian Dollars)

	Note	Three months ended		Six months ended	
		2025	June 30, 2024	2025	June 30, 2024
Sales, net	14	\$ 584,839	\$ 556,453	\$ 1,378,793	\$ 1,558,868
Cost of sales		368,743	370,966	818,139	968,068
Gross profit		216,096	185,487	560,654	590,800
Expenses					
Advertising and marketing		124,363	32,597	283,372	133,568
Consulting fees		36,827	64,138	85,630	99,947
Depreciation of property and equipment	8	20,684	25,067	41,291	49,503
Depreciation of right-of-use asset	11	7,135	6,330	13,466	12,661
Office, supplies, and miscellaneous		62,024	48,720	133,362	87,525
Professional fees	13	49,081	107,548	128,503	138,418
Prototype and pre-production costs		-	-	43	10,072
Research and development		20,924	33,502	44,852	33,502
Rent and operating costs	11	11,605	11,120	23,070	22,390
Salaries and benefits	13	287,397	417,285	616,883	793,570
Share-based payments	12(c)	927	2,718	2,269	7,797
Transfer agent, filing fees and shareholder communications		1,268	7,736	8,395	16,611
Travel and related costs		18,065	(581)	19,325	6,465
Total expenses		640,300	756,180	1,400,461	1,412,029
Operating loss		(424,204)	(570,693)	(839,807)	(821,229)
Other items					
Foreign exchange loss		(1,685)	(6,152)	(12,816)	(12,473)
Interest and accretion expense	9, 10, 11, 16	(32,187)	(4,015)	(64,142)	(8,431)
		(33,872)	(10,167)	(76,958)	(20,904)
Loss and comprehensive loss for the period		(458,076)	(580,860)	(916,765)	(842,133)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted		56,536,043	42,784,336	56,536,043	53,026,030

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Presented in Canadian Dollars)

	Note	Share Capital		Reserves				Total Shareholders' Equity
		Number of shares	Amount	Share-based payments	Warrants	Finders' Warrants	Deficit	
Balance, December 31, 2023		52,946,836	\$ 7,141,325	\$ 360,656	\$ 836,677	\$ 42,697	\$ (6,189,983)	\$ 2,191,372
Share-based payments	12(c)	-	-	7,797	-	-	-	5,079
Shares issued on private placement	12(b)	2,890,578	520,304	-	-	-	-	520,304
Share issuance costs	12(b)	-	(8,829)	-	-	-	-	(8,829)
Loss and comprehensive loss for the period		-	-	-	-	-	(842,133)	(842,133)
Balance, June 30, 2024		55,837,414	7,652,800	368,453	836,677	42,697	(7,032,116)	1,865,793
Share-based payments	12(c)	-	-	3,821	-	-	-	6,539
Shares issued on private placement	12(b)	833,332	150,000	-	-	-	-	670,304
Share issuance costs	12(b)	-	(3,492)	-	-	-	-	(12,321)
Loss and comprehensive loss for the period		-	-	-	-	-	(508,976)	(1,351,109)
Balance, December 31, 2024		56,670,746	7,799,308	372,274	836,677	42,697	(7,541,092)	1,509,864
Share-based payments	12(c)	-	-	2,269	-	-	-	2,269
Loss and comprehensive loss for the period		-	-	-	-	-	(916,765)	(916,765)
Balance, June 30, 2025		56,670,746	\$ 7,799,308	\$ 374,543	\$ 836,677	\$ 42,697	\$ (8,457,857)	\$ 595,368

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited: Presented in Canadian Dollars)

	Six months ended	
	June 30,	
	2025	2024
Cash provided by (used in):		
Operating activities		
Loss for the period	\$ (916,765)	\$ (842,133)
Items not affecting cash:		
Depreciation property and equipment	41,291	49,503
Depreciation of right-of-use asset	13,466	12,661
Share-based payments	2,269	7,797
Interest and accretion expense	64,142	8,431
Changes in non-cash working capital items:		
Accounts receivable	112,071	(43,427)
Taxes receivable	5,795	(14,435)
Prepaid and deposits	47,344	83,592
Inventory	461,033	321,389
Accounts payable and accrued liabilities	(28,584)	(24,533)
Due to related parties	(1,024)	54,543
Net cash used in operating activities	(198,962)	(386,612)
Financing activities		
Proceeds from promissory note	-	100,000
Payment of lease liability	(10,585)	(13,082)
Interest paid	(2,077)	(1,200)
Proceeds from issuance of common shares	-	520,304
Share issuance costs	-	(8,829)
Net cash provided by (used in) financing activities	(12,662)	597,193
Change in cash	(211,624)	210,581
Cash, beginning of the year	792,185	226,230
Cash, end of the period	\$ 580,561	\$ 436,811

See the notes to the condensed consolidated interim financial statements

BEACN WIZARDRY AND MAGIC INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Unaudited: Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

BEACN Wizardry and Magic Inc. ("BEACN" or the "Company") was incorporated and domiciled in Canada under the Business Corporations Act (British Columbia) as a "Capital Pool Company" as defined in the TSX Venture Exchange's (the "Exchange") Listing Policy 2.4.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") applicable to a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of \$916,765 for the six months ended June 30, 2025. To June 30, 2025, even though the Company has earned revenue from operations, the continuation of the Company as a going concern is dependent upon the ability of the Company to attain sufficient profitable operations and/or obtain necessary equity or other financing to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to continue research and development, purchase inventory, establish profitable sales and raise additional funds. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. The outcome of these matters cannot be predicted at the present time. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2024. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six-month period ended June 30, 2025 are not necessarily indicative of the results that may be expected for the current fiscal year ending December 31, 2025.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash, accounts receivable, accounts payable and accrued liabilities, due to related parties and promissory note approximate their carrying values due to their short-term nature.

The Company's other financial assets and liabilities are carried at amortized cost. There has not been any transfer between fair value hierarchy levels during the six months ended June 30, 2025 and year ended December 31, 2024.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and accounts receivable. The Company's bank accounts are held with major banks in Canada and the United States. Accordingly, the Company believes it is not exposed to significant credit risk on its cash. Sales to retail customers and B2B customers are required to be settled using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

Trade receivables are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit and loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

There was no loss allowance as at June 30, 2025 and no change in the loss allowance during the six months ended.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As of June 30, 2025, the principal portion of the Company's convertible loan has a maturity greater than 90 days with interest accrued on the loan less than 90 days.

d) Equity market risk

The Company is exposed to price risk with respect to equity market prices. There is a potential adverse impact on the Company's ability to raise equity financing due to adverse movements in the Company's equity price or general movements in the level of the stock market. The Company monitors the movements of its equity price and the general stock market to determine the most beneficial course of action to be taken by the Company.

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(Unaudited: Presented in Canadian Dollars)

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

e) Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts receivable and accounts payable that are denominated in United States dollars ("USD"). At June 30, 2025, the Company holds cash of US\$207,513 (2024 - US\$328,851) in USD bank accounts. A 1% change in foreign exchange rates would have an effect of US\$1,506 (2024 - US\$693) on foreign currency. During the six months ended June 30, 2025, the Company had a foreign exchange loss of \$12,816 (2024 – loss of \$12,473).

5. ACCOUNTS RECEIVABLE

		June 30, 2025	December 31, 2024
Trade receivables	\$	61,432	\$ 173,503
	\$	61,432	\$ 173,503

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional.

6. INVENTORY

		June 30, 2025	December 31, 2024
WIP	\$	10,371	\$ 10,371
Finished goods		984,004	1,445,037
	\$	994,375	\$ 1,455,408

The costs of individual items of inventory are determined using weighted average costs. Inventories recognized as an expense during six months ended June 30, 2025 amounted to \$480,195 (2024 – \$698,526). These were included in cost of sales. Write-downs of inventories to net realizable value due to shrinkage, damage and obsolescence of parts amounted to \$115 (2024 – \$Nil) which is included in cost of sales. Prepaid and inventory deposits (Note 7) include parts and finished goods inventory that had not been shipped to the Company by the manufacturer at June 30, 2025.

7. PREPAID AND INVENTORY DEPOSITS

		June 30, 2025	December 31, 2024
Inventory deposit on purchase order	\$	196,610	\$ 239,733
Promotional		8,742	12,963
	\$	205,352	\$ 252,696

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024

(Unaudited: Presented in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

		Computer Equipment and Software		Moulds for Products		Furniture and Fixtures		Leasehold Improvements		Total
Balance, December 31, 2023	\$	28,663	\$	216,277	\$	4,792	\$	7,954	\$	257,686
Depreciation		(20,678)		(69,991)		(1,746)		(2,474)		(94,889)
Balance, December 31, 2024		7,985		146,286		3,046		5,480		162,797
Depreciation		(4,591)		(34,613)		(864)		(1,223)		(41,291)
Balance, June 30, 2025	\$	3,394	\$	111,673	\$	2,182	\$	4,257	\$	121,506

9. PROMISSORY NOTE

During the year ended December 31, 2020, the Company entered into a promissory note (the "Note") with a shareholder and related party of the Company with a maturity date of December 31, 2025. The Note was without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, payable quarterly. The Company can repay all or part of the Note at any time without penalty.

As at December 31, 2023	\$	277,750
Advances		100,000
Interest expense		14,792
Interest paid		(2,750)
As at December 31, 2024		389,792
Interest expense		7,438
As at June 30, 2025	\$	397,230

10. CONVERTIBLE LOAN

On August 28, 2024, the Company entered into a convertible loan agreement (the "Loan") with three parties ("Lenders") for an aggregate principal amount of \$786,510, two of which are shareholders and related parties to the Company. The Loan bears interest at a rate of 13.5% per annum, calculated and payable annually in cash and, if not converted, matures on February 28, 2026 (the "maturity date"). From and after the date of issue and until the maturity date, the Lenders may elect to convert the amount of the Loan then outstanding, not including interest, into common shares of the Company ("Conversion Share") at a conversion price of \$0.18 per Conversion Share, in accordance with the terms of the convertible loan agreement. The Company assessed that the equity portion of the Loan was \$Nil. The Company is entitled to extend the maturity date by six months at its discretion.

During the six months ended June 30, 2025, the Company incurred \$52,653 in interest expense which is payable at the annual anniversary date of the loan (2024 - \$Nil). See Note 16 for further details.

As at December 31, 2023	\$	-
Advances		786,510
Interest expense		36,363
As at December 31, 2024		822,873
Interest expense		52,653
As at June 30, 2025	\$	875,526

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(Unaudited: Presented in Canadian Dollars)

11. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company leases an office under a non-cancellable lease with a term to May 31, 2025. In January, 2025, the Company signed an extension on its office lease to May 31, 2028 and, as a result, recognized an additional \$94,386 in lease liability amount in the year ended December 31, 2024. The consolidated statements of loss and comprehensive loss disclose the following amounts relating to leases:

- Depreciation charge of right-of-use assets – \$13,466 (2024 – \$12,661);
- Interest expense (included in interest and accretion expense) – \$4,051 (2024 – \$1,201); and
- Expense relating to short-term leases (included in rent and operating costs) – \$14,636 (2024 – \$13,082).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the Company's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate (8% per annum), the Company investigated borrowing rates at its Canadian bank at that time.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option and are included in rent and operating costs.

Right-of-use assets:

Balance, December 31, 2023	\$	35,873
Additions		94,386
Amortization		(25,322)
Balance, December 31, 2024	\$	104,937
Amortization		(13,466)
Balance, June 30, 2025	\$	91,471

Lease liabilities:

Balance, December 31, 2023	\$	37,820
Add: Additions		94,386
Add: Interest		1,870
Less: Rent payments		(28,566)
Balance, December 31, 2024	\$	105,510
Add: Interest		4,051
Less: Rent payments		(14,636)
Balance, June 30, 2025	\$	94,925

		June 30, 2025
Maturity Analysis – contractual undiscounted cash flows from minimum lease		
Short-term portion - less than one year	\$	33,151
Long-term portion - one to five years		74,148
Total undiscounted lease liabilities	\$	107,299

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024****(Unaudited: Presented in Canadian Dollars)****12. SHARE CAPITAL****(a) Authorized:**

As at June 30, 2025, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:**Fiscal 2024**

On June 20, 2024, the Company completed the first tranche (the "First Tranche") of a non-brokered private placement. Under the First Tranche, the Company issued 2,890,578 common shares of the Company at a price of \$0.18 per share for gross proceeds of \$520,304.

On August 28, 2024, the Company completed the second tranche (the "Second Tranche") of a non-brokered private placement. Under the Second Tranche, the Company issued 833,332 common shares at a price of \$0.18 per share for gross proceeds of \$150,000.

In connection with the private placement, the Company incurred \$12,321 in share issuance costs.

(c) Stock options

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

The continuity of options is as follows:

Expiry date	Exercise price	December 31, 2023	Expired	December 31, 2024	Cancelled	June 30, 2025
October 29, 2026	\$ 0.30	3,075,000	-	3,075,000	(550,000)	2,525,000
January 22, 2027	\$ 0.32	50,000	-	50,000	-	50,000
May 2, 2027	\$ 0.32	100,000	-	100,000	-	100,000
May 17, 2027	\$ 0.35	450,000	-	450,000	(100,000)	350,000
September 27, 2027	\$ 0.27	50,000	-	50,000	-	50,000
September 23, 2028	\$ 0.20	950,000	(25,000)	925,000	(100,000)	825,000
April 20, 2031	\$ 0.10	337,500	-	337,500	(337,500)	-
Outstanding		5,012,500	(25,000)	4,987,500	(1,087,500)	3,900,000
Weighted average exercise price		\$ 0.27	\$ 0.20	\$ 0.27	\$ 0.23	\$ 0.28

At June 30, 2025, 3,786,000 stock options were exercisable (December 31, 2024 – 4,814,500), and the weighted average remaining life of the outstanding and exercisable options is 1.81 years (December 31, 2024 – 2.55 years). The stock-based compensation expense recognized in the six months ended June 30, 2025 for the vesting of options was \$2,269 (2024 - \$7,797).

BEACN WIZARDRY AND MAGIC INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Unaudited: Presented in Canadian Dollars)

12. SHARE CAPITAL (cont'd)

(c) Stock options (cont'd)

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2025	2024
Expected dividend yield	Nil	Nil
Expected stock price volatility	85.41%	85.41%
Risk-free interest rate	1.80%	1.80%
Forfeiture rate	Nil	Nil
Expected options life in years	5 years	5 years

(d) Warrants

Expiry date	Exercise price	December 31, 2023	Expired	December 31, 2024	June 30, 2025
November 29, 2024	\$ 0.25	191,100	(191,100)	-	-
November 29, 2025 ^(a)	\$ 0.45	8,516,666	-	8,516,666	8,516,666
April 20, 2026	\$ 0.10	250,000	-	250,000	250,000
July 25, 2026	\$ 0.45	3,950,000	-	3,950,000	3,950,000
September 29, 2026	\$ 0.45	500,000	-	500,000	500,000
Outstanding		13,407,766	(191,100)	13,216,666	13,216,666
Weighted average exercise price	\$ 0.44	\$ -	\$ -	\$ 0.44	\$ 0.44

^(a) On June 9, 2023, the exercise price of the 2,916,666 warrants was amended from \$0.60 to \$0.45 and the expiry date was extended to November 29, 2025.

At June 30, 2025, the weighted average remaining life of the outstanding warrants is 0.65 years (December 31, 2024 – 1.15 years).

13. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the six months ended June 30, 2025:

	Salaries and benefits	Professional fees	Total
Craig Fraser Chief Executive Officer, Former Director	\$ 63,717	\$ -	\$ 63,717
Daniel Davies Chief Technology Officer, Director	\$ 63,717	\$ -	\$ 63,717
Liberty Brunet, Corporate Secretary	\$ 65,506	\$ -	\$ 65,506
Kevin Alexander, Director	\$ -	\$ 53,070	\$ 53,070

For the six months ended June 30, 2024:

BEACN WIZARDRY AND MAGIC INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024**

(Unaudited: Presented in Canadian Dollars)

	Salaries and benefits	Professional fees	Total
Craig Fraser Chief Executive Officer, Director	\$ 60,851	\$ -	\$ 60,851
Daniel Davies Chief Technology Officer, Director	\$ 60,581	\$ -	\$ 60,581
Pacific Opportunity Capital Ltd. ⁽¹⁾	\$ -	\$ 31,500	\$ 31,500
Kevin Alexander, Director	\$ -	\$ 35,944	\$ 35,944

⁽¹⁾ Robert Doyle, former CFO, is a Senior Vice President at and shareholder of Pacific Opportunity Capital

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties. As at June 30, 2025, included in due to related parties are amounts owing to related parties of \$6,552 (2024 - \$7,576).

14. SEGMENTED INFORMATION

The Company's sales are generated in the following geographical areas:

	June 30, 2025	June 30, 2024
Geographic region:		
North America	\$ 1,164,082	\$ 1,184,740
Other	214,711	374,128
	\$ 1,378,793	\$ 1,558,868

The Company's non-current, non-financial assets are located in the following geographical areas:

As at June 30, 2025	North America	Other
Property and equipment, net	\$ 121,506	\$ -
Right-of-use asset	91,471	-
Total	\$ 212,977	\$ -

As at December 31, 2024	North America	Other
Property and equipment, net	\$ 162,797	\$ -
Right-of-use asset	104,937	-
Total	\$ 267,734	\$ -

BEACN WIZARDRY AND MAGIC INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(Unaudited: Presented in Canadian Dollars)

15. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

16. DEBT RECONCILIATION

This section sets out an analysis of debt and the movements in debt for each of the periods presented.

	June 30, 2025	December 31, 2024
Promissory note	\$ 397,230	\$ 389,792
Convertible loan	875,526	822,873
Lease liability	94,925	105,510
Total debt	\$ 1,367,681	\$ 1,318,175

	Convertible Loan	Promissory Note	Lease Liability	Total
Debt as at December 31, 2023	\$ -	\$ 277,750	\$ 37,820	\$ 315,570
Financing cash flows	786,510	100,000	(26,696)	859,814
Additions	-	-	94,386	94,386
Interest expense	36,363	14,792	1,870	53,025
Interest payments (presented as financing cash flows)	-	(2,750)	(1,870)	(4,620)
Debt as at December 31, 2024	822,873	389,792	105,510	1,318,175
Financing cash flows	-	-	(10,585)	(10,585)
Interest expense	52,653	7,438	4,051	64,142
Interest payments (presented as financing cash flows)	-	-	(4,051)	(4,051)
Debt as at June 30, 2025	\$ 875,526	\$ 397,230	\$ 94,925	\$ 1,367,681

17. SUBSEQUENT EVENT

Subsequent to period end, the Company cancelled 350,000 options related to the termination of a former employee of the Company.