OVATION SCIENCE INC.

Consolidated Financial Statements

For the quarters ended March 31, 2026 and 2025

Expressed in Canadian dollars

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the 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 consolidated financial statements 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 condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Ovation Science Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Notes	As at **March 31, 2026**	As at **December 31, 2025**
Current assets			
Cash		39,222	72,292
Trade and other receivables	3	11,123	10,526
Total current assets		50,345	82,818
Total assets		50,345	82,818

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	As at March 31, 2026	As at December 31, 2025
Current liabilities			
Accounts payable and accrued liabilities	4, 10	1,350,897	1,258,812
Convertible notes	6,10	262,772	259,898
Promissory note	5,10	24,520	23,165
Total current liabilities		1,638,189	1,541,875
Convertible notes	6,10	-	-
Total liabilities		1,638,189	1,541,875
Shareholders' equity			
Share capital	7	4,585,639	4,585,639
Reserves	8	1,618,422	1,618,422
Accumulated Other Comprehensive Income		(6,126)	16,073
Deficit		(7,785,779)	(7,679,191)
Total shareholders' equity		(1,587,844)	(1,459,057)
Total liabilities and shareholders' equity		50,345	82,818

Nature of business and going concern (Note 1)

These consolidated financial statements were approved by the Board of Directors on May 25, 2026:

"Doreen McMorran" Director *"Terry Howlett"* Director

The accompany notes are an integral part of these consolidated financial statements.

Ovation Science Inc.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

	NOTE		Quarters ended March 31, 2026		2025
Revenue					
Product sales		$	2,263	$	2,642
Royalty fees			13,174		14,877
			15,437		17,519
Cost of sales			-		(372)
Gross Margin			15,437		17,147
Operating expenses					
Advertising and promotion			1,405		63
Management and director fees	10		74,072		77,644
Office and general			29,312		31,028
Professional fees			8,230		15,879
Total operating expenses			113,019		124,614
Other income (expenses)					
Interest expense	4,5,6,10		(9,006)		(22,450)
Gain (Loss) on derivative liability			-		8,318
Net loss			(106,588)		(121,599)
Foreign currency translation to reporting currency			(22,199)		8,479
Net loss and comprehensive loss for the year		$	(128,787)	$	(113,120)
Basic and diluted loss per share		$	(0.00)	$	(0.00)
Weighted average number of shares outstanding			38,441,681		34,982,796

The accompany notes are an integral part of these consolidated financial statements.

Ovation Science Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)
(Unaudited)

	Share capital					
	Shares	Amount	Reserves	Accumulated Other Comprehe	Deficit	Total Sharholders' Equity
Balance, December 31, 2025	38,411,681	4,585,639	1,618,422	16,073	(7,679,191)	(1,459,057)
Foreign currency translation adjustment	-	-	-	(22,199)	-	(22,199)
Net loss for the quarter	-	-	-	-	(106,588)	(106,588)
Balance, March 31, 2026	38,411,681	4,585,639	1,618,422	(6,126)	(7,785,779)	(1,587,844)
Balance, December 31, 2024	35,244,681	4,522,881	1,466,243	(31,610)	(7,047,937)	(1,090,423)
Foreign currency translation adjustment	-	-	-	8,479	-	8,479
Net loss for the quarter	-	-	-	-	(121,599)	(121,599)
Balance, March 31, 2025	35,244,681	4,522,881	1,466,243	(23,131)	(7,169,536)	(1,203,543)

The accompany notes are an integral part of these consolidated financial statements.

Ovation Science Inc.
CONSOLIDATED STATEMENTS OF CASHFLOWS
(Expressed in Canadian dollars)
(Unaudited)

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
OPERATING ACTIVITIES		
Net loss for the period	(106,588)	(121,599)
Non-cash items		
Interest expense	945	23,020
Gain on derivative liability	-	(8,314)
Changes in non-cash operating working capital:		
Trade and other receivables	(487)	30,288
Inventory	-	373
Accounts payable and accrued liabilities	72,975	83,099
Net cash used in operating activities	(33,155)	6,867
Effect of foreign exchange	85	(28,057)
Change in cash	(33,070)	(21,190)
Cash, beginning	72,292	31,377
Cash, ending	39,222	10,187

The accompany notes are an integral part of these consolidated financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Ovation Science Inc. (the "Company") was incorporated in the Province of British Columbia on July 18, 2017, under the Business Corporations Act of British Columbia. The Company is in the business of providing topical and transdermal cannabis products under the "Ovation" brand label utilizing patented "Invisicare" delivery technology which it acquired for exclusive use for cannabis formulated products from Skinvisible Pharmaceuticals, Inc. ("Skinvisible"). The Company's shares are traded on the Canadian Securities Exchange under the symbol "OVAT" and the US exchange OTCQB under the symbol "OVATF".

The Company is headquartered in Vancouver, British Columbia, Canada. The Company's wholly owned subsidiary, Ovation Science USA Inc.'s operations are located in Las Vegas, Nevada.

These consolidated financial statements have been prepared on a going concern basis 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. As at March 31, 2026, the Company's current liabilities exceeded its current assets by $1,587,844. The Company is not able to finance day to day activities through operations and has incurred losses since inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statements of financial position.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

Statement of compliance
These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on May 25, 2026.

Basis of measurement
These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

Basis of consolidation
These consolidated financial statements include the amounts of the Company and its wholly-owned subsidiary, Ovation Science USA Inc. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Significant estimates and judgments

Significant estimates
The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of trade and other receivables, impairment of non-financial assets, fair value measurements for financial instruments, fair value measurements for share-based payments and the recoverability and measurement of deferred tax liability.

Significant judgements
The preparation of financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

a) The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
b) The assessment of the Company's functional currency; and
c) The classification of financial instruments.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Financial instruments

Recognition, classification and measurement
Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its trade and other receivables, accounts payable and other liabilities, promissory notes and convertible notes as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Changes in the fair values of derivative financial instruments are reported in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets
The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity, net of tax.

Foreign currency translation

The reporting currency is the Canadian dollar ("CAD"), which is the functional currency of the Company. The functional currency of Ovation Science USA Inc. is the United States dollar ("USD"). Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction, except amortization, which is translated at the rates of exchange applicable to the related assets. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss, except for differences on the translation of foreign entities to reporting currency on consolidation, which are recognized in other comprehensive income.

On consolidation, the assets and liabilities of entities are translated into the reporting currency at the rate of exchange at the reporting date and the consolidated statements of loss and comprehensive loss are translated at the average exchange rates for the year. The exchange differences arising on translation for consolidation purposes are recognized in other comprehensive income.

Inventory

Inventory consists of raw materials and finished goods for CBD products and polymer materials. Inventory is initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

Cost of sales

Cost of sales includes the expenses incurred to acquire and produce inventory for sale, including product costs, freight costs, as well as provisions for reserves related to excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Convertible notes

The components of the compound financial instrument (convertible note) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument. At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar nonconvertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the convertible notes will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

Share-based payments

The Company grants stock options to buy 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. Share-based payments are initially recorded to reserves. Subsequently, consideration paid for the shares on the exercise of share-based payments are credited to share capital. 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 payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility, interest rate and dividend yield and making assumptions about them.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.
Loss per share

Basic loss per share is calculated by dividing the statement of loss and comprehensive loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the statement of loss and comprehensive loss and the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees and warrants outstanding. The weighted average number of diluted shares is calculated in accordance with the treasury stock method. The treasury stock method assumes that the proceeds received from the exercise of all potentially dilutive instruments are used to repurchase common shares at the average market price during the year.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case the income tax is also recognized in other comprehensive loss or directly in equity, respectively.

Current income tax
Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period.

(Expressed in Canadian dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exist to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under two revenue categories, being product sales and royalty fees. Product sales revenue consists of sales and packaging fees and is accounted for as product revenue. Product revenue is recognized when control of the product has transferred under the terms of an enforceable contract. Royalty fee revenue consists of development fees, packaging fees and any other fees associated with the License.

Development and packaging fees are paid based on a percentage of net revenue of products sold by licensees and their affiliates. These sales-based fees are recognized at the later of when the sale occurs and satisfaction of the performance obligation.

Future standards not yet adopted

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. This standard aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its financial statements.

3. TRADE AND OTHER RECEIVABLES

As at March 31 and December 31,		2026		2025
Trade receivables	$	6,720	$	4,552
GST receivable		6,114		5,974
	$	12,834	$	10,526

4. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at March 31 and December 31		2026		2025
Accounts payable	$	154,349	$	142,351
Accrued liabilities		52,609		44,961
Due to related parties (Note 11)		1,143,943		1,071,500
	$	1,350,901	$	1,258,812

5. PROMISSORY NOTE

On December 20, 2022, the Company issued an unsecured promissory note to a member of key management personnel for $27,242 (USD$20,000). The promissory note is non-interest bearing and was due on December 20, 2023. As the promissory note is non-interest bearing, the initial fair value was estimated at $23,086 (USD$16,949) using a market discount rate of 18%. The promissory note is amortized over the term using the effective interest rate method. As at December 31, 2024, the note remains outstanding and interest expense related to the promissory note recorded was $3,987. At initial recognition, a gain on the discount of the promissory note of $4,156 was recorded. On December 20, 2023, the noteholder agreed to extend the maturity date of the note to December 31, 2024. On December 19, 2024, the noteholder agreed to extend the maturity date of the note to December 31, 2025, as a result the Company recorded a gain on discount of promissory note of $6,982. As at March 31, 2026, the note had reached maturity and remained outstanding. Although the Company executed an extension agreement subsequent to quarter-end, it did not have an enforceable right to defer settlement at March 31, 2026.

The following table summarizes the continuity of the liability component of the Company's promissory note:

	`	Promissory note
Balance at December 31, 2024	**$**	**20,675**
Foreign exchange loss		(1,032)
Accrued interest		3,522
Balance at December 31, 2025	**$**	**23,165**
Foreign exchange loss		409
Accrued interest		946
Balance at March 31, 2026	**$**	**24,520**

6. CONVERTIBLE NOTES

As at March 31, 2026 and December 31, 2025, the Convertible Notes outstanding had the following terms:

	March 31, 2026	December 31, 2025
Denominated in Canadian Dollars:		
Security	Unsecured	Unsecured
Interest rate per annum	10%	10%
Conversion price	$0.05 CAD	$0.05 CAD
Maturity date	December 31, 2025 and due on demand	December 31, 2025 and due on demand
Undiscounted principal outstanding	$90,811	$90,811
Carrying amount	$90,811	$90,811
Accrued interest included in accounts payable and accrued liabilities	$23,011	$10,830
Denominated in US Dollars:		
Security	Unsecured	Unsecured
Interest rate per annum	10%	10%
Conversion price	$0.05 CAD	$0.05 CAD
Maturity date	December 5, 2025 to December 31, 2025, and due on demand	December 5, 2025 to December 31, 2025, and due on demand
Undiscounted principal outstanding	$171,961	$169,087

Unamortized discount	-	-
Carrying amount	$171,961	$169,087
Accrued interest included in accounts payable and accrued liabilities	$50,203	$20,381

On January 27, 2025, the Company extended the unsecured convertible notes with maturity dates that were past due to have a maturity date of December 31, 2025. The extensions have been accounted for as modifications with gain or loss recognized within interest expense on the statement of loss and comprehensive loss.

On March 31, 2025, the Company amalgamated the unsecured convertible notes denominated in both USD and CAD with issued to the CFO to combine the multiple unsecured convertible notes into two unsecured convertible notes, one denominated in USD and one denominated in CAD. The terms of the amalgamated unsecured convertible notes are due on demand, unsecured, bear interest at 10% per annum and have a conversion price of $0.05. The gain or loss on amalgamation has been included within interest expense on the statement of loss and comprehensive loss.

The following table summarizes the continuity of the liability component of the Company's convertible note issued:

		Convertible notes
Balance at December 31, 2024	**$**	**247,803**
Foreign Exchange		(7,717)
Accretion expense		19,812
Balance at December 31, 2025	**$**	**259,898**
Foreign Exchange		2,874
Balance at March 31, 2026	**$**	**262,772**

7. SHARE CAPITAL

Authorized share capital
Unlimited number of common shares without par value. Unlimited number of preferred shares without par value.

Common shares

During the quarter ended March 31, 2026:

There were no shares issued during the three months ended March 31, 2026

During the quarter ended March 31, 2025:

There were no shares issued during the three months ended March 31, 2025

(Expressed in Canadian dollars)

8. RESERVE

Stock option plan

The Directors of the Company adopted a stock option plan on April 10, 2018 (the "Plan"). The Plan provides that, subject to the requirements of the Canadian Securities Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of the Company's Common Shares issued and outstanding at the time such options are granted. The Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares, if the individual is a director, officer, employee or consultant, or 1% of the issued Common Shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability.

Stock options

A summary of option activity is as follows:

	Options	Weighted average exercise price	
Outstanding and exercisable, December 31, 2025	2,200,000	$	0.09
Granted	-	$	0.00
Expired	-	$	0.00
Outstanding and exercisable, March 31, 2026	2,200,000	$	0.09

Warrants

A summary of warrant activity is as follows:

	Warrants	Weighted average exercise price	
Outstanding and exercisable, December 31, 2025	3,404,360	$	0.05
Granted –	-		0.05
Expired	-		0.05
Outstanding and exercisable, March 31, 2026	3,404,360	$	0.05

At March 31, 2026, the weighted-average remaining contractual life of warrants outstanding is 1.76 years

(Expressed in Canadian dollars)

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, the sub-licensing and sales of cannabis products that utilize Invisicare®, a patented polymer-based technology for topical and transdermal skin care products. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts.

The operating segment of the Company is defined as a component of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker of the Company is the Chief Executive Officer.

The Company has one group of similar products due to having a similar underlying technology, class of customers, and economic characteristics.

Revenue

During the year ended March 31,		**2026**		**2025**
Canada	$	-	$	-
United States		15,437		17,519
	$	15437	$	17,519

During the quarter ended March 31, 2026, one customers accounted for 82% of the Company's total revenue (2025 – two customers accounted for 48% and 39%). All of these customers are located in the United States.

10. RELATED PARTY TRANSACTIONS

Key management compensation
Key management personnel include those people who have authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

Quarter ended March 31,		**2026**		**2025**
Management fees	$	74,072	$	77,644
	$	74,072	$	77,644

Related party transactions and balances
As at March 31, 2026, accounts payable and other liabilities consist of $1,143,943 (December 31, 2025 - $1,071,500) in directors fees, royalties, consulting fees, expense reimbursements, accrued interest and rent expense owed to related parties. These amounts are non-interest bearing, unsecured and due on demand.

As of March 31, 2026, the Company had convertible notes due to management and directors of $248,773 (December 31, 2025 – $240,860) (Note 7). During the quarter ended March 31, 2026, the Company incurred $5,390 (2025 - $5,552) of interest on these convertible notes.

As of December 31, 2025, the Company had promissory notes due to the COO and director of $24,520 (December 31, 2025, – 23,165) (Note 6). During the quarter ended March 31, 2026, the Company incurred $946 (2025 - $1,490) of interest on this promissory note.

11. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its promissory notes, convertible notes and shareholders' equity.

The Company's primary source of capital is through the issuance of convertible notes and equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

12. FINANCIAL INSTRUMENTS

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, currency risk and price risk.

a) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at March 31, 2026, the Company is not exposed to any significant interest rate risk.

b) 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 exposure is primarily related to its liquid financial assets including cash and accounts receivable. The Company limits exposure to credit risk on liquid financial assets by maintaining its cash with high credit-quality financial institutions and by actively managing and monitoring its receivables. The Company's cash is held with a major Canadian-based financial institution. Receivables consist of trade receivables from customers and goods and services tax due from the government of Canada. The Company actively monitors defaults of customers and incorporates this information into its credit risk controls.

c) Liquidity risk: Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares and through loans from related parties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at March 31, 2026, the Company had cash of $39,222 to settle current liabilities of $1,638,189.

d) Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at March 31, 2026, the Company's financial instruments, including cash, receivables, and accounts payable, are denominated primarily in U.S. dollars, which is also the functional currency of the subsidiary through which these balances are held. As such, these instruments are not exposed to significant currency risk from the perspective of the subsidiary. Although the consolidated financial statements are presented in Canadian dollars, translation differences arising from consolidation are recognized in other comprehensive income and do not impact the Company's profit or loss. Therefore, the Company is not subject to material currency risk with respect to these balances as at March 31, 2026.

13. FINANCIAL INSTRUMENTS (Continued)

Fair value: Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The carrying value of Company's financial assets and liabilities as at March 31, 2026 approximate their fair value due to their short-term nature.